CONNECTIV CORP
Form 10KSB
April 15, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

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

FOR THE YEAR ENDED DECEMBER 31, 2002 COMMISSION FILE NO. 333-70663

CONNECTIVCORP
(FORMERLY KNOWS AS SPINROCKET.COM, INC.)

(Exact name of small business issuer as specified in its charter)

DELAWARE	06-1529524
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

750 LEXINGTON AVENUE, 24TH FLOOR NEW YORK, NEW YORK	(212) 750-5858	10022
(Address of Issuer's principal executive offices)	(Issuer's telephone number, including area code)	(Zip Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE EXCHANGE ACT:

Common Stock, $.001 par value

(Title of Class)

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

Yes X No __

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

The issuer's revenues for the year ended December 31, 2002 were $3,500.

The aggregate market value of the registrant's voting common equity

(i.e., the Common Stock) held by non-affiliates as of April 11, 2003 was $4,430,824, using the closing sale price of $0.40 share on such date, as reported by the Nasdaq OTC Bulletin Board.

The number of outstanding shares of the registrant's Common Stock as of April 11, 2003 was 11,077,061 after the effect of a reverse one for ten stock split effected March 12, 2002.

Transitional Small Business Disclosure Format.

Yes ___ No X

DOCUMENTS INCORPORATED BY REFERENCE

None.

A list of Exhibits to this Annual Report on Form 10-KSB begins on Page 18.

TABLE OF CONTENTS

PART I		PAGE
Item 1.	Description of Business	1
Item 2.	Description of Property	3
Item 3.	Legal Proceedings	3
Item 4.	Submission of Matters to a Vote of Security Holders	3
PART II		
Item 5.	Market for Common Equity and Related Stockholder Matters	4
Item 6.	Management's Discussion and Analysis of Financial Condition and Results of Operations	5
Item 7.	Financial Statements	8
Item 8.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure	9
PART III		
Item 9.	Directors, Executive Officers, Promoters and Control Persons	9
Item 10.	Executive Compensation	12
Item 11.	Security Ownership of Certain Beneficial Owners and Management	15
Item 12.	Certain Relationships and Related Transactions	16
Item 13.	Exhibits and Reports on Form 8-K	18

The Company's principal executive offices are located at 750 Lexington Avenue, 24th Floor, New York, New York 10022, and the telephone number is (212) 750-5858.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-KSB includes forward-looking statements, including statements regarding, among other things, the Company's:

- o anticipated growth strategies, and
- o its intention to introduce new products.

The Company has based these forward-looking statements largely on its expectations. Forward-looking statements are subject to a number of risks and uncertainties, certain of which are beyond its control. Actual results could differ materially from those anticipated as a result of numerous factors, including among other things: (1) the enactment of new laws and regulations, and the amendment of existing laws and regulations which could affect the Company's business; (2) changes in the Company's business strategy or development plan; (3) the Company's ability to obtain financing on acceptable terms when needed; and (4) the Company's ability to identify appropriate acquisition candidates, complete such acquisitions and successfully integrate acquired businesses.

The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Because of the risks and uncertainties, the forward-looking events and circumstances discussed in this Annual Report on Form 10-KSB might not occur.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

INTRODUCTION AND HISTORY

ConnectivCorp (the "Company"), during late 2001 decided to restructure its operations and as a result exited the business that it was in. The Company's management has been pursuing appropriate merger and acquisition partners. Prior to its restructuring, the Company was a medical communications network with publishing, Internet and marketing services divisions that connect targeted consumers and professionals with pharmaceutical and consumer product companies.

ConnectivCorp was organized in the State of Delaware on May 8, 1998 as SMD Group, Inc. In January 1999, the name was changed to CDBeat.com, Inc. Following the Company's business combination with Cakewalk LLC in November 1999, the name was again changed to "Spinrocket.com, Inc." On September 11, 2000, in order to better reflect and describe the Company's then strategic direction, the name was changed to "ConnectivCorp."

ConnectivCorp is a reporting company under the Securities Exchange Act of 1934, as amended, and its stock is traded on the OTC Bulletin Board under the symbol "CTTV." ConnectivCorp's principal executive offices are located at 750 Lexington Avenue, 24th Floor, New York, New York 10022, and its telephone number is (212) 750-5858.

HISTORY

The Company was incorporated in Delaware on May 8, 1998 under the name "SMD Group, Inc." which was subsequently changed in January 1999, to

"CDbeat.com, Inc." In April 2000, the Company changed its name to "Spinrocket.com, Inc." On September 11, 2000 Spinrocket.com, Inc. changed its name to "ConnectivCorp" because that new name better described the Company's then strategic direction.

In November 1999, 32 Records acquired substantially all of the assets and liabilities relating to the business of Cakewalk LLC ("Cakewalk") in exchange for 8,307,785 shares of the Common Stock of the Company, which number of shares equaled approximately 46% of the then issued and outstanding Common Stock of the Company (the "Cakewalk Transaction"). As a result of the Cakewalk Transaction, the business formerly operated by Cakewalk was being operated by 32 Records.

Cakewalk BRE LLC ("Cakewalk") was a wholly owned subsidiary of 32 Records LLC (the entity known as 32 Records was, at one time, known as Cakewalk LLC, d/b/a 32 Records LLC). Cakewalk defaulted under an Indenture dated June 29, 1999 (the "Indenture") and entered into negotiations with Entertainment Finance International, Inc. ("EFI") in order to consensually turn over assets to EFI. EFI was the secured holder of $5,500,000 principal indebtedness issued by Cakewalk and maintained a security interest in all of Cakewalk's assets (the "Collateral") pursuant to the Indenture. Cakewalk consented to entry of a judgment of foreclosure ("Judgment") upon the Collateral in connection with the action filed by EFI against Cakewalk in the Supreme Court of the State of New York, County of New York, Index No. 604708/00 on or about October 30, 2000. On February 2, 2001, judgment was entered by the Court approving the foreclosure, thereby transferring all of Cakewalk's assets to EFI. On October 18, 2000, the Company and EFI entered into a consulting agreement under which the Company agreed to help EFI in the marketing and sale of Cakewalk and/or its assets in return for which the Company would be entitled to a cash payment upon sale under certain circumstances.

In addition to the Cakewalk Transaction described above, a certain Stock Purchase Warrant held by Atlantis Equities, Inc. ("Atlantis"), dated as of September 23, 1999 (the "Atlantis Warrant"), was amended pursuant to a certain Warrant Amendment Agreement, dated as of November 16, 1999, among the Company, Atlantis and Dylan LLC, an affiliate of Atlantis ("Dylan") (the "Warrant Amendment Agreement"). The Atlantis Warrant gave Atlantis the right to purchase eighty (80%) percent of the issued and outstanding Common Stock of the Company and options to purchase 762,064 shares of the Company's Common Stock. Pursuant to the Warrant Amendment Agreement, the Atlantis Warrant was split into two warrants, one of which was assigned to Dylan (the "Dylan Warrant"), and the other of which was retained by Atlantis (the "Revised Atlantis Warrant"). Concurrently with the closing of the Cakewalk Transaction, (i) Dylan exercised the Dylan Warrant and paid the Company $900,000 for 7,037,183 shares of Common Stock issuable upon exercise of such warrant (the "Dylan Stock"), and (ii) Atlantis exercised the Revised Atlantis Warrant and paid the Company $100,000 for 781,909 shares of Company Stock issuable upon exercise of the Revised Atlantis Warrant (the "Atlantis Stock") and received 762,064 options from the Company which were exercisable at $2.50 each until December 31, 2000 (the "Options")(collectively, the "Atlantis Transaction"). Together, the Dylan Stock and the Atlantis Stock equaled approximately 43% of the then issued and outstanding Common Stock of the Company (after giving effect to the Cakewalk Transaction and the Atlantis Transaction). In light of the transfer of approximately 89% of the issued and outstanding Common Stock of the Company, collectively, to Cakewalk, Dylan and Atlantis pursuant to the Cakewalk Transaction and the Atlantis Transaction, a change in control in the Company occurred. On November 27, 2000, Dylan made a pro rata distribution to all of its members of all shares of the Dylan Stock it received in connection with the

transactions described above.

OVERVIEW

2002 was a year in which the Company actively pursued merger or acquisition partners.

The Company made a decision to restructure in late 2001. It reduced existing trade payables by the issuance of restricted common stock. Additionally, management is seeking appropriate merger or acquisition partners in the medical information or other unrelated fields. Management also effected a one for ten reverse split of the Company's common stock on March 12, 2002.

During 2002, the Company executed two agreements for the purpose of acquiring Aqua Development Corp., a California corporation ("Aqua"). Management expended the majority of its resources and efforts to attempt to consummate the acquisition. Despite management's best efforts, they will not be able to consummate the agreement with Aqua and have terminated its efforts to complete the acquisition.

INTELLECTUAL PROPERTY RIGHTS

The Company currently does not have any patents issued to it. In December 1999, the Company filed a Provisional Patent Application with the United States Patent office, seeking protection for certain software developed by the Company. In December 2000, the Company filed a formal patent application with the patent office to the same effect. The Company cannot be certain that the current or any future patent applications will be granted, that any future patent will not be challenged, invalidated or circumvented, or that the rights granted under any patent that may be issued will provide competitive advantages to it.

REGULATION

The Company is currently not subject to direct regulation by any governmental agency, other than laws and regulations generally applicable to businesses.

EMPLOYEES

As of April 11, 2003, the Company has two employees, both of whom are engaged in executive management.

ITEM 2. DESCRIPTION OF PROPERTY

On January 1, 2002, the Company entered into a sublease for office space located at 750 Lexington Avenue, New York, New York. The lease term is for the period from January 1, 2002 through December 31, 2002, with a monthly rent of $2,500. The office space is being leased from an entity in which the father of Robert Ellin, Chairman of the Company, is a partner. The Company is in the process of negotiating an extension to the sublease. It is anticipated that there will be no changes in the lease agreement.

ITEM 3. LEGAL PROCEEDINGS

The Company is not currently subject to any legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

During the year ended December 31, 2002, no matters were submitted by the Company to a vote of its stockholders.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information. The Company's common stock is currently listed on the OTC Bulletin Board under the trading symbol "CTTV." The Company first listed its common stock on the OTC Bulletin Board in August 1999. The following table sets forth the high and low bid prices of the Company's Common Stock as reported on the OTC Bulletin Board for each calendar quarter commencing in January 2001 through December 31, 2002.

	COMMON STOCK			
	2002		2001	
	HIGH BID	LOW BID	HIGH BID	LOW BID
First Quarter	$ 0.90	$ 0.11	$ 11.25	$ 3.75
Second Quarter	0.85	0.25	3.50	0.80
Third Quarter	0.30	0.15	4.20	2.00
Fourth Quarter	0.60	0.15	1.80	0.70

3

As of April 11, 2003, the closing sale price of the Company's common stock on the OTC Bulletin Board was $0.40 per share.

HOLDERS

As of April 11, 2003 there were approximately 351 holders of record of the Company's common stock as determined by the Company's transfer agent. Such list does not include beneficial owners of securities whose shares are held in the names of various dealers and clearing agencies.

DIVIDENDS

The Company has never declared nor paid any cash dividends on its common stock and does not anticipate paying dividends in respect of its common stock in the foreseeable future. Any payment of cash dividends in the future will be at the discretion of the Company's Board of Directors and will depend upon, among other things, its earnings (if any), financial condition, cash flows, capital requirements and other relevant considerations, including applicable contractual restrictions and governmental regulations with respect to the payment of dividends.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S FINANCIAL STATEMENTS AND THE NOTES THERETO APPEARING

ELSEWHERE IN THIS REPORT AS ITEM 7. THIS REPORT CONTAINS STATEMENTS WHICH CONSTITUTE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THE COMPANY CAUTIONS THAT FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, AND THAT ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS.

The Company was incorporated in Delaware on May 8, 1998 under the name "SMD Group, Inc." In January 1999, the Company changed its name to "CDbeat.com, Inc." On April 19, 2000, the Company's name was changed to "Spinrocket.com, Inc." On September 11, 2000, the Company changed its name from Spinrocket.com, Inc. to "ConnectivCorp" because this new name better described the Company's then strategic direction. The Company's business model was to facilitate the online connection between targeted, profiled consumers and marketers desiring to reach those consumers. As its initial focus, the Company formed a new wholly-owned subsidiary, ConnectivHealth, in order to facilitate its connectivity model in the healthcare field.

UNCERTAINTY

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has a limited operating history, and since its inception in 1998 has incurred substantial losses. The Company's accumulated deficit as of December 31, 2002 is approximately $20 million. To date, the Company has not generated any revenue from previously proposed business model, which contemplated selling pharmaceutical and other healthcare companies access to the Company's aggregated users. The Company incurred a net loss of approximately $873 thousand and $5.8 million for the years ended December 31, 2002 and 2001, respectively, while cash and cash equivalents at December 31, 2002 totaled approximately $18,000. These matters raise substantial doubt about the Company's ability to continue as a

going concern. The Company's continued existence is dependent upon several factors including the Company's ability to raise additional equity or locate a merger or business partner.

The Company made a decision to restructure its operations. Management issued restricted common stock to satisfy existing trade payables. Management has effected a one for ten reverse stock split of the Company's common stock as of March 12, 2002.

During December 2002 and in March 2003, the Company obtained loans of $25,000 and $150,000, respectively. The loans are convertible under certain conditions into common stock of the Company at $0.10 per share. The Company is in the process of continuing to raise capital either through the private placement of equity or debt.

While the Company has reduced its operating expenses, no assurance can be given that the Company can sustain these operating levels. Moreover, the Company has not yet generated any meaningful revenues, and no assurance can be given that it will do so in the future.

AQUA AGREEMENTS

During 2002, the Company executed two agreements for the purpose of acquiring Aqua Development Corp., a California corporation ("Aqua"). Management expended the majority of its resources and efforts to attempt to consummate the

acquisition. Despite management's best efforts, they will not be able to consummate the agreement with Aqua and have terminated its efforts to complete the acquisition.

RESULTS OF OPERATIONS

2002 compared to 2001

The Company reported the following results of operations for the years ended December 31, 2002 and 2001:

Net loss	$ (872,567)	$ (5,756,777)
Net loss per common share- basic and diluted	$ (0.10)	$ (2.66)
Weighted average shares outstanding:		
Basic and diluted	9,117,802	2,163,537

The Company reported a loss of approximately $873,000 from operations in 2002 versus a loss from operations of approximately $5.8 million in 2001. The Company's other income for the year ended December 31, 2002 consisted of interest income that was earned on invested funds was approximately $6,000 and other income of $3,500 in 2002 versus approximately $41,000 of interest income in 2001. The decrease of approximately $35,000 in interest income resulted from the decrease in cash and cash equivalents available to be invested. General and administrative expenses totaled approximately $882,000 in 2002 versus $5.8 million in 2001. Included in general and administrative in 2002 was approximately $88,000 of stock based compensation expense related to options granted to consultants and employees salaries of approximately $308,000; approximately $184,000 for professional and consulting

fees; rent expense of $30,000, insurance expense of approximately $34,000; and general operating expenses of approximately $141,000.

Deferred compensation expense related to options granted to consultants and employees was approximately $64,000 in 2002 versus approximately $202,000 in 2001. The decrease is a result of the lower number of options granted in 2002 and the elimination of most outstanding options. Salaries totaled $240,000 in 2002 verses $337,000 in 2001. The decrease was a result in lower salaries taken by management and a reduction of employees in 2002. Approximately $257,000 of expense was recognized for professional and consulting fees and software development in 2002 verses $917,000 in 2001. The decrease of $660,000 resulted from management's program to reduce costs and the restructuring of the Company's operations. There was no amortization expense of acquired software and goodwill was in 2002 versus $999,000 in 2001. The decrease was a result of the fact that during the fourth quarter of 2001 approximately $2.9 million of expense was recognized for the impairment of acquired software, goodwill, equipment and costs of publications acquired.

2001 compared to 2000

The Company reported the following results of operations for the years ended December 31, 2001 and 2000:

	2001	2000
Loss from continuing operations	$ (5,756,777)	$ (4,967,021)
Loss from discontinued operations	--	(1,412,700)
Net loss	$ (5,756,777)	$ (6,379,721)
Basic and diluted loss per common share:		
Loss from continuing operations	$ (2.66)	$ (2.40)
Loss from discontinued operations	--	(0.70)
Net loss per common share	$ (2.66)	$ (3.10)

The Company reported a loss of approximately $5.8 million from continuing operations in 2001 versus a loss from continuing operations of approximately $5 million in 2000. The Company's other income for the year ended December 31, 2001 consisted of interest income that was earned on invested funds was approximately $41,000 in 2001 versus approximately $103,000 of interest income and $80,000 of consulting revenue in 2000. The decrease of approximately $62,000 in interest income resulted from the decrease in cash and cash equivalents available to be invested, while the Company did not obtain any consulting engagements in 2001. General and administrative expenses totaled approximately $5.8 million in 2001 versus $5.3 million in 2000. Included in general and administrative was approximately $202,000 of deferred compensation expense related to options granted to consultants and employees salaries of approximately $337,000; approximately $917,000 for professional and consulting fees and software development; amortization expense of approximately $999,000 of acquired software and goodwill and

approximately $2.9 million of expenses recognized in the fourth quarter of 2001 for the impairment of acquired software, goodwill, equipment and costs of publications acquired.

Deferred compensation expense related to options granted to consultants and employees was approximately $202,000 in 2001 versus approximately $1.8 million in 2000. The decrease is a result of the lower number of options granted in 2001. Salaries totaled $337,000 in 2001 verses $727,000 in 2000. The decrease was a result in lower salaries taken by management and a reduction of employees in 2001. Approximately $917,000 of expense was recognized for professional and consulting fees and software development in 2001 verses $1.3 million in 2000.

The decrease of $383,000 resulted from management's program to reduce costs. Amortization expense of acquired software and goodwill was approximately $999,000 in 2001 versus $992,000 in 2000. During the fourth quarter of 2001 approximately $2.9 million of expense was recognized for the impairment of acquired software, goodwill, equipment and costs of publications acquired.

ACCOUNTING POLICIES

The following accounting policies are important to an understanding of the operating results and financial condition of the Company and should be considered as an integral part of the financial review. For additional accounting policies, see note 1 to the consolidated financial statements, "Significant Accounting Policies."

Estimates and Assumptions

In preparing the financial information, the Company used some estimates and assumptions that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, amortization, impairment of assets and asset valuation allowances. We are also subject to risks and uncertainties that may cause actual results to differ from estimated results, such as legislation, regulation and the ability to obtain financing. Certain of these risks and uncertainties are discussed under the heading entitled "Forward-Looking Statements."

ITEM 7. FINANCIAL STATEMENTS

The Company's consolidated financial statements for the years ended December 31, 2002 and 2001, respectively, are set forth at the end of this Annual Report on Form 10-KSB and begin on page F-1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On April 15, 2002, the Company engaged Patrusky Mintz & Semel as its independent accountants for the year ending December 31, 2001 and dismissed the former independent accountants, Arthur Andersen LLP. The reports of the former accountants for the past two years did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the two most recent fiscal years and to the date hereof, there have been no disagreements between the Registrant and the former accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to the satisfaction of the former accountant would have caused it to make reference to the subject matter of the disagreement in connection with its report.

On April 4, 2003, Patrusky Mintz & Semel resigned as independent certified public accountants of the Company due to its merger with another firm. On April 4, 2003, the Company appointed Israeloff, Trattner & Co. P.C. as its independent certified public accountants.

During the most recent fiscal year and to the date hereof, there have been no disagreements between the Registrant and the former accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to the satisfaction of the

former accountant would have caused it to make reference to the subject matter of the disagreement in connection with its report.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information, as of March 28, 2002, concerning the Company's directors and executive officers:

The following table and subsequent discussion sets forth information concerning the Company's directors and executive officers:

Name	Age	Position
Elliot Goldman	67	President, Chief Executive Officer, Director
Robert Ellin	38	Chairman
Ivan Berkowitz	57	Director
David Goddard	47	Director
Jeffrey Kuhr	44	Director
Thomas Cyrana	54	Observer

The business experience of each of the persons listed above for at least the last five years is as follows:

Elliot Goldman (President, Chief Executive Officer and Director). Mr. Goldman's executive and operational career spans three decades in the entertainment industry including his role as President and Chief Executive Officer of BMG Music and senior executive posts at Warner Communications Inc. (now AOL Time Warner), CBS Records (now Sony Music) and Arista Records. In all of these instances he had primary responsibility for managing content companies and maximizing the net income generated. Most recently he has been President of his own consulting firm specializing in operational and deal assistance to major and independent music companies. At BMG Music, Mr. Goldman was President and CEO of worldwide music operations encompassing RCA Records, Arista Record, RCA Red Seal and the RCA Record Club. Before that, he was a Senior Vice President of Warner Communications (now AOL Time Warner), with responsibility for the Warner Music Group's worldwide recorded music and music publishing activities. Before joining AOL Time Warner, Mr. Goldman was Executive Vice President and General Manager of Arista Records, from its founding, with direct responsibility for all areas of its business operations. Mr. Goldman began his career at CBS Records (now Sony Music) as Director of Business Affairs and rose to Administrative Vice President of that company.

Robert Ellin (Chairman). Mr. Ellin is a principal of Atlantis Equities, Inc. ("Atlantis"), Dylan LLC and Trinad Partners ("Trinad"). Atlantis is a private merchant banking and advisory firm specializing in equity and debt finance, primarily assisting emerging growth companies under $100 million in sales. Through Atlantis, Mr. Ellin has spearheaded merger and acquisition and business development projects for private and public companies such as THQ, Inc. (OTC:THQI), Grand Toys (OTC: GRIN), and Forward Industries, Inc. (OTC: FORD). Trinad is a leveraged buyout firm that bought, and recently sold, S&S Industries, Inc., the largest manufacturer of apparel-related underwire. Dylan LLC was originally a stockholder of the Company.

Ivan Berkowitz (Director). Since 1989, Mr. Berkowitz has been the President of Great Court Holdings Corporation and, since 1993, he has served as the Managing General Partner of Steib & Company. From 1995 to 1997, Mr. Berkowitz served as the Chief Executive Officer of PolyVision Corporation, where he continues to serve as a board member. Mr. Berkowitz is also a member of the Board of Directors of the following public companies: Migdalei Shekel (Tel Aviv), Propierre (Paris), HMG WorldWide and IAT Resources. Mr. Berkowitz is also the Chairman of the Advisory Board of THCG Inc.

David Goddard (Director). Mr. Goddard is a Senior Managing Director in the Equity Capital Markets Department of Bear Stearns & Co., Inc., an international investment banking firm. Mr. Goddard has been with Bear Stearns since November 1998. From 1996 to 1998, Mr. Goddard served as a Managing Director - Associate Director Private Capital Group at BancBoston Robertson Stephens, Inc. Prior to that, Mr. Goddard was Managing Director - Private Placement Group at Chase Securities, Inc. from 1994-1996. Mr. Goddard has extensive corporate finance and capital markets experience specializing in the placement of debt and equity securities in the private capital markets.

Jeffrey Kuhr (Director). Mr. Kuhr is the managing partner of West End Capital Partners LLC ("WECP"), a merchant banking firm based in New York City. Prior to forming WECP, he was a founder and managing director of Peter J. Solomon Company ("PJSC"), a leading independent investment banking firm. During his tenure at PJSC from 1989 to 1999, Mr. Kuhr advised public and private companies on mergers and acquisitions, financing and restructuring transactions. While a managing director at PJSC, Mr. Kuhr founded RS1W, Inc. with Russell Simmons (Def Jam Records, Phat Farm apparel) and a group of investors to be a leading online entertainment destination. RS1W was sold to BET.com in October 2000. From 1987 to 1989, Mr. Kuhr financed leveraged buyouts at GE Capital Inc., providing economic and strategic consulting services to Fortune 100 companies. Mr. Kuhr received his Masters in Business Administration from Wharton School and his Bachelor of Arts from Oberlin College.

Thomas Cyrana (Observer). Mr. Cyrana is a Managing Director of Rascoff/Zysblat Organization ("RZO"), a division of American Express Tax and Business Services. Mr. Cyrana has been with RZO since 1995. Mr. Cyrana also serves as a principal of the managing member of EFI, a venture with The Structured Finance High Yield Fund, LLC, which is managed by Prudential Investments.

All directors of the Company serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. All officers of the Company serve at the discretion of the Board of Directors, subject to rights, if any, under contracts of employment with the Company. See "Executive Compensation - Employment Agreements." There are no family relationships among the directors and executive officers.

MANAGEMENT CHANGES

As of January 24, 2002, Robert Miller resigned as Co-Chairman and Director of the Company to pursue other business interests, and Robert Ellin

became sole chairman.

CERTAIN CORPORATE ACTIONS

Stockholders representing approximately 53.2% of the total issued and outstanding shares of the Company's common stock as of March 12, 2001 took action by written consent to (i) authorize the Company to effect a reverse split of the Company's issued and outstanding common stock on not more than a one-for-ten basis, and (ii) approve the adoption of a stock option plan for up to 5 million shares of common stock (reduced pro rata upon the reverse split).

REVERSE SPLIT

General

On March 12, 2001, stockholders representing 53.2% of the issued and outstanding shares of the Common Stock of the Company approved an amendment to the Company's Amended and Restated Certificate of Incorporation to authorize the Company, for a period of up to one year, to effect a reverse split (the "Reverse Split") that will cause all issued and outstanding Common Stock to be split, on a reverse basis, up to one-for-ten. On March 12, 2002, the one-for-ten Reverse Split was effected. The Reverse Split does not affect the number of authorized shares of the Company's Common Stock. The Reverse Split effectively increases the number of available authorized shares of Common Stock. As described below, the primary objective of the Board of Directors is to increase the per share market price of the Common Stock.

Effects of Reverse Split

Effect on Market for Common Stock. The Board of Directors believes that the Reverse Split should, although there can be no assurance, enhance the acceptability of the Company's Common Stock by the financial community and investing public. The reduction in the number of issued and outstanding shares of Common Stock caused by the Reverse Split is anticipated initially to increase proportionately the per share market value of the Company's Common Stock. The Board of Directors also believes that the Reverse Split may result in a broader market for the Company's Common Stock than that which currently exists. The expected increase price level may encourage interest and trading in the Common Stock and possibly promote greater liquidity for the Company's stockholders, although such liquidity could be adversely affected by the reduced number of shares of Common Stock outstanding after the effectiveness of the Reverse Split.

Effects on Number of Shares Available for Issuance. The Reverse Split decreased the number of outstanding shares of Common Stock. Therefore, the 21,588,870 shares of Common Stock issued and outstanding as of the effective date of the Reverse Split, together with 10,289,552 shares of Common Stock, assuming the exercise of, all outstanding warrants and options, were converted into approximately 3,187,842 shares of Common Stock. Because the number of shares of Common Stock authorized for issuance by the Certificate of Incorporation, as amended, following the Reverse Split remains at 40,000,000 shares, the Reverse Split results in approximately 36,812,158 additional (or post-split) shares of Common Stock available for issuance by the Company. In lieu of issuing any fractional shares as a result of the Reverse Split, the Company rounded the number of shares each stockholder is entitled to receive as a result of the Reverse Split to the nearest whole number of shares.

The Board of Directors believes that the Reverse Split may provide flexibility for the Company in meeting its possible needs by enabling the Board to raise additional capital through the issuance of Common Stock or securities convertible into or exercisable for Common Stock, to make additional stock

10

awards under the Company's employee benefit plans and/or to employ Common Stock as a form of consideration for acquisitions.

Effect on the Company's Derivative and Convertible Securities. The total number of shares of Common Stock issuable upon the exercise of options and warrants to acquire such shares, and the exercise price thereof shall be proportionally adjusted to reflect any Reverse Split.

Changes in Stockholders' Equity. As an additional result of a Reverse Split, the Company's stated capital, which consists of the par value per share of the Common Stock and Preferred Stock multiplied, respectively, by the number of shares outstanding, was reduced. Although the par value of the Common Stock remains at $.001 per share following a Reverse Split, stated capital decreased because the number of shares outstanding was reduced. Correspondingly, the Company's additional paid-in capital, which consists of the difference between the Company's stated capital and the aggregate amount paid to the Company upon the issuance by the Company of all then outstanding shares of Common Stock and Preferred Stock, was increased.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers, directors and persons who own more than ten percent of a registered class of the Company's equity securities to file certain reports regarding ownership of, and transactions in, the Company's securities with the Securities and Exchange Commission (SEC). These officers, directors and stockholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) reports that are filed with the SEC. Based solely on a review of copies of such forms received by the Company, and written representations received by the Company from certain reporting persons, the Company believes that for the year ended December 31, 2001 all Section 16(a) reports required to be filed by the Company's executive officers, directors and 10% stockholders were filed on a timely basis.

ITEM 10. EXECUTIVE COMPENSATION

The following summary compensation table sets forth the aggregate compensation paid to, or earned by, the Chief Executive Officer and the other most highly compensated executive officer for the years ended December 31, 2002, 2001 and 2000 whose total annual salary and bonus exceeded $100,000 for 2002, 2001 and 2000 (collectively the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

	ANNUAL COMPENSATION				LONG TER COMPENSATI
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	OTHER ANNUAL COMPENSATION ($)	SECURITI UNDERLYIN OPTIONS/SA

Robert Miller (1)	2002	--	--	--	--
Co-Chairman	2001	$61,058	--	--	--
	2000	$200,000	--	--	--
Robert Ellin (2)	2002	$118,750	--	$10,000	--
Co-Chairman	2001	$5,200	--	--	--
	2000	--	--	--	--
Elliot Goldman (3)	2002	$118,750	--	$9,654	--
President and	2001	$86,059	--	--	--
Chief Executive Officer	2000	$146,154	--	--	--
Alan Schaffer					
Chief Financial	2002	--	--	--	--
Officer	2001	--	--	--	--
	2000	$134,154	--	--	--

----

(1) Mr. Miller, who was President and Chief Executive Officer, was appointed Co-Chairman in January 2001 and resigned that position in January 2002. He was being paid an annual salary of $200,000, subject to such increases or bonuses, as the Board of Directors shall authorize. Mr. Miller voluntarily reduced his annual cash compensation to $100,000 as of March 1, 2001 and to $75,000 as of May 1, 2001. As of July 1, 2001, Mr. Miller voluntarily waived receipt of any further cash compensation. See "Executive Compensation - Employment Agreements."

(2) Mr. Ellin, who was Chairman in 2000, was appointed Co-Chairman in January 2001 and on January 24, 2002, Mr. Ellin again became sole Chairman. In 2001, he was being paid an annual salary of $10,400, subject to such increases or bonuses, as the Board of Directors shall authorize. As of July 1, 2001, Mr. Ellin voluntarily waived receipt of any further cash compensation. Commencing in March 2002, Mr Ellin was paid an annual salary of $150,000. However, the compensation shall accrue and no more than $200 per week will be paid. In addition Mr. Ellin received 500,000 shares of common stock valued at $10,000. See "Executive Compensation - Employment Agreements."

(3) In January 2001 Mr. Goldman was promoted and appointed President and Chief Executive Officer. From January through February 2001, Mr. Goldman's salary was increased to $250,000. As of March 1, 2001, Mr. Goldman agreed to reduce his salary to $150,000, and to $125,000 as of May 1, 2001. As of July 1, 2001, Mr. Goldman voluntarily waived receipt of any further cash compensation. During 2000 Mr. Goldman served as Chief Operating Officer, for which he was paid an annual salary of $200,000, subject to such increases or bonuses, as the Board of Director shall authorize. Commencing in March 2002, Mr Goldman was paid an annual salary of $150,000. However, the compensation shall accrue and no more than $200 per week will be paid. In addition Mr. Goldman received 500,000 shares of common stock in exchange for his existing options valued at $9,654 . See "Executive Compensation - Employment Agreements."

(4) Mr. Schaffer was appointed Chief Financial Officer of the Company in

November 1999 and resigned in November 2000. He was being paid an annual salary of $135,000 plus a minimum annual bonus of $10,000.

OPTION GRANTS IN 2002

There were no options granted during 2002 to any Executive Officer of the Company.

2002 AGGREGATE OPTION EXERCISES AND YEAR-END OPTION VALUES

There are no options outstanding to any Executive Officers as of December 31, 2002. No options were exercised by Executive Officers in 2002 or 2001.

DIRECTOR COMPENSATION

The Company's directors do not receive cash compensation for their services as directors, but are reimbursed for all reasonable out-of-pocket expenses incurred in connection with each Board of Directors meeting attended.

EMPLOYMENT AGREEMENTS

On March 18, 2002, the Company entered into employment contracts with Elliot Goldman and Robert Ellin for an initial term of one year. Mr. Goldman serves as President, Chief Executive Officer and as a Director of the Company and Mr. Ellin serves as Chairman of the Company. Mr. Goldman and Mr. Ellin's each receive an annual salary of $150,000. However, the compensation shall accrue and no more than $200 per week shall be paid to each Mr. Goldman and Mr. Ellin until such time as the Company has received at least $1 million in proceeds from new debt and/or equity investment subsequent the date of the agreement. Management is in the process of extending these agreements.

12

1998 EMPLOYEE STOCK OPTION PLAN

The Company's 1998 stock incentive plan (the "Stock Incentive Plan") was originally adopted by the Board of Directors and approved by the stockholders on October 15, 1998. The Stock Incentive Plan provides for the grant of stock options for up to a total of 1,000,000 shares of the Company's Common Stock to the Company's employees, officers, directors, consultants and advisors.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 31, 2003, regarding the beneficial ownership of the Company's common stock (assuming the sale of the maximum number of Shares that are being offered hereby) by: (i) each person known by the Company to own beneficially more than 5% of the Company's common stock; (ii) each of the Company's directors; (iii) the Company's Chief Executive Officer and the other executive officers of the Company whose salary and bonus for the fiscal year ended December 31, 2002 exceeded $100,000, and (iv) all officers and directors of the Company as a group.

NAME AND ADDRESS OF BENEFICIAL OWNER(1)	NUMBER OF SHARES (2)	PERCENTAGE OF CLASS

Robert Ellin(3) 750 Lexington Avenue New York, NY 10022	3,476,787	31.39%
Elliot Goldman(4) c/o ConnectivCorp. 750 Lexington Avenue New York, NY 10022	1,000,000	9.03%
David Goddard(5) c/o ConnectivCorp. 750 Lexington Avenue New York, NY 10022	40,000	*
Ivan Berkowitz(6) c/o ConnectivCorp. 750 Lexington Avenue New York, NY 10022	350,000	3.16%
Jeffrey Kuhr(7) c/o ConnectivCorp. 750 Lexington Avenue New York, NY 10022	800,000	7.22%

All directors and executive officers as a group (5 persons)(3)	5,666,787	51.16%

*less than 2%

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(1) Except as indicated in these notes and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

(2) Calculated pursuant to Rule 13d-3(d) of the Exchange Act. As used in this table, a beneficial owner of a security includes any person who, directly or indirectly, through contract, arrangement, understanding, relationship or otherwise has or shares (i) the power to vote, or direct the voting of, such security or (ii) investing power which includes the power to dispose, or to direct the disposition of, such security. In addition, a person is deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days of the date shown above.

(3) Includes 2.5 million common shares issued in cancellation of any and all existing unexercised options and cancellation of any and all indebtedness and/or obligations between Mr. Ellin and ConnectivCorp; and 500,000 common shares purchased in March 2002.

(4) Includes 500,000 common shares issued in cancellation of any and all existing unexercised options and cancellation of any and all indebtedness and/or obligations between Mr. Goldman and ConnectivCorp; and 500,000 common shares purchased in March 2002.

(5) Includes 100,000 common shares issued in cancellation of any and all existing unexercised options and cancellation of any and all indebtedness and/or obligations between Mr. Goddard and ConnectivCorp.

(6) Includes 40,000 common shares issued in cancellation of any and all existing unexercised options and cancellation of any and all indebtedness and/or obligations between Mr. Berkowitz and ConnectivCorp; and 250,000 common shares purchased in March 2002.

(7) Includes 760,000 common shares issued to West End Capital Partners, LLC of which Mr. Kuhr is the managing partner.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company retained the services of Atlantis Equities, Inc. ("Atlantis"), a private merchant banking and advisory firm that primarily assists emerging growth companies, to act as its financial advisor pursuant to an Engagement Letter dated October 29, 1999, as amended on January 1, 2001, (the "Engagement Letter"). Robert Ellin, the Chairman of the Company, is a principal of Atlantis. In consideration for the services to be provided by Atlantis under the Engagement Letter, Atlantis was paid a monthly fee of $12,500 (plus reimbursement of reasonable and actual out-of-pocket expenses). The term of the Engagement Letter is three years, and shall automatically renew for successive one year terms (subject to the right of any party to terminate the engagement upon 90 days' written notice before the end of any such term). The Company has also granted Atlantis an option to acquire up to 762,064 shares of the Company's Common Stock at an exercise price of $2.50 per share which expires on December 31, 2002, which was cancelled in March 2002. This agreement was also amended by the Board of Directors in January 2001 and Atlantis' monthly fee was increased to $16,666.

Atlantis has voluntarily agreed to reduce its monthly cash compensation to $8,333 as of March 1, 2001 and to $6,250 as of May 1, 2001 and as of July 1, 2001, Atlantis has voluntarily waived receipt of any further cash compensation.

On March 18, 2002, the Company executed a new Engagement letter with Atlantis for a term of one year from March 18, 2002 and ending on March 18, 2003. Consideration for the services to be provided by Atlantis, if the Aqua transactions had been consummated, would have been the issuance shares of its common stock so that Atlantis will own that number of shares which constitutes up to 4.0% of the common stock then outstanding. Additionally, Atlantis was to receive cash compensation of $250,000. Management is in the process of extending this agreement.

In addition, Atlantis subscribed to purchase 500,000 shares of which a subscription receivable for 400,000 shares remains outstanding

The Company is also a party to certain employment arrangements with its executive officers. See "Executive Compensation."

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Unless otherwise indicated, the following is a list of Exhibits filed as a part of this Annual Report on Form 10-KSB:

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT	
2.1	Contribution Agreement, dated as of October 29, 1999 between CDbeat.com, Inc. and Cakewalk LLC	(C)
2.2	Amendment Agreement, dated as of November 16, 1999 by and among Atlantis Equities, Inc., Dylan LLC, CDbeat.com, Inc., Cakewalk LLC and 32 Records LLC	(C)
3.1	Articles of Incorporation and By-laws	(A)
10.1	Warrant Agreement, dated September 23, 1999 between the Company and Atlantis Equities, Inc.	(B)
10.2	Employment Agreement, dated as of November 16, 1999 between CDBeat.com, Inc. and Robert Miller	(C)
10.3	Stock Option Plan	(A)
10.4	Engagement Letter, dated October 29, 1999 between Atlantis Equities, Inc. and the Company	(F)
10.5	Warrant Amendment Agreement, dated as of November 16, 1999 by and among Atlantis Equities, Inc. Dylan LLC and the Company	(F)
10.6	Employment Agreement, dated as of April 11, 2000 between CDbeat.com, Inc. and Elliot Goldman	(F)
10.7	Stock Option Agreement, dated as of April 11, 2000 between CDbeat.com, Inc. and Elliot Goldman	
10.8	Indenture, dated as of June 29, 1999 by and among Cakewalk BRE LLC, Entertainment Finance International, LLC and RZ0 Corporate Administration, Inc.	(F)
10.9	Servicing Agreement, dated as of June 29, 1999 by and among Cakewalk BRE, Entertainment Finance International, LLC and RZ0 Corporate Administration, Inc.	(F)
10.1	Management Agreement, dated as of June 29, 1999 by and among Cakewalk LLC, Cakewalk BRE LLC and Entertainment Finance International, LLC	(F)
10.11	Capital Contribution Agreement, dated as of June 29, 1999 between Cakewalk LLC and Cakewalk BRE LLC	(F)

10.12	Consulting Agreement, dated as of October 18, 2000 by and between ConnectivCorp and Entertainment Finance International LLC	(G)
10.13	Asset Purchase Agreement, dated as of October 19, 2000, by and among ConnectivCorp, Neil p. Phillips, Esq., as Conservator of the Person and Estate of Michael Reitano re: Herpes Advice Center	(G)
10.14	Asset Purchase Agreement, dated as of October 19, 2000, by and among ConnectivCorp, Neil p. Phillips, Esq., as Conservator of the Person and Estate of Michael Reitano re: Sexual Health Magazine, Inc.	(G)
10.15	Consulting Agreement, dated as of October 1, 2000, by and between ConnectivHealth Corp. and Sexual Health Solutions, Inc.	(G)

16

10.16	Stock Option Agreement, dated as of October 1, 2000, by and between ConnectivCorp and Sexual Health Solutions, Inc.	(G)
10.17	[Agreement with American Media Inc.]	(G)
10.18	[Agreement with iWon]	(G)
21.1	Subsidiaries of the Company	(G)

(A) Incorporated by reference to the Company's Registration Statement on Form SB-2 (File No. 333-70663)

(B) Incorporated by reference to the Company's Report on Form 8-K filed with the Commission on October 8, 1999

(C) Incorporated by reference to the Company's Report on Form 8-K filed with the Commission on December 1, 1999

(D) Incorporated by reference to the Company's Report on Form 8-K filed with the Commission on January 31, 2000

(E) Incorporated by reference to the Company's Report on Form 8-K/A filed with the Commission on January 31, 2000

(F) Incorporated by reference to the Company's Annual Report on Form 10-K/SB filed with the Commission on April 14, 2000.

(G) Incorporated by reference to the Company's Annual Report on Form 10-K/SB filed with the Commission on April 16, 2001.

(b) Reports on Form 8-K

1. On March 18, 2002, the Company filed a report on Form 8-K regarding a shareholder-approved charter amendment which authorized a one-for-ten

reverse stock split of the Company's common stock.

2. On April 15, 2002, the Company filed a report on Form 8-K regarding the appointment of Patrusky Mintz & Semel as its independent certified public accountants and the dismissal of Arthur Andersen LLP.

3. On October 16, 2002, the Company filed a report on Form 8-K regarding the announcement of the execution a contribution agreement with certain shareholders of Aqua.

4. On April 11, 2003, the Company filed a report on Form 8-K regarding the appointment of Israeloff, Trattner & Co. P.C. as its independent certified public accountants for the resignation of Patrusky, Mintz & Semel.

17

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on April 15, 2003.

CONNECTIVCORP.

By: /s/ Elliot Goldman
Elliot Goldman
President and Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

SIGNATURE	TITLE	D
/s/ Elliot Goldman Elliot Goldman	President, Director and Chief Executive Officer (Principal Executive Officer)	April
/s/ Robert Ellin Robert Ellin	Chairman	April

I, Elliot Goldman, certify that:

1. I have reviewed this annual report on Form 10-K of ConnectivCorp;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make

the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

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

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

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

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

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

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

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

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

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

Date: April 15, 2003

/s/ Elliot Goldman

Elliot Goldman
President and Chief Operating Officer

I, Robert Ellin, certify that:

1. I have reviewed this annual report on Form 10-K of ConnectivCorp;

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

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

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

19

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

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

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

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

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

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

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

Date: April 15, 2003

/s/ Robert Ellin

Robert Ellin
Chairman

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
21.1	Subsidiaries of the Company

Name	State of Organization
ConnectivHealth Corp.	Delaware
32 Records LLC	Delaware

INDEX TO FINANCIAL STATEMENTS

	PAGE
Report of Independent Certified Public Accountants/Successor	F-2
Report of Independent Certified Public Accountants/Predecessor	F-3
Consolidated Balance Sheet	F-4
Consolidated Statements of Operations	F-5
Consolidated Statements of Stockholders' Equity (Deficit)	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

BOARD OF DIRECTORS AND STOCKHOLDERS

CONNECTIVCORP

We have audited the accompanying consolidated balance sheet of ConnectivCorp and subsidiaries as of December 31, 2002, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the year ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our

responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Company for the year ended December 31, 2001 were audited by other auditors whose report dated May 17, 2002, on those consolidated financial statements included an explanatory paragraph describing conditions that raised substantial doubt about the Company's ability to continue as a going concern.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 a reasonable basis for our opinion.

In our opinion, the 2002 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ConnectivCorp and subsidiaries as of December 31, 2002, and the consolidated results of its operations and its cash flows for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has not generated revenues from its proposed business model that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Israeloff, Trattner & Co. P.C.

April 11, 2003
New York, New York

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

BOARD OF DIRECTORS AND STOCKHOLDERS

CONNECTIVCORP

We have audited the accompanying consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the year ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of its operations and its cash flows for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has not generated revenues from its proposed business model that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PATRUSKY, MINTZ & SEMEL

New York, New York
May 17, 2002

CONNECTIVCORP
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2002

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 18,243
Total Assets	$ 18,243
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 368,070
Loan payable	25,000
Total Current Liabilities	393,070
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' DEFICIT:	
Preferred Stock, $.001 par value 10,000,000 shares authorized, Series D, none issued	--
Common Stock, $.001 per value 40,000,000 shares authorized, 11,077,061 issued and outstanding	11,077

Additional paid in capital	19,598,628
Accumulated deficit	(19,944,532)
	(334,827)
Less: stock subscription receivable	(40,000)
Total Stockholders' Deficit	(374,827)
Total Liabilities and Stockholders' Deficit	$ 18,243

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

All share and per share amounts have been adjusted to reflect the 1 for 10 reverse stock split in March 2002.

CONNECTIVCORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,

	2002	2001
Revenues	$ 3,500	$ --
General and administrative expenses	(882,490)	(5,797,920)
Operating loss	(878,990)	(5,797,920)
Interest income	6,423	41,143
Net loss	$ (872,567)	$(5,756,777)
Net loss per common share- basic and diluted	$ (0.10)	$ (2.66)
Weighted average shares outstanding:		
Basic and diluted	9,117,802	2,163,537

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

All share and per share amounts have been adjusted to reflect the 1 for 10

reverse stock split in March 2002.

CONNECTIVCORP
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	Preferred Stock	Common Stock	Paid in Capital	Deferred Compensation	Accumulated Deficit
BALANCE, January 1, 2001	--	$ 2,153	$ 19,615,105	$ (855,609)	$(13,315,18
Issuance of stock for legal services	--	28	96,222	--	-
Issuance of options for consulting services	--	--	26,382	(26,382)	-
Revaluation of unvested options	--	--	(615,147)	268,743	-
Amortization of deferred compensation	--	--	--	548,744	-
Net loss	--	--	--	--	(5,756,77
BALANCE, December 31, 2001	--	2,181	19,122,562	(64,504)	(19,071,96
Common stock issued	--	3,475	344,025	--	-
Issuance of common stock in exchange for options and warrants and amounts payable	--	1,196	53,669	--	-
Issuance of common stock to officers and directors	--	1,265	22,410	--	--
Issuance of common stock to consultants	--	2,960	55,962	--	-
Amortization of deferred compensation	--	--	--	64,504	-
Net loss	--	--	--	--	(872,56
BALANCE, December 31, 2002	$ --	$ 11,077	19,598,628	--	$(19,944,53

The accompanying notes are an integral part of these consolidated statements.
All share and per share amounts have been adjusted to reflect the 1 for 10

reverse stock split in March 2002.

CONNECTIVCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (872,567)	$(5,756,777)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	--	1,002,700
Stock-based compensation	159,674	202,340
Shares issued for legal services	--	96,250
Loss on writedown of impaired assets	--	2,896,759
Changes in assets and liabilities:		
Prepaid expenses	--	42,781
Accounts payable and accrued expenses	308,775	(212,823)
Net cash used in operating activities	(404,118)	(1,728,770)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	25,000	--
Proceeds from issuance of common stock	307,500	--
Net cash provided by financing activities	332,500	--
NET CHANGE IN CASH AND CASH EQUIVALENTS	(71,618)	(1,728,770)
CASH AND CASH EQUIVALENTS, beginning of period	89,861	1,818,631
CASH AND CASH EQUIVALENTS, end of period	$ 18,243	$ 89,861
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Stock issued in satisfaction of accounts payable	$ 42,292	$ 96,250

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

All share and per share amounts have been adjusted to reflect the 1 for 10 reverse stock split in March 2002.

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

ConnectivCorp (the "Company") was incorporated on May 8, 1998 under the name SMD Group, Inc., which was subsequently changed to CDBeat.com, Inc. Following the Company's business combination with Cakewalk LLC, the name was changed to Spinrocket.com, Inc. On September 11, 2000, in order to better reflect and describe the Company's current strategic direction, the name was changed to ConnectivCorp. On November 16, 1999, the Company, through its wholly-owned subsidiary, 32 Records LLC ("32 LLC") merged with Cakewalk LLC ("Cakewalk") in a transaction accounted for by the purchase method wherein Cakewalk LLC was deemed to be the acquiror and ConnectivCorp the acquiree (the "Merger").

ConnectivCorp, during late 2001 decided to restructure its operations and as a result exited the business that it was in. The Company's management has been pursuing appropriate merger and acquisition partners. Prior to its restructuring, the Company was a medical communications network with publishing, Internet and marketing services divisions that connect targeted consumers and professionals with pharmaceutical and consumer product companies.

The Company has devoted its efforts in 2002 to seek merger partners. As of December 31, 2002, the Company is without an operating business and will continue to seek merger with other companies and raise capital through the issuance of stock and convertible debt.

On March 30, 2000, the Board of Directors voted to exit the business conducted by 32 LLC within one year, and recharacterized 32 LLC as a discontinued operation for financial reporting purposes. 32 LLC continued to operate the business while seeking a buyer. During the second quarter of 2000, the Company wrote off the net assets of 32 LLC and recorded a loss in its consolidated financial statements. On February 2, 2001, the assets of 32 LLC were surrendered to Entertainment Finance International, Inc. ("EFI") under a default of the loan agreement.

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The consolidated balance sheet includes the accounts of ConnectivCorp and its wholly-owned subsidiaries ConnectivHealth and 32 Records LLC. Significant intercompany transactions have been eliminated in consolidation.

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UNCERTAINTY

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has a limited operating history, and since its inception in 1998 has incurred substantial losses. The Company's accumulated deficit as of December 31, 2002 is approximately $20 million. To date, the Company has not generated any revenue from previously proposed business model, which contemplated selling pharmaceutical and other healthcare companies access to the Company's aggregated users. The Company incurred a net loss of approximately $873 thousand and $5.8 million for the years ended December 31, 2002 and 2001, respectively, while cash and cash equivalents at December 31, 2002 totaled approximately $18,000. These matters raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued existence is dependent upon several factors including the Company's ability to raise additional equity or locate a merger or business partner.

The Company made a decision to restructure its operations. Management issued restricted common stock to satisfy existing trade payables and the Company is seeking appropriate merger or acquisition partners in the medical information or other unrelated fields. Management has effected a one for ten reverse stock split of the Company's common stock as of March 12, 2002.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

LONG-LIVED ASSETS

The Company's policy is to record long-lived assets at cost, amortizing these costs over the expected useful lives of the related assets. In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of," these assets are reviewed on a periodic basis for impairment whenever events or changes in circumstances indicate the carrying amounts of the assets may not be realizable. Furthermore, the assets are evaluated for continuing value and proper useful lives by comparison to expected future cash flows. Accordingly, certain long-lived assets were considered impaired during 2001, as further discussed in Note 2.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's current financial instruments, including cash and cash equivalents and accounts payable are carried at cost, which approximates their fair value due to the short-term maturity of these instruments.

STOCK-BASED COMPENSATION

In October 1995, the FASB issued SFAS No.123, "Accounting for Stock-Based Compensation." This statement establishes a fair market value based method of accounting for an employee stock option but allows companies to continue to measure compensation cost for those plans using the intrinsic value based method prescribed by APB Opinion No. 25 "Accounting for Stock Issued to Employees." Companies electing to continue using the accounting under APB Opinion No. 25 must, however, make pro forma disclosure of net income and earnings per share as if the fair value based method of accounting in SFAS No. 123 had been applied. The Company has elected to continue to account for its stock-based compensation awards to employees and directors under the accounting prescribed by APB Opinion No. 25, and to provide the necessary pro forma disclosures as if the fair value method had been applied.

REVENUE RECOGNITION

It is anticipated that future revenues will be recognized as services are delivered under terms of future contracts.

NEW ACCOUNTING PRONOUNCEMENTS

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." For most companies, SFAS No. 145 will require gains and losses on extinguishments of debt to be classified as income or loss from continuing operations, rather than as an extraordinary item as previously required. Extraordinary treatment will be required for certain extinguishments as provided in APB Opinion No. 30. SFAS No. 145 also amends SFAS No. 13 to require that certain modifications to capital leases be treated as a sale-leaseback, and to modify the accounting for sub-leases when the original lessee remains a secondary obligor. The Company is required to adopt the provisions of SFAS No. 145 in the first quarter of 2003. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB Opinion No. 30 for classification as an extraordinary item shall be reclassified. Early application of the provisions of this Statement related to the rescission of SFAS No. 4 is encouraged. Accordingly, the satisfaction of liabilities in 2002 of approximately $26,000 has been accounted for in accordance with SFAS No. 145.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities, and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition

for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The requirements of SFAS No. 146 apply prospectively to activities that are initiated after December 31, 2002 and, as a result, the Company cannot reasonably estimate the impact of adopting these new rules until and unless it undertakes relevant activities in future periods.

In November 2002, the FASB issued Interpretation ("FIN") No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which clarifies the required disclosures to be made by a guarantor in their interim and annual financial statements about its obligations under certain guarantees that it has issued. FIN No. 45 also requires a guarantor to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken. The Company is required to adopt the disclosure requirements of FIN No. 45 for financial statements ending December 31, 2002. The Company is required to adopt and accordingly has adopted prospectively the initial recognition and measurement provisions of FIN No.45 for guarantees issued or modified after December 31, 2002 and, as a result, the Company cannot reasonable estimate the impact of adopting these new rules until and unless it undertakes relevant activities in future periods.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of SFAS No. 123." This Statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The adoption of SFAS No. 148 is not expected to have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities," which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," relating to consolidation of certain entities. First, FIN No. 46 will require identification of the Company's participation in variable interests entities ("VIEs"), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit them to operate on a stand alone basis, or whose equity holders lack certain characteristics of a controlling financial interest. For entities identified as VIEs, FIN No. 46 sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE, if any, bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns. FIN No. 46 also sets forth certain disclosures regarding interests in VIEs that are deemed significant, even if consolidation is not required. As the Company does not participate in VIEs, it does not anticipate that the provisions of FIN No. 46 will have a material impact on its financial position or results of operations.

NOTE 2 - IMPAIRMENT OF ASSETS

During the fourth quarter of the year ended December 31, 2001, the Company performed a review to ascertain the realizability of long-lived tangible and intangible assets. Based upon the uncertainty related to the Company's current business model, it was determined that the current carrying value of the assets may not be able to be realized. As a result of the review, equipment with a net book value of $4,885, software development costs with a net book value of $2,380,000, the net unamortized carrying value of goodwill of $419,400 and costs of publications acquired with a net book value of $73,625 were determined to be impaired. A total of $2,877,910 was charged to general and administrative expense.

During 2002 and 2001, the Company recorded depreciation expense of $0 and $3,900 on equipment, respectively, amortization expense of $0 and $840,000 on software development costs, respectively, $0 and $19,000 on costs of publications acquired, respectively, and $0 and $139,800 on goodwill, respectively.

NOTE 3 - LOAN PAYABLE

In December 2002 the Company entered into a loan agreement for $25,000. The loan bears interest at 6% and is convertible into common stock of the Company under certain conditions at $0.10 per share.

NOTE 4 - INCOME TAXES

The significant components of the deferred tax asset as of December 31, 2002, assuming an effective income tax rate of 40%, are as follows:

Net operating loss	$ 4,502,873
Other	30,000
Total deferred tax asset	4,532,873
Liabilities	--
Net	4,532,873
Less valuation allowance	(4,532,873)
Total deferred income tax asset - net	$ --

The Company established a valuation allowance to fully offset the deferred income tax asset as of December 31, 2001 as the realization of the asset did not meet the required asset recognition standard of SFAS No. 109 "Accounting for Income Taxes." The decrease in the Company's deferred tax valuation allowance was approximately $1,145,000 during 2002.

At December 31, 2002, the Company had net operating loss carryforwards of approximately $11.6million for federal income tax purposes. The carryforwards expire through the year 2020 and may be subject to limitations due to the ownership change, as further discussed in Note 10.

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LOSS PER COMMON SHARE

Loss per common share was calculated as follows:

Net loss	$ (872,567)	$(5,756,777)
Net loss per common share- basic and diluted	$ (0.10)	$ (2.66)
Weighted average shares outstanding:		
Basic and diluted	9,117,802	2,163,537

Stock options and warrants issuable representing equivalents of 6,999 shares of common stock during 2002 and 10,597,874 shares of common stock during 2001 had exercise prices greater than the average market price of ConnectivCorp common stock. These common stock equivalents were outstanding during 2002 and 2001, but were not included in the computation of diluted earnings per share for those years because their inclusion would have had an antidilutive effect.

NOTE 5 - COMMITMENTS

LEASE COMMITMENTS

On January 1, 2002, the Company entered into a sublease for office space located at 750 Lexington Avenue, New York, New York. The lease term is for the period from January 1, 2002 through December 31, 2002, with a monthly rent of $2,500. The office space is being leased from an entity in which the father of Robert Ellin, Chairman of the Company, is a partner. The Company is in the process of negotiating an extension to the sublease. It is anticipated that there will be no changes in the lease agreement.

Rent expense totaled $30,000 and $69,959 for the years ended December 31, 2002 and 2001, respectively.

EMPLOYMENT AGREEMENTS

On March 18, 2002, the Company entered into employment contracts with Elliot Goldman and Robert Ellin for an initial term of one year. Mr. Goldman serves as President, Chief Executive Officer and as a Director of the Company and Mr. Ellin serves as Chairman of the Company. Mr. Goldman and Mr. Ellin each receive an annual salary of $150,000. However, the compensation shall accrue and no more than $200 per week shall be paid to each Mr. Goldman and Mr. Ellin until such time as the Company has received at least $1 million in proceeds from new debt and/or equity investment subsequent the date of the agreement. As of December 31, 2002, accrued salaries under these agreements amounted to $209,050. Management is in the progress of extending these agreements.

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - COMMITMENTS (CONTINUED)

CONSULTING AGREEMENT

On March 18, 2002, the Company executed a new Engagement letter with Atlantis for a term of one year from March 18, 2002 and ending on March 18, 2003. Consideration for the services to be provided by Atlantis, if the Aqua transactions had been consummated, would have been the issuance shares of its common stock so that Atlantis will own that number of shares which constitutes up to 4.0% of the common stock then outstanding. Additionally, Atlantis was to receive cash compensation of $250,000. During the year ended December 31, 2002, Atlantis received 2,000,000 shares of common stock valued at $40,000. Management is in the process of extending this agreement.

NOTE 6 - STOCK OPTIONS

During 2002 and 2001 the Company granted options and warrants to purchase 0 and 65,000 shares of common stock, respectively, which were outstanding as of December 31, 2002 and 2001, respectively. These options and warrants were granted to employees, consultants and others at exercise prices ranging from $0.10 to $31.25, per share; and are exercisable through 2010. As of December 31, 2002 and 2001 155,606 and 979,787 options and warrants were exercisable at a weighted average exercise price of $1.07 and $25.50 per share, respectively.

In 2002 and 2001, the Company recorded compensation expense in the amount of $64,504 and $258,559 under the requirement of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Had compensation cost been determined in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" the Company would have reported additional losses as follows:

		2002	2001
Net loss	As reported	(872,567)	(5,756,777)
	Proforma	(877,666)	(6,721,681)
Basic and diluted loss per common share:			
Net loss per common share	As reported	(0.10)	(2.66)
	Proforma	(0.10)	(3.11)
Weighted Average Outstanding Shares		9,117,802	2,163,537

Under SFAS No. 123, the fair value of each option is estimated on the date of grant using Black-Scholes option-pricing model with the following

weighted-average share assumptions used for grants in 2000; (1) expected life of options 4 years; (2) no dividend yield; (3) expected volatility 148%; (4) risk-free interest rate 5%, and in 1999: (1) expected life of the option 5 years; (2) no dividend yield; (3) expected volatility 209%; (4) risk free interest rate 5%.

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - STOCK OPTIONS (CONTINUED)

The following summarizes stock option activity:

	YEAR ENDED DECEMBER 31, 2002		YEAR ENDED D
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES
Outstanding - beginning of year	449,062	$ 16.60	417,729
Granted	--	--	65,000
Exercised	--	--	--
Forfeited	(447,063)	(12.92)	(33,667)
Outstanding - end of year	1,999	$ 18.44	449,062
Number of shares exercisable at December 31,	1,999	18.44	394,062
Weighted average fair value of options granted during period			$ --

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The following table summarizes information about stock options outstanding and exercisable as of December 31, 2002:

	Options Outstanding			Opti
Range of Exercise Prices	Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisa

$16.875 - $17.50	999	8	$ 17.13
$18.75 - $21.25	1,000	8	$ 20.00

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - STOCK OPTIONS (CONTINUED)

As discussed in Note 1, in December 2002, the FASB issued SFAS No. 148, which provides alternative methods of transition for voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company is adopting the provisions of SFAS No. 148 prospectively from January 1, 2003.

NOTE 7 - STOCKHOLDERS' DEFICIT

On March 12, 2002, the Company effected a one-for -ten reverse split of its common stock.

The Company issued approximately 889,095 shares of common stock to creditors, 307,250 to employees and consultants and 1,265,000 shares of common stock to officers and directors in settlement of unpaid liabilities and in exchange for options issued or authorized.

In March 2002, Atlantis Equities and Messers. Ellin and Goldman received respectively 2 million and 500,000 and 500,000 shares of the Company's common stock in exchange for cancellation of unexercised options and obligations and to retain their services.

In March 2002, 40,000 common shares were issued to Jeffrey Kuhr upon his joining the Board of Directors. Additionally, 760,000 common shares were issued to West End Capital Partners, LLC in settlement of investment banking services of approximately $16,000. Mr. Kuhr is the managing partner of West End Capital Partners, LLC.

Further, the Company raised approximately $307,500 through the sale of 3,075,000 shares of common stock at $0.10 per share.

NOTE 8 - RELATED PARTY TRANSACTIONS

During 1999, the Company retained Atlantis Equities, Inc. ("Atlantis"), a private merchant banking and advisory firm that primarily assists emerging growth companies, to act as its financial advisor. Robert Ellin, the Chairman of the Company, is a principal of Atlantis. In consideration for services rendered during 2002 and 2001, Atlantis was paid $0 and $52,566, respectively. The Company also granted Atlantis options to acquire up to 76,206 shares of the Company's common stock at an exercise price of $25.00 per share which were cancelled in March 2002 in return for the issuance of 2,000,000 share of common stock valued at $40,000 of which $39,722 were charged to expense for consulting work.

In addition, Atlantis subscribed to purchase 500,000 shares of which a subscription receivable for 400,000 shares remains outstanding.

The Company has retained an accounting firm in which the father of Robert Ellin, the Chairman of the Company, is a partner to perform internal accounting work. For the years ended December 31, 2002 and 2001 accounting fees of $22,728 and $21,430 were charged. The fees for

CONNECTIVCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)

2001 were paid in 2002 in cash of $12,500 and through the issuance of 200,000 shares of common stock. The fees for 2002 of $22,728 remain outstanding at December 31, 2002.

NOTE 9 - AQUA AGREEMENTS

During 2002, the Company executed two agreements for the purpose of acquiring Aqua Development Corp., a California corporation ("Aqua"). Management expended the majority of its resources and efforts to attempt to consummate the acquisition. Despite management's best efforts, they will not be able to consummate the agreement with Aqua and have terminated its efforts to complete the acquisition.

NOTE 9 - SUBSEQUENT EVENT

During March 2003, the Company entered into a loan agreement of $150,000. The loan is convertible under certain conditions into common stock of the Company at $0.10 per share. The Company is in the process of continuing to raise capital either through the private placement of equity or debt.