

Attachment D - Financial Information

See Attached

NOBEL LIMITED COMPANY, LLC

Financial Statements

**December 31, 2001
and December 31, 2000 (Balance Sheet Only)**

NOBEL LIMITED COMPANY, LLC

Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

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Independent Auditors' Report

To the Manager and Members
Nobel Limited Company, LLC

We have audited the accompanying balance sheets of Nobel Limited Company, LLC as of December 31, 2001 and 2000 and the related statements of operations, changes in members' equity and cash flows for the year ended December 31, 2001. 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 the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nobel Limited Company, LLC at December 31, 2001 and 2000, and the results of its operations, changes in members' equity and its cash flows for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Tofias PC

March 29, 2002

NOBEL LIMITED COMPANY, LLC

Balance Sheets

December 31,

	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 805,532	\$ 134,215
Accounts receivable, less allowance for doubtful accounts of \$30,000 for 2001	37,006	41,005
Inventory	393,220	182,243
Prepaid expenses and other current assets	107,580	3,092
	<hr/>	<hr/>
Total current assets	1,343,338	360,555
Equipment, net	622,097	14,111
Security deposits	58,721	87,242
	<hr/>	<hr/>
Total assets	<u>\$ 2,024,156</u>	<u>\$ 461,908</u>
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 519,918	\$ 142,993
Accrued distributions	329,000	-
Current maturities of long-term debt	457,050	90,000
Deferred revenue	170,562	-
	<hr/>	<hr/>
Total current liabilities	1,476,530	232,993
Long-term debt	150,000	300,000
	<hr/>	<hr/>
Members' equity:		
Contributed capital:		
100,000,000 common units authorized and 100 common units issued and outstanding	40,000	40,000
Members' equity/(members' deficit)	357,626	(111,085)
	<hr/>	<hr/>
	397,626	(71,085)
	<hr/>	<hr/>
Total liabilities and members' equity	<u>\$ 2,024,156</u>	<u>\$ 461,908</u>

NOBEL LIMITED COMPANY, LLC

Statement of Operations

Year Ended December 31, 2001

Revenues	\$ 9,972,748
Cost of revenues	<u>6,814,736</u>
Gross profit	<u>3,158,012</u>
Operating expenses:	
Contract labor	867,381
Sales and marketing	774,625
General and administrative	<u>689,726</u>
Total operating expenses	<u>2,331,732</u>
Income from operations	<u>826,280</u>
Other income/(expense):	
Interest income	4,327
Interest expense	<u>(32,896)</u>
	<u>(28,569)</u>
Net income	<u>\$ 797,711</u>

NOBEL LIMITED COMPANY, LLC

Statement of Changes in Members' Equity

Year Ended December 31, 2001

	Contributed Capital	Members' Equity/ (Members' Deficit)	Total
Balance, January 1, 2001	\$ 40,000	\$ (111,085)	\$ (71,085)
Net income	-	797,711	797,711
Distributions to members	-	(329,000)	(329,000)
Balance, December 31, 2001	<u>\$ 40,000</u>	<u>\$ 357,626</u>	<u>\$ 397,626</u>

NOBEL LIMITED COMPANY, LLC

Statement of Cash Flows

Year Ended December 31, 2001

Cash flows from operating activities:

Net income	\$ <u>797,711</u>
Reconciliation to cash flow:	
Depreciation	27,059
Change in:	
Accounts receivable	3,999
Inventory	(210,977)
Prepaid expenses and other current assets	(104,488)
Security deposits	28,521
Accounts payable and accrued expenses	376,925
Deferred revenue	<u>170,562</u>
Total adjustments	<u>291,601</u>
Net cash provided by operating activities	1,089,312
Cash flows from investing activities:	
Purchases of equipment	(135,545)
Cash flows from financing activities:	
Repayments of long-term debt	<u>(282,450)</u>
Net increase in cash and cash equivalents	671,317
Cash and cash equivalents, beginning	<u>134,215</u>
Cash and cash equivalents, ending	<u>\$ <u>805,532</u></u>

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 1 - Line of Business

Nobel Limited Company, LLC (the "Company") was organized in August 1998 for the purpose of providing an Internet retail division outlet for international and domestic prepaid telecommunications products and services. The retail division accounts for approximately 88% of the Company's sales, primarily selling to U.S. and Canadian customers online. In August 2000, the Company launched a wholesale division that sells calling cards to calling card distributors generally operating along the U.S. East Coast. In November 2001, the Company established an international telecommunications switching division infrastructure through the purchase of its own switching equipment. The international telecommunications switching division enables the Company to provide an array of telecommunications services independent from other providers.

Note 2 - Summary of Significant Accounting Policies

Revenue Recognition

The Company's retail division provides personal identification numbers ("PINS") for its customers who are primarily U.S. and Canadian online customers. Revenue is recognized upon online transmission of calling card personal identification numbers to the customers. Retail sales terms allow for the exchange of unused products. The experience and current estimation of management indicates that an allowance for product exchange is not required.

The Company's wholesale division provides PIN's for its customers, who are primarily distributors of prepaid phone cards. The Company contracted with a provider of switching equipment that processed the phone card calls when the end consumer ultimately used them. When cards were ready for distribution to end consumers, customers authorized the Company to activate a specific sequence of PIN's. The PIN's are pre-numbered code combinations that are imprinted on these cards. This allows for the proper routing and time recording of minutes used on the calling cards. Revenue is recognized upon activation of calling cards delivered to its customer. Wholesale sales terms allow for the exchange of unused products. The experience and current estimation of management indicates that an allowance for product exchange is not required.

The Company's international telecommunication switching division established in November 2001, recognizes revenue at the time of customer usage as it relates to traffic that is carried on its switching equipment. Deferred revenue represents payments for minutes sales received in advance of actual usage of the prepaid minutes. The Company tracks usage on a monthly basis and adjusts deferred revenue accordingly.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid short-term investments with maturity when purchased of three months or less to be cash equivalents.

Inventories

Inventories are valued at the lower of cost or market using the first in first out ("FIFO") method.

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 2 - Summary of Significant Accounting Policies (Continued)

Equipment

Equipment is stated at cost and includes computer equipment and telephone switch equipment. Repairs and maintenance are charged to expense as incurred. Assets are depreciated on the straight-line method beginning with the month the asset is placed into service over the estimated useful lives of the assets, as indicated below:

Description	Useful Life
Computer equipment	2 1/2 years
Telephone switch equipment - hardware	5 years
Telephone switch equipment - software	3 years

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2001 were \$75,311.

Taxes on Income

The Company is a Limited Liability Company. Taxes on income, as applicable, are the responsibility of the individual members. Accordingly, no provision for federal or state taxes on income is recorded in the accompanying financial statements.

It is the intention of the Company, to make distributions to its members sufficient to cover federal and state income tax liabilities equal to 45% of the taxable income of the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 vary from the estimates that were used.

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 3 - Inventory

Inventory consists of prepaid calling cards held for resale on-line and prepaid minutes purchased from various carriers.

At December 31, inventories consisted of the following:

	2001	2000
Prepaid calling cards	\$ 73,436	\$ 182,243
Prepaid minutes	<u>319,784</u>	<u>-</u>
Total	<u>\$ 393,220</u>	<u>\$ 182,243</u>

Note 4 - Equipment

At December 31, equipment consisted of the following:

	2001	2000
Computer equipment	\$ 149,656	\$ 9,761
Telephone switch equipment	499,500	-
Other equipment	<u>-</u>	<u>4,350</u>
	649,156	14,111
Less accumulated depreciation	<u>(27,059)</u>	<u>-</u>
Total	<u>\$ 622,097</u>	<u>\$ 14,111</u>

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 5 - Long-Term Debt

At December 31, long-term debt consisted of the following:

	2001	2000
Unsecured advances due to a related party, with installments of \$90,000 due on August 1, 2001, \$150,000 due on June 30, 2002 and June 30, 2003. Interest accrues at Prime Rate plus 2% (6.75% at December 31, 2001 and 11.5% at December 31, 2000), and is payable on December 30, 2002 and June 30, 2003. (On March 14, 2002, the Company entered into a subordination agreement; see Note 11)	\$ 300,000	\$ 390,000
Note payable due to a supplier without interest, secured by equipment, with an initial principal installment due September 28, 2001 of \$100,000 and ten subsequent monthly installments of \$17,450 beginning December 1, 2001 through September 1, 2002.	157,050	-
Note payable due to a supplier without interest, secured by equipment, with an initial principal installment due December 14, 2001 of \$75,000 and ten subsequent monthly installments of \$15,000 beginning February 1, 2002 through November 1, 2002.	<u>150,000</u>	<u>-</u>
	607,050	390,000
Less current maturities	<u>457,050</u>	<u>90,000</u>
	<u>\$ 150,000</u>	<u>\$ 300,000</u>

Approximate annual maturities over the remaining period of indebtedness are as follows:

2002	\$ 457,050
2003	150,000

At December 31, 2001 and 2000, interest accrued and unpaid on the advances from the related party was \$63,517 and \$30,621 respectively.

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 6 - Members' Equity

The Company has one class of units, common units. In accordance with the Company's operating agreement, the manager may authorize other classes of units, or add, or decrease the number of units from time to time. The liability of the Members for losses, debts and obligations of the LLC is restricted and limited to their capital accounts. All net profits and losses, and distributions of cash flows shall be allocated to the members based upon their percentage of ownership of common units.

Note 7 - Commitments and Contingencies

The Company is obligated under two leases for office space. The first lease for the Company's current office space requires minimum monthly rentals of \$3,000 and expires June 30, 2002. The second lease for the Company's new office space begins April 1, 2002 and requires minimum monthly rentals of \$19,665 with scheduled rent increases of 3.5% on the anniversary date of the lease and expires May 31, 2007. The lease agreement includes an option to renew for an additional five years, and also provides that the Company pay their proportionate share of real estate taxes, and direct expenses. Rent expense for 2001 totaled \$45,950.

Future minimum annual payments under these leases are as follows:

2002	\$	161,653
2003		242,171
2004		250,647
2005		259,419
2006		268,499
Thereafter		112,828

The Company is obligated under an automobile's lease entered into on October 25, 2001. The lease requires minimum monthly rentals of \$919. The lease provides for a 24 month term.

Future minimum annual payments under these leases are as follows:

2002	\$	11,028
2003		8,271

In October 2001, a former leased employee from an unaffiliated staffing company filed a charge of discrimination and wrongful termination with the Massachusetts Commission Against Discrimination against the Company and an officer. The Company intends to vigorously contest this claim. The Company has been informed that it is insured under the staffing company's insurance policy for claims related to employment practices that may cover the claim, subject to a \$75,000 deductible.

The Company is involved in other legal matters arising in the normal course of business. At December 31 2001, the outcomes of these matters were not determined. Management does not believe that the eventual outcomes of these matters will have a material adverse effect on the Company's financial position or results of operation. The Company has been vigorously defending these matters.

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 7 - Commitments and Contingencies (Continued)

The Company has entered into a client service agreement with a staffing network company. Under the terms of the client service agreement, the staffing network company provides employees to the Company. The Company engages the employees in job functions at their worksite. The agreement commenced on January 1, 2000 and remains in force and in effect on a month-to-month period, until either party gives thirty days written notice of termination. Contract labor expense for 2001 totaled \$867,381.

Note 8 - Concentration of Credit Risk

The Company maintains cash balances at a bank, which, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

During 2001, approximately 50% of the Company's retail sales related to calling card PIN numbers were supplied and supported by two separate vendors. This dependency was significantly reduced when the Company purchased its own telephone switching equipment in November 2001.

Concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers comprising the Company's customer base, with no significant individual customer revenues or accounts receivable balances at December 31, 2001 and 2000.

Note 9 - Purchase Commitments

During 2001, the Company entered into several carrier agreements to purchase a certain number of minutes per month. The terms of the agreements are subject to price changes with seven days notice, and are cancelable by either party with thirty days notice. If the Company does not meet minimum purchase requirements, the carrier may bill the Company as if they had reached minimum purchase commitments. In addition, the Company entered into one agreement with another carrier whereby the Company has purchased a predetermined amount of minutes to be used by certain dates in 2002. At December 31, 2001 management believes it will meet all its minimum purchase requirements and use all of its prepaid minutes. Included in inventory at December 31, 2001 are all of the unused minutes the Company has paid for.

Note 10 - Cash Flow Information

During 2001, cash paid for interest was \$4,610

Non-cash investing and financing activities included the purchase of equipment in exchange for \$499,500 of debt.

Non-cash financing activities included the accrual of a distribution to members for \$329,000 at December 31, 2001.

NOBEL LIMITED COMPANY, LLC

Notes to Financial Statements

December 31, 2001 and December 31, 2000 (Balance Sheet Only)

Note 11 - Subsequent Events

In January 2002, three new related companies were formed as Delaware LLC's, NobelTel, LLC, NobelCom, LLC and Nobel Limited Company, LLC. The Massachusetts limited liability company, Nobel Limited Company was then merged into the Delaware limited liability company, Nobel Limited Company, LLC.

On January 2, 2002, the Company entered into a consulting agreement. The terms of the agreement provide for an unconditional consultant's fee of \$300,000 to be paid during the term of the agreement that will end on June 30, 2004. The consultant also received an option to purchase member units. The Company is involved in renegotiations with the consultant regarding the agreement.

In March 2002, the Company entered into a financing agreement with a bank. The Company was granted a \$500,000 equipment financing line of credit and an additional \$500,000 letter of credit. The equipment financing line of credit has a maturity date of March 7, 2007 bearing interest at the Bank's Prime Rate, is secured by substantially all assets of the Company, and is subject to certain financial covenants. The letter of credit's expiration date is April 30, 2003 with a 90-day subsequent period available to cover the beneficial interests under the letter of credit.

In connection with the execution of the new bank agreements the Company's related party debt (see Note 5) became subordinated to the advances under the bank agreement.

On March 28, 2002 the Company signed a letter of credit of \$65,000, and received cash back on the security deposit included in current assets.

NOBEL LIMITED COMPANY, LLC
Balance Sheet
As of

	<u>June 30, 2002</u>	<u>December 31, 2001</u>
Assets		
Current assets:		
Cash and cash equivalents	1,015,406	805,532
Accounts receivable, less allowance for doubtful accounts of \$30,000 and \$30,000, respectively	138,932	37,006
Inventory	267,344	393,220
Prepaid expenses and other current assets	174,915	107,580
Total current assets	1,596,596	1,343,338
Equipment, net	1,110,353	622,097
Security deposits	55,221	58,721
Total assets	2,762,170	2,024,156
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued expenses	795,687	519,918
Accrued distributions	-	329,000
Current maturities of long-term debt	404,670	457,050
Deferred revenue	632,871	170,562
Total current liabilities	1,833,228	1,476,530
Long-term debt	353,730	150,000
Members' equity:		
Contributed capital		
100,000,000 common units, authorized 100,000,000 and 100,000,000 common units issued and outstanding respectively	40,000	40,000
Retained earnings/ (accumulated deficit)	535,212	357,626
	575,212	397,626
Total liabilities and members' equity	2,762,170	2,024,156

NOBEL LIMITED COMPANY, LLC
Income Statement
For the Six Months Ended June 30, 2002

Revenues	6,820,513
Cost of revenues	<u>3,930,458</u>
Gross profit	2,890,055
Operating expenses:	
Contract labor	874,382
Sales and marketing	535,563
General and administrative	<u>1,182,105</u>
Total operating expenses	2,592,050
Income from operations	298,005
Other income/(expense):	
Interest income	2,750
Interest expense	(9,597)
Other expense	(4,428)
	<u>(11,275)</u>
Net income	<u><u>286,730</u></u>

NOBEL LIMITED COMPANY, LLC
Income Statement
For the Period Ended June 30, 2002

Cash flows from operating activities:

- Net Income	286,730
- Depreciation	81,687
- Changes in:	
- A/R	(101,926)
- Inventory	125,876
- Prepaid expenses & other current assets	(67,352)
- Security deposits	3,500
- A/P & accrued expenses	275,769
- Deferred revenue	462,309
	<hr/>
Total Adjustments	698,176
	<hr/>
Net cash provided by operating activities	1,066,593

Cash flows from investing activities:

- Purchases of equipment	<u>(569,942)</u>
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Cash flows from financing activities:

- Repayments of debt	(282,150)
- Proceeds from equipment loan	433,500
- Dividends paid	<u>(438,127)</u>

Net cash from financing activities	<u>(286,777)</u>
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Net increase (decrease) in cash & cash equivalents	209,874
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Cash & cash equivalents, beginning	<u>805,532</u>
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Cash & cash equivalents, ending	<u><u>1,015,406</u></u>
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