ERESOURCE CAPITAL GROUP INC
Form 8-K/A
July 13, 2001

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 8-K/A

(Amendment No. 2)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 3, 2001

eResource Capital Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-8662	23-2265039
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

3353 Peachtree Road, N.E., Suite 130 Atlanta, Georgia 30326

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (404) 760-2570

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This Amendment No. 2 amends and supplements Items 7(a) and 7(b) of the Current Report on forms 8-K and 8-K/A filed on April 18, 2001 and May 15, 2001, respectively, by the registrant (the "Company") with respect to, among other things, the Company's acquisition of LST, Inc. d/b/a Lifestyle Technologies, Inc. ("Lifestyle") In accordance with Item 7 of Form 8-K, the financial statements required thereby are being filed with this Amendment No. 2.

Statements in this report about anticipated or expected future revenue or growth or expressions of future goals or objectives are forward-looking statements within the meaning of Section 21E of the Securities Act of 1934, as amended. All forward-looking statements in this release are based upon information available to the Company on the date of this release. Any forward-looking statements involve risks and uncertainties, including those risks described in the Company's filings with the Securities and Exchange Commission, that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired

In accordance with Item 7(a) of Form 8-K, the following financial statements of LST, Inc. prepared in accordance with regulation S-X are included in this report:

1. Audited financial statements

Independent Auditors' Report

Balance Sheet as of December 31, 2000

Statement of Operations and Accumulated Deficit for the period from March 24, 2000 (date of incorporation) through December 31, 2000.

Statement of Cash Flows for the period from March 24, 2000 through December 31, 2000.

Notes to Financial Statements

2. Unaudited condensed financial statements

Balance Sheets at March 31, 2001 and December 31, 2000

Statements of Operations for the three months ended March 31, 2001 and 2000.

Statement of Changes in Stockholders' Equity for the three months ended March 31, 2001.

Statements of Cash Flows for the three months ended March 31, 2001 and 2000.

Notes to Unaudited Condensed Financial Statements.

(b) Pro Forma Financial Information

In accordance with Item 7(b) of Form 8-K, the following pro forma financial statements of eResource Capital Group, Inc. prepared in accordance with regulation S-X are included in this report:

Unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2001

Unaudited Pro Forma Condensed Consolidated Statement of

Operations for the nine months ended March 31, 2001

Unaudited Pro Forma Condensed Consolidated Statement of
Operations for the year ended June 30, 2000

(c) Exhibits

2.1 The Stock Purchase Agreement between the Company and the majority of the stockholders of
exhibits and schedules to the agreement have been omitted from this Report pursuant to I
Regulation S-B, and the Company agrees to furnish copies of such omitted exhibits and sc
Securities and Exchange Commission upon request.)(*)

2.2 Stock Purchase Agreement between the Company and Glenn I. Barrett, Jr. dated March 16, 2
and schedules to the agreement have been omitted from this Report pursuant to Item 601(b
the Company agrees to furnish copies of such omitted exhibits and schedules supplemental
Securities and Exchange Commission upon request.)(*)

2.3 Stock Purchase Agreement between the Company and Brandon Holdings, Inc. dated March 21,
exhibits and schedules to the agreement have been omitted from this Report pursuant to I
Regulation S-B, and the Company agrees to furnish copies of such omitted exhibits and sc
Securities and Exchange Commission upon request.)(*)

(*) Incorporated by reference to the Current Form 8-K filed by the Company on April 18, 2001.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of LST, Inc.
d/b/a LifeStyle Technologies

We have audited the accompanying balance sheet of LST, Inc. d/b/a LifeStyle Technologies as of December 31, 2000 and the related statements of income (loss), changes in stockholders' equity and cash flows for the period from inception (March 24, 2000) to December 31, 2000. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 LST, Inc. as of December 31, 2000 and the results of their operations and cash flows for the initial period then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in NOTE 6: COMMITMENTS AND CONTINGENCIES to the financial statements, the Company's significant operating losses, as well as its reliance on the home building industry, raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ E. D. Duncan, CPA, PA

E. D. Duncan, CPA, PA

February 23, 2001
Huntersville, North Carolina

LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Balance Sheet
December 31, 2000

ASSETS

Current assets:	
Cash	$ 108,4
Accounts receivable - trade	182,0
Accounts receivable - other	6,5
Inventories (Note 2)	85,4
Prepaid expenses	21,5
Total current assets	404,0
Furniture, fixtures and equipment, net of accumulated depreciation (Note 3)	192,1
Deferred income taxes (Note 4)	
Other assets:	
Deposits	32,1
Prepaid expenses - non current	36,0
Total other assets	68,1
Total assets	$ 664,4

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	$ 335,0
Payroll taxes payable	101,2
Accrued expenses	20,5
Unearned revenue	5,3
Note payable (Note 5)	100,0
Total current liabilities	562,2
Commitments and contingencies (Note 6)	
Stockholders' equity (Notes 8 and 9):	
Common stock ($.001 par value, 20,000,000 shares authorized, 8,259,750 shares issued and outstanding)	8,2
Additional paid-in-capital	2,251,4
Retained earnings (deficit)	(2,157,5
Total stockholders' equity	102,2
Total liabilities and stockholders' equity	$ 664,4

See Notes to the Financial Statements

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LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Statement of Income (Loss)
For the Period from Inception to December 31, 2000

Net sales	$ 843,666
Cost of goods sold	1,216,132
Gross profit (loss)	(372,466)
Selling and general and administrative expenses	1,746,349
Income (loss) from operations	(2,118,815)
Other income (expenses):	
Interest income	600
Interest expense	(19,581)
Depreciation expense	(19,709)
	(38,690)
Net (loss) before income tax benefit	(2,157,505)

Income taxes (Note 4)	--
Net (loss)	$(2,157,505)

See Notes to the Financial Statements

LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Statement of Changes in Stockholders' Equity
For the Period from Inception to December 31, 2000

	Common Stock	Additional Paid-in-Capital	Ret Ear (De
Beginning balance, March 24, 2000	$ --	$ --	$
Issuance of common stock	8,260	2,251,490	
Net (loss)			(2,
Ending balance, December 31, 2000	$ 8,260	$ 2,251,490	$(2,

See Notes to Financial Statements

LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Statement of Cash Flows
For the Period from Inception to December 31, 2000

Cash flows from operating activities:	
Net (loss)	$(2,157,505)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:	
Depreciation expense	19,709
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(188,630)
(Increase) in inventories	(85,416)
(Increase) in prepaid expenses	(21,578)
Increase in accounts payable	335,014

Increase in payroll taxes payable	101,260
Increase in accrued expenses	20,597
Increase in unearned revenue	5,342
Increase in note payable	100,000
Net cash (used in) operating activities	(1,871,207)
Cash flows from investing activities:	
Purchase of furniture, fixtures and equipment	(211,898)
Increase in other assets	(68,191)
Net cash (used in) investing activities	(280,089)
Cash flows from financing activities:	
Issuance of common stock	2,259,750
Net cash provided by financing activities	2,259,750
Net increase in cash	108,454
Beginning cash at March 24	--
Ending cash at December 31	$ 108,454
Supplemental Cash Flow Information:	
Cash paid during the year for interest	$ 10,734

See Notes to the Financial Statements

LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Company is a privately-held Delaware "C" corporation. It was formed on March 24, 2000 and provides a new emerging home networking technology, which integrates existing internet, security, satellite television, entertainment and communications technology for the home. The Company has positioned itself to be the "one stop shop" of technology needs for homebuilders and homebuyers in both North and South Carolina.

REVENUE RECOGNITION AND BASIS OF ACCOUNTING

The Company invoices its customers and records revenue as work is completed on each project. Generally, the work is completed in two phases -- wiring, then hardware installation. For customers that purchase contracts for alarm monitoring services, revenue is recognized only when the contracts are sold to third parties. The Company sells substantially all of its alarm monitoring contracts immediately subsequent to the date the contracts are signed by the customer.

The Company uses the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company believes the carrying amount of cash, accounts receivable, other current assets, note and accounts payable, and other accrued liabilities approximates fair value due to their short maturity.

CONCENTRATION OF CREDIT RISK

The Company maintains cash balances in a major financial institution, which limits the amount of credit exposure. Periodically throughout the initial period, the Company has maintained balances in excess of federally insured limits of $100,000. At December 31, 2000 the company had $7,354 in excess of federally insured limits.

The Company primarily transacts its business within one business segment, mainly home building. If any conditions occurred, which would have an adverse effect on the home building industry, operating results could be adversely affected.

INVENTORIES

Inventories are priced at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) method.

LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment are recorded at cost, net of accumulated depreciation. Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets, which is five to seven years for all categories except for computer software, which is depreciated over 3 years. Repairs and maintenance are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. The cost of furniture, fixtures and equipment and the related accumulated depreciation are removed from the accounts upon retirement or disposal with any resulting gain or loss being recorded as other income or expense.

INCOME TAXES

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards, SFAS 109, "Accounting for Income Taxes". This Statement prescribes the use of the asset/liability method. Deferred taxes represent the expected future tax consequences when the reported amounts of assets and liabilities are recovered or paid. They arise from differences between the financial reporting and tax basis of assets and liabilities and are adjusted for changes in tax laws and tax rates when those changes are enacted. The provision for income taxes represents the total of income taxes paid or payable for the current year, plus the change in deferred taxes during the year.

COST OF GOODS SOLD

Gross profit is negative as the majority of direct labor and operating overhead dollars, two significant components of cost of goods sold, are mostly fixed in nature and revenues during the initial period were not sufficient to absorb these costs.

ADVERTISING COSTS

Advertising costs are generally charged to operations in the year incurred and totaled $64,771 for the initial period ending December 31, 2000.

USE OF ESTIMATES

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, the 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 could differ from those estimates.

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LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 2: INVENTORIES

At December 31, 2000 inventories consisted of equipment and installation supplies, which are used in the Company's installation of the various technology products.

NOTE 3: FURNITURE, FIXTURES AND EQUIPMENT

A summary of furniture, fixtures and equipment at December 31, 2000 is as follows:

Furniture and fixtures	$ 63,618
Computer equipment	74,264
Office equipment	26,553
Showroom equipment	36,592
Computer software	10,871
Total furniture, fixtures and equipment	211,898
Less: Accumulated depreciation	(19,709)
Net furniture, fixtures and equipment	$ 192,189

NOTE 4: INCOME TAXES

Deferred income taxes (benefits) are provided for certain income and expenses, which are recognized in different periods for tax and financial reporting purposes. Sources of temporary differences and the resulting tax assets are as follows:

	Deferred Tax Assets	Current Period Changes
Net operating loss carryforward Federal and State	$ (2,139,358)	$ (2,139,358)
Applicable tax rate: (34% Federal, 6.9% State)		
Deferred taxes	$ 824,808	$ 824,808
Less: Valuation allowance	(824,808)	(824,808)
Amount per balance sheet	$ 0	$ 0

LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 4: INCOME TAXES (CONTINUED)

The provision (benefit) for taxes for the initial period ending December 31, 2000 is as follows:

Current:	
Federal	$0
State	$0
Deferred:	
Federal	$0
State	$0

For federal and state income tax purposes, the Company has a net operating loss carryforward of $2,139,358, which expires in 2020. As the Company has operating losses and future profits cannot be assured, an allowance to reduce deferred tax asset for the full amount of the asset, has been recorded.

NOTE 5: NOTE PAYABLE

Note payable at December 31, 2000 represents a note payable to a director of the Company. The note has a 12% interest rate per annum and is due and payable with accrued interest on demand. The note is also personally guaranteed by an officer and by a stockholder of the Company. At December 31, 2000, accrued interest of $7,733 was included in accounts payable.

NOTE 6: COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company leases a fleet of vehicles on an operating lease basis with a monthly lease commitment of $13,706. The term of each lease is for three years except for one vehicle, which has a two-year lease. At the lease expiration date, the Company has the option to purchase the vehicles at the residual value as determined at the inception of the lease. Vehicle lease expense amounted to $54,309 for the initial period ending December 31, 2000.

The Company occupies office and warehouse space under several operating leases, which expire at various dates from June 30, 2001 to December 18, 2003. Minimum rental commitments for the premises are $19,242 per month. The rental commitments are subject to pro rata share increases of certain operating expenses incurred by the landlords for such items as common area maintenance expense and taxes. Rent expense amounted to $119,167 for the initial period ending December 31, 2000.

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LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 6: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future minimum operating lease commitments, under non-cancelable leases, are summarized as follows:

Year	Total	Vehicles	Office Premises

2001	$389,856	$164,469	$225,387
2002	283,623	164,037	119,586
2003	167,136	104,783	62,353
	$840,615	$433,289	$407,326

GOING CONCERN

As shown in the accompanying financial statements, the Company incurred a net loss of $2,157,505 during the initial period from March 24, 2000 to December 31, 2000. This, as well as the Company's reliance on the home building industry, creates an uncertainty about the Company's ability to continue as a going concern. Management has a non-binding letter of intent as explained in NOTE 9: TRANSACTIONS WITH RELATED PARTIES to these financial statements. The ability of the Company to continue as a going concern is dependent on the success of that merger or obtaining additional financing. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

NOTE 7: MAJOR CUSTOMER

Revenue from a major customer amounted to 43% of net sales or $357,627. Amounts included in accounts receivable for this customer at December 31, 2000 were $26,320.

NOTE 8: STOCK OPTIONS AND WARRANTS

On September 29, 2000 the Company created an Omnibus Stock Option and Award Plan to help attract and retain personnel of superior ability for positions of exceptional responsibility, to reward employees and directors for past services and to motivate such individuals through added incentives to further contribute to the success of the Company. Awards under the Plan may be made to eligible persons in the form of incentive stock options to eligible employees only, nonqualified stock options, restricted stock, stock awards, performance shares or any combination of the foregoing. For the initial period ending December 31, 2000, the only awards outstanding were for incentive stock options to purchase shares of the Company's common stock.

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LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 8: STOCK OPTIONS AND WARRANTS (CONTINUED)

Employee options vest and become exercisable at various dates between September 29, 2000 and September 29, 2002. From time to time, vested options may be exercised in whole or in part. In no event may the option be exercised after September 29, 2010, which represents the ending date of the ten-year option period. Special provisions apply in the event of death, disability or termination of employment other than for cause.

As part of a non-binding letter of intent for the merger of LST, Inc. by eResource Capital Group, Inc., the Company cannot grant any additional stock options to employees and all stock options currently outstanding will be terminated as of the closing date of the merger at the Company's expense. See NOTE 9: TRANSACTIONS WITH RELATED PARTIES. Upon consummation of the merger, eResource will negotiate in good faith to enter into employee stock option agreements with the Company's employees who are not stockholders of the Company and whose options with the Company were terminated.

Number of options outstanding on March 24, 2000	0
Number of options granted in 2000	355,000
Number of options terminated in 2000	5,000
Number of options outstanding on December 31, 2000	350,000
Number of options exercisable at December 31, 2000	242,500
Weighted average exercise price per share outstanding and per share exercisable	$1.00
Grant date fair value of options granted in 2000	$355,000
Weighted average grant date fair value of options granted in 2000	$1.00
Weighted average remaining contractual life of options outstanding and exercisable	9 years and 9 months

No options were exercised or expired in 2000.

At December 31, 2000, the Company had an obligation to issue a Common Stock Purchase Warrant entitling the holder to purchase 10,000 shares of common stock at $1.00 per share.

LST, INC.
D/B/A LIFESTYLE TECHNOLOGIES

Notes to Financial Statements

December 31, 2000

NOTE 9: TRANSACTIONS WITH RELATED PARTIES

On November 23, 2000, eResource Capital Group, Inc. (eResource), a publicly held American Stock Exchange company, and LST, Inc. signed a non-binding letter of intent for the acquisition of LST, Inc. According to the terms of the letter of intent, the Company would merge into a wholly-owned subsidiary of eResource. The stockholders of the Company would receive restricted common stock of eResource at a fixed exchange ratio based on the average closing prices on the American Stock Exchange of eResource's common stock over the ten trading days immediately preceding the closing date. If the average share price is less than $1, then the exchange ratio shall be based on a $1 share price for eResource. The acquisition price for the Company is $13 million.

The President and Chief Executive Officer of eResource is also the Chairman of the Board of LST, Inc.

Additionally, the Company is exploring other ways of structuring a transaction with eResource, including, but not limited to, a transaction in which eResource would purchase stock directly from the stockholders of the Company.

NOTE 10: DEFINED CONTRIBUTION PLAN

The Company has a 401(k) plan that covers all employees who have attained twenty-one years of age and completed six months of service. Contributions to the plan by the Company are at the discretion of the Company. For the initial period ended December 31, 2000, the Company incurred no expense for matching contributions to the Plan.

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LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Condensed Balance Sheets at March 31, 2001 and December 31, 2000

	March 31, 2001 (Unaudited)	D
ASSETS		
Current assets:		
Cash	$ 1,064	$
Accounts receivable-trade	324,175	
Accounts receivable-other	2,781	
Inventories	112,297	
Prepaid expenses	26,333	
Total current assets	466,650	
Furniture, fixtures and equipment, net of accumulated depreciation	208,289	
Deferred income taxes	--	
Other assets:		
Deposits	35,322	
Prepaid expenses-non current	36,578	
Total other assets	71,900	
Total assets	$ 746,839	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 503,879	$

Payroll taxes payable	62,595	
Unearned revenue	4,448	
Note payables	550,000	
Total current liabilities	1,120,922	
Commitments and contingencies	--	
Stockholders' equity:		
Common stock ($.001 par value, 20,000,000 shares authorized, 8,099,750 and 8,259,750 shares issued, respectively)	8,100	
Additional paid-in capital	2,591,150	
Surrender of stock-retained earnings	500	
Retained earnings (deficit)	(2,973,833)	
Total stockholders' equity	(374,083)	
Total liabilities and stockholders' equity	$ 746,839	$

The accompanying notes are an integral part of these condensed financial statements.

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LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Condensed Statements of Income (Loss) (Unaudited)
For the Three Months Ended March 31, 2001 and March 31, 2000

	Three Months Ended	
	March 31, 2001	March 31, 2000
Net sales	$ 734,923	$ 22,125
Cost of goods sold	632,131	59,821
Gross profit (deficit)	102,792	(37,696)
Selling and general and administrative expenses	901,095	167,471
Loss from operations	(798,303)	(205,167)
Other expenses:		
Interest expense	5,500	--
Depreciation expense	12,525	1,650
Net loss before income tax benefit	(816,328)	(206,817)
Income taxes	--	--

Net loss	$ (816,328)	$ (206,817)

The accompanying notes are an integral part of these condensed financial statements.

LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Condensed Statement of Changes in Stockholders' Equity
For the Period December 31, 2000 to March 31, 2001

	Common Stock	Additional Paid-in-Capital	Retained Earnings (Deficit)
Beginning balance, December 31, 2000	$ 8,260	$2,251,490	$(2,157,505)
Issuance of common stock	340	339,660	
Surrender of common stock	(500)	--	500
Net (loss)	--	--	(816,328)
Ending balance, March 31, 2001	$ 8,100	$2,591,150	$(2,973,333)

The accompanying notes are an integral part of these condensed financial statements.

LST, INC. D/B/A LIFESTYLE TECHNOLOGIES
Condensed Statements of Cash Flows (Unaudited)
For the Three Months Ended March 31, 2001 and March 31, 2000

	Three Months Ended	
	March 31, 2001	March 3 2000
Cash flows from operating activities:		
Net loss	$ (816,328)	$ (206,8
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	12,525	1,6
Changes in operating assets and liabilities:		

(Increase) in accounts receivable	(138,326)	(30,4
(Increase) in inventories	(26,881)	(8,8
(Increase) in prepaid expenses	(4,755)	(34,3
Increase in accounts payable and accrued expenses	148,268	106,0
Increase (decrease) in payroll taxes payable	(38,665)	1,0
Increase (decrease) in unearned revenue	(894)	2
Increase in notes payable	450,000	
Net cash used in operating activities	(415,056)	(171,5
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	(28,625)	(27,9
Increase in other assets	(3,709)	(1,6
Net cash used in investing activities	(32,334)	(29,5
Cash flows from financing activities:		
Issuance of common stock	340,000	300,0
Net cash provided by financing activities	340,000	300,0
Net increase (decrease) in cash	(107,390)	98,9
Cash balance at beginning of period	108,454	
Cash balance at end of period	$ 1,064	$ 98,9
Supplemental Cash Flow Information:		
Cash paid during the period for interest	$ 8,013	$

The accompanying notes are an integral part of these condensed financial statements.

LST, INC.

Notes to Condensed Financial Statements (Unaudited)

For The Quarter Ended March 31, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Company is a privately held Delaware "C" corporation. It was formed on March 24, 2000 and provides a new emerging home networking technology, which integrates existing internet, security, satellite television, entertainment and communications technology for the home. The Company has positioned itself to be the "one stop shop" of technology needs for homebuilders and homebuyers in both North and South Carolina.

REVENUE RECOGNITION AND BASIS OF ACCOUNTING

The Company invoices its customers and records revenue as work is completed on each project. Generally, the work is completed in two phases-wiring, then hardware installation. For customers that purchase contracts for alarm monitoring services, revenue is recognized only when the contracts are sold to third parties. The Company sells substantially all of its alarm monitoring contracts immediately subsequent to the date the contracts are signed by the customer.

The Company uses the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company believes the carrying amount of cash, accounts receivable, other current assets, notes and accounts payable, and other accrued liabilities approximates fair value due to their short maturity.

CONCENTRATION OF CREDIT RISK

The Company maintains cash balances in a major financial institution, which limits the amount of credit exposure. Periodically throughout the period, the Company has maintained balances in excess of federally insured limits of $100,000. At March 31, 2001 the Company was not in excess of federally insured limits.

The Company primarily transacts its business within one business segment, mainly home building. If any conditions occurred, which would have an adverse effect on the home building industry, operating results could be adversely affected.

INVENTORIES

Inventories are priced at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) method. Inventories consist of equipment and installation supplies, which are used in the Company's installation of the various technology products.

FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment are recorded at cost net of accumulated depreciation. Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets, which is five to seven years for all categories except for computer software, which is depreciated over 3 years. Repairs and maintenance are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. The cost of furniture, fixtures and equipment and the related accumulated depreciation are removed from the accounts upon retirement or disposal with any resulting gain or loss being recorded as other income or expense.

INCOME TAXES

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards, SFAS 109, "Accounting for Income Taxes". This Statement prescribes the use of the asset/liability method. Deferred taxes represent the expected future tax consequences when the reported amounts of assets and liabilities are recovered or paid. They arise from differences between the financial reporting and tax bases of assets and liabilities and are adjusted for changes in tax laws and tax rates when those changes are enacted. The provision for income taxes represents the total of income taxes paid or payable for the current year, plus the change in deferred taxes during the year.

For federal and state income tax purposes, the Company as of March 31, 2001 has net operating loss carryforwards of $2,953,774, which expire between 2020 and 2021. As the Company has operating losses and future profits cannot be assured, an allowance to reduce deferred tax asset for the full amount of the asset, has been recorded.

COST OF GOODS SOLD

Gross profit is negative at March 31, 2000 as the majority of direct labor and operating overhead dollars, two significant components of cost of goods sold, are mostly fixed in nature and revenues during the quarter were not sufficient to cover these costs.

ADVERTISING COSTS

Advertising costs are generally charged to operations in the year incurred and totaled $35,338 and $10,956 for the quarters ending March 31, 2001 and 2000, respectively.

USE OF ESTIMATES

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, the 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 could differ from those estimates.

NOTE 2: NOTES PAYABLE

Notes payable at March 31, 2001 represents a note payable to a director of the Company for $100,000 at a 12% interest rate per annum and is due and payable with accrued interest on demand. Also, during the quarter, the Company borrowed funds on two additional notes payable totaling $450,000. The notes have interest rates of 8% and 12% per annum and both are due and payable with accrued interest on demand.

NOTE 3: RELATED PARTY TRANSACTIONS

Included in notes payable at March 31, 2001 and December 31, 2000 is a note payable in the amount of $100,000 payable to a director of the Company, Michael D. Pruitt. The note has a 12% interest rate per annum and is due and payable with accrued interest on demand.

NOTE 4: SUBSEQUENT EVENTS

In April 2001 eResource Capital Group, Inc. (eResource), a publicly held American Stock Exchange company, acquired all of the outstanding common stock directly from the stockholders of the Company. As a result, the Company became a wholly-owned subsidiary of eResource.

Item 7.(b). Pro Forma Financial Statements

On September 7, 2000, the Company completed the acquisition of DM Marketing, Inc. ("DMM") in accordance with a definitive purchase agreement dated August 16, 2000, which provided for the exchange of 8,450,000 shares of the Company's Common Stock for all of the common stock of DMM. On August 16, 2000, the 8,450,000 shares of common stock issued for DMM had a market value of $5,281,250. Including direct acquisition costs, the aggregate purchase price for DMM was $6,210,897 and the transaction was recorded using the purchase method of accounting. The excess value of the purchase price over the fair value of DMM's net assets on the acquisition date aggregating $5,722,267 has been allocated to goodwill which is being amortized over five years.

On February 13, 2001, the Company acquired 100% of Avenel Ventures, Inc. ("Avenel") in exchange of 6.7 million shares of Common Stock pursuant to a share exchange purchase agreement dated as of November 8, 2000. The total purchase price aggregated $6,834,000 and the transaction was recorded using the purchase method of accounting. The excess value of the purchase price over the fair value of Avenel's net assets on the acquisition date aggregating $5,610,144 has been allocated to goodwill which is being amortized over five years.

On April 3, 2001, the Company acquired LST, Inc. d/b/a Lifestyle Technologies, Inc. (LST) in exchange of 8,074,675 million shares of Common Stock pursuant to certain stock purchase agreements. The total purchase price aggregated $7,617,208 and the transaction was recorded using the purchase method of accounting. The excess value of the purchase price over the fair value of LST's net assets on the acquisition date aggregating $7,991,291 has been allocated to goodwill which is being amortized over five years.

The acquisition of each DMM and Avenel has been reported by the Company in Current Reports on Form 8-K and 8-K/A filed prior to this Current Report. Therefore, the following unaudited pro forma consolidated financial statements of the Company and Lifestyle are derived from, and should be read in conjunction with the audited financial statements of Lifestyle included in item 7(a) herein and the audited consolidated financial statements of the Company as previously filed on Form 10-KSB for the year ended June 30, 2000 with the Securities and Exchange Commission, the unaudited consolidated financial statements of the Company as previously filed on Form 10-QSB for the quarters ended December 31, 2000 and September 30, 2000, and the financial statements as previously filed on Form 8-K/A on November 10, 2000 and March 28, 2001. The unaudited pro forma consolidated financial statements do not purport to be indicative of the results of operations or financial position which would have actually been reported had the acquisition been consummated on the dates indicated, or which may be reported in the future.

The unaudited pro forma consolidated balance sheet reflects adjustments as if the acquisition had been consummated on December 31, 2000.

The pro forma statements of operations reflect adjustments as if the acquisition had been consummated at the beginning of the period of each statement (i.e. July 1, 1999 for the twelve-month statement of operations and July 1, 2000 for the six-month statement of operations).

eResource Capital Group, Inc. and Subsidiaries
Pro Forma Consolidated Balance Sheet (Unaudited)
March 31, 2001
(In thousands, except share amounts)

ASSETS	eResource Capital Group, Inc. Actual	LST, Inc. Actual	Pro Forma Adjustments and Eliminations	eReso Capi Group, Pro F
Cash and cash equivalents	$ 442	$ --	$ --	$
Investments	1,423	--	(350)(1)	1
Accounts and notes receivable	155	327	--	
Inventories	--	113	--	
Prepaid expenses - other	1,046	26	--	1
Total current assets	3,066	466	(350)(1)	3
Net assets of discontinued operations	68	--	--	
Deferred costs and other assets	232	72	--	
Property and equipment, net	8,618	209	--	8
Goodwill	11,356	--	7,991(1)	19
Total assets	$ 23,340	$ 747	$7,641	$ 31
LIABILITIES AND SHAREHOLDERS' EQUITY				
Notes payable	$ 7,616	$ --	$ --	$ 7
Accrued interest payable	848	--	--	
Accounts payable and accrued expenses	1,014	567	--	1
Customer deposits	348	4	--	
Total current liabilities	9,826	571	--	10
Due to affiliates, net	26	550	--	
Commitments and contingent liabilities				
Shareholders' equity:				
Common stock, $.04 par value, 100,000,000 shares authorized, 51,324,584 and 68,099,259 issued, respectively	2,469	8	323(1) (8)(2)	2
Additional paid-in capital	96,776	2,591	6,944(1) (2,591)(2)	103
Accumulated deficit	(85,681)	(2,973)	2,973(2)	(85
Unrealized loss on marketable securities	(65)	--	--	
Treasury stock - at cost (435,930 shares)	(11)	--	--	
Total shareholders' equity	13,488	(374)	7,641	20

Total liabilities and shareholders' equity	$ 23,340	$ 747	$7,641	$ 31

The accompanying notes are an integral part of these pro forma financial statements.

eResource Capital Group, Inc. and Subsidiaries
Pro Forma Condensed Consolidated Statements of Operations (Unaudited)
Nine Months Ended March 31, 2001
(In thousands, except share amounts)

	eResource Capital Group, Inc Actual	DM Marketing, Inc. Actual(3)	Pro Forma Adjustment	Ave Ventur Act
Sales	$ 6,547	$ 34	$ --	$
Lease income - commercial real estate	778	--	--	
	7,325	34	--	
Cost of sales - aviation	6,020	--	--	
Gross profit	1,305	34	--	
Compensation expense related to issuance of stock options and warrants	6,922	--	--	
Selling, general and administrative expenses	3,855	56	--	
Depreciation and amortization	1,418	--	192(6)	
Interest expense	629	--	--	
Loss on investments	156	--	--	
Write off of Web site development costs	754	--	--	
Write off of pre-development costs	1,164	--	--	
Net loss	$ (13,593)	$ (22)	(192)	$
Basic and diluted net loss per share	$ (.28)			
Weighted average shares outstanding used in computing basic and diluted loss per share	48,740,469			

LST, Inc. Actual	eResource Pro Forma Adjustment	Capital Group, Inc. Pro Forma

Sales	$ 1,425	$ --	$ 8,528
Lease income - commercial real estate	--	--	778
	1,425	--	9,306
Cost of sales - aviation	1,554	--	7,574
Gross profit	(129)	--	1,732
Compensation expense related to issuance of stock options and warrants	--	--	6,922
Selling, general and administrative expenses	2,124	--	6,922
Depreciation and amortization	26	1,199(1)	3,503
Interest expense	21	--	644
Loss on investments	--	--	419
Write off of Web site development costs	--	--	754
Write off of pre-development costs	--	--	1,164
Net loss	$ (2,300)	$ (1,199)	$ (18,601)
Basic and diluted net loss per share			$ (.25)
Weighted average shares outstanding used in computing basic and diluted loss per share			64,461,347

The accompanying notes are an integral part of these pro forma financial statements.

(1) The 8,074,675 shares of common stock issued by the Company for the Lifestyle acquisition had a value of $7,267,208 based upon the fair market value of the Company's stock over a reasonable period time prior and subsequent to April 3, 2001 which is the date the terms of the purchase agreement were reached and announced to the public. Also, the Company had invested $350,000 in Lifestyle stock prior to the acquisition.

The excess value of the aggregate purchase price over the historical value of Lifestyle's net assets on the acquisition date has been allocated to goodwill which will be amortized over five years. Pro forma goodwill at March 31, 2001 is $7,991,000. Pro forma goodwill amortization aggregated $1,199,000 for nine months ended March 31, 2001.

(2) Elimination of Lifestyle equity acquired.

(3) Includes the period from July 1, 2000 through August 31, 2000. Results from September 1, 2000 through March 31, 2001 are included in the Company's actual results.

(4) Includes the period from July 1, 2000 through January 31, 2001. Results from February 1, 2001 through March 31, 2001 are included in the Company's actual results.

(5) Elimination of inter-company transactions.

(6) Pro forma goodwill amortization.

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eResource Capital Group, Inc. and Subsidiaries
Pro Forma Condensed Consolidated Statements of Operations (Unaudited)
Year Ended June 30, 2000
(In thousands, except share amounts)

	eResource Capital Group, Inc Actual	DM Marketing, Inc. Actual (Unaudited)	Pro Forma Adjustment	Avenel Ventures, Inc Pro Forma(1 (Unaudited
Revenues				
Sales - aviation	$ 10	$ 355	$ --	$ --
Lease income - commercial real estate	1,108	--	--	--
	1,118	355	--	--
Cost of sales	93	--	--	--
Gross profit	1,025	355	--	--
Compensation expense related to issuance of stock options and warrants	48,996	--	--	--
Selling, general and administrative expenses	7,023	298	--	127
Depreciation and amortization	467	7	1,200(4)	--
Interest expense	863	--	--	--
Loss on investment	1,012	--	--	--
Net loss before discontinued operations	$ (57,336)	$ 50	$(1,200)	$ (127)
Basic net loss and diluted net loss net loss per share	$ (1.81)			
Weighted average shares outstanding used in computing basic and diluted loss per share	31,596,541			

	LST, Inc Actual(2) (Unaudited)	Pro Forma Adjustments and Eliminations(3) (Unaudited)	eResource Capital Group, Inc Pro Forma (Unaudited)
Revenues			
Sales - aviation	$ 154	--	$ 519
Lease income - commercial real estate	--	--	1,108

	154	--	1,627
Cost of sales	294	--	387
Gross profit	(140)	--	1,240
Compensation expense related to issuance of stock options and warrants	--	--	48,996
Selling, general and administrative expenses	523	--	7,971
Depreciation and amortization	7	433	2,197
Interest expense	4	--	867
Loss on investment	--	--	1,012
Net loss before discontinued operations	$ (674)	$ (433)	$ (59,803)
Basic net loss and diluted net loss net loss per share			$ (1.40)
Weighted average shares outstanding used in computing basic and diluted loss per share			42,706,267

The accompanying notes are an integral part of these pro forma financial statements.

(1) Includes the period from June 6, 2000 (date of incorporation) thru June 30, 2000.

(2) Includes the period from March 24, 2000 (date of incorporation) through June 30, 2000.

(3) The 8,074,675 shares of common stock issued by the Company for the Lifestyle acquisition had a value of $7,267,208 based upon the fair market value of the Company's stock over reasonable period of time prior and subsequent to April 3, 2001 which is the date the terms of the purchase agreement were reached and announced to the public. Also the Company had invested $350,000 in Lifestyle stock prior to the acquisition. The excess value of the aggregate purchase price over the historical value of Lifestyle's net assets on the acquisition date has been allocated to goodwill which will be amortized over five years. Pro forma goodwill at June 30, 2000 is $7,991,000. Pro forma goodwill amortization aggregated $433,000 for the year ended June 30, 2000.

(4) Pro forma goodwill amortization.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

eResource Capital Group, Inc.

Date: July 13, 2001

By: /s/ WILLIAM L. WORTMAN

William L. Wortman
Vice President, Treasurer and
Chief Financial Officer