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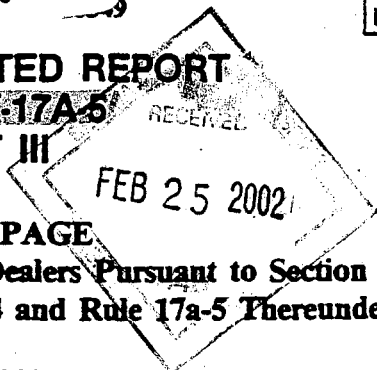
COMMISSION

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OMB APPROVAL	
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Estimated average burden hours per response	... 12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 51820



3/4/02

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY
FIRM ID. NO.

ELECTRONIC GLOBAL SECURITIES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

55 NEW MONTGOMERY STREET, SUITE 619

(No. and Street)

SAN FRANCISCO

CALIFORNIA

94105

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JOSEPH KENNEBECK

(415) 354-8887

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CLARIDAD & CROWE

(Name - if individual, state last, first, middle name)

101 LARKSPUR LANDING CIRCLE, SUITE 311,

LARKSPUR,

CALIFORNIA

94939

(Address)

(City)

(State)

Zip Code)

PROCESSED

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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THOMSON FINANCIAL

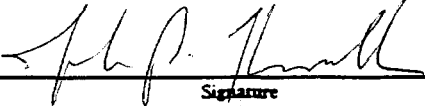
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FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

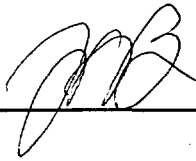
OATH OR AFFIRMATION

I, JOSEPH KENNEBECK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ELECTRONIC GLOBAL SECURITIES, INC., as of DECEMBER 31, 2001, 19 , are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

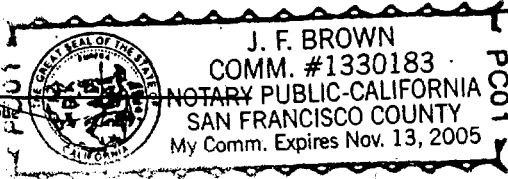


 Signature
 FINANCIAL PRINCIPAL

 Title



 Notary Public



This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) ~~Any other material inadequacies found to exist or found to have existed since the date of the previous audit.~~
 Independent auditors' supplemental report on internal accounting control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CLARIDAD & CROWE

**Certified Public Accountants
A Partnership of Professional Corporations**

101 Larkspur Landing Circle, Suite 311, Larkspur, CA 94939
Telephone (415) 464-8999
Facsimile (415) 464-9009

INDEPENDENT AUDITORS' REPORT

To the Shareholder
Electronic Global Securities, Inc.
San Francisco, California

We have audited the statement of financial condition of Electronic Global Securities, Inc. (a wholly-owned subsidiary of E-Global Securities Cayman Limited), a California corporation as of December 31, 2001, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. 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 U.S. generally accepted auditing standards. Those 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 reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Electronic Global Securities, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 11 through 13 is presented for purposes of additional analysis and is not part of the basic financial statements. The additional information is required by Rule 17a-5 of the Securities Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole, and in conformity with the rules of the Securities and Exchange Commission.


CERTIFIED PUBLIC ACCOUNTANTS

January 22, 2002

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

STATEMENT OF FINANCIAL CONDITION

December 31, 2001

ASSETS

Cash and cash equivalents	\$ 46,124
Due from clearing broker	5,438
Deposit with clearing broker (securities at market value)	149,636
Due from parent	52,084
Employee advances	40,111
Prepaid expenses	3,832
Deposits	44,678
Furniture and equipment, net of accumulated depreciation of \$ 24,006	<u>69,685</u>
	<u>\$ 411,588</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable	48,223
Due to clearing broker	<u>3,985</u>
Total liabilities	52,208

Stockholder's equity

Common stock, 100,000 shares authorized, 23,000 shares issued and outstanding	75,000
Additional paid in capital	1,780,765
Deficit	<u>(1,496,385)</u>
	<u>359,380</u>
	<u>\$ 411,588</u>

See notes to financial statements.

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2001

REVENUES

Commissions income	\$ 160,581
Interest	<u>5,709</u>
	166,290

EXPENSES

Compensation	449,618
Communications and data processing	358,827
Clearing costs	94,566
Professional fees	190,322
Depreciation	20,946
Occupancy	31,798
Regulatory fees	2,886
Other operating expenses	<u>94,061</u>
	<u>1,243,024</u>

LOSS BEFORE INCOME TAXES 1,076,734

INCOME TAXES 800

NET LOSS \$ 1,077,534

See notes to financial statements.

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

For the Year Ended December 31, 2000

	<u>Common Stock</u> <u>No.</u>	<u>Amount</u>	<u>Additional</u> <u>Paid-in</u> <u>Capital</u>	<u>(Deficit)</u>	<u>Total</u>
Balance, December 31, 2000	23,000	\$ 75,000	\$ 652,800	\$ (418,851)	\$ 308,949
Additional paid in capital			1,127,965		1,127,965
Net loss	_____	_____ -	_____	<u>(1,077,534)</u>	<u>(1,077,534)</u>
Balance, December 31, 2001	<u>23,000</u>	<u>\$ 75,000</u>	<u>\$1,780,765</u>	<u>\$(1,496,385)</u>	<u>\$ 359,380</u>

See notes to financial statements.

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (1,077,534)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	20,946
Change in assets and liabilities:	
(Increase) in due from clearing broker	10,767
(Increase) in deposit with clearing broker	21,410
(Increase) in due from parent	(52,084)
(Increase) in employee advances	(8,223)
(Increase) in prepaid expenses	1,116
Increase in accounts payable	38,038
(Decrease) in due to clearing broker	<u>(2,432)</u>
Net adjustments	<u>29,538</u>
Net cash used by operating activities	<u>(1,047,996)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash payments for purchase of equipment	<u>(58,313)</u>
Net cash used by investing activities	<u>(58,313)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Additional paid in capital contributed	<u>1,127,965</u>
Net cash provided by financing activities	<u>1,127,965</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 21,656

CASH AND CASH EQUIVALENTS, beginning of year 24,468

CASH AND CASH EQUIVALENTS, end of year \$ 46,124

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	Income taxes	\$ 0
	Interest	\$ 0

See notes to financial statements.

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2001

NOTE A – Summary of Significant Accounting Policies

Organizational Structure and Business Activity

Electronic Global Securities, Inc. (the Company), a California corporation, was incorporated in 1999, and is a wholly owned subsidiary of E-Global Securities Cayman Limited, a foreign corporation. The Company was registered as a broker-dealer under the Securities and Exchange Act of 1934 in February, 2000, and is also a member of the National Association of Securities Dealers. The Company engages in the brokerage of securities.

Accounting

These financial statements are prepared using the accrual method of accounting.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Furniture and Equipment

Equipment purchases greater than \$500 are recorded at cost. Maintenance and repairs are expensed as incurred. Depreciation is computed using the accelerated method over the estimated useful life (5 to 7 years) of the asset.

Revenue Recognition

Commissions are related to securities transactions and are recorded on a trade date basis.

Income Taxes

Deferred income taxes are provided for differences in timing or reporting income for financial statement and income tax purposes. The principal differences relate to differences in recognizing revenues and expenses (cash basis for tax purposes) and in depreciation methods.

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2001

NOTE A – Summary of Significant Accounting Policies (Continued)

Regulatory Requirements

The Company is exempt from the requirements of Rule 15c3-3 pursuant to the rules for broker-dealers who clear all customer transactions through another broker-dealer on a fully disclosed basis.

NOTE B – Lease Commitments

Operating Leases

Aggregate annual rentals for office space, telephone system and computers under noncancellable operating leases with original terms in excess of one year are as follows:

2002	\$ 61,000
2003	<u>45,000</u>
	<u>\$ 106,000</u>

Office rent expense of \$ 31,797 and equipment lease expense of \$26,259 for the year ended December 31, 2001 are included in occupancy and other operating expenses, respectively, in the statement of operations.

NOTE C – Income Taxes

The Company incurred significant operating losses for the years ended December 31, 2001 and 2000. Since the future tax benefit of the net operating loss is dependent upon the Company attaining future profitable operations, no deferred tax benefit has been provided for. The provision for income taxes of \$ 800 consists of the California minimum tax currently payable.

The Company has net operating loss carryforwards for tax purposes as follows:

Federal	\$ 419,255	Expires 2020
	<u>1,029,349</u>	Expires 2021
	<u>\$ 1,448,604</u>	
California	\$ 424,350	Expires 2010
	<u>1,029,699</u>	Expires 2011
	<u>\$ 1,454,049</u>	

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2001

NOTE D – Economic Dependence

The Company incurred a net loss of \$1,077,534 during the year ended December 31, 2001, and as of that date, has an accumulated deficit of \$1,496,385. These factors, as well as the uncertain conditions that the Company faces relative to the success of its operating plans create an uncertainty as to the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the success of the plan and the continued contributions of paid-in capital by the parent company. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE E – Retirement Plan

The Company sponsors a 401(k) Plan so that employees may contribute a portion of their pretax income into a retirement fund. Matching employer contributions to the plan are discretionary. For the year ended December 31, 2001, the Company did not contribute to the 401(k) Plan to supplement employee contributions.

NOTE F – Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2001, the Company's net capital is \$ 145,590, which is \$ 45,590, in excess of the minimum amounts required. The Company's ratio of aggregate indebtedness to net capital at December 31, 2001 was .36 to 1.0.

The rule provides that equity capital may not be withdrawn, subordinated debt may not be repaid and cash dividends may not be paid if the resulting net capital would be less than the amounts required under the rule.

ADDITIONAL INFORMATION

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

COMPUTATION OF NET CAPITAL

December 31, 2001

NET CAPITAL	
Stockholder's equity	\$ 359,380
Less nonallowable assets:	
Due from clearing broker	(3,400)
Due from parent	(52,084)
Employee advances	(40,111)
Prepaid expenses	(3,832)
Deposits	(44,678)
Furniture and equipment, net	<u>(69,685)</u>
NET CAPITAL	<u>\$ 145,590</u>
AGGREGATE INDEBTEDNESS	
Items included in statement of financial condition	
Accounts payable	\$ 48,223
Due to clearing broker	<u>3,985</u>
	<u>\$ 52,208</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS	
Minimum net capital requirement (6-2/3 % of aggregate indebtedness)	<u>\$ 100,000</u>
Net capital in excess of minimum requirement	<u>\$ 45,590</u>
Ratio of aggregate indebtedness to net capital	<u>36 to 1</u>
RECONCILIATION WITH COMPANY'S COMPUTATION (Included in Part II of Form X-17A-5 as of December 31)	
Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 145,688
Rounding	<u>(98)</u>
Net capital as reported herein	<u>\$ 145,590</u>
Aggregate indebtedness as reported in Company's Part II (unaudited) FOCUS report	<u>\$ 52,208</u>
Aggregate indebtedness, as reported herein	<u>\$ 52,208</u>

CLARIDAD & CROWE

**Certified Public Accountants
A Partnership of Professional Corporations**

101 Larkspur Landing Circle, Suite 311, Larkspur, CA 94939
Telephone (415) 464-8999
Facsimile (415) 464-9009

January 22, 2002

To the Stockholder
Electronic Global Securities, Inc.
San Francisco, California

We have audited the financial statements of Electronic Global Securities, Inc. (a wholly-owned subsidiary of E-Global Securities Cayman Limited), for the year ended December 31, 2001, and have issued our report thereon dated January 22, 2002. As part of our audit, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by U.S. generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary to express an opinion on the financial statements.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Electronic Global Securities, Inc., that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under rule 17a-5(g)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. Since the Company does not maintain customer accounts and does not handle securities, we have not made a study of the practices and procedures (including tests of compliance with such practices and procedures) relevant to the objectives stated in rule 17a-5(g) for (1) making the quarterly securities examinations, counts verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures and of the practices and procedures as referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with

To the Stockholder
Electronic Global Securities, Inc.
January 22, 2002
Page Two

management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any system of internal accounting control of the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Electronic Global Securities, Inc., taken as a whole. Our study and evaluation disclosed no condition that we believed to be of material weakness.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the Commission's objectives and nothing came to our attention that would indicate the Company had not complied with the condition of its exception under rule 15c3-3 during the year then ended.

This report is intended solely for the use of management and the Securities and Exchange Commission and other regulatory agencies pursuant to their requirements and should not be used for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

ELECTRONIC GLOBAL SECURITIES, INC.
(A Wholly-Owned Subsidiary of E-Global Securities Cayman Limited)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For The Year Ended to December 31, 2001

CLARIDAD & CROWE

Certified Public Accountants

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