FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

WITH

INDEPENDENT AUDITORS' REPORT

ACK _____AFA _____
APP ____
CAF ____
SMU ____
STR ____
EAG

KENNETH L. WALL& CO. F. S.

CYST FOR BUBLIC ACCOUNTANTS

IBS: WESTIN BUILDING

SEATTLE, WASHINGTON BOIZE

DOCUMENT NUMBER-DATE

10468 OCT 135

FPSC-RECORDS/REPORTING

For the Years Ended December 31, 1995 and 1994

CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	2
Statements of Income	3
Statements of Stockholders' Deficit	4
Statements of Cash Flows	5
Notes of Financial Statements	6-13
upplementary Information:	
Independent Auditors' Report on Supplementary Information	14
Statements of Direct Costs and Selling, General and Administrative Expenses	15

KENNETH L. WALL & CO., P.S.

CERTIF ED PUBLIC ACCOUNTANTS

1901 WESTIN BUILDING 2001 SIXTH AVENUE "SEATTLE, WASHINGTON 98121-2571 TELEPHONE (208) 441-1055 FAX (208) 441-1058

June 19, 1996

INDEPENDENT AUDITORS' REPORT

To the Board of Directors International Telcom Ltd. dba Kallback Seattle, Washington

WEAL O OTTMAN

DAVID A. HLEBASKO

CALVIN L. OTT

We have audited the accompanying balance sheets of International Telcom Ltd. dba Kallback (a corporation) as of December 31, 1995 and 1994, and the related statements of income, stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of International Telcom Ltd. dba Kallback as of December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Herneth L. Wall & Co., P.S.



BALANCE SHEETS December 31, 1995 and 1994

ASSETS

	1995	1994
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	2 4	,
Cash reserves (Note 1)	AL 100 A 15	
Accounts receivable - trade, net of allowance		
for doubtful accounts of \$545,000 in 1995	CONTRACTOR OF THE PARTY OF THE	(mentiodenta)
and \$290,900 in 1994		
Accounts receivable - related parties (Note 12)		
Prepaid expenses	10 TO SEE S	
Marketable securities (Notes 1 and 2)		
Notes receivable - related party (Note 3)		A Maria
Carrier deposits, current portion (Note 4)	But to the	37 May 1
Income taxes refundable	THE OWNER OF THE OWNER	HE SAYON
Deferred income taxes (Notes 1 and 10) TOTAL CURRENT ASSETS	\$ 1	S
FIXED ASSETS (Note 1)		
Furniture and fixtures	S	5
Office computers, equipment and software		
Telephone switching equipment		
Capitalized lease equipment (Notes 1 and 11)	5	S
Less accumulated depreciation and amortization		
3	2	3
OTHER ASSETS		Control
Carrier depasits, not of current portion (Note 4)	S man hand	S
Deferred income finnes (Notes I and 10)	the state of	
[rough] a gard, net of amortization (Notes 1 and 5)	5	5
		and the same of th
	in the art plant of the	S GOOD STATE

LIABILITIES AND STOCKHOLDERS' DEFICIT

1994 1995 CURRENT LIABILITIES Accounts payable - trade Accounts payable - related party (Note 12) Accrued liabilities Payroll and payroll taxes Business taxes Deferred carrier credits, current portion (Note 6) Notes payable - related party (Note 7) Capital lease obligations, current portion (Notes 1 and 11) Security deposits - current portion (Note 8) Security deposit, related party (Notes 8 and 12) TOTAL CURRENT LIABILITIES OTHER LIABILITIES Capital lease obligations, net of current portion (Notes 1 and 11) Deferred carrier credits, net of current portion (Note 6) Security deposits, net of current portion (Note 8) COMMITMENTS AND CONTINGENCIES (Note 11) STOCKHOLDERS' DEFICIT Common stock, \$10 par, 100 shares authorized, issued and outstanding Capital in excess of par Retained deficit

: STATEMENTS OF INCOME For the Years Ended December 31, 1995 and 1994

	1995	1994
REVENUES	s Company	s
DIRECT COSTS OF REVENUE	(10) 数型增	
Gross Operating Profit	s	\$
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Operating Income (Loss)	2	s Common
OTHER INCOME (EXPENSES) Interest income Investment income (losses) (Note 2) Miscellaneous income Interest expense		5
INCOME (LOSS) BEFORE INCOME TAX BENEFITS	s Comp	s Comp
BENEFIT OF INCOME TAXES (Note 10)		
NET INCOME (LOSS)	5	S (1 commo

STATEMENTS OF STOCKHOLDERS' DEFICIT For the Years Ended December 31, 1995 and 1994

	Shares Issued	Common Stock	Capital in Excess of Par	Retained Deficit
BALANCE, December 31, 1993		s	s 💮	s O
Net Income				
EALANCE, December 31, 1994		s	s	s C
Net Loss				
BALANCE, December 31, 1995		5	5	5

: STATEMENTS OF CASH FLOWS For the Years Ended December 31, 1995 and 1994

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES Net income (loss)	s	s
Adjustments to reconcile net income to	100-00-0	
net cash provided by operating activities		
Depreciation and amortization		
Intangible assets		
Provision for bad debts		75005
Investment income (losses)	A SHEEK	
Increase in deferred income tax assets		
Increase in deferred carrier credits		
Changes in operating assets and liabilities:		A COLUMN TO A COLU
Decrease in cash reserves		
Increase in accounts receivable		
Increase in federal income taxes refundable	SHEET,	
Increase in prepaid expenses	THE REAL PROPERTY.	
Increase in carrier deposits		
Increase in accounts payable		
Increase (decrease) in accrued liabilities		
Increase in security deposits NET CASH PROVIDED BY OPERATING ACTIVITIES	5	5
CASH FLOWS FROM DIVESTING ACTIVITIES	American D	
Purchases of fixed assets	2	3 MATERIAL STATES
Purchases of marketable securities		
Proceeds from sale of marketable securities		
Issuence of potes receivable - related party		
Proceeds from renavment on notes receivable - related party	-	C BERTHAM
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	· community	· Company
Payments on notes payable - related party	2 Harrison	
n	- 100 CO	C BOOK OF STREET
NET CASH USED BY FINANCING ACTIVITIES	2 ARTHURSE	5. flutting sum rada
NET INCREASE IN CASH AND CASH EQUIVALENTS	5	s The second
CASH AND CASH EQUIVALENTS AT BEGINNING	TTTT	工工工工
OF YEARS	- 410.60	- Contract
	17770	7年早年
EASH AND CASH EQUIVALENTS AT END OF YEARS	Samuel Andrews	

(BLANK PAGE)

DBA KALLBACK

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 1995 and 1994

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated on January 12, 1993 in the State of Washington. The Company provides "phone call re-origination" services to domestic and international customers. The Company uses fiber optic networks of major international telephone companies to provide customers with low cost international phone lines and innovative telecommunication services.

Cash and Cash Equivalents - The Company considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. . .

Cash Reserves - The Company's banks require a separate reserve account for processing credit card transactions. Credit card charge backs are applied against those reserves.

Marketable Securities - The Company's investment in trading securities are recorded at their fair value and consist of debt and equity securities. Fair value is based on quoted market price. Unrealized gains or losses for trading securities are included in the Company's net earnings.

Leases - Leases which meet certain criteria are classified as capital leases, and assets and liabilities are recorded as amounts equal to the leaser of the present value of the minimum lease payments or the fair value of the leased properties at the beginning of the respective lease terms. Such assets are depreciated using accelerated methods over the related economic lives. Leases which do not meet such criteria are classified as operating leases and related rentals are charged to expense as incurred.

Fixed Assets and Related Depreciation and Amortization - Fixed assets are stated at cost. Depreciation and amortization are computed using accelerated methods applied over the estimated lives of the related assets. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently.

The estimated lives of the principal asset classifications including capitalized leases are as follows: Furniture and fixtures, seven years: Office computers, equipment and purchased software, five years: Telephone and telephone switching equipment, five years.

Impairment of Long-Lived Agress - In 1995, the Financial Accounting Standards Board issued Statement No. 121. "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of which requires impairment losses to be recorded on long-lived assets used in operations when indicators of the impairment losses to be recorded on long-lived assets used in operations when indicators of the indicators of the indicators of the property of the property of the property of the indicators of the accounting for long-lived assets that are expected to the indicators of t

straight line method for a period of sixty months.

Advertising - Costs incurred for producing and communicating advertising are expensed as incurred. Total advertising costs were S and S or 1995 and 1994, respectively.

NOTES TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1395 and 1994

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes - Deferred income taxes are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

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 revenues and expenses during the periods reported. Actual results could differ from those estimates.

Fair Value of Financial Instruments - The carrying amount of cash and cash equivalents, cash reserves, accounts receivable, marketable securities, accounts payable, accrued liabilities, deferred carrier credits and capital lease obligations are reasonable estimates of their fair value. The fair values of other financial instruments are stated in Note 9.

Concentrations of Credit Risk - Financial instruments which potentially subject the Company to credit risk consist principally of eash investments and accounts receivable. Cash is invested in low risk liquid instruments with high quality financial institutions. The Company has not incurred losses related to eash investments. Customers of the Company who are located outside of the United States account for a substantial portion of trade receivables. Concentrations of credit risk with respect to receivables are limited due to the large number of customers comprising the Company's customer base and their dispersion across different business and geographic areas. The Company has also minimized its credit risk with accounts receivable by performing credit evaluations of customers, establishing credit limits, and for certain customers requiring security deposits on account

Business Concentration - For the year ended December 31, 1995, the Company purchased carrier service from three suppliers representing 52% of total carrier services purchased. The Company has other available sources of carrier services, that could be used to replace current suppliers without severely impacting operations.

Reclassification - Comain reclassifications have been made to prior year financial statements to conform to the current format.

NOTE 2 - MARKETABLE SECURITIES

The Company to the summary in any first property to a term character in under personner and are reported as their fact of the case of a property of the case of a property of the case of

NOTE 1 - NOTES DECENVASUE - RELATED PARTY

Notes receivable from related party consist of 5% demand notes one from the shareholder of the Company in the amount of 9 and sand sand as of December 31, 1995 and 1994, respectively.

NOTES TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1995 and 1994

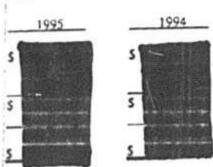
NOTE 4 - CARRIER DEPOSITS

Carrier deposits consist of amounts deposited with the Company's various providers of telephone communication services. The deposits are required by the carriers to secure amounts due for telephone communication services provided. As of December 31, 1995 and 1994, the Company's carrier deposits amounted to and Services provided.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 1995 and 1994:

Name rights
Start up costs
Organizational costs
Total
Less amortization



NOTE 6 - DEFERRED CARRIER CREDITS

Deferred carrier credits include sign up and usage bonuses received under a carrier agreement. The deferred credits are amortized over the remaining 21 months of the agreement.

NOTE 7 - NOTES PAYABLE - RELATED PARTY

Notes in the amount of Sample are payable to a relative of a shareholder of the Company. The notes are due on demand, bear interest at a rate of 12%, and are secured by the Company's accounts receivable. Interest expense for the notes amounted to for 1995 and 1994.

NOTE 8 - SECURITY DEPOSITS

The Company requires a security deposit from certain sustained as a unitarity deposit. The expects are used as security for telephone charges incurred by the account of services. Upon cancellation of services, the security reposits first eggment and the remainder is refunded to the customer.

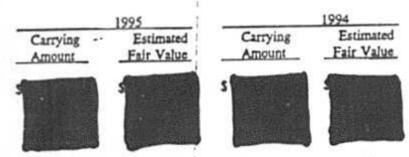
Although security deposits are payable on demand, only a portion were actually restricted in 1994 and 1994. The Company has estimated the current portion of security deposits to be and and at of December 31, 1995 and 1994, respectively. These amounts have been classified as current liabilities with the remaining balance of and and and as of December 31, 1995 and 1994, respectively, classified as long-term liabilities.

NOTES TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1995 and 1994

NOTE 9 - FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments has been determined based on available market information and appropriate evaluation methodologies. However, considerable judgement is required in interpreting market data and maturities of the financial instruments to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily an indicator of the amounts the Company might realize in a current market exchange. At December 31, 1995 and 1994, the carrying amount and estimated fair value of such financial instruments are as follows:

Assets (liabilities)
Notes receivable
Carrier deposits
Notes payable
Security deposits

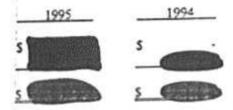


The estimated fair value of the above financial instruments is based on the present value of estimated future cash flows using a discount rate commensurate with the risks involved.

NOTE 10 - INCOME TAXES

Income taxes (benefits) for the years ended December 31, 1995 and 1994 consisted of the following:

Current Deferred benefits



The effective rate, or computed on income (loss) before income taxes, differs from the statutory U.S. income tax rate for the years ended December 31 1995 and 1994 due to the following:

Instant that (benefits) at statutory rate of 34%

United in of unused net operating loss
carryforward

Decrease in beginning of year valuation allowance for deferred tax assets

Other, net

NOTES TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1995 and 1994

NOTE 10 - INCOME TAXES, continued

Deferred income taxes are recorded based upon differences between financial reporting basis and tax basis of the Company's assets and liabilities and available net operating loss and tax credit carryforwards. At December 31, 1995 and 1994, deferred tax assets are recorded as follows:

		1995	1994
Deferred Tax Assets: Net operating loss carryforward Alternative Minimum Tax credits	1984	5	5
Allowance for doubtful accounts Unrealized loss on investments		5	5
Less current portion	3.		
Deferred tax assets, long-term portion		5	5

The Company has recorded a deferred tax assets of specificating the benefit of specific in net operating loss carryforwards, which expire in 2008. Realization of the tax benefits is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management believes it is more likely than not that all of the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Leasest

All and encodable lance have been entegorized as capital or operating leases. The Company has leases for buildings and equipment. The leases are generally renewable and under most leasing arrangements, the Company page the property area, insurance, maintenance and expenses related to the leased property. Total remains superus affect all operating leases were and affect the years ended December 31, 1995 and total remains appeared.

The control of the control of the control leaves have been capitalized and the related assets are included in

Equipment
Less accumulated amortization

Net assets recorded under capital leases

5 1995

5 1995

5 1995

5 1995

Operating

Capital

INTERNATIONAL TELCOM, LTD. DBA KALLBACK

NOTES TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1995 and 1994

NOTE 11 - COMMITMENTS AND CONTINGENCIES, continued

As of December 31, 1995, future minimum payments under long-term capital leases and other noncancelable operating leases with initial or remaining terms in excess of one year are as follows:

		Leases	Leases
1770		5	
1997			
1998		-	-
Total minimum lease payments		S	2
Less amount representing interest			
Present value of net minimum lease paymen	its	S MEDICAL STREET	
Less current installments payable		KIS (1252)	
Capital lease obligation, long-term portion		S THE RESIDENCE	

Included in these amounts are Sold of capital lease commitments to an entity controlled by a relative of the shareholder of the Company. The present value of minimum lease payments shown are calculated based on interest rates, with a weighted average of approximately 8.0%, as determined to be applicable at the inception of the leases. Interest expense on the outstanding leases were Sold and Sold in 1995 and 1994, respectively.

Purchase Commitments:

The Company has purchase agreements with various carriers of telephone communication services subject to quality and performance. These purchase commitments at current prices, are approximately for 1996 and for 1997. The Company does not expect the purchase commitments to exceed its usage in any of the years.

Contingencies:

In 1994, the Company purchased long distance can less from Marathen Communications, Inc., an entity controlled by a relative of the sharateless of the Communications Company, L.P. In September 1974, Change, which purchased such services from Sprint Communications Company, L.P. In September 1974, Change with Joined with Marathen Communications. Inc. to bring suit against Sprint alleging, under a communication of the distance of the long distance of the first long distance of the first long distance of the lon

NOTE'S TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1995 and 1994

NOTE 11 - COMMITMENTS AND CONTINGENCIES, continued

Contingencies, continued

The Company is subject to other legal proceedings and claims which arose in the ordinary course of business. Management believes the amount of liability with respect to the actions will not materially affect the financial position of the Company.

On March 27, 1996, the Federal Communications Commission (FCC) granted the Company special temporary authority to provide resale telecommunication services between the United States and various international points. The temporary period runs from March 27, 1996 through September 23, 1996. The Company must comply with certain terms and conditions for the special temporary authority to remain in place. The Company may be subject to monitoring by the FCC who could revoke the special temporary authorization if it determines that the Company is not in compliance with the conditions of the authorization. However, the FCC affords carriers an opportunity to explain the circumstances of any violation before revoking an authorization. The Company may also apply for an extension of the authorization. The Company has filed an application under Section 214 of the Communications Act of 1934, as amended. The application is in process and the special temporary authority was granted without prejudice to unfavorable action on the application Management believes that its application will be granted.

The Company may be the subject of sanctions by the FCC if it is determined to have provided common carrier service without first having obtained Section 214 authorization. Such sanctions could include monetary forfeitures and/or the denial of the pending application. Alleged violations upon which the forfeitures are based may not have occurred more than one year prior to the date of issuance of a notice of apparent liability. If the FCC denies the Company's application, it would become necessary for the Company to discontinue the provision of international common carrier service. If the application is denied there would be several reconsideration and appellate remedies available to the Company.

NOTE 12 - RELATED PARTY TRANSACTIONS

The shareholder of the Company and relatives of the shareholder have ownership interests in other companies and partnerships which have not been consolidated with the Company's flatancial statements

The Company leases land and buildings on a month-to-month basis from the state of the Company. Total rental expense under the lease amounted to 1904 1907 and 1904 (surprestively.

The Company purchased equipment and electronic supplies in the amount of fig. ()-1 and 1994, respectively, from entities controlled by relatives of the shareholder of the Company

The Company purchased telephone services from an entity controlled by a relative of the same detect of the Company in the amount of 5 for 1994. The Company owed South for services provided under the agreement at December 31, 1995 and 1994.

NOTES TO FINANCIAL STATEMENTS - Continued For the Years Ended December 31, 1995 and 1994

NOTE 12 - RELATED PARTY TRANSACTIONS, continued

The Company purchased advertising services from an entity controlled by the shareholder of the Company in the amount of 9 for 1994.

The Company earned revenues from telephone services provided to entities controlled by relatives of the shareholder of the Company. Gross revenues amounted to spand for 1995 and 1994, respectively. Accounts receivable from related parties amounted to spand spand for 1995 and 1994, respectively. Security deposits payable to related parties amounted to spand as of December 31, 1995 and 1994.

NOTE 13 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest and income taxes were as follows:

Interest Income taxes

For 1994, the Company incurred obligations in the amount of Seminin connection with lease agreements to acquire equipment.

NEAL D. GTTMAR CALVIN L. DTT BAY'D N. HILBASSE KENNETH L. WALL & CO., P.S.

CERTIFIED PUBLIC ACCOUNTANTS

DAIGHUR MITTER 1041

2001 SIETH AVENUE

SEATTLE, WASHINGTON 98121-2571

TRUP-DHE (108) 441 (611 FAX (108) 641 (612

June 19, 1996

INDEFENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors International Telcom Ltd. dba Kallback Seattle, Washington

Our report on our audits of the basic financial statements of International Telcom Ltd. dba Kallback for December 31, 1995 and 1994 appears on page 1. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the years ended December 31, 1995 and 1994, contained in page 15, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hund X. Well; Co., P.S. KENNETH L. WALL & CO. P.S.



STATEMENTS OF DIRECT COSTS AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the Years Ended December 31, 1995 and 1994

DIRECT COSTS OF REVENUE					
	DECT	COSTS	OF	DEV	ENTIE

Carrier expense

Agent commissions

Bank credit card discounts

Dialers



1995

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Payroll

Payroll taxes

Employee benefits

Employee training

Employee recruiting

Contract labor

Consulting fees

Professional fees

Advertising

Promotion and trade shows

Vehicle expense

Electronic supplies

Office supplies and expense

Insurance

License and permits

Dues and subscriptions

Bad debt expense

Bank charges

Contributions

Miscellaneous

Depreciation and amortization

Postage

Frincing

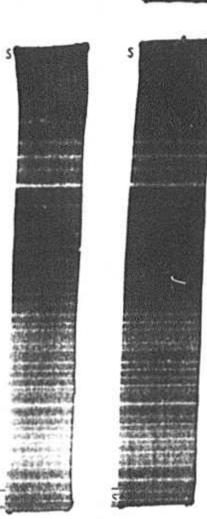
Repairs and maintenance

2 ...

2.2.11

Talaphana Colinies

Travel and entertainment



INTERNATIONAL TELCOM, LTD

BALANCE SHEET

as of Decamber 31, 1996
Preliminary - Unaudited - For Management Review Only

Dec. 31, 1996

ASSETS

CURRENT ASSETS

Cash and cash equivalents

Cash reserves

Accounts receivable - trade, net of

allowance for doubtful accounts of

(1996&1995 = (1994=

Accounts receivable - related parties

Prepaid expenses

Marketable securities

Notes receivable - related party

Carrier Deposits - Current Portion

Income Taxes - Refundable

Deferred income taxes

Inventory

TOTAL CURRENT ASSETS

FIXED ASSETS

Furniture & Fixtures

Office Computers, Equip, & Software

Telephone Switching Equipment

Automobile

Capitalized lease equipment

Less accumulated depreciation

OTHER ASSETS

Carrier deposits

Deferred income taxes

Intangible assets, net of amortization

TOTAL ASSETS









INTERNATIONAL TELCOM, LTD

BALANCE SHEET
as of December 31, 1996
Preliminary - Unaudited - For Management Review Only

LIABILITIES AND STOCKHOLDERS' EQUITY

Dec. 31, 1996

CURRENT LIABILITIES

Accounts payable - trade
Accounts payable - related party
Accounts payable employee W/H
Accrued payroll expense
Excise tax payable
Capital lease - current portion
Deferred carrier credits-current portion
Security deposits - current portion
Security deposits - related party
Note payable - related party
TOTAL CURRENT LIABILITIES



OTHER LIABILITIES

Notes Payable - Long Term Notes Payable - Shareholder Capital lesse obligations Deferred carrier credits Security sepasits



STOCKHOLDERS' EQUITY

Common Stock
Capital in excess of par
Retained deficit - prior
Retained earnings - current



TOTAL MASILITIES & STOCKHOLDERS EQUITY

International Telcom, Ltd.

Income Statement for the 12 Months Ended December 31, 1996

Unaudited - For Management Use Only

Pres	minary
Year	Ended
	996

Net Sales

Cost of Sales

Gross Margin

General & Admin Expenses

Operating Income <Loss>

Other Income & Expenses
Miscellaneous Income
Investment Losses & Gains
Interest Expense
Interest Income
Officer Bonus

Income <Loss> Before Taxes

Provision For Inc Tax Benefit & Taxes

Net Income <Loss>













