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STARTCALL COM INC  
Form 10KSB  
April 30, 2002

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-KSB

(Mark One)

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

For the fiscal year ended December 31, 2001

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

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

Commission file no. 0-32429

STARTCALL.COM, INC.

-----  
(Name of small business issuer in its charter)

Florida  
(State or other jurisdiction of  
incorporation or organization)

65-0955118  
(I.R.S. Employer  
Identification No.)

719 5th Street Miami Beach, FL

33139

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number: (786) 497-1500

-----  
(Former name and/or former address, if changes since last report)

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

Title of each class	Name of each exchange on which registered
None	None
-----	-----

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

Common Stock, \$.000666 par value

(Title of class)  
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Copies of Communications Sent to:

Anslow & Jaclin, LLP

4400 Route 9, 2nd Floor

Freehold, New Jersey 07728

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Tel: (732) 409-1212 - Fax: (732) 577-1188

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

Yes                      No    x  
-----                      -----

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The Registrant's revenue for the fiscal year ended December 31, 2001: \$3,471.00

Aggregate market value of the voting common stock held by non-affiliates of the registrant as of April 29, 2002, was: \$1,600,501.

There were 24,281,950 shares of the registrant's common stock outstanding as of April 29, 2002.

DOCUMENTS INCORPORATED BY REFERENCE:                      None

Transitional Small Business Disclosure Format: Yes [ ] No [X]

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## PART I

### Forward Looking Statements

This Form 10-KSB includes "forward looking statements". All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-KSB which address activities, events or developments which the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), demand for the Company's products and services, expansion and growth of the Company's business and operations, and other such matters are forward looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results or developments will conform with the Company's expectations and predictions is subject to a number of risks and uncertainties, general economic market and business conditions; the business opportunities (or lack thereof) that may be presented to and pursued by the Company; changes in laws or regulation; and other factors, most of which are beyond the control of the Company. Consequently, all of the forward looking statements made in this Form 10-KSB are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

### ITEM 1. Description of Business

We were incorporated under the name Click and Call Corporation in the State of Florida in October, 1999 and on June 5, 2000 a Certificate of Amendment was filed with the Secretary of State of Florida changing the name of the Company to StartCall.com, Inc.

StartCall.com, Inc. is an application service provider (ASP) that offers real-time interaction technology as an out source service. It was established to suit the need for a quick and easy solution to customer service while conducting e-commerce business over the Internet.

The Company will offer to all businesses the opportunity to improve their online customer care service by placing an Internet voice box and a Text Chat button with a URL push feature on their website. These tools allow their visitors and customers visiting their websites to receive live help at the crucial point of purchase and or when any type of assistance is needed.

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### Business Overview.

The nature of our products or services is to offer a technology that will enable visitors to a web site to simply click on a button and request live help at the crucial point of purchase or when needed or desired by the customer. We currently provide only two ways of Interaction: Via Voice or through Voice over Protocol Technology and Interactive Text Chat or Instant Messaging.

Through a public relations campaign, in-house sales representatives, strategic

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alliances, and advertising, StartCall's goal is to become the leading business for all businesses that provide online customer service solutions for e-commerce. The Company's plan is to bring the element of human-touch to the online world. Our tools allow their visitors, customers and potential customers visiting their Web site to receive live help at the crucial point of purchase and/or when any type of assistance is needed. We intent to become the predominant e-commerce service company by providing our Online Interactive Technology that will be both Efficient and Cost Effective for any business with a presence in the Internet, our primary service is ClickiChat/Support.

The ClickiChat/Support button allows Net surfers to receive live assistance via Text. Live Chat is popular among many of today's Internet buyers. Customer service representatives ("CSRs") can manage multiple chat sessions simultaneously,

servicing multiple buyers cost effectively. Chat sessions are helpful in processing orders for the hearing impaired. The ClickiChat/Support service is personal, private and secure. The URL push or Pushing pages feature impresses and educates site - visitors on the navigation of the site, to show product information or instructions not otherwise available, or to share confidential, competitive difference or pricing information that would not otherwise be made available for all Web site visitors. A CSR can instantly "push" those pages and images to qualified prospects in an impressive manner that supports the selling process.

We believe that our ClickiChat service offers our clients the opportunity to increase sales by answering customer questions and solving customer problems at critical points in the buying process. It also enables our clients to reduce customer service costs by allowing them to enhance operating efficiency and to improve customer response times. In addition, information captured in transcripts of live text-based interactions can be used by our clients to increase their responsiveness to customer needs and preferences, thereby improving customer satisfaction, loyalty and retention.

We started offering our ClickiChat/Support service on July 1, 2001. We have received small amounts of revenue from the sale of our ClickiChat/Support solution as well as miscellaneous consulting. Even though we have not promoted our ClickiChat/Support service, we had visitors to our web site who decided to buy our service and therefore we able to receive some limited revenues. Therefore, we are going to start selling our services directly through our Web sites: [www.startcall.com](http://www.startcall.com), [www.liveinternethelp.com](http://www.liveinternethelp.com), [www.clickicall.com](http://www.clickicall.com), [www.clickichat.com](http://www.clickichat.com). We intend to generate traffic by promoting the name of our services. In addition, we intend to start promoting our services through our strategic marketing alliances

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by offering to their customers a 30 FREE trial of our ClickiChat/Support service. This means that the customers will have unlimited usage of the Clickichat/Support service for 30 days. With some of our strategic marketing alliances we will have an ongoing promotional marketing campaign for yet an undetermined amount of time. We do not and will not rely on one specific marketing alliance to generate substantial revenues and we will continue finding new channels of distribution to market our services. This 30 day FREE trial campaign will focus on our ClickiChat/Support service only. This offers means that we will allow business with a presence on the Internet to test our ClickiChat/Support service on their site as an Interactive Text Chat Solution.

Our methods to increase traffic to our Web sites will be by initiating email campaigns talking about our services. We will try to attract more awareness to

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our services by doing road shows or participating in trade shows, press releases, associating to chamber of commerce nationally and internationally. We will provide a 30-day FREE trial of our ClickiChat/Support service to all first time users so they may become familiar with our service.

We feel that our potential difficulty is timing. There are several other companies competing in our area of business services. Our goal is to achieve certain parameters that will allow us to compete with companies which provide

similar services to those of the ClickiChat/Support solution. In addition, our goal is to maintain up-to-date with new technologies to provide our customers with rapid solutions to their needs in the area of online customer service. In addition, we also feel that we should be able to gain market share due to the quality of our marketing alliances, and influences these strategic alliances may have on their customers.

Since our primary product is the ClickiChat solution, we feel confident that once we officially launch our services we should be able to gain market share

fairly quickly. We do not choose to make any other of our services such as ClickiCall our primary product because, in the opinion of our management, there is not enough interest in the market for this type of service. Furthermore, the ClickiCall service requires end users to have a sound card on their computer, plus speakers and other minor components, which everyone does not have. This is unlike the ClickiChat/Support which is just simple text chat that every computer is able to do. There is always the possibility that someone else may come up with a better technology and for lesser price. Currently, there are no companies or technology offering services similar to our services at our price structure.

Our prices were effective on June 1st, 2001. Each of these packages will provide the following functions and benefits:

Reduces Cost - Your customer service reps can each manage up to 4 support sessions at one time vs. answering phone call, one on one. More Reduced Costs - By answering more customer/prospect services questions over the web, your 800 expenses will decrease.

Make support personnel more efficient - Streamline your organization's chat sessions with pre-determined messages, allowing your support staff to answer customers/prospects questions quicker and more accurately.

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Managing your Customer/Prospect Service Rep - Many companies record the telephone conversation of their customer/prospect service reps, however they are randomly reviewed. Documentation of each text chat session using ClickiChat/Support allows for management to evaluate and train more efficiently.

Learn about your Customer/Prospect before the chat session begins - Free integration with the ClickiChat/Exchange (ClickiChat/Exchange goes into open beta on December 15th. Push Page Technology Control the customer's/prospect's desktop - The ability to push URL web pages and images to the customer's/prospect's desktop assists in providing your customers/prospects with immediate visual and documented support. Integrated FAQ access - Quick access to all FAQ contents.

Chat transfer - Quickly transfer an in-progress chat to another supporter.  
Listing Departments - Allows customer/prospect to target question(s) to the appropriate personnel.

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Audio and Visual Cues- Computer speaker(s) will ring differentiating a ClickiChat inquiry vs. a telephone inquiry as well as a pop-up window appearing at the start and during chat session activity.

Archiving Data - past chat session activity is stored in the ClickiChat/administration database and can be reviewed at anytime. Leave a Message Feature - If unavailable, this option will allow an e-mail to be forwarded to your address or any address that you determine. Dedicated or floating support personnel - We offer per/seat and floating user licenses.

Chat Priority Distribution - Forwards calls to first available and/or uses priority listing, which you determine. Call Center Support - The ability to support multiple organizations.

For Administrators- Turning your customer support from a cost center to a profit center requires technology that is simple and cost-effective. ClickiChat/Support recognizes this, and provides your IT staff and administrators with the following benefits:

Rapid implementation - Get up and running in one-hour. ClickiChat/Support requires very little administrative overhead since it is a 100% hosted ASP solution that is completely web-driven. ClickiChat does not require any software installations for you, your supporters, or your customer/prospect's computers. Easy administration - We offer our own comprehensive customer support portal that allows you to administer and analyze your entire ClickiChat/Support solution via support.ClickiChat.com (link)

Departmental support - Some of your support reps may be from the sales department, others may come directly from your customer support department. Upper management may participate in online customer support as well. To accommodate the different requirements for each type of user, ClickiChat/Support allows you to set up roles and use those settings to determine things such as who should get incoming requests first, and who has access to different components of our support portal. In

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addition, your customer/prospect will appreciate their needs being directed to the appropriate personnel without having to be transferred and on hold as is often the case.

Extensive customization - Your brand is what's important. ClickiChat/Support's extensive customization capabilities provide you with over 15 URL parameters. You can change everything from the background color of the chat window, to the image used for your "go" button.

Watch over your chat sessions - With ClickiChat/Support you can silently monitor all chat sessions. Administrators or department heads can interject comments silently to their support personnel, or include the customer/prospect in their comment. Additionally, administrators and department heads can broadcast silent messages to all of their employees at one time.

Analyze chat session - Through our support portal, you have complete access to all your chat archives via an online searchable repository. All our transcripts are stored as XML documents and offer full-text or parameterized queries to help you locate old chat sessions.

Detailed usage statistics - Our support portal also gives you detailed information on exactly how the ClickiChat/Support service is being utilized. We offer reports that can detail your entire organization (such as average chat

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session times and most frequent access times) to your individual supporters (such as average amount of time spent per chat session, amount of time they are logged into the service, etc.) Easy integration - We realize that ClickiChat/Support isn't the only customer/prospect application you use, so we've made it easy to integrate our service with your favorite help desk, CRM, or sales force automation software.

In order to personalize our ClickiChat service to our customers, we have set-up three different packages that will enable our customers to provide LIVE HELP to their online customer/prospect.

1. FREE ClickiChat/Support version: Free accounts will have complete access to all ClickiChat/Support functionality, except for the following features: (To be more specific this free version will be able to do all the functions available in our service except the ones written below)

- o Pre-set messages
- o Push pages
- o History profile
- o Chat transcripts
  
- o Button and chat window customization

2. Silver Package: ClickiChat/Silver enables the customer to have complete access to all ClickiChat/Support functionalities. Our ClickiChat/Silver includes one (1) operator per license.\*

- o Cost: \$29.95 per month
- o Additional Operators: \$24.95 per month
- o Usage: Unlimited usage per month

3. Gold Package: Our ClickiChat/Gold enables your customers/prospects to also have complete access to all the ClickiChat/Support functionalities. ClickiChat/Gold includes four (4) operators per license.\*

- o Cost: \$89.95 per month
- o Additional Operators: \$19.95 per month
- o Usage: Unlimited usage per month

\*Dedicated or floating support personnel - We offer per/seat and floating user licenses. (You will have access to establishing unlimited operators, however

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simultaneous chat sessions can only occur if you have the required paid monthly licenses). As set forth above, the difference between our ClickiChat Silver package and Gold package is that our Silver package allows one operator per license and that our Gold package allows up to 4 operators per license. They both have all functionalities set forth above except for the amount of operators who able to use the software simultaneously. For further information on our Pricing Model for ClickiChat please visit: [www.liveinternethelp.com](http://www.liveinternethelp.com).

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Currently we do not pay or receive revenues from other sources such as joint ventures or strategic alliances or online affiliated programs. We expect to receive revenues from the following sources once we launch our services:

1. Strategic Alliances
2. Online Affiliated Programs
3. Link Exchange

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Our strategic marketing alliances are simply associations with companies that will help StartCall promote the usage and sale of its services to their customers and prospects. This type of relationship generates revenues to the Company when one of our strategic alliance refers one of its customers to buy our services. In exchange we provide this strategic marketing allied company a percentage of the revenue collected from each sale.

Furthermore, we may have what is known as the new online economy affiliated online programs which refers to when businesses with a presence on the Internet wish to promote our services by placing small adds on their web site. For every account we receive from this web site, the web site owner will receive a commission. This is what is known as an affiliated program.

Our agreements with our third parties supplier is to purchase rights for usage of the technology in order to provide our services. We currently have two suppliers. At present, we have reported the minimum expenses incurred to date as components of research and development costs. Upon the engagement of customers,

We charge our customers a flat rate of \$14.95 per month, which includes 50 calls or sessions, additional call are \$.25 per session unlimited.

2. Velaro, Inc. Provide us with the technology platform in order for us to sell our ClickiChat/Support service. We purchased such rights for \$25,000 and an annual support fee \$5,000 per year, plus handling fees or services when necessary. We have developed our own proprietary technology and is schedule to launch on June 1st, 2002. In the interim we will continue using Velaro's platform.

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The Velaro function is to oversee the daily administrative operations of the Clickichat/Support solution. StartCall through Velaro provides reporting modules for tracking information and running reports plus control modules for customization. Users can generate their own real-time daily, weekly, monthly or customized reports; track call volume, length of the ClickIchat sessions, usage and collect customer data. (ClickIchat/Support is the Company's Interactive Text Solution).

We have several different contracts at this stage and are constantly trying to bring new potential strategic marketing alliances to promote our services. According to recent research undertaken by the Company in yahoo.com, we found exactly 8,071 ISP's (Internet Service Providers). We will pursue a campaign calling and emailing these ISP's with the objective to establish strategic marketing alliances. As of this date, we have entered into agreements with the following companies:

- o Pricealliance.com
- o LiveChatSupport.com
- o Makeastore.com

We use a general dealer/promoter agreement with these companies. The terms of the agreements are standard for each company with the exception of the compensation plan which may change from one promoter to another, based upon the potential business that each individual promoter may have to offer. The following sets forth the general terms of these agreements:

1. We utilize the services of the Promoter to promote said Services to end users. Promoter agrees to take reasonable steps to make available to potential end-users an opportunity to purchase our services in



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accordance with the our best interest. Additional products or services offered or sold to Promoter's contacts will be commissionable to Promoter. The Promoter shall be our non exclusive dealer for selling "Internet related services".

2. We agree to make payments due to Promoter under this Agreement and to provide the Promoter with documents and information normally provided by us and necessary to fulfill Promoter's duties hereunder, including, but not limited to, Application Documents, Service Agreements, marketing materials, and documents and information regarding practices to configure the Services and support the Services.
3. We pay the Promoter a fee for accounts in accordance with a Compensation Schedule set forth as an Appendix. The Promoter only receive fees from those accounts resulting from Promoter's efforts as evidenced by a duly executed original Service Agreement during the term of this Agreement and at times when neither Promoter nor end-user is in breach or default of this Agreement and/or the Service Agreement. Commissions are be payable to Promoter not later than the last day of each month following the month of the Company's receipt.
4. The Agreements are effective upon execution by the last party to sign, and expires the sooner of six (6) months or the sale of 5000 account of ClickiChat/Support. The Agreement may thereafter renew on terms mutually agreeable to both parties. The Agreement may be terminated by either party at any time upon 30 days written notice or by a new term Agreement is executed, which shall supersede this Agreement.

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5. The following sets forth the standard appendix to these agreements with regard calculation of compensation for these promoters: The expected performance of Promoter is to refer a minimum of 5 new subscribers per month or \$ 1,000.00 in billing revenue. Minimum requirements are expected by the end of 6 months from the date of this Agreement. Month 7 will officially be the end of the ramp-up period and we expect the above stated performance. Both parties agree that Clickichat/Support is the subject of this Agreement and that the Promoter will maintain our price structure. The Promoter will refer potential purchasers of Live Chat licenses (Clickichat) at the Standard Price (Set by us and currently \$ 29.95 per month with unlimited usage). The Promoter will receive a residual income as listed on the commission scale on Page #2 of the total monthly fees or sales that result from their referrals or follow up purchases as well as compensation of the installation fee, if charged.

The objective of these agreements is to initiate the promotion and sale of the Company's e-commerce interactive solution ClickiChat/Support. The above-mentioned companies combined have approximately 1 Million commerce Web sites as potential immediate customers. The agreements with these companies are strategic marketing alliances and these companies are not customers of the Company.

The Company plans to grow and expand by establishing new strategic marketing alliances throughout the world to provide a variety of interactive e-commerce solutions.

Continuing to Build Strong Brand Recognition. The StartCall brand name will be prominently displayed on the pop-up dialogue window that appears when an Internet user has requested assistance. We believe that high visibility

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placement of our brand name will create greater brand awareness and increase demand for the StartCall service. In addition, we intend to leverage increasing awareness of our brand and our reputation as a leading provider of real-time sales and customer service technology to become a well-recognized solution for companies doing business on the Internet. We intend to expand our traditional and online marketing activities to achieve these goals.

**Achieving and Maintaining a Technological Leadership Position.** The Company's goal is to achieve and maintain a leadership position in the industry through its technology. The Company believes it can achieve these goals since Vocaltec, has received more rewards than any other company developing Voice over IP

technology. Once StartCall launches its own technology, it will concentrate its efforts to continue offering to its customers, competitive prices and added features to its services as needed or demanded in the market place. Our focus is to maintain ourselves in constant awareness of new developments of tightly integrated software design and network architecture that is both reliable and scalable.

We have already undertaken research by testing companies which competes in its arena such as: [www.liveperson.com](http://www.liveperson.com), [www.livehelper.com](http://www.livehelper.com), and [www.humanclick.com](http://www.humanclick.com). In addition, we intend to devote significant resources for research and development of new innovations. Over the course of the next six months we intend to invest approximately \$100,000, if necessary, for the research and development of new innovations in our ClickiChat/Support service.

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### COMPETITION

StartCall will compete in the areas of Internet Live Customer Care Support over the Internet. It will provide its services to e-commerce based companies looking to improve their online customer care and/or provide interactive features through their Web site. We directly compete with companies focused on online live customer support and application service providers that facilitate real-time sales and customer service interaction.

The primary competition for StartCall's primary service, ClickiChat/Support, includes LivePerson, Inc. which is a pure-play ASP customer Service Company with a market cap of approximately \$50 million. It is a publicly held company that has over 2000 customers and its revenues for the financial year 2000 were \$6.2 million with a net loss of \$29.5 million. LivePerson's chat service is priced at three times compared to our ClickiChat/Support. From a product offering perspective, ClickiChat has the most in common with LivePerson: both products are completely web-based and offer similar functionalities.

The Company will also compete, in some ways, with much larger companies such as Cisco, eGain, and Kana. All three of these vendors offer large integrated CRM solutions that contain some forms of web-based chat. These vendors compete on a much larger scale, and their engagements are typically greater than \$150,000. None of these vendors offer an ASP solution to their products, and therefore have a much longer sales cycle, and require a significantly greater upfront investment from their customers. While StartCall's ClickiChat/Support has competitive overlap with these vendors from a functional standpoint, StartCall does not expect to engage them in head-to-head customer acquisitions.

We may also compete with other pure-play customer service organizations such as: cs-live, FaceTime, LiveAssist, and eShare. These vendors are third- and second-tier players that offer online customer support in the same fashion as our service. Each competes on different value propositions: some vendors offer the

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service for free but only provide limited functionality, requiring the customer to "upgrade" to the fee-based version. Others offer advertising supported versions of their product that push ad-banners into the chat session. We believes that we will offer the most cost effective price models available in the market today. To compare please visit C/Net web site or go to: [http://webware.cnet.com/b/li/1-1005-1257.asp?tag=st.ww.dp.ClickiChat\\_rel.1-1005-1257](http://webware.cnet.com/b/li/1-1005-1257.asp?tag=st.ww.dp.ClickiChat_rel.1-1005-1257).

When we stated that it is our goal to become and maintain a leadership position with our services, we feel we can support such statement based on a number of different reasons such as pricing, obviously no assurance is available that no other competitor will maintain their prices lowers than ours. which

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2. In addition, our sales force and customer service representatives focus on quality care service. StartCall provides live connectivity on the web between businesses and their prospects and/or clients. As such, it offers state-of-the-art technology at a fraction of the cost of traditional live-connectivity solutions without a significant, up-front financial commitment. With StartCall, small, mid-size and large corporations can now provide their customers immediate, on-demand interaction with their customer care or sales representatives, and this valuable competitive edge could be part of a Web site the same day it is requested. Unlike our competitors providing hardware/software applications at customer's premises, StartCall is uniquely positioned to provide easy-to-implement, easy-to-use, and the most cost effective and reliable Web live-connectivity solutions, both via the telephone as well as in the chat format.

### MARKETING

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The Company will market its products and services through internal direct sales and Independent Sales Channels. Internet sales and promotion are managed by Sylvio Martini, our Vice President of Technology, and strategic alliances are managed by Antonio Treminio, our President and Chief Executive Officer. From its central offices in Miami, Florida, StartCall manages the marketing, administration, and coordination for all of the Company's activities.

A business in need of StartCall's service has several options. It can either log on to our Web site at <http://www.startcall.com> and receive live assistance, it can call our toll free number or send an email to inform us of their interest in our service. Upon acknowledging such interest, a customer service representative will contact them to establish the relationship. Within 24 hours thereafter, the business will be able to have their potential customers utilize the service with the simple click of a button. A trained StartCall technician will work in conjunction with the Webmaster to install the services. Once installed, the process of utilizing the CickiChat/Support button is quite simple for the businesses potential customers.

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We focus to maintain ourselves in constant awareness of new developments of tightly integrated software design and network architecture that is both reliable and scalable. As previously mentioned we intent to devote initially \$100,000 for research and development of our own ClickiChat/Support technology. Specifically, together with our strategic marketing alliances we plan to expand the features and functionality of our existing service, develop broader

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applications for our service and create new products and services that will benefit our expanding client base.

As we mentioned previously we will continue seeking opportunities to form new strategic marketing alliances as well as seeking the possibilities to acquire other companies that will enhance our business. We have entered into selected strategic alliances with re-sellers and customer service call centers and may enter into additional alliances in the future.

Our marketing activities are funded directly with the Company's working capital and other activities such as online affiliated programs and link exchange banner ads. Online Affiliated Programs is a new wave of self creating strategic alliances that are automatically establish online through a network of different web sites, These web sites measure the number of orders and visitors that one particular web site may get from or referred by another.

Affiliate Marketing is a revolutionary method for driving profits through revenue sharing relationships between online merchants and content sites. Affiliate Marketing pushes products and services out to the consumer on virtual shelf space across the Web, creating more opportunities for merchants to generate sales, for affiliates to earn revenue from their sites, and for consumers to find the products and services they want on the Web.

Through Affiliate Marketing, merchants can place their advertising banners and links on content sites worldwide and only pay a commission when those links

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generate a sale or qualified lead. Affiliated content sites can easily convert their online content into e-commerce by populating it with these revenue-generating links.

### How It Works

With Affiliate Marketing, a merchant recruits content sites to partner with them as affiliates in exchange for commissions. The merchant provides their advertising banners and links to their affiliates and assigns a commission for each click-through to their site, subscription to their service (a lead), or purchase of their products that is generated from the links. Affiliates place the tracking code for these ads into their Web pages. Whenever a visitor to the affiliate's site uses these links to generate a click-through, lead, or sale for the merchant, that transaction is tracked online. If a product or service is purchased, the customer pays the merchant directly, and the affiliate is paid a commission for that transaction.

### Why It's Effective

Affiliate Marketing allows you to profit online with your current business or Web site without the hassle of CPM ad buys and uncertainty about the effectiveness of your ad dollars. Affiliate Marketing provides results instead of promises, and Commission Junction gives you all the tools you need to build and maintain the most successful affiliate and merchant relationships.

Affiliate Marketing with Commission Junction lets you:

- Quickly join and set up a program with our Web-based application
- We intent to work with Commission Junction to Partner with hundreds of thousands of Web sites worldwide and Manage all of these marketing relationships seamlessly online
- and receive payments in our currency in one monthly check

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- Commission Junction is a trusted third-party tracking and reporting system.

Presently the Company has two employees and two independent contractors. The two employees have multiple responsibilities including technology/programmers, management, clerical and administrative. The two independent contractors are the sale people for the Company. The Company anticipates that it may employ up to 17 people within the next 12 months: Technology-programmers - 3; Sales - 8; Administrative - accountant/bookkeeping - 2; Management/Directors - 2; and Clerical - filing - 2. The Company also outsourcers to independent contractors for such areas as sales, marketing, accounting, tax, and other services needs. The Company has not entered into any collective bargaining agreements. The Company will offer employee stock compensation programs based on performance (Bonus programs: stock and cash bonus). Other benefits will include health insurance, life insurance and retirement plans.

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### ITEM 2. Description of Property

The Company has a lease to rent 1,049 square feet of office space located at 719 5th Street, Miami Beach, Florida 33139. The Company pays \$2,075 per for the space. The lease expires on November 30, 2002 and the Company has an option to renew the lease for an additional 2 years.

### ITEM 3. Legal Proceedings

The Company is currently not a party to any pending legal proceedings and no such action by, or to the best of its knowledge, against the Company has been threatened.

### ITEM 4. Submission of Matters to a Vote of Security Holders

On February 4, 2002, a majority of our shareholders, by written consent without a meeting authorized a 11-1 forward split of the Company's outstanding common shares.

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## PART II

### ITEM 5. Market For Common Equity and Other Shareholder Matters.

On April 29, 2002, we had 91 shareholders of record of our common stock. Based on information received from brokers and others in fiduciary capacities, we estimate that the total number of shareholders of our common stock does not exceed 500. Our common stock is available for trading through electronic trading services via the OTC Bulletin Board. As of December 31, 2001, the Company's common stock was not traded on the OTC Electronic Bulletin Board, and therefore there was no public market at such time.

### Dividend Policy

The Company has not declared or paid cash dividends or made distributions in the past, and the Company does not anticipate that it will pay cash dividends or make distributions in the foreseeable future. The Company currently intends to retain and reinvest future earnings, if any, to finance its operations.

### Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

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The following discussion and analysis should be read in conjunction with the financial statements of the Company and the accompanying notes appearing subsequently under the caption "Financial Statements." The following discussion and analysis contains forward-looking statements, which involve risks and uncertainties. The Company's actual results may differ significantly from the results, expectations and plans discussed in these forward-looking statements.

During the past fourteen months, the Company has spent considerable time and capital resources defining and developing its strategic plan for delivering and operating its real-time interactive e-commerce technology.

The Company continues managing the marketing launch of its services from its office in Miami where it currently manages the administration and coordination for all

its other activities. Such responsibilities include the administration of its Interactive Online Services and related products to business' websites as well as technical support, daily bookkeeping and scheduling of employee responsibilities. The Company's primary service ClickiChat/Support is automatically available to its potential customers via Online. Upon receiving an online order it takes approximately 60 to 120 seconds to process such order and send back to the new register user an account number, login name and password with all instructions in order to set-up their new Interactive Online Solution ClickiChat/Support account. Please visit our sign up page at: [www.liveinternethelp.com/signup.htm](http://www.liveinternethelp.com/signup.htm).

### II-1

The Company launched its service July 1st 2001. The Company intends to continue attracting new marketing partners to continue increasing the brand name of its services and continue increasing its customer base. In addition, the Company intends to continue its ongoing marketing campaign for the following 12 months. Currently, the Company spends approximately \$15,000 per month. In order to fund the Company, the officers and directors of the Company will continue making capital contributions to the Company for the next 6 (six) months. Startcall expects to start generating revenues as soon as August 2002 and estimates that it will have close to or over 1,000 paying customers by August 15th 2001. At the minimum income per customer of \$29.95, the Company should be generating sufficient funds to cover its current monthly expenses. The Company anticipates that it will continue adding new services to its service menu with any potential new services related to its market area.

There are currently over 8,000 ISP and web-hosting companies in the United States. The regional nature of their business usually creates a fixed customer base and margin sensitive business. StartCall intends to capitalize on these conditions by offering the ISP a simple, effective way to:

- 1) Add an additional revenue stream that is nearly risk free and extremely high margin;
- 2) Offer a set of services that allows them to differentiate themselves from the competition; and
- 3) Promote themselves as a business that cares about consumer privacy and control on the Internet.

Because StartCall hosts ClickiChat/Support, ISPs will have no internal knowledge transfer or set-up costs. They simply sign-up as a partner, up-sell to their clients, and start receiving royalty checks.

Another rapidly growing segment of the e-CRM market is web-based customer interaction ("WCI"). The WCI market is built upon the premise that

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relationships, by their very nature, require a two-way communication. WCI focuses on translating the traditional web based experience of a human interacting with a computer into a human interacting with a human over an electronic medium. WCI software sales are expected to reach \$1.8 billion by 2004.

The Company does not foresee purchasing any major equipment or changes on the number of employees for the next 6 months. The Company feels that once it reaches approximately 10,000 customers, new positions will be available in the areas of customer service, marketing and business development.

II-2

The Company anticipates that it will raise additional funding once it reaches 10,000 customers within the next twelve (12) months.

### Development Stage Revenues

-----

The Company's operations have been devoted primarily to designing its business and marketing plans and building an infrastructure. The ability of the Company to achieve its business objectives is contingent upon its success in raising additional capital until adequate revenues are realized from operations.

### Development Stage Expenses

-----

Development stage expenses during the fourteen-month period primarily consisted of accounting, legal, consulting and office expenses which are necessitated by operating in a public environment. Ongoing increases to development stage expenses are anticipated during the year 2001.

### Liquidity and Capital Resources

-----

Despite capital contributions and related party loans, the Company from time to time experienced cash flow shortages that have slowed the Company's growth. Through December 31, 2001, the consequences of those cash flow shortages has been an increase of accrued expenses and stockholder loans bringing those amounts to approximately \$62,000 and \$148,000, respectively.

The Company has primarily financed its activities from sales of capital stock of the Company and from loans from its shareholders. A significant portion of the funds raised from the sale of capital stock has been used to cover working capital needs such as office expenses and various consulting and professional fees.

The Company continues to experience cash flow shortages, and anticipates this continuing through the foreseeable future. Management believes that additional funding will be necessary in order for it to continue as a going concern. The Company is investigating several forms of private debt and equity financing, although there can be no assurances that the Company will be successful in procuring such financing or that it will be available on terms acceptable to the Company.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

AUDITED FINANCIAL STATEMENTS

December 31, 2001 and 2000  
and  
the years ended December 31, 2001 and 2000  
and for the period  
October 19, 1999 (Date of Inception)  
through December 31, 2001

STARTCALL.COM, INC.  
(A Development Stage Enterprise)

AUDITED FINANCIAL STATEMENTS

December 31, 2001 and 2000  
and  
the years ended December 31, 2001 and 2000  
and the period  
October 19, 1999 (Date of Inception) through December 31, 2001

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Jewett, Schwartz & Associates  
Certified Public Accountants  
=====

Charles E. Jewett, C.P.A.  
Michael A. Schwartz, C.P.A.  
Lawrence H. Wolfe, C.P.A., C.V.A.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders  
Startcall.com, Inc.  
Miami, FL

We have audited the accompanying balance sheets of Startcall.com, Inc. ( A Development Stage Enterprise) (the "Company") as of December 31, 2001 and 2000 and the related statements of operations, changes in stockholders' (deficiency)



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equity, and cash flows for the years ended and for the period October 19, 1999 (Date of Inception) through December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We have conducted our audits in accordance with generally accepted auditing standards. 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 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 financial statements referred to above present fairly, in all material respects the financial position of Startcall.com, Inc. as of December 31, 2001 and December 31, 2000 and the results of its operations and its cash flow for the periods then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note A to the financial statements, the Company is a development stage enterprise that has not commenced its planned principle operations and is reporting accumulated losses since Inception that total approximately \$492,000. Accordingly, the Company's ability to continue as a going concern is dependent on its ability to, among other things, obtain additional debt and equity financing, identify customers and secure vendors and suppliers, and establish an infrastructure for its planned operation. Management's plans in regards to these matters are also described in Note A. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Jewett, Schwartz & Associates

April 29, 2002  
Hollywood, FL

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

BALANCE SHEETS

	As of D ----- 2001 -----
ASSETS	
CURRENT ASSETS	
Cash	\$ -
Due from shareholder	-
Prepaid expenses	25,000
	-----
TOTAL CURRENT ASSETS	25,000

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PROPERTY AND EQUIPMENT	14,382
OTHER ASSETS	4,355
	-----
TOTAL ASSETS	\$ 43,737
	=====
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)	
LIABILITIES	
CURRENT LIABILITIES	
Checks drawn in excess of cash balance	\$ 6,925
Current portion notes payable - related parties	148,181
Accounts payable and accrued expenses	61,575
	-----
TOTAL CURRENT LIABILITIES	216,681
LONG-TERM DEBT - related parties, net of current portion	-
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' (DEFICIENCY)	(172,944)
	-----
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY	\$ 43,737
	=====

See Accompanying report of independent accountants and notes to financial statements.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

STATEMENTS OF OPERATIONS

	For the periods ended	
	-----	
	Years ended	
	-----	
	December 31, 2001	December 31, 2000
	-----	-----
REVENUES	\$ 3,471	\$ 7,162
	-----	-----
OPERATING EXPENSES		
Organization	--	--
General and administrative	88,212	280,347

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Research and development	--	60,263
Marketing and promotional	--	38,517
	-----	-----
TOTAL OPERATING EXPENSES	88,212	379,127
	-----	-----
LOSS BEFORE INCOME TAX BENEFIT	(84,741)	(371,965)
INCOME TAX BENEFIT, net	--	--
	-----	-----
NET LOSS	\$ (84,741)	\$ (371,965)
	=====	=====
Loss per share of common stock - Basic and Diluted	\$ --	\$ (0.02)
	=====	=====

See Accompanying report of independent accountants and notes to financial statements.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIENCY) EQUITY

	Transaction Date	Shares Issued
	----	-----
BALANCE - October 19, 1999		
Common stock subscriptions received	October 19, 1999	
Common Stock issued in consideration for Legal Expense paid by stockholder October 20, 1999		240
Common stock issued for cash	November 16, 1999	50
Common stock issued in consideration for Purchase of property and equipment by a stockholder	November 17, 1999	490
Common stock issued in consideration for Purchase of property and equipment by a stockholder	November 17, 1999	220
Net loss for the period October 19, 1999 (Inception) through December 31, 1999		
		-----
BALANCE - DECEMBER 31, 1999		1,000

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Common Stock - Restricted- par value \$.000666 per share, 1,499,950 shares authorized, issued and outstanding	July 1, 2000	1,499,950
Common Stock, par value \$.000666 per share, 707500 shares authorized, issued and outstanding	July 26, 2000	707,500
Net loss for the period January 1, 2000 Through December 31, 2000		-----
BALANCE - DECEMBER 31, 2000		2,207,450 -----
Net loss for the period January 1, 2001 Through December 31, 2001		-----
BALANCE - DECEMBER 31, 2001		2,207,450 =====

	Common Stock Subscriptions Receivable -----	Additional Paid-In Capital -----
BALANCE - October 19, 1999	\$ (1,000)	
Common stock subscriptions received	240	\$ 2,260
Common Stock issued in consideration for Legal Expense paid by stockholder October 20, 1999	50	19,950
Common stock issued for cash		
Common stock issued in consideration for Purchase of property and equipment by a stockholder	490	7,910
Common stock issued in consideration for Purchase of property and equipment by a stockholder	220	4,780
Net loss for the period October 19, 1999 (Inception) through December 31, 1999	-----	-----
	\$ -	\$ 34,900
BALANCE - DECEMBER 31, 1999		
Common Stock - Restricted- par value \$.000666 per share, 1,499,950 shares authorized, issued and outstanding		
Common Stock, par value \$.000666 per share, 707500 shares authorized, issued and outstanding		

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Net loss for the period January 1, 2000 Through December 31, 2000	-----	-----
	\$ -	\$ 317,428
BALANCE - DECEMBER 31, 2000	-----	-----
Net loss for the period January 1, 2001 Through December 31, 2001	-----	-----
	\$ -	\$ 317,428
BALANCE - DECEMBER 31, 2001	=====	=====

See Accompanying report of independent accountants and notes to financial statements.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

STATEMENTS OF CASH FLOWS  
INCREASE (DECREASE) IN CASH

	For the period	
	Years ended	
	December 31, 2001	December 31, 2000
	----	----
Cash Flows From Operating Activities		
Net loss	\$ (84,741)	(371,965)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation	13,265	13,154
(Increase) in prepaid assets	5,419	(30,419)
(Decrease) in accounts payable and accrued expenses	0	52,660
	(4,328)	
Total adjustments	14,356	35,395
Net Cash Provided (Used) by Operating Activities	(70,385)	(336,570)
Cash Flows From Investing Activities		
Security deposits paid	--	(4,355)
Advances to shareholder	--	(2,427)
Purchases of fixed assets	--	(420)

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Net Cash Provided (Used) by Investing Activities	0	(7,202)
	-----	-----
Cash Flows From Financing Activities		
Issuance of common stock	--	283,000
Proceeds from shareholder loans	6,998	
Net proceeds from notes payable - related parties	74,748	48,143
	-----	-----
Net Cash Provided (Used) by Financing Activities	74,748	331,143
	-----	-----
NET INCREASE (DECREASE) IN CASH	4,363	(12,629)
CASH (OVERDRAFT) AT BEGINNING OF PERIOD	(11,288)	1,341
	-----	-----
OVERDRAFT AT END OF PERIOD	\$ (6,925)	\$ (11,288)
	=====	=====

See Accompanying report of independent accountants and notes to financial statements.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

And

For the years then ended and

for the period October 19, 1999 (Date of Inception) through December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summarized below are the significant accounting policies of STARTCALL.COM, INC.

The Company: STARTCALL.COM, INC. (the "Company"), incorporated in the State of

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Florida effective October 19, 1999 (Date of Inception), established its corporate offices in Miami, Florida.

On June 7, 2000, the Company filed an amendment to the Articles of Incorporation effecting a name change to STARTCALL.COM, INC., and changed its capital structure as disclosed in Note G to these financial statements.

Because the Company meets the criteria of a development stage enterprise, as discussed more fully below, these financial statements are presented in accordance with Statements of Financial Accounting Standards ("SFAS") Number 7, Accounting and Reporting by Development Stage Enterprises".

Nature of the Business: The Company plans on operating as an Application Service

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Provider, or ASP, and offering real-time interaction technology as an outsource service. Management is in the process of establishing a viable solution to

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real-time access to commerce business over the Internet. The Company plans to offer these businesses the opportunity to improve their online customer care service capabilities by placing an internet voice box and a Text Chat button with a URL push feature on the websites of some of these potential domestic and international business customers. These tools should not only provide the visitors and customers of a particular website live help at the crucial point of purchase, but they should also facilitate other types of needed assistance.

Development Stage Enterprise: The Company is currently devoting substantially

-----  
all of its efforts to establishing a new business and its planned principle operations have not commenced as of December 31, 2001. In their efforts to establish a new business, management is commencing with design of its business and marketing plans that include the following: preparation of a financial plan, cash forecast and operating budget; identifying markets to raise additional equity capital and debt financing; embarking on research and development activities; performing employment searches, recruiting and hiring technicians and management and industry specialists; acquiring operational and technological assets; and, developing market and distribution strategies. General and administrative expenses include professional fees, internet service charges, and other related operating expenses. Marketing and promotional expenses include costs incurred in connection with raising capital and promoting the Company.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

### NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

And

For the years then ended and

for the period October 19, 1999 (Date of Inception) through December 31, 2001

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Research and Development Costs: Generally accepted accounting principles state

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that costs that provide no discernible future benefits, or allocating costs on the basis of association with revenues or among several accounting periods that serve no useful purpose, should be charged to expense in the period occurred. Since the Company is in its development stage, SFAS No. 2 "Accounting for Research and Development Costs" requires that certain costs be charged to current operations including, but not limited to: salaries and benefits; contract labor; consulting and professional fees; depreciation; repairs and maintenance on operational assets used in the production of prototypes; testing and modifying product and service capabilities and design; and, other similar costs.

Basis of Presentation: In accordance with SFAS No.7, the Company's policy

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regarding the preparation of these financial statements includes the presenting, in addition to its statements of operations, changes in stockholders' (deficiency) equity and cash flows, the cumulative amounts of revenues and expenses, stockholder equity transactions and cash flows since Inception through December 31, 2001.

The Company's independent accountants are including a "going concern" paragraph in their review report accompanying these financial statements that cautions the users of the Company's financial statements that these statements do not include

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any adjustments that might result from the outcome of this uncertainty because the Company is a development stage enterprise that has not commenced its planned principal operations. Furthermore, the "going concern" paragraph states that the Company's ability to continue is also dependent on its ability to, among other things, obtain additional debt and equity financing, identify customers, secure vendors and suppliers, and establish an infrastructure for its operations.

Even though the Company has not commenced planned principal operations or generated revenues from prospective customers nor has it secured the funding necessary to meet its current working capital needs, management believes that, despite the extent of the financial requirements and funding uncertainties going forward, it has under development a business plan that, if successfully funded and executed as an integral part of a financial structuring, the Company can overcome the concerns of the independent accountants within the next twelve months.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000  
And  
For the years then ended and  
for the period October 19, 1999 (Date of Inception) through December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Management continues to actively seek various sources and methods of short and long-term financing and support; however, there can be no assurances that some or all of the necessary financing can be obtained. Management continues to explore alternatives that include seeking strategic investors, lenders and/or technology partners and pursuing other transactions that, if consummated, might ultimately result in the dilution of the interest of the current stockholders.

Because of the nature and extent of the uncertainties, many of which are outside the control of the Company, there can be no assurances that the Company will be able to ultimately consummate planned principal operations or secure the necessary financing.

Start-up Costs: Cost incurred in connection with commencing operations,  
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including general and administrative expenses, are charged to operations in the period incurred.

Revenue Recognition: The Company recognizes revenues upon the delivery of a  
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product or service. Installation, maintenance and service fees paid in advance by customers are initially recorded as deferred revenues and subsequently amortized over the life of their respective contract periods.

Property and Equipment: Property and equipment are stated at cost. Depreciation  
-----

and amortization are provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. When applicable, leasehold improvements and capital leases are amortized over the lives of respective leases, or the service lives of the improvements, whichever



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is less.

The straight-line method of depreciation is used for financial reporting purposes.

The estimated useful lives, of property and equipment, are as follows:

	YEARS
Computer equipment, peripherals and software	2-3
Office equipment	3-5
Furniture and fixtures	5-7

Expenditures for renewals and improvements that significantly extend the useful life of an asset are capitalized. The costs of software used in the business operations are capitalized and amortized over their expected useful lives. Expenditures for maintenance

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000  
And  
For the years then ended and  
for the period October 19, 1999 (Date of Inception) through December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

and repairs are charged to operations when incurred. When assets are sold or retired, the cost of the asset and the related accumulated depreciation are removed from the accounts and any gain or loss is recognized at such time.

Earnings Per Common Share: In calculating earnings per common share, basic

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earnings per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding, excluding the diluted effects of stock options.

Use of Estimates: In preparing financial statements in conformity with generally

-----  
accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures during the reported periods. Actual results could differ materially from those estimates. Estimates may include, but not be limited to, those pertaining to the estimated useful lives of property and equipment and software, determining the estimated net realizable value of receivables, and the realization of deferred tax assets.

Stock-Based Compensation: The Company will account for stock-based compensation

-----  
using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". Compensation costs for stock options, if any, are measured as the excess of the quoted market price of the Company's stock at the date of grant over the amount the employee must pay to acquire the stock. Restricted stock is recorded as compensation costs over the requisite vesting periods based on the market value on the date of

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grant. Compensation costs for shares issued under performance share plans are recorded based upon the current market value of the Company's stock at the end of each period.

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. The Company is electing to use APB Opinion No. 25 as its method of accounting and is adopting the disclosure requirements of SFAS No. 123.

The fair value of each option grant is to be estimated on the date of grant using the Black-Scholes option pricing model and certain weighted-average assumptions. As of December 31, 2001 no options have been granted.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

### NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

And

For the years then ended and

for the period October 19, 1999 (Date of Inception) through December 31, 2001

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Risks and Uncertainties: Management regularly evaluates risks and uncertainties

-----  
and, when probable that a loss or expense will be incurred, a charge to current period operations is recorded.

Even though the Company does not have sufficient assets and liquidity, the Company's management has elected to self-insure the Company against losses, if any, that might be otherwise insurable if the Company maintained business insurance including; business interruption; property, wind and flood; general and automobile liability; errors and omissions; and, officers and directors coverage. From inception through December 31, 2001, management is not aware of any event, transaction or matter that requires disclosure and/or adjustment to these financial statements with respect to uninsured losses, except as many otherwise be disclosed in these footnotes. However, because of the current financial condition of the Company, should any uninsured claim or loss occur, the ability of the Company to continue might be adversely effected.

Additionally, the Company has agreed, as set forth in its By-Laws, to indemnify to the fullest extent permitted or authorized by current or future legislation, judicial or administrative decision, all past and present employees, agents, directors, officers and representatives against any fine, liability, cost or expense asserted against them or incurred by them in the above capacities.

Because of the rapid evolution of the industry in which the Company operates, its ability to operate may be adversely effected by future changes in Federal and state regulations.

Income Taxes: On December 29, 1999, the stockholders holding a majority of the

-----  
shares of the Company's issued and outstanding shares voted to terminate its S-election with the Internal Revenue Service, with an effective date retroactive

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to October 19, 1999.

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

And

For the years then ended and

for the period October 19, 1999 (Date of Inception) through December 31, 2001

NOTE B - OFFERING MEMORANDUM

The Company filed a Form U-7 SCOR Offering Memorandum, on July 26, 2000, under Regulation D promulgated under the Securities Act of 1933, as amended. However, this share offering was not registered under the 1933 Act, or the securities laws of any state. The Offering was made available for sale in Nevada and, in order to meet the conditions for exemption from the registration requirements under the securities laws of certain jurisdictions, accredited investors who are residents of such jurisdiction will be required to meet certain suitability requirements.

The Company planned on offering a maximum of 706,750 shares of the Company's \$.000666 par value common stock at an offering price of \$.40 per share. However, the actual amount of shares sold was 707,500. The issuance of these shares has a dilutive effect on the book value per share of the Company's common stock. The total amount of gross proceeds realized on the Offering totaled \$283,000.

This Offering was made on an "all-or-none basis" utilizing subscription agreements containing the applicable terms, conditions and requirements; there are no underwriters; and, the Company was required to maintain on deposit with an escrow agent the proceeds from the Offering equaling twenty-five (25%) percent of the total gross proceeds until all of the securities under this Offering are sold.

NOTE C - PROPERTY AND EQUIPMENT

December 31, property and equipment consists of the following:

	2001	2000
	-----	-----
Computer equipment, peripherals and software	\$ 34,896	\$ 34,8
Office equipment	8,162	8,1
	-----	-----
Less: accumulated depreciation	(28,675)	(15,4

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TOTAL	\$ 14,383	\$ 27,6
-------	-----------	---------

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000  
And  
For the years then ended and  
for the period October 19, 1999 (Date of Inception) through December 31, 2001

NOTE D - NOTES PAYABLE - RELATED PARTIES

At December 31, notes payable to related parties consists of the following:

	2001	
10% Unsecured loans payable to shareholder Due on demand	\$ 1,760	\$
8% Unsecured notes payable to shareholders Interest begins accruing on June 1, 2000 Principal and interest due on August 30, 2002	146,421	
TOTAL	148,181	
Less: Current portion	(148,181)	
TOTAL	\$ -	\$

NOTE E- TRANSACTIONS WITH AFFILIATE AND STOCKHOLDER

In connection with the start-up of the Company, certain general and administrative, marketing and promotion costs, and research and development costs, charged to operations, were paid on behalf of the Company, as summarized below:

	Years ended December 31		
	2001	2000	Dec
Affiliate	\$ -	\$ -	\$

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Stockholders	-	\$ -	\$ -
	-----	-----	-----
TOTAL	\$ -	\$ -	\$ -
	=====	=====	=====

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STARTCALL.COM, INC.  
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

And

For the years then ended and

for the period October 19, 1999 (Date of Inception) through December 31, 2001

NOTE E- TRANSACTIONS WITH AFFILIATE AND STOCKHOLDER - Continued

In addition, summarized below is the non-cash investing and financing activities with related parties:

	Years ended		
	December 31, 2001	December 31, 2000	Dec
	-----	-----	-----
<b>Affiliate:</b>			
Funds advanced for the purchase of property and equipment.	\$ -	\$ -	\$ -
	-----	-----	-----
<b>Stockholders:</b>			
Stockholders issued promissory notes in connection with their direct payment to vendors for the purchase of property and equipment.	\$ -	\$ -	
	-----	-----	-----
Stockholders issued common stock in connection with their direct payment to vendors for the purchase of property and equipment.	-	-	
	-----	-----	-----
TOTAL STOCKHOLDERS	-	-	
	-----	-----	-----
TOTAL AFFILIATE AND STOCKHOLDERS	\$ -	\$ -	\$ -
	=====	=====	=====

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The Affiliate is owned 100% by a majority stockholder of the Company.

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### NOTES TO FINANCIAL STATEMENTS

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#### NOTE F - STOCKHOLDERS' EQUITY

The Articles of Incorporation, initially filed with the State of Florida, authorize only one class of stock: 1000 shares of one (\$1.00) dollar par value common stock. The holders of these shares of common stock do not have cumulative voting rights. Shares are not issued until paid for in full.

On June 7, 2000, the Board of Directors approved an amendment to the Articles of Incorporation, authorizing the Company to issue up to 50,000,000 shares of \$.000666 par value common stock. On June 29, 2000, the 1000 previously issued and outstanding shares of the \$1.00 par value common stock were tendered by each shareholder and cancelled. In exchange for the tendered shares, on July 1, 2000 the Company issued 1,499,950 shares of its \$.000666 par value stock that resulted in a dilution of the Company's book value per share.

As more fully disclosed in Note B to these financial statements, the Offering Memorandum provides for the sale of an additional 707,500 shares of the Company's \$.000666 par value common stock at a price of \$.40 per share.

In February, 2002, the Board of Directors approved an 11-1 forward split of the Company's outstanding stock. The per share computation described in Note I, reflects this split.

#### NOTE G - COMMITMENTS

Summarized below are certain contracts and agreements executed by the Company from October 19, 1999 (Inception) through December 31, 2001.

License and Distribution Agreement and the End-User License Agreement: On

-----  
October 19, 1999, the Company ("Licensee"), entered into a License and Distribution Agreement and an End-User License Agreement, herein collectively referred to as the "License Agreement" with an unrelated third party ("Licensor"). The Licensor grants the Licensee a perpetual, nonexclusive, non-transferable license to use certain software solely for the Licensee's business purpose, without further re-selling or distribution, except the Licensee may duplicate and distribute the software to end-user customers. The Licensee may also use the Licensor's trade names and trademarks. The media containing the software is subject to a 90-day warranty, but the Licensor does not warrant its software. The fee structure associated with this agreement is disclosed in the Distribution Partner Agreement described below.

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NOTE G - COMMITMENTS - Continued

Distribution Partner Agreement: On June 14, 2000, the Company executed a  
-----

Distribution Partnership Agreement (the "Distribution Agreement") with the  
unrelated third party Licensor. The Distribution Agreement provides that the  
Company distribute to its customers, the Licensor's web-to-phone Internet  
telephony and multimedia services.

The Company, at its expense, is responsible for providing the first level of  
technical support to its customers relating to the use of the Licensor's  
software and services, subject to the terms of the Licensor's standard support  
agreement and, the License and Distribution Agreement and the End-User License  
Agreement, disclosed in the preceding paragraph of these financial statements.  
The Licensor has agreed to provide the second level of technical support to the  
Company's customers, subject to the terms of its standard support agreement.

The Distribution Agreement sets forth a combination of one or more of the  
following fee structures: (a) Session Pricing--Connection costs per "customer  
session" subject to various volume levels; (b) Minimum Volume  
Commitments--Twelve (12) non-refundable minimum monthly payments by the Company  
of one thousand (\$1,000.00) dollars to be applied to the first one thousand of  
monthly charges with no carryover if the minimum is not met. The entire amount  
of twelve thousand (\$12,000) dollars is payable in advance upon execution of the  
Distribution Agreement; (c) Programming Fees--The Company is subject to a fifty  
(\$50) dollar one-time "start-up" fee per customer. The Distribution Agreements  
are for a one (1) year term and are subject to automatic one-year renewals  
unless terminated by either party with thirty (30) days written notice prior to  
the expiration of the then-effective term. The \$12,000 fee was paid in June  
2000. At December 31, 2001 this fee is included in general and administrative  
expense.

The Distribution Agreements may also be terminated by either party with seven  
(7) days prior written notice in the event of an occurrence of certain defined  
events, including a material breach of the terms and conditions therein.

Dealer/Promoter Agreements: During 2000, the Company executed various  
-----

non-exclusive agreements whereby these independent contractors agree to use  
their best efforts to cause end-users to purchase the Company's services. During  
the terms of these Agreements, the Company has agreed to pay the  
Dealer/Promoters a commission in accordance with the established schedules, as  
more fully described in each of the duly executed original service agreements.  
These Agreements expire under various criteria

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STARTCALL.COM, INC.  
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### NOTE G - COMMITMENTS - Continued

ranging from the earlier of Nine (6) to twelve (12) months, or the sale of two (2000) to five (5,000) thousand accounts of ClickIChat and/or ClickICall services. The Agreements are renewable under certain conditions and may be cancelled by either party with thirty (30) days advance written notice.

The Agreements, among other things, set forth certain performance, compensation and charge-back provisions as follows:

CLICKICHAT SERVICE: (a) Performance Standards- - The Dealer/Promoters must sell Chat Licenses at a minimum standard price per month based on sessions, plus the installations fees, and at the defined minimum sales levels for the number of new subscribers and billing revenues; (b) Compensation- - The Dealer/Promoters will be paid commissions ranging between fifteen (15%) and twenty (20%) percent of the total sales they generate and an additional thirty-three and one-third (33 1/3%) percent of the installation fees when the sales are deemed "qualified" under the terms of these Agreements.

CLICKICALL SERVICE: (a) Compensation --The Dealer/Promoters will be paid commissions ranging between fifteen (15%) and twenty (20%) percent of the total sales they generate and an additional thirty-three and one-third (33 1/3%) percent of the installation fees when the sales are deemed "qualified" under the terms of these Agreements. (b) Duration--The compensation schedules are, in effect, the earlier that a certain number of accounts are sold or the expiration of the stated contract periods, at which time the parties agree to renegotiate the various fee provisions. The Company may charge-back the Dealer/Promoters for uncollectible accounts of customers, but only to the extent of the amount of subsequent fees earned by the Dealer/Promoters.

One agreement requires the Company to maintain a prepaid commission balance of \$25,000, included in prepaid assets, to offset against the dealer's share of revenues. The Company is required to pay an additional deposit upon the sooner of acquiring 1000 customers or reaching a zero balance.

Employment Agreements: Effective July 1, 2000, the Company extended three-year

-----  
employment agreements to two of its officers, who are also stockholders of the Company. These agreements, among other things, contain certain provisions relating to: nondisclosure and development; protecting licensed materials; non-compete and non-solicitation restrictions. The annual compensation for one officer totals \$120,000,

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STARTCALL.COM, INC.  
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### NOTE G - COMMITMENTS - Continued

\$180,000 and \$195,000 and the other totals \$85,000, \$140,000 and \$195,000 for each of the twelve (12) month periods ending December 31, 2003, 2004 and 2005, respectively, or upon the Company commencing operations, whichever is sooner.

Lease Agreement: The Company conducts its operations from facilities that are  
-----

leased under a two-year lease agreement expiring on September 14, 2002. There is an option to renew for an additional two years at an increased monthly rental.

Under the lease agreement the Company is subject to additional charges related to their proportionate share of operating expenses as well as maintaining minimum levels of insurance coverage.

Future minimum lease payments required under this lease as of December 31, 2001 are as follows:

Year	
----	
2002	\$ 25,000
	-----
Total minimum lease payments	\$ 25,000
	=====

Rent expense was approximately \$33,000 and \$25,000 for the years ended December 31, 2000 and 2001, respectively and approximately \$65,000 for the period of inception through December 31, 2001.

Stock Compensation Plans: On December 29, 1999, the Board of Directors approved  
-----

the adopting of three stock option plans that will provide for the granting of stock options to officers and key employees. The objectives of these plans include attracting and retaining the quality personnel, providing for additional performance incentives, and promoting the success of the Company by providing employees the opportunity to acquire the common stock of the Company. In connection with these plans, the Company is authorized to grant options up to 714,285 shares. Options to be granted under these plans will be at prices, which are either equal to or above the market value of the stock on the date of grant, vest over two-, three- and four-year periods, and expire ten years after the grant dates.

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STARTCALL.COM, INC.  
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### NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

And

For the years then ended and  
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### NOTE G - COMMITMENTS - Continued

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The Company will account for stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", under which no compensation cost for stock options is recognized for stock option awards granted at or above fair market value. If the compensation expense for the Company's three stock-based plans are determined based upon fair values at the grant dates for awards under these plans in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net earnings and with earnings per share will be reduced to pro forma amounts to be disclosed in the financial statements for the applicable periods.

As of December 31, 2001, the Company has not granted any stock options or rights.

### NOTE H- CONTINGENCIES

Going Concern: As discussed previously in Note A to these financial statements, -----  
uncertainties exist with respect to the Company's ability to continue as a going concern.

Lack of Insurance: As previously discussed in these financial statements, the -----  
Company does not maintain any insurance coverage and the Company therefore, is in violation of certain agreements. Upon receipt of the net proceeds, if any, from the Offering Memorandum discussed in Note B to these financial statements, management intends to secure the necessary insurance coverage. No estimates have been made as to the amounts that may be required should an unexpected loss occur and, accordingly, no accruals have been made in these financial statement for self-insurance reserves that might be necessary.

### NOTE I- EARNINGS (LOSS) PER SHARE OF COMMON STOCK

Statement of Financial Accounting Standards No 128, "Earnings Per Share," requires two presentations of earnings (loss) per share - "basic" and "diluted." Basic earnings per share is computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares (the denominator) for the period. The computation of diluted earnings (loss) per share is similar to basic earning per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. The numerator in calculating both basic and diluted earnings (loss) per share for each period is the reported net income (loss). The denominator is based on the

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STARTCALL.COM, INC.  
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### NOTES TO FINANCIAL STATEMENTS

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### NOTE I- EARNINGS (LOSS) PER SHARE OF COMMON STOCK- Continued

following weighted-average number of common shares outstanding for each of the respective periods:

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December 31, 2000	December 30, 2001	October 19, 1999 (Inception) through December 31, 2001
----- 18,750,285 =====	----- 24,281,950 =====	----- 21,640,345 =====

A difference between basic and diluted weighted-average common shares arises from the assumption that dilutive stock options outstanding, if any, are exercised. Stock options and warrants are not included in the diluted earnings (loss) per share calculation when the exercise price is greater than the average market price. The Company does not have any stock options outstanding as of December 31, 2001.

NOTE J - INCOME TAXES

As previously discussed, the stockholders elected to terminate, retroactively to October 19, 1999, the S-Corporation income tax filing status for the Company. The stockholders have filed with the Internal Revenue Service, a letter of request for retroactive termination, accompanied by the Statement of Consent to Revocation of Election signed by the stockholders. The Company is confident that the IRS will grant the Company's request to be a C corporation and, accordingly, these financial statements are prepared under the SFAS No. 109, "Accounting for Income Taxes".

The Company did not provide any current or deferred US federal or state income tax provision or benefit for any of the periods presented because it has experienced operating losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of a net operating loss, because of the uncertainty regarding its realizability.

At December 31, 2001 the Company had a net operating loss carryforward of approximately \$492,000. Utilization of these net operating losses, which begin to expire in year 2019, may be subject to certain limitations under section 382 of the Internal Revenue Code of 1986, as amended, and other limitations under state tax laws.

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STARTCALL.COM, INC.  
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NOTE J - INCOME TAXES - Continued

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets at June 30 are approximately as follows:

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	2001	2000
	-----	-----
Net operating loss carryforward	\$ 192,500	\$ 153,000
Valuation allowance for deferred tax assets.	(192,500)	(153,000)
	-----	-----
Net deferred tax assets	\$ -	\$ -
	=====	=====

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PART III

ITEM 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

The members of the Board of Directors of the Company serve until the next annual meeting of stockholders, or until their successors have been elected. The officers serve at the pleasure of the Board of Directors.

The current executive officers, key employees and directors of the Company are as follows:

Name	Age	Position
----	---	-----
Antonio Treminio	31	President, Chief Executive Officer and Director
Sylvio Martini	27	Chief Operating Officer and Director

Antonio Treminio has been President, Chief Executive Officer and Director of the Company since inception. As the Chief Executive Officer and President of StartCall.com, Inc., Mr. Treminio's responsibilities include managing the overall operations, the direction of the company's business strategies, and strategic alliances. Mr. Treminio directed a public relations firm in Miami, Florida called SEM Capital from June, 1997 to September, 1999, which successfully represented Rica Foods, Inc., the largest publicly traded company in the Caribbean and Central America with over 120 million dollars in annual sales ([www.ricafoods.com](http://www.ricafoods.com)) (ASE: RCF). He assisted Rica Foods, Inc. in their marketing campaign to increase its market name recognition among the Wall Street community and as result the company's stock was ranked 7th in performance in 1998 by the Miami Herald, Florida Stocks.

He commenced employment with Midland Walwyn, Inc. an Investment Banking & Brokerage firm in Toronto, Canada (Today known as Merrill Lynch, Canada Ltd. From Summer 1993 till Dec. 1993). He relocated to the United States and was employed by Dean Witter Reynolds in early 1994, with a focus in establishing referral agreement programs with Latin American financial institutions. Mr. Treminio attended The Loyalist College Business School in Ontario, Canada from 1989 through 1993.

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Sylvio Martini has been the Chief Operating Officer and Director of the Company since inception and is in charge of the Internet application development, web design, and programming for the Company. Mr Martini has over 5 years experience in the Internet consulting industry and development of e-commerce Web sites. He was employed with Quad International, Inc. February 1997, - December 1999. His responsibilities were web design, project coordinator, and marketing of online store . Responsible for maintenance and upgrades of a membership website with over 15,000 members. He received his Bachelor of Computer Science from the University of Sao Paulo in Brazil.

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

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and directors and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (hereinafter referred to as the "Commission") initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership, of Common Stock and other equity securities of the Company on Forms 3, 4, and 5, respectively. Executive officers, directors and greater than 10% shareholders are required by Commission regulations to furnish the Company with copies of all Section 16(a) reports they

file. To the Company's knowledge, of the Company's executive officers, directors and greater than 10% beneficial owners of its common Stock, have not complied with Section 16(a) filing requirements applicable to them during the Company's most recent fiscal year.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth the cash and non-cash compensation paid by the Company to its Chief Executive Officer and all other executive officers for services rendered. No salaries are being paid at the present time, and will not be paid unless and until there is available cash flow from operations to pay salaries. There were no grants of options or SAR grants given to any executive officers during the last fiscal year.

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Annual Compensation

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Name and Position	Salary	Bonus	Annual Deferred Salary
-----	-----	-----	-----
Antonio Treminio	\$120,000	10% of Total Sales	\$120,000.00
Sylvio Martini	\$72,000	5% of Total Sales	\$72,000.00

ITEM 11. SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the shares of Common Stock of the Company as of the date of this disclosure(1), by (i) each person who is known by the Company to be the

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beneficial owner of more than five percent (5%) of the issued and outstanding shares of common stock, (ii) each of the Company's directors and executive officers, and (iii) all directors and executive officers as a group.

Name and Address -----	Number of Shares -----	Percentage Owned(1) -----
Antonio Treminio 719 5th Street Miami Beach, Florida 33139	9,981,939	41.12%
Sylvio Martini 719 5th Street Miami Beach, Florida 33139	3,630,000	14.95%
All Directors, Officers and 5% Shareholders as a Group	13,611,939	64.55%

(1) Table is based on current outstanding shares of 24,281,950 as of April 29, 2002.

Item 12.                    Certain Relationships and Related Transactions

None.

Item 13. Exhibits and Reports on Form 8-K

(a) The exhibits required to be filed herewith by Item 601 of Regulation S-B, as described in the following index of exhibits, are incorporated herein by reference, as follows:

Exhibit No.	Description -----
3(i).1	Articles of Incorporation (1)
3(ii).1	By-laws (1)

(1) Incorporated herein by reference to the Company's Registration Statement on Form 10-SB.

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SIGNATURES  
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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.

STARTCALL.COM, INC.  
(Registrant)

Date:     April 30, 2002

By: /s/ Antonio Treminio  
-----

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Antonio Treminio, President & CEO

Date: April 30, 2002

By: /s/ Sylvio Martini

-----  
Sylvio Martini, Chief Operating 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.

Date	Signature	Title
April 30, 2002	By: /s/ Antonio Treminio ----- Antonio Treminio	President and Chief Executive Officer
April 30, 2002	By: /s/ Sylvio Martini ----- Sylvio Martini	Chief Operating Officer

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