

IN THE MATTER OF THE APPLICATION
OF BAK COMMUNICATIONS, LLC
FOR A CERTIFICATE TO PROVIDE COMPETING
LOCAL TELECOMMUNICATION SERVICES

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**APPLICATION FOR A CERTIFICATE TO PROVIDE
COMPETING LOCAL TELECOMMUNICATIONS SERVICES**

Pursuant to applicable Tennessee statutes and the rules and regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), BAK Communications, LLC ("BAK") respectfully requests that the Tennessee Regulatory Authority ("TRA") grant to BAK authority to provide competing local telecommunications services, within the state of Tennessee. BAK is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services.

In support of its application, BAK submits the following:

DOCKET NO.

03-00351

1. Full Name and Address of Applicant:

BAK Communications, LLC
444 South Flower Street Suite 4188
Los Angeles, CA 90071

Communications Regarding this Application should be directed to

Anthony Manzilla
951 old County Road Suite 239
Belmont, CA 94002
Telephone (415) 519-8997

**2. A listing of the company's principal officers is provided as an attachment,
there are no officers in Tennessee.**

3. Corporate Information

BAK Communications, LLC was established in the State of California as a limited liability company. It is currently registered as a foreign corporation in the State of Tennessee and supporting documents are attached.

4. BAK Possesses the managerial, technical, and financial ability to provide local telecommunications service in the State of Tennessee.

Financial Qualifications

In support of its financial qualifications, BAK submits its financial statements as attached. BAK's principal business in the State of California is its operations as an inter exchange carrier (IXC) and generates its revenues through prepaid phone cards, 1+ service and exchange services to Asia.

BAK expects to improve revenues and decrease expenses throughout 2003 through its newly deployed call centers in the Philippines, China and Mexico. Through the financial statements provided, BAK asserts that it has the financial resources necessary to operate as a competitive local service provider in Tennessee.

Managerial Ability

As shown in the exhibit to this Application, BAK has the managerial expertise to successfully operate a telecom enterprise in Tennessee. As described in the attached information, BAK management team has extensive management and business experience in telecommunications.

Technical Ability

BAK services will satisfy the minimum standards established by the TRA. The company will file and maintain tariffs in the manner prescribed by the TRA and will meet minimum basic local standards, including quality of service and billing standards required of all LEC's regulated by the TRA. Applicant will not require customers to purchase CPE which cannot be used with the Incumbent Local Exchange Carrier's Systems. And as per attached technical qualifications of BAK, it should be more than capable of providing proposed services in Tennessee.

5. Current Licenses

BAK currently operates as an inter exchange carrier (IXC) in the State of California. It has pending applications to provide CLEC services in all US States except Alaska and Hawaii. The applicant proposes to offer its services throughout the State of Tennessee on the resale and the UNE platforms, which it will gain access to through Interconnection Agreements with ILEC companies in the State. As such, BAK does not propose to construct new facilities, nor does it intend to install its own switching facilities in the State of Tennessee.

6. Types of Local Exchange Service to be Provided

BAK intends to provide dial tone services to residential customers only. Primarily, this will be provided on a standard billed system with no need for deposits. An alternative service for those who do not qualify may also be provided on a prepaid basis.

7. Repair and Maintenance

BAK understands the importance of effective customer service for local service customers. BAK has made arrangements to set up a call centre to handle such customers, and will provision a toll-free number for such customers to call as soon as BAK is ready to sell its services. In addition, customers may contact the company in writing at the headquarters address, as well as via email, at a website we are currently developing. These toll free numbers will be included in the television ads we will be producing and all other contact details will be printed on the customer's monthly statement.

Grant of the application will further the goals of the Tennessee Legislature and further the public interest by expanding the availability of competitive telecommunications service in the State of Tennessee. In addition, intrastate offering of these services is in the public interest because the services will provide customers increased efficiencies and cost savings. Authorizing BAK to provide local exchange telecommunication services will facilitate the development and well being of the economy of the State of Tennessee.

In particular, the public will benefit both directly through the use of competitive services offered by BAK, and indirectly because BAK's presence will increase incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce prices, and improve the quality of service. Grant of this application will further enhance service options available to Tennessee citizens for the reasons set forth above.

8. Small and Minority-Owned Telecommunications Business Participation Plan included as attachment.

9. Procedures for acquiring new customers

BAK is to prepare 30-second spot ads which it will air on Tennessee television. The ad will include information and pricing on services BAK intends to provide, and will have a toll-free number for interested customers to call.

The calls are to be received at BAK's call center, which will also handle the ordering of such lines from the ILECs. Payments for the service are to be received via Western Union Money Transfer's Swiftpay system.

New customers will be assigned telephone numbers through the means that will be specified by the ILEC, and customers wishing to switch telephone companies will not be switched over to BAK until after the customer has paid for the first month of service, which we will constitute as consent to them switching telephone providers.

BAK will not discriminate with respect to access to telephone numbers, operator services, directory assistance and directory listings.

10. Applicant has served notice of its application to the eighteen (18) incumbent local exchange telephone companies in Tennessee, and such notice has been filed at the same time as this application was filed with the TRA.

11. Miscellaneous

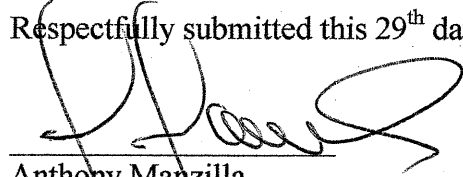
- a. Due to the pre-paid nature of the services BAK intends to provide, BAK will not require any customer deposits and customers may terminate service at any time by simply not paying for the following months' service.
- b. As of now, BAK Communications, LLC has not been subject to complaints in any of the states in which it is doing business.
- c. Due to the fact that BAK's rates will be dependent on the Interconnection Agreements it seeks to establish with the ILECs in Tennessee; and the fact that it has not yet established such Agreements, BAK is unable to provide tariffs for the State of Tennessee, but will file them as soon as its interconnection agreements are completed and understands that it needs to file its tariffs before being granted CLEC approval.

Conclusion:

BAK respectfully requests that the TRA enter an order granting it a certificate of convenience and necessity to operate as a competing telecommunications service provider and authority to provide a full range of local exchange on a resale and unbundled network element basis throughout the State of Tennessee in the service areas of Bell South, Verizon, and Sprint and any other ILEC that does not enjoy a rural exemption under Section 251(f) of the Telecommunications Act of 1996.

For the reasons stated above, BAK's provision of these services would promote the public interest by providing high-quality service at competitive rates and by creating greater economic incentives for the development and improvement for all competing providers.

Respectfully submitted this 29th day of April, 2003

A handwritten signature in black ink, appearing to read 'Anthony Manzilla', is written over a horizontal line.

Anthony Manzilla
Chief Operations Officer
BAK Communications, LLC

Small and Minority-Owned Telecommunications Business Participation Plan

Pursuant to TCA 65-5-212 as amended, BAK Communications, LLC ("BAK") submits this small and minority-owned Telecommunications business participation plan ("The Plan") along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate and local exchange services in Tennessee.

Purpose

The purpose of 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. BAK is committed to the goals of 65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the industry. BAK will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, BAK will make efforts to identify and inform such businesses that are qualified and capable of providing goods and services to BAK of such opportunities.

Definitions

Minority-Owned Business

Minority-owned business shall mean a business which is solely owned or at least fifty one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business

Small business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

Administration

BAK's plan will be overseen and administered by the individual named below, hereinafter referred to as the administrator who will be responsible for carrying out

and promoting BAK's full efforts to provide equal opportunities for small and minority-owned businesses. The administrator of the plan will be:

Anthony Manzilla
Chief Operations Officer
BAK Communications, LLC
951 Old County Road Suite 239
Belmont, CA 94002
(415) 519-8997

The Administrators responsibilities will include:

1. Maintain an updated plan in full compliance with TRA rules and the 65-5-212
2. Establish and develop policies and procedures necessary for the successful implementation of the plan
3. Prepare and submit such forms as may be required by the Tennessee Regulatory Authority including filing of required annual updates
4. Serve as the primary liaison and cooperate with the TRA, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use such qualified businesses as defined previously
5. Provide records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority
6. Establish a record-keeping system to track qualified small and minority-owned businesses
7. Provide information and educational activities to persons within BAK training such persons to seek out, encourage and promote the use of small and minority-owned businesses

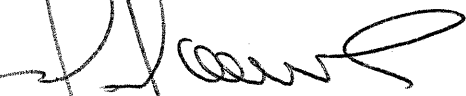
In performance of these duties, the Administrator will utilize a number of resources including:

Chambers of Commerce
The Tennessee Department of Economic and Community Development
The United States Department of Commerce
 Small Business Administration
 Office of Minority Business
The National Minority Supplier Development Counsel
The National Association of Women Business Owners
The National Association of Minority Contractors
Historically Black Colleges, Universities and Minority Institutions

Records and Compliance Reports

BAK will maintain records of qualified small and minority-owned businesses and efforts to use the goods and services of such businesses. In addition, BAK will maintain records of educational and training activities conducted or attended and of the internal procurement procedures adopted to support this plan.

BAK will submit records and reports required by the Tennessee Regulatory Authority concerning the plan. Moreover, BAK will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority.



Anthony Manzilla
Chief Operations Officer
BAK Communications

Dated: April 29, 2003

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

APPLICATION OF BAK COMMUNICATIONS, LLC
FOR A CERTIFICATE TO PROVIDE
COMPETING LOCAL TELEPHONE SERVICES

PRE-FILED TESTIMONY OF ANTHONY MANZILLA

I, **Anthony Manzilla** do hereby testify as follows in support of the application of BAK Communications, LLC ("BAK") for a Certificate of Convenience and Necessity as a competing telecommunications service provider to provide telecommunications service throughout the State of Tennessee.

I am currently the Chief Operations Officer for BAK Communications, LLC in the capacity of handling their local exchange activities.

I am responsible for filing their applications with various State Public Utility Commissions, supervise the creation of their tariffs and ensure that BAK remains compliant with various requirements in different states. I am also supervising the training that is being received by BAK employees with regard to ILEC procedures such as ordering systems, and troubleshooting / maintenance. Currently I am also overseeing the deployment of an OSS (operations support software) which is being created in order to streamline customer service activities from the call center we are setting up.

I will also be responsible as BAK's regulatory and customer service contact since I will be overseeing its local exchange operations.

I have been in the telecommunications industry for over twenty (20) years now, and have dealt with various aspects of this industry from equipment, to domestic and international long distance, and a few years ago began my own CLEC in the State of California which to this day is profitable and serves the San Francisco Bay Area through both resold and UNE platform products.

I have also received training from SBC with regard to their procedures, and am a certified administrator for the SMS/800 toll-free number database for North America.

BAK Communications is a limited liability company in the State of California. To the best of my knowledge, it possesses the necessary managerial, financial,

and technical abilities to provide the services it is currently applying for. BAK is sufficiently funded, and has been operating profitably in California as a provider of long distance service. I am confident that it has the means necessary to fund the ventures being proposed.

BAK Communications plans to offer residential dial tone services on a prepaid basis in the State of Tennessee through the resale and UNE platforms. It will serve all consumers who wish to acquire its services, in all areas that it will have interconnection agreements, and where the TRA will grant it authority to provide such services.

BAK will offer local exchange telecommunications service in areas served by an Incumbent Local Exchange Telephone Company with fewer than 100,000 total access lines provided there is a demand for such services and the ILEC will allow such activities.

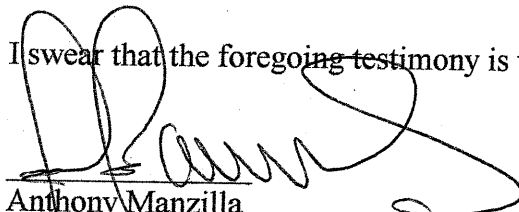
Granting of a certificate of convenience and necessity to BAK will serve the public interest because of the nature of its prepaid services. It will provide customers the option of subscribing to telephone service at a flat monthly fee, thus avoiding any surprise charges in their bill, and allowing them to budget their monthly income. In addition, BAK intends to provide service that is reasonably priced, as it does intend to compete with existing providers.

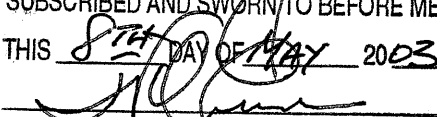
BAK intends to comply with all TRA rules statutes and orders pertaining to the provisioning of telecommunications services in Tennessee including those for disconnection and reconnection of service.

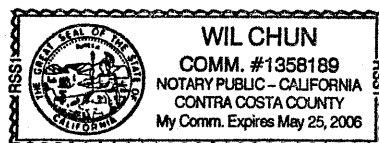
No state has so far denied BAK or one of its affiliates authorization to provide intrastate service. Nor has BAK ever been investigated or sanctioned by any regulatory authority for service or billing irregularities.

BAK intends to provide copies of its tariffs or any other information upon request.

I swear that the foregoing testimony is true and correct to the best of my knowledge.


Anthony Manzilla
Chief Operations Officer
BAK Communications, LLC

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 8TH DAY OF MAY 2003

NOTARY PUBLIC





Biographies of Principals

Irving Barr – Chairman

Fred Kunik – President

Irving Barr and Fred Kunik are the founders and main stakeholders of BAK Communications, LLC. Their primary expertise is in financing firms, and as such they have maintained a large chain of money transfer / check cashing stores all over the nation. In 2001, they founded and funded BAK Communications, and acquired the services of Rabih Aridi, and later on Anthony Manzilla as well to handle the operations and marketing of BAK's telecommunication activities.

Rabih Aridi – Chief Executive Officer

Rabih Aridi's telecommunications expertise comes from being the founder of several long distance companies in California. He was one of the pioneer entrepreneurs who entered the prepaid phone card industry. Since then, he has moved on to providing prepaid 1+ long distance service, which is currently the main source of revenue for BAK Communications.

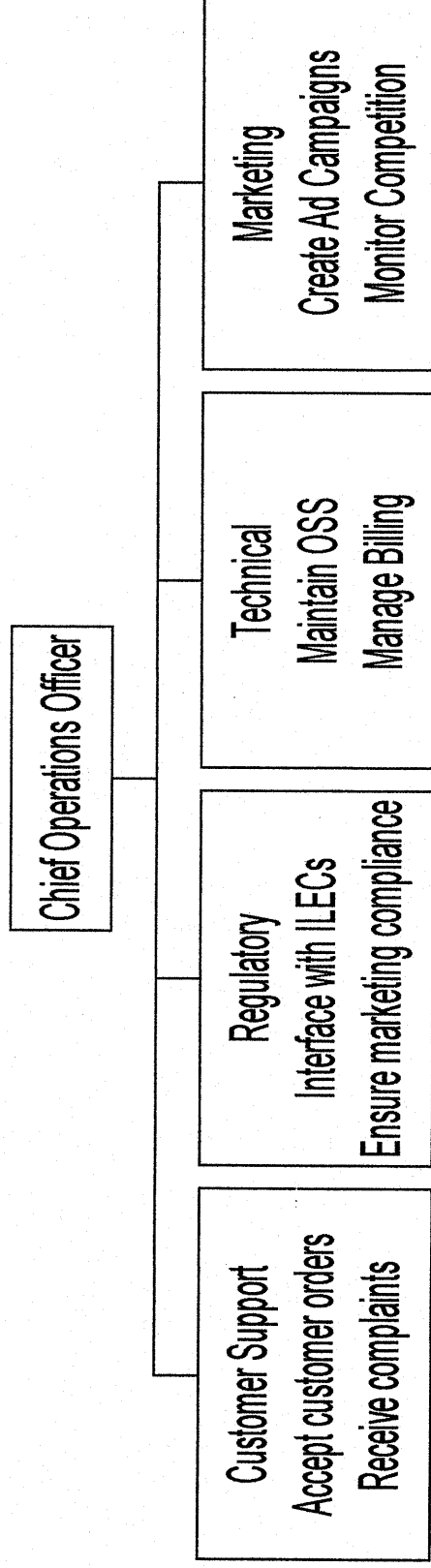
William J. Nolan III – Chief Financial Officer & Secretary

William J. Nolan III has had extensive experience managing the financial departments of various firms for 26 years now. He has been responsible for all accounting and treasury functions of those companies and handled additional administration of insurance and legal matters. He has also been in charge of the audit and compensation committees of these firms.

Anthony Manzilla – Chief Operations Officer

Anthony Manzilla has had experience founding and managing several telecommunications firms for over 20 years with products and services ranging from phone systems to domestic and international long distance. His latest company is TGE Communications, LLC a California based resale and facilities based CLEC which is currently still profitable and in operation.

Proposed Organizational Chart (CLEC Activities)



BAK Communications LLC
Profit & Loss
January through November 2002

	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02	TOTAL
Income												
6301000 - Phone Cards	1,873,361.32	2,188,065.91	1,794,707.74	1,777,153.84	2,110,106.74	1,763,624.34	1,804,059.64	2,067,678.06	2,113,325.70	2,518,752.61	1,984,914.96	21,985,770.86
6302000 - One Plus	0.00	0.00	0.00	0.00	0.00	116,738.89	134,265.01	97,958.41	111,869.08	35,035.80	115,140.78	611,007.97
6302007 - GDD/China Project	74,316.63	203,038.34	219,550.67	110,595.47	93,050.09	158,750.83	111,473.57	68,234.98	68,478.81	70,274.65	66,716.75	1,244,469.79
6302008 - Philippines Project	0.00	0.00	0.00	0.00	0.00	2,917.94	36,602.93	74,720.45	116,147.68	163,407.58	175,148.01	588,944.59
6303000 - Other Income	0.00	6.06	0.00	0.00	336.00	0.00	0.00	9,188.05	17,631.81	23,435.50	30,676.34	80,931.70
Total Income	1,947,697.95	2,391,110.31	2,014,258.41	1,887,749.31	2,203,501.83	2,042,080.00	2,086,401.15	2,307,793.45	2,427,789.79	2,811,464.50	2,373,001.78	24,482,848.48
Cost of Goods Sold												
7401000 - Carrier Cost - Phone Cards	1,625,864.76	1,793,977.33	1,506,599.88	1,552,902.54	1,842,706.24	1,541,818.28	1,574,537.41	1,724,457.20	1,784,240.49	2,086,701.72	1,618,964.37	18,652,770.22
7402000 - Carrier Cost - Phone Serv. Bus.	0.00	0.00	0.00	0.00	0.00	81,874.80	83,474.20	80,578.32	83,952.15	20,464.22	81,470.17	431,813.66
7402007 - Carrier Cost - ChinaGDD	40,000.00	128,603.78	136,079.67	45,146.73	42,055.78	100,959.80	56,540.86	30,023.39	30,127.50	30,788.85	29,355.37	669,687.73
7402008 - Carrier Cost - Philippines	0.00	0.00	0.00	0.00	0.00	8,288.00	24,392.00	41,185.00	57,392.88	75,778.97	77,065.12	284,082.07
7402500 - Local Loop Cost - General	-5,876.52	94,087.23	32,218.63	14,431.57	9,818.98	0.00	0.00	4,042.74	10,311.62	10,311.62	13,487.59	35,609.95
7403000 - Other Cost - Other Income	0.00	0.00	0.00	0.00	0.00	18,511.31	17,932.56	34,449.94	30,943.59	24,583.03	39,261.51	310,361.83
Total COGS	1,659,968.24	2,016,674.34	1,674,898.18	1,612,480.84	1,894,561.00	1,751,452.19	1,756,877.03	1,914,716.59	2,007,339.71	2,262,953.41	1,879,877.09	20,431,838.62
Gross Profit	287,709.71	374,435.97	339,360.23	275,268.47	308,920.83	290,627.81	329,524.12	393,076.86	420,450.08	548,511.09	493,124.69	4,061,009.86
Expense												
8511001 - Salaries - Cust.Care-LongDist.	8,687.38	9,642.23	32,631.57	12,404.91	22,976.34	14,050.17	12,006.78	12,598.75	15,058.57	28,239.34	21,720.36	190,016.40
8511002 - Salaries - Cust.Care-PhoneCards	30,423.68	23,935.42	12,798.27	31,177.67	18,773.70	25,020.63	32,769.06	15,401.52	19,167.28	27,729.37	18,551.18	255,726.38
8511003 - Salaries - Administration	1,722.73	1,608.31	1,798.22	1,598.52	428.42	2,071.34	1,718.52	1,948.73	-39.27	0.00	0.00	12,905.52
8511005 - Salaries - Accounting & HR	16,874.58	21,091.16	26,159.56	25,835.20	30,065.36	25,601.45	26,757.46	37,157.73	26,534.69	20,959.63	20,308.91	237,346.13
8511006 - Salaries - Management	20,057.13	18,096.97	22,809.74	20,840.42	24,843.10	20,824.98	13,860.57	28,714.55	18,734.24	27,417.22	21,020.05	277,168.97
8511007 - Salaries - IT	24,819.61	28,255.76	27,234.33	27,405.32	38,241.16	37,221.53	43,216.24	34,854.03	31,533.71	52,607.14	38,969.80	384,356.63
8511009 - Salaries - ChinaGDD	0.00	0.00	0.00	0.00	6,010.67	12,338.75	20,908.47	33,453.76	32,206.30	41,271.79	36,961.25	183,150.99
8511011 - Salaries - Telemarketing	3,076.92	1,834.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,911.68
8511012 - Overtime - Customer Care-PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	990.84
8511013 - Overtime - Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49.52
8511014 - Overtime - Accounting & HR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511015 - Overtime - Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	374.35
8511016 - Overtime - IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	374.35
8511017 - Overtime - GDD/China	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511098 - EE 401(K) Contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,328.30
8511107 - Origination Fees - GDD/China	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,328.30
8511109 - Commissions - Telemarketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,345.33
8511201 - Bonuses - CCare-LD	0.00	9,785.09	43.19	5,430.58	12,054.21	8,065.24	6,709.96	10,569.73	11,324.38	13,368.21	15,398.68	50,661.00
8511202 - Bonuses - CCare-PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,061.52	6,373.80	17,261.39	10,090.04	82,875.02
8511203 - Bonuses - Administration	0.00	0.00	143.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	143.94
8511204 - Bonuses - Accounting & HR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511205 - Bonuses - Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511206 - Bonuses - IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511207 - Bonuses - ChinaGDD	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
8511217 - Profit Sharing - ChinaGDD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511218 - Profit Sharing - Philippines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511301 - Employee Benefits - CCare-LD	25.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	120,638.67
8511302 - Employee Benefits - CCare-PC	74.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,692.97
8511303 - Employee Benefits - Admin.	265.18	0.00	299.88	481.13	0.00	64.67	144.87	233.58	221.11	232.12	100.00	311.49
8511304 - Employee Benefits - Act. & HR	25.37	0.00	139.88	140.01	0.00	8.27	39.30	233.51	-4.50	188.98	0.00	1,626.17
8511305 - Employee Benefits - Management	10.00	0.00	102.47	224.61	0.00	19.55	265.68	273.93	52.63	266.35	50.00	914.31
8511306 - Employee Benefits - IT	25.36	293.78	99.89	317.53	0.00	24.07	98.14	233.58	19.30	222.92	20.00	1,318.00
8511307 - Employee Benefits - ChinaGDD	0.00	0.00	0.00	0.00	0.00	0.00	44.44	233.58	46.10	248.40	90.00	804.26
8511405 - Training/Seminars - Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-16.94	508.13	130.00	1,476.65
8511501 - Temporary Office Help - CC-LD	1,847.78	0.00	0.00	0.00	625.00	0.00	0.00	0.00	0.00	0.00	0.00	825.00
8511503 - Temporary Office Help - Admin	0.00	0.00	0.00	0.00	636.50	0.00	0.00	0.00	0.00	0.00	0.00	2,551.28
8511602 - Cust. Care/Inslmpact/House	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,099.65
8511606 - Outside Services Casual - IT	10,031.93	9,504.42	9,124.59	5,761.66	1,617.73	1,117.79	1,902.50	1,292.52	789.95	4,599.78	3,458.92	8,848.65
8511607 - Outside Services Casual - China	0.00	0.00	0.00	247.50	0.00	0.00	0.00	0.00	1,339.17	4,082.87	1,591.73	247.50
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.00	0.00	0.00	0.00	65.00

BAK Communications LLC
Profit & Loss

January through November 2002

	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02	TOTAL
8511608 - Customer Care - Philippines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,820.48	1,600.00	1,600.00	1,600.00	7,620.48
8511803 - Professional Fees - Admin	0.00	0.00	460.00	4,067.50	0.00	2,301.38	0.00	437.50	0.00	0.00	0.00	7,266.38
8511804 - Professional Fees - Acct & HR	0.00	197.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,266.38
8511805 - Professional Fees - Mgmt	10,545.65	8,392.86	859.58	5,925.28	438.75	5,079.29	870.44	2,403.75	1,190.17	2,000.00	15,470.00	43,479.77
8511806 - Professional Fees - IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,705.77
8511807 - Professional Fees - China	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8511809 - Professional Fees - Telemktng	4,896.17	2,863.50	3,501.00	9,266.73	3,373.86	1,386.00	3,805.00	0.00	0.00	2,558.70	1,500.00	4,058.70
8511900 - Payroll - PCS Processing	340.53	730.77	473.86	399.57	294.34	329.03	350.36	323.74	325.90	558.97	0.00	23,871.26
8511901 - Payroll Taxes - C.Care-LD	700.93	737.96	2,610.57	992.39	1,838.11	1,124.01	960.54	1,007.90	1,380.55	1,521.59	1,280.24	14,157.85
8511902 - Payroll Taxes - C.Care-PC	2,620.94	2,025.91	1,522.65	7,876.69	2,167.21	2,357.44	3,134.78	1,393.81	5,412.1	1,703.50	1,447.36	26,791.50
8511903 - Payroll Taxes - Administration	147.68	135.35	172.83	3,089.22	41.41	241.40	202.22	231.05	8.05	0.00	0.00	1,753.19
8511904 - Payroll Taxes - Accounting & HR	1,507.64	1,750.94	1,961.66	5,730.20	2,392.77	2,026.76	2,511.96	2,504.81	1,598.62	1,378.57	1,172.22	21,895.17
8511905 - Payroll Taxes - Management	1,693.17	1,342.03	1,657.09	1,823.71	1,944.78	1,400.29	622.87	568.13	1,802.1	198.14	428.53	11,858.75
8511906 - Payroll Taxes - IT	2,147.10	2,450.07	1,928.57	3,461.20	3,428.17	3,151.33	3,516.17	2,341.64	2,755.79	4,146.76	3,660.15	32,986.95
8511907 - Payroll Taxes - ChinaGDD	0.00	0.00	0.00	0.00	682.95	1,352.63	1,908.34	3,301.41	3,235.11	3,602.30	3,295.39	17,378.13
8511909 - Payroll Taxes - Telemarketing	260.00	155.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	415.04
8512003 - Rent Expenses - 444 S. Flower	17,000.00	17,000.00	21,417.11	18,169.00	19,189.39	21,071.20	18,220.94	18,559.44	18,154.00	18,164.00	20,738.83	207,683.91
8512006 - Rent Expenses - Quinby Bldg	1,305.32	0.00	2,652.40	0.00	2,652.40	1,326.20	1,326.20	1,326.30	1,326.30	1,326.30	1,326.30	14,567.72
8512103 - Utilities - Extra A/C & Lights	0.00	0.00	2,186.71	607.06	627.57	586.88	874.49	631.16	0.00	0.00	1,669.90	7,183.77
8512106 - Utilities - IT	1,904.52	0.00	3,222.12	0.00	3,497.32	1,574.55	1,565.43	1,942.23	1,610.55	1,812.15	1,611.99	18,740.86
8512201 - Parking - Cust. Care - LD	440.00	390.00	195.05	5.70	0.00	0.00	534.25	0.00	0.00	210.00	210.00	1,450.70
8512202 - Parking - Cust. Care-PhoneCards	2,430.00	2,235.00	2,934.00	227.56	450.25	975.71	21.70	285.78	-76.89	309.73	333.84	10,639.23
8512203 - Parking - Administration	1,146.00	1,140.00	1,425.00	490.85	662.00	1,517.52	1,310.91	5.46	40.62	42.16	10.54	8,711.94
8512204 - Parking - Accounting & HR	225.00	390.00	942.00	769.50	666.00	624.74	436.57	871.26	235.90	1,184.20	902.30	5,594.78
8512205 - Parking - Management	390.00	390.00	585.00	196.65	753.00	318.39	651.86	600.54	310.53	897.20	313.51	3,839.40
8512206 - Parking - IT	975.00	975.00	1,423.25	0.00	0.00	0.00	630.96	673.77	86.88	725.84	1,253.96	5,564.48
8512207 - Parking - ChinaGDD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	175.08	167.40	203.20	50.80	3,300.00
8512301 - Transportation Metro - Philippines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8512302 - Transportation Metro - C.Care-LD	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00
8512303 - Transportation Metro - C.Care-PC	350.00	342.00	1,292.00	200.00	0.00	1,000.00	900.00	800.00	750.00	450.00	100.00	7,534.00
8512304 - Transportation Metro - Adm	120.00	42.00	0.00	50.00	0.00	0.00	0.00	0.00	22.00	0.00	21.00	297.00
8512305 - Transportation Metro-Management	84.00	84.00	184.00	150.00	50.00	200.00	200.00	200.00	150.00	150.00	353.43	1,805.43
8512306 - Transportation Metro - IT	0.00	0.00	0.00	2,007.02	0.00	562.25	224.50	616.85	0.00	0.00	251.50	3,662.12
8512307 - Transportation Metro - ChinaGDD	170.00	120.00	50.00	367.00	532.50	642.00	590.25	590.25	590.25	590.25	590.25	4,832.75
8512405 - Auto Expenses - Management	0.00	0.00	0.00	0.00	0.00	0.00	350.00	400.00	500.00	500.00	550.00	2,300.00
8512504 - Messenger - Accounting & HR	1,087.05	0.00	847.05	0.00	175.83	2,427.59	167.10	56.10	1,997.51	37.40	0.00	6,389.20
8512507 - Messenger - ChinaGDD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	492.53
8512603 - Travel Expenses - Admin.	0.00	0.00	0.00	0.00	0.00	136.95	0.00	0.00	14.96	0.00	0.00	136.95
8512603 - Travel Expenses - C.Care-PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8512606 - Travel Expenses - Mgmt	1,851.93	65.76	3,533.50	848.84	21.08	3,331.84	0.00	0.00	100.22	654.75	0.00	841.81
8512608 - Travel Expenses - Philippines	0.00	851.37	207.71	624.65	498.62	563.10	3,294.26	207.86	540.54	512.63	324.50	18,994.74
8512703 - Rental Equipment - Admin.	0.00	56.73	0.00	240.73	0.00	0.00	0.00	0.00	0.00	240.73	703.12	9,621.15
8512706 - Rental Equipment - IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,029.35
8512802 - Advertising - C.Care-PC	0.00	695.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	721.19	61.59	778.92
8512803 - Advertising - Administration	1,268.53	1,182.69	0.00	0.00	796.30	0.00	0.00	0.00	0.00	0.00	0.00	782.78
8512804 - Advertising - Accounting & HR	0.00	0.00	0.00	35.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	695.00
8512805 - Advertising - Management	0.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,282.52
8512806 - Advertising - IT	0.00	0.00	0.00	0.00	0.00	210.00	140.00	140.00	122.50	0.00	298.12	498.12
8512907 - Advertising - ChinaGDD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,057.50
8513003 - Postage-U.S. Mail - Acct & HR	200.00	200.00	0.00	0.00	0.00	0.00	0.00	565.00	660.35	0.00	0.00	3,057.50
8513004 - Postage-U.S. Mail - Admin.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	133.00	259.00	0.00	0.00	1,634.40
8513007 - Postage-U.S. Mail - ChinaGDD	0.00	0.00	2.18	10.90	0.00	0.00	0.00	14,052.65	16,548.08	17,526.08	16,570.08	64,686.89
8513101 - Postage-Overnight - Philippines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,669.14
8513103 - Postage-Overnight - CC-LD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.88
8513104 - Postage-Overnight - Admin.	481.43	212.05	106.80	29.95	24.47	21.96	76.82	19.33	33.81	0.00	9.90	9.90
8513105 - Postage-Overnight - Acct & HR	32.82	86.40	80.26	121.43	95.43	34.96	78.75	113.88	69.79	65.98	0.00	1,006.62
8513106 - Postage-Overnight - Management	0.00	33.67	192.44	331.18	59.93	26.79	38.70	6.88	20.82	77.89	0.00	875.94
8513107 - Postage-Overnight - IT	76.84	96.00	89.61	120.85	47.37	61.69	132.16	26.70	128.49	76.95	0.00	998.10
8513108 - Postage-Overnight - ChinaGDD	0.00	0.00	0.00	0.00	0.00	87.42	84.00	77.48	75.75	21.63	155.51	1,747.36
8513108 - Postage-Overnight - Philippines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.26	0.00	0.00	0.00	501.79

BAK Communications LLC
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	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02	TOTAL
8513206 - Freight & Delivery - IT	486.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.00	517.98
8513303 - Billing/Mailing - One Plus	25,376.57	18,075.57	54,463.90	21,334.77	16,017.05	17,723.97	22,564.96	18,773.98	17,837.52	8,259.09	13,702.07	234,129.45
8513307 - Billing/Mailing - China/GDD	0.00	0.00	0.00	0.00	0.00	0.00	412.00	7,686.25	19,872.39	28,906.12	36,990.76	93,867.52
8513308 - Billing/Mailing - Philippines	0.00	0.00	0.00	0.00	0.00	0.00	412.00	2,664.72	2,279.39	3,111.32	8,467.43	14,534.86
8513403 - Tax Compliance - One Plus	0.00	0.00	0.00	2,330.00	0.00	5,170.00	0.00	4,930.05	5,000.00	2,524.18	3,144.34	23,098.57
8513601 - Telephone Expenses - C-Care-LD	7,309.78	0.00	0.00	0.00	0.00	0.00	0.00	85.42	85.42	0.00	0.00	170.84
8513602 - Telephone Expenses - C-Care-LD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8513603 - Telephone Expenses - C-Care-PC	1,986.26	0.00	0.00	1,455.66	935.59	1,567.88	1,880.92	1,991.88	1,614.02	2,146.85	2,161.01	18,641.46
8513604 - Telephone Expenses - Adminstra	0.00	1,107.90	0.00	91.35	90.98	90.98	90.98	91.09	90.98	91.84	92.13	730.33
8513605 - Telephone Expenses - Adminstra	0.00	0.00	0.00	642.36	562.55	347.92	339.00	349.70	372.78	1,566.42	655.33	6,684.59
8513606 - Telephone Expenses - Mgmt	491.75	474.14	882.64	512.29	884.65	1,018.90	1,095.95	859.14	1,275.64	1,261.32	2,565.67	13,608.86
8513701 - Office Supplies - C-Care-LD	130.92	15.13	0.00	9.30	0.00	0.00	0.00	0.00	0.00	162.34	0.00	308.39
8513702 - Office Supplies - C-Care-PC	207.69	0.00	63.18	802.89	169.66	176.75	355.18	242.37	36.97	0.00	0.00	1,261.10
8513703 - Office Supplies - Administration	662.22	1,552.70	3,741.50	802.89	976.83	-258.77	1,157.70	1,327.32	357.01	958.15	565.44	11,842.99
8513704 - Office Supplies - Acctg & HR	319.32	362.35	298.19	95.95	161.83	147.96	1,504.09	650.50	280.64	435.29	155.94	4,412.96
8513705 - Office Supplies - Management	0.00	0.00	238.13	32.30	0.00	0.00	256.74	138.85	108.24	43.26	43.26	817.52
8513706 - Office Supplies - IT	2,833.51	162.39	177.08	152.57	803.59	634.90	1,339.48	976.55	802.24	140.57	177.48	7,333.26
8513802 - Office Equip. Exp. - China/GDD	0.00	0.00	0.00	0.00	0.00	530.20	337.77	0.00	43.29	813.74	1,064.55	3,634.30
8513803 - Office Equip. Exp. - CC-PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	530.20
8513804 - Office Equip. Exp. - Administration	0.00	0.00	0.00	352.79	3,318.92	0.00	0.00	0.00	0.00	0.00	0.00	1,830.04
8513805 - Office Equip. Exp. - Acctg & HR	0.00	0.00	0.00	0.00	951.54	300.00	0.00	0.00	30.00	0.00	0.00	3,701.71
8513806 - Office Equip. Exp. - Management	0.00	1,987.91	0.00	407.15	1,969.39	105.11	0.00	0.00	0.00	0.00	0.00	1,601.54
8513807 - Office Equip. Exp. - China/GDD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8514003 - Depreciation Expenses - Admin	3,794.82	3,794.82	3,902.46	4,180.01	4,180.01	4,307.18	4,307.18	4,307.18	4,102.04	1,479.92	2,000.00	20,000.00
8514006 - Depreciation Expenses - IT	16,400.36	16,400.36	16,400.36	16,400.36	16,400.36	16,400.36	16,400.36	17,382.60	19,806.52	4,727.30	4,909.29	47,320.54
8514103 - Amortization Expenses - Admin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,000.00	19,957.67	19,957.67	191,906.98
8514406 - Repairs & Maint/Equip - IT-444	0.00	0.00	0.00	507.43	0.00	0.00	27.06	2,692.34	984.85	27.06	236.91	4,475.65
8514503 - Repairs & Maint/Equip - Admin	0.00	51.50	0.00	16,096.72	15,050.61	15,346.49	15,224.58	17,803.60	15,509.13	14,482.08	23,289.59	179,189.73
8514606 - Repairs & Maint/Equip - IT-Quin	15,096.00	15,044.17	16,266.72	431.92	0.00	0.00	66.06	0.00	0.00	0.00	0.00	66.06
8514706 - Comp. Software/License - Mgmt	11,759.82	6,134.59	-506.40	431.92	0.00	0.00	3,499.60	8,538.66	7,111.34	2,424.75	1,552.36	32,407.98
8515103 - Taxes States - Administration	0.00	2,805.00	110.00	1,195.00	263.23	988.01	272.41	89.00	630.39	1,725.92	1,101.12	17,629.74
8515203 - Taxes Counties - Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,271.76	1,067.94	5,428.70
8515207 - Taxes Counties - China/GDD	869.25	869.25	1,839.25	1,025.25	1,025.25	1,025.25	1,025.25	1,025.25	1,025.25	0.00	0.00	9,100.00
8516003 - Life Ins. Exp. - Business Pkg. - Admin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8516101 - Ins. Exp. Worker's Comp. - CC-LD	84.55	109.53	326.31	124.05	229.76	140.50	120.07	125.99	82.97	201.25	165.92	3,013.88
8516102 - Ins. Exp. Worker's Comp. - CC-PC	305.45	252.04	253.15	916.46	770.46	232.65	1,921.16	2,331.61	-692.53	305.07	164.08	4,661.60
8516103 - Ins. Exp. Worker's Comp. - Admin	16.50	16.98	24.50	63.89	34.14	18.11	-3,509.13	2,579.56	-25.97	0.00	0.00	-781.42
8516105 - Ins. Exp. Worker's Comp. - Acct	154.08	205.65	320.01	399.18	429.89	249.33	647.27	378.41	-206.22	379.47	165.73	3,122.80
8516106 - Ins. Exp. Worker's Comp. - Mnnag	200.56	207.30	277.81	214.59	254.48	214.59	67.42	159.50	12.33	119.64	79.75	1,196.84
8516107 - Ins. Exp. Worker's Comp. - IT	228.54	287.32	363.57	417.67	548.29	356.81	932.06	351.06	-383.60	585.80	416.31	4,103.83
8516109 - Ins. Exp. Worker's Comp-China	0.00	0.00	0.00	0.00	64.23	129.19	193.40	230.53	66.73	492.60	358.92	1,535.60
8516201 - Ins. Health - C-Care-LD	31.38	18.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49.61
8516202 - Ins. Health - C-Care-PC	1,893.20	-1,298.90	0.00	4,096.64	2,055.14	2,398.48	2,901.21	1,935.24	760.52	749.20	1,361.90	3,465.92
8516203 - Ins. Health - Administration	2,141.88	7,940.77	3,447.09	0.96	0.96	0.96	0.00	0.00	0.00	1,583.28	1,312.48	31,378.62
8516204 - Ins. Health - Accounting & HR	521.56	4.68	648.66	674.27	2,005.19	824.91	1,083.91	1,118.73	0.00	463.20	0.00	993.28
8516205 - Ins. Health - Management	372.16	1,631.48	648.66	674.27	2,005.19	824.91	1,083.91	1,118.73	0.00	463.20	0.00	993.28
8516206 - Ins. Health - IT	0.00	776.50	327.00	572.00	332.00	347.00	332.00	585.41	1,308.69	567.41	391.00	4,380.44
8516305 - Dues & Subscriptions	203.08	572.73	-1,285.97	2,051.80	1,278.33	1,844.94	1,528.64	915.65	1,308.69	1,263.48	1,088.80	10,761.17
8516306 - Ins. Health - China/GDD	0.00	0.00	0.00	0.00	0.00	125.00	222.01	592.92	620.98	1,606.20	989.85	4,156.96
8516307 - Bad Debts - Admin	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
8517003 - Bank Charges - Administration	0.00	25,288.64	10,000.00	6,300.00	2,476.02	-4,969.99	1,963.23	0.00	5,210.98	6,972.92	2,854.84	56,096.64
8517103 - Bank Commissions - Administration	-188.38	933.72	773.00	861.21	699.67	1,883.03	975.75	1,228.86	1,271.16	2,691.41	2,542.70	13,674.13
8517503 - Interest Expenses - Admin	1,082.50	0.00	0.00	715.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,797.57
8518903 - Miscellaneous Exp. - Admin	7,492.06	8,595.49	8,676.93	9,269.48	9,831.05	9,882.65	10,561.82	12,320.69	13,165.32	15,501.90	18,148.55	123,445.94
8521003 - Income Taxes	-15.11	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	9.89
Total Expense	279,133.90	289,399.65	318,649.92	289,936.35	291,648.61	286,309.86	305,650.17	361,459.33	393,668.39	520,244.59	476,055.23	3,832,376.00
Net Income	8,575.81	85,026.32	20,510.31	-14,667.88	17,272.22	4,317.95	23,873.95	11,617.53	26,761.69	28,266.50	17,069.46	228,633.86

BAK Communications LLC Balance Sheet As of November 30, 2002

Nov 30, 02

ASSETS

Current Assets	
Checking/Savings	1101000 - Union Bank-4500162770-General
	1102000 - Union Bank-4500162959-CreditCrd
	1103000 - Union Bank-4500162991-OnePlus
	1104000 - Union Bank-4500163009-Philippin
	1105000 - Union Bank-4500163157-Payroll
	1106000 - Union Bank-4500164161-GDD Genrl
	1107000 - Union Bank-4500164196-GDD CrdC
	1108000 - Tax Compliance - Atlantax
	1109000 - Petty Cash
Total Checking/Savings	
	655,327.56
Accounts Receivable	
	1201000 - Accounts Receivable
	1201001 - Accounts Receivable - One Plus
	1201002 - Accounts Receivable - GDD
	1201003 - Accounts Receivable-Philippines
	1201004 - Accounts Receivable-Collections
	1201006 - Allow. for Doubt. Accts One Plu
Total Accounts Receivable	
	2,038,291.68
Other Current Assets	
	1201009 - A/R - Employee Advances
	1301020 - Prepaid - Latino CC/Protel
	1301030 - Prepaid - QWEST
	1301035 - Prepaid - Qualnet
	1301045 - Prepaid - CNM Network Inc
	1301050 - Prepaid - Mercury/Sterling
	1301060 - Prepaid - Equity/Affinity
	1301065 - Prepaid - ICG Communications
	1301066 - Prepaid - ITXC Corp
	1301070 - Prepaid - T-House
	1301075 - Prepaid - CM Tel (USA) - China
	1301085 - Prepaid - Xspedius
	1301090 - Prepaid - PLDT - Philippines
	1301095 - Prepaid - XO Communications
	1301097 - Prepaid - Traffic - One Plus
	1302010 - Prepaid Expenses
	1303050 - Exchange
	1304009 - Deferred Origination Fees
	1304011 - Prepaid - China Project
	1304012 - Prepaid - Philippines Project
	1304018 - Prepaid - Philippines Call Ctr
	1304050 - Prepaid - Local Call Program
	1305000 - Prepaid Insurance - General
	1306000 - Prepaid - Reg. Compliance Svcs
	1307000 - Prepaid - Maintenance
Total Other Current Assets	
	1,094,822.21
Total Current Assets	
	3,788,441.45
Fixed Assets	
	1401110 - Furniture and Fixtures
	1401120 - Equipment - Office
	1401130 - Equipment - Switch
	1401190 - Organization Cost
	1401210 - Accumulated Depreciation F & F
	1401220 - Accumulated Dep. Equip.-Office
	1401230 - Accumulated Dep. Equip - Switch
	1401290 - Accumulated Amort. Org. Cost
Total Fixed Assets	
	1,875,598.57
Other Assets	
	1501010 - Security Deposits
	34,100.00

BAK Communications LLC
Balance Sheet
As of November 30, 2002

Nov 30, 02	
34,100.00	Total Other Assets
5,698,140.02	TOTAL ASSETS
	LIABILITIES & EQUITY
	Liabilities
	Current Liabilities
	Accounts Payable
2101000 - Accounts Payable	Total Accounts Payable
1,855,506.05	
	Other Current Liabilities
2201000 - Other Accrued Liabilities	
2201010 - Accounts Payable CCS - Current	
2201050 - Taxes Payable - OnePlus Billing	
2501050 - Accrued Payroll	
2501051 - Accrued Vacations	Total Other Current Liabilities
1,169,805.78	
	Total Current Liabilities
3,025,311.83	
	Long Term Liabilities
2501010 - Accounts Payable CCS-Long Term	
2501020 - Sec. Deposits Payable - Cust. P	
2501090 - Deferred Cost of Traffic - Call	Total Long Term Liabilities
2,344,100.27	
	Total Liabilities
5,369,412.10	
	Equity
2601000 - Capital	
3900 - Retained Earnings	Net Income
228,633.86	Total Equity
328,727.92	
5,698,140.02	TOTAL LIABILITIES & EQUITY

BAK Communications LLC
Profit & Loss
December 2002 through March 2003

	Dec 02	Jan 03	Feb 03	Mar 03	TOTAL
Income					
6301000 - Phone Cards	1,912,246.29	2,075,703.13	2,424,959.03	2,978,727.67	9,391,636.12
6301010 - Phone Service Business	116,999.87	112,078.36	110,076.71	102,038.50	441,193.44
6302000 - One Plus	61,439.46	59,993.08	58,929.50	55,195.81	235,557.85
6302007 - GDD/China Project	262,695.42	341,938.59	294,192.10	268,257.46	1,167,083.57
6302008 - Philippines Project	39,617.92	48,751.89	50,917.88	53,047.67	192,335.36
6303000 - Other Income	290.40	59.19	0.00	0.00	349.59
Total Income	2,393,289.36	2,638,524.24	2,939,075.22	3,457,267.11	11,428,155.93
Cost of Goods Sold					
7401000 - Carrier Cost - Phone Cards	1,641,209.29	1,814,542.98	2,140,837.81	2,629,723.94	8,226,314.91
7401010 - Carrier Cost - Phone Serv. Bus.	80,690.23	83,803.66	77,058.21	71,431.13	312,983.93
7402000 - Carrier Cost - One Plus	34,663.61	26,396.96	25,928.98	24,286.16	111,276.15
7402007 - Carrier Cost - China/GDD	115,585.98	150,452.98	129,444.52	118,033.28	513,517.20
7402008 - Carrier Cost - Philippines	16,116.83	21,450.83	22,403.87	23,340.98	83,312.95
7402500 - Local Loop Cost - General	58,306.87	56,768.73	51,096.67	52,000.00	#DIV/0!
7403000 - Other Cost - Other Income	23,357.96	5,339.70	14,891.11	17,516.58	61,105.35
Total COGS	1,969,930.77	2,158,755.84	2,461,661.17	2,938,332.07	9,526,679.85
Gross Profit	423,358.59	479,768.40	477,414.05	520,935.04	1,901,476.08
	17.69%	18.18%	16.24%	15.07%	16.64%
Expense					
6999 - Uncategorized Expenses	0.00	0.00	0.00	0.00	0.00
8511001 - Salaries - Cust.Care-LongDist.	20,787.19	11,630.75	4,320.40	7,068.76	43,807.10
8511002 - Salaries - Cust.Care-PhoneCards	21,093.23	6,405.94	2,985.28	14,366.59	44,851.04
8511003 - Salaries - Administration	0.00	0.00	0.00	0.00	0.00
8511004 - Salaries - Accounting & HR	22,409.51	19,098.76	19,341.86	20,937.14	81,787.27
8511005 - Salaries - Management	17,091.78	25,878.75	20,106.20	21,020.30	84,097.03
8511006 - Salaries - IT	43,380.52	40,880.27	34,514.34	37,406.33	156,181.46
8511007 - Salaries - GDD/LA	37,338.11	21,479.59	16,699.30	2,688.25	78,205.25
8511011 - Overtime - CCare-LD	1,418.83	1,039.00	1,356.25	1,213.48	5,027.56
8511012 - Overtime - Customer Care-PC	86.26	0.00	0.00	190.50	276.76
8511014 - Overtime - Accounting & HR	641.70	441.53	760.55	655.11	2,498.89
8511015 - Overtime - Management	0.00	0.00	0.00	0.00	0.00
8511016 - Overtime - IT	6,777.47	4,647.37	6,976.14	5,215.76	23,616.74
8511017 - Overtime - GDD/LA	857.83	262.51	365.63	121.87	1,607.84
8511021 - Vacation - Customer Care - LD	0.00	162.96	1,185.88	0.00	1,348.84
8511022 - Vacation - Customer Care - PC	0.00	630.72	1,188.36	0.00	1,819.08
8511024 - Vacation - Accounting & HR	0.00	996.40	318.00	0.00	1,314.40
8511025 - Vacation - Management	0.00	0.00	0.00	0.00	0.00
8511026 - Vacation - IT	0.00	153.84	153.84	634.80	942.48
8511027 - Vacation - GDD/LA	0.00	1,882.15	3,062.16	0.00	4,944.31
8511031 - Compensation - BAK/Philippines	0.00	14,205.71	9,750.00	4,950.00	28,905.71
8511037 - Compensation - GDD/Philippines	0.00	0.00	0.00	5,400.00	5,400.00
8511038 - Compensation - Philippines/Phil	1,600.00	3,037.50	2,400.00	4,800.00	11,837.50
8511047 - Compensation - GDD/China	0.00	4,000.00	2,520.00	0.00	6,520.00
8511098 - ER 401(k) Contributions	0.00	0.00	382.84	0.00	382.84
8511107 - Origination Fees - GDD/China	18,935.35	21,413.02	23,349.34	12,024.50	75,722.21
8511108 - Commissions - Philippines	10,266.81	5,478.55	3,629.97	5,947.78	25,323.11
8511109 - Commissions - Telemarketing	12,607.21	9,190.21	8,505.19	13,035.38	43,337.99
8511201 - Bonuses - CCare-LD	1,050.00	0.00	0.00	0.00	1,050.00
8511202 - Bonuses - CCare-PC	1,750.00	0.00	0.00	0.00	1,750.00
8511203 - Bonuses - Administration	0.00	0.00	0.00	0.00	0.00
8511204 - Bonuses - Accounting & HR	950.00	0.00	0.00	0.00	950.00
8511205 - Bonuses - Management	0.00	0.00	0.00	0.00	0.00
8511206 - Bonuses - IT	3,050.00	0.00	0.00	0.00	3,050.00
8511207 - Bonuses - GDD/LA	1,700.00	0.00	0.00	0.00	1,700.00
8511217 - Profit Sharing - China/GDD	43,428.76	50,847.25	46,611.74	46,378.20	187,265.95
8511301 - Employee Benefits - CCare-LD	602.76	0.00	36.65	16.50	655.91
8511302 - Employee Benefits - CCare-PC	994.36	0.00	56.65	16.50	1,067.51
8511303 - Employee Benefits - Admin.	0.00	0.00	0.00	0.00	0.00
8511304 - Employee Benefits - Acct. & HR	602.80	0.00	43.86	16.50	663.16

BAK Communications LLC
Profit & Loss
December 2002 through March 2003

	Dec 02	Jan 03	Feb 03	Mar 03	TOTAL
8511305 - Employee Benefits - Management	384.39	0.00	32.71	149.69	566.79
8511306 - Employee Benefits - IT	984.37	0.00	58.59	222.51	1,265.47
8511307 - Employee Benefits - GDD/LA	1,483.82	0.00	243.86	16.51	1,744.19
8511501 - Temporary Office Help - CC-LD	2,682.57	1,905.76	2,850.30	1,963.50	9,402.13
8511502 - Temporary Office Help - CC-PC	0.00	0.00	3,045.61	7,361.14	10,406.75
8511503 - Temporary Office Help - Adm	3,206.73	2,739.12	3,673.93	2,274.60	11,894.38
8511507 - Temporary Office Help - GDD	0.00	0.00	515.52	3,873.60	4,389.12
8511602 - Cust. Care/Inst.Impact/THouse	1,837.78	2,242.01	583.48	0.00	4,663.27
8511800 - Legal Fees	0.00	0.00	10,020.13	15,000.00	25,020.13
8511803 - Professional Fees - Admin	5,076.50	0.00	0.00	0.00	5,076.50
8511804 - Professional Fees - Acct & HR	(4,187.50)	10,312.50	17,887.50	3,600.00	27,612.50
8511805 - Professional Fees - Mgmt	(1,535.00)	0.00	0.00	0.00	(1,535.00)
8511806 - Professional Fees - IT	1,500.00	0.00	0.00	0.00	1,500.00
8511807 - Professional Fees - China/GDD	0.00	540.00	0.00	0.00	540.00
8511809 - Professional Fees - Telemrking	0.00	0.00	0.00	0.00	0.00
8511900 - Payroll - PCS Processing	457.78	557.65	279.20	332.84	1,627.47
8511901 - Payroll Taxes - C.Care-LD	1,331.36	1,483.57	758.22	698.65	4,271.80
8511902 - Payroll Taxes - C.Care-PC	1,583.98	844.52	521.39	1,561.00	4,510.89
8511903 - Payroll Taxes - Administration	0.00	0.00	0.00	0.00	0.00
8511904 - Payroll Taxes - Accounting & HR	1,443.68	2,172.06	2,023.83	1,757.49	7,397.06
8511905 - Payroll Taxes - Management	13.89	2,563.28	1,551.01	1,647.44	5,775.62
8511906 - Payroll Taxes - IT	4,164.03	5,326.61	4,082.81	3,366.50	16,939.95
8511907 - Payroll Taxes - GDD/LA	3,342.86	2,825.34	2,411.68	207.80	8,787.68
8512003 - Rent Expenses - 444 S. Flower	21,154.00	21,271.11	20,000.00	20,000.00	82,425.11
8512006 - Rent Expenses - Quinby Bldg	0.00	1,326.30	1,326.30	1,326.30	3,978.90
8512103 - Utilities & Sundry Exp - 444	1,178.22	3,094.85	2,349.91	1,157.65	7,780.63
8512106 - Utilities - Quinby Bldg	0.00	1,767.51	2,206.23	1,849.11	5,822.85
8512201 - Parking - Cust. Care - LD	726.00	666.00	580.00	420.00	2,392.00
8512202 - Parking - Cust. Care-PhoneCards	324.25	744.25	255.00	420.00	1,743.50
8512203 - Parking - Administration	3.00	63.00	60.00	30.00	156.00
8512204 - Parking - Accounting & HR	515.70	483.00	512.00	450.00	1,960.70
8512205 - Parking - Management	327.00	672.00	572.00	375.00	1,946.00
8512206 - Parking - IT	1,125.00	1,110.00	855.00	840.00	3,930.00
8512207 - Parking - China/GDD	981.00	525.00	258.00	24.00	1,788.00
8512208 - Parking - Philippines	0.00	111.00	102.00	51.00	264.00
8512301 - Transportation Metro - CCare-LD	113.00	42.00	42.00	42.00	239.00
8512302 - Transportation Metro - CCare-PC	400.00	0.00	42.00	452.00	894.00
8512303 - Transportation Metro - Adm	42.00	42.00	53.00	42.00	179.00
8512304 - Transportation Metro - Acct HR	150.00	150.00	152.70	150.00	602.70
8512305 - Transportation Metro-Management	126.10	163.50	176.00	197.95	663.55
8512306 - Transportation Metro - IT	354.00	590.25	354.00	472.25	1,770.50
8512307 - Transportation Metro - GDD/LA	600.00	450.00	400.00	261.00	1,711.00
8512405 - Auto Expenses - Management	643.30	0.00	(265.96)	0.00	377.34
8512504 - Messenger - Accounting & HR	56.10	37.40	0.00	10.00	103.50
8512507 - Messenger - China/GDD	0.00	0.00	56.10	0.00	56.10
8512508 - Messenger - Philippines	0.36	0.00	0.00	0.00	0.36
8512602 - Travel Expenses - CCare-PC	0.00	0.00	32.86	0.00	32.86
8512604 - Travel Expenses - Acct. & HR	53.33	0.00	0.00	79.60	132.93
8512605 - Travel Expenses - Mgmt	1,771.08	0.00	208.50	2,355.06	4,334.64
8512606 - Travel Expenses - IT	1,089.17	895.79	2,029.73	1,337.85	5,352.54
8512608 - Travel Expenses - Philippines	0.00	101.70	0.00	0.00	101.70
8512703 - Rental Equipment - Adm.	0.00	240.73	0.00	0.00	240.73
8512706 - Rental Equipment - IT	0.00	0.00	228.85	199.00	427.85
8512803 - Advertising - Administration	0.00	0.00	20.00	0.00	20.00
8512805 - Advertising - Management	(728.52)	140.00	35.00	179.96	(373.56)
8512806 - Advertising - IT	0.00	860.06	70.00	0.00	930.06
8512907 - Preopening Expenses - China/GDD	16,549.04	6,946.97	0.00	0.00	23,496.01
8513003 - Postage-U.S. Mail - Admin.	215.00	215.00	430.00	0.00	860.00
8513007 - Postage-U.S. Mail - China/GDD	0.00	0.00	0.23	0.00	0.23
8513101 - Postage-Overnight - CC-LD	(6.78)	9.79	0.00	0.00	3.01
8513104 - Postage-Overnight - Acct & HR	111.88	85.52	96.73	34.07	328.20
8513105 - Postage-Overnight - Management	26.77	60.00	57.69	5.68	150.14
8513106 - Postage-Overnight - IT	254.31	(25.39)	51.29	62.88	343.09
8513107 - Postage-Overnight - China/GDD	255.06	35.81	186.24	0.00	477.11
8513108 - Postage-Overnight - Philippines	7.08	0.00	0.00	0.00	7.08
8513206 - Freight & Delivery - IT	0.00	52.63	0.00	0.00	52.63
8513303 - Billing/Mailing - One Plus	11,441.02	6,939.29	14,996.46	1,742.34	35,119.11
8513307 - Billing/Mailing - China/GDD	34,670.23	22,792.57	31,303.25	510.00	89,276.05
8513308 - Billing/Mailing - Philippines	3,902.59	2,755.72	2,086.20	975.27	9,719.78
8513403 - Tax Compliance - One Plus	8,798.13	4,397.50	4,853.05	1,666.66	19,715.34
8513601 - Telephone Expenses - C.Care-LD	0.00	90.82	90.93	91.53	273.28
8513602 - Telephone Expenses - C.Care-PC	86.57	85.26	85.26	119.25	376.34
8513603 - Telephone Expenses - Administra	1,454.56	2,867.00	1,312.31	1,680.09	7,313.96
8513604 - Telephone Expenses - Acct. & HR	92.13	0.00	0.00	0.00	92.13
8513605 - Telephone Expenses - Mgmt	1,185.80	350.88	520.52	599.42	2,656.62
8513606 - Telephone Expenses - IT	1,760.07	1,633.95	1,981.77	1,936.00	7,311.79
8513701 - Office Supplies - C.Care-LD	231.95	35.65	0.00	0.00	267.60
8513702 - Office Supplies - C.Care-PC	25.17	43.29	0.00	0.00	68.46
8513703 - Office Supplies - Administration	1,679.32	1,147.67	849.72	623.25	4,299.96

BAK Communications LLC
Profit & Loss
December 2002 through March 2003

	Dec 02	Jan 03	Feb 03	Mar 03	TOTAL
8513704 - Office Supplies - Acctng & HR	1,271.10	988.80	96.13	284.78	2,640.81
8513705 - Office Supplies - Management	406.47	0.43	53.80	41.24	501.94
8513706 - Office Supplies - IT	788.66	340.64	135.98	84.38	1,349.66
8513707 - Office Supplies - GDD/LA	1,680.08	599.67	0.00	24.89	2,304.64
8513801 - Office Equip. Exp. - CC-LD	951.51	0.00	0.00	0.00	951.51
8513803 - Office Equip. Exp.- Administrat	0.00	270.61	0.00	425.00	695.61
8513805 - Office Equip. Exp.- Management	383.52	0.00	0.00	0.00	383.52
8513806 - Office Equip. Exp. IT	1,050.64	504.68	0.00	0.00	1,555.32
8513807 - Office Equip. Exp.- China/GDD	1,475.00	0.00	0.00	0.00	1,475.00
8513808 - Office Equip. Exp.- Philippines	171.00	0.00	0.00	0.00	171.00
8514003 - Depreciation Expenses - Adm	4,910.29	4,985.73	4,985.73	4,985.73	19,867.48
8514006 - Depreciation Expenses - IT	19,957.67	34,404.33	34,464.12	34,464.12	123,290.24
8514103 - Amortization Expenses - Adm	1,000.00	1,000.00	1,000.00	1,000.00	4,000.00
8514406 - Repairs & Maint/Equip - IT-444	0.00	613.51	0.00	0.00	613.51
8514501 - Repairs & Maint/Bldg - CC-LD	1,506.18	0.00	0.00	0.00	1,506.18
8514502 - Repairs & Maint/Bldg - CC-PC	1,506.18	0.00	0.00	0.00	1,506.18
8514503 - Repairs & Maint/Bldg - Admin	(6,378.49)	669.75	0.00	0.00	(5,708.74)
8514504 - Repairs & Maint/Bldg - Acct&HR	1,799.16	0.00	0.00	0.00	1,799.16
8514505 - Repairs & Maint/Bldg - Mgmt	1,556.17	0.00	0.00	0.00	1,556.17
8514506 - Repairs & Maint/Bldg - IT	2,387.45	0.00	0.00	0.00	2,387.45
8514507 - Repairs & Maint/Bldg -China/GDD	1,536.21	0.00	0.00	0.00	1,536.21
8514606 - Repairs & Maint/Equip - IT-Quin	24,219.58	18,750.00	18,822.50	18,903.61	80,695.69
8514701 - Comp.Software/License - CC-LD	308.90	22.53	0.00	0.00	331.43
8514704 - Comp.Software/License - Acct&HR	654.81	0.00	0.00	0.00	654.81
8514706 - Comp.Software/License - IT	601.67	1,130.29	0.00	1,558.38	3,290.34
8515103 - Taxes States - Administration	448.47	380.54	38.36	798.56	1,665.93
8515203 - Taxes Counties - Administration	1,067.94	1,067.94	1,067.94	1,067.94	4,271.76
8516003 - Ins. Exp. Business Pkg. - Admin	1,025.75	1,060.53	1,060.53	1,157.47	4,304.28
8516005 - Life Ins. Exp - Management	377.88	377.88	377.88	377.88	1,511.52
8516101 - Ins. Exp. Worker's Comp.- CC-LD	138.85	198.23	99.86	99.86	536.80
8516102 - Ins. Exp. Worker's Comp.- CC-PC	287.65	117.28	61.65	61.65	528.23
8516103 - Ins. Exp. Worker's Comp.- Adm	(537.90)	0.00	0.00	0.00	(537.90)
8516104 - Ins. Exp. Worker's Comp.- Acct	198.07	287.21	277.42	277.42	1,040.12
8516105 - Ins. Exp. Worker's Comp.- Manag	79.75	79.75	112.56	112.56	384.62
8516106 - Ins. Exp. Worker's Comp.- IT	406.09	646.94	559.25	559.25	2,171.53
8516107 - Ins. Exp. Worker's Comp-China	285.60	344.60	348.56	348.56	1,327.32
8516201 - Ins. Health - C.Care-LD	880.68	839.08	903.87	910.78	3,534.41
8516202 - Ins. Health - C.Care-PhoneCrds	1,239.94	(854.31)	728.13	280.97	1,394.73
8516203 - Ins. Health - Administration	0.00	0.00	0.00	0.00	0.00
8516204 - Ins. Health - Accounting & HR	808.64	1,244.03	1,212.03	861.78	4,126.48
8516205 - Ins. Health - Management	861.82	995.12	411.22	684.06	2,952.22
8516206 - Ins. Health - IT	991.38	1,940.50	1,601.50	1,990.25	6,523.63
8516207 - Ins. Health - China/GDD	624.10	2,204.45	1,483.57	(846.38)	3,465.74
8516305 - Dues & Subscriptions	135.00	2,000.00	0.00	99.95	2,234.95
8516503 - Bad Debts	1,884.58	6,609.58	0.00	11,257.60	19,751.76
8517003 - Bank Charges	1,819.07	3,189.02	2,977.86	0.00	7,985.95
8517013 - Credit Card Fees - OnePlus	0.00	659.63	623.10	468.48	1,751.21
8517017 - Credit Card Fees - GDD	0.00	871.97	1,513.15	1,153.13	3,538.25
8517503 - Interest Expenses	18,135.06	14,951.74	14,409.79	5,215.10	52,711.69
8519903 - Miscellaneous Exp.	0.00	0.00	0.00	0.00	0.00
Total Expense	501,837.89	466,835.26	442,199.56	379,614.69	1,790,487.40
Net Income	(78,479.30)	12,933.14	35,214.49	141,320.35	110,988.68
Please note Dec. thru Feb Actuals					
Note March, C.O.S. estimated on income Statement					
Bal. Sheet & Cash Flow not available for March					

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Accrual Basis

BAK Communications LLC

Balance Sheet

As of February 28, 2003

	Dec 31, 02	Jan 31, 03	Feb 28, 03
ASSETS			
Current Assets			
Checking/Savings			
1101000 · Union Bank-4500162770-General	370,022.50	389,921.61	209,118.51
1102000 · Union Bank-4500162959-CreditCrd	1,926.78	21,316.93	11,854.87
1103000 · Union Bank-4500162991-OnePlus	11,756.26	44,300.59	7,676.76
1104000 · Union Bank-4500163009 Philippin	4,943.75	29,033.72	6,165.66
1105000 · Union Bank-4500163157-Payroll	-5,280.08	-7,214.24	-13,046.96
1106000 · Union Bank-4500164161-GDD Genrl	11,764.43	27,775.40	52,670.66
1107000 · Union Bank-4500164196-GDD CrCd	2,284.56	23,408.39	8,666.23
1108000 · Tax Compliance - Atlantax	1,500.00	1,500.00	1,500.00
1109000 · Petty Cash	500.00	500.00	500.00
Total Checking/Savings	399,418.20	530,542.40	285,105.73
Accounts Receivable			
1201000 · Accounts Receivable	1,507,109.91	1,354,168.88	1,854,732.90
1201001 · Accounts Receivable - One Plus	138,880.46	121,614.63	135,487.03
1201002 · Accounts Receivable - GDD	346,346.63	457,121.09	474,967.02
1201003 · Accounts Receivable-Philippines	63,402.79	79,906.53	115,858.26
1201004 · Accounts Receivable-Collections	18,750.52	17,455.55	16,299.71
1201006 · Allow. for Doubt. Accts One Plu	-57,833.33	-64,442.91	-64,442.91
Total Accounts Receivable	2,016,656.98	1,965,823.77	2,532,902.01
Other Current Assets			
1201009 · A/R - Employee Advances	2,034.48	2,180.57	2,239.84
1301010 · Prepaid - Global Crossing	11,423.02	11,423.02	11,423.02
1301016 · Prepaid - CCS-Qwest #1	0.00	0.00	26,911.45
1301020 · Prepaid - Latino CC/Protel	5,316.14	5,316.14	5,316.14
1301025 · Prepaid - Arbinet-theexchange	10,000.00	20,000.00	7,675.62
1301030 · Prepaid - QWEST	16,005.82	0.00	0.00
1301035 · Prepaid - Qualnet	89,096.64	88,956.43	82,308.67
1301045 · Prepaid - CNM Network Inc	27,139.61	-26,742.06	19,475.80
1301050 · Prepaid - Mercury/Sterling	37,842.50	94,887.60	-5,064.74
1301053 · Prepaid - Ntera	0.00	0.00	5,000.00
1301055 · Prepaid - PaeTec	9,055.90	9,056.02	9,056.02
1301060 · Prepaid - Equity/Affinity	79,314.93	79,314.93	79,314.93
1301065 · Prepaid - ICG Communications	14,709.92	14,709.92	14,709.92
1301066 · Prepaid - ITXC Corp	11,024.22	11,200.68	11,803.39
1301070 · Prepaid - T-House	12,512.05	17,377.14	8,729.91
1301075 · Prepaid - CM Tel (USA) - China	14,000.00	14,000.00	14,000.00
1301085 · Prepaid - Xspedius	4,489.13	4,489.13	4,489.13
1301090 · Prepaid - PLDT - Philippines	53,383.38	53,074.70	57,656.56
1301095 · Prepaid - XO Communications	8,605.30	8,605.30	8,605.30
1301097 · Prepaid - Traffic - One Plus	256,841.18	236,041.37	236,041.37
1302010 · Prepaid Expenses	36,723.00	30,315.36	4,271.76
1303050 · Exchange	170,330.70	39,780.70	39,180.70
1304009 · Deferred Origination Fees	54,584.65	48,037.63	36,306.29
1304011 · Prepaid - China Project	20,600.51	0.00	0.00
1304012 · Prepaid - Philippines Project	6,200.00	6,200.00	6,200.00
1304018 · Prepaid - Philippines Call Ctr	39,548.69	54,935.82	64,208.79
1304050 · Prepaid - Local Call Program	9,000.00	9,564.78	32,564.78
1304060 · Prepaid - Phone Card Printing	0.00	49,521.00	74,455.55
1305000 · Prepaid Insurance - General	12,726.38	11,665.85	10,605.32
1306000 · Prepaid - Reg. Compliance Svcs	5,000.00	3,333.33	1,666.66
1307000 · Prepaid - Maintenance	187,500.00	168,750.00	150,000.00
Total Other Current Assets	1,205,008.15	1,065,995.36	1,019,152.18
Total Current Assets	3,621,083.33	3,562,361.53	3,837,159.92
Fixed Assets			
1401110 · Furniture and Fixtures	11,835.62	11,835.62	11,835.62
1401120 · Equipment - Office	175,047.87	175,047.87	176,903.87
1401130 · Equipment - Switch	1,927,651.55	2,064,259.96	2,067,847.23
1401190 · Organization Cost	60,000.00	60,000.00	60,000.00
1401210 · Accumulated Depreciation F & F	-1,537.27	-1,660.56	-1,783.85
1401220 · Accumulated Depr. Equip.-Office	-58,283.20	-63,145.64	-68,008.08

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Accrual Basis

BAK Communications LLC
Balance Sheet
As of February 28, 2003

	Dec 31, 02	Jan 31, 03	Feb 28, 03
1401230 · Accumulated Dep. Equip - Switch	-244,665.37	-279,069.70	-313,533.82
1401290 · Accumulated Amort. Org. Cost	-14,000.00	-15,000.00	-16,000.00
Total Fixed Assets	1,856,049.20	1,952,267.55	1,917,260.97
Other Assets			
1501010 · Security Deposits	34,100.00	34,100.00	34,100.00
Total Other Assets	34,100.00	34,100.00	34,100.00
TOTAL ASSETS	5,511,232.53	5,548,729.08	5,788,520.89
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2101000 · Accounts Payable	1,698,600.75	1,512,783.34	1,682,237.66
2201010 · Accounts Payable - CCS-Current	0.00	0.00	1,708,468.31
2201070 · Accounts Payable - GDD	0.00	0.00	58,229.74
Total Accounts Payable	1,698,600.75	1,512,783.34	3,448,935.71
Other Current Liabilities			
2201011 · Accounts Payable CCS - Current	1,656,369.58	1,680,965.07	0.00
2201020 · Notes Payable - Shareholders	300,000.00	300,000.00	300,000.00
2201050 · Taxes Payable - OnePlus Billing	64,263.21	99,526.95	125,763.24
2201060 · Taxes - Unpaid to Carriers	0.00	8,016.49	10,589.81
2501050 · Accrued Payroll	41,872.01	53,996.71	46,440.83
2501051 · Accrued Vacations	40,298.60	38,582.98	36,044.92
2501070 · Accrued Health Insurance	0.00	887.81	1,562.16
Total Other Current Liabilities	2,102,803.40	2,181,976.01	520,400.96
Total Current Liabilities	3,801,404.15	3,694,759.35	3,969,336.67
Long Term Liabilities			
2501000 · Notes Payable Shareholders	1,175,000.00	1,150,000.00	1,125,000.00
2501020 · Sec. Deposits Payable - Cust. P	29,100.00	29,100.00	29,100.00
2501090 · Deferred Cost of Traffic - Call	248,144.81	404,353.02	359,353.02
Total Long Term Liabilities	1,452,244.81	1,583,453.02	1,513,453.02
Total Liabilities	5,253,648.96	5,278,212.37	5,482,789.69
Equity			
2601000 · Capital	500,000.00	500,000.00	500,000.00
3900 · *Retained Earnings	-392,570.99	-242,416.43	-242,416.43
Net Income	150,154.56	12,933.14	48,147.63
Total Equity	257,583.57	270,516.71	305,731.20
TOTAL LIABILITIES & EQUITY	5,511,232.53	5,548,729.08	5,788,520.89

BAK Communications LLC
Statement of Cash Flows
February 2003

	Feb 03
OPERATING ACTIVITIES	
Net Income	35,214.49
Adjustments to reconcile Net Income to net cash provided by operations:	
1201000 · Accounts Receivable	-500,564.02
1201001 · Accounts Receivable - One Plus	-13,872.40
1201002 · Accounts Receivable - GDD	-17,845.93
1201003 · Accounts Receivable-Philippines	-35,951.73
1201004 · Accounts Receivable-Collections	1,155.84
1201009 · A/R - Employee Advances	-59.27
1301016 · Prepaid - CCS-Qwest #1	-26,911.45
1301025 · Prepaid - Arbinet-theexchange	12,324.38
1301035 · Prepaid - Qualnet	6,647.76
1301045 · Prepaid - CNM Network Inc	-46,217.86
1301050 · Prepaid - Mercury/Sterling	99,952.34
1301053 · Prepaid - Ntera	-5,000.00
1301066 · Prepaid - ITXC Corp	-602.71
1301070 · Prepaid - T-House	8,647.23
1301090 · Prepaid - PLDT - Philippines	-4,581.86
1302010 · Prepaid Expenses	26,043.60
1303050 · Exchange	600.00
1304009 · Deferred Origination Fees	11,731.34
1304018 · Prepaid - Philippines Call Ctr	-9,272.97
1304050 · Prepaid - Local Call Program	-23,000.00
1304060 · Prepaid - Phone Card Printing	-24,934.55
1305000 · Prepaid Insurance - General	1,060.53
1306000 · Prepaid - Reg. Compliance Svcs	1,666.67
1307000 · Prepaid - Maintenance	18,750.00
2101000 · Accounts Payable	169,454.32
2201010 · Accounts Payable - CCS-Current	1,708,468.31
2201070 · Accounts Payable - GDD	58,229.74
2201011 · Accounts Payable CCS - Current	-1,680,965.07
2201050 · Taxes Payable - OnePlus Billing	26,236.29
2201060 · Taxes - Unpaid to Carriers	2,573.32
2501050 · Accrued Payroll	-7,555.88
2501051 · Accrued Vacations	-2,538.06
2501070 · Accrued Health Insurance	674.35
Net cash provided by Operating Activities	-210,443.25
INVESTING ACTIVITIES	
1401120 · Equipment - Office	-1,856.00
1401130 · Equipment - Switch	-3,587.27
1401210 · Accumulated Depreciation F & F	123.29
1401220 · Accumulated Depr. Equip.-Office	4,862.44
1401230 · Accumulated Dep. Equip - Switch	34,464.12
1401290 · Accumulated Amort. Org. Cost	1,000.00
Net cash provided by Investing Activities	35,006.58
FINANCING ACTIVITIES	
2501000 · Notes Payable Shareholders	-25,000.00
2501090 · Deferred Cost of Traffic - Call	-45,000.00
Net cash provided by Financing Activities	-70,000.00
Net cash increase for period	-245,436.67
Cash at beginning of period	530,542.40
Cash at end of period	<u>285,105.73</u>

BAK Communications LLC
Statement of Cash Flows
January 2003

	Jan 03
OPERATING ACTIVITIES	
Net Income	12,933.14
Adjustments to reconcile Net Income to net cash provided by operations:	
1201000 · Accounts Receivable	152,941.03
1201001 · Accounts Receivable - One Plus	17,265.83
1201002 · Accounts Receivable - GDD	-110,774.46
1201003 · Accounts Receivable-Philippines	-16,503.74
1201004 · Accounts Receivable-Collections	1,294.97
1201006 · Allow. for Doubt. Accts One Plu	6,609.58
1201009 · A/R - Employee Advances	-146.09
1301025 · Prepaid - Arbinet-theexchange	-10,000.00
1301030 · Prepaid - QWEST	16,005.82
1301035 · Prepaid - Qualnet	140.21
1301045 · Prepaid - CNM Network Inc	53,881.67
1301050 · Prepaid - Mercury/Sterling	-57,045.10
1301055 · Prepaid - PaeTec	-0.12
1301066 · Prepaid - ITXC Corp	-176.46
1301070 · Prepaid - T-House	-4,865.09
1301090 · Prepaid - PLDT - Philippines	308.68
1301097 · Prepaid - Traffic - One Plus	20,799.81
1302010 · Prepaid Expenses	6,407.64
1303050 · Exchange	130,550.00
1304009 · Deferred Origination Fees	6,547.02
1304011 · Prepaid - China Project	20,600.51
1304018 · Prepaid - Philippines Call Ctr	-15,387.13
1304050 · Prepaid - Local Call Program	-564.78
1304060 · Prepaid - Phone Card Printing	-49,521.00
1305000 · Prepaid Insurance - General	1,060.53
1306000 · Prepaid - Reg. Compliance Svcs	1,666.67
1307000 · Prepaid - Maintenance	18,750.00
2101000 · Accounts Payable	-185,817.41
2201011 · Accounts Payable CCS - Current	24,595.49
2201050 · Taxes Payable - OnePlus Billing	35,263.74
2201060 · Taxes - Unpaid to Carriers	8,016.49
2501050 · Accrued Payroll	12,124.70
2501051 · Accrued Vacations	-1,715.62
2501070 · Accrued Health Insurance	887.81
Net cash provided by Operating Activities	96,134.34
INVESTING ACTIVITIES	
1401130 · Equipment - Switch	-136,608.41
1401210 · Accumulated Depreciation F & F	123.29
1401220 · Accumulated Depr. Equip.-Office	4,862.44
1401230 · Accumulated Dep. Equip - Switch	34,404.33
1401290 · Accumulated Amort. Org. Cost	1,000.00
Net cash provided by Investing Activities	-96,218.35
FINANCING ACTIVITIES	
2501000 · Notes Payable Shareholders	-25,000.00
2501090 · Deferred Cost of Traffic - Call	156,208.21
Net cash provided by Financing Activities	131,208.21
Net cash increase for period	131,124.20
Cash at beginning of period	399,418.20
Cash at end of period	<u>530,542.40</u>

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BAK Communications LLC
Statement of Cash Flows
December 2002

	Dec 02
OPERATING ACTIVITIES	
Net Income	-78,479.30
Adjustments to reconcile Net Income to net cash provided by operations:	
1201000 · Accounts Receivable	23,544.98
1201001 · Accounts Receivable - One Plus	64,760.31
1201002 · Accounts Receivable - GDD	-86,298.90
1201003 · Accounts Receivable-Philippines	-2,728.07
1201004 · Accounts Receivable-Collections	616.61
1201006 · Allow. for Doubt. Accts One Plu	21,739.77
1201009 · A/R - Employee Advances	64.53
1301010 · Prepaid - Global Crossing	-11,423.02
1301025 · Prepaid - Arbinet-theexchange	-10,000.00
1301035 · Prepaid - Qualnet	-22,154.91
1301045 · Prepaid - CNM Network Inc	-22,450.38
1301050 · Prepaid - Mercury/Sterling	79,758.77
1301055 · Prepaid - PaeTec	-9,055.90
1301066 · Prepaid - ITXC Corp	-9,007.17
1301070 · Prepaid - T-House	-1,994.41
1301085 · Prepaid - Xspedius	-3,149.65
1301090 · Prepaid - PLDT - Philippines	-3,576.05
1301097 · Prepaid - Traffic - One Plus	-36,000.00
1302010 · Prepaid Expenses	19,530.48
1303050 · Exchange	-35,000.00
1304009 · Deferred Origination Fees	-2,284.65
1304011 · Prepaid - China Project	2,689.27
1304018 · Prepaid - Philippines Call Ctr	-31,548.69
1304050 · Prepaid - Local Call Program	-6,000.00
1305000 · Prepaid Insurance - General	-7,334.16
1307000 · Prepaid - Maintenance	18,750.00
2101000 · Accounts Payable	-149,570.35
2201000 · Other Accrued Liabilities	-27,105.68
2201011 · Accounts Payable CCS - Current	733,059.82
2201020 · Notes Payable - Shareholders	300,000.00
2201050 · Taxes Payable - OnePlus Billing	-76,661.86
2501050 · Accrued Payroll	4,101.69
2501051 · Accrued Vacations	-396.35
Net cash provided by Operating Activities	636,396.73
INVESTING ACTIVITIES	
1401110 · Furniture and Fixtures	-714.18
1401120 · Equipment - Office	-951.51
1401130 · Equipment - Switch	-4,652.90
1401210 · Accumulated Depreciation F & F	-111.74
1401220 · Accumulated Depr. Equip.-Office	5,022.03
1401230 · Accumulated Dep. Equip - Switch	19,957.67
1401290 · Accumulated Amort. Org. Cost	1,000.00
Net cash provided by Investing Activities	19,549.37
FINANCING ACTIVITIES	
2501000 · Notes Payable Shareholders	1,175,000.00
2501010 · Accounts Payable CCS-Long Term	-2,155,000.27
2501090 · Deferred Cost of Traffic - Call	88,144.81
Net cash provided by Financing Activities	-891,855.46
Net cash increase for period	-235,909.36
Cash at beginning of period	635,327.56
Cash at end of period	399,418.20