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BANKENGINE TECHNOLOGIES INC  
Form 10KSB/A  
January 14, 2002

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

FORM 10-KSB/A

(Mark One)

Annual Report to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year ended August 31, 2001.

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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

Commission File No. 000-27773

BANKENGINE TECHNOLOGIES, INC.  
(Exact name of registrant as specified in its charter)  
(Formerly known as Callmate Telecom International, Inc.)

Florida 59-313-4518  
-----  
(State or other jurisdiction of Incorporation) (I.R.S. Employer Identification No.)

725 Port St. Lucie Blvd., Suite 103, Port St. Lucie, FL, 34984  
-----  
(Address of principal executive offices)

Registrant's telephone number, including area code: (888) 672-5935.

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class -----	Name of each Exchange on which Registered -----
Not Applicable	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.001 Par Value  
-----  
(Title of Class)

Indicate by check mark whether the 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 prior that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

Yes [ ] No [X]

The issuer's net sales for the most recent fiscal year were \$121,423.

The aggregate market value of the voting stock held by non-affiliates based upon the last sale price on January 10, 2001 was approximately \$168,026.79

As of January 11, 2002 there were 17,115,893 shares of Common Stock, par value \$0.001 per share, outstanding.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This amendment to the annual report on Form 10-KSB/A contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. These statements are subject to uncertainties and risks including, but not limited to, product and service demand and acceptance, changes in technology, economic conditions, the impact of competition and pricing, government regulation, and other risks defined in this document and in statements filed from time to time with the Securities and Exchange Commission. All such forward-looking statements are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward looking statements. BankEngine Technologies, Inc. disclaims any obligations to update any forward-looking statements to reflect events or circumstances after the date hereof.

### EXPLANATORY NOTE

For purposes of this Amendment No. 1 (this "Amendment") to the annual report on Form 10-KSB, for the period ending August 31, 2001 (the "Annual Report"), and in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended, BankEngine Technologies, Inc. hereby amends and restates Item 7 of Part II of the Annual Report. In order to preserve the nature and character of the disclosures set forth in the Annual Report, this Amendment does not reflect events occurring after the filing of the Annual Report, or modify or update those disclosures in any way, except to amend and restate Item 7 of Part II. This Amendment should be read in conjunction with the Annual Report

Item 7. Financial Statements

REPORT OF INDEPENDENT AUDITORS TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF BANKENGINE TECHNOLOGIES, INC.

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We have audited the accompanying revised consolidated balance sheets of BankEngine Technologies, Inc. (formerly Callmate Telecom International, Inc, successor to Webengine Technologies, Inc.), (incorporated in Florida) as of August 31, 2001 and 2000 and the related revised consolidated statements of operations, cash flows and changes in stockholders' equity for each of the years ended August 31, 2001 and 2000. These revised consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these revised consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these revised consolidated financial statements referred to above present fairly, in all material respects, the revised consolidated financial position of BankEngine Technologies, Inc. as of August 31, 2001 and 2000 and the revised consolidated results of its operations and its cash flows for each of the years ended August 31, 2001 and 2000 in conformity with generally accepted accounting principles in the United States of America.

Schwartz Levitsky Feldman LLP  
Chartered Accountants

Toronto, Ontario  
December 3, 2001, except for notes 1, 8, 10, and 13  
which are as of December 27, 2001

BANKENGINE TECHNOLOGIES, INC.  
(Formerly Callmate Telecom International, Inc.)  
(Successor to WebEngine Technologies, Inc.)  
Revised Consolidated Balance Sheet  
As of August 31, 2001 and 2000  
(Amounts Expressed in US Dollars)

	2001	2000
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	256,370	63,567
Funds held on deposit	291,907	0
Accounts receivable	7,033	78,997

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Prepaid expenses and sundry	5,614	571
	-----	-----
	560,924	143,135
CAPITAL ASSETS, net of accumulated depreciation	12,223	9,736
	-----	-----
	573,147	152,871
	-----	-----
LIABILITIES		
Current		
Accounts payable	355,735	30,878
Income taxes payable	50,000	0
Loans from stockholders	123,187	116,691
	-----	-----
	528,922	147,569
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock	130	130
Additional paid in capital	448,176	212,719
Accumulated deficit	(391,755)	(209,314)
Accumulated other comprehensive income (loss) net of tax	(12,326)	1,767
	-----	-----
	44,225	5,302
	-----	-----
	573,147	152,871
	-----	-----

The accompanying notes are an integral part of these consolidated financial Statements.

Approved on behalf of the Board

BANKENGINE TECHNOLOGIES, INC.  
 (Formerly Callmate Telecom International, Inc.)  
 (Successor to WebEngine Technologies, Inc.)  
 Revised Consolidated Statement of Operations  
 For the years ended August 31, 2001 and 2000  
 (Amounts Expressed in US Dollars)

	2001	2000
	\$	\$
Revenue	121,423	241,496

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Cost of revenues	68,596	146,427
	-----	-----
Gross profit	52,827	95,069
	-----	-----
Selling, general and administrative expenses	232,405	216,506
Depreciation	2,863	2,018
	-----	-----
	235,268	218,524
	-----	-----
Net income (loss)	(182,441)	(123,455)
	-----	-----
Net income (loss) per common share	(0.01)	(0.01)
Weighted average number of Common shares outstanding	15,410,595	12,000,000

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

BANKENGINE TECHNOLOGIES, INC.  
 (Formerly Callmate Telecom International, Inc.)  
 (Successor to WebEngine Technologies, Inc.)  
 Revised Consolidated statements of changes in Stockholders Equity  
 For the years ended August 31, 2001 and 2000 (Amounts Expressed in US Dollars)

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Com In
	----- Shares	Amount \$			
Balance, August 31, 1999	12,000,000	130	335,321	(85,859)	
Cancellation of shares			(122,602)		
Net loss for the year				(123,455)	
Foreign currency translation Adjustment					
Balance, August 31, 2000	12,000,000	130	212,719	(209,314)	
Shares issued on acquisition	5,115,893		235,457		
Net loss for the year				(182,441)	

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Foreign currency translation  
Adjustment

Balance, August 31, 2001	17,115,893	130	448,176	(391,755)
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The accompanying notes are an integral part of these consolidated financial statements.

BANKENGINE TECHNOLOGIES, INC.  
(Formerly Callmate Telecom International, Inc.)  
(Successor to WebEngine Technologies, Inc.)  
Revised Consolidated Statement of Cash Flows  
For the years ended August 31, 2001 and 2000  
(Amounts Expressed in US Dollars)

	2001	2000
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net (loss)	(182,441)	(123,455)
Adjustments to reconcile net (loss) to net cash used by operating activities		
Depreciation	2,863	2,018
(Increase) decrease in accounts receivable	73,540	76,420
Decrease in funds on deposit	303,006	--
(Increase) decrease in prepaid expenses and sundry assets	(5,387)	1,317
Increase (decrease) in accounts payable	10,706	21,865
Total adjustments	384,728	101,620
Net cash provided by (used in) operating activities	202,287	(21,835)
Investing activities		
Acquisition of capital assets	(5,896)	(5,243)
Net cash (used in) investing activities	(5,896)	(5,243)
Financing activities		
Advances (repayment) of loans	11,531	(4,946)
Net cash provided by (used in) financing activities	11,531	(4,946)
Effects of changes in Foreign currency rates	(15,119)	848
Increase (decrease) in cash	192,803	(31,176)

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Cash and cash equivalents, beginning of year	63,567	94,743
	-----	-----
Cash and cash equivalents, end of year	256,370	63,567
	-----	-----
Interest paid	Nil	Nil
Income taxes paid	Nil	Nil

The accompanying notes are an integral part of these consolidated financial statements

BANKENGINE TECHNOLOGIES, INC.  
(FORMERLY CALLMATE TELECOM INTERNATIONAL, INC.)  
(SUCCESSOR TO WEBENGINE TECHNOLOGIES, INC.)  
NOTES TO REVISED CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2001 and 2000  
(AMOUNTS EXPRESSED IN US DOLLARS)

### 1. REVISIONS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been revised to include an additional accounts payable in the amount of \$170,000. This amount has been claimed by the former auditors of the company and as discussed in note 10, the company is disputing the amount outstanding. Previously, the capital stock issued amount was reported as \$405,457. This amount has been reduced by \$170,000 to \$235,457.

### 2. BASIS OF PRESENTATION

On January 5, 2001, Callmate Telecom International, Inc. (Callmate) acquired all of the issued and outstanding shares of common stock of WebEngine Technologies, Inc. (WebEngine) in exchange for 12,000,000 common shares of Callmate in a reverse acquisition. 9,200,000 common shares of Callmate held by previous shareholders of Callmate were cancelled in exchange for all of the shares of its subsidiaries which carry on the UK operations of Callmate. The acquisition by the shareholders of WebEngine of a majority of the shares of Callmate has been accounted for as a reverse acquisition. As Callmate became substantially a shell after the removal of the UK operations, no goodwill has been reflected on this acquisition. Although Callmate is the legal acquirer, WebEngine is treated as having acquired Callmate for accounting purposes. Callmate has been accounted for as the successor to WebEngine.

WebEngine was incorporated in November 2000 in order to hold the shares of Cyberstation Computers and Support Inc. (Cyberstation) The shareholders of Cyberstation became the shareholders of WebEngine and therefore WebEngine has been considered to be a successor to Cyberstation.

The historical financial statements of BankEngine are those of Cyberstation as the company has been accounted for as the successor to Cyberstation.

The estimated income tax costs of the divestiture of the UK operations, in the amount of \$50,000, has been treated as a reduction of the assets acquired on the acquisition of the shell company and has been included in income taxes payable.

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On March 5, 2001 the company changed its name to BankEngine Technologies, Inc.

Subsequent to the year end, WebEngine changed its name to Critical Commerce Inc.

The acquisition of Callmate, as a reverse acquisition, was reflected as follows;

Funds on deposit	\$601,457
Accounts payable	(316,000)
Income taxes payable	(50,000)
	-----
Capital stock issued	\$235,457
	-----

During the year, a portion of the funds on deposit have been received.

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AUGUST 31, 2001 and 2000  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Principal business activities

The company carries on the business of computer consulting and software development, through its wholly owned subsidiary Cyberstation, a company operating in Canada.

#### b) Basis of consolidated financial statement presentation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries. The earnings of the subsidiaries are included from the date of acquisition for acquisitions accounted for using the purchase method. All significant inter-company accounts and transactions have been eliminated.

#### c) Revenue

1) The company provides computer consulting services in a number of areas including database management, on-line transaction processing and e-mail capabilities. Revenue is recognized as pre-determined milestones are accomplished and consulting services delivered.

2) The company earns fees based on transaction processing. The revenue is recognized as the transaction which give rise to the revenue, are recorded.



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3) In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 summarizes the SEC's view in applying generally accepted accounting principles to selected revenue recognition issues. The effects, if any, of applying this guidance must be adopted by SEC registrants no later than December 31, 2000 and must be reported as a cumulative effect adjustment as of January 1, 2000, resulting from a change in accounting principle. Restatement of previously reported results of the earlier quarters of fiscal 2000, if necessary, is also required. The adoption of SAB 101 did not have a material effect on the Company's financial statements.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts to banks, and any other highly liquid investments purchased with a maturity of three months or less. The carrying amount approximates fair value because of the short maturity of those instruments.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Capital Assets

Capital Assets are recorded at cost less accumulated depreciation. Amortization is provided using the following annual rates:

Furniture and Fixture - 20% - declining balance method  
Computer Equipment - 30% - declining balance method

f) Net Income (Loss) Per Weighted Average Common Stock

Net income (Loss) per common stock is computed by dividing net income (loss) for the year by the weighted average number of common stock outstanding during the year.

g) Income Taxes

The company accounts for income tax under the provision of Statement of Financial Accounting Standards No. 109, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statement or tax returns. Deferred income taxes are provided using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between

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the tax and financial statement bases of assets and liabilities.

Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to tax expense in the period of enactment. Deferred tax assets may be reduced, if deemed necessary based on a judgmental assessment of available evidence, by a valuation allowance for the amount of any tax benefits which are more likely, based on current circumstances, not expected to be realized

### h) Foreign Currency

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date for the convenience of the reader. Translation adjustments resulting from this process are charged or credited to other comprehensive income. Revenue and expenses are translated at average rates of exchange prevailing during the year. Gains and losses on foreign currency transactions are included in financial expenses. No representation is made that the foreign currency amounts could have been, or could be, converted into United States dollars at the rates on the respective dates and or at any other certain rates.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### i) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### j) Long-Lived Assets

On January 1, 1996, the company adopted the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. SFAS No. 121 requires that long-lived assets be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management used its best estimate of the undiscounted cash flows to evaluate the carrying amount

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and have reflected the impairment.

k) Comprehensive Income

In 1999, the company adopted the provisions of SFAS No. 130 "Reporting Comprehensive Income". This standard requires companies to disclose comprehensive income in their financial statements. In addition to items included in net income, comprehensive income includes items currently charged or credited directly to stockholders' equity, such as the changes in unrealised appreciation (depreciation) of securities and foreign currency translation adjustments.

l) Long-term investments

The company accounts for investments in which the company holds an interest of at least 20% and the company has significant influence under the equity method.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Computer software development

The company accounts for the cost of developing computer software for sale as research and development expenses until the technological feasibility of the product has been established. To date all costs have been expensed. In the future, at the end of each year the company will compare any unamortized capital costs to the net realizable value of the product to determine if a reduction in carrying value will be warranted.

m) Financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and loans payable approximates fair value at the period end.

4. RECENT PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements". SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition issues in financial statements. The Company adopted SAB 101 as required by December 31, 2000 and the adoption did not have a material impact on the company's financial position, results of operations or cash flows.

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In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". This statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. SFAS No. 140 also includes provisions that require additional disclosures in financial statements for fiscal years ending after December 15, 2000. This statement is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Accounting Pronouncements The Financial Accounting Standards Board ("FASB") Emerging Issues Task Force ("EITF") has reached a consensus with respect to Issue No. 00-14, "Accounting for Certain Sales Incentives," including point of sale coupons, rebates and free merchandise. The consensus included a conclusion that the value of such sales incentives that results in a reduction of the price paid by the customer should be netted against revenue and not classified as a sales or marketing expense. The statement is not expected to have material impact on the company's financial position, results of operations, or cash flow.

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#### 4. RECENT PRONOUNCEMENTS (Cont'd)

The provisions of the Fast's EITF Issue No. 00-10, "Accounting For Shipping and Handling Fees and Costs," requires the Company to report all amounts billed to a customer in a sale transaction as revenue, including those amounts related to shipping and handling. The Company has historically included such amounts in sales as required by the EITF. Prior to such adoption, however, shipping and handling costs were included in sales, marketing and distribution expenses.

In April 2001, the EITF reached a consensus with respect to EITF Issue No. 00-25, "Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services." The consensus included a conclusion that consideration from a vendor to a retailer is presumed to be a reduction to the selling prices of the vendor's products and, therefore, should be characterized as a reduction of revenue when recognized in the vendor's income statement. That presumption can be overcome, and the consideration may be characterized as a cost, if certain conditions are met. Such reclassification will reduce sales and gross margin, but will have no impact on operating income or net earnings. The Company is currently evaluating the impact of adoption of this EITF consensus.

Recently Issued Accounting Standards In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." Under the new rules, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized

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over their useful lives. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the Company will apply the new accounting rules beginning January 1, 2002. Management is currently assessing the financial impact SFAS No. 141 and No. 142 will have on Consolidated Financial Statements.

### 5. INVESTMENT IN NON-CONTROLLED INVESTEE

The company has a 50% interest in X-Tech International Solutions Limited (X-Tech), a company operating in the UK. BankEngine has no involvement with the management of this company and it is intended that the company be wound up in the near future. BankEngine has no obligation to fund any shortfalls and therefore no amount has been reflected for our investment in X-Tech.

As at September 30, 2001, X-Tech had a total shareholders deficiency of approximately \$6,000 US and has realized net losses of approximately \$6,000 US for the period February 2000 to September 30, 2001.

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### 6. CAPITAL ASSETS

	2001		2000	
	Cost \$	Accumulated Amortization \$	Net \$	NET \$
Furniture, fixtures and equipment	10,252	3,784	6,468	8,24
Computer Equipments	8,541	2,786	5,755	1,48
	-----			-----
Total	18,793	6,570	12,223	9,73
	=====			=====

### 7. LOANS FROM STOCKHOLDERS

Loans from stockholders bear interest at the rate of 4% and have no specific terms of repayment.

### 8. CAPITAL STOCK

a) Authorized

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50,000,000 Common stock with a \$.001 par value

b) Common stock

The company had issued and outstanding 14,315,893 common stock at the time of the reverse acquisition in January 2001. As detailed in note 2, the company issued 12,000,000 common shares to the shareholders of WebEngine. A total of 9,200,000 shares were cancelled in exchange for the removal of the UK operations in January 2001. There were no other share transactions. The current outstanding shares total 17,115,893.

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8. CAPITAL STOCK (Cont'd)

b) Common stock (Cont'd)

Shares outstanding prior to the reverse acquisition	14,315,893
Issued to shareholders of WebEngine	12,000,000
Cancelled for UK operations	(9,200,000)
	-----
Shares currently outstanding	17,115,893
	-----

The shares of the UK companies were estimated to have a very limited value and therefore the exchange of these shares for 9,200,000 shares of BankEngine was approved by the Board of Directors.

All other assets held at the public company level continue to be held for the benefit of the public company and therefore the value attributable to the remaining previous shareholders is reflected by these other assets. The other assets were funds held on deposit by a bank in the UK to provide security for credit card transactions of the UK operations. As the UK operations have since ceased, the security deposits may be released to BankEngine in accordance with the credit card agreements. The capital stock reflects additions to paid in capital for the estimated value of these funds net of estimated liabilities payable to the credit card company, accounts payable to the previous auditors of the company and net of the estimated income tax liability arising on the disposition of the UK companies for an addition to paid in capital totaling \$235,457.

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The realizable amount for these funds on deposit will be resolved in early 2002. The agreement for BankEngine to obtain these funds on deposit was settled with the banking institution during 4th quarter and therefore the balance of funds to be received and the amount received in June 2001 was reflected in the 4th quarter only.

c) Common stock transactions 2000

As at August 31, 1999, Cyberstation had 1,000 shares outstanding for a total of \$130 plus \$335,321 of additional paid in capital. A settlement was reached with the shareholder of 400 common shares and as at August 31, 2000, these shares were cancelled for an amount of \$122,602.

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9. DEFERRED INCOME TAXES AND INCOME TAXES

a) Current income taxes

Current income taxes

Current income taxes consist of;	2001	2000
Amount calculated at Federal and Provincial statutory rates	73,000	49,000
Increase resulting from Valuation allowance	(73,000)	(49,000)
	-----	-----
Current income taxes	--	--
	-----	-----

b) Income taxes payable

Income taxes payable represent the anticipated income taxes payable on the disposition of the UK operations as discussed in note 2.

10. CONTINGENCIES AND COMMITMENTS

As discussed in the Capital Stock note, the company is liable for shortfalls which may arise upon the settlement with the credit card company. The credit card company has agreed that the limit of the company's liability is the amount of security held on hand which at the year end amounted to 200,000 pounds Sterling. This amount has been reflected as Funds held on deposit. An amount of \$146,000 has been included in accounts payable which is the estimate of the liability. The settlement will be based on the transactions to December 31, 2001

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and will be settled in early 2002.

Included in accounts payable is the amount of \$170,000 which represents the amount invoiced by the former auditors of the company. The company is disputing this amount. The company does not believe that its former auditors, who have taken no action beyond sending invoices, will file a claim. If a claim were to be raised, the company would vigorously dispute the action as well as consider its own options.

The company has signed a lease commitment for its office space in Toronto, Canada which expires August 31, 2002 and which has an annual rent payable of \$46,500.

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 (SUCCESSOR TO WEBENGINE TECHNOLOGIES, INC.)  
 NOTES TO REVISED CONSOLIDATED FINANCIAL STATEMENTS  
 AUGUST 31, 2001 and 2000  
 (AMOUNTS EXPRESSED IN US DOLLARS)

### 11. COMPREHENSIVE INCOME

The Company has adopted Statement of Financial Accounting Standards No. 130 Reporting Comprehensive Income and its components in the financial statements.

Comprehensive income (loss) for the year ended August 31, 2001:

	Before Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
	-----	-----	-----
Foreign currency translation adjustments	(14,093)	--	(14,093)
	-----	-----	-----
Other comprehensive loss	(14,093)	--	(14,093)
	=====	=====	=====

Comprehensive income (loss) for the year ended August 31, 2000:

	Before Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
	-----	-----	-----
Foreign currency translation adjustments	1,767	--	1,767
	-----	-----	-----
Other comprehensive loss	1,767	--	1,767
	=====	=====	=====



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The foreign currency translation adjustments are not currently adjusted for income taxes since the company is situated in Canada and the adjustments relate to the translation of the financial statements from Canadian dollars into United States dollars done only for the convenience of the reader.

### 12. EARNINGS PER SHARE

The company has adopted Statement No.128, Earnings Per Share, which requires presentation, in the consolidated statement of income, of both basic and diluted earnings per share.

BANKENGINE TECHNOLOGIES, INC.  
(FORMERLY CALLMATE TELECOM INTERNATIONAL, INC.)  
(SUCCESSOR TO WEBENGINE TECHNOLOGIES, INC.)  
NOTES TO REVISED CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2001 and 2000  
(AMOUNTS EXPRESSED IN US DOLLARS)

### 13. NON-CASH TRANSACTIONS

The following transactions have not been reflected on the consolidated statement of cashflows.

As detailed in Note 2, in January 2001, upon the acquisition of Callmate, the company effectively issued its shares to the predecessor shareholders as follows;

Funds on deposit	\$601,457
Accounts payable	(316,000)
Income taxes payable	(50,000)
	-----
Capital stock issued	\$235,457
	-----

The settlement with the predecessor shareholder, as detailed in note 8 c was reflected in the accounts as follows;

Reduction in accounts receivable	\$ 122,602
Reduction in paid in capital	(\$122,602)

### 14. FINANCIAL INSTRUMENTS

#### a) Credit Risk Management

The company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits.

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b) Concentration of Credit Risk

The company does not believe it is subject to any significant concentration of credit risk. Cash and short-term investments are in place with major financial institutions.

15. REVENUES FROM MAJOR CUSTOMERS

2001: No single customer consisted of more than 10% of revenue.

2000: One customer consisted of 29% of revenue. This customer is related to the former shareholder referred to in note 8 c.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-KSB to be signed on its behalf by the undersigned, thereunto duly authorized.

BANKENGINE TECHNOLOGIES, INC.

By: /s/ Joseph J. Alves  
President, CEO and Chairman of the Board

In accordance with the Exchange Act, this report has been signed below by the following persons and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Joseph J. Alves ----- Joseph J. Alves	President and Chairman of the Board	January 14, 2002
/s/ Mahmoud Hashmi ----- Mahmoud Hashmi	Chief Operating Officer, Principal Accounting Officer and Director	January 14, 2002