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AMERINET GROUP COM INC  
Form 10QSB/A  
March 06, 2001

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

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Form 10-QSB  
Quarterly Report under Section 13 or 15(d) of the  
Securities Exchange Act of 1934 For the  
quarterly period ended December 31, 2000

Commission file number 000-03718

AmeriNet Group.com, Inc.  
-----

(Name of small business issuer in its charter)

Delaware

(State of incorporation or organization)

65-0957587

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

2500 North Military Trail Suite 225, Boca Raton, Florida

(Address of principal executive offices)

33431

(Zip Code)

Issuer's telephone number: (561) 998-3435

State the number of shares outstanding of each of the small business issuer's classes of common equity, as of the latest practicable date. As of December 31,2000, there were 12,465,192 shares of our company's common stock outstanding and 261,710 shares of our company's Class A preferred stock outstanding.

Transitional Small Business Disclosure Format (Check one): Yes No x

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## Available Information.

The public may read and copy any materials filed by our company with the Commission at the Commission's Public Reference Room at 450 Fifth Street, Northwest, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding our company and other issuers that file reports electronically with the Commission, at <http://www.sec.gov>. Our company's maintains a web site at <http://www.amerinetgroup.com>.

## Caveat Pertaining to Forward Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain of the statements contained herein, which are not historical facts, are forward-looking statements with respect to events, the occurrence of which involve risks and uncertainties. These forward-looking statements may be impacted, either positively or negatively, by various factors. Information concerning potential factors that could affect our company is detailed from time to time in our company's reports filed with the Commission. This Report contains "forward looking statements" relating to our company's current expectations and beliefs. These include statements concerning operations, performance, financial condition, anticipated acquisitions and anticipated growth. For this purpose, any statements contained in this Report or the Form 10-KSB, Forms 10QSB, Forms 8-K, and the Information Statement referred to herein that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as "may", "will", "would", "expect", "believe", "anticipate", "intend", "could", "estimate", or "continue", or the negative or other variation thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties which are beyond our company's control. Should one or more of these risks or uncertainties materialize or should our company's underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward looking statements.

The information in this Report is qualified in its entirety by reference to the entire Report; consequently, this Report must be read in its entirety. Information may not be considered or quoted out of context or without referencing other information contained in this Report necessary to make the information considered, not misleading.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS:

AMERINET GROUP.COM, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 DECEMBER 31, 2000  
 (UNAUDITED)

ASSETS

|  |             |
|--|-------------|
| Current Assets:  |             |
| Cash   | \$ 1,439    |
| Accounts receivable, net   | 39,207      |
| Costs and estimated earnings in excess<br>of billings on uncompleted contracts | 1,480       |
| Prepaid expenses   | 2,718       |
|  | -----       |
| Total current assets   | 44,844      |
|  | -----       |
| Property and equipment, net  | 306,899     |
|  | -----       |
| Other assets:  |             |
| Investment in subsidiary - WRIwebs.com   | 676,560     |
|  | -----       |
| Total assets   | \$1,028,303 |
|  | -----       |

LIABILITIES AND STOCKHOLDERS DEFICIT

|  |           |
|--|-----------|
| Current Liabilities:                         |           |
| Checks outstanding in excess of bank balance | \$ 12,342 |

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|   |               |
|---|---------------|
| Accounts payable  | 269,648       |
| Accrued expenses  | 82,489        |
| Billings in excess of cost and estimated earnings<br>on uncompleted contracts                     | 16,228        |
| Loans payable - related parties   | 52,082        |
| Current maturities of loans payable   | 179,323       |
| Current maturities of capital leases  | 28,122        |
|   | -----         |
| Total current liabilities   | 640,234       |
| Long term liabilities:  |               |
| Loans payable, net of current portion   | 212,299       |
| Capital leases, net of current portion  | 8,501         |
|   | -----         |
| Total long term liabilities   | 220,800       |
| Equity subject to potential redemptions   | 640,987       |
|   | -----         |
| Stockholders' deficit:  |               |
| Preferred stock, \$.01 par value, 5,000,000 shares<br>authorized, 246,710 issued and outstanding  | 2,467         |
| Common stock, \$.01 par value, 30,000,000 shares<br>authorized, 12,465,192 issued and outstanding | 124,652       |
| Subscriptions payable   | 116,814       |
| Outstanding stock options   | 17,270        |
| Additional paid in capital  | 13,487,840    |
| Accumulated deficit   | ( 14,222,761) |
|   | -----         |
| Total stockholders' deficit   | (473,718)     |
|   | -----         |
| Total liabilities and stockholders' deficit   | \$ 1,028,303  |
|   | -----         |

See accompanying notes to the financial statements

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AMERINET GROUP.COM, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
SIX MONTHS ENDED DECEMBER 31, 2000 AND 1999  
THREE MONTHS ENDED DECEMBER 31, 2000 AND 1999  
(UNAUDITED)

|                                   | 3 Months<br>Ended<br>12/31/00 | 3 Months<br>Ended<br>12/31/99 | 6 Months<br>Ended<br>12/31/00 | 6 Months<br>Ended<br>12/31/99 |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Revenues earned                   | 128,633                       | 36,709                        | 345,269                       | 204,878                       |
| Cost of revenues earned           | 53,574                        | 88,969                        | 246,214                       | 158,078                       |
|                                   | -----                         | -----                         | -----                         | -----                         |
| Gross profit (loss)               | 75,059                        | (52,260)                      | 99,055                        | 46,800                        |
| Selling, general & admin expenses | 1,054,409                     | 907,000                       | 1,898,690                     | 799,816                       |
| Depreciation & amortization       | 46,992                        | 151,129                       | 97,055                        | 212,453                       |
| Goodwill charges and transactions | 630,791                       | -                             | 630,791                       | 522,201                       |
|                                   | -----                         | -----                         | -----                         | -----                         |

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|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Total operating expenses   | 1,732,192   | 1,058,129   | 2,626,536   | 1,534,470   |
| -----  |             |             |             |             |
| Loss from operations   | (1,657,133) | (1,110,389) | (2,527,481) | (1,487,670) |
| -----  |             |             |             |             |
| Other income (expense)   |             |             |             |             |
| Interest expense   | 13,898      | 22,500      | 36,403      | 22,500      |
| Debt forgiveness   | 222,983     |             | 222,983     |             |
| Equity in losses (gains) of subsidiary   | (31,574)    | 6,751       | (14,742)    | 6,751       |
| -----  |             |             |             |             |
| Total other (income) expense   | 205,307     | 29,251      | 244,644     | 29,251      |
| -----  |             |             |             |             |
| Net Loss   | (1,862,440) | (1,139,640) | (2,772,125) | (1,516,921) |
| -----  |             |             |             |             |
| Discount attributable to beneficial conversion<br>privilege of preferred stock | (500,000)   |             | (814,246)   |             |
| -----  |             |             |             |             |
| Net loss applicable to common stock  | (2,362,440) | (1,139,640) | (3,586,371) | (1,516,921) |
| -----  |             |             |             |             |
| Basic loss per share   | (0.19)      | (0.14)      | (0.29)      | (0.19)      |
| -----  |             |             |             |             |
| Fully diluted loss per share   | (0.19)      | (0.14)      | (0.29)      | (0.19)      |
| -----  |             |             |             |             |
| Weighted average<br>shares outstanding   | 12,465,192  | 8,237,444   | 12,465,192  | 8,193,324   |
| -----  |             |             |             |             |
| Fully diluted average<br>shares outstanding                                    | 12,465,192  | 8,237,444   | 12,465,192  | 8,193,324   |
| -----  |             |             |             |             |

See accompanying notes to the financial statements

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AMERINET GROUP.COM, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED DECEMBER 31, 2000 AND 1999  
(UNAUDITED)

|                             | Six months<br>ended<br>12/31/00 | Six months<br>ended<br>12/31/99 |
|-----------------------------|---------------------------------|---------------------------------|
| Net cash used by operations | (639,667)                       | (624,300)                       |
| -----                       |                                 |                                 |

Cash flows from investing activities:

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|   |           |           |
|---|-----------|-----------|
| Purchase of property and equipment                                  | (7,950)   | (20,506)  |
| Cash overdraft acquired in acquisition                              |           | (9,262)   |
|   | -----     | -----     |
| Net cash used by investing activities:                              | (7,950)   | (29,768)  |
|   | -----     | -----     |
| Cash flows from financing activities:                               |           |           |
| Preferred stock issued for cash, net of costs                       |           | 303,424   |
| Common stock issued for cash, net of costs                          |           | 326,150   |
| Payments on capital leases  | (36,008)  |           |
| Proceeds from loans payable   | 381,229   | 275,000   |
| Payments on loans payable   | (38,015)  |           |
| Capital contributions   |           | 25,000    |
|   | -----     | -----     |
| Net cash provided by financing activities                           | 610,630   | 626,150   |
|   | -----     | -----     |
| Net decrease in cash  | (36,987)  | (27,918)  |
| Cash at beginning of period   | 38,426    | 79,021    |
|   | -----     | -----     |
| Cash at end of period   | 1,439     | 51,103    |
|   | -----     | -----     |
| Supplemental disclosure of cash flow information:                   |           |           |
| Cash paid during the year for:                                      |           |           |
| Interest  | 22,438    | 2,938     |
|   | -----     | -----     |
| Non-cash transactions affecting investing and financing activities: |           |           |
| Common stock issued for equipment                                   |           | 7,500     |
| Common stock issued for interest                                    |           | 15,000    |
| Common stock issued for acquisitions                                |           | 2,348,273 |
| Contribution of professional services                               | 225,055   | 452,725   |
| Conversion of debt to equity  | 1,744,372 |           |
|   | -----     | -----     |

see accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation SB. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation of the results for the interim periods presented have been included.

These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of our company's Annual Financial Statements for the year ended June

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30, 2000. Operating results for the three months and six months ended December 31, 2000 are not necessarily indicative of the results that may be expected for the year ending June 30, 2001.

It is recommended that the accompanying condensed financial statements be read in conjunction with the consolidated financial statements and notes thereto included in our company's Annual Report on Form 10-K.

### NOTE 2 - AMORTIZATION OF GOODWILL

Goodwill represents the amount by which the purchase price of businesses acquired exceeds the fair market value of the net assets acquired under the purchase method of accounting.

The excess of the fair value of the net assets of Lorilei acquired was \$717,450 and was recorded as goodwill. Goodwill is being amortized on a straight-line method over five years. The accumulated amortization of the excess fair value of net assets of the Company acquired over cost is \$86,659 at December 31, 2000.

The excess of the fair value of the net assets of WRI acquired was \$943,365 and was recorded as goodwill. Goodwill is being amortized on a straight-line method over three years. The accumulated amortization of the excess fair value of net assets of the Company acquired over cost is \$340,659 at December 31, 2000.

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### NOTE 3 - GOODWILL IMPAIRMENT AND FORGIVENESS OF DEBT

Pursuant to SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," our company evaluated the recover ability of the long-lived assets, primarily the loan receivable from WRI and the goodwill recorded upon the acquisition of Lorilei. Because a Superseder and Exchange Agreement between our company, Yankees, WRI and Michael Caputa was imminent at December 31, 2000 the carrying value of our company's loan receivable from WRI was re-evaluated and consequently we recorded a non-cash charge of \$222,983, adjusting the carrying value of the loan to its estimated fair value of \$-0-. Our company recorded a non-cash charge of \$630,791, adjusting the carrying value of the unamortized portion of the goodwill recorded upon the acquisition of Lorilei to its estimated fair value of \$-0-.

Accumulated amortization on this goodwill was \$86,659 at December 31, 2000.

### NOTE 4 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are recorded net of an allowance for doubtful accounts of \$5,000 at December 31, 2000.

### NOTE 5 - STOCKHOLDERS' EQUITY

On June 29, 2000 our company's Board of Directors adopted a resolution creating and designating the initial series of our company's Preferred Stock. The shares are designated Class A Preferred Stock and the number of shares authorized to be issued is 500,000 shares. Each share of Class A Preferred Stock is convertible into a minimum of 20 shares of our company's common stock.

During the three months ended December 31, 2000, our company issued its Class A Preferred Stock for cash, for conversion of debt and in exchange for

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services as follows:

- (a) Our company converted \$434,493 of Yankee's debt to 173,797 shares of Class A Preferred Stock at \$2.50 per share in accordance with Yankee's preferred subscription rights.
- (b) 5,920 shares of Class A Preferred Stock which was reported in the our company's Quarterly report for the three month period ended September 30, 2000 on Form 10-QSB as issued to certain officers and consultants as compensation for services were in fact not issued and a subsequent agreement was made between our company and those individuals whereby their compensation would be deferred.
- (c) Our company issued 164,800 common stock options to Directors of our company for services provided during the calendar year ended December 31, 2000 at an exercise price of \$1.4375 per share of common stock.
- (d) The shares of our company's common stock underlying the Yankees stock purchase option increased by 479,649 shares during the three month period ended December 31, 2000. Our company recorded a related compensation expense of \$129,505.
- (e) Yankees contributed professional services of \$112,525 to our company during the three month period ended December 31, 2000.

### NOTE 6 - COST AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

The following schedule presents the status of costs and estimated earnings on uncompleted contracts at December 31, 2000:

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|   |    |          |
|---|----|----------|
| Costs incurred on uncompleted contracts | \$ | 680      |
| Estimated earnings                      |    | 8,653    |
|   |    | -----    |
| Total                                   |    | 9,333    |
| Less: billing to date                   |    | (24,083) |
|   |    | -----    |
| Total                                   | \$ | (14,748) |
|   |    | =====    |

Included in accompanying balance sheet under the following captions:

|   |    |          |
|---|----|----------|
| Costs and estimated earnings in excess of billings on uncompleted contracts | \$ | 1,480    |
| Billings in excess of cost and estimated earnings on uncompleted contracts  |    | (16,228) |
|   |    | -----    |
| Total   | \$ | (14,748) |
|   |    | =====    |

### NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2000:

|          |    |         |
|----------|----|---------|
| Land     | \$ | 25,000  |
| Building |    | 197,483 |
| Vehicles |    | 24,091  |



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|                                |            |
|--------------------------------|------------|
| Furniture and fixtures         | 13,633     |
| Machinery and equipment        | 79,870     |
| Less: accumulated depreciation | (33,178)   |
|                                | -----      |
| Property and equipment, net    | \$ 306,899 |
|                                | =====      |

Depreciation expense for the three months ended December 31, 2000 was \$11,119.

NOTE 8 - RELATED PARTY TRANSACTIONS

At December 31, 2000 our company had outstanding payables to stockholders in the amount of \$52,082. The transactions are summarized as follows:

|                                |            |
|--------------------------------|------------|
| Balance at beginning of period | \$ 320,800 |
| Advances during the period     | 170,171    |
| Payments during the period     | (4406)     |
| Conversions to equity          | (434,493)  |
|                                | -----      |
| Balance at end of period       | \$ 52,082  |
|                                | =====      |

During the three months ended December 31, 2000, Yankees contributed professional services valued at \$112,525 to our company. Our company recognized the \$112,525 as consulting fees expense and the entire amount was contributed to our company as additional paid in capital.

Our company shares office space in Boca Raton, Florida with a related party. Rent expense for the three months ended December 31, 2000 was \$2,449.

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NOTE 9 - INCOME TAXES

The following table reconciles the income tax benefit at the US statutory rate to that in the financial statements at December 31, 2000:

|   |                |
|---|----------------|
| Taxes computed at 34%                   | \$ (942,523)   |
| WRI gain (100%)                         | 25,061         |
| Goodwill write down                     | 214,469        |
| Goodwill amortization                   | 12,197         |
| Compensation on stock option grants     | 527,336        |
| Net operating losses and other losses   | (2,400,125)    |
|   | -----          |
| Income tax benefit                      | \$ (2,563,585) |
|   | =====          |
| Taxes currently payable                 | \$ -           |
| Deferred income tax benefit             | 2,563,585      |
| Change in beginning valuation allowance | (2,563,585)    |
|   | -----          |
| Provision (benefit) for income          | \$ -           |
|   | =====          |

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At December 31, 2000, our company had an unused net operating loss carryforward of \$5,958,968 available for use on its future corporate federal income tax returns. This amount includes the net operating losses of its subsidiary, Lorilei, since the date of acquisition. Our company's evaluation of the tax benefits of its net operating loss carryforward is presented in the following table. The tax amounts have been calculated using the 34% federal income tax rate.

The components of deferred tax assets at December 31, 2000 were as follows:

|                                  |    |             |
|----------------------------------|----|-------------|
| Deferred tax asset:              |    |             |
| Net operating loss carry forward | \$ | 2,026,049   |
| Stock options granted            |    | 527,336     |
| Accrued interest                 |    | 10,200      |
|                                  |    | -----       |
| Net deferred tax asset           |    | 2,563,585   |
| Valuation allowance:             |    |             |
| Beginning of period              |    | (1,575,331) |
| Increase during the period       |    | (988,254)   |
|                                  |    | -----       |
| Ending balance                   |    | (2,563,585) |
|                                  |    | -----       |
| Net deferred taxes               | \$ | -           |
|                                  |    | =====       |

| Year Loss Originated               | Year Expiring | Amount       |
|------------------------------------|---------------|--------------|
| December 31, 1997                  | 2012          | \$ 74,043    |
| December 31, 1998                  | 2013          | 399,415      |
| June 30, 1999                      | 2014          | 97,646       |
| June 30, 2000                      | 2015          | 1,706,054    |
| September 30, 2000                 | 2016          | 909,685      |
| December 31, 2000                  | 2017          | 2,772,125    |
| Total available net operating loss |               | \$ 5,958,968 |
|                                    |               | =====        |

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### NOTE 10 - STOCK OPTIONS

On January 1, 2000 and on March 8, 2000 our company adopted Non-Qualified and Incentive Stock Option Plans. The objectives of these plans include attracting and retaining the best personnel and promoting the success of the Company by providing employees and directors the opportunity to acquire common stock. The Stock Option Plans authorizes our company to grant up to 3,000,000 common shares of which 529,800 have been granted at December 31, 2000.

Our company has elected to account for the stock options under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no compensation expense has been recognized on the employee stock options. Our company accounts for stock options granted to consultants under Financial Accounting Standards Board Statement No. 123, "Accounting For Stock-Based Compensation". Our company

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recognized \$129,505 in compensation expense for the three months ended December 31, 2000 in connection with an increase of 479,649 shares of common stock underlying the Yankee option to purchase up to 12 1/2% of the outstanding common shares of our company. With this increase in the underlying shares, Yankees now has the option to purchase 2,860,822 shares of our company's common stock for an aggregate price of \$90,000.

Had compensation expense for the Incentive Stock Option Plan been determined based on the fair market value of the options at the grant date consistent with the methodology prescribed under Statement of Financial Standards No. 123 "Accounting for Stock Based Compensation", our company's net loss for the three months ended December 31, 2000 would have increased by \$1,648 to \$1,864,088.

The fair value of each option is estimated on the date of grant using the fair market option-pricing model with the assumption:

|                         |         |
|-------------------------|---------|
| Risk-free interest rate | 6.5 %   |
| Expected life (years)   | various |
| Expected volatility     | 1.01    |
| Expected dividends      | None    |

A summary of the option transactions during the three months ended December 31, 2000 is shown below:

|   | Number of<br>Average<br>Shares | Weighted-<br>Exercise Price |
|---|--------------------------------|-----------------------------|
|   | -----                          | -----                       |
| Outstanding at September 30, 2000           | 3,185,738                      | \$ 0.43                     |
| Granted                                     | 644,449                        | \$ 0.38                     |
| Exercised                                   | -                              |                             |
| Forfeited                                   |                                |                             |
| Outstanding at December 31, 2000            | 3,830,187                      |                             |
|   | -----                          |                             |
| Exercisable at December 31, 2000            | 2,820,778                      |                             |
|   | -----                          |                             |
| Available for issuance at December 31, 2000 | 1,870,284                      |                             |
|   | =====                          |                             |

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### NOTE 11 - SUBSCRIPTIONS PAYABLE

Certain officers of our company and/or one of its subsidiaries as well as certain independent contractors provide services to our company valued individually at \$5,000 to \$8,333 per month. The compensation earned by these individuals is due and payable at the end of one year's service with our company in the form of our company's common stock, provided they were employed for such period. At December 31, 2000 our company had incurred a total expense for executive compensation, consulting services and legal services provided by these individuals in the amount of \$116,814.

### NOTE 12 - SUBSEQUENT EVENTS

#### WRI Superseder and Exchange Agreement

On January 26, 2001, the Superseder and Exchange Agreement entered into by and among our company; Yankees; WRI and Michael A. Caputa was executed by the

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parties. As a result of finalizing this agreement our company no longer has any equity interest in WRI. 500,380 shares of our company's common stock will be returned to our company's treasury by Michael Caputa. The executed agreement was filed with the Commission on Form 8-K on February 8, 2001.

### PriMed Consulting Agreement

Our company entered into an agreement on January 16, 2001, which was fully executed on January 31, 2001, with PriMed Technologies, Inc., and PriMed Technologies LC of Deerfield Beach, Florida (website at [www.primedtech.com](http://www.primedtech.com); "PriMed"), pursuant to which our company's stockholders will, subject to prior registration under Section 5 of the Securities Act, receive 10% of the common stock of an entity to be formed consolidating the operations of PriMed and its affiliates ("New PriMed"). The stock dividend will be issued to our company's stockholders of record at the close of business on the day the required registration statement is declared effective by the Commission. As currently contemplated, our company's stockholders will receive one share of New PriMed common stock for every 10 shares of our company's common stock held. A copy of the agreement was filed on Form 8-K on February 8, 2001. Negotiations are continuing concerning our company's acquisition of a majority interest in New PriMed, in addition to the shares to be issued directly to our company's stockholders. PriMed, which is in the process of consolidating and expanding its current operations, is involved in the provision of management and support services to the health care industry along with the latest on-line technologies to its growing client base of physicians, hospitals and ancillary service organizations in South Florida.

### GreenGrouper Licensing Agreement

On February 2, 2001 AmeriCom entered into a licensing agreement with Duffy DeVaul, the founder and owner of the popular, five year old, recreational fishing website, [www.greengrouper.com](http://www.greengrouper.com). AmeriCom plans to develop the website, which was established in 1996, has over 13,000 members worldwide and registers monthly hits in excess of 500,000, into an e-commerce website aimed at capturing a share of the 120 billion dollar American recreational fishing industry. The website and a 30-minute weekly television show, with an expected audience of between 13 and 50 million viewers, will be the cornerstones of AmeriCom's GreenGrouper project. Plans are also being made for a GreenGrouper magazine.

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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Recent Developments Pertaining to Implementation of Plan of Operation

Our company's ability to continue as a going concern is dependent upon its ability to attain a satisfactory level of profitability and to continue to have access to suitable financing. Management believes that divesting our company of its unprofitable subsidiaries, Trilogy International, Inc. and Vista Vacations, Inc. at June 30, 2000, was a significant step towards accomplishing this goal.

#### AmeriCom

In September, 2000, our company organized a new subsidiary, AmeriNet Communications, Inc., A Florida coporation ("AmeriCom") and assigned it most of Lorilei's assets, personnel and operations. AmeriCom's target markets were redirected and expanded. All business formerly conducted by our company's

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Lorilei subsidiary have been conducted by AmeriCom since October 1, 2000. Based on an operating plan developed by our company's chief financial officer and chief operating officer, it was expected that AmeriCom would produce net operating income for the three month period ended December 31, 2000 and that by the end of our fiscal year June 30, 2001 AmeriCom would significantly contribute to the earnings of our company.

Operations of AmeriCom did not produce the expected results and the subsidiary experienced significant operating losses for the three month period ended December 31, 2000. Because of the disappointing operating results of AmeriCom and without assurances of an immediate turnaround, Yankees informed our company in early December 2000, that it was unwilling to lend any additional funds to our company for use in funding the operating deficit at AmeriCom. In as much as our company has no current financing available from sources other than Yankees it has been unable to provide any funds to AmeriCom since early December. AmeriCom has continued to operate by deferring payables, but without additional financing it is uncertain as to whether the company can continue in business. AmeriCom has made major management changes, and Edward C. Dmytryk, also the president of our company, was elected president of AmeriCom during February of 2001. In addition, the remaining personnel have significantly reduced operating expenses (50%) and all remaining personnel are now paid solely through commissions. AmeriCom is re-evaluating its market and is in the process of developing projects such as The GreenGrouper website and related businesses.

WRI

Our company and the principals of WRI have entered into a superseder and exchange agreement. The agreement was filed with the Commission on Form 8-K on February 8, 2001. In summary the agreement calls for Michael Caputa, WRI's president, to return 500,380 shares of our company's common stock originally issued to him; for our company to forgive the debt owed to it by WRI and for WRI to distribute to the stockholders of our company 20% of its common stock after its registartion with the Commission. Upon completeion of the transactions contemplated by the agreements our company will no longer have any equity interest in WRI. The final agreement was executed by the parties on January 26, 2001.

### RESULTS OF OPERATIONS

The consolidated income statement for our company for the three months and six months ended December 31, 2000 includes operations of our company at the holding company level and its wholly owned subsidiaries Lorilei and AmeriCom. In addition, 20% of the operating gains or losses of our company's affiliate WRI are included in our company's consolidated financials. For the three months and six months ended December 31, 1999 the consolidated income statement included our company for the entire period; our company's formerly wholly owned subsidiary AITC for the two months ended November 30, 1999; our formerly wholly owned subsidiary Trilogy for the one month ended December 31, 1999 and 20% of the operating losses of WRI for the one month ended December 31, 1999.

For the three months ended December 31, 2000 our company reported revenues of \$128,633 all of which were generated by our subsidiary company AmeriCom. Revenues for the three months ended December 31, 1999 were \$36,709 generated by our former subsidiaries AITC and Trilogy.

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Cost of revenues for the three months ended December 31, 2000, were \$53,574 yielding a gross profit of \$75,059 while cost of revenues for the three months ended December 31, 1999 were \$88,969 for a gross loss of \$52,260 for that period.

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Our company as a whole reported a net loss applicable to common stock for the three months ended December 31, 2000 of \$2,362,440. These losses were comprised of equity in the gain of WRI (20%) of \$14,742; net operating loss of our subsidiaries Lorilei and AmeriCom of \$249,508; a writedown of the Lorieli goodwill of \$630,791 and a net loss for the holding company of \$1,496,883. For the three months ended December 31, 1999, our company's losses were \$1,139,640 based on the following factors: selling, general and administrative expenses for the three months ended December 31, 2000 were \$1,054,409 compared to \$907,000 for the three months ended December 31, 1999. \$267,748 of the expense for the current period was incurred by our subsidiary AmeriCom in the normal course of business. The remaining \$786,661 was incurred at the holding company level a large portion of which consisted of non-cash expenses. Yankees provided services to our company during the period valued at \$112,525 which were treated as an expense and then as a donation of an equivalent sum by Yankees to our company's paid in capital. Because Yankees exercised its preferential subscription rights in converting \$434,493 of debt to equity at a 50% discount to market during the period, the discount of \$434,493 was treated as an expense with a corresponding addition to our company's paid in capital. Certain employees and consultants to our company agreed to defer a total of \$51,762 in compensation earned by them during the period. The expense was recognized and a corresponding liability in subscriptions payable was added to stockholders' equity. Our company recognized a compensation expense of \$129,505 in connection with the increase of 479,649 shares of common stock underlying the Yankee option to purchase up to 12 1/2% of the outstanding shares of our company's common stock. These non-cash expenses totaled \$728,285. The remaining \$58,376 of selling, general and administrative expense for the period was incurred at the holding company level in the normal course of conducting its business.

Our company recorded a non-cash charge of \$222,983 adjusting the carrying value of its loan receivable from WRI to its estimated fair value of \$0- at December 31, 2000.

Depreciation and amortization expense for the three months ended December 31, 2000 was \$46,992 as compared to an expense of \$151,129 for the three months ended December 31, 1999. For the three months ended December 31, 1999, \$110,940 of this expense was attributable to the amortization of our company's former wholly owned subsidiary Trilogy.

Interest expense was \$13,898 for the three months ended December 31, 2000 compared to \$22,500 for the same period in 1999.

In addition to the losses from operations incurred for the period, our company's loss attributable to common stock was increased by \$500,000 as a result of a purchase made through a private placement of our company's Class A Preferred Stock. Because each share of the preferred stock is convertible into a minimum of 20 shares of our company's common stock, a discount attributable to the beneficial conversion of preferred stock must be taken in an amount equal to the difference between the conversion price of \$.25 per share and the then market price of our company's common stock at the time the preferred stock was issued.

### LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000 our company had cash on hand of \$1,439 compared to \$51,103 at December 31, 1999. At December 31, 2000 we had a working capital deficit of \$507,026 compared to a working capital deficit at December 31, 1999 of \$485,218. The deficit in working capital at December 31, 2000 was related principally to accounts payable and accrued expenses at the subsidiary level in excess of accounts receivable; the current portion of capital leases and loans payable at the subsidiary level. A similar situation existed at December 31, 1999, however, the subsidiary contributing to the deficit at that

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time was our former subsidiary Trilogy whereas at December 31, 2000 the deficit is principally attributable to our subsidiaries Lorieli and AmeriCom.

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Our company and its subsidiaries have accumulated a net deficit of \$14,222,761 since their inception. This gives rise to questions regarding the ability of our company to continue as a going concern. The deficit for the three months ended December 31, 2000 is \$2,362,440. Management has implemented significant cost reductions through its discontinuance of unprofitable operations, but its one remaining operating subsidiary continues to operate at a deficit. With the assistance of Yankees, we are actively exploring acquisitions of operating companies and related infusions of capital which would materially improve our cash flow, liquidity and profitability, however we can not assure that it will be successfully implemented.

Our company relies on Yankees for capital required to fund operating cash deficits and has a financing agreement with Yankees pursuant to which Yankees has granted our company a conditional \$1,000,000 revolving line of credit. As of December 31, 2000 Yankees had loaned our company an aggregate of \$640,200. The loans are secured by all of our company's assets, including the capital stock in its subsidiaries. At our request, Yankees has converted most of its loans to date into shares of our company's common stock and Class A Preferred Stock. As of December 31, 2000, Yankees had converted \$595,592 of its aggregate loans into equity. Our company's continuing liquidity and access to capital is totally reliant on Yankees and investors introduced to our company by Yankees.

### PART II - OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

Our company has not been involved in any material legal proceedings, other than the mediation in connection with our company's election to rescind the WRI Merger and Reorganization Agreement as discussed previously in this report under "Managements Discussion and Analysis". The inactive subsidiary Lorilei Communications, Inc., has been sued for \$7813.30 for an unpaid bill.

#### ITEM 2. CHANGES IN SECURITIES

##### RECENT SALES OF UNREGISTERED SECURITIES

Since June 30, 2000, our company sold the securities listed in the table below without registration under the Securities Act in reliance on the exemption from registration requirements cited. Consequently, as of January 31, 2001, 12,465,192 shares of our company's common stock were outstanding and 261,710 shares of our company's class a preferred stock were outstanding. All footnotes follow the last table.

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#### Class A Preferred Stock

Amount of  
Securities

Total  
Offering

Total  
Discounts

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| Date<br>---- | Sold<br>----- | Subscriber<br>-----  | Consideration<br>----- | or Commissions<br>----- |
|--------------|---------------|----------------------|------------------------|-------------------------|
| 2000:        |               |                      |                        |                         |
| July 3       | 6,000         | Bolina Trading Corp. | \$30,000               | None                    |
| July 7       | 3,600         | Bolina Trading Corp. | \$18,000               | None                    |
| July 27      | 8,000         | Bolina Trading Corp. | \$40,000               | None                    |
| August 15    | 46,000        | Yankees              | \$115,000 (4)          | (3)                     |
| August 15    | 3,393         | K. Walker LTD        | \$16,965 (5)           | None                    |
| August 30    | 5,920         | Palmail, Inc.        | \$29,600               | None                    |
| October 5    | 85,500        | Yankees              | \$250,000 (6)          | (3)                     |
| October 5    | 6,400         | Bolina Trading Corp  | (6)                    | (3)                     |
| October 5    | 500           | Vanessa H. Lindsey   | (6)                    | (3)                     |
| October 5    | 6,600         | PalmAir, Inc.        | (6)                    | (3)                     |
| October 5    | 1,000         | Debra Ellenson       | (6)                    | (3)                     |
| November 13  | 25,000        | Yankees              | \$64,492.50 (7)        | (3)                     |
| November 13  | 2,000         | Palm Air             | (7)                    | (3)                     |
| November 13  | 797           | Vanessa Lindsey      | (7)                    | (3)                     |
| November 13  | 16,000        | Yankees              | \$40,000 (7)           | (3)                     |
| December 5   | 27,000        | Yankees              | \$75,000 (8)           | (3)                     |
| December 5   | 1,000         | Vanessa Lindsey      | (8)                    | (3)                     |
| December 5   | 2,000         | PalmAir, Inc.        | (8)                    | (3)                     |
| 2001         |               |                      |                        |                         |
| January 31   | 5,000         | Debra Ellenson       | (9)                    | (3)                     |
| January 31   | 5,000         | Johnathan Eichner    | (10)                   | (3)                     |
| January 31   | 5,000         | Scott Heicken        | (10)                   | (3)                     |

Notes to All Tables

- (1) Section 4(2) of the Securities Act. In each case, the subscriber was required to represent that the shares were purchased for investment purposes, the certificates were legended to prevent transfer except in compliance with applicable laws and the transfer agent was instructed not to permit transfers unless directed to do so by our company, after approval by its legal counsel. In addition, each subscriber was directed to review our company's filings with the Commission under the Exchange Act and was provided with access to our company's officers, directors, books and records, in order to obtain required information.
- (2) Section 4(6) of the Securities Act. In each case, the subscriber was required to represent that the shares were purchased for investment purposes, the certificates were legended to prevent transfer except in compliance with applicable laws and the transfer agent was instructed not to permit transfers unless directed to do so by our company, after approval by its legal counsel. Each subscriber was directed to review our company's filings with the Commission under the Exchange Act and was provided with access to our company's officers, directors, books and records, in order to obtain required information; and, a Form D reporting the transaction was filed with the Commission.
- (3) No commissions or discounts were paid to anyone in conjunction with the sale of the foregoing securities, except that Yankees exercised preferential subscription rights granted by our company in Yankees' consulting agreement or that it may be entitled to compensation based on the terms of its consulting agreement with our company.



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- (4) At the issuers request, Yankees converted \$115,000 of debt to equity (a total of 46,000 shares of preferred stock).
- (5) At the issuers request, K. Walker converted \$16,965 of debt to equity ( a total of 3,393 shares of preferred stock).
- (6) At the issuers request, Yankees converted \$250,000 of debt to equity ( a total of 100,000 shares of preferred stock). At Yankees request a portion of the shares were given to associates.
- (7) At the issuers request, Yankees converted \$104,492.50 of debt to equity ( a total of 43,797 shares of preferred stock). At Yankees request a portion of the shares were given to associates.
- (8) At the issuers request, Yankees converted \$75,000 of debt to equity (a total of 30,000 shares of preferred stock). At Yankees request a portion of the shares were given to associates.
- (9) Pursuant to the terms of the amended consulting agreement between our company and Yankees, it is entitled to receive \$10,000 per month or \$10,000 worth of stock per month for compensation.
- (10) At the issuers request, Yankees converted \$20,000 of debt to equity (a total of 10,000 shares of preferred stock). At Yankees request the shares were given to associates.

### AMOUNT OF COMMON EQUITY SUBJECT TO OUTSTANDING OPTIONS OR WARRANTS TO PURCHASE, OR SECURITIES CONVERTIBLE INTO, COMMON EQUITY OF OUR COMPANY

As of January 31, 2001, our company had 10,030,875 shares of its common stock reserved for issuance in conjunction with current obligations to issue additional shares, in the event that currently outstanding options and warrants are exercised and conversion of preferred to common.

### NEW AUTHORIZED SHARES

Our comapny's board of directors and stockholders authorized a change in the number of shares of Class A Preferred Stock from 500,000 to 1,000,000, however it did not increase the total number of authorized preferred stock. A new certificate of designation has been mailed for filing with the State of Delaware and is included as an exhibit to this report, see "Item 6, Exhibits and Reports on Form 8-K." Our company's board of directors and stockholders also authorized an increase in the number of shares of common stock from 20,000,000 shares, \$0.01 par value, to 30,000,000 shares, \$0.01 par value. An amendment to the articles of incorporation reflecting this change is being mailed for filing with the State of Delaware and is included as an exhibit to is report see "Item 6, Exhibits and Reports on Form 8-K."

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### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits Required by Item 601 of Regulation S-B

The exhibits listed below and designated as filed herewith (rather than incorporated by reference) follow the signature page in sequential order.

Designation            Page

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| of Exhibit<br>as Set Forth<br>in Item 601 of<br>Regulation S-B | Number<br>or Source of<br>Incorporation<br>By Reference | Description  |
|--|---|--|
| (3) (i)  |   | Certificate of Articles of Incorporation:  |
| 3.6  | 20  | Certificate of Designation of Class A Preferred  |
| 3.7  | 28  | Certificate of Amendment to Articles of<br>Incorporation                                 |
| (99)   |   | Additional Exhibits:   |
| .53  | 29  | Letter to our company's transfer agent on our<br>company's procedures for stock matters. |
| (b)  |   | Reports on Form 8-K Filed During Quarter Ended December 31, 2000                         |

During the calendar quarter ended December 31, 2000, our company filed the following reports on Form 8-K with the Commission:

| Items Reported | Date Filed | Financial<br>Statements Included |
|----------------|------------|----------------------------------|
| 5&7            | 11/02/00   | None                             |

As a material subsequent event, our company filed the following reports on Form 8-K with the Commission:

| Items Reported | Date Filed | Financial<br>Statements Included |
|----------------|------------|----------------------------------|
| 5 & 7          | 01/05/01   | None                             |
| 5 & 7          | 02/08/01   | None                             |

Signatures

In accordance with the requirements of the Exchange Act, our company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AmeriNet Group.com, Inc.

February 23, 2001

By: /s/Edward C. Dmytryk /s/  
-----

Edward C. Dmytryk  
President, Chief Executive Officer & Director

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ADDITIONAL INFORMATION  
AmeriNet Group.com, Inc.  
Crystal Corporate Center  
2500 North Military Trail, Suite 225-C; Boca Raton, Florida 33431  
Telephone (561) 998-3435; Fax (561) 998-4635  
web-site, amerinetgroup.com; e-mail ed@amerinetgroup.com  
Corporate Headquarters:

Edward C. Dmytryk, President & Chief Executive Officer; Lawrence R. Van Etten,  
Vice President & Chief Operating Officer; David K. Cantley, Treasurer;  
Vanessa H. Lindsey, Secretary; Douglas L. Wilson, General Counsel  
Officers

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Lawrence R. Van Etten; David K. Cantley; Vanessa H. Lindsey;  
Charles J. Champion, Jr.; G. Richard Chamberlin;  
Anthony Q. Joffe; Douglas L. Wilson; Edward C. Dmytryk; and J. Bruce Gleason  
Board of Directors

### Current Subsidiaries (Florida corporations)

Wriwebs.com, Inc.  
100 East Sample Road, Suite 210;  
Pompano Beach, Florida 33064  
Telephone (954) 569-0200; Fax (954) 569-0300  
Web site and e-mail [www.wriwebs.com](http://www.wriwebs.com)

AmeriNet Communications, Inc.  
"Doing Business as The Firm MultiMedia"  
7325 Southwest 32nd Street; Ocala, Florida 34474  
Post Office Box 770787; Ocala, Florida 34477  
Telephone (352) 861-1350; Fax (352) 861-1339  
Web site and e-mail [www.callthefirm.com](http://www.callthefirm.com)

Independent Public Accountants:  
Daszkal, Bolton & Manela, P.A.  
240 West Palmetto Park Road, Suite 300; Boca Raton, Florida 33432  
Telephone (561) 367-1040; Facsimile Transmission (561) 750-3236  
e-mailto:[patrick@dbmsys.usa.com](mailto:patrick@dbmsys.usa.com)

Transfer Agent:  
Liberty Transfer Company  
191 New York Avenue, Huntington, New York 11743  
Telephone (516)-385-1616; Facsimile Transmission (516) 385-1619

Our company's report on Commission Form 10-QSB for the quarter ended December 31, 2000 will be furnished free of charge without exhibits to any beneficial owner of our company's common stock eligible to vote at our company's annual stockholders' meeting and will furnish the exhibits thereto to any such person specifically requesting them, subject to payment of our company's actual reproduction, handling and delivery costs associated therewith. Our company's report on Commission Form 10-QSB for the quarter ended December 31, 2000, including exhibits, is available without charge on the Securities and Exchange Commission's web-site located at [www.sec.gov](http://www.sec.gov) in the EDGAR archives. Requests for our company's report on Commission Form 10-QSB for the quarter ended December 31, 2000, with or without exhibits, should be addressed to Edward C. Dmytryk, President; AmeriNet Group.com, Inc.; Crystal Corporate Center; 2500 North Military Trail, Suite 225-C; Boca Raton, Florida 33431, or faxed to Mr. Dmytryk at (561) 998-4635.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED OF THIS REPORT NOR HAS IT PASSED UPON ITS ACCURACY OR ADEQUACY.