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COMMISSION CLERK

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Duluth, Georgia 30097

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Telephone: (770) 232-9200
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September 24, 2001

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Tariff Section
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399
(850) 413-6000

Forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.
Initials of person who forwarded check:

Re: TalkNow, Inc. 011240-TI

Dear Sir/Madam:

Enclosed please find one original and six (6) copies of TalkNow, Inc.'s Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida, along with an original and six (6) copies of TalkNow, Inc.'s proposed tariff.

I also have enclosed a check in the amount of $250.00 payable to the Florida Public Service Commission to cover the cost of filing these documents.

Please return a stamped copy of the extra copy of this letter in the enclosed preaddressed prepaid envelope.

If you have any questions regarding the application or the tariff, please do not hesitate to call me. Thank you for your attention to this matter.

Sincerely,

Lance J.M. Steinhart, Esq.
Attorney for TalkNow, Inc.

Enclosures
cc: Desiree Neal

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
12038 SEP 25 01
FPSC-COMMISSION CLERK

** **FLORIDA PUBLIC SERVICE COMMISSION** **

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

Application Form for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida

011240-TI

Instructions

- This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 16).

- Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.

- Use a separate sheet for each answer which will not fit the allotted space.

- Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **$250.00** to:

  Florida Public Service Commission
  Division of Records and Reporting
  2540 Shumard Oak Blvd.
  Tallahassee, Florida 32399-0850
  (850) 413-6770

  Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another company.

- If you have questions about completing the form, contact:

  Florida Public Service Commission
  Division of Regulatory Oversight
  Certification Section
  2540 Shumard Oak Blvd.
  Tallahassee, Florida 32399-0850
  (850) 413-6480

1. This is an application for √ (check one):

(x) **Original certificate** (new company).

( ) **Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

( ) **Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

( ) **Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

TalkNow, Inc.

3. Name under which applicant will do business (fictitious name, etc.):

4. Official mailing address (including street name & number, post office box, city, state, zip code):

9775 Business Park Avenue

San Diego CA 92131

5. Florida address (including street name & number, post office box, city, state, zip code):

None

6. Select type of business your company will be conducting √ (check all that apply):

(x) **Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

( ) **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

(x) **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.

(x) **Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.

( ) **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.

(x) **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

( ) Individual ( ) Corporation
(x) Foreign Corporation ( ) Foreign Partnership
( ) General Partnership ( ) Limited Partnership
( ) Other ____________________

8. **<u>If individual,</u>** provide:

Name: Not Applicable
Title:____
Address:______________________________________
City/State/Zip:___________________________________

Telephone No.:__________________ **Fax No.:**____________
Internet E-Mail Address:______________________________
Internet Website Address:______________________________

9. **<u>If incorporated in Florida,</u>** provide proof of authority to operate in Florida:

    (a) **The Florida Secretary of State Corporate Registration number:**

    ____

10. **<u>If foreign corporation,</u>** provide proof of authority to operate in Florida:

    (a) **The Florida Secretary of State Corporate Registration number:**

    ____

11. **<u>If using fictitious name-d/b/a,</u>** provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

    (a) **The Florida Secretary of State fictitious name registration number:**

    ____

12. **<u>If a limited liability partnership</u>**, provide proof of registration to operate in Florida:

    (a) **The Florida Secretary of State registration number:** __________

13. **<u>If a partnership</u>**, provide name, title and address of all partners and a copy of the partnership agreement.

Name:____

Title:____

Address:____
City/State/Zip:____________________________________

Telephone No.:____________________ **Fax No.:**______________
Internet E-Mail Address:_______________________________
Internet Website Address:______________________________

14. **<u>If a foreign limited partnership</u>**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:**_______________________

15. Provide **<u>F.E.I. Number</u>** (if applicable): 22-3252913

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
(x) Yes ( ) No

(b) If not, who will bill for your services?

Name:____
Title:____

Address:______________________________________

City/State/Zip:____________________________________

Telephone No.:____________________ **Fax No.:**______________

(c) How is this information provided?

____

____

17. Who will receive the bills for your service?

(x) Residential Customers
( ) PATs providers
( ) Hotels & motels
( ) Universities
( ) Other: (specify)______________________.

(x) Business Customers
( ) PATs station end-users
( ) Hotel & motel guests
( ) Universities dormitory residents

18. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Lance J.M. Steinhart

Title: Regulatory Counsel

Address: 6455 East Johns Crossing, Suite 285
City/State/Zip: Duluth, Georgia 30097

Telephone No.: (770) 232-9200 **Fax No.:** (770) 232-9208
Internet E-Mail Address: lsteinhart@telecomcounsel.com
Internet Website Address: ______________________

(b) Official point of contact for the ongoing operations of the company:

Name: Desiree Neal

Title: Manager of Regulatory Affairs

Address: 9775 Business Park
City/State/Zip: San Diego CA 92131

Telephone No.: (800) 576-7775 **Fax No.:** (858) 536-3394
Internet E-Mail Address: desiree.neal@worldxchange.com
Internet Website Address: www.worldxchange.com

(c) Complaints/Inquiries from customers:

Name: Bobby Vannoy

Title: Customer Service Contact

Address: 9775 Business Park
City/State/Zip: San Diego CA 92131

Telephone No.: (800) 576-7775 **Fax No.:** (858) 536-3394
Internet E-Mail Address: desiree.neal@worldxchange.com
Internet Website Address: www.worldxchange.com

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

None

(b) has applications pending to be certificated as an interexchange telecommunications company.

Applicant is in the process of filing Applications throughout the United States.

(c) is certificated to operate as an interexchange telecommunications company.

None

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

None

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None

20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

Yes, the officers, directors and stockholders of Applicant hold similar positions with I-Link Communications, Inc. and WorldxChange Corp.

21. The applicant will provide the following interexchange carrier services √ (check all that apply):

a._______ **MTS with distance sensitive per minute rates**

________ Method of access is FGA
________ Method of access is FGB
________ Method of access is FGD
________ Method of access is 800

b._______ **MTS with route specific rates per minute**

________ Method of access is FGA
________ Method of access is FGB
________ Method of access is FGD
________ Method of access is 800

c._______ **MTS with statewide flat rates per minute (i.e. not distance sensitive)**

________ Method of access is FGA
________ Method of access is FGB
___✘___ Method of access is FGD
___✘___ Method of access is 800

d._______ **MTS for pay telephone service providers**

e._______ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f.___✘___ **800 service (toll free)**

g.___✘___ **WATS type service (bulk or volume discount)**

___✘___ Method of access is via dedicated facilities
___✘___ Method of access is via switched facilities

h._______ **Private line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

I.___✘___ **Travel service**

________ Method of access is 950
___✘___ Method of access is 800

j._______ **900 service**

k.______ **Operator services**

________ Available to presubscribed customers
________ Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
________ Available to inmates

l. **Services included are:**

_________ Station assistance
_________ Person-to-person assistance
_________ Directory assistance
_________ Operator verify and interrupt
_________ Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

23. Submit the following:

A. **Managerial capability;** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
See Attached

B. **Technical capability;** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.
Applicant will use the network services of its underlying carrier to provide services to customers in the State of Florida.

C. **Financial capability.**

The application **<u>should contain</u>** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer <u>affirming that the financial statements are true and correct</u> and should include:

1. the balance sheet;

2. income statement; and

3. statement of retained earnings.

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **<u>A written explanation</u>** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. **<u>A written explanation</u>** that the applicant has sufficient financial capability to maintain the requested service.

3. **<u>A written explanation</u>** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

THIS PAGE MUST BE COMPLETED AND SIGNED

APPLICANT ACKNOWLEDGMENT STATEMENT

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** I understand that a non-refundable application fee of $250.00 must be submitted with the application.

UTILITY OFFICIAL:

Gary Wasserson
Print Name

Signature

President
Title

9/24/01
Date

(800) 576-7775
Telephone No.

(858) 536-3394
Fax No.

Address:
9775 Business Park Avenue
San Diego CA 92131

FL IXC App

THIS PAGE MUST BE COMPLETED AND SIGNED

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please √ check one):

(✘) The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.

(   ) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.
(The bond must accompany the application.)

UTILITY OFFICIAL:

Gary Wasserson
Print Name

Signature

President
Title

9/24/01
Date

(800) 576-7775
Telephone No.

(858) 536-3394
Fax No.

Address: 9775 Business Park Avenue
San Diego CA 92131

FL IXC App

THIS PAGE MUST BE COMPLETED AND SIGNED

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Gary Wasserson
Print Name

[signature]
Signature

President
Title

9/24/01
Date

(800) 576-7775
Telephone No.

(858) 536-3394
Fax No.

Address: 9775 Business Park Avenue
San Diego CA 92131

FL IXC App

CURRENT FLORIDA INTRASTATE SERVICES

Applicant **has** (   ) or **has not** (×) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

____

____

____

b) If the services are not currently offered, when were they discontinued?

____

____

____

UTILITY OFFICIAL:

Gary Wasserson

Print Name

[signature]

Signature

President

Title

9/24/01

Date

(800) 576-7775

Telephone No.

(858) 536-3394

Fax No.

Address: 9775 Business Park Avenue

San Diego CA 92131

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

LIST OF ATTACHMENTS

PROPOSED TARIFF

FINANCIAL INFORMATION

MANAGEMENT INFORMATION

STATEMENT OF FINANCIAL CAPABILITY

PROPOSED TARIFF

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by TalkNow, Inc. ("TalkNow"), with principal offices at 9775 Business Park Avenue, San Diego, California 92131. This tariff applies for telecommunications services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

CHECK SHEET

The sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom right-hand side of this sheet.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original
26	Original
27	Original
28	Original
29	Original

* Original or Revised Sheet Included in the most recent tariff filing

TABLE OF CONTENTS

SYMBOLS

The following are the only symbols used for the purposes indicated below:

D - Delete or Discontinue
I - Change Resulting In An Increase to A Customer's Bill
M - Moved from Another Tariff Location
N - New
R - Change Resulting In A Reduction to A Customer's Bill
T - Change in Text or Regulation But No Change In Rate or Charge

TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).I
2.1.1.A.1.(a).I.(i)
2.1.1.A.1.(a).I.(i).(1)

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

10XXX or 101XXXX Access Code - The Access Code is the 10XXX or 101XXXX Access number.

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to the Company's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable the Company to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Casual Calling - A dialing method that enables a Customer to reach the interexchange carrier of the Customer's choice even if the Customer is not a regular Customer of that carrier. The Customer utilizes a 10XXX or 101XXXX Access Code to make calls, and the Customer does not change its Primary Interexchange Carrier.

Commission - Used throughout this tariff to mean the Florida Public Service Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of the Company or purchases a Company Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or TalkNow - Used throughout this tariff to mean TalkNow, Inc., a Delaware Corporation.

Dedicated Access - The Customer gains entry to the Company's services by a direct path from the Customer's location to the Company's point of presence.

DUC - DUC stands for Designated Underlying Carrier.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

LEC - LEC stands for Local Exchange Carrier.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Presubscribed Service - A service whereby the Customer can make long distance calls and the Customer must change its Primary Interexchange Carrier to the Company.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Resp. Org - Responsible Organization or entity identified by an 800 service Customer that manages and administers records in the 800 database and management system.

Switched Access - The Customer gains entry to the Company's services by a transmission line that is switched through the local exchange carrier to reach the Company's point of presence.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage within the State of Florida.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

U.S.F. - U.S.F. stands for Universal Service Fund.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate interexchange telecommunications services provided by the Company for telecommunications between points within the State of Florida. Services are furnished subject to the availability of necessary facilities, equipment and/or billing arrangements with the DUC and/or LEC, and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. Necessary facilities and equipment may include, but are not limited to, facilities or equipment to be provided by the Company, connecting carriers, underlying carriers, owners and operators of transmission capacity leased to the Company or the LEC. The Company's services are provided on a statewide basis and are not intended to be limited geographically, however, all Switched Access services are only available in equal access areas. The selection of the DUC is made solely in the discretion of the Company. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Except for 101XXXX Access Service, Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement.

2.1.1 The services provided by the Company are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.

2.1.2 The rates and regulations contained in this tariff apply only to the services furnished by the Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of the Company.

2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use and Limitations of Services

2.2.1 The Company's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.

2.2.2 The use of the Company's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

2.2.3 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.

2.2.4 The Company's services are available for use twenty-four hours per day, seven days per week.

2.2.5 The Company does not transmit messages, but the services may be used for that purpose.

2.2.6 The Company's services may be denied for nonpayment of charges or for other violations of this tariff subject to Section 2.5.1 herein.

2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.

2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.

2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.

2.3.4 The Company's liability, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company, except as ordered by the Commission.

2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.

2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express or implied, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.

2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.

2.4.3 If required for the provision of the Company's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to the Company.

2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.

2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of the Company's equipment to be maintained within the range normally provided for the operation of microcomputers.

2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with the Company's facilities or services, that the signals emitted into the Company's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure

Section 2.4.6 Continued

personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with the telephone network, the Company will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to Company equipment, personnel or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's service.

2.4.7 The Customer must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.

2.4.8 The Customer must pay for the loss through theft of any Company equipment installed at Customer's premises.

2.4.9 If the Company installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, the Company may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:

2.5.1.A For nonpayment of any sum due the Company for more than thirty (30) days after issuance of the bill for the amount due,

2.5.1.B For violation of any of the provisions of this tariff,

2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over the Company's services, or

2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its services.

2.5.2 Without incurring liability, the Company may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and the Company's equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.

2.5.3 Service may be discontinued by the Company without notice to the Customer, by blocking traffic to certain counties, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.

2.5.4 The Customer may terminate service upon verbal or written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage and be responsible for payment until the Customer or its agent notifies its local exchange carrier and changes its long distance carrier.

2.6 Credit Allowance - Interruption of Service

2.6.1 Credit may be given for disputed calls, on a per call basis.

2.6.2 Credit shall not be issued for unavailability of long distance services.

2.6.3 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of any monthly service charges for each hour or major fraction thereof that the interruption continues.

Credit Formula:

$$\text{Credit} = \frac{A}{720} \times B$$

"A" - outage time in hours
"B" - monthly charge for affected activity

2.7 Deposit

The Company does not require deposits.

2.8 Advance Payments

The Company requires advance payments for recurring and non-recurring charges. This will be applied against the next month's charges, and if necessary, a new advance payment will be collected for the next month.

2.9 Payment and Billing

2.9.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt.

2.9.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, presubscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, presubscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer.

2.9.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company within 30 days after such bills are rendered.

2.9.4 The Company may utilize direct billing and LEC billing. The selection of the billing option is made by the Company. With LEC billing, the Customer's charges for Service(s) are billed with the Customer's bill for local service. If LEC billing is

Section 2.9.4 continued

utilized, the rules and regulations applying to rendering and payment of the bill and late charges are the same as covered in the applicable LEC tariff. The Company will make every effort to post any credit due to the Customer account(s) on the Customer's next LEC bill. However, based on the date of the resolution of a dispute and the date credits must be provided to the LEC, it may be two or more billing cycles before a credit will be issued. The Company's name and toll-free telephone number will appear on the Customer's bill.

2.10 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated services, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.11 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

2.12 Late Charge

A late fee will be charged on any past due balances as set forth in Section 4.10 of this tariff.

2.13 Returned Check Charge

A fee, as set forth in Section 4.6 of this tariff, will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.14 Location of Service

The Company will provide service to Customers within the State of Florida.

2.15 Sale of Telecommunications Services to Uncertified IXCs Prohibited

Customers reselling or rebilling the Company's telecommunications services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Commission.

2.16 Reconnection Charge

A reconnection fee per occurrence as set forth in Section 4.12 of this tariff, will be charged when service is reestablished for Customers which have been disconnected due to non-payment. Payment of the reconnection fee and any other outstanding amounts will be due in full prior to reconnection of service

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Computation of Charges

3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. For all calls, fractions of an increment are rounded up to the next whole increment. For example, a call with a one (1) minute increment lasting 35 seconds will be rounded to one (1) minute. Calls with charges that include a fraction of a cent .5 or greater will be rounded to the next highest cent. For example, a Customer making a call with a computed charge of $1.434 will be charged $1.43 and a Customer making a call with a computed charge of $1.435 will be charged $1.44.

3.1.2 Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V&H Coordinates Tape and Bell's NECA Tariff No. 4.

Formula:

$$\sqrt{\frac{(V1-V2)^2 + (H1-H2)^2}{10}}$$

3.1.3 Timing begins when the called party answers and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Timing for each call ends when either party hangs up.

3.1.4 The Company will not bill for uncompleted calls.

3.1.5 If the Customer uses a calling plan with a monthly recurring charge, that monthly charge is charged for every billing or calendar month in which a customer uses the service as defined by placing a call from a working telephone number.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

9775 Business Park Avenue
San Diego, California 92131
(800) 576-7775

Any objection to billed charges should be reported promptly to the Company or its billing agent. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. A Customer who is unable to resolve a billing dispute with the Company may contact the Commission by telephone at 1-800-342-3552 to intervene in the billing dispute.

3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Service Offerings

3.4.1 Presubscribed 1+ Dialing

This service permits Customers to originate calls via switched or dedicated access lines, and to terminate intrastate calls. The customer dials "1+" followed by "ten digits". The customer is presubscribed to the Company's service.

3.4.2 Casual Calling

This service permits Customers to originate calls via switched access lines, and to terminate intrastate calls via a 10XXX or 101XXXX Access Code. The Customer dials the Access Code followed by "1+ ten digits". This service is Non-Primary Interexchange Carrier Service. Non-Primary Interexchange Carrier Service is available to residences and businesses, except hospitals, payphones, hotels and in-mate only facilities, that demonstrate credit-worthiness.

3.4.3 Travel Cards

The Customer utilizes an 11 digit "toll-free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.4.4 800 Service (Toll-Free)

This service is inbound calling only where an 800, 888 or other toll-free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

3.4.5 Prepaid Calling Cards

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase Company Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. Company Prepaid Calling Cards are available at a variety of face values. Company Prepaid Calling Card service is accessed using the Company toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. The Company's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units and applicable taxes for each call are deducted from the remaining Telecom Unit balance on the Customer's Company Prepaid Calling Card.

All calls must be charged against Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted.

When the balance is depleted, the Customer can either call the toll-free number on the back of the Company Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the Company Prepaid Calling Card is insufficient to continue the call.

Section 3.4.5 Continued

A card will expire on the date indicated on the card, or if no date is specified, 6 months from the date of first usage, or the date of last recharge, whichever is later. The Company will not refund unused balances.

A credit allowance for Company Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the Company Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that the call was placed.

When a call charged to a Company Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to the Company Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

3.4.6 Directory Assistance.

Access to long distance directory assistance is obtained by dialing 1 + (area code) + 555-1212. When more than one number is requested in a single call, a charge will be applicable for each number requested, whether or not the number is listed or published. Directory assistance is available to any Customer that has access to the directory assistance bureau of the DUC.

3.4.7 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.4.8 Promotional Offerings

The Company may offer approved special promotions of new or existing services or products for limited time periods as approved by the Commission. These promotions will include specific tariffed starting and ending dates. All such promotions will be offered on a completely non-discriminatory basis. All such tariffed promotions must be approved by the Commission and must state exactly what charges are being reduced or waived, who is eligible, and what Customers have to do to be eligible.

SECTION 4 - RATES

4.1 Presubscribed 1+ Dialing

Calls for Less Plan
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Lucky Penny Plan
$0.079 Per Minute
Billed in one minute Increments

Penny Plan - 1010629 Access Code
$0.079 Per Minute
Billed in one minute Increments

Call 4 Cents Plan
$0.04 Per Minute Initial Period
$0.04 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Talk Cents Plan
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

Xchanger Plan
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

5200 Plan
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

4.2 Casual Calling

Calls for Less Plan - 1015992 Access Code
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Lucky Penny Plan - 1010834 Access Code
$0.079 Per Minute
Billed in one minute Increments

Penny Plan - 1010629 Access Code
$0.079 Per Minute
Billed in one minute Increments

Call 4 Cents Plan - 1015335 Access Code
$0.04 Per Minute Initial Period
$0.04 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Talk Cents Plan - 1010502 Access Code
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

Xchanger Plan - 1010275 Access code
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

5200 Plan -1015200 Access Code
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

4.3 Travel Cards

Calls for Less Plan
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Lucky Penny Plan
$0.079 Per Minute
Billed in one minute Increments

Penny Plan
$0.079 Per Minute
Billed in one minute Increments

Call 4 Cents Plan
$0.04 Per Minute Initial Period
$0.04 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Talk Cents Plan
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

Xchanger Plan
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

5200 Plan
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

For all Plans
A $1.00 per call service charge applies.

4.4 800 Service (Toll Free)

Calls for Less Plan
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Lucky Penny Plan
$0.079 Per Minute
Billed in one minute Increments

Penny Plan
$0.079 Per Minute
Billed in one minute Increments

Call 4 Cents Plan
$0.04 Per Minute Initial Period
$0.04 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

Talk Cents Plan
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

Xchanger Plan
$0.07 Per Minute
Billed in one minute Increments
A monthly recurring charge of $4.95 applies

1015200 Plan
$0.049 Per Minute Initial Period
$0.069 Per Minute Additional Periods
Initial Period ten minute Increment
Additional Periods one minute Increments

For all Plans
A monthly recurring charge of $2.00 applies
A one-time set up fee of $10.00 applies

4.5 Directory Assistance

$.75 per each number requested

4.6 Returned Check Charge

$25.00

4.7 Rate Periods and Billing Increments

	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period		
5 p.m. to 11 p.m.*	Evening Rate Period		Evening Rate Period
11 p.m. to 8 a.m.*	Night/Weekend Rate Period		

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge.

4.8 Rates Applicable for Hearing/Speech Impaired Persons

For intrastate toll messages which are communicated using a telecommunications device for the deaf (TDD) by properly certified business establishments or individuals equipped with TDDs for communications with hearing or speech impaired persons, the rates shall be evening rates for daytime calls and night rates for evening and night calls.
Intrastate toll calls received from the relay service, each local exchange and interexchange telecommunications company billing relay call will be discounted by 50 percent of the applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call will be discounted 60 percent off the applicable rate for voice nonrelay calls.

Florida Public Service Commission Rules and Regulations require the Company to provide the first 50 directory assistance calls initiated per billing cycle by handicapped persons free of charge.

4.9 Employee Concessions

The Company does not offer employee concessions.

4.10 Late Charge

1.5% monthly or the amount otherwise authorized by law, whichever is lower.

4.11 Payphone Dial Around Surcharge

A dial around surcharge of $.50 per call will be added to any completed INTRAstate toll access code and subscriber 800/888 type calls placed from a public or semi-public payphone.

4.12 Reconnection Charge

$25.00

FINANCIAL INFORMATION

AUDITORS' REPORT

To the Shareholders of
Counsel Corporation:

We have audited the consolidated balance sheet of Counsel Corporation as at December 31, 2000 and the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada and 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

On March 26, 2001, we reported separately to the shareholders of the Company on consolidated financial statements for the same period, prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The consolidated financial statements of the Company as at December 31, 1999 and for the years ended December 31, 1999 and 1998 prepared in accordance with Canadian GAAP (including a reconciliation to U.S. GAAP), prior to adjustments to present them in accordance with U.S. GAAP as described in *Note 1*, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 7, 2000. We have audited the adjustments to the financial statements as at December 31, 1999 and for the years ended December 31, 1999 and 1998, and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

Arthur Andersen LLP
Chartered Accountants

Toronto, Canada
March 26, 2001

CONSOLIDATED BALANCE SHEETS

(In 000s of US$) December 31

	2000	1999
ASSETS		
Current assets		
Cash and cash equivalents	$ 52,220	$ 15,989
Trading securities *(Notes 2 and 6)*	67,897	73,589
Amounts receivable	3,414	2,584
Income taxes recoverable	2,112	4,212
Deferred income tax assets *(Note 11)*	785	1,423
Other assets *(Note 3)*	4,071	4,207
Discontinued assets *(Note 12)*	77,239	127,317
	207,738	229,321
Long term assets		
Other assets *(Note 3)*	21,851	24,155
Investment in significantly influenced corporations *(Note 4)*	15,783	9,735
Long term care facilities *(Note 5)*	14,248	15,805
	$ 259,620	$ 279,016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued charges	$ 14,189	$ 18,727
Deferred revenue	735	995
Note payable *(Note 6)*	13,333	–
Mortgages and loans payable *(Note 7)*	251	256
Discontinued liabilities *(Note 12)*	40,728	13,030
	69,236	33,008
Long term liabilities		
Deferred revenue	1,449	1,923
Note payable *(Note 6)*	26,667	40,000
Mortgages and loans payable *(Note 7)*	19,775	20,412
Debentures payable *(Note 8)*	48,501	50,000
Deferred income taxes *(Note 11)*	11,848	15,653
	177,476	160,996
Shareholders' equity	82,144	118,020
	$ 259,620	$ 279,016

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

Approved on behalf of the Board

Allan Silber,
Director

Morris Perlis,
Director

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In 000s of US$) For the years ended December 31

	Capital Stock *(Note 9)* No. of Shares (In 000s)	Amount	Additional Paid in Capital	Accumulated Comprehensive Income	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance December 31, 1997	27,947	$ 119,572	$ –	$ –	$ 8,014	$ 127,586
Shares issued	90	640	–	–	–	640
Shares purchased for cancellation	(336)	(1,476)	–	–	(1,251)	(2,727)
Stock option compensation	–	(192)	–	–	–	(192)
Income tax benefit on employee stock options	–	–	–	–	236	236
Net loss	–	–	–	–	(25,805)	(25,805)
Balance December 31, 1998	27,701	118,544	–	–	(18,806)	99,738
Shares issued	20	32	–	–	–	32
Shares purchased for cancellation	(2,188)	(8,072)	–	–	(5,660)	(13,732)
Employee share purchase loans	–	(1,319)	–	–	–	(1,319)
Other comprehensive income	–	–	–	9,393	–	9,393
Dividends	–	–	–	–	(26,357)	(26,357)
Net earnings	–	–	–	–	50,265	50,265
Balance December 31, 1999	25,533	109,185	–	9,393	(558)	118,020
Shares issued	**92**	**143**	**–**	**–**	**–**	**143**
Shares purchased for cancellation	**(1,688)**	**(6,942)**	**2,220**	**–**	**(8)**	**(4,730)**
Gain on issuances of stock by significantly influenced corporations	**–**	**–**	**–**	**–**	**366**	**366**
Other comprehensive income	**–**	**–**	**–**	**(9,178)**	**–**	**(9,178)**
Dividends	**–**	**–**	**–**	**–**	**(1,791)**	**(1,791)**
Net loss	**–**	**–**	**–**	**–**	**(20,686)**	**(20,686)**
Balance December 31, 2000	**23,937**	**$ 102,386**	**$ 2,220**	**$ 215**	**$ (22,677)**	**$ 82,144**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In 000s of US$) For the years ended December 31

	2000	1999	1998
Net earnings (loss)	**$ (20,686)**	$ 50,265	$ (25,805)
Other comprehensive income			
Unrealized holding gains (losses) arising during the year	**(6,872)**	9,393	–
Reclassification adjustment for gains included in net loss	**(2,306)**	–	–
	(9,178)	9,393	–
Comprehensive income (loss)	**$ (29,864)**	$ 59,658	$ (25,805)

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

CONSOLIDATED STATEMENTS OF EARNINGS

(In 000s of US$ except per share amounts) For the years ended December 31

	2000	1999	1998
Revenues			
Long term care	$ 32,045	$ 31,275	$ 31,112
Medical products	2,924	3,091	251
Clinical laboratory	–	–	9,142
Interest and other income	2,638	7,203	10,004
	37,607	41,569	50,509
Cost of medical products sold	2,306	1,834	130
Cost of clinical laboratory products sold	–	–	6,706
Operating expenses			
Long term care	31,289	30,594	29,900
Medical products	4,056	3,700	256
Clinical laboratory	–	–	1,970
Earnings (loss) before undernoted items	(44)	5,441	11,547
Gain on sale of trading and available for sale securities *(Note 2)*	8,142	–	–
Market value adjustment on trading securities *(Note 2)*	44,192	(143,776)	(981)
Earnings (loss) before undernoted expenses	52,290	(138,335)	10,566
Corporate	4,300	3,433	3,008
Amortization	2,114	1,949	1,684
Interest	4,335	4,954	2,910
Earnings (loss) before losses of significantly influenced corporations and writedown of investments	41,541	(148,671)	2,964
Equity in losses of significantly influenced corporations	(9,547)	(265)	–
Writedown of investments	(3,430)	(5,423)	–
Earnings (loss) before income taxes and minority interest	28,564	(154,359)	2,964
Income taxes (recovered) *(Note 11)*	15,174	(55,421)	(1,215)
Minority interest	–	(1,663)	(13)
Earnings (loss) from continuing operations	13,390	(97,275)	4,192
Earnings (loss) from discontinued operations *(Note 12)*	(34,567)	147,540	(29,997)
Earnings (loss) before extraordinary item	(21,177)	50,265	(25,805)
Gain on retirement of convertible debentures net of deferred income taxes of $131	491	–	–
Net earnings (loss)	$ (20,686)	$ 50,265	$ (25,805)
Earnings (loss) per common share – basic			
Earnings (loss) from continuing operations	$ 0.54	$ (3.71)	$ 0.15
Earnings (loss) from discontinued operations	(1.39)	5.62	(1.08)
Extraordinary item	0.02	–	–
Net earnings (loss) – basic	$ (0.83)	$ 1.91	$ (0.93)
Earnings (loss) per common share – diluted			
Earnings (loss) from continuing operations	$ 0.54	$ (3.71)	$ 0.15
Earnings (loss) from discontinued operations	(1.39)	5.62	(1.08)
Extraordinary item	0.02	–	–
Net earnings (loss) – diluted	$ (0.83)	$ 1.91	$ (0.93)
Weighted average number of common shares outstanding (in 000s)	24,860	26,258	27,881

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In 000s of US$) For the years ended December 31

	2000	1999	1998
Cash provided by (used in) operating activities			
Net earnings (loss)	**$ (20,686)**	$ 50,265	$ (25,805)
Non-cash items included in net earnings			
(Earnings) loss from discontinued operations	**34,567**	(147,540)	29,997
Gain on retirement of debentures payable	**(491)**	–	–
Writedown of investments	**3,430**	5,423	–
Gain on sale of trading and available for sale securities	**(8,142)**	–	–
Gain on sale of other assets	**(302)**	(1,492)	(2,232)
Market value adjustment on trading securities	**(44,192)**	143,776	981
Amortization	**2,114**	1,949	1,684
Amortization of deferred revenue	**(735)**	(1,057)	(1,703)
Amortization of deferred finance costs	**178**	178	178
Deferred income taxes (benefits)	**16,746**	(52,542)	(181)
Minority interest	**–**	(1,663)	(13)
Equity in losses of significantly influenced corporations	**9,547**	265	–
Sale (acquisition) of trading securities	**54,334**	(5,143)	–
Decrease (increase) in amounts receivable	**(830)**	814	130
Decrease (increase) in income taxes recoverable	**1,020**	(1,098)	(1,028)
Decrease (increase) in other assets	**(1,312)**	4,665	(808)
Increase (decrease) in accounts payable	**(4,620)**	7,036	1,704
Net cash provided by operating activities	**40,626**	3,836	2,904
Cash provided by (used in) investing activities			
Investment in significantly influenced corporations	**(15,982)**	(10,000)	–
Investment in available for sale securities	**(3,700)**	(3,013)	–
Other investments	**(1,137)**	(3,759)	(3,937)
Mortgages and other advances – repayments	**1,679**	–	436
Mortgages and other advances – lending	**(7,653)**	(747)	–
Proceeds on sale of investments	**5,621**	3,661	2,439
Discontinued operations	**(2,152)**	157,912	(83,580)
Net cash provided by (used in) investing activities	**(23,324)**	144,054	(84,642)
Cash provided by (used in) financing activities			
Mortgages and loans payable – repayments	**(4,055)**	(4,312)	–
Mortgages and loans payable – borrowings	**3,507**	–	4,055
Shares purchased for cancellation	**(4,730)**	(13,732)	(2,727)
Retirement of debentures payable	**(877)**	–	–
Proceeds from exercise of stock options	**84**	32	640
Dividends paid	**–**	(26,357)	–
Discontinued operations	**25,000**	(91,704)	75,500
Net cash provided by (used in) financing activities	**18,929**	(136,073)	77,468
Increase (decrease) in cash and cash equivalents	**36,231**	11,817	(4,270)
Cash and cash equivalents, beginning of year	**15,989**	4,172	8,442
Cash and cash equivalents, end of year	**$ 52,220**	$ 15,989	$ 4,172
Supplemental disclosure of cash flow information			
Cash paid (received) during the year for items relating to continuing operations			
Interest	**$ 4,122**	$ 5,283	$ 5,604
Income tax refunds	**$ (1,308)**	$ (1,082)	–
Income tax payments	**–**	$ 3,505	–
Portion of proceeds on sale of pharmacy services business derived from capital stock of the purchaser	**–**	$ 207,174	–

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

(In 000s of US$ except per share amounts) December 31, 2000, 1999 and 1998

1. Summary of significant accounting policies

Basis of presentation

These statements are presented in addition to the Company's primary financial statements, which are prepared in accordance with Canadian GAAP. By presenting these additional financial statements, management aims at assisting U.S. readers in comparing the operating results of the Company and its financial position to those of its peers. This is the first year that management has prepared a full set of financial statements in accordance with U.S. GAAP. In prior years, management prepared its financial statements in accordance with Canadian GAAP which included a note reconciling net earnings (loss) between Canadian and U.S. GAAP and provided the additional disclosures required by U.S. GAAP. The U.S. GAAP information included in those notes has been used to prepare the 1999 and 1998 statements in accordance with U.S. GAAP.

Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and all companies over which it has control. The results of operations of companies acquired are included from the dates of acquisition.

Significantly influenced corporations

Corporations over which control does not exist but significant influence is exercised are accounted for using the equity method.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Translation of foreign currencies

The Company's functional currency is the U.S. dollar. Accordingly, the monetary accounts of foreign entities are translated into U.S. dollars at the exchange rate prevailing at the year end and the non-monetary accounts are translated at historical rates. Revenues and expenses are translated at average exchange rates during the year. Exchange gains or losses arising from the translation of operations have been included in earnings.

Cash and cash equivalents

Cash and cash equivalents comprises cash and short term market investments with original maturities of three months or less. At December 31, 2000 cash equivalents were $45,500 (1999 – $11,700).

Trading securities

Trading securities are carried at market value. Unrealized gains and losses in value are included in the determination of earnings as market value adjustments.

Available for sale securities

Available for sale securities are carried at market value. Realized gains and losses, including declines in value that are judged to be non-temporary, are included in the determination of earnings. Unrealized gains and losses are recorded, net of tax, as a component of comprehensive income.

Financial instruments

The carrying amounts reported on the balance sheets for cash and cash equivalents, amounts receivable, accounts payable and accrued charges and note payable approximate their fair values because of the immediate or short term maturity of these financial instruments. The fair values of other financial instruments are disclosed in *Notes 2, 8* and *13*. The estimated fair value of trading and available for sale securities is based on quoted market values at year end. Other fair value amounts are based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value. The fair value estimates are based on pertinent information available to management as at the balance sheet date. Such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

Amortization

Long term care facilities are recorded at the lower of cost and estimated net recoverable amount. Amortization is provided using the straight-line method over 23 years.

Furniture, equipment and leasehold improvements are recorded at cost with amortization being provided over their estimated useful lives as follows:

Furniture and equipment	– straight-line or accelerated method over periods from 3 to 7 years and declining balance method at 20% per annum
Leasehold improvements	– straight-line over the shorter of the term of the lease or estimated useful life of the asset

Financing costs are amortized over the term of the related debt.

Goodwill, which represents the excess of purchase price over fair value of tangible and identifiable intangible net assets acquired, is amortized on a straight-line basis over the expected periods to be benefited, generally 10 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. If an impairment is identified, the amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

Deferred revenue

Deferred revenue, arising from the disposition of certain long term care leasehold interests in 1994, is being amortized on a straight-line basis over 10 years.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-based compensation plans

The Company has stock-based compensation plans, which are described in *Note 10*. The Company, as permitted by SFAS 123 "Accounting for Stock-Based Compensation," has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB 25 "Accounting for Stock Issued to Employees." Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's common shares at the date of grant over the amount an employee must pay to acquire the common shares. The Company has adopted the disclosure requirements of SFAS 123.

Reclassifications

Certain comparative figures have been reclassified to conform to the current year's basis of presentation.

2. Trading securities

Summarized below is selected financial information relating to trading securities at December 31:

	Number of Shares (in 000s)		Carrying Amount	
	2000	1999	**2000**	1999
Bergen Brunswig Corporation ("Bergen") *(i)*	**4,239**	7,832	**$ 67,110**	$ 65,090
RioCan REIT	**–**	1,309	**–**	7,841
Other	**–**	–	**787**	658
			$ 67,897	$ 73,589

(i) The Company's interest in Bergen was acquired in 1999 as partial consideration for the sale of its wholly owned subsidiary Stadtlander Drug Company, Inc. ("Stadtlander") and the exchange of the Company's interest in PharMerica, Inc. ("PharMerica"). The Company's initial accounting basis for the combined Bergen interest was $207,174 or $26.45 per share.

During 1999 a market value adjustment of $142,084, based on the December 31,1999 per share market price of $8.31, was recorded. During 2000, the Company sold 3,593,000 shares of Bergen for proceeds of $46,833 realizing a gain of $4,837. In addition, a market value adjustment of $43,727, based on the December 31, 2000 per share market price of $15.83, was recorded.

3. Other assets

	2000	1999
Mortgages and other advances *(i)*	**$ 9,630**	$ 3,349
Available for sale securities	**6,639**	12,407
Goodwill (net of amortization of $865; 1999 – $554)	**2,755**	2,820
Capital assets (net of amortization of $1,009; 1999 – $982)	**1,845**	1,990
Other	**5,053**	7,787
	25,922	28,362
Less – current portion	**(4,071)**	(4,207)
	$ 21,851	$ 24,155

(i) During the year, the Company entered into an agreement to acquire a majority interest in Nexbell Communications Inc. ("Nexbell"), subject to certain conditions. At December 31, 2000, the Company had advanced $6,120 pursuant to an interest-bearing revolving credit facility.

Subsequent to the year end, the Company concluded its purchase, acquiring a 97.5% interest for cash consideration of $1,500 and has increased its advances under the credit facility to approximately $7,926.

4. Investment in significantly influenced corporations

	Ownership		Carrying Amount		Equity in Losses	
	2000	1999	**2000**	1999	**2000**	1999
Impower, Inc. *(i)*	**33.6%**	25.2%	**$ 10,340**	$ 9,735	**$ (4,504)**	$ (265)
Proscape Technologies, Inc. *(ii)*	**36.0**	–	**3,071**	–	**(2,114)**	–
IBT Technologies, Inc. *(iii)*	**27.7**	–	**2,372**	–	**(1,856)**	–
Core Communications Corporation *(iv)*	**–**	–	**–**	–	**(1,073)**	–
			$ 15,783	$ 9,735	**$ (9,547)**	$ (265)

Equity in losses includes amortization of goodwill attributable to the Company's acquisition of significantly influenced corporations of $2,965 (1999 – $294).

(i) ***Impower, Inc. ("Impower")***

Impower provides transaction-based Internet direct marketing and electronic database management products and services. On October 22, 1999, the Company acquired a 25.2% interest in Impower for cash consideration of $10,000. The cost of the acquisition was allocated on the basis of the fair market value of assets acquired ($2,893) and liabilities assumed ($445), resulting in $7,552 of unallocated excess of cost over net assets acquired, which is being amortized over a period of five years.

On June 22, 2000, the Company increased its interest in Impower from 25.2% to 33.6% for cash consideration of $5,109. The cost of the acquisition was allocated on the basis of the fair market value of assets acquired ($3,057) and liabilities assumed ($745), resulting in $2,797 of increased unallocated excess of cost over the net assets acquired, which is being amortized over a period of five years.

On February 28, 2001, the Company advanced $2,000 to Impower pursuant to a promissory note secured by the assets of Impower and convertible into convertible preferred stock of Impower under certain circumstances.

(ii) ***Proscape Technologies, Inc. ("Proscape")***

Proscape develops, markets and supports marketing and sales information systems for middle and Fortune 1000 companies. On January 20, 2000, the Company acquired a 31.5% interest in Proscape for cash consideration of $4,001. On October 24, 2000, Proscape successfully completed a private placement involving the Company and third party investors. Pursuant to this private placement, the Company acquired a further 4.5% interest for cash consideration of $1,140 resulting in a 36% interest at December 31, 2000. Proscape stock issuances pursuant to this third party participation resulted in a dilution gain of $44, which is reflected as a component of shareholders' equity. The cost of these acquisitions was allocated on the basis of the fair market value of the assets acquired ($2,672) and the liabilities assumed ($1,098). These valuations gave rise to $3,567 of unallocated excess of cost over net assets acquired, which is being amortized over a period of five years.

On February 16, 2001, the Company increased its interest in Proscape to 52%, on a fully diluted basis, for cash consideration of $2,648.

(iii) ***IBT Technologies, Inc. ("IBT")***

IBT is an application service provider that develops, deploys and supports media-rich e-learning products and services delivered over the Internet for business training and post-secondary educational applications. On March 27, 2000, the Company acquired a 26.7% interest in IBT for cash consideration of $4,000. On August 15, 2000, a further 1% interest was acquired for cash consideration of $222 resulting in a 27.7% interest at December 31, 2000. The cost of these acquisitions was allocated on the basis of the fair market value of the assets acquired ($1,745) and the liabilities assumed ($151). These valuations gave rise to $2,628 of unallocated excess of cost over net assets acquired, which is being amortized over a period of five years.

Subsequent to December 31, 2000, the Company provided a commitment to fund up to $900 to IBT against which $608 has been advanced to date. A third party investor has matched the Company's commitment and current advances. It is the intention of the Company and the third party to convert their promissory notes to convertible preferred stock of IBT upon completion of a new round of equity financing, which is expected to close by May 2001.

(iv) ***Core Communications Corporation ("Core")***

Core provides managed network services for high-speed data communications in hotel and convention meeting spaces. On March 28, 2000, the Company acquired a 32.6% interest in Core for cash consideration of $1,833. On December 29, 2000, Core successfully completed an equity financing in which the Company did not participate. The stock issuances pursuant to this equity financing resulted in a dilution gain of $322 which is reflected as a component of shareholders' equity. As a result, the Company's interest in Core was diluted to 12.9% and, consequently, its investment in Core has been classified as an available for sale security as it no longer exercises significant influence over the business activities of Core.

5. Long term care facilities

	2000	1999
Land	**$ 2,226**	$ 2,226
Buildings and improvements	**28,439**	28,439
Equipment	**4,341**	4,341
Accumulated amortization	**(20,758)**	(19,201)
	$ 14,248	$ 15,805

6. Note payable

	2000	1999
Note payable	**$ 40,000**	$ 40,000
Less – current portion	**(13,333)**	–
Long term portion	**$ 26,667**	$ 40,000

On December 15, 1998, a vendor note in the amount of $40,000 was assumed as part of the consideration for the acquisition of all rights to certain pharmaceutical products by FARO Pharmaceuticals, Inc. ("FARO"). The note is payable in equal principal quarterly installments of $3,333, commencing March 15, 2001 and concluding on December 15, 2003. The note bears interest at a rate of 2% above the posted 90-day LIBOR as of the first day of each quarter and is payable quarterly. At December 31, 2000 the LIBOR was 6.4%. At December 31, 2000, the note was secured by the pledge of 4,063,000 shares of Bergen.

7. Mortgages and loans payable

Mortgages and loans payable are secured by long term care facilities and bear interest at rates ranging from 7.93% to 8.55% (1999 – 7.93% to 8.55%) with a weighted average year end rate of 8.30% (1999 – 8.30%) and are repayable as follows:

2001	$ 251
2002	7,194
2003	163
2004	163
2005	7,081
Thereafter	5,174
	$ 20,026

Approximately 63.4% (1999 – 64.5%) of mortgages and loans payable are repayable in Canadian dollars.

8. Debentures payable

	2000	1999
Debentures payable	**$ 48,501**	$ 50,000

On October 31, 1996, the Company issued $50,000 of convertible unsecured subordinated debentures bearing interest at 6% per annum payable semi-annually on April 30 and October 31 and maturing on October 31, 2003.

Prior to November 1, 2001, the Company may redeem the debentures at par plus accrued interest, but only if the weighted average price at which the common shares of the Company have traded during the 20 consecutive trading days immediately prior to the redemption date is at least 115% of the conversion price if notice to redeem is given before November 1, 2001. The Company may redeem the debentures at any time on or after November 1, 2001 at par plus accrued interest.

The Company may elect to satisfy its obligation to pay principal upon redemption or at maturity by the issuance of its own common shares to the holders of the debentures. The number of shares to be issued is obtained by dividing the face amount of the debentures by 95% of the weighted average trading price of the common shares for the 20 consecutive trading days, ending on the fifth trading day prior to the date of notice of such election.

The debentures are convertible into common shares of the Company at the option of the holder at any time prior to the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption at a conversion price of $11.47 per share.

During 2000, pursuant to normal course issuer bids, the Company purchased for cancellation $1,499 of debentures for cash consideration of $877, resulting in a gain of $491, after tax of $131. Subsequent to December 31, 2000 the Company purchased for cancellation an additional $1,960 of debentures for cash consideration of $1,022.

The fair value of the debentures based on their quoted market price at December 31, 2000 was $26,676 (1999 – $29,000).

9. Capital stock

The authorized capital stock consists of an unlimited number of common and preferred shares.

During 1999, the Company replaced its special shares with one class of preferred shares issuable in series and changed the authorized number of its common shares to an unlimited number.

During 2000, pursuant to normal course issuer bids, the Company acquired 1,688,000 (1999 – 2,188,000) common shares.

Deducted from capital stock are non-interest bearing loans of $2,595 due from employees for the purchase of 1,242,000 shares of the Company having a market value of $2,071 at December 31, 2000. These loans have various maturity dates ranging from June 28, 2002 to January 19, 2006.

10. Stock-based compensation plans

At December 31, 2000, the Company had three stock-based compensation plans, comprising two fixed stock option plans and one share purchase plan.

Fixed stock option plans

Under the 1992 Director, Officer and Employee Stock Option Plan, the Company may grant options to its directors, officers and employees for up to 2,700,000 common shares. Under the 1997 Stock Option Plan, the Company may grant options to its directors, officers, employees and any other person or company engaged to provide ongoing management or consulting services for the Company, for up to 4,200,000 common shares. Under both plans, the exercise price of each option equals the market price of the Company's common shares on the date of grant. The maximum term of the grant is six years from the date of initial vesting of any portion of the grant. Unless otherwise provided, options vest 20% on the date of grant and 20% on each of the first through fourth anniversaries of the grant date. All unvested options vest upon a change of control of the Company.

A summary of the status of the Company's fixed stock option plans and changes during the year is presented below:

	2000		1999		1998	
	Number of Shares (000s)	**Weighted Average Exercise Price (in C$)**	Number of Shares (000s)	Weighted Average Exercise Price (in C$)	Number of Shares (000s)	Weighted Average Exercise Price (in C$)
Fixed stock options						
Outstanding at beginning of year	**3,570**	**$ 14.11**	3,119	$ 14.76	3,146	$ 14.58
Granted	**564**	**6.63**	447	10.17	73	14.54
Exercised	**(92)**	**2.30**	(20)	2.40	(50)	11.74
Forfeited	**(850)**	**14.46**	(6)	17.53	(50)	13.66
Outstanding at end of year	**3,192**	**$ 13.04**	3,570	$ 14.21	3,119	$ 14.76
Options exercisable at end of year	**2,173**	**$ 13.91**	2,961	$ 14.74	2,847	$ 14.73

The following table summarizes the fixed stock options outstanding and exercisable at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices (in C$)	Number Outstanding (000s)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (in C$)	Number Exercisable (000s)	Weighted Average Exercise Price (in C$)
$4.05 to $5.70	257	5.02	$ 5.61	132	$ 5.77
$7.65 to $10.40	693	4.30	8.73	253	8.89
$12.40 to $15.20	1,388	2.01	13.71	1,177	13.94
$16.40 to $18.00	854	2.19	17.72	611	17.70
$4.05 to $18.00	3,192	2.79	$ 13.04	2,173	$ 13.91

As permitted under SFAS 123, the Company has elected to continue to measure its stock option plans using the intrinsic value method prescribed by APB 25. The application of APB 25 did not result in the recognition of compensation expense.

Had compensation cost for these plans been determined using the fair value method consistent with SFAS 123, the Company's net earnings (loss) and earnings (loss) per share would have been as follows:

	2000	1999	1998
Net earnings (loss)	**$ (21,266)**	$ 46,919	$ (28,653)
Net earnings (loss) per common share – basic	**$ (0.86)**	$ 1.79	$ (1.02)
Net earnings (loss) per common share – diluted	**$ (0.86)**	$ 1.79	$ (1.02)

As a result of SFAS 123 not being applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of expected cost in future years.

The fair value of each option is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2000, 1999 and 1998, respectively: risk-free interest rates of 6.3%, 6.3% and 5.1%; expected dividend yields of 0%, 0% and 0%; expected lives of six years, six years and six years; and expected volatility of 65.5%, 48.7% and 49.2%.

Share purchase plan

Under the Company's Share Purchase Plan, the Company is authorized to issue up to 300,000 common shares to executive officers. The purchase price of its shares equals the market price of the Company's common shares on the date of purchase. The Company lends the full amount of the purchase price to the participant and loans are non-interest bearing and due on the later of five years from the date of advance and the date on which the shares purchased under the plan have a market value equal or greater than twice the amount of the loan outstanding but, in any case, no later than the tenth anniversary of the date of advance. All of the shares authorized under the plan were issued in 1996 *(see Note 9)*.

11. Income taxes

The Company's income tax provision differs from the provision computed at statutory rates as follows:

	2000	1999	1998
Earnings (loss) before income taxes and minority interest	**$ 28,564**	$(154,359)	$ 2,964
Income taxes (recovered), based on statutory tax rates of 42.12% (1999 and 1998 – 44.62%)	**$ 12,031**	$ (68,875)	$ 1,323
Increase (decrease) in taxes resulting from:			
Losses not tax affected	**6,503**	1,936	878
Lower effective tax rate of foreign subsidiaries	**(3,639)**	13,427	285
Non-deductible transactions	**331**	1,185	1,975
Utilization of losses carried forward	**–**	(3,183)	(5,687)
Large corporation tax (recovered)	**(52)**	89	11
Actual income taxes (recovered)	**$ 15,174**	$ (55,421)	$ (1,215)
Represented by:			
Current (recovery)	**$ (1,520)**	$ 215	$ 4,642
Deferred (recovery)	**16,746**	(52,542)	(181)
Utilization of losses carried forward	**–**	(3,183)	(5,687)
Large corporation tax (recovery)	**(52)**	89	11
	$ 15,174	$ (55,421)	$ (1,215)

The Company's income tax provision by country is as follows:

	2000	1999	1998
Canada			
Current (recovery)	**$ (52)**	$ 108	$ 27
Deferred (recovery)	**1,116**	(3,900)	88
	$ 1,064	$ (3,792)	$ 115
United States			
Current (recovery)	**$ (1,520)**	$ (2,987)	$ (1,061)
Deferred (recovery)	**15,630**	(48,642)	(269)
	$ 14,110	$ (51,629)	$ (1,330)
Total			
Current (recovery)	**$ (1,572)**	$ (2,879)	$ (1,034)
Deferred (recovery)	**16,746**	(52,542)	(181)
	$ 15,174	$ (55,421)	$ (1,215)

The composition of the Company's net deferred tax assets and liabilities is as follows:

	2000	1999
Current deferred tax asset:		
Revenue recognition	$ 247	$ 305
Accrued charges currently not deductible for tax	(193)	458
Other	853	795
Valuation reserve	(122)	(135)
Net current deferred tax asset	$ 785	$ 1,423
Long term deferred tax asset:		
Revenue recognition	$ 478	$ 716
Basis differences of investments	–	5,450
Basis differences of property	238	90
Cost recognition	323	269
Other net losses available for carryforward	7,899	3,271
Valuation reserve	(7,406)	(9,394)
	1,532	402
Long term deferred tax liability:		
Basis differences of investments	(13,380)	(16,055)
Net long term deferred tax liability	$ (11,848)	$ (15,653)

Cumulatively, the Company has net operating losses for carryforward aggregating approximately $4,500 which are available for the reduction of future years' taxable incomes. In addition, the Company and its subsidiaries have capital losses aggregating approximately $47,400 available for application against future capital gains. These losses have no expiry date. Included in the $65,836 in income taxes on the gain from the sale of Stadtlander to Bergen in 1999 *(see Note 12)* is a reduction in current income taxes of $18,000 resulting from the Company's application of income tax losses on certain investments which the Company believes are deductible.

12. Discontinued operations

The composition of earnings (loss) from discontinued operations is as follows:

	2000	1999	1998
Discontinued pharmaceutical products operations *(i)*	**$ (32,931)**	$ 6,097	$ 826
Discontinued pharmacy services operations *(ii)*	**(1,035)**	155,972	2,279
Discontinued home health care operations *(iii)*	**(601)**	(14,529)	(33,102)
	$ (34,567)	$ 147,540	$ (29,997)

(i) ***Discontinued pharmaceutical products operations***

Effective May 23, 2000, the Company adopted a plan to dispose of the pharmaceutical products business of FARO Pharmaceuticals, Inc. through the disposition of its rights, including trademarks, copyrights and regulatory filings in certain pharmaceutical products. On January 17, 2001, the Company entered into a definitive agreement to sell its rights to these pharmaceutical products. Accordingly, the Company reflected the results of operations to May 23, 2000 from this business as discontinued operations and the Company has adjusted the carrying value of its investment in the pharmaceutical products business to reflect both the operations subsequent to measurement date and the estimated net realizable value of its investment.

Summarized below is selected financial information for discontinued pharmaceutical products operations for 2000, 1999 and 1998:

	2000	1999	1998
Revenues	**$ 11,223**	$ 33,541	$ 3,127
Earnings (loss) before income taxes	**$ (830)**	$ 7,914	$ 728
Income taxes	**12**	1,233	–
Minority interest	**(197)**	584	(98)
Earnings (loss) from operations to measurement date	**(645)**	6,097	826
Loss subsequent to measurement date after income taxes recovered of $18,958	**(32,286)**	–	–
Earnings (loss) from discontinued operations	**$ (32,931)**	$ 6,097	$ 826

Results of discontinued operations both before and after measurement date include an allocation of interest expense relating to general corporate debt attributable to the discontinued operation.

(ii) ***Discontinued pharmacy services operations***

Discontinued pharmacy services operations include the specialty retail pharmacy business of Stadtlander and the Company's interest in the institutional pharmacy business of PharMerica. On January 21, 1999 the Company sold Stadtlander to Bergen for net sale proceeds of $333,852, comprising $171,374 in cash and $162,478 in stock, consisting of 5,676,101 common shares of Bergen. The disposition resulted in a gain of $194,364 after income taxes of $65,836.

On April 26, 1999, Bergen acquired 100% of the stock of PharMerica in exchange for .275 of a share of Bergen for each outstanding share of PharMerica. Proceeds of $44,696 for the Company's interest in PharMerica were based on the fair value of the 2,156,554 shares of Bergen received. The exchange of the Company's interest in PharMerica for Bergen stock resulted in an after tax loss of $38,392 after an income tax recovery of $3,147.

Summarized below is selected financial information for discontinued pharmacy services operations at December 31:

	2000	1999	1998
Revenues	$ –	$ –	$ 395,371
Earnings before income taxes	$ –	$ –	$ 8,153
Income taxes	–	–	5,874
Earnings from operations to measurement date	–	–	2,279
Earnings (loss) subsequent to measurement date	(1,035)	155,972	–
Earnings (loss) from discontinued operations	$ (1,035)	$ 155,972	$ 2,279

Results of discontinued operations both before and after measurement date include an allocation of interest expense relating to general corporate debt attributable to the discontinued operation.

(iii) ***Discontinued home health care operations***

Effective November 6, 1998, the Company adopted a plan to dispose of its home health care operations through the disposition of its interest in AHOM. Accordingly, the Company adjusted the carrying value of its investment in AHOM to reflect both the estimated future operating losses and estimated net realizable value of its investment. During 1999, the market value of the Company's interest in AHOM declined from its December 31, 1998 level. As a result, management determined that a sale of the Company's interest in AHOM did not offer an optimal return to the Company's shareholders and, as an alternative, the Company sought and received regulatory approval to distribute the shares as a dividend in kind. At December 31, 1999, the Company adjusted the carrying value of its investment in AHOM to $0.60 per share, resulting in an estimated after tax loss of $14,529. The market value at the time the dividend was paid declined to $0.45 per share and a further after tax loss of $601 was recorded in 2000.

Summarized below is selected financial information for discontinued home health care operations at December 31:

	2000	1999	1998
Revenues	$ –	$ –	$ 91,890
Loss before income taxes	$ –	$ –	$ (2,382)
Income tax recoveries	–	–	(827)
Loss from operations to measurement date	–	–	(1,555)
Loss subsequent to measurement date	**(601)**	(14,529)	(31,547)
Loss from discontinued operations	**$ (601)**	$ (14,529)	$ (33,102)

Results of discontinued operations both before and after measurement date include an allocation of interest expense relating to general corporate debt attributable to the discontinued operation.

13. Financial instruments

Fair value

Financial instruments that have fair values that differ from their carrying values are as follows:

	2000		1999	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Mortgages and other advances	**$ 9,630**	**$ 9,226**	$ 3,350	$ 3,182
Mortgages and loans payable	**20,026**	**20,422**	20,668	22,161

Guarantees

The Company has guaranteed the repayment of certain mortgages, of which $27,802 expire in 2004 and $8,600 expire in 2015. Management believes that the value of the assets securing these mortgages is sufficient to cover the guarantees provided.

14. Lease commitments

The Company has commitments under long term operating leases, principally for long term care operations, which approximate $3,300 over each of the next five years.

15. Contingent liability

Subsequent to the closing of the sale of Stadtlander, as required under the purchase agreement, Bergen notified the Company of proposed adjustments to the calculation of the net worth of Stadtlander as of the closing date, which would have reduced the final Stadtlander purchase price *(see Note 12 (ii))*. The Company reviewed Bergen's proposed adjustments and concluded that the majority were not appropriate. After attempts to resolve the disputed adjustments were unsuccessful, the Company and Bergen began the process of resolving the matter through the arbitration process that had been established in the Stadtlander purchase agreement. As the arbitration process was being initiated, Bergen filed suit against the Company on October 14, 1999 in the Superior Court of the State of California for the County of Los Angeles, seeking damages for alleged misrepresentation with respect to the sale of Stadtlander.

The Company's initial response was to file a motion to stay the Bergen lawsuit and compel the parties to deal with their dispute through arbitration as mandated by the purchase agreement. Bergen opposed the Company's motion but agreed to enter into negotiations for a stipulated arbitration provision that would significantly expand the scope of the issues and alter the contractual arbitration procedure. However, during these negotiations Bergen announced that it was selling Stadtlander and advised the Company that it could not guarantee the Company access to Stadtlander's historical accounting records for purposes of the arbitration, even though this was a requirement of the purchase agreement. The Company believed that complete and unlimited access to Stadtlander's accounting records was necessary to properly defend itself against Bergen's allegations and concluded that the discovery rights available to it in litigation, but not in arbitration, will significantly increase the likelihood that it will have access to those records. Consequently, the Company decided not to proceed with the stipulated arbitration being negotiated with Bergen and withdrew its motion to compel arbitration.

On September 15, 2000, the Company filed a cross-complaint against Bergen for breach of the purchase agreement and breach of the implied covenant of good faith and fair dealing, along with its response to Bergen's complaint. The Court has set a tentative trial date of August 20, 2001 for hearing the action and written discovery and document discovery have commenced.

On January 11, 2001, Bergen filed an application for a temporary restraining order to prevent the release to the Company of Bergen common shares that were pledged to Glaxo *(see Notes 2 and 6)*. The application was denied but Bergen decided to proceed with a motion for a preliminary injunction to enjoin the Company from selling or otherwise disposing of any of the Bergen shares received on the sale of Stadtlander, pending the resolution of its claims against the Company. Document discovery and depositions with respect to this motion have been or will be taken in February and March 2001. The hearing on the motion is scheduled for April 19, 2001. The Company has sold 2,231,643 of the 5,676,101 shares of Bergen it received on the sale of Stadtlander.

Management believes that Bergen's claims are completely without merit and the Company is defending its position vigorously. However, due to the incipient stage of the litigation, its ongoing status and the necessary uncertainties involved in all litigation, the Company does not believe it is feasible at this time to assess the likely outcome of the litigation, the timing of its resolution, or its ultimate impact, if any, on the Company's financial condition, results of operations and cash flows.

16. Segmented information

The Company manages its business as three operating segments.

During 2000, 1999 and 1998 the Company's continuing operations included the following segments:

(a) Long term care, being the ownership and leasing of long term care facilities and operations in the United States and Canada.

(b) Sale of medical products in the United States.

(c) Technology services being the provision of Internet direct marketing services, the development and support of sales information systems, the deployment and support of media-rich e-learning products and services, and the provision of managed network services for high-speed data communication in hotel and convention meeting places, all in the United States.

(d) Clinical laboratory, being the provision of clinical laboratory services in the United States.

	Long Term Care *(i)*	Medical Products	Technology Services *(ii)*	Corporate *(iii)*	Total
2000					
Revenues	$32,045	$ 2,924	$ –	$ 2,638	$ 37,607
Earnings (loss) before undernoted items	$ 756	$ (3,438)	$ –	$ 2,638	$ (44)
Gain on sale of trading and available for sale securities	–	–	–	8,142	8,142
Market value adjustment on trading securities	–	–	–	44,192	44,192
Earnings (loss) before undernoted expenses	756	(3,438)	–	54,972	52,290
Corporate	–	–	–	4,300	4,300
Amortization	1,527	273	–	314	2,114
Interest	1,993	18	–	2,324	4,335
Earnings (loss) before losses of significantly influenced corporations and writedown of investments	(2,764)	(3,729)	–	48,034	41,541
Equity in losses of significantly influenced corporations	–	–	(9,547)	–	(9,547)
Writedown of investments	–	–	–	(3,430)	(3,430)
Earnings (loss) before income taxes	(2,764)	(3,729)	(9,547)	44,604	28,564
Income taxes (recovered)	(802)	–	(2,011)	17,987	15,174
Segment earnings (loss)	$ (1,962)	$ (3,729)	$ (7,536)	$ 26,617	$ 13,390
Segment assets *(iv)(v)*	$15,579	$ 3,637	$15,783	$ 147,382	$ 182,381
Capital expenditures	–	–	–	73	73
Other significant non-cash items					
Amortization of deferred revenue	(735)	–	–	–	(735)
Deferred income taxes	(124)	–	(2,011)	18,881	16,746

(i) Long term care earnings include revenues from Canada of $30,694 and from the United States of $1,351.

(ii) Total revenues from significantly influenced corporations are $10,629, of which $3,217 is the Company's proportionate share.

(iii) Corporate earnings include interest income of $2,336.

(iv) Medical products and technology services assets, as well as $2,105 of long term care assets, are located in the United States. The balance of long term care assets of $13,474 are located in Canada.

(v) Segment assets exclude assets of discontinued operations.

	Long Term Care *(i)*	Medical Products	Technology Services	Corporate *(ii)*	Total
1999					
Revenues	$ 31,275	$ 3,091	$ –	$ 7,203	$ 41,569
Earnings (loss) before undernoted item	$ 681	$ (2,443)	$ –	$ 7,203	$ 5,441
Market value adjustment on trading securities	–	–	–	(143,776)	(143,776)
Earnings (loss) before undernoted expenses	681	(2,443)	–	(136,573)	(138,355)
Corporate	–	–	–	3,433	3,433
Amortization	1,431	332	–	186	1,949
Interest	1,990	182	–	2,782	4,954
Earnings (loss) before losses of significantly influenced corporation and writedown of investments	(2,740)	(2,957)	–	(142,974)	(148,671)
Equity in losses of significantly influenced corporation	–	–	(265)	–	(265)
Writedown of investments	–	(3,898)	–	(1,525)	(5,423)
Loss before income taxes	(2,740)	(6,855)	(265)	(144,499)	(154,359)
Income taxes recovered	(1,013)	(2,399)	(81)	(51,928)	(55,421)
Segment earnings (loss)	$ (1,727)	$ (4,456)	$ (184)	$ (92,571)	$ (98,938)
Segment assets *(iii)(iv)*	$ 17,496	$ 4,056	$ 9,735	$ 120,412	$ 151,699
Capital expenditures	–	–	–	83	83
Other significant non-cash items					
Amortization of deferred revenue	(1,057)	–	–	–	(1,057)
Deferred income taxes	(623)	–	–	(51,919)	(52,542)

(i) Long term care earnings include revenues from Canada of $29,924 and from the United States of $1,351.

(ii) Corporate earnings include interest income of $5,711.

(iii) Medical products and technology services assets, as well as $2,995 of long term care assets, are located in the United States. The balance of long term care assets of $14,501 are located in Canada.

(iv) Segment assets exclude assets of discontinued operations.

	Long Term Care *(i)*	Clinical Lab	Medical Products	Corporate *(iii)*	Total
1998					
Revenues	$ 31,112	$ 9,142	$ 251	$ 10,004	$ 50,509
Earnings (loss) before undernoted item	$ 1,212	$ 466	$ (135)	$ 10,004	$ 11,547
Market value adjustment on trading securities	–	–	–	(981)	(981)
Earnings (loss) before undernoted expenses	1,212	466	(135)	9,023	10,566
Corporate	–	–	–	3,008	3,008
Amortization	1,445	35	18	186	1,684
Interest	1,996	73	12	829	2,910
Earnings (loss) before income taxes	(2,229)	358	(165)	5,000	2,964
Income taxes (recovered)	(928)	135	–	(422)	(1,215)
Segment earnings (loss)	$ (1,301)	$ 223	$ (165)	$ 5,422	$ 4,179
Segment assets *(iii)(iv)*	$ 21,615	$ –	$ 4,243	$ 23,156	$ 49,014
Capital expenditures	–	101	–	233	334
Other significant non-cash items					
Amortization of deferred revenue	(1,703)	–	–	–	(1,703)
Deferred income taxes	(141)	(40)	–	–	(181)

(i) Long term care earnings include revenues from Canada of $29,761 and from the United States of $1,351.

(ii) Corporate earnings include interest income of $845.

(iii) Clinical lab and medical products, as well as $5,280 of long term care assets, are located in the United States. The balance of long term care assets of $16,335 are located in Canada.

(iv) Segment assets exclude assets of discontinued operations.

17. Subsequent event

I-Link, Incorporated

I-Link, Incorporated ("I-Link") is an enhanced Internet Protocol voice and data communications services provider. On March 1, 2001, the Company acquired a 65% interest in I-Link for cash consideration of $5,000 and agreed to invest $10,000 in the form of three-year debt convertible into I-Link common shares at a conversion rate of $0.56 per common share.

18. Additional earnings per share disclosures

The following is a reconciliation of the numerators and denominators used in computing basic and diluted earnings per share.

	December 31, 2000		
	Earnings (numerator)	Weighted Average Shares (denominator)	Per Share Amount
Earnings before discontinued operations and extraordinary item	$ 13,390	–	$ –
Basic earnings per share			
Earnings available to common shareholders	$ 13,390	24,860	$ 0.54
Effect of dilutive securities			
Weighted average stock options exercised		16	
Earnings available to common shareholders and assumed conversions	$ 13,390	24,876	$ 0.54

	December 31, 2000		
	Earnings (numerator)	Shares (denominator)	Per Share Amount
Net loss	$ (20,686)	–	$ –
Basic earnings per share			
Earnings available to common shareholders	$ (20,686)	24,860	$ (0.83)
Effect of dilutive securities			
Weighted average stock options exercised		16	
Earnings available to common shareholders and assumed conversions	$ (20,686)	24,876	$ (0.83)

	December 31, 1999		
	Earnings (numerator)	Weighted Average Shares (denominator)	Per Share Amount
Loss before discontinued operations	$ (97,275)	–	$ –
Basic earnings per share			
Earnings available to common shareholders	$ (97,275)	26,258	$ (3.71)
Effect of dilutive securities			
Weighted average stock options exercised	–	–	–
Earnings available to common shareholders and assumed conversions	$ (97,275)	26,258	$ (3.71)

	December 31, 1999		
	Earnings (numerator)	Shares (denominator)	Per Share Amount
Net earnings	$ 50,265	–	$ –
Basic earnings per share			
Earnings available to common shareholders	$ 50,265	26,258	$ 1.91
Effect of dilutive securities			
Weighted average stock options exercised	–	–	–
Earnings available to common shareholders and assumed conversions	$ 50,265	26,258	$ 1.91

	December 31, 1998		
	Earnings (numerator)	Weighted Average Shares (denominator)	Per Share Amount
Earnings before discontinued operations	$ 4,192	–	$ –
Basic earnings per share			
Earnings available to common shareholders	$ 4,192	27,881	$ 0.15
Effect of dilutive securities			
Weighted average stock options exercised	–	94	–
Earnings available to common shareholders and assumed conversions	$ 4,192	27,975	$ 0.15

	December 31, 1998		
	Earnings (numerator)	Shares (denominator)	Per Share Amount
Net loss	$ (25,805)	–	$ –
Basic earnings per share			
Earnings available to common shareholders	$ (25,805)	27,881	$ (0.93)
Effect of dilutive securities			
Weighted average stock options exercised	–	94	–
Earnings available to common shareholders and assumed conversions	$ (25,805)	27,975	$ (0.93)

MANAGEMENT INFORMATION

TalkNow, Inc.

Gary Wasserson, President/CEO

Prior to joining I-Link, Mr. Wasserson served as President and CEO of Counsel Communications LLC. Mr. Wasserson also served as President and CEO of Call Sciences™/Virtel™, of Edison, New Jersey and Slough, England, a major provider of enhanced telecommunications services deliverable over global intelligent networks. He is one of the founders of the Pre-Paid Calling Card Industry, having served as CEO of Global Link/GTS, a company instrumental in creating the calling card industry trade association and its regulatory initiatives within the industry.

Mr. Wasserson has served on the board of the Kaiserman Jewish Community Center. Mr. Wasserson received his BS in Accounting and Finance from Babson College, Wellesley, Massachusetts.

Allan Silber, Chairman & Chief Executive Officer

Mr. Silber is the Chairman and CEO of Counsel Corporation, which he founded in 1979. He is a member of the Board of Directors of Proscape Technologies, Inc. He is Chairman of the Board of FARO Pharmaceuticals, Inc. and a member of the board of trustees of RioCan Real Estate Investment Trust.

Mr. Silber plays a critical and decisive role in the areas of mergers and acquisitions, finance and capital market activities for Counsel Corporation and its portfolio of companies. Mr. Silber is actively involved in a number of cultural, charitable and community organizations. He has been Chairman of the State of Israel Bonds and participates on a number of community boards, including the Mount Sinai Hospital Executive Committee, the Weizmann Institute of Science, the Jewish National Fund and was Chairman of numerous fundraising events for community-based international organizations.

Mr. Silber attended McMaster University and received a BSc from the University of Toronto.

STATEMENT OF FINANCIAL CAPABILITY

TalkNow, Inc. has sufficient financial capability to provide the requested service in the State of Florida and has sufficient financial capability to maintain the requested service and to meet its lease or ownership obligations. In support of TalkNow, Inc.'s stated financial capability, a copy of the Audited Financial Statements for the years ended December 31, 1998, 1999 and 2000 for Applicant's Ultimate Parent Company, Counsel Corporation is attached to its application. TalkNow, Inc. intends to fund the provision of service through internally generated cash flow. TalkNow, Inc. also has the ability to borrow funds, if required, based upon its financial capabilities, and the parent company is committed to providing any necessary capital if needed to provide service in the State of Florida.