

EXHIBIT 2

Financial Statements

Telenational Communications, Inc.

Balance Sheet

As of October 31, 2001

Oct 31, 01

ASSETS

Current Assets

Checking/Savings

1000 · Cash - Wells Fargo (Ops)156	180,045.26
1001 · Cash - Wells Fargo (PR) 148	-2,824.58
1004 · Cash - BOA #8404	-13,540.48
1007 · Cash - BOA #4120	73,370.08
1017 · Cash - Citibank 601053903	-3,606.04

Total Checking/Savings 233,444.24

Other Current Assets

1040 · Accounts Receivable	413,609.49
1070 · Allowance for Doubtful Accounts	-24,355.60
1030 · Petty Cash	500.00
1120 · Prepaid Expenses	21,233.33
2700 · Deposits	75,000.00

Total Other Current Assets 485,987.22

Total Current Assets 719,431.46

Fixed Assets

1500 · Furniture & Fixtures	37,105.39
1540 · Computer Equipment	7,414.53
1550 · Software	17,765.20
1560 · Switch & Peripheral Equipment	67,928.85
1570 · Switch Installation Cost	5,737.32
1700 · Accumulated Depreciaton	-682.74

Total Fixed Assets 135,268.55

Other Assets

1900 · Goodwill 95,616.77

Total Other Assets 95,616.77

TOTAL ASSETS 950,316.78

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

3010 · Accounts Payable 168,493.15

Total Accounts Payable 168,493.15

Other Current Liabilities

3050 · Customer Deposits 16,664.20

3120 · Accrued Payroll 40,977.92

3130 · Accrued Expenses 302,449.42

3133 · Unclaimed Property 25,796.97

Total Other Current Liabilities 385,888.51

Total Current Liabilities 554,381.66

Telenational Communications, Inc.

Balance Sheet

As of October 31, 2001

	<u>Oct 31, 01</u>
Long Term Liabilities	
4026 · Note Payable (Apex)	<u>400,000.00</u>
Total Long Term Liabilities	<u>400,000.00</u>
Total Liabilities	954,381.66
Equity	
5005 · Capital Stock	1,000.00
Net Income	<u>-5,064.88</u>
Total Equity	<u>-4,064.88</u>
TOTAL LIABILITIES & EQUITY	<u><u>950,316.78</u></u>

Telenational Communications, Inc.
Income Statement
for the period from October 26, 2001 through October 31, 2001

	<u>Oct 01</u>	<u>% of Income</u>
Ordinary Income/Expense		
Income		
6080 · International Revenue	91,765.16	87.88%
6100 · Montly Recurring Charge	9,284.39	8.89%
6300 · Billing Fees	2,831.56	2.71%
9050 · Other Revenue	539.72	0.52%
Total Income	<u>104,420.83</u>	<u>100.0%</u>
Cost of Goods Sold		
7000 · Cost of Sales	54,730.43	52.41%
7010 · Recurring Charges	6,842.52	6.55%
Total COGS	<u>61,572.95</u>	<u>58.97%</u>
Gross Profit	42,847.88	41.03%
Expense		
8000 · Agent Commissions	10,970.38	10.51%
8010 · Advertising & Promotion	12.49	0.01%
8040 · Bad Debt Expense	2,090.00	2.0%
8050 · Bank Service Charges	625.19	0.6%
8070 · Delivery Expense	58.15	0.06%
8080 · Depreciation Expense	682.74	0.65%
8096 · Equipment Lease	145.43	0.14%
8095 · Equipment Maintenance	45.00	0.04%
8190 · Repairs & Maintenance	400.00	0.38%
8097 · Internal Network	237.07	0.23%
8110 · Licenses & Fees	168.45	0.16%
8130 · Office Expense	456.58	0.44%
8145 · Operating Expenses	0.00	0.0%
8160 · Organization Expenses	8,377.40	8.02%
8150 · Postage	663.49	0.64%
8155 · Printing and Reproduction	368.76	0.35%
8055 · Billing Services	800.00	0.77%
8066 · Outside Services	100.00	0.1%
8170 · Professional Fees		
8171 · Legal Fees	87.60	0.08%
8172 · Accounting Fees	588.00	0.56%
8176 · Consulting Fees	17.85	0.02%
Total 8170 · Professional Fees	<u>693.45</u>	<u>0.66%</u>
8180 · Rent	1,646.67	1.58%
8185 · Property Tax Expense	500.00	0.48%
8200 · Salaries		
8201 · Gross Salaries	12,143.19	11.63%
8202 · Salaries - Bonus	400.00	0.38%
8210 · W/C Insurance	41.13	0.04%
8211 · Employee Benefits	1,215.84	1.16%
8215 · Payroll Tax Expenses	956.84	0.92%
8216 · Payroll Management Fee	212.50	0.2%

Telenational Communications, Inc.
Income Statement
for the period from October 26, 2001 through October 31, 2001

	<u>Oct 01</u>	<u>% of Income</u>
8220 · 401K Expense	148.22	0.14%
Total 8200 · Salaries	15,117.72	14.48%
8240 · Telephone	2,181.61	2.09%
8250 · Travel & Ent		
8251 · Meals	672.53	0.64%
8253 · Travel	911.60	0.87%
Total 8250 · Travel & Ent	1,584.13	1.52%
8260 · Utilities	66.31	0.06%
Total Expense	47,991.02	45.96%
Net Ordinary Income	-5,143.14	-4.93%
Other Income/Expense		
Other Income		
9000 · Interest Income	78.26	0.08%
Total Other Income	78.26	0.08%
Net Other Income	78.26	0.08%
Net Income	<u>-5,064.88</u>	<u>-4.85%</u>

Telenational Communications, Inc.

Balance Sheet

as of November 30, 2001

Nov 30, 01

ASSETS

Current Assets

Checking/Savings

1000 · Cash - Wells Fargo (Ops)156	-41,227.26
1001 · Cash - Wells Fargo (PR) 148	-2,824.58
1002 · Wells fargo Investment	364,301.37
1004 · Cash - BOA #8404	-16,365.34
1007 · Cash - BOA #4120	4,045.49
1017 · Cash - Citibank 601053903	<u>-6,141.29</u>

Total Checking/Savings 301,788.39

Other Current Assets

1040 · Accounts Receivable	372,390.89
1070 · Allowance for Doubtful Accounts	-34,574.11
1030 · Petty Cash	500.00
1120 · Prepaid Expenses	8,233.33
2700 · Deposits	<u>75,500.00</u>

Total Other Current Assets 422,050.11

Total Current Assets 723,838.50

Fixed Assets

1500 · Furniture & Fixtures	37,105.39
1540 · Computer Equipment	7,414.53
1550 · Software	17,765.20
1560 · Switch & Peripheral Equipment	67,928.85
1570 · Switch Installation Cost	5,737.32
1700 · Accumulated Depreciaton	<u>-4,096.43</u>

Total Fixed Assets 131,854.86

Other Assets

1900 · Goodwill	<u>95,616.77</u>
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Total Other Assets 95,616.77

TOTAL ASSETS 951,310.13

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

3010 · Accounts Payable	<u>434,880.84</u>
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Total Accounts Payable 434,880.84

Other Current Liabilities

3050 · Customer Deposits	16,664.20
3025 · Accrued Interest	4,500.00
3120 · Accrued Payroll	12,545.66
3130 · Accrued Expenses	48,225.38
3133 · Unclaimed Property	<u>25,796.97</u>

Telenational Communications, Inc.

Balance Sheet

as of November 30, 2001

	<u>Nov 30, 01</u>
Total Other Current Liabilities	<u>107,732.21</u>
Total Current Liabilities	542,613.05
Long Term Liabilities	
4026 · Note Payable (Apex)	<u>400,000.00</u>
Total Long Term Liabilities	<u>400,000.00</u>
Total Liabilities	942,613.05
Equity	
5005 · Capital Stock	1,000.00
Net Income	<u>7,697.08</u>
Total Equity	<u>8,697.08</u>
TOTAL LIABILITIES & EQUITY	<u><u>951,310.13</u></u>

Telenational Communications, Inc.

Statements of Income

for the one month ended November 30, 2001 and for the period from October 26, 2001 to November 30, 2001

Ordinary Income/Expense	for the one month ended		for the period October 26, 2001	
	November 30, 2001	% of Income	through November 30, 2001	% of Income
Income				
6080 · International Revenue	457,146.62	87.48%	548,911.78	87.54%
6102 · Carrier Revenue	45,461.29	8.7%	45,461.29	7.25%
6100 · Monthly Recurring Charge	2,500.00	0.48%	11,784.39	1.88%
6101 · Monthly Non-Recurring Charges	2,000.00	0.38%	2,000.00	0.32%
6300 · Billing Fees	13,821.11	2.65%	16,652.67	2.66%
6000 · Transaction Fees	361.67	0.07%	361.67	0.06%
9050 · Other Revenue	2,864.29	0.55%	3,424.01	0.55%
6301 · Revenue Adjustments	-1,573.54	-0.3%	-1,573.54	-0.25%
Total Income	522,601.44	100.0%	627,022.27	100.0%
Cost of Goods Sold				
7000 · Cost of Sales	251,889.95	48.2%	306,620.38	48.9%
7010 · Recurring Charges	39,730.75	7.6%	46,573.27	7.43%
Total COGS	291,620.70	55.8%	353,193.65	56.33%
Gross Profit	230,980.74	44.2%	273,828.62	43.67%
Expense				
8000 · Agent Commissions	58,952.95	11.28%	69,923.33	11.15%
8010 · Advertising & Promotion	6,496.67	1.24%	6,509.16	1.04%
8040 · Bad Debt Expense	10,450.00	2.0%	12,540.00	2.0%
8050 · Bank Service Charges	2,965.70	0.57%	3,590.89	0.57%
8051 · Credit Card Fees	1,280.91	0.25%	1,280.91	0.2%
8070 · Delivery Expense	363.44	0.07%	421.59	0.07%
8080 · Depreciation Expense	3,413.69	0.65%	4,096.43	0.65%
8096 · Equipment Lease	673.94	0.13%	819.37	0.13%
8095 · Equipment Maintenance	310.26	0.06%	355.26	0.06%
8190 · Repairs & Maintenance	3,675.50	0.7%	4,075.50	0.65%
8097 · Internal Network	1,182.71	0.23%	1,419.78	0.23%
8110 · Licenses & Fees	976.71	0.19%	1,145.16	0.18%
8130 · Office Expense	1,627.84	0.31%	2,084.42	0.33%
8160 · Organization Expenses	11,433.56	2.19%	19,810.96	3.16%
8150 · Postage	5,802.43	1.11%	6,465.92	1.03%
8155 · Printing and Reproduction	600.86	0.12%	969.62	0.16%
8055 · Billing Services	4,000.00	0.77%	4,800.00	0.77%
8066 · Outside Services	116.25	0.02%	216.25	0.03%
8170 · Professional Fees				
8171 · Legal Fees	2,000.00	0.38%	2,087.60	0.33%
8172 · Accounting Fees	4,845.00	0.93%	5,433.00	0.87%
8176 · Consulting Fees	896.00	0.17%	913.85	0.15%
Total 8170 · Professional Fees	7,741.00	1.48%	8,434.45	1.35%
8180 · Rent	8,233.33	1.58%	9,880.00	1.58%
8185 · Property Tax Expense	0.00	0.0%	500.00	0.08%
8200 · Salaries				
8201 · Gross Salaries	57,730.79	11.05%	69,873.98	11.14%
8202 · Salaries - Bonus	0.00	0.0%	400.00	0.06%
8210 · Group Insurance	202.46	0.04%	243.59	0.04%
8211 · Employee Benefits	5,548.04	1.06%	6,763.88	1.08%
8215 · Payroll Tax Expenses	4,038.42	0.77%	4,995.26	0.8%
8216 · Payroll Management Fee	1,061.39	0.0%	1,273.89	0.0%
8220 · 401K Expense	694.80	0.13%	843.02	0.13%
Total 8200 · Salaries	69,275.90	13.26%	84,393.62	13.46%
8240 · Telephone	5,668.74	1.09%	7,850.35	1.25%
8250 · Travel & Ent				
8251 · Meals	650.25	0.12%	1,322.78	0.21%
8252 · Entertainment	2,425.00	0.46%	2,425.00	0.39%
8253 · Travel	4,575.36	0.88%	5,486.96	0.88%
Total 8250 · Travel & Ent	7,650.61	1.46%	9,234.74	1.47%
8260 · Utilities	849.33	0.16%	915.64	0.15%

Telenational Communications, Inc.

Statements of Income

for the one month ended November 30, 2001 and for the period from October 26, 2001 to November 30, 2001

	for the one month ended		for the period October 26, 2001	
Total Expense	213,742.33	40.9%	261,733.35	41.74%
Net Ordinary Income	17,238.41	3.3%	12,095.27	1.93%
Other Income(Expense)				
9000 · Interest Income	23.55	0.01%	101.81	0.02%
9010 · Interest Expense	-4,500.00	-0.86%	-4,500.00	-0.72%
Net Other Income(Expense)	-4,476.45	-0.86%	-4,398.19	-0.7%
Net Income	12,761.96	2.44%	7,697.08	1.23%

Telenational Communications, Inc.

Balance Sheet

As of December 31, 2001

Dec 31, 01

ASSETS

Current Assets

Checking/Savings

1000 · Cash - Wells Fargo (Ops)156	-9,716.62
1001 · Cash - Wells Fargo (PR) 148	-2,824.58
1002 · Wells Fargo Investment (#156)	283,180.92
1004 · Cash - BOA #8404	-12,190.34
1007 · Cash - BOA #4120	-695.22
1009 · Wells Fargo Investment (#429)	88,462.06
1011 · Cash - Wells Fargo (#569)	-120,029.82
1012 · Cash - Wells Fargo (#439)	-37.00
1017 · Cash - Citibank 601053903	-6,138.76
Total Checking/Savings	<u>220,010.64</u>

Other Current Assets

1040 · Accounts Receivable	443,372.66
1070 · Allowance for Doubtful Accounts	-46,361.03
1030 · Petty Cash	500.00
1120 · Prepaid Expenses	10,233.33
2700 · Deposits	75,500.00
Total Other Current Assets	<u>483,244.96</u>

Total Current Assets 703,255.60

Fixed Assets

1500 · Furniture & Fixtures	37,105.39
1540 · Computer Equipment	9,957.84
1550 · Software	17,765.20
1560 · Switch & Peripheral Equipment	67,928.85
1570 · Switch Installation Cost	5,737.32
1700 · Accumulated Depreciaton	-7,878.24
Total Fixed Assets	<u>130,616.36</u>

Other Assets

1900 · Goodwill	95,616.77
Total Other Assets	<u>95,616.77</u>

TOTAL ASSETS 929,488.73

Telenational Communications, Inc.

Balance Sheet

As of December 31, 2001

Dec 31, 01

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

3010 · Accounts Payable

399,133.48

Total Accounts Payable

399,133.48

Other Current Liabilities

3050 · Customer Deposits

16,664.20

3025 · Accrued Interest

8,375.00

3120 · Accrued Payroll

20,558.34

3130 · Accrued Expenses

35,238.89

3133 · Unclaimed Property

25,796.97

Total Other Current Liabilities

106,633.40

Total Current Liabilities

505,766.88

Long Term Liabilities

4026 · Note Payable (Apex)

400,000.00

Total Long Term Liabilities

400,000.00

Total Liabilities

905,766.88

Equity

5005 · Capital Stock

1,000.00

Net Income

22,721.85

Total Equity

23,721.85

TOTAL LIABILITIES & EQUITY

929,488.73

Telenational Communications, Inc.
Income Statements

for the one month ended December 31, 2001 and the period from October 26, 2001 to December 31, 2001

	for the one month ended December 31, 2001	% of Income	for the period October 26, 2001 to December 31, 2001	% of Income
Ordinary Income/Expense				
Income				
6080 · International Revenue	469,495.85	90.87%	1,018,407.63	89.05%
6102 · Carrier Revenue	29,671.22	5.74%	75,132.51	6.57%
6100 · Monthly Recurring Charge	2,500.00	0.48%	14,284.39	1.25%
6101 · Monthly Non-Recurring Charges	0.00	0.0%	2,000.00	0.18%
6300 · Billing Fees	13,436.44	2.6%	30,089.11	2.63%
6000 · Transaction Fees	178.49	0.04%	540.16	0.05%
9050 · Other Revenue	3,442.66	0.67%	6,866.67	0.6%
6301 · Revenue Adjustments	-2,043.94	-0.4%	-3,617.48	-0.32%
Total Income	516,680.72	100.0%	1,143,702.99	100.0%
Cost of Goods Sold				
7000 · Cost of Sales	248,849.13	48.16%	555,469.51	48.57%
7010 · Recurring Charges	30,651.85	5.93%	77,225.12	6.75%
Total COGS	279,500.98	54.1%	632,694.63	55.32%
Gross Profit	237,179.74	45.91%	511,008.36	44.68%
Expense				
8000 · Agent Commissions	59,589.84	11.53%	129,513.17	11.32%
8010 · Advertising & Promotion	4,101.37	0.79%	10,610.53	0.93%
8040 · Bad Debt Expense	11,234.00	2.17%	23,774.00	2.08%
8050 · Bank Service Charges	2,712.13	0.53%	6,303.02	0.55%
8051 · Credit Card Fees	6,685.77	1.29%	7,966.68	0.7%
8070 · Delivery Expense	196.56	0.04%	618.15	0.05%
8080 · Depreciation Expense	3,781.81	0.73%	7,878.24	0.69%
8096 · Equipment Lease	748.94	0.15%	1,568.31	0.14%
8095 · Equipment Maintenance	89.46	0.02%	444.72	0.04%
8190 · Repairs & Maintenance	2,000.00	0.39%	6,075.50	0.53%
8097 · Internal Network	1,182.67	0.23%	2,602.45	0.23%
8110 · Licenses & Fees	794.48	0.15%	1,939.64	0.17%
8130 · Office Expense	1,078.53	0.21%	3,162.95	0.28%
8145 · Operating Expenses	0.00	0.0%	0.00	0.0%
8160 · Organization Expenses	2,833.61	0.55%	22,644.57	1.98%
8150 · Postage	651.20	0.13%	7,117.12	0.62%
8155 · Printing and Reproduction	956.72	0.19%	1,926.34	0.17%
8055 · Billing Services	4,000.00	0.77%	8,800.00	0.77%
8066 · Outside Services	2,578.75	0.5%	2,795.00	0.24%
8170 · Professional Fees				
8171 · Legal Fees	2,000.00	0.39%	4,087.60	0.36%
8172 · Accounting Fees	3,625.00	0.7%	9,058.00	0.79%
8176 · Consulting Fees	1,322.60	0.26%	2,236.45	0.2%
Total 8170 · Professional Fees	6,947.60	1.35%	15,382.05	1.35%
8180 · Rent	8,233.33	1.59%	18,113.33	1.58%
8185 · Property Tax Expense	0.00	0.0%	500.00	0.04%
8200 · Salaries				
8201 · Gross Salaries	59,843.19	11.58%	129,717.17	11.34%
8202 · Salaries - Bonus	3,280.00	0.64%	3,680.00	0.32%
8210 · W/C Insurance	186.43	0.04%	430.02	0.04%
8211 · Employee Benefits	5,732.99	1.11%	12,496.87	1.09%
8215 · Payroll Tax Expenses	5,152.51	1.0%	10,147.77	0.89%
8216 · Payroll Management Fee	814.83	0.16%	2,088.72	0.18%
8220 · 401K Expense	762.24	0.15%	1,605.26	0.14%
Total 8200 · Salaries	75,772.19	14.67%	160,165.81	14.0%
8240 · Telephone	2,694.97	0.52%	10,545.32	0.92%
8250 · Travel & Ent				
8251 · Meals	3,353.64	0.65%	4,676.42	0.41%
8252 · Entertainment	-1,264.01	-0.25%	1,160.99	0.1%
8253 · Travel	4,797.40	0.93%	10,284.36	0.9%
Total 8250 · Travel & Ent	6,887.03	1.33%	16,121.77	1.41%
8256 · Gifts	11,553.39	2.24%	11,553.39	1.01%
8260 · Utilities	1,000.00	0.19%	1,915.64	0.17%

Telenational Communications, Inc.

Income Statements

for the one month ended December 31, 2001 and the period from October 26, 2001 to December 31, 2001

	for the one month ended December 31, 2001	% of Income	for the period October 26, 2001 to December 31, 2001	% of Income
Total Expense	<u>218,304.35</u>	<u>42.25%</u>	<u>480,037.70</u>	<u>41.97%</u>
Net Ordinary Income	18,875.39	3.65%	30,970.66	2.71%
Other Income/Expense				
Other Income				
9000 - Interest Income	<u>24.38</u>	<u>0.01%</u>	<u>125.19</u>	<u>0.01%</u>
Total Other Income	<u>24.38</u>	<u>0.01%</u>	<u>125.19</u>	<u>0.01%</u>
Other Expense				
9010 - Interest Expense	<u>3,875.00</u>	<u>0.75%</u>	<u>8,375.00</u>	<u>0.73%</u>
Total Other Expense	<u>3,875.00</u>	<u>0.75%</u>	<u>8,375.00</u>	<u>0.73%</u>
Net Other Income	<u>-3,850.62</u>	<u>-0.75%</u>	<u>-8,248.81</u>	<u>-0.72%</u>
Net Income	<u><u>15,024.77</u></u>	<u><u>2.91%</u></u>	<u><u>22,721.85</u></u>	<u><u>1.99%</u></u>

Telenational Communications, Inc.
Profit & Loss
October 25, 2001 through February 28, 2002

	<u>Oct 25, '01 - Feb 28, 02</u>
Ordinary Income/Expense	
Total Income	2,142,531.76
Total COGS	<u>1,182,810.47</u>
Gross Profit	<u>959,721.29</u>
Total Expense	<u>845,368.79</u>
Net Ordinary Income	114,352.50
Other Income/Expense	
Total Other Income	588.77
Total Other Expense	<u>15,326.95</u>
Net Other Income	<u>-14,738.18</u>
Net Income	<u><u>99,614.32</u></u>