EXHIBIT 25

Orion Telecommunications Corp.'s financial statement.

ORION TELECOMMUNICATIONS CORP.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002
TOGETHER WITH AUDITORS' REPORT

Callaghan Nawrocki LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Orion Telecommunications Corp.:

We have audited the accompanying balance sheet of Orion Telecommunications Corp. (the "Company") as of June 30, 2002, and the related statements of 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 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 Orion Telecommunications Corp. as of June 30, 2002, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Callaghan Nawrocki

February 24, 2003
Melville, New York

ORION TELECOMMUNICATIONS CORP.

BALANCE SHEET

JUNE 30, 2002

ASSETS

CURRENT ASSETS:	
Cash	$ 4,053,704
Accounts receivable, net of allowance for doubtful accounts of $401,549	26,251,038
Inventory	4,363,777
Deferred income taxes	3,384,900
Other assets	2,048,432
Total current assets	40,101,851
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $3,670,526	9,054,604
DEFERRED INCOME TAXES	7,870,158
SECURITY DEPOSITS AND OTHER ASSETS	807,158
	$ 57,833,771

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Loan payable, bank	$ 82,401
Current portion of long-term debt	4,541,118
Accounts payable and accrued liabilities	27,520,367
Deferred revenue	20,539,814
Total current liabilities	52,683,700
LONG-TERM DEBT, less current portion	11,693,495
Total liabilities	64,377,195
SHAREHOLDERS' EQUITY:	
Convertible, redeemable preferred stock, par value $.0001, 10,000,000 shares authorized, 1,182,326 shares issued and outstanding	118
Common stock, par value $.0001, 20,000,000 shares authorized, 7,197,166 shares issued	720
Additional paid-in capital	7,294,635
Accumulated deficit	(13,741,397)
	(6,445,924)
Treasury stock, 32,500 shares at cost	(97,500)
Total shareholders' equity	(6,543,424)
	$ 57,833,771

The accompanying notes to financial statements are an integral part of this statement.

ORION TELECOMMUNICATIONS CORP.
STATEMENT OF INCOME
FOR THE YEAR ENDED JUNE 30, 2002

REVENUES	$ 209,091,902
COST OF SALES	170,952,618
Gross profit	38,139,284
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	32,541,722
FACTORING EXPENSE	3,776,775
INTEREST EXPENSE, net of interest income of $88,158	569,221
Total expenses	36,887,718
Pre-tax income	1,251,566
PROVISION FOR INCOME TAXES	425,049
Net income	$ 826,517

The accompanying notes to financial statements are an integral part of this statement.

ORION TELECOMMUNICATIONS CORP.
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2002

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Total Shareholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
BALANCES, JULY 1, 2001	1,182,326	$ 118	6,765,402	$ 677	$ 3,634,178	$ (14,413,436)	-	$ -	$ (10,778,463)
Exercise of common stock purchase options	-	-	20,000	2	19,998	-	-	-	20,000
Purchase of 20,000 and 32,500 treasury shares at $2.50 and $3.00 per share, respectively	-	-	-	-	-	-	(52,500)	(147,500)	(147,500)
Sale of treasury shares	-	-	-	-	-	-	20,000	50,000	50,000
Sale of common stock to related parties	-	-	411,764	41	3,499,959	-	-	-	3,500,000
Vesting of stock options previously granted to non-employee consultants	-	-	-	-	140,500	-	-	-	140,500
Preferred stock dividends	-	-	-	-	-	(154,478)	-	-	(154,478)
Net income	-	-	-	-	-	826,517	-	-	826,517
BALANCES, JUNE 30, 2002	1,182,326	$ 118	7,197,166	$ 720	$ 7,294,635	$ (13,741,397)	(32,500)	$ (97,500)	$ (6,543,424)

The accompanying notes to financial statements are an integral part of this statement.

ORION TELECOMMUNICATIONS CORP.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 826,517
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation and amortization	1,943,869
Noncash compensation	140,500
Increase in accounts receivable	(7,310,404)
Increase in inventory	(2,499,593)
Decrease in deferred income taxes	423,451
Increase in other assets	(1,801,450)
Increase in security deposits and other assets	(726,177)
Decrease in accounts payable and accrued liabilities	(2,412,073)
Decrease in income taxes payable	(139,693)
Increase in deferred revenue	6,325,422
Net cash used by operating activities	(5,229,631)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(1,667,992)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in loan payable, bank	11,885
Increase in long-term debt	2,284,408
Sale of common stock	3,520,000
Purchase of treasury stock	(97,500)
Preferred stock dividends paid	(154,478)
Net cash provided by financing activities	5,564,315
NET DECREASE IN CASH	(1,333,308)
CASH, BEGINNING OF YEAR	5,387,012
CASH, END OF YEAR	$ 4,053,704
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	$ 303,698
NONCASH INVESTING AND FINANCING ACTIVITIES:	
Assets acquired for debt including capital lease obligations	$ 5,043,696

The accompanying notes to financial statements are an integral part of this statement.

ORION TELECOMMUNICATIONS CORP.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

(1) **Organization and description of business**

Orion Telecommunications Corp. (the "Company") was incorporated on September 15, 1997 in Delaware. The Company is engaged in the sale of international and long-distance telecommunications services, primarily through the marketing of prepaid phone cards, which it manufactures and distributes on a wholesale basis. The Company provides card users access to long-distance and international telephone service through contractual arrangements with carriers, which comprise the Company's least-cost routing network.

(2) **Summary of significant accounting policies:**

Cash and cash equivalents -

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents for financial statement purposes.

Accounts receivable and concentration of credit risk -

From time-to-time, the Company may experience a material concentration of credit risk with respect to accounts receivable, due to a small number of distributors comprising a significant portion of sales.

Inventory -

Inventory, comprised of phone cards, is stated at the lower of cost (first-in, first-out method), or market.

Property, equipment and depreciation -

Property and equipment consists principally of furniture and fixtures and switching and computer equipment, which are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to five years (see Note 4).

Long-lived assets -

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The Company evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset to future net undiscounted cash flows to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets calculated using a discounted future cash flows analysis. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Effective for the Company's 2003 fiscal year, the applicable accounting rules for long-lived assets are somewhat different; however the effect of the change in applicable principles is not anticipated to be material to the Company's reported financial condition or results of operations.

Revenue recognition -

The Company sells prepaid phone cards and purchases access from various phone system carriers as customers use the cards. The Company recognizes all revenues and costs associated with such revenues upon usage. A certain proportion of the sold usage is never used by the customer, and is recognized as income when the cards expire.

Deferred revenue -

Deferred revenue arises from prepaid phone cards that have been sold and activated in advance of usage.

Stock-based compensation -

The Company accounts for stock-based compensation pursuant to Statement of Financial Accounting Standards No. 123. This pronouncement allows companies to either expense the estimated fair value of all stock options or, with respect to options granted to employees and directors, to continue to follow the intrinsic value method previously set forth in Accounting Principles Board Opinion No. 25, but disclose the pro forma effects on net income had the fair value of those options been expensed. The Company has elected to continue to apply the previous standard in accounting for stock options granted to employees and directors.

Advertising and sales promotion costs -

Advertising and sales promotion costs are expensed as incurred and are included in selling, general and administrative expenses in the statement of income.

Income taxes -

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of 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 years in which those temporary differences are expected to be realized 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. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Comprehensive income -

Other than net income, the Company has no items of comprehensive income as defined by accounting principles generally accepted in the United States of America.

Fair value of financial instruments -

The carrying value of all financial instruments is deemed to approximate fair value because of either the short maturity of these instruments or the rate of interest contractually required or imputed.

Accounting 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual future results could differ from those estimates.

(3) Accounts receivable

Accounts receivable consists of the following:

Non-factored	$ 23,118,015
Factored	3,534,572
	26,652,587
Allowance for doubtful accounts	(401,549)
	$ 26,251,038

The Company has a purchase and sale factoring agreement with a factor, whereby certain accounts receivable are sold to the factor at a discount rate of 9.5%, less a rebate (generally 6.75%) based on the length of time an invoice is outstanding at the factor. The factor advances the Company 75% of accounts receivable sold, the balance being remitted upon collection.

As fully described in Note 12, there are related party receivables of $4,887,835 included in non-factored accounts receivable.

(4) Property and equipment

Property and equipment consists of the following:

		Useful Life
Telecommunications switches and equipment	$ 12,032,480	3 to 5 years
Furniture and fixtures	448,907	5 years
Leasehold improvements	243,743	40 years
	12,725,130	
Less: accumulated depreciation	3,670,526	
	$ 9,054,604	

(5) Loan payable, bank

The Company maintains a line of credit with a financial institution in the amount of $85,000, which is renewed on a year-to-year basis. Interest accrues monthly at a variable rate of prime plus .50% (4.75% at of June 30, 2002). As of June 30, 2002, $82,401 was outstanding under this line. Borrowings are unsecured and are guaranteed by an officer and majority shareholder of the Company.

(6) Long-term debt

Long-term debt consists of the following:

Long-term liability to the Internal Revenue Service for payment of Federal communications usage tax, payable in monthly installments of $225,000 until the total liability is paid in full.	$ 12,447,524
Installment purchase-money note payable in the original amount of $2,300,000, payable in 15 monthly installments designated as principal only ranging from $100,000 to $150,000 through August 1, 2003. Interest, imputed at 10.74% per annum in the amount of $180,632, has been recorded as a reduction to the equipment. The note is secured by equipment.	2,175,000
Installment purchase-money note payable in the original amount of $2,070,000, payable in 36 monthly installments of $69,062 through December 1, 2002, including principal and interest at 10.74% per annum. The note is secured by equipment.	837,497
Installment purchase-money note payable in the original amount of $2,600,000, payable in 15 monthly installments designated as principal only of $150,000 through September 30, 2002. Interest, imputed at 10.74% per annum in the amount of $123,157, has been recorded as a reduction to the equipment. The note is secured by equipment.	335,000
Installment purchase-money note payable in the original amount of $1,220,000, payable in 48 monthly payments of $34,487 through February 12, 2003, including principal and interest at 10.74% per annum. The note is secured by equipment.	288,223
Capital lease obligations	151,369
Total	16,234,613
Less: current maturities	4,541,118
Long-term debt	$ 11,693,495

Maturities of debt are as follows:

<u>For the years ending June 30,</u>

2003	$ 4,541,118
2004	3,353,011
2005	2,700,000
2006	2,700,000
2007	2,700,000
2008 and thereafter	240,484
	$ 16,234,613

Section 4251 of the Internal Revenue Code imposes a 3% tax on amounts paid for telecommunications services. On February 10, 2003, the Company entered into an agreement with the Internal Revenue Service regarding its liability for the Federal communications usage tax. In connection therewith, the Company agreed to make monthly payments of $225,000 until the total liability, $12,447,524 as of June 30, 2002, is paid in full. Federal communications usage tax for the year ended June 30, 2002 totaled $5,545,959.

(7) **Capital stock transactions:**

Preferred stock -

In January 1999 the Company sold, in a private placement, 1,100,000 shares of 8% convertible, redeemable preferred stock and received net proceeds therefrom of $849,174, after deducting offering costs of $250,826. Each share of preferred stock is convertible into one share of the Company's common stock at any time. The Company has the option to force conversion of the preferred stock to common stock at any time, on or after the effective date of a public offering of common stock at an offering price in excess of $1.00 per share, provided certain conditions as stated in the private placement memorandum are met. Dividends are payable semiannually at 8% per annum.

In the event of a liquidation or winding up, the holders of the convertible preferred stock receive a liquidation preference of $1.00 per share, plus accumulated dividends. During the year ended June 30, 2002, the Company paid preferred stock dividends of $154,478.

Common stock -

On June 30, 2002, the Company issued 411,764 shares of common stock to two related parties for a total purchase price of $3,500,000.

(8) Common stock purchase options and warrants:

Stock purchase options -

The Company's 1998 Stock Option Plan (the "1998 Plan") provides for the issuance of up to 13,000,000 shares of common stock to employees, officers, directors and consultants. The awards may consist of incentive stock options and non-qualified options, as described in the 1998 Plan. Vesting occurs at the rate of 25% per year. At June 30, 2002, there were 12,516,100 options outstanding and 483,900 options available for future grant under the 1998 Plan. Of the number of options outstanding at year end, 11,386,100 have been granted to employees and directors and 1,130,000 have been granted to non-employee consultants.

At July 1, 2001, 8,704,500 shares were exercisable at a weighted average exercise price of $1.57 per share. A summary of activity in the 1998 Plan for fiscal 2002 follows:

	Shares	Weighted Average Exercise Price
Outstanding at July 1, 2001	9,916,100	$1.57
Granted during the year	2,620,000	4.96
Exercised during the year	(20,000)	1.00
Outstanding at June 30, 2002	12,516,100	2.61
Exercisable at June 30, 2002	9,465,325	$1.92

The following table summarizes information about stock options outstanding and exercisable, under the 1998 Plan at June 30, 2002:

Grant Year	Number Outstanding	Weighted Avg. Exercise Price	Number Exercisable	Weighted Avg. Exercise Price	Expiration Year
1998	3,354,700	$1.00	3,354,700	$1.00	2008
1999	3,409,900	1.00	3,409,900	1.00	2009
2000	1,919,900	3.58	1,439,925	3.58	2010
2001	1,211,600	5.00	605,800	5.00	2011
2002	2,620,000	4.96	655,000	4.96	2012
	12,516,100	$2.61	9,465,325	$1.92	

During the year ended June 30, 2002, a total of 2,620,000 options were granted to employees and directors (for their services as directors). The Company accounts for options granted to employees and directors pursuant to Accounting Principles Board Opinion No. 25 where there is no accounting consequence for fixed options granted with an exercise price at or above the fair value of the underlying stock at the date of grant.

For options granted to non-employee consultants, the Company applies the fair value calculations of the Black-Scholes Option Pricing Model required by Statement of Financial Accounting Standards No. 123. As of June 30, 2002, 1,130,000 options were granted to non-employee consultants and 1,042,500 had vested. In fiscal 2002, the Company recognized $140,500 of consulting expense for the vesting of consultants' options, granted in previous years.

The assumptions utilized by the Company for the fair value calculation are as follows: useful life of five years for employees and directors and ten years for consultants; no dividends; volatility of 0%, and a risk free interest rate of 4.82%. Under these assumptions, the fair value of an option granted to purchase a single share in fiscal 2002 was $1.07 for employees and directors, and $1.91 for consultants.

Stock purchase warrants -

At June 30, 2002, the following warrants were outstanding:

	Shares Reserved	Exercise Price	Expiration Date
Placement agent warrants	110,000	$1.20	January 2003
Financial consultant warrants	90,000	5.12	June 2010
Loan guarantee fee warrants	359,000	1.00	June 2008
Factor service warrants	100,000	3.00	June 2010
Non-interest bearing loan warrants	80,613	.01	June 2008

As compensation to the placement agent of the Company's preferred stock (discussed in Note 7), the Company issued: (i) rights to purchase 100,000 shares of common stock at $.01 per share, which rights were exercised during the year ended June 30, 1999, and (ii) additional warrants to purchase 110,000 shares of common stock at $1.20 per share. The $1.20 warrants are outstanding at June 30, 2002, and expire in January 2003. Any value associated with the warrants issued to the placement agent is a cost of capital and is offset against the proceeds thereof; accordingly no calculation of the warrant value is required.

The financial consultant warrants were issued in connection with a planned capital raise which did not proceed. The fair value of the warrants of $23,400 was expensed in 2000.

An officer of the Company has been granted warrants to purchase 359,000 shares of common stock at $1.00 per share as compensation at various times for guaranteeing various loans of the Company.

In connection with its arrangement with a factor (see Note 3), the Company has granted the factor warrants to purchase 100,000 shares of common stock at $3.00 per share.

The fair value of the loan guarantee fee and factor service warrants of $150,780 and $139,000, respectively, was charged to the applicable expense category in the prior periods.

As compensation for certain non-interest bearing loans advanced by related parties (discussed in Note 12), the Company issued common stock purchase warrants exercisable at $.01 per share. The fair value of these warrants when issued, $39,862, previously was reported as a discount from the principal amount of the loans in accordance with Accounting Principles Board Opinion No. 14.

(9) Employee benefits plan

In September 1997, the Company established the Orion Telecommunications Corp. 401(K) Savings Plan (the "Plan") for the benefit of its employees. The Plan is open to all employees of the Company and allows employees to invest pre-tax dollars in certain investment funds as directed by the employee. The Plan also allows rollover contributions from other qualifying 401(K) plans to be invested directly into the Company's common stock at a price equal to the most recent stock valuation. The Plan restricts investments in the Company's Common Stock Fund to rollover contributions only. The Plan provides for a discretionary Company matching contribution to be declared annually. During the year ended June 30, 2002, the Company contributed $26,533 to this Plan.

(10) Income taxes

As of June 30, 2002, the Company has approximately $25,650,000 in net operating loss carryforwards, expiring in 2020. The availability to offset income taxes in future years may be restricted if the Company undergoes an ownership change, which may occur as a result of future sales of any stock and other events.

The tax effect of temporary differences that give rise to the deferred tax asset at June 30, 2002 is described below:

Net operating loss carryforwards	$ 11,255,058

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income and tax planning in making these assessments. Based on available evidence and applicable criteria, management believes a valuation allowance is not required at either the beginning or the end of fiscal year 2002.

(11) Commitments and contingencies:

Facilities leases -

The Company leases office space under the terms of various operating leases, which expire during the years 2003 through 2006. Rent expense relating to these leases was approximately $481,000 for the year ended June 30, 2002.

The Company leases two warehouse facilities which are rented on a month-to-month basis. Rent expense relating to these warehouses was approximately $34,000 for the year ended June 30, 2002. An additional warehouse is leased under a five-year operating lease, which expires on May 15, 2005. Rent expense relating to this lease was approximately $31,000 for the year ended June 30, 2002.

The Company leases equipment under the terms of various operating leases, which expire during the years 2003 through 2006. Annual expense related to these leases totaled approximately $152,000 for the year ended June 30, 2002.

The following is a summary of future minimum lease payments required under operating leases that have remaining non-cancelable lease terms in excess of one year:

For the years ending June 30,

2003	$ 664,211
2004	369,563
2005	137,144
2006	4,012
	$1,174,930

Billing errors by telecommunications carrier vendors -

During the course of operations prior to June 30, 2002, the Company identified significant billing errors by its telecommunications carrier vendors. Subsequent to June 30, 2002, the Company has received credits from vendors or commitments to provide credits totaling $9,080,842. At June 30, 2002, the Company has reduced accounts payable and accrued liabilities by this amount. In addition, the Company has identified a significant amount of billing errors that are awaiting resolution. These pending credits have not been recognized as of June 30, 2002.

(12) Related party transactions

Included in other assets is a loan receivable from the majority shareholder of $2,000,000 as of June 30, 2002 representing a non-interest bearing demand loan.

From time to time, the Company borrows funds from certain directors, officers and employees under informal borrowing agreements. Such borrowings are non-interest bearing and short-term in nature. As of June 30, 2002, a total of $5,000 in loans payable to such related parties was included in accounts payable and accrued liabilities.

The Company made sales to three related companies in the amount of approximately $14,680,000 during the year ended June 30, 2002. Also, the Company has entered into a Management and Services Agreement with three different related companies whereby the Company is reimbursed for expenses incurred on behalf of providing management services to these companies. As of June 30, 2002, $4,887,835 was receivable from these related parties, which consisted of trade accounts receivable of $3,968,626 and accounts receivable under the management agreement of $919,209.

(13) Subsequent event

Subsequent to June 30, 2002, the Company entered in an agreement with one of its equipment suppliers whereby an outstanding obligation of $1,124,628 at September 30, 2002 was fully satisfied by a lump sum payment of $562,314, representing one half. In connection therewith, the equipment supplier considered all obligations paid in full and satisfied, and released all rights, interests and liens associated with the equipment that was securing the debt.