GENESIS TECHNOLOGY GROUP INC
Form 10-Q
February 14, 2003

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

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

For the fiscal quarter ended:	December 31, 2002
Commission file number:	333-86347

GENESIS TECHNOLOGY GROUP, INC.
(Exact name of registrant as specified in its charter)

Florida	65-1130026
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

777 Yamato Road, Suite 130
Boca Raton, Florida 33431
(Address of principal executive offices)(Zip code)

(561) 988-9880
(Registrant's telephone number, including area code)

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

Yes X No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2003: 32,322,353 shares of common stock, $.001 par value per share.

GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
FORM 10-QSB
QUARTERLY PERIOD ENDED December 31, 2002
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PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	December 31, 2002 (Unaudited)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 91,412
Marketable equity securities	284,087
Accounts receivable	152,892
Inventories	104,571
Prepaid expenses and other	408,212
Total Current Assets	1,041,174

PROPERTY AND EQUIPMENT - Net	123,766
OTHER ASSETS:	
Goodwill	10,540
Net assets of discontinued operations	4,788
Other assets	11,621
Total Other Assets	26,949
Total Assets	$ 1,191,889

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Loans payable	$ 220,919
Accounts payable and accrued expenses	178,052
Deferred revenue	3,750
Due to related party	34,567
Total Current Liabilities	437,288
MINORITY INTEREST	33,079
STOCKHOLDERS' EQUITY:	
Preferred stock ($.001 Par Value; 20,000,000 Shares Authorized; no shares issued and outstanding)	-
Common stock ($.001 Par Value; 200,000,000 Shares Authorized; 31,122,353 shares issued and outstanding)	31,123
Additional paid-in capital	13,071,057
Accumulated deficit	(10,900,956)
Less: Deferred compensation	(118,667)
Less: Subscriptions receivable	(288,000)
Accumulated other comprehensive loss	(1,073,035)
Total Stockholders' Equity	721,522
Total Liabilities and Stockholders' Equity	$ 1,191,889

See notes to consolidated financial statements

GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31,	
	2002	2001
	(Unaudited)	(Unaudited)

NET REVENUES	$ 5,276,670	$ 2,263,273
COST OF SALES	5,151,953	1,846,450
GROSS PROFIT	124,717	416,823
OPERATING EXPENSES:		
Consulting	235,251	11,184
Salaries and non-cash compensation	107,770	35,320
Selling, general and administrative	184,885	94,385
Total Operating Expenses	527,906	140,889
(LOSS) INCOME FROM OPERATIONS	(403,189)	275,934
OTHER INCOME (EXPENSE):		
Loss from sale of marketable securities	(12,667)	(41,251)
Interest (expense) income, net	(2,496)	164
Total Other Income (Expense)	(15,163)	(41,087)
(LOSS) INCOME BEFORE DISCONTINUED OPERATIONS AND MINORITY NTEREST	(418,352)	234,847
DISCONTINUED OPERATIONS:		
Income (loss) from discontinued operations	16	49,502
Total Income (Loss) from Discontinued Operations	16	49,502
LOSS BEFORE MINORITY INTEREST,	(418,336)	284,349
MINORITY INTEREST IN INCOME OF SUBSIDIARY	-	(57,066)
NET (LOSS) INCOME	$ (418,336)	$ 227,283
BASIC AND DILUTED (LOSS) INCOME PER COMMON SHARE:		
Income (loss) from continuing operations	$ (0.02)	$ 0.01
Income (loss) from discontinued operations	0.00	0.00
Net (loss) income per common share	$ (0.02)	$ 0.01
Weighted Common Shares Outstanding - Basic and Diluted	28,528,875	24,092,636

See notes to consolidated financial statements

GENESIS TECHNOLOGY GROUP, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months End December 31,	
	2002	200
	(Unaudited)	(Unaudi
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (loss) from continuing operations	$ (418,352)	$ 177
Adjustments to reconcile income (loss) from continuing operations to net cash used in operating activities:		
Depreciation and amortization	5,894	
Loss on sale of marketable securities	12,667	41
Grant and exercise of stock options to consultants and employees	131,218	19
Common stock issued for services	102,200	23
Minority interest	-	57
Marketable equity securities received for consulting services	(4,000)	
Changes in assets and liabilities:		
Accounts receivable	(69,571)	84
Inventories	82,475	(9
Prepaid and other current assets	(67,505)	26
Due from related party	-	(1
Other assets	(6,009)	
Accrued payable and accrued expenses	199,884	(106
Deferred revenues	(11,250)	(76
NET CASH PROVIDED BY (USED IN) CONTINUING OPERATING ACTIVITIES	(42,349)	236
Income from discontinued operations	16	49
Adjustments to reconcile income from discontinued operations to net cash used in discontinued operating activities:		
Net increase in net assets from discontinued operations	(16)	(46
NET CASH PROVIDED BY (USED IN) DISCONTINUED OPERATING ACTIVITIES	-	3
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(42,349)	240
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired in acquisition	-	106
Proceeds from sale of marketable securities	13,713	21
Capital expenditures	(5,234)	
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	8,479	126

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from related party	7,808	
Decrease in subscriptions receivable	10,000	
Proceeds from exercise of stock options	49,900	
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	67,708	
NET INCREASE IN CASH AND CASH EQUILALENTS	33,838	367
CASH AND CASH EQUIVALENTS - beginning of period	57,574	64
CASH AND CASH EQUIVALENTS - end of period	$ 91,412	$ 432
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash investing and financing activities:		
Marketable securities exchanges for debt	$ 51,000	
Common stock issued for debt	$ 140,000	
Common stock and stock subscriptions receivable cancelled	$ 70,000	
Common stock issued for subscriptions receivable	$ 190,000	
Acquisition details:		
Fair value of assets acquired	$ -	$ 813
Liabilities assumed	$ -	$ (544
Common stock issued for acquisitions	$ -	$ (268
Goodwill	$ -	$ 10

See notes to consolidated financial statements.

GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2002
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The accompanying consolidated financial statements for the interim periods are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the periods presented. The consolidated financial statements include the accounts of the Company and its wholly and partially owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. These consolidated financial statements should be read in conjunction with the financial statements for the year ended September 30, 2002 and notes thereto contained in the Transition Report on Form 10-KSB of Genesis Technology Group, Inc. (the "Company") as filed with the Securities and Exchange Commission. The results of operations for the three months ended December 31, 2002 are not necessarily indicative of the results for the full fiscal year ending September 30, 2003.

Net income (loss) per share

Basic earnings per share is computed by dividing net loss by weighted average number of shares of common stock outstanding during each period. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period.

Marketable equity securities

Marketable equity securities consist of investments in equity of publicly traded and non-public domestic and foreign companies and are stated at market value based on the most recently traded price of these securities at December 31, 2002. All marketable securities are classified as available for sale at December 31, 2002. Unrealized gains and losses, determined by the difference between historical purchase price and the market value at each balance sheet date, are recorded as a component of Accumulated Other Comprehensive Income in Stockholders' Equity. Realized gains and losses are determined by the difference between historical purchase price and gross proceeds received when the marketable securities are sold.

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Transactions and balances in other currencies are converted into U.S. dollars in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," and are included in determining net income or loss.

For foreign operations with the local currency as the functional currency, assets and liabilities are translated from the local currencies into U.S. dollars at the exchange rate prevailing at the balance sheet date. Revenues, expenses and cash flows are translated at weighted average exchange rates for the period to approximate translation at the exchange rates prevailing at the dates those elements are recognized in the financial statements. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining comprehensive loss.

The functional currency of the Company's Chinese subsidiaries is the local currency. The financial statements of the subsidiary are translated to United States dollars using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues, costs, and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of operations and were not material during the periods presented. The cumulative translation adjustment and effect of exchange rate changes on cash at December 31, 2002 was not material.

Reclassifications

Certain prior periods balances have been reclassified to conform to the current period's financial statement presentation. These reclassifications had no impact on previously reported results of operations or stockholders' equity (deficit).

NOTE 2 - ACQUISITIONS AND SALE OF SUBSIDIARY

Acquisitions

On November 15, 2001, the Company entered into a Stock Purchase Agreement with Shanghai Zhaoli Technology Development Company, Limited ("Zhaoli") and Zhaoli's shareholder. Zhaoli is a Chinese company with principal offices in Shanghai, China. Zhaoli is an information technology company that integrates sales and technology with services. Currently, its sales cover printer, copier, scanner and network products, as well as network integration. Zhaoli also develops proprietary software systems, such as its e-learning software for K-12 education in China. As a result of the acquisition, the Company issued 400,000 shares of its common stock with a fair market value of $220,000 in exchange for 80% of the capital stock of Zhaoli. The Company accounted for this acquisition using the purchase method of accounting. The purchase price exceeded the fair value of net assets acquired by $5,651. The excess has been applied to goodwill. The results of operations of Zhaoli are included in the accompanying financial statements for the three months ended December 31, 2002 and from November 15, 2001 (effective date of acquisition) to December 31, 2001.

On December 1, 2001, the Company entered into a Stock Purchase Agreement with Yastock Investment Consulting Company, Limited ("Yastock") and the shareholders of Yastock. Yastock is an investment consulting firm located in Shanghai, China that specializes in raising capital and consulting in a number of areas, including trading information, public relations, corporate management, corporate strategic evaluations and human resources. As a result of the acquisition, the Company issued 92,000 shares of its common stock with a fair market value of $48,760 in exchange for 80% of the capital stock of Yastock. The Company accounted for this acquisition using the purchase method of accounting. The purchase price exceeded the fair value of net assets acquired by $4,889. The excess has been applied to goodwill. Subsequently, the Company acquired the remaining 20% of Yastock for $18,000. For the three months ended December 31, 2001, the results of operations of Zhaoli are included in the accompanying financial statements from December 1, 2001 (effective date of acquisition) to December 31, 2001.

The following unaudited pro forma consolidated results of operations have been prepared as if the acquisitions of Zhaoli and Yastock had occurred as of the following periods:

		Three Months Ended December 31, 2001
Net Revenues	$	8,208,000
Net Income from continuing operations	$	249,000
Net Income per Share from continuing operations	$	.01

Pro forma data does not purport to be indicative of the results that would have been obtained had these events actually occurred at the beginning of the periods presented and is not intended to be a projection of future results.

GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2002
(UNAUDITED)

NOTE 2 - ACQUISITIONS AND SALE OF SUBSIDIARY(Continued)

Sale of Subsidiary

Effective June 30, 2002, the Company sold its 80% interest in its subsidiary Shanghai G-Choice Science and Technology Development Company Ltd. ("G-Choice") for 1,549,791 common shares of the NETdigest.com, Inc. ("NET"). As a part of this transaction, G-Choice executive management, which is unaffiliated with Genesis received a total of 8,155,474 shares of NET stock and received from the Company an additional 210,526 shares of NET stock in exchange for 400,000 shares of the Company's stock. G-Choice is a Chinese company with principal offices in Shanghai, China. The Company concluded the sale of G-Choice as of June 30, 2002. For the three months ended December 31, 2001, G-Choice is reported separately as a discontinued operation, and prior periods have been restated in the Company's financial statements, related footnotes and the management's discussion and analysis to conform to this presentation.

NOTE 3 - SEGMENT INFORMATION

The following information is presented in accordance with SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. In the periods ended December 31, 2002 and 2001, the Company operated in two reportable business segments - (1) sale of computer equipment and accessories and (2) consulting services for small public and private companies regarding public relations, corporate financing, mergers and acquisitions, e-commerce, business operations support and marketing . The Company's reportable segments are strategic business units that offer different products. They are managed separately based on the fundamental differences in their operations.

NOTE 3 - SEGMENT INFORMATION (Continued)

Information with respect to these reportable business segments for the three months ended December 31, 2002 is as follows:

	Computer and Equipment Sales	Consulting Services	Consolidated Totals
Net Revenues	$ 5,223,480	$ 53,190	$ 5,276,670
Gross Profit	$ 71,527	$ 53,190	$ 124,717
Segment profit (Loss) from operations	$ (420,696)	$ 2,360	$ (418,336)

For the three months ended December 31, 2002, the Company derived approximately 99% of its revenue from its subsidiaries located in the People's Republic of China. Sales and identifiable assets by geographic areas for the three months ended December 31, 2002 and as of December 31, 2002, respectively, were as follows:

	Sales	Identifiable Assets
United States	$ 49,750	$ 377,516
China	5.226,920	814,383
Total	$ 5,276,670	$ 1,191,899

NOTE 4 - RELATED PARTY TRANSACTIONS

Due from/to related party

Occasionally, the Company borrows funds from an officer of the Company. The advances are non-interest bearing and are payable on demand. At December 31, 2002, the Company owed an officer of the Company $34,567.

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GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2002
(UNAUDITED)

NOTE 5 - LOANS PAYABLE

On April 1, 2002, the Company borrowed $80,000 from an individual related to an officer of the Company. The loan bears interest at 10% per annum and is unsecured. All unpaid principal and accrued interest is payable on April 1, 2003. In the event of default of the loan agreement, the Lender is to receive common shares of the Company at a 25% discount to the average closing price of the previous 20 trading days free trading shares of the Company's common stock equal to the total amount due to the lender. As of December 31, 2002, the loan remains unpaid.

On May 29, 2002, the Company borrowed $50,000 from an individual. The loan bears interest at 10% per annum and is secured by certain marketable securities held by the Company and 200,000 shares of the Company's common stock. All unpaid principal and accrued interest was payable on September 30, 2002. On October 2, 2002, the Company repaid this loan and all unpaid interest by giving 100,000 shares of Sense Holdings, Inc. Common stock owned by the Company and 200,000 shares of the Company's common stock.

On July 31, 2002, the Company borrowed $20,000 from an individual related to an officer of the Company. The loan bears interest at 10% per annum and is unsecured. All unpaid principal and accrued interest is payable on January 1, 2003. At the option of the lender, the entire obligation may be repaid with common stock calculated by dividing the amount due by the average closing common stock price for ten days prior to the repayment discounted by 40%, with a maximum price of $0.13 per share. The beneficial conversion feature present in the issuance of this note payable as determined on the date funds were received under the loan agreement totaled $12,500 and was recorded as interest expense and additional paid-in capital. As of December 31, 2002, no conversion had occurred. As of December 31, 2002, the loan remains unpaid.

The Company's Chinese subsidiary, Zhaoli, entered into a loan agreement with a Chinese bank to borrow $120,919. The loan bears interest at a rate of 5.85% per annum and is payable prior to March 29, 2003.

NOTE 6 - STOCKHOLDERS' EQUITY

Preferred stock

The Company is authorized to issue 20,000,000 shares of Preferred Stock, par value $.001, with such designations, rights and preferences as may be determined from time to time by the Board of Directors.

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GENESIS TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2002
(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Common stock

In October 2002, a former employee returned 200,000 shares of common stock. Accordingly, the Company cancelled its subscription receivable related to these in amount of $70,000. In connection with this transaction, the Company recorded additional consulting expense of $21,388.

On October 3, 2002, in connection the settlement of debt with a third party, the Company issued 200,000 restricted shares of common stock for services rendered. The Company valued these shares at their market value on the date of issuance of $.10 per share and recorded consulting expense of $20,000.

On October 7, 2002, in connection with a consulting agreement with a third party, the Company issued 600,000 restricted shares of common stock for services rendered. The Company valued these shares at their market value on the date of issuance of $.095 per share and recorded consulting expense of $57,000 related to the consulting services.

On October 31, 2002, in connection with the exercise of stock options, the Company issued 720,000 shares of common stock to a consultant for net proceeds of $49,900.

On November 2002, in connection with a consulting agreement with a third party, the Company issued 180,000 restricted shares of common stock for services rendered. The Company valued these shares at their market value on the date of issuance of $.14 per share and recorded consulting expense of $25,200 related to the consulting services.

On December 19, 2002, in connection with the exercise of stock options, the Company issued 750,000 shares of common stock to a consultant for a subscription receivable of $100,000.

On December 24, 2002, in connection with the exercise of stock options, the Company issued 600,000 shares of common stock to a consultant for a subscription receivable of $90,000.

On December 31, 2002, in connection with the exercise of stock options, the Company issued 1,000,000 shares of common stock to employees for services rendered. Since the Company did not receive any cash for the exercise of these options, the Company reduced accrued salaries by $140,000 based on the exercise price of the underlying stock options granted.

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Stock options

On January 25, 2002, the Company entered into a one year consulting agreement with a third party for business development and marketing services. In connection with this consulting agreement which commences on February 1, 2002, the Company shall grant 50,000 options per month to purchase shares of common stock for services rendered for an aggregate of 600,000 options. The options have an exercise price of $.35 per share and expire five years from grant date. For the three months ended December 31, 2002, the Company granted 150,000 additional options under this agreement. As of December 31, 2002, the Company has granted 550,000 options under this agreement. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0- percent; expected volatility of 77 percent; risk-free interest rate of 4.50 percent and an expected holding period of 5 years. For the three months ended December 31, 2002, in connection with these options, the Company recorded consulting expense amounting to $10,450.

During October 2002, the Company entered into a consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted 720,000 stock options to purchase 720,000 shares of the Company's common stock at $.13 per share. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions dividend yield of -0- percent; expected volatility of 77 percent; risk-free interest rate of 4.50 percent and an expected holding periods of 0.50 years. In connection with these options, the Company recorded consulting expense of $80,880 at December 31, 2002.

On December 2, 2002, the Company entered into a one-year consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted an aggregate of 1,000,000 options to purchase shares of common stock for services rendered. The options have an exercise price of $.15. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0- percent; expected volatility of 96 percent; risk-free interest rate of 4.50 percent and an expected holding period of 2 years. In connection with these options, the Company recorded consulting expense of $6,333 for the three months ended December 31, 2002 and deferred compensation of $69,667 at December 31, 2002, which will be amortized over the service period.

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Stock options (Continued)

On December 18, 2002, the Company entered into a consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted 750,000 options to purchase shares of common stock for services rendered. The options have an exercise price of $.15 per share and expire in 45 days. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0- percent; expected volatility of 96 percent; risk-free interest rate of 4.50 percent and an expected holding period of 0.25 years. In connection with these options, the

Company recorded consulting expense of $11,500 for the three months ended December 31, 2002 and deferred compensation of $23,000 at December 31, 2002, which will be amortized over the service period.

In December 2002, 1,000,000 options were granted to officers and employees of the Company with an exercise price of $.14. The Company accounts for stock options issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Since the exercise price was greater than the current market value at the date of grant, no compensation expense has been recognized. In December 2002, these options were exercised.

On December 31, 2002, the Company entered into a six-month consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted 500,000 stock options to purchase 500,000 shares of the Company's common stock at $.10 per share. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions dividend yield of -0- percent; expected volatility of 96 percent; risk-free interest rate of 4.50 percent and an expected holding periods of 0.10 years. In connection with these options, the Company recorded deferred compensation expense of $26,000 at December 31, 2002, which be amortized over the service period. In January 2003, the consultant exercised these options for net proceeds of $50,000.

A summary of outstanding options and warrants at December 31, 2002 are as follows:

	Shares Underlying Warrants	Range of Exercise Price	Remaining Contractual Life	Average Exercise Price
Outstanding at September 30, 2002	5,645,000	$ 0.25-0.25	1 to 5 yrs	0.33
Granted	4,120,000	0.07-0.35	.5 to 5 yrs	0.13
Expired	(0)	0.00		-
Exercised	(3,070,000)	0.07-0.15		0.12
Outstanding at December 31, 2002	6,695,000	$ 0.10-2.25		.31

NOTE 7 - SUBSEQUENT EVENT

In January 2003, the Company granted 300,000 stock options at an exercise prices ranging from $.10 to $.12 and immediately issued 300,000 common shares for debt and services rendered.

In January 2003, the Company granted 50,000 and 250,000 options to a consultant for services rendered and debt.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following analysis of the results of operations and financial condition of the Company should be read in conjunction with the financial statements of Genesis Technology Group, Inc. for the year ended September 30, 2002 and notes thereto contained in the Report on Form 10-KSB of Genesis Technology Group, Inc. as filed with the Securities and Exchange Commission.

This report on Form 10-QSB contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements and from historical results of operations. Among the risks and uncertainties which could cause such a difference are those relating to our dependence upon certain key personnel, our ability to manage our growth, our success in implementing the business strategy, our success in arranging financing where required, and the risk of economic and market factors affecting us or our customers. Many of such risk factors are beyond the control of the Company and its management.

OVERVIEW

Genesis Technology Group Inc. ("Genesis" or the "Company") is a business consulting firm that specializes in assisting companies in entering the Chinese market for business development. We act as a resource for companies that desire expertise in marketing, distribution, manufacturing, forming joint ventures, or establishing a base in China. As a part of that strategy, we are a member of the Shanghai Technology Stock (Property Rights) Exchange, an organization that promotes the influx of technology into China.

Our key area of focus is the Life and Health Science arena in China. Life and Health Science is compromised of different but related industries such as environmental science, biotechnology, pharmaceuticals and healthcare development. These industries range from water, soil, and air testing and remediation to hospital facility development and management. These are new and robust areas in China that desperately need attention and expertise. Genesis' goal is to assist companies that are active in these areas in entering the Chinese market.

In addition to its consulting services, we have also acquired companies in the U.S. and China for the purposes of further developing these companies, with operational, managerial and financial support. Our strategy envisions and promotes opportunities for synergistic business relationships among all of the companies that Genesis works with, both clients and subsidiaries.

We currently have 3 active subsidiary companies. We own 80% of one computer hardware and software manufacturer/distributor located in Shanghai China. We own 100% of two consulting companies, one in the U.S. and one in China. We own 85% of an inactive biotechnology-marketing firm that is located in the Unites States.

By building on the success of already successful businesses, Genesis intends to become an important player in the expanding Cross-Pacific marketplace -increasing its revenues, profitability and market value by accelerating the success of its subsidiaries and partner companies.

Company management and partners have been responsible for successfully negotiating contracts in China for over 10 years. The Company is able to bring talent in the areas of marketing, finance and business development to its clients and subsidiaries, to help guide those companies to success.

ACQUISITIONS AND DISPOSITIONS

On August 1, 2001 we acquired Genesis Systems, Inc. of St. Paul, Minnesota. Genesis Systems provides a wide range of business and financial services for public and private companies with an emphasis on early-stage technology companies. These services include assistance in mergers and acquisitions, capital raising and financing, strategic planning, public relations and operations. Genesis Systems has established a network of strategic partners to assist in performing these services.

On August 14, 2001, we acquired 100 % of PropaMedia, Inc., a provider of media rich Web hosting and distribution services, located in Los Angeles, CA. Propamedia offers end-to-end streaming and hosting services, including content capture, encoding and production, storage, live and on-demand video and audio streaming, and managed services. PropaMedia's services can be used for video and audio distribution services to transmit entertainment, sports, news, advertising, business communications, and distance learning content. PropaMedia's technologies support all major Internet audio and video formats. PropaMedia has developed proprietary streaming technologies that increase the number of end-users able to view video content at once, improve end-users' video viewing experience, and provide clients with real-time monitoring and reporting. On December 16, 2002, the Genesis Board voted to discontinue the operations of PropaMedia as it does not complement the company's continuing focus on the China market. We are in negotiations to sell Propamedia to an unrelated party in the near future.

On August 22, 2001, we acquired a majority interest (80%) of Shanghai G-Choice Science Development Company, Limited (G-Choice). G-Choice's business services include computer product sales, network services, software development, and systems integration. G-Choice has extensive experience in computer system engineering, and software research and development, including its popular Point of Sale software, currently sold via a network of over 4,000 distributors throughout China. G-Choice was founded in 1999 and is located in Shanghai, China; has approximately 86 employees and has recently expanded its sales network to include other areas of China. On June 30, 2002, the Company sold G-Choice to theNetdigest.com, Inc.

In October 2001, we formed two subsidiaries, each of which the company owns a majority interest in. The first was Espectus Systems, Inc. Espectus was an interactive, direct marketing company, specializing in permission-based e-mail marketing, media buying, customer relationship management and online surveys. Genesis owned 80% of Espectus. The company has discontinued the operations of Espectus as it was not generating significant cash-flow and did not complement Genesis' continuing focus on China.

The second subsidiary formed in October 2001 was Biosystems Technologies, Inc. Biosystems' mission is the commercialization, marketing and distribution of biomedical products and technologies used to diagnose and treat

HIV/AIDS, cancer and other immune-related diseases. Biosystems seeks to harness the latest scientific discoveries to commercialize and market the potential of proprietary technologies that will form the basis of a range of new and potentially effective treatments for a variety of diseases. We own 85% of Biosystems, with the remaining 15% owned by Dr. Ronald Watson, a noted immunology professor and researcher.

Unlike traditional biotechnology companies which can spend millions of dollars on research and development of new products, Biosystems seeks unique products that are fully developed or in the final stages of development. Biosystems will then attempt to commercialize and market these products via licensing agreements, with particular emphasis on introducing these products to China and the Pacific Rim. There can be no assurances that products will be acquired or developed or that Biosystems will have sufficient financial resources to bring these products to market. As of December 31, 2002, Biosystems had no material operating activity.

On November 15, 2001, we acquired 80% of Shanghai Zhaoli Technology Development Company, Limited (Zhaoli"), an Information Technology enterprise that integrates sales and technology with services. Currently, its sales cover printer, copier, scanner and network products, as well as network integration. In addition to hardware sales and service, the company focuses much of its resources on the development of proprietary software systems, such as its e-learning software for K-12 education in China. Zhaoli has approximately 65 employees at seven branches and exclusive stores in Shanghai and a strong and growing presence throughout eastern areas of China.

On December 1, 2001, we acquired 80% of Yastock Investment Consulting Company, Limited ("Yastock"), an investment consulting firm located in Shanghai, China that specializes in consulting for Chinese and American companies in a number of areas, including financial, public relations, corporate management, corporate strategic evaluations and human resources. In addition to its ongoing business, Yastock's management oversees all of Genesis' operations in China and is important source of financial and operational support for our Chinese subsidiaries. On January 1, 2002, we acquired the remaining 20% of Yastock, making it a wholly owned subsidiary. Yastock has 25 part and full-time employees.

CONSULTING ACTIVITIES

In addition to overseeing the operation of its subsidiaries, we have been growing our cross-pacific consulting business. Management believes that China's entrance into the WTO offers a unique opportunity for Genesis to secure itself a position as a leader in the growing market for cross-pacific products, technology, capital, and property exchange. To that end, we market our self to other U.S. firms interested in Chinese partnerships for manufacturing and distribution of a variety of products in China, with a strong focus on the Life and Health Science arena

We currently have nine clients under contract. We are assisting these clients in penetrating the Chinese market for the purposes of product and solutions sales, distribution, manufacturing, and/or research and development. To aid in achieving these goals, we signed on as a U.S. representative of the Shanghai Technology Stock (Property Rights) Exchange (STSE). STSE is a technology transfer exchange sponsored by the Shanghai Municipal Government with independent corporate qualifications. STSE is essentially a vehicle for the transfer of technology and property rights into China. As a representative of the STSE, we can directly introduce American companies and individuals who would like to sell or license intellectual property to a Chinese partner, or use technology to form a joint venture in China, to the STSE for purposes of listing their technologies or intellectual properties. Our clients pay a monthly retainer and a success fee based on any completed transactions, a portion of which goes to the STSE. In addition, the standard Genesis contract calls for the company to receive ongoing compensation by clients via a percentage of any licensing fees or an equity position in any joint ventures/partnerships formed with Chinese entities.

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2002 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2001

REVENUES AND COSTS BY SEGMENT:

For the three months ended December 31, 2002, we had consolidated revenues of $5,276,670 as compared to $2,263,273 for the three months ended December 31, 2001. This increase resulted from the acquisition of our subsidiaries and is outlined below.

Genesis Technology Group, Inc.

Revenue for the three months ended December 31, 2002 was $34,500 as compared to $16,250 for the three months ended December 31, 2001. This revenue was generated from consulting services.

For the three months ended December 31, 2002, we incurred consulting fees of $232,751 as compared to $11,184 for the three months ended December 31, 2001. For the three months ended December 31, 2002, consulting fees expense was attributable to the granting of stock options and issuance of common shares to consultants for marketing and business development activities. For the three months ended December 31, 2002, we incurred salary expense of $107,770 as compared to $3,320 for the three months ended December 31, 2001. The increase in salary expense was attributable to the hiring of key personnel to support our current business plan. For the three months ended December 31, 2002, other selling, general and administrative expenses consisted of rent of $15,943 and other expenses such as professional fees and office expenses of $68,670. For the three months ended December 31, 2001, other selling, general and administrative expenses consisted of rent of $1,924 and other expenses such as professional fees and office expenses of $10,890.

RESULTS OF OPERATIONS (Continued)

THREE MONTHS ENDED DECEMBER 31, 2002 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2001 (Continued)

Genesis Systems, Inc.

Revenue for the three months ended December 31, 2002 from Genesis Systems, Inc. was $15,250 as compared to $76,500 of revenue for the three months ended December 31, 2001. This revenue was generated from consulting service in which we received stock or cash for services. The decrease was attributable the fact that we shifted our focus to our parent company, Genesis Technology Group, Inc

For the three months ended December 31, 2002, operating expenses of our Genesis Systems subsidiary consisted of salaries of $-0-, rent of $2,819, and other general and administrative expenses amounting to $13,274. Additionally, we recorded a realized loss from the sale of marketable securities received for consulting services of $16,222 for the three months ended December 31, 2002. For the three months ended December 31, 2001, other selling, general and administrative expenses of our Genesis Systems subsidiary consisted of salaries of $32,000, rent of $7,169, and other general and administrative expenses amounting to $35,660.

Yastock

Revenue for the three months ended December 31, 2002 from Yastock was $3,440 as compared to $287,188 for the three months ended December 31, 2001. This revenue was generated from consulting services and software licensing fees.

Other selling, general and administrative expenses consisting of salaries, commissions, accounting fees and office rent amounted to $21,012 for the three months ended December 31, 2002 as compared to $2,587. We have incurred additional marketing costs associated with increased business development efforts.

Zhaoli

Revenue for the three months ended December 31, 2002 were $5,223,480 as compared to $1,883,335 from acquisition (November 15, 2001) to December 31, 2001 from our subsidiary Zhaoli, a Chinese company. This revenue was generated from sales of printers, copiers, network equipment and software licensing fees. Cost of sales for Zhaoli for the three months ended December 31, 2002 amounted to $5,151,953 or 98.6% of net sales as compared to $1,846,450 or 98% of net sales for the period from acquisition (November 15, 2001) to December 31, 2001.

For the three months ended December 31, 2002, other selling, general and administrative expenses amounted to $69,167 as compared to $36,155 for the period from acquisition (November 15, 2001) to December 31, 2001. Other selling, general and administrative expenses consisted of salaries, rent and other expenses.

RESULTS OF OPERATIONS (Continued)

THREE MONTHS ENDED DECEMBER 31, 2002 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2001 (Continued)

Discontinued Operations

For the three months ended December 31, 2002, we had income from discontinued operations of $16 related to the discontinuation of our Propamedia and eSpectus subsidiary as compared to income from discontinued operations of $49,502 for the three months ended December 31, 2001.

Overall

We reported a loss from operations for the three months ended December 31, 2002 of $(418,336) compared to income from operations for the three months ended December 31, 2001 of $227,283. Additionally, we reported income from discontinued operations for the three months ended December 31, 2002 of $16 as compared to a income from discontinued operations of $49,502 for the three months ended December 31, 2001.

This translates to an overall per-share loss of $(.02) for the three months ended December 31, 2002 compared to per share income of $.01 for the three months ended December 31, 2001.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2002, we had cash and equivalents balance of $91,412. As of December 31, 2002, our cash position by geographic area is as follows:

Cash	
United States	$ 6,625
China	84,787
Total	$ 91,412

Management has invested substantial time evaluating and considering numerous proposals for possible acquisition or combination developed by management or presented by investment professionals, the Company's advisors and others. We continue to consider acquisitions, business combinations, or start up proposals, which could be advantageous to shareholders. No assurance can be given that any such project, acquisition or combination will be concluded.

We intend to continue our trading activities and as a consequence the future financial results of the Company may be subject to substantial fluctuations. As part of our investment activities, we may sell a variety of equity or debt securities obtained as revenue for consulting services. Such investments often involve a high degree of risk and must be considered extremely speculative.

At December 31, 2002, our Company had stockholders' equity of $721,522. Our Company's future operations and growth will likely be dependent on our ability to raise capital for expansion and to implement our strategic plan.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Net cash used in operations was $(42,349) for the three months ended December 31, 2002 as compared to net cash provided by operations of $240,260 for the three months ended December 31, 2001. The difference is due to the implementation of our new business model and the acquisition of our subsidiaries between August and December 2001.

Net cash provided by investing activities for the three months ended December 31, 2002 was $8,479 as compared to $126,987 for the three months ended December 31, 2001. For the three months ended December 31, 2001, we received cash acquired from acquisitions of $106,790 compared to cash acquired of $-0- for the three months ended December 31, 2002. For the three months ended December 31, 2002, we received $13,713 from the sale of marketable securities offset by cash used for capital expenditures of $(5,234). For the three months ended December 31, 2001, we received $21,040 from the sale of marketable securities offset by cash used for capital expenditures of $(843).

Net cash provided by financing activities were $67,708 for the three months ended December 31, 2002 as compared to $-0- for the three months ended

December 31, 2001 and related to proceeds from the exercise of stock options and related party loans of $59,900 and $7,808, respectively. .

We currently have no material commitments for capital expenditures. Our future growth is dependent on our ability to raise capital for expansion, and to seek additional revenue sources. If we decide to pursue any acquisition opportunities or other expansion opportunities, we may need to raise additional capital, although there can be no assurance such capital- raising activities would be successful.

NEW ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for under the purchase method. For all business combinations for which the date of acquisition is after June 30, 2001, SFAS 141 also establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain, rather than deferred and amortized. SFAS 142 changes the accounting for goodwill and other intangible assets after an acquisition. The most significant changes made by SFAS 142 are: 1) goodwill and intangible assets with indefinite lives will no longer be amortized; 2) goodwill and intangible assets with indefinite lives must be tested for impairment at least annually; and 3) the amortization period for intangible assets with finite lives will no longer be limited to forty years.

Statement No. 143, "Accounting for Asset Retirement Obligations," ("SFAS 143") requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. The standard is effective for fiscal years beginning after June 15, 2002. The adoption of SFAS 143 on October 1, 2002 did not have a material effect on our results of operations or liquidity.

NEW ACCOUNTING STANDARDS (Continued)

Statement No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144") supercedes Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121"). Though it retains the basic requirements of SFAS 121 regarding when and how to measure an impairment loss, SFAS 144 provides additional implementation guidance. SFAS 144 excludes goodwill and intangibles not being amortized among other exclusions. SFAS 144 also supercedes the provisions of APB 30, "Reporting the Results of Operations," pertaining to discontinued operations. Separate reporting of a discontinued operation is still required, but SFAS 144 expands the presentation to include a component of an entity, rather than strictly a business segment as defined in SFAS 131, Disclosures about Segments of an Enterprise and Related Information. SFAS 144 also eliminates the current exemption to consolidation when control over a subsidiary is likely to be temporary. This statement is effective for all fiscal years beginning after December 15, 2001. The implementation of SFAS 144 on October 1, 2002 did not have a material effect on our financial position, results of operations or liquidity.

Statement No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" ("SFAS 145") updates, clarifies, and simplifies existing accounting pronouncements. Statement No. 145 rescinds Statement 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in Opinion 30 will now be used to classify those gains and losses. Statement 64 amended Statement 4, and is no longer necessary because Statement 4 has been rescinded. Statement 44 was issued to establish accounting requirements for the effects of transition to the provisions of the motor Carrier Act of 1980. Because the transition has been completed, Statement 44 is no longer necessary.

Statement 145 amends Statement 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. This amendment is consistent with FASB's goal requiring similar accounting treatment for transactions that have similar economic effects. This statement is effective for fiscal years beginning after May 15, 2002. The adoption of SFAS 145 on October 1, 2002 did not have a material impact on our financial position, results of operations or liquidity.

Statement No. 146, "Accounting for Exit or Disposal Activities" ("SFAS 146") addresses the recognition, measurement, and reporting of cost that are associated with exit and disposal activities that are currently accounted for pursuant to the guidelines set forth in EITF 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to exit an Activity (including Certain Cost Incurred in a Restructuring)," cost related to terminating a contract that is not a capital lease and one-time benefit arrangements received by employees who are involuntarily terminated - nullifying the guidance under EITF 94-3. Under SFAS 146, the cost associated with an exit or disposal activity is recognized in the periods in which it is incurred rather than at the date the Company committed to the exit plan. This statement is effective for exit or disposal activities initiated after December 31, 2002 with earlier application encouraged. The adoption of SFAS 146 is not expected to have a material impact on our financial position, results of operations or liquidity.

NEW ACCOUNTING STANDARDS (Continued)

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure. Statement 148 provides alternative methods of transition to Statement 123's fair value method of accounting for stock-based employee compensation. It also amends the disclosure provisions of Statement 123 and APB Opinion No. 28, Interim Financial Reporting, to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. Statement 148's amendment of the transition and annual disclosure requirements of Statement's 123 are effective for fiscal years ending after December 15, 2002. Statement 148's amendment of the disclosure requirements of Opinion 28 is effective for interim periods beginning after December 15, 2002.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is included in Note 1 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-KSB for the year ended September 30, 2002. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the company's operating results and financial condition.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

OPERATING RISK

(a) Country risk

Currently, the Company's revenues are primarily derived from sale of computer equipment and accessories to customers in the Peoples Republic of China (PRC). The Company hopes to expand its operations to countries outside the PRC, however, such expansion has not been commenced and there are no assurances that the Company will be able to achieve such an expansion successfully. Therefore, a downturn or stagnation in the economic environment of the PRC could have a material adverse effect on the Company's financial condition.

(b) Products risk

In addition to competing with other computer and electronics equipment companies, the Company could have to compete with larger US companies who have greater funds available for expansion, marketing, research and development and the ability to attract more qualified personnel if access is allowed into the PRC market. If US companies do gain access to the PRC markets, it may be able to offer products at a lower price. There can be no assurance that the Company will remain competitive should this occur.

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(c) Exchange risk

The Company generates revenue and incurs expenses and liabilities in Chinese renminbi and U.S. dollars. As a result, the Company is subject to the effects of exchange rate fluctuations with respect to any of these currencies. For example, the value of the renminbi depends to a large extent on PRC's domestic and international economic and political developments, as well as supply and demand in the local market. Since 1994, the official exchange rate for the conversion of renminbi to U.S. dollars has generally been stable and the renminbi has appreciated slightly against the U.S. dollar. However, given recent economic instability and currency fluctuations, the Company can offer no assurance that the renminbi will continue to remain stable against the U.S. dollar or any other foreign currency. The Company's results of operations and financial condition may be affected by changes in the value of renminbi and other currencies in which its earnings and obligations are denominated. The Company has not entered into agreements or purchased instruments to hedge its exchange rate risks, although the Company may do so in the future.

Although Chinese governmental policies were introduced in 1996 to allow the convertibility of renminbi into foreign currency for current account items, conversion of renminbi into foreign exchange for capital items, such as foreign direct investment, loans or security, requires the approval of the State Administration of Foreign Exchange, or SAFE, which is under the authority of the People's Bank of China. These approvals, however, do not guarantee the availability of foreign currency. The Company cannot be sure that the Company will be able to obtain all required conversion approvals for its operations or that Chinese regulatory authorities will not impose greater restrictions on the convertibility of the renminbi in the future. Because a significant amount of its revenues are in the form of renminbi, its inability to obtain the requisite approvals or any future restrictions on currency exchanges will limit its ability to utilize revenue generated in renminbi to fund its business activities outside PRC.

(d) Political risk

Currently, PRC is in a period of growth and is openly promoting business development in order to bring more business into PRC. Additionally PRC allows a Chinese corporation to be owned by the United States corporation. If the laws or regulations are changed by the PRC government, the Company's ability to operate the PRC subsidiaries could be affected.

(e) Our future performance is dependent on its ability to retain key personnel

Our performance is substantially dependent on the performance of our senior management. In particular, the Company's success depends on the continued effort of our Chief Executive Officer, James Wang, to maintain all contact with our Chinese subsidiaries. The Company's inability to retain James Wang could have a material adverse effect on our prospects, businesses, Chinese operations, financial conditions and share price.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and principal financial and accounting officer, conducted an evaluation of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-14(c)) within 90 days of the filing date of this Quarterly Report on Form 10-QSB (the "Evaluation Date"). Based on their evaluation, our chief executive officer and principal financial and accounting officer have concluded that as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that all material information required to be filed in this Quarterly Report on Form 10-QSB has been made known to them in a timely fashion.

Changes in Internal Controls

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date set forth above.

Part II - OTHER INFORMATION

Item 1.Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

Preferred stock

The Company is authorized to issue 20,000,000 shares of Preferred Stock, par value $.001, with such designations, rights and preferences as may be determined from time to time by the Board of Directors.

Common stock

In October 2002, a former employee returned 200,000 shares of common stock. Accordingly, the Company cancelled its subscription receivable related to these in amount of $70,000. In connection with this transaction, the Company recorded additional consulting expense of $21,388.

On October 3, 2002, in connection the settlement of debt with a third party, the Company issued 200,000 restricted shares of common stock for services rendered. The Company valued these shares at their market value on the date of issuance of $.10 per share and recorded consulting expense of $20,000.

On October 7, 2002, in connection with a consulting agreement with a third party, the Company issued 600,000 restricted shares of common stock for services rendered. The Company valued these shares at their market value on the date of issuance of $.095 per share and recorded consulting expense of $57,000 related to the consulting services.

On October 31, 2002, in connection with the exercise of stock options, the Company issued 720,000 shares of common stock to a consultant for net proceeds of $49,900.

On November 2002, in connection with a consulting agreement with a third party, the Company issued 180,000 restricted shares of common stock for services rendered. The Company valued these shares at their market value on the date of issuance of $.14 per share and recorded consulting expense of $25,200 related to the consulting services.

On December 19, 2002, in connection with the exercise of stock options, the Company issued 750,000 shares of common stock to a consultant for a subscription receivable of $100,000.

On December 24, 2002, in connection with the exercise of stock options, the Company issued 600,000 shares of common stock to a consultant for a subscription receivable of $90,000.

On December 31, 2002, in connection with the exercise of stock options, the Company issued 1,000,000 shares of common stock to employees for services rendered. Since the Company did not receive any cash for the exercise of these options, the Company reduced accrued salaries by $140,000 based on the exercise price of the underlying stock options granted.

Stock options

On January 25, 2002, the Company entered into a one year consulting agreement with a third party for business development and marketing services. In connection with this consulting agreement which commences on February 1, 2002, the Company shall grant 50,000 options per month to purchase shares of common stock for services rendered for an aggregate of 600,000 options. The options have an exercise price of $.35 per share and expire five years from grant date. For the three months ended December 31, 2002, the Company granted 150,000 additional options under this agreement. As of December 31, 2002, the Company has granted 550,000 options under this agreement. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0- percent; expected volatility of 77 percent; risk-free interest rate of 4.50 percent and an expected holding period of 5 years. For the three months ended December 31, 2002, in connection with these options, the Company recorded consulting expense amounting to $10,450.

Item 2. Changes in Securities and Use of Proceeds (Continued)

Stock options (Continued)

During October 2002, the Company entered into a consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted 720,000 stock options to purchase 720,000 shares of the Company's common stock at $.13 per share. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions dividend yield of -0- percent; expected volatility of 77 percent; risk-free interest rate of 4.50 percent and an expected holding periods of 0.50 years. In connection with these options, the Company recorded consulting expense of $80,880 at December 31, 2002.

On December 2, 2002, the Company entered into a one-year consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted an aggregate of 1,000,000 options to purchase shares of common stock for services rendered. The options have an exercise price of $.15. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0- percent; expected volatility of 96 percent; risk-free interest rate of 4.50 percent and an expected holding period of 2 years. In connection with these options, the Company recorded consulting expense of $6,333 for the three months ended December 31, 2002 and deferred compensation of $69,667 at December 31, 2002, which will be amortized over the service period.

On December 18, 2002, the Company entered into a consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted 750,000 options to purchase shares of common stock for services rendered. The options have an exercise price of $.15 per share and expire in 45 days. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0- percent; expected volatility of 96 percent; risk-free interest rate of 4.50 percent and an expected holding period of 0.25 years. In connection with these options, the Company recorded consulting expense of $11,500 for the three months ended December 31, 2002 and deferred compensation of $23,000 at December 31, 2002, which will be amortized over the service period.

In December 2002, 1,000,000 options were granted to officers and employees of the Company with an exercise price of $.14. The Company accounts for stock options issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Since the exercise price was greater than the current market value at the date of grant, no compensation expense has been recognized. In December 2002, these options were exercised.

On December 31, 2002, the Company entered into a six-month consulting agreement with a third party for business development services. In connection with this consulting agreement, the Company granted 500,000 stock options to purchase 500,000 shares of the Company's common stock at $.10 per share. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions dividend yield of -0- percent; expected volatility of 96 percent; risk-free interest rate of 4.50 percent and an expected holding periods of 0.10 years. In connection with these options, the Company recorded deferred compensation expense of $26,000 at December 31, 2002, which be amortized over the service period. In January 2003, the consultant exercised these options for net proceeds of $50,000.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(1) Exhibits

Exhibit Number	Description
99.1	Certification by Chief Executive Officer
99.2	Certification by Chief Financial Officer

(1) Incorporated by reference to the company's current report form 8-K filed on 9/12/01
(2) Incorporated by reference to the company's current report form 8-K filed on 10/17/01
(3) Incorporated by reference to the company's current report form 8-K filed on 1/14/02

(2) Reports on Form 8-K

None

SIGNATURES

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

GENESIS TECHNOLOGY GROUP, INC.

SIGNATURE	TITLE	DATE
/s/ Gary Wolfson Gary Wolfson	Chief Executive Officer	February 13, 2003
/s/ Adam Wasserman Adam Wasserman	CFO and Principal Financial and Accounting Officer	February 13, 2003

CERTIFICATIONS

I, Gary Wolfson, the Chief Executive Officer of Genesis Technology Group, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Genesis Technology Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our

most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 13, 2003

/s/ Gary Wolfson

Gary Wolfson, Chief Executive Officer

CERTIFICATIONS

I, Adam Wasserman, Chief Financials Officer of Genesis Technology Group, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Genesis Technology Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the

Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 13, 2003

/s/ Adam Wasserman

Adam Wasserman, Chief Financial Officer