

ORIGINAL

020329-TT

April 11, 2002

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
Att: Angela Fondo, Regulatory Analyst

Please find enclosed:

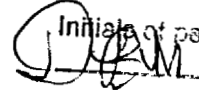
1-6 copies of application from NACS Communications Inc d/b/a Texcom USA for an original certificate for providing Prepaid Calling Card Services within the State of Florida.
2-\$250.00 dollars fee check # 004145

Very truly yours,



Hernan Brain
C.O.O
Texcom USA

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:


02 APR 12 AM 10:35
DISTRIBUTION CENTER
DOCUMENT NUMBER-DATE

04089 APR 12 2002

1. This is an application for $\sqrt{\quad}$ (check one):
- Original certificate** (new company).
 - Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
 - Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
 - Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

NACS COMMUNICATIONS

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

TEXCOM USA

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

701 BRICKELL AVE SUITE 1350
MIAMI, FL 33131

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

701 BRICKELL AVE SUITE 1350
MIAMI, FL 33131 6.

Select type of business your company will be conducting $\sqrt{\quad}$ (check all that apply):

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

- () **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- () **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- () **Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- () **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- () **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

- | | |
|-------------------------|---|
| () Individual | (<input checked="" type="checkbox"/>) Corporation |
| () Foreign Corporation | () Foreign Partnership |
| () General Partnership | () Limited Partnership |
| () Other _____ | |

8. **If individual**, provide:

Name: _____
Title: _____
Address: _____
City/State/Zip: _____

Telephone No.: _____ Fax No.: _____
Internet E-Mail Address: _____
Internet Website Address: _____

9. **If incorporated in Florida**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**
_____ 598399 _____

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

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

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

(a) **The Florida Secretary of State fictitious name registration number:**
_____ 696026900025 _____

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

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

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

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

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

(a) The Florida registration number: _____

15. Provide F.E.I. Number (if applicable): 59-3100704

16. Provide the following (if applicable):

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

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

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

(c) How is this information provided?

17. Who will receive the bills for your service?

- () Residential Customers (X) Business Customers
() PATs providers () PATs station end-users
() Hotels & motels () Hotel & motel guests
() Universities () Universities dormitory residents
() Other: (specify) _____.

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

(a) The application:

Name: HERMAN BRAIN

Title: CHIEF OPERATING OFFICER

Address: 701 BRICKELL AVE. #1350

City/State/Zip: MIAMI, FL. 33131

Telephone No.: (305) 379 5330 Fax No.: (305) 379 5332

Internet E-Mail Address: hbrain@texcom-usa.com

Internet Website Address: _____

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

Name: HERNAN BRAIN
Title: CHIEF OPERATING OFFICER
Address: 701 BRICKELL AVE. #1350
City/State/Zip: MIAMI, FL 33131
Telephone No.: (305) 379 5330 Fax No.: (305) 379 5332
Internet E-Mail Address: hbrain@texcom-usa.com
Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: Hernan Cespedes
Title: SALES SUPERVISOR
Address: 701 BRICKELL AVE. #1350
City/State/Zip: MIAMI, FL 33131
Telephone No.: (305) 379 5330 Fax No.: (305) 379 5332
Internet E-Mail Address: hcespedes@texcom-usa.com
Internet Website Address: _____

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

FLORIDA

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

FLORIDA

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

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

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

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

FLORIDA

GUYANA TELEPHONE & TELEGRAPH SOCIETY FOR TRAFFIC
TERMINATION. THE COURT & JURY DECIDED THAT
NACS COMMUNICATIONS WAS NOT LIABLE.

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

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

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

21. The applicant will provide the following interexchange carrier services $\sqrt{\quad}$ (check all that apply):

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

- _____ Method of access is FGA
_____ Method of access is FGB
_____ Method of access is FGD
_____ Method of access is 800

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

- _____ Method of access is FGA
_____ Method of access is FGB
_____ Method of access is FGD
_____ Method of access is 800

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

- _____ Method of access is FGA
- _____ Method of access is FGB
- _____ Method of access is FGD
- _____ Method of access is 800

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

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

f. _____ **800 service (toll free)**

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

- _____ Method of access is via dedicated facilities
- _____ Method of access is via switched facilities

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

i. _____ **Travel service**

- _____ Method of access is 950
- _____ Method of access is 800

j. _____ **900 service**

k. _____ **Operator services**

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

1. **Services included are:**

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

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

23. Submit the following:

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

B. Technical capability; give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

C. Financial capability.

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

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

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

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

RESUMES

- 1.- Carlos Lillo, C.E.O
- 2.- Eduardo Cepeda, Director of Opertions
- 3.-Alvaro Franco, Switching Manager

CARLOS LILLO
17075 SW 74 Place, Miami, Florida 33157
Phone: (305) 3781493 - Email: clillo@texcom-usa.com

PROFESSIONAL SUMMARY

- Successful senior executive with 18 years experience in the Telecommunications industry. Strong P&L background managing sales, marketing, product development, operations and customer service.
- Highly skilled at defining and achieving revenue and cost/expense objectives, strategic business plans, product strategies, tactical sales and marketing plans and process improvement initiatives.
- Experienced in company capitalization activities, budget plans and investor relations.
- Broad experience in building, managing and motivating sales, marketing and service organizations. Proven track record in sales goal attainment and developing multi-faceted distribution channels.
- Extensive experience in software and hardware product, system and network solutions. Intimate knowledge of software based networking and digital wireless access technologies.

PROFESSIONAL EXPERIENCE

TEXCOM USA , MICL,TELEINVEST . U.S.A JANUARY 99- PRESENT
CEO

- Responsible for implementing company strategy , business development and operation for this group of companies
- Restructuring commercial department: Four line of business were created
Equal access (1010093), Prepaid calling card, Network services, Wholesale LD
- Operations : technical platforms were created in order to support new lines of business ,including
Bell South FGD interconnection
Ss7 Interconnections
Clec interconnections
IP networks
Operational Agreements with LD Carriers in Latin America

CARLOS LILLO – 2

TEXCOM S.A. – Santiago, Chile April 94 - 99
General Manager

- General Manager of Texcom, S.A. and affiliates companies in USA – Texcom USA, Colombia – Colomsat, Venezuela – Perusat, Mexico – Texcom-Mexico, Bolivia - Datacom, Brazil, Argentina y Ecuador.
- Established the company's first telecommunication network in the US and Latin America from its inception to actual fixed assets of US\$62 million.
- Recruitment of key personnel, development of company business plan, development of a sales and marketing organization/tools to include a sales funnel, marketing collateral and product management function, institutionalization of a company benefits program and establishment of a financial infrastructure.
- Development of different services in the US and Latin America (Microwave Networks, Equal Access, Carrier Sales, Private Networks, Frame Relay, X 25).
- During this tenure revenue growth increased from US\$9.7 millions in 1994 to \$54 millions in 1997.

TEXCOM S.A. HOLDING – Santiago, Chile July 93 – March 94
Vice-president Business Development

- This holding company provided opportunity to create strategic business plan for expansion project into Latin America and USA for the companies owned in this region.
- Major accomplishment was to increase revenue by 485% from \$2 millions to US\$9.7 millions.

TECOM S.A. – Santiago, Chile 1989 - 1993
Executive Vice President

- Acting as the deputy General Manager, was responsible for the creation of TECOM, S.A. from previous company named TECOM LIMITED.

CARLOS LILLO - 3

- Responsible for implementing sales strategy of Telecommunication Networks for local business (mainly banking industry), business development and maintaining the relationship with foreign companies represented by TECOM in Chile.
- Participated in the creation of Telecommunication Companies in Argentina and Brazil.

TECOM LTD.	1982 - 1988
Senior Sales Manager	1987 - 1988
Chief Engineer	1986 - 1987
Engineer	1982 - 1985

- The positions held in this newly created company throughout the years transitioned from a technical role to a direct sales role to gain major account experience selling telecommunication products.
- Covered all aspects of sales/engineering including purchasing, installation and maintenance of telecommunication equipment, product management, marketing, project management and the design of networks projects.
- Responsible for the planning, development and project execution for network sales to telecommunication companies and multi-nationals.
- Develop and maintain the relationship with the manufacturers represented by TECOM.
- Different technical positions in engineering that covered from installation and maintenance of telephone switches, creation of engineering and manufacturing department to engineer in charge of operations.

EDUCATION & SKILLS

- B.S. Electrical Engineering, Universidad de Santiago de Chile 1982
Double major in electrical engineering and telecommunications.
- Attended numerous training courses and industry seminars 1984 – Present
- Fully bilingual (English/Spanish)

EDUARDO R. CEPEDA

964 Shaw Circle
Melbourne, Florida 32940
Tel.: (321) 757-0561 Home
(321) 431-4334 cellular.

Career Summary

1. 5 years in USA relocated from Chile, to take the position of Director of Transmission within Texcom USA/MICL, the Telex Chile's principal U.S. subsidiary located in Palm Bay, Florida. Currently as Director of Operations reporting to the C.E.O., in charge of 15 people among engineers, technicians and administrative people.
 - a) Director in charge of controlling the technical operations staff, consisting of six areas such as Operation Control Center for the Texcom's network around South America, Switching, Satellite Teleport, Customer Service, M.I.S. and Provisioning.
 - b) Responsible for approving all new technical projects brought to the company as well as the execution of them.
 - c) Responsible for all the telecommunication costs, as far as report and control.
 - d) Setting all the technical goals of the teleport operations and ultimately responsible for all technical operations.
2. 5 years of work experience at CHILESAT, one of the three largest communications companies in Chile owned by Telex-Chile S.A. In charge of the Operation Department, supervising the whole operations, maintenance and running of nets via satellite and fiber optic.
 - a) Manager in charge of carrying out all analysis for the best performance of all national and international net via satellite of voice and data that Telex Chile owns in South America and U.S.A. To achieve a full knowledge of all net points, likewise the equipment utilized which is standard in all sites of the net.
 - b) In charge of carrying out all coordination of operations with different satellite stations around the world, in order to provide and distribute services through these systems. Permanent connection with Intelsat, organization that owns satellites this company works with.
 - c) Responsible for providing permanent support to the rest of the company technical departments in order to analyze feasible development of new projects and solving failures into the operation services as well as all kind of problems.
3. 3 years working in the Department of Projects of the Navy Telecommunications Service of Chile, integrating the design team, implement and start of the Navy's new digital net to support voice and data with Packet Switching technology (X.25), which include the operations of a variety of projects developed together to achieve the objective, participating in the following steps:
 - a) Analysis of cost efficiency of the proposal brought about to different providers, as much as the equipment as the signal carrier to be used, in order to define the later acquisition to one or more providers.

- b) Training taken in several universities and telecommunications companies in data transmission digital techniques, administration of PABX's, operation and maintenance of muxes nodes and administration and operation of digital nets.
 - c) Expenses Control of the projects in their steps.
 - d) Implementation of the systems and equipment in various point of the country, along with providing training to all operators of the new net.
- 4. Strong management skills.
 - 5. Spanish and English proficiency.

Communications Knowledge

Satellite Communications and associated equipment. Data Transmission Techniques such as Packet Switching, Frame Relay, ATM, IP. Network Management Systems. Fiber Optic. Operation, Maintenance and Programming of a variety of equipment such as Data Multiplexors, PBX's and PABX's, Public switches, FRADS, VoIP and associated equipment, Pre-paid calling cards platforms.

EDUCATION

1979 – 1982 Higher Level Technician – Chilean Navy – Electronic and Telecommunication Academy.
1990 – 1992 Courses, Seminars and Programs – Graduate Schools – Universidad Catolica de Valparaiso, Universidad de Chile, Harris Corp., NEC Chile.
1997 Frame Relay Techniques and equipment associated – ASCEND COMM., Westford , Massachusetts.

José Alvaro Franco Inzunza

Camino del Tepeyac 4367, Residencial La Hacienda
Monterrey, N.L.
528 359 2882, 528 359 2879 (Monterrey, N.L)
528 349 4329 (H, Monterrey, N.L.)
Pager: (528) 356 6970 PIN: 425 0644 (Monterrey)

Professional goal: To achieve the excellence in my professional performance, and help the development of the company and the people who I had the opportunity to collaborate with.

P r o f e s s i o n a l E x p e r i e n c e

GRUPO IUSACELL, S.A. de C.V. *From January of 1997 to present date*
Monterrey, N.L.

Network Services Coordinator, Responsible of IUSACELL network coordination in the North Region of México, which includes Long Distance Switches, Paging Centrals and Transmitters, X 25 Nodes, and Satellital network, activities consist in analysis of the network performance, it's improving and expansion, standarization and support

GRUPO IUSACELL S.A. de C.V. *From March of 1995 December of 1996*
México City

Support Staff for the COR, (Network Operations Center) Working in the team responsible of the network monitoring system configuration, which involved the analysis of the logs and alarms generated by the Nortel Switch, their importance for the company, their correct configuration, and the correlation among them. The project also included integration of several network managment systems of other equipments, such as:

- *TimePlex and Newbridge multiplexors network,*
- *CDPD Network*
- *Microwave network and last mile links*
- *EDA X 25 Nodes, etc.*

Another project was the designing of a Trouble Ticket and it's flux trough the Company departments, which made possible to collect statistical data to achieve a higher level of efficiency, by shorten response times and improving customer care, this Trouble Ticket made possible the to built a database of problems and solutions which in fact, helped to identify and improve weak areas of the equipment and the maintenance and operations procedures

Other Projects included the design, coordination and teaching a DMS-MTX Maintenance and Operations Course for untrained COR personnel mainly.

GRUPO IUSACELL S.A. de C.V. *From January of 1995 March of 1995*
Juárez City, Chihuahua

Switching Coordinator. Being in charge of the analysis and performance optimization of the Switches over the North of México, maintenance, and operation coordination and installation supervision, including their translations, provisioning and standarization

Movitel del Noroeste S.A. de C.V. *From March of 1991 until December of 1994*
Culiacán, Sinaloa
Switching chief engineer. Being responsible of the operation and maintenance of MOVITEL's MTSO (DMS-MTX) in this city and the peripheral equipment connected to it, such as anti-fraud and billing systems and IS-41 validation

Movitel del Noroeste S.A. de C.V. *From November of 1990 until March of 1991*
Culiacán, Sinaloa
Switching engineer. As Switch operator, and as a support to the R.F. and transmission personnel

TVCULSA *From May of 1990 until November of 1990*
Culiacán, Sinaloa
Maintenance Manager. Being responsible of the maintenance of the equipment of the local T.V. station in this city (Channel 3)

TVCULSA *From February of 1990 until April of 1990*
Culiacán, Sinaloa
Maintenance Engineer. Doing maintenance to the equipment of the local T.V. station, this included 's professional VCR, video cameras, audio and video processors. R.F transmitters, etc.

HYLSA *Jun and July of 1989*
Monterrey, Nuevo León
Project engineer As a part of the pelletization pilot plant automatization team

E d u c a t i o n

Instituto Tecnológico y de Estudios Superiores de Monterrey *From August 1984 until December of 1989*
Monterrey, Nuevo León
Electronics and Communications Engineering Bachelor, degree recognized by the South Universities Association

Colegio de Bachilleres de Culiacán *From September of 1981 until July of 1984*
Culiacán, Sinaloa
Senior High School

Escuela Secundaria Técnica #1 *From September of 1978 until July of 1981*
Culiacán, Sinaloa
Junior High School

Other Courses

NORTEL Training Center Raleigh NC <i>CCS7 Protocol</i>	<i>August of 1997.</i>
"Alejo Peralta" IUSACELL Group Training Center . México City <i>"Negotiate the best price, and more..."</i>	<i>July of 1997.</i>
NORTEL Customer Trining Center México City. <i>DMS-250 Translations</i>	<i>April of 1997.</i>
NORTEL Customer Training Center Bramalea, Ontario <i>CCS7 Operations and maintenance</i>	<i>November of 1996.</i>
NORTEL Customer Training Center Bramalea, Ontario <i>DMS-300 Translations</i>	<i>October of 1996.</i>
"Alejo Peralta" IUSACELL Group Training Center México City. <i>"CDMA".</i>	<i>November of 1995.</i>
NORTEL Customer Training Center México City. <i>"DMS-MTX Real Time Capacity".</i>	<i>October of 1995.</i>
"Alejo Peralta" IUSACELL Group Training Center México City. <i>"Cellular Digital Packet Data".</i>	<i>August of 1995.</i>
"Alejo Peralta" IUSACELL Group Training Center México City. <i>"Service culture Basic Seminary".</i>	<i>June of 1995.</i>

"Alejo Peralta" IUSACELL Group Training Center *February of 1995.*

México City.
"SDH".

Instituto ZAM de Desarrollo Empresarial *May of 1994.*

Culiacán, Sin.
"Sensibilización para la calidad y la productividad".

Northern Telecom Customer Training Center *August of 1993.*

Richardson, Texas.
"DMS-MTX Advanced Maintenance".

Northern Telecom Customer Training Center *December of 1991.*

Richardson, Texas.
"DMS-MTX Power Maintenance".

Northern Telecom Customer Training Center *August of 1991*

Bramalea, Ontario.
"DMS-MTX International Maintenance".

Northern Telecom Customer Training Center *August of 1991*

Bramalea, Ontario.
"DMS-MTX Translations Troubleshooting".

Novatel Training Center *Diciember of 1990.*

Calgary, Alberta.
"NTI 800 Cell Site Operations and Maintenance".

Northern Telecom Customer Training Center *November of 1990.*

Bramalea, Ontario.
"DMS-100 Translations Troubleshooting".

Northern Telecom Customer Training Center *November of 1990.*

Bramalea, Ontario.
"Cellular Radio Delta DMS-MTX".

L e n g u a g e s

Spanish, First Language

English, Second Language

FINANCIAL CAPACITY

INCOME STATEMENT

FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE			YTD
	ACTUAL	PRIOR PERIOD	VARIANCE	ACTUAL
REVENUE:				
RECURRENT INCOME				
Int'l PT-to-PT Voice Channel	\$68,029.00	69,659.41	(1,630.41)	638,039.67
International Data Channel	26,364.00	25,033.88	1,330.12	591,522.12
Domestic Data Channels	250.00	250.00	.00	3,838.60
Dedicated Private Network	17,435.83	25,249.83	(7,814.00)	334,209.46
Equipment Rental	.00	.00	.00	2,452.60
Interconnection Charges	10,163.88	10,163.88	.00	121,966.56
Management Fee	59,613.72	49,620.68	9,993.04	600,396.19
TOTAL RECURRENT INCOME	181,856.43	179,977.68	1,878.75	2,292,425.20
NON-RECURRENT INCOME				
Professional Services	1,524.42	520.88	1,003.54	21,578.65
Equipment Installation	.00	.00	.00	13,644.30
TOTAL NON-RECURRENT INCOME	1,524.42	520.88	1,003.54	35,222.95
SWITCHED SERVICES				
Int'l PST Traffic (Out)	840,619.21	413,254.50	427,364.71	11,417,099.02
Int'l VPN Traffic (In)	43.92	172.47	(128.55)	2,983.96
TOTAL SWITCHED SERVICES	840,663.13	413,426.97	427,236.16	11,420,082.98
DEBIT CARD SERVICES				
Prepaid Calling Cards	244,726.10	207,104.62	37,621.48	1,123,774.84
TOTAL DEBIT CARD SERVICES	244,726.10	207,104.62	37,621.48	1,123,774.84
DISCOUNTS AND CREDITS				
Credit Memos	.00	.00	.00	(76,800.01)
TOTAL DISCOUNTS AND CREDITS	.00	.00	.00	(76,800.01)
TOTAL REVENUE	1,268,770.08	801,030.15	467,739.93	14,794,705.96
DIRECT COSTS:				
RECURRENT NETWORK TRANSMISSION				
Domestic Channels	27,889.99	27,889.99	.00	304,062.56
International Channels	111,535.16	139,812.41	(28,277.25)	1,624,400.17
Local Access Loops	19,162.05	19,162.05	.00	230,483.01
One Time Charges	291.00	.00	291.00	1,441.00
TOTAL RECURRENT NETWORK TRANSM	158,878.20	186,864.45	(27,986.25)	2,160,386.74
NON-RECURRENT OPERATIONAL COST				
Telephone	42.25	(42.25)	84.50	.00
Repairs & Maintenance	.00	673.01	(673.01)	673.01
Prepaid Calling Cards	13,830.64	10,937.67	2,892.97	79,217.19
Training Expense	.00	.00	.00	735.00
Professional Services/Subs	34,346.86	43,992.81	(9,645.95)	514,425.76
TOTAL NON-RECURRENT OPERATIONAL COST	48,219.75	55,561.24	(7,341.49)	595,050.96
NON-RECURRENT SWITCHED SVCS CO				
Int'l PST Traffic (In)	(374.70)	374.70	(749.40)	.00
Int'l VPN Traffic (In)	921,245.36	472,426.70	448,818.66	10,187,931.46
TOTAL NON-RECURRENT SWITCHED SVCS CO	920,870.66	472,801.40	448,069.26	10,187,931.46
TOTAL DIRECT COSTS	1,127,968.61	715,227.09	412,741.52	12,943,369.16
PROFIT AFTER DIRECT COSTS	140,801.47	85,803.06	54,998.41	1,851,336.80
INDIRECT COSTS				
NON-RECURRENT SALES PERSONNEL				
Commissions	16,906.39	.00	16,906.39	24,443.09
TOTAL NON-RECURRENT SALES PERSONNEL	16,906.39	.00	16,906.39	24,443.09

INCOME STATEMENT

FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE			YTD
	ACTUAL	PRIOR PERIOD	VARIANCE	ACTUAL
RECURRENT SALES PERSONNEL COST				
401K Matching	\$.00	.00	.00	68.75
Vacation Pay Accrued	302.90	913.64	(610.74)	4,188.91
Vacation Pay	128.85	138.47	(9.62)	1,059.46
Overtime	.00	.00	.00	676.89
Salaries	12,018.93	14,041.66	(2,022.73)	134,474.61
Insurance-Health	1,980.34	1,940.58	39.76	18,880.98
Social Security Expense	817.17	1,099.49	(282.32)	9,759.20
Medicare Expense	191.12	257.14	(66.02)	2,282.42
FUTA/SUTA Expense	82.35	14.80	67.55	424.44
Insurance- Work Comp	161.32	213.37	(52.05)	1,826.66
TOTAL RECURRENT SALES PERSONNE	15,682.98	18,619.15	(2,936.17)	173,642.32
RECURRENT ADMIN PERSONNEL COST				
401 K Matching	226.81	145.56	81.25	2,905.11
Vacation Pay Accrued	2,497.78	852.34	1,645.44	5,462.73
Vacation Pay	2,506.45	2,420.23	86.22	20,949.91
Overtime	567.53	336.35	231.18	3,914.74
Salaries	92,971.56	83,578.32	9,393.24	887,381.71
Insurance - Health	5,177.14	4,799.18	377.96	67,650.73
Social Security Expense	4,470.90	4,241.24	229.66	45,803.34
Medicare Expense	1,752.13	1,415.98	336.15	13,753.76
FUTA/SUTA Expense	642.85	153.58	489.27	1,899.74
Insurance - Workcomp	(17,169.91)	265.04	(17,434.95)	(15,126.71)
TOTAL RECURRENT ADMIN PERSONNE	93,643.24	98,207.82	(4,564.58)	1,034,595.06
RECURRENT REAL ESTATE/EQUIP RE				
Real Estate Rent	14,996.27	14,133.73	862.54	177,784.09
Equipment Rental	1,700.51	2,003.90	(303.39)	21,190.78
TOTAL RECURRENT REAL ESTATE/EQ	16,696.78	16,137.63	559.15	198,974.87
RECURRENT DEPRECIATION/AMORTIZ				
Equipment Depreciation	11,762.72	4,941.94	6,820.78	66,618.19
Amortization	9,331.30	6,200.30	3,131.00	78,154.61
TOTAL RECURRENT DEPRECIATION/A	21,094.02	11,142.24	9,951.78	144,772.80
NON-RECURRENT PERSONNEL COSTS				
Staffing & Recruitment	370.60	.00	370.60	14,649.42
Bonuses	1,000.00	12,592.34	(11,592.34)	26,194.74
Relocation Expense	2,000.00	2,000.00	.00	10,000.00
Recruiting	.00	.00	.00	230.00
Profit Sharing	.00	.00	.00	(30,746.04)
TOTAL NON-RECURRENT PERSONNEL	3,370.60	14,592.34	(11,221.74)	20,328.12
NON-RECURRENT PROFESSIONAL SER				
Professional Consultants	7,640.00	5,635.38	2,004.62	137,545.04
Professional Service Contract	731.90	631.90	100.00	11,217.26
Legal Fees	15,997.06	8,201.19	7,795.87	205,626.89
Professional Training Expense	.00	.00	.00	1,695.00
TOTAL NON-RECURRENT PROFESSION	24,368.96	14,468.47	9,900.49	356,084.19
NON-RECURRENT TRAVEL/ENTERTAIN				
Travel-Transp. & Lodging	2,703.60	1,012.78	1,690.82	54,517.48
Travel-Other	1,882.19	2,787.02	(904.83)	21,783.46
TOTAL NON-RECURRENT TRAVEL/ENT	4,585.79	3,799.80	785.99	76,300.94
NON-RECURRENT OFFICE EXPENSE				
Garbage, Clean & Lawn Service	.00	157.50	(157.50)	157.50
Office Supplies	1,157.92	3,500.07	(2,342.15)	18,370.86
Post Office & Courier	773.95	1,297.14	(523.19)	13,127.62
Telephone Expenses	3,011.20	3,313.41	(302.21)	23,050.88
Office Repair	.00	.00	.00	5,426.46
Insurance - Comm. Liab.	.00	1,605.75	(1,605.75)	17,663.25
Insurance - Property	.00	990.76	(990.76)	10,898.36
Dues & Subscriptions	.00	.00	.00	2,559.24
Reference Materials	.00	.00	.00	100.00
Licenses	1,100.00	1,100.00	.00	14,361.80

INCOME STATEMENT

FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE			YTD
	ACTUAL	PRIOR PERIOD	VARIANCE	ACTUAL
NON-RECURRENT OFFICE EXPENSE	(Continued)			
Miscellaneous Expenses	\$47.70	258.30	(210.60)	4,056.05
Software	72.00	.00	72.00	72.00
Bad Debt Expense	146,944.04	2,066.27	144,877.77	159,758.50
Orlando Office Expenses	.00	.00	.00	9,366.36
TOTAL NON-RECURRENT OFFICE EXP	153,106.81	14,289.20	138,817.61	278,968.88
NON-RECURRENT ADVERTISING/MARK				
Marketing	861.22	.00	861.22	8,089.38
Advertising	.00	.00	.00	1,455.20
TOTAL NON-RECURRENT ADVERTISIN	861.22	.00	861.22	9,544.58
NON-RECURRENT TAXES				
Taxes	.00	.00	.00	437.10
Property Taxes	1,145.82	1,100.00	45.82	13,343.15
TOTAL NON-RECURRENT TAXES	1,145.82	1,100.00	45.82	13,780.25
TOTAL INDIRECT COSTS	351,462.61	192,356.65	159,105.96	2,331,435.10
NET INCOME FROM OPERATIONS	(210,661.14)	(106,553.59)	(104,107.55)	(480,098.30)
OTHER INCOME AND EXPENSE:				
OTHER EXPENSES				
Interest Expense (Other)	.00	.00	.00	(3,183.95)
Interest Expense (Lease)	552.82	.00	552.82	552.82
Other Expenses	.00	.00	.00	(115.00)
Bank Fees/Service Charges	.00	.00	.00	(241.99)
Penalties	(71.33)	(9.22)	(62.11)	(727.86)
Suspense	95.18	(1,004.40)	1,099.58	(1,608.92)
TOTAL OTHER EXPENSES	576.67	(1,013.62)	1,590.29	(5,324.90)
OTHER INCOME				
Interest Earned	296.23	425.40	(129.17)	2,566.30
Other Revenue	36,101.00	2,530.00	33,571.00	41,329.54
TOTAL OTHER INCOME	36,397.23	2,955.40	33,441.83	43,895.84
TOTAL OTHER INCOME AND EXP	36,973.90	1,941.78	35,032.12	38,570.94
PROFIT (LOSS) BEFORE TAX	(173,687.24)	(104,611.81)	(69,075.43)	(441,527.36)
INCOME TAX				
Income Taxes	.00	.00	.00	7,024.00
TOTAL INCOME TAX	.00	.00	.00	7,024.00
NET PROFIT (LOSS)	\$(173,687.24)	(104,611.81)	(69,075.43)	(448,551.36)

ASSETS

CURRENT ASSETS

Cash - Paine Webber	\$7,515.62	
Bank of America Operating	263,675.25	
Bank of America-Payroll	954.32	
Bank of America Customer Depos	1,914.37	
Petty Cash - Miami	500.00	
Accounts Receivable-Trade	1,769,994.06	
Allowance for Bad Debt	(427,472.20)	
Allowance for Disputes	(23,309.79)	
Accounts Receivable-Affiliates	1,171,056.89	
Employee Loans	1,600.92	
Prepaid Expenses-affiliates	285,130.90	
Prepaid Expenses	1,074,733.97	
Prepaid Expenses- allowance	(1,002,145.61)	
Due From Telinvest	296,762.27	
Due from MICL	270,392.20	
TOTAL CURRENT ASSETS		3,691,303.17

FIXED ASSETS

Signs	1,917.52	
Furniture	16,374.25	
Office Electronic Equipment	327,717.83	
Computer Software	63,044.08	
Continental Fiber Optic	481,450.85	
Accum. Depreciation	(232,516.09)	
Allow for Amortization	(301,685.45)	
TOTAL FIXED ASSETS		356,302.99

OTHER ASSETS

Deposits	64,663.94	
Accts Rec.- LongTerm Affiliate	83,283.79	
Due from MICL Long-Term	724,703.00	
Licenses	1,533.00	
TOTAL OTHER ASSETS		874,183.73
TOTAL ASSETS		\$4,921,789.89

DECEMBER 31, 2000

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

Accounts Payable-Trade	\$338,650.71	
Accounts Payable -Affiliates	1,745,479.28	
Disputes Pending	(64,122.48)	
Due to Telinvest	156,909.00	
Lease Payable	16,402.17	
Accrued Expenses	726,046.82	
Accrued Expenses-affiliates	46,501.37	
Unearned Revenues-Prepaid Call	6,969.73	
Escrow-Alliston	2,282.83	
Accrued Vacation	41,286.51	
Accrued Workman's Compensation	19,065.39	
Workman's Compensation Paid	(16,209.41)	
TOTAL CURRENT LIABILITIES		3,019,261.92

LONG-TERM LIABILITIES

Customer Deposits	26,096.89	
Lease Payable	16,477.17	
Pending Capital Investment	2,033,000.00	
TOTAL LONG-TERM LIABILITIES		2,075,574.06
TOTAL LIABILITIES		5,094,835.98

OWNERS EQUITY

Common Stock	500.00	
Paid In Capital	923,214.98	
Retained Earnings	(648,209.71)	
Retained Earnings - Current	(448,551.36)	
TOTAL OWNERS EQUITY		(173,046.09)
TOTAL LIABILITIES AND OWNERS EQUITY		\$4,921,789.89

INCOME STATEMENT

FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE		VARIANCE	YTD ACTUAL
	ACTUAL	PRIOR PERIOD		
REVENUE				
Rental Income	\$54,664.48	84,377.06	(29,712.58)	677,971.54
TOTAL REVENUE	54,664.48	84,377.06	(29,712.58)	677,971.54
DIRECT COSTS:				
NON-RECURRENT OPERATIONAL COST				
Fuel	.00	.00	.00	29.47
Repairs & Maintenance	.00	.00	.00	7,000.00
TOTAL NON-RECURRENT OPERATIONAL COST	.00	.00	.00	7,029.47
TOTAL DIRECT COSTS	.00	.00	.00	7,029.47
PROFIT AFTER DIRECT COSTS	54,664.48	84,377.06	(29,712.58)	670,942.07
INDIRECT COSTS:				
RECURRENT MANAGEMENT FEES				
Management Fees	8,500.00	8,500.00	.00	102,000.00
TOTAL RECURRENT MANAGEMENT FEES	8,500.00	8,500.00	.00	102,000.00
RECURRENT DEPRECIATION/AMORTIZ				
Equipment Depreciation	28,872.46	26,041.31	2,831.15	296,603.28
Real Estate Depreciation	2,002.49	2,002.49	.00	23,900.71
TOTAL RECURRENT DEPRECIATION/AMORTIZ	30,874.95	28,043.80	2,831.15	320,503.99
NON-RECURRENT PROFESSIONAL SERVICES				
Professional Consultants	1,170.00	1,000.00	170.00	19,245.00
Legal Fees	.00	.00	.00	180.00
TOTAL NON-RECURRENT PROFESSIONAL SERVICES	1,170.00	1,000.00	170.00	19,425.00
NON-RECURRENT OFFICE EXPENSE				
Office Repair	.00	.00	.00	957.00
Insurance - Property	(2,104.76)	300.68	(2,405.44)	1,302.00
Dues & Subscriptions	.00	.00	.00	825.00
Licenses	.00	.00	.00	266.62
Software	.00	.00	.00	250.00
TOTAL NON-RECURRENT OFFICE EXPENSE	(2,104.76)	300.68	(2,405.44)	3,600.62
NON-RECURRENT TAXES				
Property Taxes	307.48	30,020.06	(29,712.58)	38,576.19
TOTAL NON-RECURRENT TAXES	307.48	30,020.06	(29,712.58)	38,576.19
TOTAL INDIRECT COSTS	38,747.67	67,864.54	(29,116.87)	484,105.80
NET INCOME FROM OPERATIONS	15,916.81	16,512.52	(595.71)	186,836.27
OTHER INCOME AND EXPENSE:				
OTHER EXPENSES				
Interest Expense (Other)	(5,258.73)	(4,467.64)	(791.09)	(69,597.03)
Interest Expense (Lease)	.00	(2,006.71)	2,006.71	(24,279.16)
Bank Fees/Service Charges	(65.00)	(25.25)	(39.75)	(319.50)
Penalties	(198.76)	.00	(198.76)	(789.50)
TOTAL OTHER EXPENSES	(5,522.49)	(6,499.60)	977.11	(94,985.19)
OTHER INCOME				
Interest Earned	(645.70)	2,012.70	(2,658.40)	20,282.34
Gain/Loss Sale of Assets	.00	.00	.00	(25,984.46)
Other Revenue	405.00	255.75	149.25	2,448.49
TOTAL OTHER INCOME	(240.70)	2,268.45	(2,509.15)	(3,253.63)

Unaudited

INCOME STATEMENT

FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	ACTUAL	PERIOD TO DATE PRIOR PERIOD	VARIANCE	YTD ACTUAL
TOTAL OTHER INCOME AND EXP	\$5,763.19	(4,231.15)	(1,532.04)	(98,238.82)
PROFIT (LOSS) BEFORE TAX	10,153.62	12,281.37	(2,127.75)	88,597.45
NET PROFIT (LOSS)	\$10,153.62	12,281.37	(2,127.75)	88,597.45

Unaudited

DECEMBER 31, 2000

ASSETS

CURRENT ASSETS

Cash - Sun Bank Operating	\$1,828.63	
Accounts Receivable- Trade	1,052.31	
Accounts Receivable-Affiliates	1,310,487.89	
Prepaid Expenses	1,573.87	
Due from TexcomUSA	156,909.00	
Due From MICL	176,801.49	
Notes Receivable-affiliates	161,559.38	
TOTAL CURRENT ASSETS		1,810,212.57

FIXED ASSETS

Customer Terminal Equipment	123,859.50
Local Loop and Access	22,232.42
Power Equipment AC & DC	91,845.66
Voice Switching Equipment	57,354.65
Data Switching Equipment	353,311.67
Multiplexing Equipment	953,110.04
Satellite Transmission	492,350.00
Supervising/Control Equipment	3,059.72
Data Processing Equipment	1,427.50
Test Equipment	93,733.86
Spare Parts	4,118.71
Auxiliary Equipment	3,699.44
Cascade Equipment	162,224.77
Continental Grain Project	11,382.04
Cascade Project	281.45
Gardens America	4,910.26
Antennas	309,709.19
Installation Materials	54,800.18
Subs and Integration	13,967.77
Earth Station Project Study	189,584.00
House	486,183.45
Land	212,812.50
Building	210,236.70
Property Improvement #2	116,200.27
Property Improvement	117,165.00
Parking Lot	8,500.00
Signs	2,741.16
Landscaping	4,350.00
Furniture	11,638.56
Office Electronic Equipment	64,047.67
Computer Software	39,437.04
Accum. Depreciation	(1,643,380.70)

Unaudited

DECEMBER 31, 2000

ASSETS (Continued)

TOTAL FIXED ASSETS		\$2,576,894.48
OTHER ASSETS		
Deposits	30,880.74	
Accounts Receivable-Long-Term	119,472.18	
Organizational Costs	8,334.89	
Allow for Amort/Org Cs	(8,334.89)	
Start-up/Earth Station	6,528.39	
Allow for Amort/Earth	(6,528.39)	
TOTAL OTHER ASSETS		150,352.92
TOTAL ASSETS		\$4,537,459.97

Unaudited

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

Accounts Payable	\$89,140.98	
Mortgage Payable - B. Lynch	893.89	
Mortgage Payable - PNC Trust	596.48	
Mortgage Payable - R. Gober	496.69	
Mortgage Payable-House	3,194.99	
Note Payable -ICI	18,644.78	
Lease Payable	72,667.85	
Accrued Expenses	18,137.97	
Due to Alliston	26,526.00	
Due to TexcomUSA	296,762.27	
Sales Tax Payable	897.93	
TOTAL CURRENT LIABILITIES		527,959.83

LONG-TERM LIABILITIES

Mortgage Payable - B. Lynch	73,358.37	
Mortgage Payable - PNC Trust	48,950.79	
Mortgage Payable - R. Gober	40,761.89	
Mortgage Payable-House	364,494.83	
Lease Payable	82,004.37	
Alliston -Pending Capital Inv	350,715.34	
TOTAL LONG-TERM LIABILITIES		960,285.59

TOTAL LIABILITIES

1,488,245.42

OWNERS EQUITY

Wajay Investments, Inc.	253,695.57	
Alliston Properties, Inc.	2,283,259.25	
Retained Earnings	423,662.28	
Retained Earnings - Current	88,597.45	
TOTAL OWNERS EQUITY		3,049,214.55

TOTAL LIABILITIES AND OWNERS EQUITY

\$4,537,459.97

Unaudited

FINANCIAL CAPABILITY

1.- Financial capability to provide the service in area proposed to be served.

NACS Communications d/b/a Texcom USA is a company owned by Telex Chile in a 90% ownership through its affiliate Texcom S.A. Telex Chile is a Chilean Corporation listed in the NYSE (TL) and is one of the 3 biggest Long Distance Carriers in Chile with more than 13% of the market share. Telex provide Long Distance Services, Internet Access Services and Private Services with companies based in Chile (Chilesat S.A.), Peru (Perusat), Colombia (Colomsat S.A.) and United States (Texcom USA). It has been operating in the market since 1982. It has revenues in the 80.0 million dollars with assets over 250.0 million dollars.

In U.S.A. the operation beside NACS Communications is operated with a Joint Venture company called Telecommunications Investments owned by Telex Chile in a 90% partnership through Alliston Properties Inc., a Florida Corporation. Telinvest owns premises and telecommunication equipment for 2.5 million dollars. In this premises, based in Palm Bay, FL., we operate an international satellite teleport with direct links to Latin America and interconnected with the big American based carriers such as AT&T, Sprint, MCI Worldcomm and Bellsouth.

2.- At the present moment the Telex Chile holding is in a process of consolidating their acquisition by the investment fund Southern Cross. This new ownership will give a big jump to the development of all the holding operations, specially the USA operation through NACS Communications. Their commitment in the acquisition binding was to capitalize the holding in over 300.0 million dollars in order to develop growing plans for all the group.

NACS Communications, Inc.
Financial Statements
December 31, 1999 and 1998

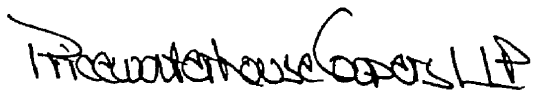
Report of Independent Certified Public Accountants

To the Board of Directors and
Stockholders of NACS Communications, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations and accumulated deficit and of cash flows present fairly, in all material respects, the financial position of NACS Communications, Inc. at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States. 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 audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has negative cash flows from operations and is party to significant transactions with affiliated companies. At December 31, 1999, the Company's parent had a consolidated working capital deficit of \$3,080,000 and an operating loss of \$1,436,000 for the year then ended. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is a member of a group of affiliated companies and, as disclosed in Note 6 to the financial statements, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.



February 19, 2000

NACS Communications, Inc.
Balance Sheets
December 31, 1999 and 1998

Assets	1999	1998
Current assets:		
Cash and cash equivalents	\$ 866,484	\$ 155,696
Trade accounts receivable, net of allowance of \$407,692 and \$455,562	1,925,206	2,340,110
Due from affiliates	2,321,169	1,255,761
Prepaid expenses and other current assets	99,423	61,852
Note receivable from affiliate	-	220,579
Total current assets	<u>5,212,282</u>	<u>4,033,998</u>
Property and equipment, net	203,877	392,239
Continental Fiber Optics Project, less accumulated amortization of \$223,531 and \$154,752	257,920	326,699
Due from affiliates	83,284	-
Deposits and other assets	88,879	121,061
	<u>\$ 5,846,242</u>	<u>\$ 4,873,997</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Due to affiliates	\$ 2,566,678	\$ 4,181,636
Accounts payable and accrued expenses	889,874	1,049,739
Total current liabilities	<u>3,456,552</u>	<u>5,231,375</u>
Advance from stockholder	2,033,000	-
Customer advances	81,185	84,389
Total liabilities	<u>5,570,737</u>	<u>5,315,764</u>
Stockholders' deficit:		
Common stock, \$0.10 par value, 500,000 shares authorized, 5,000 shares issued and outstanding	500	500
Capital in excess of par value	923,215	923,215
Accumulated deficit	(648,210)	(1,365,482)
Total stockholders' equity (deficit)	<u>275,505</u>	<u>(441,767)</u>
	<u>\$ 5,846,242</u>	<u>\$ 4,873,997</u>

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

NACS Communications, Inc.
Statements of Operations and Accumulated Deficit
For the Years Ended December 31, 1999 and 1998

	1999	1998
Sales	\$ 20,343,173	\$ 21,089,967
Cost of sales	<u>(17,233,480)</u>	<u>(18,389,268)</u>
Gross profit	<u>3,109,693</u>	<u>2,700,699</u>
Selling, general and administrative expenses:		
Salaries and benefits	935,583	879,883
Rentals	204,836	182,985
Professional fees	574,698	1,014,073
Depreciation and amortization expense	135,527	194,857
Other	<u>562,204</u>	<u>544,971</u>
Total selling, general and administrative expenses	<u>2,412,848</u>	<u>2,816,769</u>
Operating income (loss)	696,845	(116,070)
Other income (expense):		
Dividends and interest income	20,427	21,298
Interest expense	<u>-</u>	<u>(11,192)</u>
Net income (loss)	717,272	(105,964)
Accumulated deficit, beginning of year	<u>(1,365,482)</u>	<u>(1,259,518)</u>
Accumulated deficit, end of year	<u>\$ (648,210)</u>	<u>\$ (1,365,482)</u>

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

NACS Communications, Inc.
Statements of Cash Flows
For the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net income (loss)	\$ 717,272	\$ (105,964)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	135,528	194,857
Bad debt expense	138,792	257,882
Loss on disposal of property and equipment	47,927	-
Changes in assets and liabilities:		
Decrease (increase) in trade accounts receivable	276,112	(567,591)
(Increase) decrease in prepaid expenses and other current assets	(2,571)	263,050
Decrease in deposits and other assets	32,182	142,451
(Increase) decrease in due from affiliates	(1,148,692)	40,741
Decrease in accounts payable and accrued expenses	(110,099)	(785,937)
Decrease in customer advances	(3,204)	(128,417)
(Decrease) increase in due to affiliates	(1,614,958)	815,830
Net cash (used in) provided by operating activities	<u>(1,531,711)</u>	<u>126,902</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(11,080)</u>	<u>(179,844)</u>
Cash used in investing activities	<u>(11,080)</u>	<u>(179,844)</u>
Cash flow from financing activities:		
Net repayments under line of credit	-	(87,863)
Repayment of note receivable from affiliate	220,579	-
Advance from stockholder	<u>2,033,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>2,253,579</u>	<u>(87,863)</u>
Net increase (decrease) in cash and cash equivalents	710,788	(140,805)
Cash and cash equivalents, beginning of year	<u>155,696</u>	<u>296,501</u>
Cash and cash equivalents, end of year	<u>\$ 866,484</u>	<u>\$ 155,696</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 11,192</u>

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

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

1. Summary of Significant Accounting Policies

NACS Communications, Inc. (the Company) was organized as a corporation on December 6, 1991 under the laws of the state of Florida. The Company is a majority-owned subsidiary of Texcom, S.A., a Chilean company. The Company is engaged in the business of providing long distance telecommunication services worldwide.

A summary of the significant accounting policies followed in the preparation of the accompanying financial statements is presented below.

Basis of accounting

During 1999, the Company had negative cash flows from operations of \$1,531,711. Further, at December 31, 1999 and for the year then ended, Texcom S.A. had a consolidated working capital deficit of \$3,080,000 and an operating loss of \$1,436,000. In addition, Texcom S.A.'s parent, Telex Chile, agreed to repay certain of its financial obligations in October 2001 with the proceeds from a total or partial sale of Texcom S.A.'s assets. Because the Company's operations are significantly interrelated with those of Texcom S.A. and other affiliates, these facts raise doubt about the Company's ability to continue as a going concern. The Company believes that it can continue to generate profits on a stand-alone basis and that the operations of its local affiliates will be consolidated with those of the Company in order to reduce costs and improve cash flows. The Company believes that these actions will be sufficient to meet its short-term liquidity requirements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the related assets using the straight line method.

Continental Fiber Optics Project

The Continental Fiber Optics Project consists of an engineering study prepared for the purpose of developing the Company's long distance network infrastructure. The costs for the study, which was prepared by a third party, were capitalized and are being amortized over a period of seven years.

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

Long-lived assets

The Company reviews long-lived assets and reserves for impairment whenever events or changes in circumstances indicate that, based on estimated future cash flows, the carrying amount of the assets will not be fully recoverable.

Income taxes

The Company records income tax expense using the liability method of accounting for deferred income taxes. Under the liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and income tax bases of the Company's assets and liabilities. An allowance is recorded when it is more likely than not that all or part of a deferred tax asset will not be realized. The provision for income taxes includes taxes currently payable plus the net change during the year in deferred tax assets and liabilities recorded by the Company.

Revenue

Revenue is recognized as long distance services are provided.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to the useful lives of its property, plant and equipment and its fiber optics project. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified from prior years to conform to the current year's presentation.

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

2. Property and Equipment

At December 31, 1999 and 1998, property and equipment consisted of the following:

	<u>1999</u>	<u>1998</u>	<u>Useful Lives</u>
Office electronic equipment	\$ 290,146	\$ 280,126	5
Computer software	61,337	194,030	5
Signs	1,918	1,918	5
Furniture	16,374	15,314	10
	<u>369,775</u>	<u>491,388</u>	
Accumulated depreciation	<u>(165,898)</u>	<u>(99,149)</u>	
	<u>\$ 203,877</u>	<u>\$ 392,239</u>	

Depreciation expense was approximately \$67,000 and \$57,000 for the years ended December 31, 1999 and 1998, respectively.

3. Concentration of Credit Risk

Financial instruments which subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. However, the Company's credit evaluation process and reasonable short collection terms help to mitigate any concentration of credit risk. During 1999, four customers accounted for approximately 20%, 16%, 15% and 12% of sales.

4. Income Taxes

At December 31, 1999, the Company has net operating tax loss carryforwards of approximately \$315,000 expiring through 2019. A valuation allowance for 100% of the resulting net deferred tax asset of approximately \$224,000 has been established due to the uncertainties relating to its eventual realizability.

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

At December 31, 1999 and 1998, the Company's deferred tax assets and (liabilities) consisted of the following:

	<u>1999</u>	<u>1998</u>
Net operating loss carryforwards	\$ 110,198	\$ 374,234
Allowance for bad debts	142,692	159,447
Accelerated depreciation	<u>(29,126)</u>	<u>(33,299)</u>
Net deferred tax asset	223,764	500,382
Valuation allowance	<u>(223,764)</u>	<u>(500,382)</u>
	<u>\$ -</u>	<u>\$ -</u>

5. Commitments and Contingencies

The Company has entered into five year noncancelable operating leases for use of office space as well as various operating leases for equipment. The minimum rental commitment as of December 31, 1999, for these leases are as follows:

2000	\$ 213,006
2001	207,689
2002	<u>208,101</u>
	<u>\$ 628,796</u>

Total rent expenses for the years ended December 31, 1999 and 1998 were approximately \$205,000 and \$183,000, respectively.

The Company is involved in legal proceedings from time to time in the ordinary course of its business. In the opinion of management, the ultimate resolution of these matters will not have a material effect on the Company's financial position or results of operations.

6. Related Party Transactions

The Company is a member of a group of companies affiliated through common ownership by Texcom S.A. and, as discussed below, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

In October 1999, Texcom, S.A. advanced, through Alliston Properties, Inc., an affiliate, \$2,033,000 to the Company. At December 31, 1999 the advance is classified as a long-term liability based on the representation from Texcom, S.A. that the advance is for the future capitalization of the Company. The Company used the advance to repay amounts due to an affiliate, Chilesat, S.A.

At December 31, 1998, the Company had an unsecured note receivable from Alliston in the amount of \$220,579 including accrued interest of \$30,995. The note earned interest at the monthly federal funds rate (ranging from 4.33% to 5.70%), with principal and interest due in a balloon payment during 2002. The note was repaid in 1999 and is included in due from affiliates at December 31, 1998.

The Company billed management fees to cover the cost of administrative services provided to its affiliates, MICL and Alliston, totaling approximately \$337,000 and \$98,000, respectively, in 1999 and \$307,000 and \$83,000, respectively, in 1998.

During 1999 and 1998, the Company was invoiced approximately \$280,000 and \$625,000, respectively, by Texcom, S.A. for administrative services provided to the Company. These amounts have been included in other selling, general and administrative expenses in the accompanying statement of operations and accumulated deficit.

Amounts due from affiliates at December 31, 1999 which were outstanding prior to April 1, 1999 have been classified as long-term per the instructions of Texcom, S.A.

The Company has recorded due from affiliates and sales to affiliates as follows:

As of December 31, 1999, and for the year then ended,

	<u>Due From Affiliates</u>	<u>Sales</u>
Current		
MICL	\$ 2,057,616	\$ 1,687,872
Texcom Mexico	236	-
Chilesat, S.A.	-	58,894
Telex Chile	2,799	-
Texcom, S.A.	152,443	-
Alliston	108,075	97,500
	<u>\$ 2,321,169</u>	<u>\$ 1,844,266</u>
Long term		
Chilesat, S.A.	<u>\$ 83,284</u>	<u>\$ -</u>

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

As of December 31, 1998, and for the year then ended,

	<u>Due From Affiliates</u>	<u>Sales</u>
MICL		
Colomsat, S.A.	\$ 1,124,334	\$ 2,401,697
Chilesat, S.A.	-	17,764
Telex Chile	-	217,890
Texcom Mexico	1,834	-
Texcom Brazil	86,698	-
Texcom Argentina	5,000	-
Datacom Bolivia	3,259	-
Texcom, S.A.	1,317	-
	<u>33,319</u>	<u>-</u>
	<u>\$ 1,255,761</u>	<u>\$ 2,637,351</u>

The Company had recorded due to affiliates, accounts payable to, and cost of sales and other expenses rendered for services provided by affiliates as follows:

As of December 31, 1999, and for the year then ended,

	<u>Due to Affiliates</u>	<u>Cost of Sales and Other Expenses</u>
MICL		
Alliston	\$ -	\$ 3,985,972
Chilesat, S.A.	179,732	6,699
Chilesat Servicios Empresariales	2,021,961	8,835,186
Colomsat	115,698	53,710
Texcom, S.A.	203,995	194,284
Perusat	-	280,000
Texcom Venezuela	13,007	102,256
	<u>32,285</u>	<u>79,263</u>
	<u>\$ 2,566,678</u>	<u>\$ 13,537,370</u>

NACS Communications, Inc.
Notes to Financial Statements
December 31, 1999 and 1998

As of December 31, 1998, and for the year then ended,

	<u>Due to Affiliates</u>	<u>Cost of Sales and Other Expenses</u>
MICL	\$ -	\$ 2,714,727
Alliston	148,325	-
Chilepac	55,486	-
Perusat	50,091	66,166
Texcom Venezuela	3,964	93,786
Chilesat, S.A.	3,531,990	7,247,339
Colomsat	391,780	226,023
Texcom, S.A.	-	625,000
	<u>\$ 4,181,636</u>	<u>\$10,973,041</u>

* * *

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APPLICANT ACKNOWLEDGMENT STATEMENT

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

HENNA DRAIN
Print Name

CHIEF OPERATING OFFICER
Title

(305) 579 5330 (305) 389 5332
Telephone No. Fax No.

[Signature]
Signature
APRIL 11 / 2002
Date

Address: 201 BRICKELL AVE. # 1350
MIAMI, FL. 33131

THIS PAGE MUST BE COMPLETED AND SIGNED

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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

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

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

UTILITY OFFICIAL:

HERNAN BRAIN
Print Name

H.B. Brain
Signature

C.O.O.
Title

April 11/2002
Date

(305) 379 5330
Telephone No.

(305) 379 5332
Fax No.

Address: 701 BRICKELL AVE. # 1350
MIAMI, FL. 33131

THIS PAGE MUST BE COMPLETED AND SIGNED

AFFIDAVIT

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

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

UTILITY OFFICIAL:

<u>HERMAN BRAUN</u>	<u>[Signature]</u>
Print Name	Signature
<u>C.O.O.</u>	<u>APRIL 11/2002</u>
Title	Date
<u>(305) 379 5330</u>	<u>(305) 379 5332</u>
Telephone No.	Fax No.
Address: <u>701 BRICKELL AVE #1350</u>	
<u>MIAMI, FL. 33131</u>	

CURRENT FLORIDA INTRASTATE SERVICES

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

If the answer is has, fully describe the following:

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

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

UTILITY OFFICIAL:

HEARNAN BRAIN

Print Name

[Signature]

Signature

C.O.O.

Title

APRIL 11/2002

Date

(305) 379 5330

Telephone No.

(305) 379 5332

Fax No.

Address: 701 BRICKELL AVE # 1350
MIAMI, FL. 33131

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT