

4434

LAW OFFICES

# Furr & Cohen, P.A.

050607-TX  
**ORIGINAL**

**Charles I. Cohen**  
ALSO MEMBER OF OHIO BAR  
**Robert C. Furr**  
ALSO MEMBER OF GEORGIA BAR  
BOARD CERTIFIED  
BUSINESS BANKRUPTCY LAW.

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ALSO MEMBER OF PENNSYLVANIA BAR

**Marc P. Barmat**  
**Alan R. Crane**  
**Alvin S. Goldstein**  
ALSO MEMBER OF NEW YORK BAR  
BOARD CERTIFIED  
BUSINESS BANKRUPTCY LAW.

**Mark S. Rober**  
September 16, 2005

Florida Public Service Commission  
*Division of the Commission Clerk and Administrative Services*  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

RECEIVED FPSC  
05 SEP 19 AM 10:24  
COMMISSION  
CLERK

To whom it may concern,

Enclosed please find for filing today in the records of the Florida Public Service Commission ("Commission") an original and six (6) copies of the Applicant Form for Authority for Epicus Communications Group, Inc. ("ECG") to provide Alternative Local Exchange Service within the State of Florida and transfer of Epicus, Inc. ("Epicus") certificate regarding the same. Also enclosed are two (2) additional copies to be stamped "filed" and returned to our office via the federal express envelope enclosed. Additionally ECG has enclosed the two hundred and fifty (\$250.00) non-refundable application fee.

### Proposed Plan for Transfer

On October 25, 2004, ECG and Epicus filed for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Florida. The Debtors' Joint Plan of Reorganization (the "Plan") is currently pending before the Bankruptcy Court. Generally, the Plan calls for the acquisition of the assets and business operations of Epicus by a reorganized ECG. The Plan will be accomplished through, among other things, a debenture sale to the NIR Group, LLC. The Plan also provides for the change of ECG's capital structure.

### CLEC/ IXC Certificate Transfer

Attached is an Application for ECG to become a CLEC and for transfer of CLEC certificate from Epicus to ECG. **Exhibit 1.** ECG requests to use Epicus's Tariff application on file, making all of the pages originals and submit it as new. Also attached is Application for ECG to obtain IXC certification **Exhibit 2.** In connection with the Plan, Epicus requests cancellation of it IXC certification IXC TI550 certification on or before December 31, 2005.

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check

S&C

05 SEP 19 AM 8:24  
DOCUMENTATION CENTER

DOCUMENT NUMBER - DATE

08786 SEP 19 05

FPSC-COMMISSION CLERK

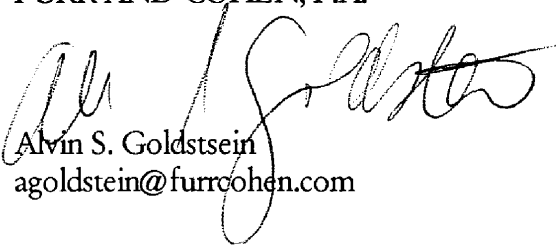
**Additional Items Attached**

- Waiver of a hearing **Exhibit 3**; and
- Draft notice to customers **Exhibit 4**.

If you have any questions regarding this Application, please do not hesitate to contact the undersigned. Thank you for your time and attention to this matter.

Very Truly Yours,

FURR AND COHEN, P.A.



Alvin S. Goldstein  
agoldstein@furrcohen.com

**DIVISION OF COMPETITIVE MARKETS AND ENFORCEMENT**  
**CERTIFICATION**

**APPLICATION FORM**  
**for**  
**AUTHORITY TO PROVIDE**  
**ALTERNATIVE LOCAL EXCHANGE SERVICE**  
**WITHIN THE STATE OF FLORIDA**

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**Instructions**

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).
- ◆ Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission**  
***Division of the Commission Clerk and Administrative Services***  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6770**

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission**  
**Division of Competitive Markets and Enforcement**  
**Certification**  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6600**

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## APPLICATION

1. This is an application for  (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:

EPICUS COMMUNICATIONS GROUP, INC.

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

EPICUS COMMUNICATIONS GROUP, INC.

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

1750 OSCEOLA DRIVE  
W. PALM BEACH, FL 33409



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

1750 OSCEOLA DRIVE  
W. PALM BEACH, FL 33409  
\_\_\_\_\_  
\_\_\_\_\_

6. Structure of organization:

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

7. **If individual, provide:**

Name: N/A

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

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

(a) The Florida Secretary of State corporate registration number:

H67764

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

(a) The Florida Secretary of State corporate registration number:

N/A

10. **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:

N/A

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

(a) The Florida Secretary of State registration number:

N/A

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

Name: N/A

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

13. **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: N/A

14. **Provide F.E.I. Number(if applicable):** 59-3353696

**15. 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. Provide explanation.

TOM DONALDSON – PERSONAL BANKRUPTCY 1996

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(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.

TOM DONALDSON- VICE PRESIDENT, SECRETARY, AND DIRECTOR OF EPICUS, INC.  
GERALD HARYMAN- PRESIDENT, TREASURER AND DIRECTOR OF EPICUS, INC.

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

(a) The application:

Name: Alvin Goldstein

Title: Attorney for the Debtor

Address: 2255 Glades Road, One Boca Place, Suite 337W

City/State/Zip: Boca Raton, FL 33431

Telephone No.: 561-395-0500 Fax No.: 561-338-7532

Internet E-Mail Address: agoldstein@furrcohen.com

Internet Website Address: \_\_\_\_\_

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

Name: KEN KOLLER  
Title: GENERAL MANAGER  
Address: 1750 OSCEOLA DRIVE  
City/State/Zip: W. PALM BEACH, FL 33409  
Telephone No.: 877-814-1002 Ext. 1255 Fax No.: 877-814-1002 Ext. 1255  
Internet E-Mail Address: kkoller@epicus.com  
Internet Website Address: \_\_\_\_\_

(c) Complaints/Inquiries from customers:

Name: CUSTOMER CARE DIVISION  
Title: \_\_\_\_\_  
Address: 610 CRESCENT EXECUTIVE COURT, SUITE 300  
City/State/Zip: LAKE MARY, FL 32746  
Telephone No.: 800/314-8428 Fax No.: 407/333-2865  
Internet E-Mail Address: \_\_\_\_\_  
Internet Website Address: \_\_\_\_\_

**17. List the states in which the applicant:**

(a) has operated as an alternative local exchange company.

**Applicant has not operated as an alternative local exchange company as of the filing date of this application.**

(b) has applications pending to be certificated as an alternative local exchange company.

**Applicant is seeking to be certificated in six states including Florida. The other states include North Carolina, South Carolina, Alabama, Mississippi, Kentucky and Georgia.**

(c) is certificated to operate as an alternative local exchange company.

**Applicant is currently not certificated to operate as an alternative local exchange company in any of the above jurisdictions.**

- (d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

**Applicant has not has been denied authority to operate as an alternative local exchange company as of the filing date of this application.**

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

**Applicant has not had regulatory penalties imposed for violations of telecommunications statutes as of the filing date of this application.**

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

**Applicant has not been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity as of the filing date of this application.**

**18. Submit the following:**

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

See Exhibit A

**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.**

**As Applicant seeks to be a reseller of telecommunication services it is not necessary for the Applicant to possess technical experience.**

**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.

**See Exhibit B.**

Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

In response to 1-3 above Applicant states that it financially able to provide the requested service in the geographic area proposed to be served. Moreover, Applicant states that it has sufficient financial capability to maintain the requested service and its lease or ownership obligations. On October 25, 2004, Applicant and Epicus, Inc. filed for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Florida. The Debtors' Joint Plan of Reorganization (the "Plan") is currently pending before the Bankruptcy Court. **Exhibit C.** Generally, the Plan calls for the acquisition of the assets and business operations of Epicus by Applicant's reorganized corporation. The Plan will be accomplished through, among other things, a debenture sale to the NIR Group, LLC. Additionally, the Plan provides for the change of ECG's capital structure. The reorganized capital structure will be as follows:

<b><u>Party</u></b>	<b><u>Ownership</u></b>
Ocean Avenue Advisors LLC	52.5%
Haryman Parties (Gerard Haryman, Thomas Donaldson, Aptek, Inc. and each of their respective agents, affiliates, or entities under their control)	30.4%
Existing ECG Stockholders (other than the Haryman Parties)	9.6%
Unsecured Creditors of EPICUS	7.5%

Applicant will be funded through a debenture sale, thus has access to the financing and capital necessary to conduct its telecommunication service operations to fulfill any obligations it may undertake with respect to the operation and maintenance of its telecommunication services.

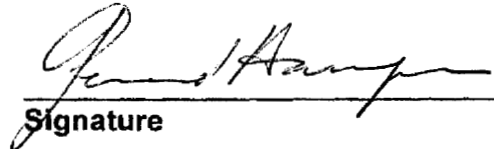
THIS PAGE MUST BE COMPLETED AND SIGNED

**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 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. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

Gerald Haryman  
Print Name

  
Signature

President of Epicus Communications  
Group, Inc.  
Title

9-15-05  
Date

407 942-1234  
Telephone No.

407-333-2865  
Fax No.

Address: 1750 OSCEOLA DRIVE  
W. PALM BEACH, FL 33409

**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 alternative local exchange company 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:**

GERARD HARVIMAR  
Print Name

President  
Title

407 942 1234  
Telephone No.

[Signature]  
Signature

9-15-05  
Date

407 333 2865  
Fax No.

Address: 1010 Crescent Executive Ct  
Ste 300  
Lake Mary, FL 32746



**CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT**

I, Gerald Haryman, President of Epicus, Inc. and current holder of Florida Public Service Commission Certificate Number # CLEC certification #4434, TX-023 and an IXC certificate TI-550 have reviewed this application and join in the petitioner's request for a:

- ( ) sale
- ( X ) transfer
- ( ) assignment

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

GERARD HARYMAN  
Print Name

Gerald Haryman  
Signature

President  
Title

9.15.05  
Date

407 942 1234  
Telephone No.

407 333 2865  
Fax No.

Address: 610 Crescent Executive Ct  
Ste 300  
Lake Blaney FL 32746

**EXHIBIT A**

OFFICERS AND MEMBERS OF THE BOARD OF DIRECTORS  
OF  
EPICUS COMMUNICATIONS GROUP, INC.

Name	Age	Position Held and Tenure
<u>Gerard Haryman</u>	61	Pres./CEO, Chairman,& acting CFO - Jan. 1996 to Present
Thomas Donaldson	62	Vice Pres./COO, Secty. & Director – Feb. 1993 to Present
<u>Timothy Palmer</u>	60	Director – July 1997 to Present

Gerard Haryman, has served as our Chairman of the Board, President and Chief Executive Officer since January of 1996. Previously and concurrently, since 1981 to the present, Mr. Haryman has been President and Chief Executive Officer of SA, Sitmo, developers and builders of commercial and residential properties throughout Europe, with corporate offices in Paris, France. Mr. Haryman has also been involved in the development of residential property in the Palm Beach area since 1988, and during that period has also served on the Board of Directors of several other companies, both public and private. Mr. Haryman attended the "Institute General de Finance" in Paris, France majoring in finance and administration.

Thomas N. Donaldson, since February of 1993, Mr. Donaldson has been and officer and director of Epicus Communications Group, Inc. (fka) Phoenix International Industries, Inc., and of Trident Environmental Systems, Phoenix's predecessor. Prior to his entering the public company arena, he had an extremely successful background in the electronic media, both television and radio. Before being promoted to executive level management, he was an award winning Producer/Director at both the local and network levels. Additionally, he was a majority partner in the television production company, "American Televent", which produced commercials and syndicated programming. Mr. Donaldson attended both the University of Miami and the University of Paris.

Timothy Palmer, since October 1993 Mr. Palmer has been President of HDX 9000, Inc., of New York and West Palm Beach, Florida, a computer and business consulting firm. He has been a Director of the Company since July 1997. From March 1997 to the present, he has been President of Quality Advantage, Ltd. of Kingston, Jamaica, a computer and business consulting firm. Prior to October 1993, he was manager of the Palmer Family Trust in London, England. Mr. Palmer holds a Bachelor of Commerce Degree from McGill University in Montreal, Canada.

## KENNETH E. KOLLER

810 Lake Marion Dr. ■ Altamonte Springs, FL 32701 ■ (877) 814-1002 ■ (321) 277-3189 (cell) ■ [kkoller@cfl.rr.com](mailto:kkoller@cfl.rr.com)

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### ◆ TELECOMMUNICATIONS EXECUTIVE ◆

AWARD-WINNING EXECUTIVE MANAGEMENT / TECHNICAL SALES / PROJECT MANAGEMENT / OPERATIONS SUPPORT

### QUALIFICATIONS PROFILE

Over 20 years of Executive level management, technical sales and operations support within the telecommunications industry, delivering solid and sustainable revenue, providing market penetration and profit contributions through expertise in the management of complex projects, technical sales support / product development, competitive market positioning, organizational development and team building. Exceeded profit objectives and business plan goals within every position ever held. Willing to travel extensively.

### PROFESSIONAL EXPERIENCE

**EPICUS, INC.** Lake Mary, FL

2005-Present

#### **General Manager**

I was responsible for the day to day management of Epicus, a multimillion dollar public Telecommunications Company.

- Initiated the organizational restructure of the company encompassing all departments and management. .
- Established programs to create new revenue opportunities and began the review of all existing policies.
- Negotiating strategic partnerships for new product introduction into our existing markets.

**EPICUS, INC.** Lake Mary, FL

2003 – 2004

#### **Director Enhanced Services**

Complete program accountability for business development, strategic planning and operations management efforts for a newly established department, providing enhanced voice services. Solidified the establishment of the product brand, while exceeding all company sales projections. Provided key management direction for the development of order fulfillment and follow-up activities.

- Successfully Launched a new enhanced UC voice product and achieved annual budgeted sales in 3 ½ months.
- Responsible for the VoIP strategy for UNE-P to UNE-L migration strategy, product selection and turnkey implementation.

**CLECNET SERVICES, INC.** Altamonte Springs, FL

2001 – 2003

#### **Vice President Business Development**

Responsible for developing and selling Unified Communications services in the State of Florida. In charge of all levels of new product launch, sales and after sales support.

- Establish a new company in the arena of enhanced voice services and unified communications.
- Demonstrated the ability to hire, train, motivate and manage an award winning direct and channel sales team.

**KMC TELECOM.** Bedminster, NJ

1999 – 2001

#### **Director CPE Operations**

Operations support for 37+ cities including project management, system maintenance, turnkey installations and sales engineering support.

- Project Director for a 51 building campus (The Ringling School of Art & Design). 900 pair, 460 stations, ISDN Centrex fiber ring turnkey installation. Lead manager for over 30 complex CPE & network telecommunications projects
- Direct report for (5) senior field managers supporting 37 City operations.

**ITT, GENERAL DYNAMICS, UNITED TECHNOLOGIES, SOUTHEAST BUSINESS COMMUNICATIONS,** Atlanta, GA. Cincinnati, OH. Indianapolis, IN.

#### **Field General Manager, P&L**

1976 - 1985

Scope of responsibilities included overseeing every aspect of branch operations for offices in Atlanta, Cincinnati and Indianapolis. Profit & Loss responsibility for each office, sale negotiations, employee hiring, scheduling, training, payroll, inventory control, customer service, finances, sales promotions and marketing. Managed approximately 40 employees.

- Re-built the Atlanta office from No. 17 of 17 to No. 2 in 18 months. Exceeded 250% of the Profit budget.
- Established the Cincinnati office as a leading P&L office and successfully launched the Indianapolis office.
- Launched a new Technical Sales business in Orlando. Achieved No. 2 distributor Nationwide within 18 months.

### EDUCATION & TECHNICAL SKILLS

Graduated from the **University of Maryland**, College Park, MD. Post Graduate EMBA Program **Xavier University**, Cincinnati, Ohio  
Experienced with Windows, MS Word, Excel, PowerPoint, Access, Project 2000, Turbo Project, Visio, Publisher, Adobe Distiller.

**EXHIBIT B**

**EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES**

**(Debtor-in-Possession)  
CONSOLIDATED BALANCE SHEETS**

May 31, 2005 and 2004

	<u>May 31, 2005</u>	<u>May 31, 2004</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash on hand and in bank	\$ 163,914	\$ 921,740
Accounts receivable - Trade, net of allowance for doubtful accounts of approximately \$500,000 and \$1,500,000, respectively	1,415,849	5,709,436
Advances due from officer	-	13,000
Prepaid expenses	<u>978,463</u>	<u>275,517</u>
Total current assets	<u>2,558,226</u>	<u>6,921,693</u>
<b>Property and equipment - at cost</b>	688,786	673,729
less accumulated depreciation	<u>(538,570)</u>	<u>(407,360)</u>
Net property and equipment	<u>150,216</u>	<u>266,369</u>
<b>Other Assets</b>		
Deposits and other	526,976	357,217
Trademark and corporate name development costs	<u>23,524</u>	<u>23,524</u>
Total other assets	<u>550,500</u>	<u>380,741</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,258,942</u>	<u>\$ 7,568,803</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities not subject to compromise</b>		
<b>Current Liabilities</b>		
Deferred customer revenue	\$ 670,402	\$ -
Accounts payable - trade	198,664	-
Accrued taxes payable and other liabilities	877,942	-
Accrued rent to officer/shareholder	10,500	-
Accrued officers compensation	<u>206,031</u>	-
Total liabilities not subject to compromise	<u>1,963,539</u>	-
<b>Liabilities subject to compromise</b>	<u>17,566,475</u>	<u>16,853,375</u>
Total Liabilities	<u>19,530,014</u>	<u>16,853,375</u>
<b>Commitments and contingencies</b>		
<b>Stockholders' (Deficit)</b>		
Preferred stock - \$0.001 par value 5,000 shares authorized None issued and outstanding		
Common stock - \$0.001 par value, 800,000,000 shares authorized, 661,404,214 and 258,058,655 shares issued and outstanding, respectively	661,404	258,059
Additional paid-in capital	17,865,139	16,874,667
Accumulated deficit	<u>(34,797,615)</u>	<u>(26,417,298)</u>
Total stockholders' (deficit)	<u>(16,271,072)</u>	<u>(9,284,572)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 3,258,942</u>	<u>\$ 3,838,694</u>

**EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES**  
**(Debtor-in-Possession)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
Years ended May 31, 2005 and 2004

	Year ended <u>May 31, 2005</u>	Year ended <u>May 31, 2004</u>
Revenues - net	\$18,775,796	\$25,190,543
Cost of Sales	<u>(15,288,616)</u>	<u>(17,509,300)</u>
Gross Profit	<u>3,487,180</u>	<u>7,681,243</u>
<b>Operating Expenses</b>		
Selling and marketing expenses	1,348,356	1,957,613
General and administrative expenses	4,054,945	4,982,769
Bad debt expense	5,139,138	3,201,630
Depreciation and amortization	133,875	116,321
Compensation expense related to common stock issuances at less than "fair value"	<u>742,254</u>	<u>358,464</u>
Total operating expenses	<u>11,418,568</u>	<u>10,616,797</u>
Income (Loss) from operations	(7,931,388)	(2,935,554)
<b>Other income</b>		
Interest and other income (expense) - net	14,612	1,826
Interest expense	(413,541)	(324,649)
Loss on disposition of fixed assets	<u>-</u>	<u>(28,185)</u>
Earnings before reorganization items and income tax benefit	(8,330,317)	(3,286,562)
<b>Reorganization items</b>		
Professional fees	<u>(50,000)</u>	<u>-</u>
Loss before income tax benefit	(8,380,317)	(3,286,562)
Provision for income tax benefit	<u>-</u>	<u>-</u>
Net (Loss)	(8,380,317)	(3,286,562)
<b>Other comprehensive income</b>	<u>-</u>	<u>-</u>
Comprehensive Loss	<u>\$(8,380,317)</u>	<u>\$(3,286,562)</u>
Net loss per weighted-average share of common stock outstanding, calculated on Net Loss - basic and fully diluted	<u>\$(0.01)</u>	<u>\$(0.02)</u>
Weighted-average number of shares of common stock outstanding	<u>588,774,840</u>	<u>163,960,608</u>

**EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES**  
**(Debtor-in-Possession)**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
Years ended May 31, 2005 and 2004

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>paid-in</u>	<u>Deficit</u>	
			<u>capital</u>		
<b>Balances at June 1, 2003</b>	113,817,571	\$113,818	\$13,891,580	\$(23,130,736)	\$ (9,125,338)
Issuance of common stock for					
Cash	17,000,000	17,000	621,000	-	638,000
Retirement of debt	109,160,584	109,161	1,813,652	-	1,922,813
Services rendered	18,080,500	18,080	548,435	-	566,515
Net loss for the year	-	-	-	(3,286,562)	(3,286,562)
<b>Balances at May 31, 2004</b>	258,058,655	258,059	16,874,667	(26,417,298)	(9,284,572)
Issuance (Retirement) of common stock for					
Retirement of debt	403,589,684	403,589	996,528	-	1,400,117
Services rendered	(244,125)	(244)	(6,056)	-	(6,300)
Net loss for the year	-	-	-	(8,380,317)	(8,380,317)
<b>Balances at May 31, 2005</b>	<u>661,404,214</u>	<u>\$661,404</u>	<u>\$17,865,139</u>	<u>\$(34,797,615)</u>	<u>\$(16,271,072)</u>



**EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES**  
**(Debtor-in-Possession)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years ended May 31, 2005 and 2004

	Year ended <u>May 31, 2005</u>	Year ended <u>May 31, 2004</u>
<b>Cash Flows from Operating Activities</b>		
Net loss for the year	\$(8,380,317)	\$(3,286,562)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	133,875	116,321
Loss on disposition of fixed assets	-	28,185
Bad Debt Expense	5,139,138	3,201,630
Expenses paid (rescinded) with common stock	(6,300)	566,515
Forgiveness and extinguishment of accounts payable	-	(111,000)
Compensation expense related to common stock issuances at less than "fair value"	742,254	358,464
(Increase) Decrease in		
Accounts receivable	(845,551)	(5,906,179)
Deposits, intangible and other assets	(872,705)	(142,500)
Increase (Decrease) in		
Deferred revenue	670,402	-
Accounts payable	198,663	-
Accrued taxes payable and other liabilities	1,094,473	-
Liabilities subject to compromise	<u>239,180</u>	<u>3,815,817</u>
Net cash used in operating activities	<u>(1,886,888)</u>	<u>(1,359,309)</u>
<b>Cash Flows from Investing Activities</b>		
Decrease in restricted cash	-	201,296
Proceeds from sale of fixed assets	-	2,100
Purchase of property and equipment	<u>(17,722)</u>	<u>(98,896)</u>
Net cash used in investing activities	<u>(17,722)</u>	<u>104,500</u>
<b>Cash Flows from Financing Activities</b>		
Increase (Decrease) in cash overdraft	(233,072)	233,072
Proceeds from sale of common stock	-	638,000
Repayments of advances from affiliated entities	(1,223,880)	(415,803)
Cash paid to acquire convertible debt	(196,264)	(275,517)
Proceeds from convertible debentures	<u>2,800,000</u>	<u>1,100,000</u>
Net cash provided by financing activities	<u>1,146,784</u>	<u>2,131,358</u>
<b>Increase (Decrease) in Cash</b>	<u>(757,826)</u>	<u>856,549</u>
Cash at beginning of period	<u>921,740</u>	<u>65,191</u>
<b>Cash at end of period</b>	<u>\$ 163,914</u>	<u>\$ 921,740</u>
<b>Supplemental Disclosure of Interest and Income Taxes Paid</b>		
Interest paid for the period	<u>\$ 556,344</u>	<u>\$ 120,000</u>
Income taxes paid for the period	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental Disclosure of Non-cash Investing and Financing Activities</b>		
Common stock issued for retirement of debt	<u>\$ 247,878</u>	<u>\$ 764,348</u>
Common stock issued for payment of accrued interest	<u>\$ -</u>	<u>\$ 132,206</u>
Common stock issued in repayment of advances from shareholder/officer or affiliated entity	<u>\$ 600,000</u>	<u>\$ 667,794</u>

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CONFORMED PERIOD OF REPORT: 20030531

FILED AS OF DATE: 20030910

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FILER:

COMPANY DATA:

COMPANY CONFORMED NAME:	EPICUS COMMUNICATIONS GROUP
CENTRAL INDEX KEY:	0000800401
STANDARD INDUSTRIAL CLASSIFICATION:	TELEPHONE COMMUNICATIONS (NO
IRS NUMBER:	592564162
STATE OF INCORPORATION:	FL
FISCAL YEAR END:	0531

FILING VALUES:

FORM TYPE:	10KSB
SEC ACT:	1934 Act
SEC FILE NUMBER:	000-17058
FILM NUMBER:	03889912

BUSINESS ADDRESS:

STREET 1:	1750 OSCEOLA DRIVE
CITY:	WEST PALM BEACH
STATE:	FL
ZIP:	33409
BUSINESS PHONE:	561-688-0440

MAIL ADDRESS:

STREET 1:	1750 OSCEOLA DRIVE
CITY:	WEST PALM BEACH
STATE:	FL
ZIP:	33409

FORMER COMPANY:

FORMER CONFORMED NAME:	PHOENIX INTERNATIONAL INDUSTRIES INC /FL/
DATE OF NAME CHANGE:	19980331

FORMER COMPANY:

FORMER CONFORMED NAME:	TRIDENT ENVIRONMENTAL SYSTEMS INC
DATE OF NAME CHANGE:	19941109

FORMER COMPANY:

FORMER CONFORMED NAME:	PROBAC INTERNATIONAL CORP
DATE OF NAME CHANGE:	19920703

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U.S. SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

FORM 10-KSB

Annual Report pursuant to Section 13 or 15(d)  
 of the Securities Exchange Act of 1934

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
 EXCHANGE ACT OF 1934

For the fiscal year ended MAY 31, 2003  
 -----

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ To \_\_\_\_\_

Commission File No.000-17058

EPICUS COMMUNICATIONS GROUP, INC.

-----  
 Exact name of small business issuer as specified in its charter,

FLORIDA

-----  
 (State or Other Jurisdiction of incorporation or organization)

59-2564162

-----  
 (IRS Employer Identification No.)

1750 OSCEOLA DR. WEST PALM BEACH, FLORIDA 33409

-----  
 (Address of Principal Executive Offices)

561-688-0440

-----  
 (Issuer's telephone - number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [ ] No [X]

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

May 31, 2003 - 113,817,571

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Transitional Small Business Disclosure Format

Yes [ ] No [X]

Common Stock, \$.001 par value

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EPICUS COMMUNICATIONS GROUP, INC.  
INDEX TO 10-KSB

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PART I

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this annual filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-KSB and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

#### ITEM 1 - DESCRIPTION OF BUSINESS

Epicus Communications Group, Inc. (hereinafter also referred to as "Epicus Group"), (formerly known as Phoenix International Industries, Inc.), is a holding company, with primary interests in the telecommunications industry. During the years ending on May 31, 2003 and 2002, the Company consisted of Epicus Communications Group, Inc. (formerly Phoenix International Industries, Inc.), the parent company and three wholly owned subsidiaries, EPICUS, Inc., which is the primary, and only active operating subsidiary, Moye & Associates (dba "TheBest.Net"), and Mic-Mac Investments, Inc. Moye & Associates and Mic-Mac Investments, Inc are currently inactive. For Fiscal 2003, our total cash resources were derived from telecommunication service revenues and the sale of Epicus Group common stock.

#### HISTORICAL DEVELOPMENT

We were incorporated on July 22 1985, pursuant to the laws of the State of Florida under the name "Hydrobac, Inc. On July 7, 1986, the company's name was changed to "ProBac, Inc." and on October 5, 1994, our name was changed to Trident Environmental Systems, Inc. During those periods our primary business was in various types of products and systems for use in the environmental clean-up industry.

On October 2, 1996, our name was changed to Phoenix International Industries, Inc. and our common stock was reverse split 15 to 1. Our shareholders approved Amendments to the Articles of Incorporation, changing the authorized capital to 200,000,000 shares of common stock, \$0.001 par value, and up to 5,000 shares of Preferred Stock, \$0.001 par value, for use as needed. From January 1996 through May 31, 1997, we sought suitable acquisition targets.

On April 9, 1998, we acquired 100% of the outstanding stock of Mic Mac Investments, Inc., a long distance telephone service "reseller" specializing in the hospitality industry. Mic-Mac ceased to operate late in the third quarter of fiscal 1999, and had no remaining assets or liabilities as of May 31, 1999, and Epicus Group wrote off its remaining investment in them in that fiscal year. Although this subsidiary has ceased all operating activities, Mic-Mac, Inc., remains a subsidiary of the Company until a decision is made as to its future.

During Fiscal 2000, we acquired 100% of the stock of Telephone Company of Central Florida, Inc. ("TCCF"). TCCF is a "competitive local exchange carrier" ("CLEC") telephone company and a reseller of other telecommunications services. At the start of our acquisition negotiations, TCCF was operating under the protection of Chapter 11 of the Federal Bankruptcy Act. The effective date of the closing was ten days after the Order of Confirmation was issued by the Bankruptcy Court. The Order of Confirmation was issued on June 9, 1999 and TCCF began operating as a reorganized debtor on that date. We acquired TCCF within ten days of the Confirmation Order. On January 17, 2001 the name of TCCF was changed to EPICUS, Inc.

On July 28, 2000, we acquired 100% of the stock of Moye & Associates, Inc. of St. Simons Island Georgia. Moye & Associates' primary business was that of an Internet Service Provider (ISP) known as "TheBest.Net". This move was seen by the company as synergetic with, and a possible future merger into TCCF. On July 19, 2001, the Company signed a Letter of Intent to sell the active clients of Moye. The buyer paid \$133.33 for each existing "dial-up" and "domain hosting client". It was estimated that there were between approximately 1,500 and 2,700 active fee-for-service clients on the date of signing the Letter of Intent. The buyer deposited a down payment of \$150,000 with the Company and an additional

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\$50,000 into an interest bearing account at the date of signing. As of May 31, 2002, all amounts due under this sale of assets contract had been satisfied.

During Fiscal 2003, the Company issued approximately 500,000 shares of restricted, unregistered common stock to Tully Moye in complete settlement of all remaining obligations related to the acquisition and disposition of Moye & Associates, Inc. (dba TheBest.Net).

#### BUSINESS OF AFFILIATES

##### EPICUS, Inc.

Our primary and currently only active subsidiary, EPICUS, Inc., is a multi-service telecommunications company with approximately 30,000 active accounts incorporating approximately 50,000 lines, in both the residential and business markets. We focus on developing integrated telephone service in the Competitive Local Exchange Carrier area of the telecommunications industry. Like many other emerging Competitive Local Exchange Carriers, our entry in this industry was facilitated by the passing of the Telecommunications Act of 1996 which allows Competitive

Local Exchange Carriers to lease various elements of the networks of the Incumbent Local Exchange Carriers that are necessary to provide local telephone service in a cost-effective manner. We offer small businesses and residential consumers an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, data and dial up access to the Internet. We are certified to offer long distance and internet services in the 48 contiguous states. We are currently supplying local and long distance service to customers in 7 of the 9 states in the BellSouth System. Additionally, we have long distance customers in 40 of the 48 states in which we are certified.

We have built our company by primarily focusing on being in the vanguard of new telecommunication products and services such as our "Freedom Rings[TM] and AccessNOW[TM] voice and data services brands, and creating software systems and processes to deliver telecommunication services over leased networks, instead of concentrating on buying switches and hardware to build a very expensive network, which could be severely under-utilized for a potentially long period of time. In our opinion, it is that major expense which has led to the demise of many emerging telephone companies. Instead, we have built a scalable operating platform that can provision a local phone line, read usage records, rate phone calls for billing purposes, and prepare monthly invoices to customers. We can bill all of a customers telecommunication services on one itemized bill.

Because of the expense and complexity of the business, we have focused on improving our performance through automation. We believe one of the greatest accomplishments in building our business over the past three years was the development of our own operational support systems ("OSS"). It is these systems that allow us to rapidly execute our customers orders, for example: orders for new service and repair orders, plus real time information on billing and collections. It is more economic, more efficient and more accurate than being totally dependant upon outside sources and clerical performance.

MOYE & ASSOCIATES, INC. (TheBest.Net)

Moye & Associates, dba "TheBest.Net" (a Georgia corporation) was primarily an Internet Service Provider (ISP). To raise additional operating capital, in July 2001, Epicus Group sold the customers of The Best.Net. for \$200,000 to another Internet Service Provider. Epicus Group plans to keep the corporation current, but inactive, until a suitable use can be found for it.

MIC-MAC INVESTMENTS, INC. ("Mic-Mac")

Mic-Mac Investments, Inc. and Hospitality Telecom (together "Hospitality") were acquired on April 1, 1998. Hospitality ceased to operate late in the third quarter of fiscal 1999, claiming they could not meet their business plan projections or continue without Epicus Group acquiring a long distance telephone company, and since it had no remaining assets or liabilities as of May 31, 1999, we wrote off our remaining investment in them in that fiscal year. Although it has ceased to operate, Mic-Mac, Inc. remains the property of the Company until a decision is made as to its future.

EMPLOYEES

As of May 31, 2003, including our affiliates, we had 56 employees.

## PATENTS

The Company owns two patents for solidification of environmental waste, which were acquired when the Company was involved in that business. However, the Company is no longer in such business and it is believed by the Company that these patents are of very little value today, as they have been rendered obsolete due to the rapid development of the environmental clean-up industry.

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## ITEM 2 DESCRIPTION OF PROPERTY

Our principal executive offices are located at 1750 Osceola Drive, West Palm Beach, Florida 33409 and our telephone number is (561) 688-0440. This space is approximately 1,500 square feet including three offices and a conference room. The annual lease cost is \$3,500.00 per month, plus expenses and expired in August 2002. The property is owned by a corporation owned by the Company's President and Chief Executive Officer. The Company continues to occupy the property on a month to month basis while a new lease is being negotiated.

The Company's operating subsidiary, Epicus, has entered into sublease agreement for office space in Lake Mary, Florida. The lease expires September 24, 2004 and requires monthly rental payments of approximately \$11,500 per month for the first 12 months of the sublease term and \$11,845 for the remainder of the term. Epicus also has a first right of refusal to acquire additional space contiguous to the new space. Further, the Company has an option to acquire certain office furnishings left in the space by the former tenant at a bargain price if said option is exercised by December 31, 2003. Future payments under this sublease are as follows: year ending December 31, 2003 - approximately \$138,000; year ending December 31, 2004 - approximately \$106,600.

## ITEM 3 - LEGAL PROCEEDINGS

In June of 2002, AT&T filed suit against Epicus Group in the amount of \$480,796 alleging non-payment of charges. Epicus Group has consistently denied responsibility for the charges and negotiations have been ongoing in an attempt to resolve this dispute. The matter has gone to mediation and a verbal agreement for a settlement in the amount of \$120,000 has been reached. The matter is awaiting final written approval and agreement on the settlement and its terms of payment.

One of our subsidiaries, EPICUS, has been involved in a dispute with one of its former carriers, Sprint Florida, regarding a default in payment for services. On August 23, 2000, Sprint filed suit in the Circuit Court of the Ninth Judicial Circuit in and for Orange County Florida. We believed that the accusation was incorrect, however after obtaining advice from legal counsel, we decided not to litigate the matter and on December 21, 2000, the carrier was awarded by that court, a default judgment against EPICUS in the amount of \$321,587.52. In accordance with a Judgment Payment Agreement dated February 15, 2001, EPICUS agreed to pay Sprint as follows: Principal payments of \$10,000 each will be due commencing March 15, 2001 through September 15, 2002 (18 months). The final balloon payment of \$142,000 is payable on October 15, 2002.



On June 22, 2000, EXL Information of Vancouver, BC, Canada filed suit in the Supreme Court of British Columbia, Canada, for payment of "royalty fees" it claims were owed by EPICUS for the use of their billing program. EPICUS denies owing EXL any money maintaining that the program was supposed to be adapted by EXL to meet EPICUS's needs, which they never did, thereby nullifying the agreement. EXL is seeking relief in the amount of US\$184,761. The matter is still being litigated. The outcome of this litigation is not determinable at this time. Management intends to aggressively defend this action to conclusion.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During Fiscal 2003, there were no matters submitted to a vote of the shareholders of Epicus Communications Group, Inc. (formerly Phoenix International Industries, Inc.).

PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

There are 200,000,000 shares of Common Stock authorized for issuance. Of this amount, 113,817,571 shares are currently issued and outstanding. There are 5,000 shares of Preferred Stock authorized, the designation and rights of which are to be determined by the Board of Directors.

The following table sets forth the range of high and low bid prices as reported on the OTCBB during the periods commencing:

<TABLE>  
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	High	Low	High	Low
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Calendar 2001				
01/01/01 through 03/31/01	.26	.03	.23	.032
04/01/01 through 06/30/01	.129	.06	.145	.072
07/01/01 through 09/30/01	.10	.06	.11	.07
10/01/01 through 12/31/01	.08	.04	.09	.05

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04/01/02 through 06/30/02	.05	.03	.06	.04
07/01/02 through 09/30/02	.06	.01	.05	.02
10/01/02 through 12/31/02	.05	.01	.04	.01
Calendar 2003				
01/02/03 through 03/31/03	.03	.01	.03	.01

04/01/03 through 06/30/03	.13	.02	.08	.04
---------------------------	-----	-----	-----	-----

</TABLE>

The price of shares have been adjusted for all stock splits, and are based on inter-dealer prices as the company is listed on the electronic over the counter bulletin board.

#### DIVIDENDS

The Company has paid no dividends during the past five fiscal years on any class of its issued and outstanding securities. The payment by the Company of dividends, if any, in the future rests within the discretion of its Board of Directors and will depend, among other tier things, upon the Company's earnings, its capital requirements and its financial condition, as well; as other relevant factors. By reason of the Company's present financial condition, the Company does not contemplate or anticipate paying any dividends on ,the Common Stock in the foreseeable future.

#### STOCK OPTION PLAN

On May 31, 1998, the Company's Board of Directors adopted a Stock Option Plan far its employees, directors and consultants. On April 24, 2001 file a form S-8 to register 5,000,000 underlying shares of that stock option plan. To date 4,296,277 shares of the current stock plan amount of 5,000,000 have been issued.

With the exception of historical facts, the matters discussed above include forward-looking statements that may involve a number of risks and uncertainties. Actual results may vary based upon a number of factors, including, but not limited to, risks in product and technology development, market acceptance of new products and technology, continuing demand, the impact of competitive products and pricing, and changing economic conditions.

### ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### RESULTS OF OPERATIONS

Years ending May 31, 2003 and May 31, 2002

For the year ending May 31, 2003, the Company reported revenues of \$10,412,586, with a gross profit of \$4,370,190 with operating expenses of \$5,883,333 and an operating loss of \$(1,513,143) versus the year ending May 31, 2002 with revenues of \$6,029,792 and a gross profit of \$2,849,333 with operating expenses of \$6,516,117 and an operating loss of \$(3,666,784). These revenues were solely derived from telecommunication service sales generated by Epicus Group's operating subsidiary, Epicus, Inc., as disclosed in the combined financial statement which is included in this filing.

The year 2003's increase in gross profit was primarily attributable to an increase in revenue coupled with lower cost of sales resulting from more favorable pricing from several suppliers. The reduction in our net loss was primarily the result of the decrease in staffing of both sales and operational personnel. If we can maintain the current revenue growth and favorable profit ratios, we anticipate the net loss to be eliminated and

to earn a net profit for the year ending May 31, 2004.

Our current high profit ratio is a direct result of increased computerization of billing and provisioning, plus increased independent agent sales which are only commissioned, not salaried plus commission. Our "in house" sales staff has also been greatly reduced as more emphasis is placed on developing our independent agent sales network.

During the year ended May 31, 2003, we incurred a net loss of \$(1,630,372) compared to net losses of \$(5,246,444) for the preceding year. A significant portion of our net loss for the year ended May 31, 2003, continue to be the result of paying down previously incurred long and short term debts and the debt service associated with those debts.

Also contributing to our loss during the period are the continued expenses associated with continuing to operate and maintain Epicus Group's offices, professional fees, including legal and accounting plus other expenses associated with being a reporting public company. We also incurred non-cash expenses associated with the issuance of 17,384,592 shares of stock to the holders of our convertible debenture.

In order for us to pay our operating expenses, including office rents, communication expenses, accounting and bookkeeping fees, printing and EDGAR preparation costs, publication costs, and other general and administrative expenses, we have been dependent upon the funds provided by non-interest bearing loans from our executive officers, directors and

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shareholders, and the sale of stock in prior periods under the terms and conditions of Regulation S of the Securities Act of 1933.

We still continue to be dependent upon the willingness of our executive officers/directors and consultants to accept shares and/or defer compensation for continued services to us, which services we consider to be valuable and necessary to our continued operations.

In Fiscal 2000, under the Bankruptcy "Plan of Reorganization", we purchased and acquired 100% of the common stock of Epicus, Inc., and as the "Reorganized Debtor" we operate Epicus, Inc's. business. In addition to the payment of \$570,000 ten days after the Plan of Reorganization was approved by the Court; a "Creditors Trust" was established for all "Allowed Unsecured Claims in excess of \$1,000, into which we paid an initial deposit of \$100,000 and are to continue to make semi-annual deposits of \$100,000 each to a maximum of \$500,000. In July of 2001 an agreement was made with the Creditors Committee to reduce the semi-annual payment to \$50,000, on which the company is currently in arrears. There remains a balance due to the Creditors Trust of \$350,000. For "Priority Claims" we agreed to pay a maximum of \$300,000 over a 6 year period plus 8% simple interest with an initial deposit of \$25,000. There is no structured payment amount scheduled for the priority claims. There is a balance remaining for Priority Claims of \$275,000 plus interest of 8%. The total balance due on the purchase of EPICUS is \$625,000 plus applicable interest.

## Discontinued Operations

In addition to EPICUS, we plan to continue to increase our presence in the telecommunications industry. With that plan in mind on August 8, 2000, we announced the purchase of Moye & Associates, Inc., of St. Simons, Georgia, the owner/operator of "The Best Net" an Internet Service Provider, Web Site Host and E-commerce Company.

On July 27, 2001 in order to solve a need for additional operating capital, The Best Net's customer base was sold, the balance of its assets were merged into EPICUS, and it became a discontinued operation. Although it has ceased to operate, Moye & Associates, Inc. remains the property of the Company until a decision is made as to its future.

Mic-Mac Investments, Inc. and Hospitality Telecom (together "Hospitality") were acquired on April 1, 1998. For the period from the date of acquisition through May 31, 1998, Hospitality had revenues of \$15,634 and expenses of \$30,404.

Hospitality ceased to operate late in the third quarter of fiscal 1999, claiming they could not meet their business plan projections or continue without Epicus capitalizing them far above the initial plan. Hospitality Telecom had no remaining assets or liabilities as of May 31, 1999, and Epicus Group wrote off its remaining investment in them in that fiscal year.

Although it has ceased to operate, Mic-Mac, Inc., remains the property of the Company until a decision is made as to its future.

## LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2003, Epicus Group had \$65,191 in cash in its operating account. To assist us in our cash flow requirements we may determine, depending upon the prevailing stock price of our shares, to seek subscriptions from the sale of securities to private investors, although there can be no assurance that we will be successful in securing any investment from private investors at terms and conditions satisfactory to us, if at all.

During the years ending May 31, 2003 and 2002, respectively, we issued 39,485,244 and 25,430,770 shares of common stock to settle acquisitions, various financial and business consulting services, exercise of options granted under our employee stock option plan, executive and employee compensation, an offshore investment under "Regulation S", and conversion of our outstanding convertible debenture and payment of accrued interest thereon.

Previously, the Company has funded its capital requirements for operating cash flow, by loans against its accounts receivable, loans from shareholders, sales of equity securities and the issuance of equity securities in exchange for assets acquired and services rendered. During the 12 months ended May 31, 2003, the Company has been and is continuing to attempt to attract new investment capital, which the Company believes will be necessary to sustain its ongoing operations and to facilitate growth.

To that end on July 11, 2001, the Company sold \$2,000,000 in convertible debentures. On May 1, 2003, as reported on Form 8-K, filed with the SEC on May 7, 2003, the Company entered into a "Debenture Redemption Agreement" with the holders of the convertible debentures. This was done

in order to extend the "due date" of the loans backed by the debentures and to obtain a more favorable method of paying off the notes. Additional detail on the "Debenture Redemption Agreement" is presented below.

The Company continues to explore opportunities to raise private equity capital and, in conjunction therewith, to provide credit support for the Company's operations and potential acquisitions. Although the Company has in the past been, and continues to be, in discussions with potential investors, there can be no assurance that its efforts to raise any substantial amount of private capital will be successful. Any substantial private equity investment in the Company will result in

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voting dilution of the Company's existing stockholders and could also result in economic dilution. If the Company is unable to obtain new capital, the Company will be unable to carry out its strategy of growth through acquisitions and the long-term ability of the Company to continue its operations may be in doubt.

Our monthly operating expenses reflect the accrual of salaries due to Gerard Haryman and Thomas Donaldson, our executive officers, at the rate of \$20,833 and \$8,600 per month respectively, which have not been paid. We do not contemplate commencing full salary payments to Messrs. Haryman and Donaldson unless and until we begin to generate positive cash flow from operations.

#### COMPETITION

We have many competitors ranging from the very large like McLeod Communications of with over 500,000 lines and ICG Communications with over 700,000 lines to the very small who have less than 10,000 lines. Those companies, both large and small, offer similar services as we and our subsidiaries offer. The Company believes that the competitive factors affecting its markets include features such as functionality, adaptability, ease of use, quality, performance, price, customer service and support, effectiveness of sales and marketing efforts and Company reputation. Although the Company believes that it currently competes favorably with respect to such factors, there can be no assurance that the Company can maintain its competitive position against current and potential competitors, especially those with greater financial marketing support and other resources than the Company.

We believe that our "Alternative Sales" approach of using utility companies gives us a distinct marketing advantage, as does our almost total automation in provisioning of new services and billing. These factors we believe, give us the competitive edge we need to continue our growth. However, there can be no assurance that we can maintain our competitive position against current and potential competitors, especially those with greater financial resources than we have.

#### RISKS RELATED TO OUR BUSINESS

Our auditors have expressed doubt about our ability to continue as a going concern.

Our independent auditors have issued their report dated August 21, 2003 on our consolidated financial statements as of May 31, 2003, which includes an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. Among the reasons cited by the independent auditors as raising substantial doubt as to our ability to continue as a going concern are the following: we have experienced cumulative operating losses for the previous three-year period of approximately \$15,600,000 and has used cash in operating activities for the same period of approximately \$4,636,000, have insufficient working capital and will continue to incur selling, general and administrative expenses. Additionally, realization of certain assets is dependent upon our ability to meet our future financing requirements, the success of future operations and our continued funding by our CEO and the sale of common stock.

These conditions raise substantial doubt about our ability continue as a going concern. We have a history of operating losses and may continue to incur operating losses. We will most likely require additional financing and, if we are unable to raise such funds, our operations may be adversely affected.

At May 31, 2003, we had current assets of \$3,085,078 and total assets of \$3,838,694. To assist us in our cash flow requirements we may determine, depending upon the prevailing stock price of our shares, to seek subscriptions from the sale of securities to private investors, although there can be no assurance that we will be successful in securing any investment from private investors at terms and conditions satisfactory to us, if at all. Based upon our present liquid resources, our present operating expenses, and the commitment of our executive officers to continue to defer most or all of their salaries, and if no increased revenues are generated from operations or other sources, we believe we will be able to operate for a minimum of twelve months. If additional funds are required, but cannot be raised, it will have an adverse effect upon our operations. To the extent that additional funds are obtained by the sale of equity securities, our stockholders may sustain significant dilution.

#### 1 CONVERTIBLE DEBENTURES

On September 28, 2001, a consortium of four (4) separate investment entities under common management purchased 12% convertible debentures from the Company and were issued the right to receive warrants to purchase an aggregate of 3,500,000 shares of common stock from the Company in a future private placement transaction.

As of May 31, 2003, the Company has issued and outstanding approximately \$1,255,128 in 12.0% convertible debentures (Debentures). Interest on the debentures is payable on a quarterly basis on March 31, June 30, September 30 and December 31 of each year while such Debentures are outstanding and on each Conversion Date, whichever occurs earlier. Interest may be paid, at the Company's option, in either cash or restricted, unregistered common stock. The Debentures must be prepaid if an event of default occurs under the Debentures and at the Company's option may be prepaid within thirty days of the original issue date of the Debentures. Management is of the opinion that the Company has sufficient authorized common shares to cover the conversions. In the event that the Company does not have adequate authorized and unissued

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shares of common stock to effect the maximum shares needed to effect the conversion, the Company may need to seek shareholder consent to increase our amount of authorized shares. If we do not have enough authorized shares to cover the conversions and are unable to obtain shareholder approval to increase our authorized shares, such failure would be considered a breach of certain relevant provisions and representations and warranties under the Debenture documents and could result in the acceleration of all amounts due under the Debentures.

On May 1, 2003, the Company and the Debenture Holders entered into a Debenture Redemption Agreement (Redemption Agreement). The Redemption Agreement sets forth the following terms and conditions related to the Debentures on an ongoing basis:

- a. Redemption Schedule; Payment of Net Redemption Amount: The Company shall pay the Net Redemption Price to the Debenture Holders in monthly installments in the amount of \$40,000 (the "Monthly Redemption Payment"), with the first installment thereof due on July 1, 2003 and subsequent installments thereof due on the first business day of each succeeding month (each, a "Payment Date") until the Net Redemption Amount has been paid in full. The Company shall pay the Debenture Holders by wire transfer of immediately available funds pursuant to the Debenture Holders' written instructions. The Monthly Redemption Payment shall be applied with respect to the Debenture Holders in the following order: (i) Accrued Interest, (ii) Redemption Premium, and (iii) outstanding principal balance of the Owned Debentures.
- b. Prohibited Conversions: The Debenture Holders shall not convert the Owned Debentures into shares of the Company's common stock, par value \$0.001 per share (the "Shares") during the period commencing on the date hereof and ending on June 30, 2003 (the "Prohibited Period").
- c. Permitted Conversions: Following the Prohibited Period, the Debenture Holders shall be permitted to convert its Owned Debentures, to the extent such Owned Debentures have not been previously redeemed hereunder, into Shares in accordance with the terms and subject to the conditions of the Owned Debentures, subject to the following restrictions:
  - (1) If the last reported sale price of the Shares on the Over-the-Counter Bulletin Board as reported by Bloomberg (the "Price") is less than \$.10 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 300,000 Shares every thirty (30) days during the period in which the Price remains less than \$.10 per Share,
  - (2) If the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 500,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share,
  - (3) If the Price is equal to or exceeds \$.20 per Share but

is less than \$.30 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 750,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, and

- (4) If the Price is equal to or exceeds \$.30 per Share, then the Debenture Holders shall not be restricted by the Company hereunder with respect to the number of Shares into which the Debentures may be converted during the period that the Price is equal to or exceeds \$.30 per Share, provided, however, that if the Company fails to (i) make the Monthly Redemption Payment pursuant to Section 2 hereof within five (5) business days following the Payment Date or (ii) pay any delinquent amounts that are due and owing under this Agreement, then the foregoing restrictions on the Debenture Holders' right to convert their Owned Debentures into Shares shall be suspended until the first day of the next month following the date that the Monthly Redemption Payment is received in full by the Debenture Holders.

- d. **Issuance of Additional Shares:** The Company shall issue and deliver to the Debenture Holders shares of common stock representing, in the aggregate, one percent (1%) of the outstanding shares of the Company on the earlier to occur of: (i) the date of full conversion by the Debenture Holders of all of the Owned Debentures and (ii) the date of payment by the Company of the total Aggregate Redemption Price (collectively, the "Additional Shares").
- e. **Interest:** Interest on the outstanding balance of the Owned Debentures shall continue to accrue following the date hereof as specified in the respective Owned Debenture and shall be payable in cash or Shares in accordance with the terms thereof.
- f. **Effectiveness of the Registration Statement:** The Company shall take all necessary actions, including the preparing and filing of one or more registration statements of the Company and any amendments or supplements thereto (the "Registration Statement") required under the Securities Act of 1933, as amended, and the rules and regulation thereunder, to cause the Shares issuable upon conversion of the Owned Debentures to be registered for resale pursuant to an effective Registration Statement. If (i) the Company fails to respond to all comments made by the Securities and Exchange Commission (the "SEC") in connection with the Registration Statement within ten (10) business days of receipt from the SEC or (ii) the SEC has not declared the Registration Statement effective on or before July 10, 2003, then the Company shall immediately pay to each Debenture Holders an

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amount equal to five percent (5%) of the sum of (a) the outstanding balance of the Debenture Holders's Owned Debentures, (b) accrued interest on the Debenture Holders's Owned Debentures and (c) a premium equal to thirty percent (30%) of the sum of (a)



and (b) (the "Registration Penalty"). The Registration Penalty shall be payable either in cash or Shares, the number of which shall be based on the conversion price set forth in the Owned Debentures, at each Debenture Holders's option. If a Debenture Holders elects to receive the Registration Penalty in cash, then the full amount of the Registration Penalty shall be paid to such Debenture Holders by wire transfer of immediately available funds in accordance with the instructions set forth on attached Schedule II.

- g. Effect of Breach: In the event of a breach by the Company of any of the provisions of this Agreement, either by a failure to timely make any payment or failure to effect any conversion by the Debenture Holders or otherwise, in addition to any other remedies available to the Debenture Holders in law or equity with respect to such breach, the applicable discount to the market price of the Owned Debentures shall permanently be amended from fifty percent (50%) to seventy-five percent (75%).

In conjunction with the issuance of the convertible debentures, the debentures were issued with an equivalent per share value of common stock below the ending quoted market price of the Company's common stock on the issue date. This difference created a Beneficial Conversion Feature Discount of approximately \$300,000. This discount was then amortized over the unexpired time period between the date of issue of the eligible shares and the maturity date of the underlying debentures. Approximately \$141,177 and \$158,823 was amortized to operations during the years ended May 31, 2003 and 2002, respectively.

#### ITEM 7 - FINANCIAL STATEMENTS

The required financial statements begin on page F-1 of this document.

#### ITEM 8 - CHANGES IN, AND DISAGREEMENT WITH, ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company's financial statements for the fiscal years ended May 31, 2001, 2000 and 1999 were audited by the firm of Wieseneck, Andres and Company, P.A. (Wieseneck) of North Palm Beach, Florida.

On July 15, 2002, the Company's Board of Directors made a decision to terminate the services of Wieseneck as the Company's independent auditors. The termination of Wieseneck resulted from a business decision made by the Board of Directors.

The Company informally notified Wieseneck of the Board's decision, concurrent with the Board action. The Company confirmed the dismissal of Wieseneck in writing on August 7, 2002. The Company furnished Wieseneck with a copies of the Form 8-K and Form 8-K/A, as filed by the Company and requested Wieseneck to provide a letter addressed to the SEC stating that it agrees with the statements in the immediately preceding paragraph.

Wieseneck's audit opinion on the financial statements for either of the past two (2) years contained an adverse opinion or a disclaimer of opinion or was qualified or modified as to uncertainty, audit scope or accounting principles, except for a going concern opinion expressing substantial doubt about the ability of the Company to continue as a going concern.

During the Company's fiscal years ended May 31, 2001 and 2000 and from May 31, 2001 to the date of the filing of the respective Form 8-K or Form 8-K/A, there were no disagreements with Wieseneck on any matter of accounting principles or practices, financial disclosure, or auditing scope or procedure. Additionally, there were no reportable events, as described in Item 304(a)(1)(v) of Regulation S-K, during the Company's fiscal years ended May 31, 2001 and 2000 and from May 31, 2001 to the date of the filing of the respective Form 8-K or Form 8-K/A.

On July 16, 2002, the Company's Board of Directors approved the retention of the accounting firm of S. W. Hatfield, CPA of Dallas, Texas as its independent auditors for the fiscal year ending May 31, 2002 and subsequent periods. During the Company's two most recent fiscal years ended May 31, 2002, and the subsequent interim periods through the date of the filing of the respective Form 8-K or Form 8-K/A, the Company did not consult with S. W. Hatfield, CPA regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

As a result of the change in independent accountants, the Company found it necessary to file a Form 12b-25, Notice of Late Filing, dated August 28, 2002. At that time the Company believed its form 10-KSB would have been successfully completed and filed within the 15 day extension period as required. However, Wieseneck did not respond to our successor auditor's inquiries, made in accordance with Statement of Auditing Standards No. 84, nor did they fully cooperate with the Company in transmitting copies of all requested workpapers and schedules prepared by them that could be construed as Company records necessary for S. W. Hatfield, CPA to complete the 2002 audit, resulting in the Company not being able to file its 10-KSB within the additional allocated time period. This change in the Company's independent auditors, and the lack of cooperation caused delay in the filing of its 2002 Annual Report.

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Additionally, as of this date, Wieseneck has not yet provided a letter, as is required, to be included as an exhibit on our Form 8-K/A dated August 7, 2002, stating that they agree or disagree with the Company's statement that of during the period Wieseneck, Andres & Company, P.A., were acting as our independent accountants, there were no disagreement(s) with them on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. The Company will file a further amendment to that Form 8-K/A upon receipt of that letter. As of the date of this filing, Wieseneck has not complied with the requirements of the SEC.

&lt;PAGE&gt;

ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;  
COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following table sets forth certain information with respect to our executive officers and directors. Each director serves a term of one year or until a successor is elected.

&lt;TABLE&gt;

&lt;CAPTION&gt;

Name	Age	Position Held and Tenure
----	---	-----
<S> Gerard Haryman	<C> 59	<C> President, CEO, acting CFO & Chairman of the Board
Thomas Donaldson	60	Vice President, Secretary & Director
Timothy Palmer	57	Director

&lt;/TABLE&gt;

Gerard Haryman, has served as our Chairman of the Board, President and Chief Executive Officer since January of 1996. Previously and concurrently, since 1981 to the present, Mr. Haryman has been President and Chief Executive Officer of SA, Sitmo, developers and builders of commercial and residential properties throughout Europe, with corporate offices in Paris, France. Mr. Haryman has also been involved in the development of residential property in the Palm Beach area since 1988, and during that period has also served on the Board of Directors of several other companies, both public and private. Mr. Haryman attended the "Institute General de Finance" in Paris, France majoring in finance and administration.

Thomas N. Donaldson, since February of 1993, Mr. Donaldson has been and officer and director of Epicus Group (fka) Phoenix International Industries, Inc., and of Trident Environmental Systems, Phoenix's predecessor. Prior to his entering the public company arena, he had an extremely successful background in the electronic media, both television and radio. Before being promoted to executive level management, he was an award winning Producer/Director at both the local and network levels.

Additionally, he was a majority partner in the television production company, "American Televent", which produced commercials and syndicated programming. Mr. Donaldson attended both the University of Miami and the University of Paris.

Timothy Palmer, since October 1993 Mr. Palmer has been President of HDX 9000, Inc., of New York and West Palm Beach, Florida, a computer and business consulting firm. He has been a Director of the Company since July 1997. From March 1997 to the present, he has been President of Quality Advantage, Ltd. of Kingston, Jamaica, a computer and business consulting firm. Prior to October 1993, he was manager of the Palmer Family Trust in London, England. Mr. Palmer holds a Bachelor of Commerce Degree from McGill University in Montreal, Canada.

#### ITEM 10 - EXECUTIVE COMPENSATION

The following table sets forth the cash compensation of our executive officers and directors during each of the last three fiscal years. The remuneration described in the table does not include the cost we incurred in furnishing benefits to the named executive officers, including premiums for health insurance and other benefits provided to such individual that are extended in connection with the conduct of our business. The value of such benefits cannot be precisely determined, but the executive officers named below did not receive other compensation in excess of the lesser of \$25,000 or 10% of such officer's cash compensation.

##### Summary Compensation Table

<TABLE>

<CAPTION>

Name and Principal Position <S>	Year <C>	Salary <C>	Annual Bonus <C>	Compensation <C>	Restricted Stock <C>	O S <
Gerard Haryman Pres./CEO/Dir.	2003	250,000 (1)	-0-	-0-	-0-	
	2002	250,000 (1)	-0-	-0-	-0-	
	2001	250,000 (1)	-0-	-0-	-0-	
Thomas Donaldson VP/COO/Dir.	2003	104,000 (1)	-0-	-0-	-0-	
	2002	104,000 (1)	-0-	-0-	-0-	
	2001	104,000 (1)	-0-	-0-	-0-	

</TABLE>

- (1) Due to our cash position, Mr. Haryman and Mr. Donaldson have deferred payment of all or part of their salaries and bonuses.

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- (2) Mr. Haryman received a grant of 1,400,000 shares of our common stock on April 8, 2000 valued at \$1,484,000 and 2,000,000 shares on February 1, 2001 valued at \$538,000 and 300,000 shares on July 16, 2001 valued at \$21,000.
- (3) Mr. Donaldson received a grant of 250,000 shares of our common

stock on April 8, 2000 valued at \$265,000 and 300,000 shares on February 1, 2001 valued at \$134,500 and 300,000 shares on July 16, 2001 valued at \$21,000.

No additional shares have been issued to our executive officers since July 16, 2001.

For the year ended May 31, 2002 we issued 4,296,277 shares of stock under the Employee Stock Option Plan.

#### EMPLOYMENT AGREEMENTS

We currently have no Employment Contracts in effect.

#### COMPENSATION OF DIRECTORS

Each of our Directors is to receive 12,000 shares of common stock for each year cumulative of service plus reimbursement of out-of-pocket expenses.

#### OUTSIDE DIRECTORS

Currently, the Company has only one outside Director, Timothy Palmer.

#### ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

<TABLE>

<CAPTION>

Name and Address <S>	Common Stock <C>	Percentage of Class (1) (2) <C>
Gerard Haryman President/CEO 1750 Osceola Drive West Palm Beach, FL 33409	4,273,948 (3)	3.8%
Thomas Donaldson VP/COO, Director 1750 Osceola Drive West Palm Beach, FL 33409	100,000	*
Timothy Palmer, Director 1750 Osceola Drive West Palm Beach, FL 33409	500,000	*
All Directors and Executive Officers as a Group	4,873,948	4.2%

\* less than 1%

</TABLE>

(1) Unless otherwise noted below, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. For purposes hereof, a person is considered to be the beneficial owner of securities that can be acquired by such person within 60 days from

the date hereof upon the exercise of warrants or options or the conversion of convertible debentures. Each beneficial owner's percentage ownership is determined by assuming that any such warrants, options or convertible debentures that are held by such person (but not those held by any other person) and which are exercisable within 60 days from the date hereof, have been exercised.

- (2) Percentage based on 113,817,571 shares outstanding as of May 31, 2003.
- (3) Includes 280,000 shares owned by Mr. Haryman's wife that are deemed beneficially to be owned by him.

#### BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The following persons failed to file Form 5 for the fiscal year:

Gerard Haryman  
 Thomas Donaldson  
 Timothy Palmer

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#### ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The company was a party to and has a direct or indirect material interest in the following transactions during the years ended May 31, 2003 and 2002, respectively:

The Company leases its executive offices in West Palm Beach, Florida from a corporation owned by Gerard Haryman, the Company's President and Chief Executive Officer. The terms and conditions of this arrangement are discussed in Item 2 - Description of Property.

During Fiscal 2003 and 2002, respectively, the Company received (repaid) interest bearing advances either directly from Gerard Haryman, the Company's President and Chief Executive Officer or entities affiliated with Gerard Haryman in the net amounts of approximately \$(105,715) and \$469,718.

#### ITEM 13 - EXHIBITS AND REPORTS ON FORM 8-K

##### Exhibits

- - - - -

- (3) Articles of Incorporation and By-Laws

The Articles of Incorporation and Articles of Amendment to The Articles of Incorporation and By-Laws of the Registrant were pre-filed as Exhibits 3-1, 3.2, and 3.3, respectively, to the registrant's Form 10-KSB, for the fiscal year 1995, under the Securities and Exchange Act of 1934, filed April 1, 1998, with the Securities and Exchange Commission and are incorporated herein by reference.

- (10) Material Contracts

Some of the Material Contracts of the Registrant were filed as Exhibits 10.1, 10.2, 10.3, 10.4, and 10.5, respectively, to the Registrant's Form 10-KSB as of May 31, 1998 under the Securities and Exchange Act of 1934, filed April 1, 1998 with the Securities and Exchange Commission - The Contracts for the sale of ITC and the purchases of Hospitality Telecom Corp (formerly Mic Mac Investments, Inc.) and Cambridge Gas Transport Corporation, were included in Epicus Group's (formerly Phoenix International Industries, Inc.'s) 10-KSB for the year ended May 31, 1998 and are incorporated herein by reference.

23.1 Consent of Independent Certified Public Accountants

31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K

May 5, 2003 Announcing the name change from Phoenix International Industries, Inc. to Epicus Communications Group, Inc.

May 7, 2003 Announcing the execution on May 1, 2003 of a "Debenture Redemption Agreement" with the holders of the Company's outstanding convertible debentures.

#### ITEM 14 - CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's President, Chief Executive and Financial Officer. Based upon that evaluation, the Company's President, Chief Executive and Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive and Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

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## SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EPICUS COMMUNICATIONS GROUP, INC.

Date: September 10, 2003

By: /s/ Gerard Haryman  
-----

Gerard Haryman  
President, Chief Executive Officer,  
Acting Chief Financial Officer and  
Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on, the dates indicated,

Date: September 10, 2003

By: /s/ Gerard Haryman  
-----

Gerard Haryman  
President, Chief Executive Officer,  
Acting Chief Financial Officer and  
Director

Date: September 10, 2003

By: /s/ Thomas N. Donaldson  
-----

Thomas N. Donaldson  
Vice President, Secretary  
and Director

Date: September 10, 2003

By: /s/ Timothy Palmer  
-----

Timothy Palmer  
Director

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES



(formerly Phoenix International Industries, Inc. and Subsidiaries)

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S. W. Hatfield, CPA  
Use our past to assist your future.[sm]

P.O. Box 820395  
Dallas, TX 75382-0395

(214) 342-9635 (voice)

(214) 342-9601 (fax)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors and Stockholders  
Epicus Communications Group, Inc.  
(Formerly Phoenix International Industries, Inc.)

We have audited the accompanying consolidated balance sheet of Epicus Communications Group, Inc. (formerly Phoenix International Industries,

Inc.) (a Florida corporation) and Subsidiaries as of May 31, 2003 and 2002 and the related statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for each of the years ended May 31, 2003 and 2002, respectively. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Epicus Communications Group, Inc. (formerly Phoenix International Industries, Inc.) as of May 31, 2003 and 2002 and the results of its operations and its cash flows for each of the years ended May 31, 2003 and 2002, respectively, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note C to the consolidated financial statements, the Company continues to experience operating losses and negative cash flow from operating activities. Liquidity during this period has been provided by management and/or significant shareholders to provide sufficient working capital to maintain the integrity of the corporate entity. These circumstances create substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not contain any adjustments that might result from the outcome of these uncertainties.

/s/ S. W. Hatfield, CPA

-----  
S. W. HATFIELD, CPA

Dallas, Texas  
August 21, 2003

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED BALANCE SHEETS  
May 31, 2003 and 2002

<TABLE>  
<CAPTION>

May 31, 2003      May 31, 2002

<S>	ASSETS	<C>	<C>
Current Assets			
Cash on hand and in bank		\$ 65,191	\$ 850
Accounts receivable - Trade			
net of allowance for doubtful accounts			
of approximately \$750,000 and \$185,000, respectively		3,004,887	1,353,660
Advances due from officer		15,000	15,000
		-----	-----
Total current assets		3,085,078	1,369,510
		-----	-----
Property and equipment - at cost			
Less Accumulated depreciation		574,833	562,355
		(291,039)	(228,659)
		-----	-----
Net property and equipment		283,794	333,696
		-----	-----
Other Assets			
Deposits		214,717	207,898
Restricted cash		201,296	203,798
Assets held for sale		30,285	-
Trademark and corporate name development costs		23,524	23,524
		-----	-----
Total other assets		469,822	435,220
		-----	-----
TOTAL ASSETS		\$ 3,838,694	\$ 2,138,426
		=====	=====

&lt;/TABLE&gt;

- Continued -

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

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&lt;PAGE&gt;

EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED BALANCE SHEETS - CONTINUED  
May 31, 2003 and 2002

&lt;TABLE&gt;

&lt;CAPTION&gt;

	May 31, 2003	May 31, 2002
<S>	----- <C>	----- <C>
LIABILITIES AND STOCKHOLDERS' EQUITY -----		
Current Liabilities		
Bank overdraft	\$ -	\$ 74,206
Notes payable to banks and other	1,308,878	1,363,093
Accounts payable - trade	3,880,830	2,531,854
Accrued sales and service taxes payable	1,268,450	623,677
Accrued payroll and payroll taxes payable	494,551	286,719
Accrued rent payable to affiliate	132,067	90,468
Accrued interest payable	884,148	527,243
Accrued officer compensation	2,472,372	2,119,176
	-----	-----
Total current liabilities	10,441,296	7,616,436
	-----	-----
Long-term debt		
Advances from controlling shareholder/officer	1,267,608	1,373,323
	-----	-----
Total liabilities	11,708,904	8,989,759
	-----	-----
Commitments and contingencies		
Convertible debentures		
	1,255,128	1,429,697
	-----	-----
Stockholders' Equity (Deficit)		
Preferred stock - \$0.001 par value 5,000 shares authorized None issued and outstanding	-	-
Common stock - \$0.001 par value. 200,000,000 shares authorized. 113,817,571 and 74,332,327 shares issued and outstanding, respectively	113,818	74,332
Additional paid-in capital	13,891,580	13,145,002
Accumulated deficit	(23,130,736)	(21,500,364)
	-----	-----
Total stockholders' equity	(8,125,338)	(8,281,030)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,838,694	\$ 2,138,426
	=====	=====

&lt;/TABLE&gt;

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

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&lt;PAGE&gt;

EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE LOSS  
Years ended May 31, 2003 and 2002

<TABLE>  
<CAPTION>

	Year ended May 31, 2003	Year ended May 31, 2002
	-----	-----
<S>	<C>	<C>
Revenues - net	\$ 10,412,856	\$ 6,029,792
Cost of Sales	(6,042,666)	(3,180,459)
	-----	-----
Gross Profit	4,370,190	2,849,333
	-----	-----
Operating Expenses		
Selling expenses	1,560,021	780,645
General and administrative expenses	4,245,968	3,483,632
Bad debt expense	842,174	1,969,657
Depreciation and amortization	105,023	197,620
Compensation expense related to common stock issuances at less than "fair value"	77,344	84,563
	-----	-----
Total operating expenses	5,883,333	6,516,117
	-----	-----
Loss from operations	(1,513,143)	(3,666,784)
	-----	-----
Other income		
Interest and other income (expense) - net	27,524	(78,627)
Interest expense	(415,691)	(414,807)
Accretion of Beneficial Conversion Feature Discount on Convertible Debentures	(141,177)	(158,823)
Impairment adjustment of reorganization value in excess of amounts allocated to identifiable assets	-	(643,020)
Abandonment and impairment of property and equipment	(33,962)	(305,656)
	-----	-----
Loss before provision for income taxes, discontinued operations and extraordinary item	(2,076,449)	(5,267,357)
	-----	-----
Provision for income taxes	-	-
	-----	-----
Loss before discontinued operations and extraordinary item	(2,076,449)	(5,267,357)
	-----	-----
Discontinued operations		
Loss on final settlement and disposition of assets and operations in closed subsidiaries, net of income taxes	-	20,913
Income from operations of discontinued subsidiary, net of income taxes	-	-

Loss before extraordinary item	(2,076,449)	(5,246,444)
Extraordinary item		
Forgiveness and extinguishment of accounts payable	446,077	-
Net Loss	(1,630,372)	(5,246,444)
Other comprehensive income	-	-
Comprehensive Loss	\$ (1,630,372)	\$ (5,246,444)

&lt;/TABLE&gt;

- Continued -

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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE LOSS - CONTINUED  
Years ended May 31, 2003 and 2002

<TABLE>  
<CAPTION>

	Year ended May 31, 2003	Year ended May 31, 2002
<S>	<C>	<C>
Loss before provision for income taxes, discontinued operations and extraordinary item	\$ (2,076,449)	\$ (5,267,357)
Provision for income taxes	-	-
Loss before discontinued operations and extraordinary item	(2,076,449)	(5,267,357)
Discontinued operations	-	20,913
Loss before extraordinary item	(2,076,449)	(5,246,444)
Extraordinary item	446,077	-
Net Loss	(1,630,372)	(5,246,444)
Other comprehensive income	-	-
Comprehensive Loss	\$ (1,630,372)	\$ (5,246,444)

Net loss per weighted-average share of common stock outstanding, calculated on Net Loss - basic and fully diluted		
From continuing operations	\$ (0.03)	\$ (0.08)
Discontinued operations	-	-
Extraordinary item	0.01	0.00
	-----	-----
	\$ (0.02)	\$ (0.08)
	=====	=====
Weighted-average number of shares of common stock outstanding	88,673,078	64,444,538
	=====	=====

&lt;/TABLE&gt;

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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
Years ended May 31, 2003 and 2002

<TABLE>  
<CAPTION>

	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Accu De
<S>	<C>	<C>	<C>	<C>
Balances at June 1, 2001	48,901,557	\$ 48,902	\$11,524,369	\$(16
Issuance of common stock				
For cash pursuant to a private placement in accordance with Regulation S	2,000,000	2,000	98,000	
For cash pursuant to options granted and exercised by non-officer employees	3,067,777	3,068	298,088	
For services rendered, interest and debt conversion	16,950,493	16,950	1,121,082	
For compensation to officers	1,212,500	1,212	83,663	
For final settlement on disposition of Moye & Associates, Inc.	2,200,000	2,200	19,800	
Net loss for the year	~	-	-	(5
	-----	-----	-----	-----
Balances at May 31, 2002	74,332,327	74,332	13,145,002	(21
Issuance of common stock				
For payment of interest and				

retirement of debt	32,963,022	32,963	462,041	
For services rendered	2,222,222	2,223	68,660	
For compensation to employees	4,300,000	4,300	74,700	
Accretion of Beneficial Conversion Discount Feature	-	-	141,177	
Net loss for the year	-	-	-	(1)
Balances at May 31, 2003	113,817,571	\$113,818	\$13,891,580	\$(23)

&lt;/TABLE&gt;

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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended May 31, 2003 and 2002

<TABLE>  
<CAPTION>

	Year ended May 31, 2003	Year ended May 31, 2002
	<C>	<C>
Cash Flows from Operating Activities		
Net loss for the year	\$ (1,630,372)	\$ (5,246,444)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	105,023	102,951
Amortization	-	94,669
Bad debt expense	842,174	1,969,657
Expenses paid with common stock	149,884	664,197
Forgiveness and extinguishment of accounts payable	446,077	-
Impairment and abandonment charges to operations	33,962	948,676
Compensation expense related to common stock issuances at less than "fair value"	77,344	84,563
Accretion of Beneficial Conversion Feature Discount on Convertible Debentures	141,177	158,823
(Increase) Decrease in		
Accounts receivable	(2,493,401)	(2,248,490)
Prepaid expenses	-	2,875
Deposits, intangible and other assets	(6,819)	294,516
Increase (Decrease) in		
Accounts payable	1,746,519	764,860
Accrued liabilities	894,204	675,816
Accrued interest payable	395,780	277,010
Accrued officer compensation	353,196	353,196
Net cash used in operating activities	(162,594)	(1,103,125)



Cash Flows from Investing Activities		
(Increase) Decrease in restricted cash	2,502	(433)
Purchase of property and equipment	(70,834)	(50,255)
Net cash used in investing activities	(68,332)	(50,688)
Cash Flows from Financing Activities		
Increase (Decrease) in cash overdraft	(74,206)	70,290
Proceeds from sale of common stock	-	328,905
Cash paid to raise capital	-	(30,727)
Proceeds from convertible debentures	150,000	155,000
Cash advanced from (paid to) affiliated entities	(105,715)	469,758
Repayments of advances from stockholder	-	-
Proceeds from notes payable	-	150,000
Cash to repay notes payable	-	(47,128)
Net cash used in financing activities	(29,921)	1,096,098
Increase (Decrease) in Cash	64,341	(57,715)
Cash at beginning of period	850	58,568
Cash at end of period	\$ 65,191	\$ 850

&lt;/TABLE&gt;

-Continued-

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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)  
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED  
Years ended May 31, 2003 and 2002

&lt;TABLE&gt;

&lt;CAPTION&gt;

	Year ended May 31, 2003	Year ended May 31, 2002
<S>	<C>	<C>
Supplemental Disclosure of		
Interest and Income Taxes Paid		
Interest paid for the period	\$ 19,911	\$ -
Income taxes paid for the period	\$ -	\$ -

Supplemental Disclosure of Non-cash

investing and financing activities		
Common stock issued for retirement of debt	\$ 378,784	\$ 440,303
	=====	=====
Common stock issued in payment of accrued interest	\$ 38,875	\$ 137,797
	=====	=====

&lt;/TABLE&gt;

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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS

Phoenix International Industries, Inc. (Company) was incorporated on July 22 1985, pursuant to the laws of the State of Florida under the name Hydrobac, Inc. On July 7, 1986, the Company's name was changed to ProBac, Inc. and on October 5, 1994, its name was changed to Trident Environmental Systems, Inc. During those periods the Company's primary business was in various types of products and systems for use in the environmental clean-up industry. On October 2, 1996, the Company's name was changed to Phoenix International Industries, Inc. From January 1996 through May 31, 1997, the Company sought acquisitions as it wound down and closed its original environmental clean-up business.

In May 2003, Phoenix International Industries Inc. changed the company's name to Epicus Communications Group, Inc. (Epicus Group). The name change was effected to better reflect the Company's business emphasis on the telecommunications sector and to better create consistent name branding with the Company's wholly-owned operating subsidiary, EPICUS,

Inc.

During Fiscal 2000, the Company acquired control of Telephone Company of Central Florida, Inc. (TCCF), an entity then operating under Chapter 11 of the United States Bankruptcy Court. As an integral component of TCCF's Plan of Reorganization, the Company recapitalized TCCF, effective on the effective date of TCCF's discharge from bankruptcy. On July 9, 1999, the U. S. Bankruptcy Court issued an Order of Confirmation related to TCCF's Plan of Reorganization and the Company recapitalized TCCF within ten days of the Confirmation Order. TCCF is a "competitive local exchange carrier ("CLEC") telephone company and a reseller of other telecommunications services. On January 17, 2001 the corporate name of TCCF was changed to EPICUS, Inc. (Epicus).

On July 28, 2000, the Company acquired 100% of the stock of Moye & Associates, Inc. (Moye) of St. Simons Island Georgia. Moye's primary business was that of an Internet Service Provider (ISP) known as TheBest.Net. This move was seen by management as being synergetic with the operations of TCCF. On July 19, 2001, the Company sold all operating assets of Moye to an unrelated party and, effectively, discontinued all operations within this subsidiary.

On April 9, 1998, the Company acquired 100% of the outstanding stock of Mic Mac Investments, Inc. (Mic Mac), a South Carolina corporation. Mic Mac at the time of acquisition was a long distance telephone service "reseller" specializing in services to the hospitality industry. All operations related to Mic Mac were discontinued by February 1999.

#### NOTE B - PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has adopted a year-end of May 31.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### NOTE B - PREPARATION OF FINANCIAL STATEMENTS - Continued

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to

assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

These financial statements reflect the books and records of Epicus Communications Group, Inc., EPICUS, Inc., Mic Mac, Inc. and Moye & Associates, Inc. for the years ended May 31, 2003 and 2002, respectively. All significant intercompany transactions have been eliminated in consolidation. The consolidated entities are referred to as either Company or Epicus Group.

The Company conducted business activities in only one distinct business segment during Fiscal 2003 and 2002.

#### NOTE C - GOING CONCERN UNCERTAINTY

The Company has experienced cumulative operating losses for the previous three-year period of approximately \$15,600,000 and has used cash in operating activities for the same period of approximately \$4,636,000. In a effort to control costs and better manage the Company's key operating subsidiary, Epicus, Inc., the Company discontinued all operations within Mic Mac and Moye during the year ended May 31, 2002 and has sold or otherwise disposed of all operating assets of these subsidiaries.

The Company's liquidity has been sustained through the sale of equity securities, restricted and unrestricted, domestically and in international markets. Further, significant working capital advances have been made by members of management or by entities owned or controlled by members of management.

Management is of the opinion that Epicus became cash flow positive during the third quarter of Fiscal 2003 (year ending May 31, 2003). This event contributed significantly to the improvement of relations with the Company's vendors to relieve daily operational pressures and should continue to provide sufficient cash to support the Company's day-to-day liquidity requirements as well as retire outstanding debt and delinquent trade payables during future periods.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis.

Because of the Company's lack of positive cash flows, the Company's continuance is fully dependent either future sales of securities or upon its current management and/or advances or loans from significant stockholders or corporate officers to provide sufficient working capital to preserve the integrity of the corporate entity.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE C - GOING CONCERN UNCERTAINTY - Continued

There is no assurance that the Company will be able to obtain additional funding through the sales of additional securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, there is no legal obligation for either management or significant stockholders to provide additional future funding.

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Cash and cash equivalents  
-----

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Cash overdraft positions may occur from time to time due to the timing of making bank deposits and releasing checks, in accordance with the Company's cash management policies.

2. Accounts receivable  
-----

In the normal course of business, the Company extends unsecured credit to virtually all of its customers which are located throughout the United States and are principally concentrated in the southeastern quadrant of the country. Because of the credit risk involved, management has provided an allowance for doubtful accounts which reflects its opinion of amounts which will eventually become uncollectible. In the event of complete non-performance, the maximum exposure to the Company is the recorded amount of trade accounts receivable shown on the balance sheet at the date of non-performance.

3. Property and Equipment  
-----

Property and equipment are recorded at historical cost. These costs are depreciated over the estimated useful lives, generally three to ten years, of the individual assets using the straight-line method. Gains and losses from the disposition of property and equipment are included in operations as incurred.

#### 4. Intangible Assets

-----

Monies paid for development of the trade name "Epicus", approximately \$23,525, were capitalized as a component of Other Assets on the Company's consolidated balance sheet. In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company follows the policy of evaluating all qualifying assets as of the end of each reporting quarter. For each of the years ended May 31, 2003 and 2002, no charges to operations were made for impairments in the future benefit of this trade name.

Other intangible assets are amortized over the estimated useful life of the underlying asset using the straight-line method.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 5. Goodwill and Reorganization Value in Excess of Amounts Allocable to Identifiable Assets

-----

Goodwill represents the excess of the purchase price paid for a subsidiary over the fair market values of the underlying assets and liabilities assumed in the acquisition transaction. These amounts are amortized over a five to ten year period using the straight-line method. As of May 31, 2002, all goodwill has been charged to operations as a result of the discontinuing of all operations in acquired subsidiaries.

Reorganization Value in Excess of Amounts Allocable to Identified Assets represents the excess of the recapitalized value of Epicus over the fair market value of the assets acquired upon final settlement of Epicus' filing under Chapter 11 of the United States Bankruptcy Code. This amount was originally being amortized over a forty year term using the straight-line method. In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company follows the policy of evaluating all qualifying assets as of the end of each reporting quarter.

As of May 31, 2002, management, upon realization that the Fiscal 2002

operational objectives were not met, recorded an impairment of future recoverability of the recorded reorganization value in excess of amounts allocated to identifiable assets equivalent to 100.0% of the unamortized goodwill remaining at May 31, 2002.

#### 6. Revenue Recognition

-----

Local telephone services for business and residential service are billed to the respective customer in advance at the initiation of each monthly billing cycle. Long distance telephone services are billed in arrears in the month following the provision of the service. All revenue for both local and long distance services are recognized at the respective date of billing.

In the event of cancellation of service by a customer prior to the expiration of the completion of the monthly billing cycle results in a partial refund due to the customer. These reductions of revenue, due to cancellation of service, are recognized at the point of service termination and are recognized as a component of trade accounts payable until final settlement of the customer's account balance.

#### 7. Income Taxes

-----

The Company uses the asset and liability method of accounting for income taxes. At May 31, 2003 and 2002, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

As of May 31, 2003 and 2002, the deferred tax asset related to the Company's net operating loss carryforward is fully reserved.

#### 8. Advertising costs

-----

The Company does not conduct any direct response advertising activities. For non-direct response advertising, the Company charges the costs of these efforts to operations at the first time the related advertising is published.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Earnings (loss) per share  
-----

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock and common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. As of May 31, 2003 and 2002, the Company's issued and outstanding, warrants, options and convertible debt are considered antidilutive due to the Company's net operating loss position.

10. Employee Stock Options  
-----

The Company has adopted the policy of fair value based accounting for stock-based compensation in accordance with Statement of Financial Accounting Standards No. 123.

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The company does not use derivative instruments to moderate its exposure to financial risk, if any.

NOTE F - CONCENTRATIONS OF CREDIT RISK

The Company and its Epicus subsidiary maintain their respective cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (FDIC). Under FDIC rules, the Company and its subsidiaries are entitled to aggregate coverage of \$100,000 per account type per separate legal entity per financial institution. During the years ended May 31, 2003 and 2002, respectively, the various operating companies had deposits in a financial institution with credit risk exposures in excess of statutory FDIC coverage. The Company has incurred no losses during Fiscal 2003 or 2002 as a result of any of these unsecured situations.



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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE G - BUSINESS COMBINATIONS

On July 28, 2000, in accordance with an Agreement and Plan of Share Exchange, the Company acquired 100% of the outstanding shares of common stock of Moye and Associates, Inc., a Georgia Corporation, doing business as TheBest.Net (Moye). The Company exchanged an aggregate 600,000 shares of restricted, unregistered common stock for 100.0% of the issued and outstanding stock of Moye. The transaction was accounted for using the purchase method of accounting. Goodwill is normally recorded when the purchase price exceeds the fair value of the net assets and liabilities acquired. Management reviewed the prospects of recovery of goodwill that was recorded on the date of purchase and determined that the goodwill was 100% impaired based on the Letter of Intent to sell Moye & Associates (see below). The excess of the fair value of the liabilities assumed over the fair value of the assets acquired (negative book value) was not recorded as negative Goodwill.

On July 19, 2001, the Company signed a Letter of Intent to sell the active clients of Moye. The buyer paid \$133.33 for each existing "dial-up" and "domain hosting client". It was estimated that there were between approximately 1,500 and 2,700 active fee-for-service clients on the date of signing the Letter of Intent. The buyer deposited a down payment of \$150,000 with the Company and an additional \$50,000 into an interest bearing account at the date of signing. As of May 31, 2002, all amounts due under this sale of assets contract had been satisfied.

During Fiscal 2003, the Company issued approximately 500,000 shares of restricted, unregistered common stock to Tully Moye in complete settlement of all remaining obligations related to the acquisition and disposition of Moye & Associates, Inc. (dba TheBest.Net).

## NOTE H - RESTRICTED CASH

As collateral for a standby letter of credit securing telephone service provided by BellSouth Corp., the Company has placed on deposit with the financial institution issuing the standby letter of credit approximately \$201,000 in an interest bearing certificate of deposit.

## NOTE I - ADVANCES DUE FROM OFFICER

The Company has advanced approximately \$15,000 to a corporate officer. This amount is non-interest bearing and is unsecured. The advance is repayable upon demand and may, at the officer's discretion, be used to offset accrued, but unpaid, compensation.

## NOTE J - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of May 31, 2003 and 2002, respectively:

<TABLE>  
<CAPTION>

	May 31, 2003	May 31, 2002	Estim
	-----	-----	-----
<S>	<C>	<C>	<C>
Computer equipment	\$385,668	\$349,980	5
Office furniture and fixtures	44,126	67,336	7-
Software and system programming	145,039	145,039	
	-----	-----	
Less accumulated depreciation	574,833 (291,039)	562,355 (228,659)	
	-----	-----	
Net property and equipment	\$283,794 =====	\$333,696 =====	

</TABLE>

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE J - PROPERTY AND EQUIPMENT - Continued

Depreciation expense for the years ended May 31, 2003 and 2002, was \$105,023 and \$102,951, respectively.

During the fourth quarter, management performed a complete physical inventory of all property and equipment, reevaluated the estimated useful lives of all property and equipment remaining in service at May 31, 2002, and evaluated the potential recoverability of all property and equipment pursuant to Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". On May 31, 2002, the Company recognized an abandonment of certain previously capitalized property and equipment resulting in a charge to operations of approximately \$305,656. Additionally, management established new estimated useful lives of property and equipment as follows:

<TABLE>  
<CAPTION>

	As of May 31, 2002	As of May 31, 2001
	-----	-----
<S>	<C>	<C>
Computer equipment	5 years	12 years
Office furniture and fixtures	7-10 years	12 years
Software development	5 years	12 years

The effect of this change in estimate was recognized in the fourth quarter for Fiscal 2002 and prospectively for all remaining balances to be depreciated.

#### NOTE K - ACCRUED OFFICER COMPENSATION

As of May 31, 2003 and 2002, respectively, the Company has accrued approximately \$2,472,372 and \$2,119,176 for earned, but unpaid, compensation to its Chief Executive Officer and Chief Operating Officer, at a rate of approximately at the rate of approximately \$20,833 and \$8,600 per month respectively.

In July 2001, the Company's Board of Directors approved the issuance of a bonus to the Company's Chief Executive Officer and Chief Operating Officer, to be paid in the form of common stock registered pursuant to a Registration Statement on Form S-8, as additional compensation for the Company's inability to provide consistent cash compensation to these officers. In July 2001, the Company issued 600,000 shares of common stock in a transaction valued at approximately \$36,000, which equaled the closing quoted price of the Company's equivalent securities on the date of the transaction.

#### NOTE L - NOTES PAYABLE TO BANKS AND OTHERS

Notes payable to banks and others at May 31, 2003 and 2002 are as follows:

<TABLE>  
<CAPTION>

	May 31, 2003	May 31, 2002
	-----	-----
<S>	<C>	<C>
\$750,000 note payable to a foreign corporation. Interest at 13.0%. Accrued interest payable quarterly. Final maturity due in June 2003 and automatically renewable for one-year periods upon written notice by the Company prior to the maturity date. Collateralized by 3,000,000 shares of restricted, unregistered common stock of the Company.	\$ 750,000	\$ 750,000

</TABLE>

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE L - NOTES PAYABLE TO BANKS AND OTHERS - Continued

<TABLE>  
<CAPTION>

	May 31, 2003	May 31, 2002
	-----	-----
<S>	<C>	<C>
\$400,000 note payable to creditor trust fund. Interest at 8.0%. Payable in quarterly installments of \$25,000 plus accrued interest. Final maturity in April 2004. In the event the Company fails to make any scheduled quarterly payment, the Creditors' Trust is entitled to an immediate entry of judgment for any remaining amounts due upon the filing of an Affidavit of Non-Payment by the Creditors' Trust.	\$ 350,000	\$ 350,000
\$150,000 note payable to an individual. Principal and unpaid interest due upon demand. Unsecured	111,000	111,000
\$97,878 note payable to an unrelated entity. Non-interest bearing. Unsecured. Due upon demand	97,878	97,878
\$100,000 note payable to former employee pursuant to an employment agreement for advances made by former owner of an acquired subsidiary. Non-interest bearing. Paid in May 2003 with the issuance of 500,000 shares of restricted, unregistered common stock.	-	54,215
	-----	-----
Total notes payable to banks and others	\$ 1,308,878	\$ 1,363,093
	=====	=====

</TABLE>

NOTE M - LONG-TERM DEBT

Long-term debt consists of the following at  
May 31, 2003 and 2002:

<TABLE>  
<CAPTION>

	May 31, 2003	May 31, 2002
	-----	-----
<S>	<C>	<C>
Unsecured advances made by the Company's Chief Executive Officer and/or entities controlled by either Company officers and/or individuals related to the Company's Chief Executive Officer. Interest at 6.25%. Due upon demand. Unsecured	\$ 1,267,608	\$ 1,373,323

&lt;/TABLE&gt;

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE N - CONVERTIBLE DEBENTURES

On September 28, 2001, a consortium of four (4) separate investment entities under common management purchased 12% convertible debentures from the Company and were issued the right to receive warrants to purchase an aggregate of 3,500,000 shares of common stock from the Company in a future private placement transaction.

As of May 31, 2003, the Company has issued and outstanding approximately \$1,255,128 in 12.0% convertible debentures (Debentures). Interest on the debentures is payable on a quarterly basis on March 31, June 30, September 30 and December 31 of each year while such Debentures are outstanding and on each Conversion Date, whichever occurs earlier. Interest may be paid, at the Company's option, in either cash or restricted, unregistered common stock. The Debentures must be prepaid if an event of default occurs under the Debentures and at the Company's option may be prepaid within thirty days of the original issue date of the Debentures. Management is of the opinion that the Company has sufficient authorized common shares to cover the conversions. In the event that the Company does not have adequate authorized and unissued shares of common stock to effect the maximum shares needed to effect the conversion, the Company may need to seek shareholder consent to increase our amount of authorized shares. If we do not have enough authorized shares to cover the conversions and are unable to obtain shareholder approval to increase our authorized shares, such failure would be considered a breach of certain relevant provisions and representations and warranties under the Debenture documents and could result in the acceleration of all amounts due under the Debentures.

On May 1, 2003, the Company and the Debenture Holders entered into a Debenture Redemption Agreement (Redemption Agreement). The Redemption Agreement sets forth the following terms and conditions related to the

Debentures on an ongoing basis:

1. **Redemption Schedule; Payment of Net Redemption Amount:** The Company shall pay the Net Redemption Price to the Debenture Holders in monthly installments in the amount of \$40,000 (the "Monthly Redemption Payment"), with the first installment thereof due on July 1, 2003 and subsequent installments thereof due on the first business day of each succeeding month (each, a "Payment Date") until the Net Redemption Amount has been paid in full. The Company shall pay the Debenture Holders by wire transfer of immediately available funds pursuant to the Debenture Holders' written instructions. The Monthly Redemption Payment shall be applied with respect to the Debenture Holders in the following order: (i) Accrued Interest, (ii) Redemption Premium, and (iii) outstanding principal balance of the Owned Debentures.
2. **Prohibited Conversions:** The Debenture Holders shall not convert the Owned Debentures into shares of the Company's common stock, par value \$0.001 per share (the "Shares") during the period commencing on the date hereof and ending on June 30, 2003 (the "Prohibited Period").
3. **Permitted Conversions:** Following the Prohibited Period, the Debenture Holders shall be permitted to convert its Owned Debentures, to the extent such Owned Debentures have not been previously redeemed hereunder, into Shares in accordance with the terms and subject to the conditions of the Owned Debentures, subject to the following restrictions:
  - a) If the last reported sale price of the Shares on the Over-the-Counter Bulletin Board as reported by Bloomberg (the "Price") is less than \$.10 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 300,000 Shares every thirty (30) days during the period in which the Price remains less than \$.10 per Share,

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE N - CONVERTIBLE DEBENTURES - Continued

- b) If the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 500,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share,
- c) If the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an

aggregate of 750,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, and

- d) If the Price is equal to or exceeds \$.30 per Share, then the Debenture Holders shall not be restricted by the Company hereunder with respect to the number of Shares into which the Debentures may be converted during the period that the Price is equal to or exceeds \$.30 per Share, provided, however, that if the Company fails to (i) make the Monthly Redemption Payment pursuant to Section 2 hereof within five (5) business days following the Payment Date or (ii) pay any delinquent amounts that are due and owing under this Agreement, then the foregoing restrictions on the Debenture Holders' right to convert their Owned Debentures into Shares shall be suspended until the first day of the next month following the date that the Monthly Redemption Payment is received in full by the Debenture Holders.

4. Issuance of Additional Shares: The Company shall issue and deliver to the Debenture Holders shares of common stock representing, in the aggregate, one percent (1%) of the outstanding shares of the Company on the earlier to occur of: (i) the date of full conversion by the Debenture Holders of all of the Owned Debentures and (ii) the date of payment by the Company of the total Aggregate Redemption Price (collectively, the "Additional Shares").
5. Interest: Interest on the outstanding balance of the Owned Debentures shall continue to accrue following the date hereof as specified in the respective Owned Debenture and shall be payable in cash or Shares in accordance with the terms thereof.
6. Effectiveness of the Registration Statement: The Company shall take all necessary actions, including the preparing and filing of one or more registration statements of the Company and any amendments or supplements thereto (the "Registration Statement") required under the Securities Act of 1933, as amended, and the rules and regulation thereunder, to cause the Shares issuable upon conversion of the Owned Debentures to be registered for resale pursuant to an effective Registration Statement. If (i) the Company fails to respond to all comments made by the Securities and Exchange Commission (the "SEC") in connection with the Registration Statement within ten (10) business days of receipt from the SEC or (ii) the SEC has not declared the Registration Statement effective on or before July 10, 2003, then the Company shall immediately pay to each Debenture Holders an amount equal to five percent (5%) of the sum of (a) the outstanding balance of the Debenture Holders's Owned Debentures, (b) accrued interest on the Debenture Holders's Owned Debentures and (c) a premium equal to thirty percent (30%) of the sum of (a) and (b) (the "Registration Penalty"). The Registration Penalty shall be payable either in cash or Shares, the number of which shall be based on the conversion price set forth in the Owned Debentures, at each Debenture Holders's option. If a Debenture Holders elects to receive the Registration Penalty in cash, then the full amount of the Registration Penalty shall be paid to such Debenture Holders by wire transfer of immediately available funds in accordance with the instructions set forth on attached Schedule II.

&lt;PAGE&gt;

EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE N - CONVERTIBLE DEBENTURES - Continued

7. Effect of Breach: In the event of a breach by the Company of any of the provisions of this Agreement, either by a failure to timely make any payment or failure to effect any conversion by the Debenture Holders or otherwise, in addition to any other remedies available to the Debenture Holders in law or equity with respect to such breach, the applicable discount to the market price of the Owned Debentures shall permanently be amended from fifty percent (50%) to seventy-five percent (75%).

In conjunction with the issuance of the convertible debentures, the debentures were issued with an equivalent per share value of common stock below the ending quoted market price of the Company's common stock on the issue date. This difference created a Beneficial Conversion Feature Discount of approximately \$300,000. This discount was then amortized over the unexpired time period between the date of issue of the eligible shares and the maturity date of the underlying debentures. Approximately \$141,177 and \$158,823 was amortized to operations during the years ended May 31, 2003 and 2002, respectively.

## NOTE O - INCOME TAXES

The components of income tax (benefit) expense for the years ended May 31, 2003 and 2002, respectively, are as follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	May 31, 2003	May 31, 2002
	-----	-----
<S>	<C>	<C>
Federal:		
Current	\$ -	\$ -
Deferred	-	-
	-----	-----
	-	-
	-----	-----
State:		
Current	-	-
Deferred	-	-
	-----	-----
	-	-
	-----	-----
Total	\$ -	\$ -
	=====	=====

&lt;/TABLE&gt;

The Company has a net operating loss carryforward of approximately



\$14,000,000 to offset future taxable income. Subject to current regulations, this carryforward will begin to expire in 2006. The amount and availability of the net operating loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

The Company's income tax expense for the years ended May 31, 2003 and 2002, respectively, are as follows:

<TABLE>  
<CAPTION>

	May 31, 2003	May 31, 2002
	-----	-----
<S>	<C>	<C>
Statutory rate applied to loss before income taxes	\$ (554,326)	\$ (1,784,000)
Increase (decrease) in income taxes resulting from:		
State income taxes	-	-
Other, including reserve for deferred tax asset	554,326	1,784,000
	-----	-----
Income tax expense	\$ -	\$ -
	=====	=====

</TABLE>

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

(formerly Phoenix International Industries, Inc. and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE O - INCOME TAXES - Continued

Temporary differences, consisting primarily of statutory deferrals of expenses for organizational costs and accrued, but unpaid, accruals for officer compensation and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and liabilities as of May 31, 2003 and 2002, respectively:

<TABLE>  
<CAPTION>

	May 31, 2003	May 31, 2002
	-----	-----
<S>	<C>	<C>
Deferred tax assets		
Net operating loss carryforwards	\$ 4,760,000	\$ 5,195,000
Less valuation allowance	(4,760,000)	(5,195,000)
	-----	-----
Net Deferred Tax Asset	\$ -	\$ -

</TABLE>

During the year ended May 31, 2003 and 2002, respectively, the valuation allowance (decreased) increased by approximately \$(435,000) and \$1,482,000.

NOTE P - PREFERRED STOCK

Our Articles of Incorporation authorize the issuance of up to 5,000 shares of Preferred Stock, \$0.001 par value per share, the designation and rights of which are to be determined by our Board of Directors. There are no shares of Preferred Stock issued and outstanding at May 31, 2003 or 2002, respectively.

Our Board of Directors has authority, without action by the shareholders, to issue all or any portion of the authorized but unissued Preferred Stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of such series. We consider it desirable to have Preferred Stock available to provide increased flexibility in structuring possible future acquisitions and financings and in meeting corporate needs which may arise. If opportunities arise that would make desirable the issuance of Preferred Stock through either public offering or private placements, the provisions for Preferred Stock in our Articles of Incorporation would avoid the possible delay and expense of a shareholder's meeting, except as may be required by law or regulatory authorities. Issuance of the Preferred Stock could result, however, in a series of securities outstanding that will have certain preferences with respect to dividends and liquidation over the common stock that would result in dilution of the income per share and net book value of the common stock. Issuance of additional common stock pursuant to any conversion right that may be attached to the terms of any series of Preferred Stock may also result in dilution of the net income per share and the net book value of the common stock. The specific terms of any series of Preferred Stock will depend primarily on market conditions, terms of a proposed acquisition or financing, and other factors existing at the time of issuance. Therefore, it is not possible at this time to determine in what respect a particular series of Preferred Stock will be superior to our common stock or any other series of Preferred Stock which we may issue. Our Board of Directors may issue additional Preferred Stock in future financings, but has no current plans to do so at this time.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE Q - COMMON STOCK TRANSACTIONS

On September 28, 2001, the Company filed a Registration Statement under

The Securities Act of 1933 on Form S-8 registering an aggregate 5,000,000 shares of common stock. During Fiscal 2002, the Company issued an aggregate 4,500,000 shares to individuals providing consulting, legal and financial services to the Company. These transactions were valued at the closing quoted price of the Company's common stock at the transaction date. An aggregate \$270,000 was charged to operations as a result of these transactions.

On May 6, 2002, the Company filed a Registration Statement under The Securities Act of 1933 on Form S-8 registering an aggregate 5,000,000 shares of common stock. During Fiscal 2002, the Company issued an aggregate 3,325,000 shares to individuals providing various consulting, legal and financial services to the Company. These transactions were valued at the closing quoted price of the Company's common stock at the transaction date. An aggregate \$133,000 was charged to operations as a result of these transactions.

During Fiscal 2002, the Company issued an aggregate 4,998,013 shares of common stock as a result of the exercise of the conversion of outstanding 12% debentures. Additionally, the Company issued 1,347,465 shares in payment of accrued interest on these debentures. These transactions were valued pursuant to the debenture terms.

In February 2002, the Company sold an aggregate 2,000,000 shares of common stock to foreign investors, pursuant to Regulation S, for gross proceeds of \$100,000. The Company also incurred fees for capital placement services of approximately \$31,000.

In June 2001 and October 2001, the Company issued an aggregate 2,200,000 shares of common stock to former shareholders of Moye & Associates, Inc. in final settlement of all outstanding issues, payments and compensation related to this acquisition in a prior period. Approximately \$22,000 was charged to operations on this transaction.

During Fiscal 2002, the Company issued an aggregate 1,700,000 shares of restricted, unregistered common stock as payment for various business and financial consulting services. These transactions were valued on the respective transaction date at the discounted closing quoted market price of the Company's common stock. As a result of these transactions, approximately \$54,000 was charged to operations.

On June 10, 2002, the Company issued an aggregate 150,000 (50,000 each) shares of restricted, unregistered common stock to three unrelated individuals as payment for various business and financial consulting services. This transaction was valued on the respective transaction date at the discounted closing quoted market price of the Company's common stock. As a result of this transaction, approximately \$3,000 was charged to operations.

On July 29, 2002, the Company issued 100,000 shares of restricted, unregistered common stock to an employee of Epicus, Inc. as payment of a retirement bonus. This transaction was valued on the respective transaction date at the discounted closing quoted market price of the Company's common stock. As a result of this transaction, approximately \$2,000 was charged to operations.

During the period from September 25, 2002 through November 13, 2002, the Company issued an aggregate 3,104,832 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. Additionally, the Company

issued 1,375,000 shares in payment of accrued interest on these debentures. These transactions were valued pursuant to the debenture terms.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
(formerly Phoenix International Industries, Inc. and Subsidiaries)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE Q - COMMON STOCK TRANSACTIONS - Continued

On February 2, 2003, the Company issued an aggregate 1,800,000 shares (200,000 shares each) of restricted, unregistered common stock nine (9) separate employees of Epicus, Inc. for performance bonuses. Further, the Company issued 1,000,000 shares of restricted, unregistered common stock to the Chief Information Officer of Epicus, Inc. as a performance bonus. These aggregate transactions were valued on the respective transaction date at approximately the closing quoted market price of the Company's common stock. As a result of this transaction, approximately \$56,000 was charged to operations.

On February 20, 2003 and April 15, 2003, the Company, in separate transactions, issued 500,000 and 972,222 shares of restricted, unregistered common stock, respectively, to an unrelated corporation for business and financial consulting services. This transaction was valued on the transaction date at approximately the closing quoted market price of the Company's common stock. As a result of these transactions, approximately \$42,083 was charged to operations.

During the period from September 25, 2002 through February 28, 2003, the Company issued an aggregate 17,384,592 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. Additionally, the Company issued 3,375,000 shares in payment of accrued interest on these debentures. These transactions were valued pursuant to the debenture terms.

On March 7, 2003, the Company issued an aggregate 300,000 (100,000 each) shares of common stock previously registered on Form S-8 to the three individuals receiving common stock in the June 10, 2002 transaction listed above. As a result of this transaction, approximately \$6,300 was charged to operations.

During the period from March 14, 2003 through April 11, 2003, the Company issued an aggregate 11,003,034 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. These transactions were valued pursuant to the debenture terms.

## NOTE R - STOCK WARRANTS

On September 28, 2001, in conjunction with the sale of an aggregate of \$700,000 of 12% convertible debentures, the Company issued the right to

receive warrants to purchase an aggregate 3,500,000 shares of common stock at a price to be determined at the time of the warrant(s) issue. As of May 31, 2003, and subsequent thereto, the Company has not issued any warrants.

#### NOTE S - STOCK OPTIONS

On May 31, 1998, the Company's Board of Directors adopted a Stock Option Plan for its employees, directors and consultants. On April 24, 2001, the Company filed a Registration Statement under the Securities Act of 1933 on Form S-8 to register 5,000,000 underlying shares of the stock option plan.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### NOTE S - STOCK OPTIONS - Continued

The purpose of the plan is to promote success of the Company by providing a method whereby eligible employees, directors and independent contractors and consultants providing services to the Company may be awarded additional remuneration for services rendered and invest in the capital stock of the Company. The plan will be administered by the Compensation Committee of the Board of Directors and will consist of not less than two people. This committee shall have the full power and authority to grant to eligible persons options under the plan. Persons eligible to participate in the plan include officers and directors, employee, non-employee directors, independent contractors and consultants of the Company, as the Committee shall select. The plan includes and participants may receive Incentive Stock Options or Nonqualified Stock Options. An option granted under the plan shall remain exercisable during the term of the option to the extent provided in the applicable agreement and the plan. Shares of Common Stock delivered in payment in connection with the exercise of an Option, and shares of Common Stock withheld for such payment, shall be valued for such purpose at their Fair Market Value as of the exercise date. By acceptance of an Award, the Award is a special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan, program or policy of the Company or any Subsidiary.

Employees of the Company who have been granted options are authorized by the Committee to purchase the shares at a price equal to 55% of the three day average closing bid price prior to the date of written election to exercise. Through May 31, 2003, options to purchase a cumulative 4,296,277 shares of common stock of the 5,000,000 shares authorized in the Plan have been granted and concurrently exercised. As of May 31, 2003, there are no granted and outstanding options.

#### NOTE T - COMMITMENTS AND CONTINGENCIES

## Leased facilities

The Company leases its corporate offices from an entity owned by the Company's President and Chief Executive Officer. The lease, which provides for annual rentals of approximately \$42,400. Rent expense for the years ended May 31, 2003 and 2002 was \$42,400 and \$42,400, respectively.

The Company's operating subsidiary, Epicus, has entered into sublease agreement for office space in Lake Mary, Florida. The lease expires September 24, 2004 and requires monthly rental payments of approximately \$11,500 per month for the first 12 months of the sublease term and \$11,845 for the remainder of the term. Epicus also has a first right of refusal to acquire additional space contiguous to the new space. Further, the Company has an option to acquire certain office furnishings left in the space by the former tenant at a bargain price if said option is exercised by December 31, 2003. Future payments under this sublease are as follows: year ending December 31, 2003 - approximately \$138,000; year ending December 31, 2004 - approximately \$106,600.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE T - COMMITMENTS AND CONTINGENCIES - Continued

Litigation

EPICUS, Inc. (Epicus) has been involved in a dispute with one of its former carriers, Sprint Florida, regarding a default in payment for services. On August 23, 2000, Sprint filed suit in the Circuit Court of the Ninth Judicial Circuit in and for Orange County Florida. The Company believed that the accusation was incorrect, however after obtaining advice from legal counsel, we decided not to litigate the matter and on December 21, 2000, the carrier was awarded by that court, a default judgment against Epicus in the amount of \$321,587.52. In accordance with a Judgment Payment Agreement dated February 15, 2001, Epicus agreed to pay Sprint as follows: Principal payments of \$10,000 each will be due commencing March 15, 2001 through September 15, 2002 (18 months). The final balloon payment of \$142,000 was payable on October 15, 2002. While the scheduled payment(s) have not been demanded by Sprint, as of the date of this filing, Management of the Company intends to enter negotiations to renew and/or restructure the payment agreement in order to mitigate any potentially negative effect on the Company's cash flow while

satisfying this obligation.

A suit has been filed against Epicus in the Supreme Court of British Columbia in Vancouver, Canada by EXL Information Corporation, a Canadian corporation, in the amount of \$184,761 for alleged breach of contract regarding a licensing fee for the use of their billing software. Epicus used the software for a short period of time and found that, contrary to the vendor's representations, it did not meet our specific needs and therefore stopped payment. EXL Information Corporation is seeking damages for the loss of revenue that would have been earned over the life of the agreement. The outcome of this litigation is not determinable at this time. Management intends to aggressively defend this action to conclusion.

In June 2002, AT&T Corporation filed a lawsuit against Epicus Group in the amount of \$480,796 alleging non-payment of charges. Epicus Group has consistently denied responsibility for the charges and negotiations have been ongoing in an attempt to resolve this dispute. The matter has gone to mediation and a verbal agreement for a settlement in the amount of \$120,000 has been reached.

During the quarter ended May 31, 2003, there has been no significant change in any of the above listed litigation, except as noted.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE U - SELECTED FINANCIAL DATA (Unaudited)

The following is a summary of the quarterly results of operations for the years ended May 31, 2003 and 2002, respectively:

<TABLE>  
<CAPTION>

	Quarter ended August 31,	Quarter ended November 31,	Quarter ended February 28,	Quart Ma
	-----	-----	-----	----
<S>	<C>	<C>	<C>	<C>
Fiscal 2003				
-----				
Telecommunication				

revenues	\$	1,700,256	\$	2,547,832	\$	3,210,507	\$	2
Gross profit	\$	975,655	\$	1,440,695	\$	1,647,117	\$	
Net earnings (loss) after provision for income taxes	\$	(22,197)	\$	261,431	\$	10,645	\$	(1)
Basic and fully diluted earnings per share		nil		nil		nil		
Weighted average number of shares issued and outstanding		74,504,610		76,328,926		87,967,274		109

## Fiscal 2002

Telecommunication revenues	\$	1,486,709	\$	1,750,264	\$	1,357,342	\$	1
Gross profit	\$	643,841	\$	660,276	\$	569,514	\$	
Net earnings (loss) after provision for income taxes	\$	(950,503)	\$	(808,795)	\$	(179,755)	\$	(3)
Basic and fully diluted earnings per share		\$(0.02)		\$(0.01)		nil		
Weighted average number of shares issued and outstanding		56,460,200		66,398,818		70,438,085		71

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Exhibit 21

## Subsidiaries of the Registrant

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Mic-Mac Investments, Inc.

Moye &amp; Associates, Inc.

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 CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
 -----

We hereby consent to the incorporation by reference in the following Registration Statements Under the Securities Act of 1933 as filed by Epicus Communications Group, Inc. (formerly Phoenix International Industries, Inc.):

Form S-8 dated March 20, 2000	SEC File No.: 333-32814
Form S-8 dated Feb 1, 2001	SEC File No.: 333-54752
Form S-8 dated April 24, 2001	SEC File No.: 333-59422
Form S-8 dated September 28, 2001	SEC File No.: 333-70454
Form S-8 dated May 6, 2002	SEC File No.: 333-87624
Form S-8 dated June 27, 2003	SEC File No.: 333-106577

of our independent auditor's report dated August 21, 2003 on the consolidated financial statements of Epicus Communications Group, Inc. (formerly Phoenix International Industries, Inc.) and Subsidiaries as of May 31, 2003 and 2002 and for each of the two years ended May 31, 2003 and 2002, respectively, which report appears in the 2003 Annual Report on Form 10-KSB of Epicus Communications Group, Inc.

/s/S.W. Hatfield, CPA  
 -----

S. W. HATFIELD, CPA

Dallas, Texas  
 September 10, 2003

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Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Epicus Communications Group, Inc. (Registrant) on Form 10-KSB for the year ended May 31, 2003, as filed with the Securities and Exchange Commission, on the date hereof, I, Gerard Haryman, Chief Executive and Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002, that:

1. I have reviewed this Annual Report on Form 10-KSB of Epicus Communication Group, Inc. for the year ended May 31, 2003.
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;
4. The registrant's other certifying officers, if any, and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
  - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and
  - c) presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Registrant's other certifying officers, if any, and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and
  - c) The Registrant's other certifying officers, if any, and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Gerard Haryman

Dated: September 10, 2003

-----  
Gerard Haryman  
Chief Executive Officer and  
Chief Financial Officer

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Certification Pursuant to 18 USC Sec. 1350,  
 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Epicus Communications Group, Inc.  
 (Company) on Form 10-KSB (Report) for the year ended May 31, 2003, as  
 filed with the Securities and Exchange Commission on the date hereof.  
 I, Gerard Haryman, Chief Executive and Chief Financial Officer of the  
 Company, certify to the best of my knowledge, pursuant to 18 U.S.C.  
 Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of  
 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or  
 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all  
 material respects, the financial condition and results of operations  
 of the Company.

/s/ Gerard Haryman

-----  
 Gerard Haryman  
 Chief Executive and  
 Chief Financial Officer

Dated: September 10, 2003  
 -----

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ACCESSION NUMBER: 0000943440-04-000542

CONFORMED SUBMISSION TYPE: 10KSB

PUBLIC DOCUMENT COUNT: 4

CONFORMED PERIOD OF REPORT: 20040531

FILED AS OF DATE: 20041005

DATE AS OF CHANGE: 20041005

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME:	EPICUS COMMUNICATIONS GROUP
CENTRAL INDEX KEY:	0000800401
STANDARD INDUSTRIAL CLASSIFICATION:	TELEPHONE COMMUNICATIONS (NO
IRS NUMBER:	592564162
STATE OF INCORPORATION:	FL
FISCAL YEAR END:	0531

FILING VALUES:

FORM TYPE:	10KSB
SEC ACT:	1934 Act
SEC FILE NUMBER:	000-17058
FILM NUMBER:	041064775

BUSINESS ADDRESS:

STREET 1:	1750 OSCEOLA DRIVE
CITY:	WEST PALM BEACH
STATE:	FL
ZIP:	33409
BUSINESS PHONE:	561-688-0440

MAIL ADDRESS:

STREET 1:	1750 OSCEOLA DRIVE
CITY:	WEST PALM BEACH
STATE:	FL
ZIP:	33409

FORMER COMPANY:

FORMER CONFORMED NAME:	PHOENIX INTERNATIONAL INDUSTRIES INC /FL/
DATE OF NAME CHANGE:	19980331

FORMER COMPANY:

FORMER CONFORMED NAME:	TRIDENT ENVIRONMENTAL SYSTEMS INC
DATE OF NAME CHANGE:	19941109

FORMER COMPANY:

FORMER CONFORMED NAME:	PROBAC INTERNATIONAL CORP
DATE OF NAME CHANGE:	19920703

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U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KSB

Annual Report pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended MAY 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ To \_\_\_\_\_

Commission File No.000-17058

EPICUS COMMUNICATIONS GROUP, INC.

Exact name of small business issuer as specified in its charter,

FLORIDA

(State or Other Jurisdiction of incorporation or organization)

59-2564162

(IRS Employer Identification No.)

1750 OSCEOLA DR. WEST PALM BEACH, FLORIDA 33409

(Address of Principal Executive Offices)

561-688-0440

(Issuer's telephone - number, including area code)

Check whether the issuer (1) filed all reports required to be  
filed by Section 13 or 15(d) of the Exchange Act during the past  
12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes [ ]

No [X]

State the number of shares outstanding of each of the issuer's  
classes of common equity as of the latest practicable date: as  
of July 12, 2004 was 296,391,134 shares of the issuer's Common





Based on an agreement entered into on December 14, 1998, we acquired 100% of the stock of Cambridge Gas Transport Corporation (CGTC), a Cayman Islands Corporation, in the business of owning and operating specialized chemical/fuel tanker transport ships. Due to unspecified disagreements, an agreement to rescind the acquisition has been executed by the parties. We did not recognize any gain or loss on this transaction. We filed litigation to recoup our payments to CTGC, resulting in an out of court settlement on December 15, 2000.

During fiscal 2000 we acquired 100% of the stock of Telephone Company of Central Florida, Inc. ("TCCF"). TCCF is a "competitive local exchange carrier" ("CLEC") telephone company and a reseller of other telecommunications services. TCCF was at that time operating under the protection of "Chapter 11" of the federal bankruptcy laws. The effective date of the closing was ten days after the Order of Confirmation was issued by the Bankruptcy court. The Order of Confirmation was issued on June 9, 1999 and TCCF began operating as a reorganized debtor on that date. We acquired TCCF within ten days of the Confirmation Order. On January 17, 2001 the name of TCCF was changed to EPICUS, Inc.

On July 28, 2000, we acquired 100% of the stock of Moye & Associates, Inc. of St. Simons Island Georgia. Moye & Associate's primary business was that of an Internet Service Provider (ISP) known as TheBest.Net. This move was seen by the company as synergetic with, and a possible future merger into TCCF.

#### BUSINESS OF AFFILIATES

##### EPICUS, Inc.

Our primary and currently only active subsidiary, EPICUS, Inc., is a multi-service telecommunications company with approximately 30,000 active accounts incorporating approximately 50,000 lines, in both the residential and business markets. We focus on developing integrated telephone service in the Competitive Local Exchange Carrier area of the telecommunications industry. Like many other emerging Competitive Local Exchange Carriers, our entry in this industry was facilitated by the passing of the Telecommunications Act of 1996 which allows Competitive Local Exchange Carriers to lease various elements of the networks of the Incumbent Local Exchange Carriers that are necessary to provide local telephone service in a cost-effective manner. We offer small businesses and residential consumers an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, data and dial up access to the Internet. We are certified to offer long distance and internet services in the 48 contiguous states. We are currently supplying local and long distance service to customers in 7 of the 9 states in the BellSouth System. Additionally, we have long distance customers in 40 of the 48 states in which we are certified.

We have built our company by primarily focusing on being in the vanguard of new telecommunication products and services such as our "Freedom Rings(TM) and AccessNOW(TM) voice and data services brands, and creating software systems and processes to deliver



telecommunication services over leased networks, instead of concentrating on buying switches and hardware to build a very expensive network, which could be severely under-utilized for a potentially long period of time. In our opinion, it is that major expense which has led to the demise of many emerging telephone companies. Instead, we have built a scalable operating platform that can provision a local phone line, read usage records, rate phone calls for billing purposes, and prepare monthly invoices to customers. We can bill all of a customers telecommunication services on one itemized bill.

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Because of the expense and complexity of the business, we have focused on improving our performance through automation. We believe one of the greatest accomplishments in building our business over the past three years was the development of our own operational support systems ("OSS"). It is these systems that allow us to rapidly execute our customers orders, for example: orders for new service and repair orders, plus real time information on billing and collections. It is more economic, more efficient and more accurate than being totally dependant upon outside sources and clerical performance.

MOYE & ASSOCIATES, INC. (TheBest.Net)

A Georgia Corporation, Moye & Associates, dba "TheBest.Net" was primarily an Internet Service Provider (ISP). To raise additional operating capital, in July 2001, Epicus Group sold the customers of The Best.Net. for \$200,000 to another Internet Service Provider. Epicus Group plans to keep the corporation current, but inactive, until a suitable use can be found for it.

MIC-MAC INVESTMENTS, INC. ("Mic-Mac")

Mic-Mac Investments, Inc. and Hospitality Telecom (together "Hospitality") were acquired on April 1, 1998. For the period from the date of acquisition through May 31, 1998, Hospitality had revenues of \$15,634 and expenses of \$30,404.

Hospitality ceased to operate late in the third quarter of fiscal 1999, claiming they could not meet their business plan projections or continue without Phoenix acquiring a long distance telephone company, and since it had no remaining assets or liabilities as of May 31, 1999, we wrote off our remaining investment in them in that fiscal year. Although it has ceased to operate, Mic-Mac, Inc., remains the property of the Company until a decision is made as to its future.

ITEM 2

#### DESCRIPTION OF PROPERTY

Our principal executive offices are located at 1750 Osceola Drive, West Palm Beach, Florida 33409 and our telephone number is (561) 688-0440. This space is approximately 1,500 square feet including three offices and a conference room. The annual lease cost is \$3,500.00 per month, plus expenses and expired in August 2002. The property is now owned by a corporation owned by an affiliate of the Company and the Company continues to occupy the

property on a month to month basis.

ITEM 3

LEGAL PROCEEDINGS

One of our subsidiaries, EPICUS, has been involved in a dispute with one of its former carriers, Sprint Florida, regarding a default in payment for services. On August 23, 2000, Sprint filed suit in the Circuit Court of the Ninth Judicial Circuit in and for Orange County Florida. We believed that the accusation was incorrect, however after obtaining advice from legal counsel, we decided not to litigate the matter and on December 21, 2000, the carrier was awarded by that court, a default judgment against EPICUS in the amount of \$321,587.52. In accordance with a Judgment Payment Agreement dated February 15, 2001, EPICUS agreed to pay Sprint as follows: Principal payments of \$10,000 each were due commencing March 15, 2001 through September 15, 2002 (18 months). The final balloon payment of \$142,000 was payable on October 15, 2002. That payment has not yet been made and Epicus plans to attempt to negotiate a modified agreement.

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On June 22, 2000, EXL Information of Vancouver, BC, Canada filed suit in the Supreme Court of British Columbia, Canada, for payment of "royalty fees" it claims were owed by EPICUS for the use of their billing program. EPICUS denies owing EXL any money maintaining that the program was supposed to be adapted by EXL to meet EPICUS's needs, which they never did, thereby nullifying the agreement. EXL is seeking relief in the amount of US\$184,761. The matter is still being litigated. The outcome of this litigation is not determinable at this time. There has been no further action in this matter and Epicus plans to file a motion to dismiss due to lack of prosecution. Epicus believes that motion will be well received by the court and this matter will then be resolved in their favor.

On March 11, 2004 in the U.S. Bankruptcy Court, Southern District, Judge Arthur Briskin ruled in favor of the IRS allowing them to amend their claim of past due excise taxes to a total of \$2,849,469.98 This motion was made by the IRS in October of 1997 during the bankruptcy hearings of Epicus, Inc.'s predecessor The Telephone Company of Central Florida. Epicus Communications Group, Inc.'s plan of re-organization was approved and accepted by Judge Briskin, and in that plan of re-organization Epicus Communications Group agreed to pay a maximum of \$300,000 in past due excise taxes. Epicus Communications Group would never have agreed to a debt of this size in its plan of re-organization. Epicus Communications Group is examining its legal options in this matter and a course of action has yet to be decided.

ITEM 4 RESULTS OF VOTES OF SECURITY HOLDERS

The following items were passed by a majority vote of the shareholders at the corporations annual meeting held February 3, 2004 in West Palm Beach, Florida.

The re-election of the current Board of Directors, Messers. Gerard Haryman, Thomas Donaldson, and Timothy Palmer, and

The ratification of Scott W. Hatfield, CPA as the company's auditors for 2003 and for 2004, and

The increase of the company's authorized common stock to from 200,000,000 to 800,000,000 shares, and

The approval of the previous actions taken by the Board of Directors on behalf of the Corporation.

PART II

ITEM 5 MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Our common stock is quoted on the Nasdaq OTC Bulletin Board under the symbol "EPUC.OB". During the past two years through July 12, 2004 there has been no established trading market for the shares of our common stock over an exchange, however the stock has been trading over-the-counter in small quantities. Currently there is only limited trading activity in our common stock and the quotations set forth below reflect such activity. There can be no assurance that quotations will not fluctuate greatly in the future in the event trading activity increases or decreases. The information contained in the following table was obtained from the NASD and from various broker-dealers and shows the range of representative bid prices for our common stock for the periods indicated. The prices represent quotations between dealers and do not include retail mark, mark-down or commission and do not necessarily represent actual transactions:

<PAGE>

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	BID	
	HIGH	LOW
<S>	<C>	<C>
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March 31	.05	.04
June 30	.05	.03
September 30	.06	.01
December 31	.05	.01
2003		
March 31	.03	.01
June 30	.13	.02
September 30	.12	.05
December 31	.07	.03
2004		
March 31	.05	.02
June 30	.03	.01

</TABLE>

## Dividends

The Company has paid no dividends during the past five fiscal years on any class of its issued and outstanding securities.

The payment by the Company of dividends, if any, in the future rests within the discretion of its Board of Directors and will depend, among other things, upon the Company's earnings, its capital requirements and its financial condition, as well; as other relevant factors. By reason of the Company's present financial condition, the Company does not contemplate or anticipate paying any dividends on the Common Stock in the foreseeable future.

ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS

Years ending May 31, 2003 and May 31, 2002

For the year ending May 31, 2003, the Company reported revenues of \$10,412,586, with a gross profit of \$4,370,190 with operating expenses of \$5,883,333 and an operating loss of \$(1,513,143) versus the year ending May 31, 2004 with revenues of \$25,190,543 and a gross profit of \$7,681,243 with operating expenses of \$10,616,797 and an operating loss of \$(2,955,554). These revenues were solely derived from telecommunication service sales generated by Epicus Group's operating subsidiary, Epicus, Inc., as disclosed in the combined financial statement which is included in this filing.

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The year 2004's increase in gross profit was primarily attributable to an increase in revenue coupled with lower cost of sales resulting from more favorable pricing from several suppliers. The increase in our net loss was primarily the result of writing down an unusually large amount of bad debt. However, we believe if we can maintain the current revenue growth and favorable profit ratios, we anticipate the net loss to be eliminated and to earn a net profit for the year ending May 31, 2005.

Our current profit ratio is a direct result of our computerized billing and provisioning, plus increased independent agent sales which are only commissioned. Our "in house" sales staff has also been greatly reduced as more emphasis is placed on developing our independent agent sales network and outsourced telemarketing.

During the year ended May 31, 2004, we incurred a net loss of \$(3,286,562) compared to net losses of \$(1,630,372) for the preceding year. A significant portion of our net loss for the year ended May 31, 2004, continues to be the result of paying down previously incurred long and short term debts and the debt service associated with those debts.

Also continuing to contribute to our loss during the period are the expenses associated with continuing to operate and maintain

Epicus Group's offices, professional fees, including legal and accounting plus other expenses associated with being a reporting public company. We also incurred non-cash expenses associated with the issuance of 17,384,592 shares of stock to the holders of our convertible debenture.

In order for us to pay our operating expenses, including office rents, communication expenses, accounting and bookkeeping fees, printing and EDGAR preparation costs, publication costs, and other general and administrative expenses, we have been dependent upon the funds provided by non-interest bearing loans from our executive officers, directors and shareholders, and the sale of stock in prior periods under the terms and conditions of Regulation S of the Securities Act of 1933.

We still continue to be dependent upon the willingness of our executive officers/directors and consultants to accept shares and/or defer all or partial compensation for continued services to us, which services we consider to be valuable and necessary to our continued operations.

In Fiscal 2000, under the Bankruptcy "Plan of Reorganization", we purchased and acquired 100% of the common stock of Epicus, Inc., and as the "Reorganized Debtor" we operate Epicus, Inc.'s business. In addition to the payment of \$570,000 ten days after the Plan of Reorganization was approved by the Court; a "Creditors Trust" was established for all "Allowed Unsecured Claims in excess of \$1,000, into which we paid an initial deposit of \$100,000 and are to continue to make semi-annual deposits of \$100,000 each to a maximum of \$500,000. In July of 2001 an agreement was made with the Creditors Committee to reduce the semi-annual payment to \$50,000, on which the company is currently in arrears. There remains a balance due to the Creditors Trust of \$350,000. For "Priority Claims" we agreed to pay a maximum of \$300,000 over a 6 year period plus 8% simple interest with an

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initial deposit of \$25,000. There is no structured payment amount scheduled for the priority claims. There is a balance remaining for Priority Claims of \$275,000 plus interest of 8%. The total balance due on the purchase of EPICUS is \$625,000 plus applicable interest.

#### Discontinued Operations

In addition to EPICUS, we plan to continue to increase our presence in the telecommunications industry. With that plan in mind on August 8, 2000, we announced the purchase of Moye & Associates, Inc., of St. Simons, Georgia, the owner/operator of "The Best Net" an Internet Service Provider, Web Site Host and E-commerce Company.

On July 27, 2001 in order to solve a need for additional operating capital, The Best Net's customer base was sold, the balance of its assets were merged into EPICUS, and it became a discontinued operation. Although it has ceased to operate, Moye & Associates, Inc. remains the property of the Company until a decision is made as to its future.

Mic-Mac Investments, Inc. and Hospitality Telecom (together "Hospitality") were acquired on April 1, 1998. For the period from the date of acquisition through May 31, 1998, Hospitality had revenues of \$15,634 and expenses of \$30,404.

Hospitality ceased to operate late in the third quarter of fiscal 1999, claiming they could not meet their business plan projections or continue without Epicus capitalizing them far above the initial plan. Hospitality Telecom had no remaining assets or liabilities as of May 31, 1999, and Epicus Group wrote off its remaining investment in them in that fiscal year. Although it has ceased to operate, Mic-Mac, Inc., remains the property of the Company until a decision is made as to its future.

#### LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2004, Epicus Group had \$921,740 in cash in its operating account. To assist us in our cash flow requirements we may determine, depending upon the prevailing stock price of our shares, to seek subscriptions from the sale of securities to private investors, although there can be no assurance that we will be successful in securing any investment from private investors at terms and conditions satisfactory to us, if at all.

During the years ending May 31, 2004 and 2003, respectively, we issued 146,991,064 and 39,485,244 shares of common stock to settle acquisitions, various financial and business consulting services, exercise of options granted under our employee stock option plan, executive and employee compensation, an offshore investment under "Regulation S", and conversion of our outstanding convertible debenture and payment of accrued interest thereon.

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Previously, the Company has funded its capital requirements for operating cash flow, by loans against its accounts receivable, loans from shareholders, sales of equity securities and the issuance of equity securities in exchange for assets acquired and services rendered. During the 12 months ended May 31, 2003, the Company has been and is continuing to attempt to attract new investment capital, which the Company believes will be necessary to sustain its ongoing operations and to facilitate growth.

To that end on July 11, 2001, the Company sold \$2,000,000 in convertible debentures. On May 1, 2003, as reported on Form 8-K, filed with the SEC on May 7, 2003, the Company entered into a "Debenture Redemption Agreement" with the holders of the convertible debentures. This was done in order to extend the "due date" of the loans backed by the debentures and to obtain a more favorable method of paying off the notes. Additional detail on the "Debenture Redemption Agreement" is presented below.

The Company continues to explore opportunities to raise private equity capital and, in conjunction therewith, to provide credit support for the Company's operations and potential acquisitions. Although the Company has in the past been, and continues to be, in discussions with potential investors, there can be no



approximately \$18,600,000 and has used cash in operating activities for the same period of approximately \$5,996,000, have sufficient working capital and will continue to incur selling, general and administrative expenses. Additionally, realization of certain assets is dependent upon our ability to meet our future financing requirements, the success of future operations and our continued funding by our CEO and the sale of common stock.

These conditions raise substantial doubt about our ability continue as a going concern. We have a history of operating losses and may continue to incur operating losses. We will most likely require additional financing and, if we are unable to raise such funds, our operations may be adversely affected.

At May 31, 2004, we had current assets of \$6,646,176 and total assets of \$7,768,803. To assist us in our cash flow requirements we may determine, depending upon the prevailing stock price of our shares, to seek subscriptions from the sale of securities to private investors, although there can be no assurance that we will be successful in securing any investment from private investors at terms and conditions satisfactory to us, if at all. Based upon our present liquid resources, our present operating expenses, and the commitment of our executive officers to continue to defer most or all of their salaries, and if no increased revenues are generated from operations or other sources, we believe we will be able to operate for a minimum of twelve months. If additional funds are required, but cannot be raised, it will have an adverse effect upon our operations. To the extent that additional funds are obtained by the sale of equity securities, our stockholders may sustain significant dilution.

#### CONVERTIBLE DEBENTURES

On September 28, 2001, a consortium of four (4) separate investment entities under common management purchased 12%

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convertible debentures from the Company and were issued the right to receive warrants to purchase an aggregate of 3,500,000 shares of common stock from the Company in a future private placement transaction.

As of May 31, 2003, the Company has issued and outstanding approximately \$1,255,128 in 12.0% convertible debentures (Debentures). Interest on the debentures is payable on a quarterly basis on March 31, June 30, September 30 and December 31 of each year while such Debentures are outstanding and on each Conversion Date, whichever occurs earlier. Interest may be paid, at the Company's option, in either cash or restricted, unregistered common stock. The Debentures must be prepaid if an event of default occurs under the Debentures and at the Company's option may be prepaid within thirty days of the original issue date of the Debentures. Management is of the opinion that the Company has sufficient authorized common shares to cover the conversions. In the event that the Company does not have adequate authorized and unissued shares of common stock to effect



the maximum shares needed to effect the conversion, the Company may need to seek shareholder consent to increase our amount of authorized shares. If we do not have enough authorized shares to cover the conversions and are unable to obtain shareholder approval to increase our authorized shares, such failure would be considered a breach of certain relevant provisions and representations and warranties under the Debenture documents and could result in the acceleration of all amounts due under the Debentures.

On May 1, 2003, the Company and the Debenture Holders entered into a Debenture Redemption Agreement (Redemption Agreement). The Redemption Agreement sets forth the following terms and conditions related to the Debentures on an ongoing basis:

- a. **Redemption Schedule; Payment of Net Redemption Amount:** The Company shall pay the Net Redemption Price to the Debenture Holders in monthly installments in the amount of \$40,000 (the "Monthly Redemption Payment"), with the first installment thereof due on July 1, 2003 and subsequent installments thereof due on the first business day of each succeeding month (each, a "Payment Date") until the Net Redemption Amount has been paid in full. The Company shall pay the Debenture Holders by wire transfer of immediately available funds pursuant to the Debenture Holders' written instructions. The Monthly Redemption Payment shall be applied with respect to the Debenture Holders in the following order: (i) Accrued Interest, (ii) Redemption Premium, and (iii) outstanding principal balance of the Owned Debentures.
- b. **Prohibited Conversions:** The Debenture Holders shall not convert the Owned Debentures into shares of the Company's common stock, par value \$0.001 per share (the "Shares") during the period commencing on the date hereof and ending

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on June 30, 2003 (the "Prohibited Period").

- c. **Permitted Conversions:** Following the Prohibited Period, the Debenture Holders shall be permitted to convert its Owned Debentures, to the extent such Owned Debentures have not been previously redeemed hereunder, into Shares in accordance with the terms and subject to the conditions of the Owned Debentures, subject to the following restrictions:
  - (1) If the last reported sale price of the Shares on the Over-the-Counter Bulletin Board as reported by Bloomberg (the "Price") is less than \$.10 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 300,000 Shares every thirty (30) days during the period in which the Price remains less than \$.10 per Share,
  - (2) If the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures

into not more than an aggregate of 500,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share,

- (3) If the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 750,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, and
- (4) If the Price is equal to or exceeds \$.30 per Share, then the Debenture Holders shall not be restricted by the Company hereunder with respect to the number of Shares into which the Debentures may be converted during the period that the Price is equal to or exceeds \$.30 per Share, provided, however, that if the Company fails to (i) make the Monthly Redemption Payment pursuant to Section 2 hereof within five (5) business days following the Payment Date or (ii) pay any delinquent

<PAGE>

amounts that are due and owing under this Agreement, then the foregoing restrictions on the Debenture Holders' right to convert their Owned Debentures into Shares shall be suspended until the first day of the next month following the date that the Monthly Redemption Payment is received in full by the Debenture Holders.

- d. Issuance of Additional Shares: The Company shall issue and deliver to the Debenture Holders shares of common stock representing, in the aggregate, one percent (1%) of the outstanding shares of the Company on the earlier to occur of: (i) the date of full conversion by the Debenture Holders of all of the Owned Debentures and (ii) the date of payment by the Company of the total Aggregate Redemption Price (collectively, the "Additional Shares").
- e. Interest: Interest on the outstanding balance of the Owned Debentures shall continue to accrue following the date hereof as specified in the respective Owned Debenture and shall be payable in cash or Shares in accordance with the terms thereof.
- f. Effectiveness of the Registration Statement: The Company shall take all necessary actions, including the preparing and filing of one or more registration statements of the Company and any amendments or supplements thereto (the "Registration Statement") required under the Securities Act of 1933, as amended, and the rules and regulation thereunder, to cause the Shares issuable upon conversion of the Owned Debentures to be registered for resale pursuant to an effective Registration Statement. If (i) the Company fails to respond to all comments made by the Securities and Exchange Commission (the "SEC") in connection with the Registration Statement within ten (10) business days of receipt from the SEC or (ii) the SEC has not declared the Registration Statement effective on or before July 10, 2003,

then the Company shall immediately pay to each Debenture

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Holders an amount equal to five percent (5%) of the sum of (a) the outstanding balance of the Debenture Holders's Owned Debentures, (b) accrued interest on the Debenture Holders's Owned Debentures and (c) a premium equal to thirty percent (30%) of the sum of (a) and (b) (the "Registration Penalty"). The Registration Penalty shall be payable either in cash or Shares, the number of which shall be based on the conversion price set forth in the Owned Debentures, at each Debenture Holders's option. If a Debenture Holders elects to receive the Registration Penalty in cash, then the full amount of the Registration Penalty shall be paid to such Debenture Holders by wire transfer of immediately available funds in accordance with the instructions set forth on attached Schedule II.

- g. Effect of Breach: In the event of a breach by the Company of any of the provisions of this Agreement, either by a failure to timely make any payment or failure to effect any conversion by the Debenture Holders or otherwise, in addition to any other remedies available to the Debenture Holders in law or equity with respect to such breach, the applicable discount to the market price of the Owned Debentures shall permanently be amended from fifty percent (50%) to seventy-five percent (75%).

In conjunction with the issuance of the convertible debentures, the debentures were issued with an equivalent per share value of common stock below the ending quoted market price of the Company's common stock on the issue date. This difference created a Beneficial Conversion Feature Discount of approximately \$300,000. This discount was then amortized over the unexpired time period between the date of issue of the eligible shares and the maturity date of the underlying debentures. Approximately \$141,177 and \$158,823 was amortized to operations during the years ended May 31, 2003 and 2002, respectively.

#### ITEM 7 - FINANCIAL STATEMENTS

The required financial statements begin on page F-1 of this document.

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#### ITEM 8 - CHANGES IN, AND DISAGREEMENT WITH, ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company's financial statements for the fiscal years ended May 31, 2001, 2000 and 1999 were audited by the firm of Wieseneck, Andres and Company, P.A. (Wieseneck) of North Palm Beach, Florida.

On July 15, 2002, the Company's Board of Directors made a decision to terminate the services of Wieseneck as the Company's independent auditors. The termination of Wieseneck resulted from

a business decision made by the Board of Directors.

The Company informally notified Wieseneck of the Board's decision, concurrent with the Board action. The Company confirmed the dismissal of Wieseneck in writing on August 7, 2002. The Company furnished Wieseneck with a copies of the Form 8-K and Form 8-K/A, as filed by the Company and requested Wieseneck to provide a letter addressed to the SEC stating that it agrees with the statements in the immediately preceding paragraph.

Wieseneck's audit opinion on the financial statements for either of the past two (2) years contained an adverse opinion or a disclaimer of opinion or was qualified or modified as to uncertainty, audit scope or accounting principles, except for a going concern opinion expressing substantial doubt about the ability of the Company to continue as a going concern.

During the Company's fiscal years ended May 31, 2001 and 2000 and from May 31, 2001 to the date of the filing of the respective Form 8-K or Form 8-K/A, there were no disagreements with Wieseneck on any matter of accounting principles or practices, financial disclosure, or auditing scope or procedure. Additionally, there were no reportable events, as described in Item 304(a)(1)(v) of Regulation S-K, during the Company's fiscal years ended May 31, 2001 and 2000 and from May 31, 2001 to the date of the filing of the respective Form 8-K or Form 8-K/A.

On July 16, 2002, the Company's Board of Directors approved the retention of the accounting firm of S. W. Hatfield, CPA of Dallas, Texas as its independent auditors for the fiscal year ending May 31, 2002 and subsequent periods. During the Company's fiscal years ended May 31, 2002, and the subsequent interim periods through the date of the filing of the respective Form 8-K or Form 8-K/A, the Company did not consult with S. W. Hatfield, CPA regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

As a result of the change in independent accountants, the Company found it necessary to file a Form 12b-25, Notice of Late Filing, dated August 28, 2002. At that time the Company believed its form 10-KSB would have been successfully completed and filed within the 15 day extension period as required. However, Wieseneck did not respond to our successor auditor's inquiries, made in accordance with Statement of Auditing Standards No. 84, nor did they fully cooperate with the Company in transmitting copies of all requested workpapers and schedules prepared by them that could be construed as Company records necessary for S. W. Hatfield, CPA to complete the 2002 audit, resulting in the

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Company not being able to file its 10-KSB within the additional allocated time period. This change in the Company's independent auditors, and the lack of cooperation caused delay in the filing of its 2002 Annual Report.

Additionally, as of this date, Wieseneck has not yet provided a letter, as is required, to be included as an exhibit on our Form

8-K/A dated August 7, 2002, stating that they agree or disagree with the Company's statement that of during the period Wieseneck, Andres & Company, P.A., were acting as our independent accountants, there were no disagreement(s) with them on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. The Company will file a further amendment to that Form 8-K/A upon receipt of that letter. As of the date of this filing, Wieseneck has not complied with the requirements of the SEC.

ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following table sets forth certain information with respect to our executive officers and directors. Each director serves a term of one year or until a successor is elected.

NAME	AGE	OFFICES HELD
Gerard Haryman	60	Chairman, President, Chief Executive Officer and Director
Thomas Donaldson	61	Vice President, Secretary and Director
Timothy Palmer	59	Director

Gerard Haryman, has served as our Chairman of the Board, President and Chief Executive Officer since January of 1996. Previously and concurrently, since 1981 to the present, Mr. Haryman has been President and Chief Executive Officer of SA, Sitmo, developers and builders of commercial and residential properties throughout Europe, with corporate offices in Paris, France. Mr. Haryman has also been involved in the development of residential property in the Palm Beach area since 1988, and during that period has also served on the Board of Directors of several other companies, both public and private. Mr. Haryman attended the "Institute General de Finance" in Paris, France majoring in finance and administration.

Thomas N. Donaldson, since February of 1993, Mr. Donaldson has been an officer and director of Epicus Group (fka) Phoenix International Industries, Inc., and of Trident Environmental

<PAGE>

Systems, Phoenix's predecessor. Prior to his entering the public company arena, he had an extremely successful background in the electronic media, both television and radio. Before being promoted to executive level management, he was an award winning Producer/Director at both the local and network levels. Additionally, he was a majority partner in the television production company, "American Televent", which produced commercials and syndicated programming. Mr. Donaldson attended both the University of Miami and the University of Paris.

Timothy Palmer, since October 1993 Mr. Palmer has been President of HDX 9000, Inc., of New York and West Palm Beach, Florida, a computer and business consulting firm. He has been a Director of the Company since July 1997. From March 1997 to the present, he has been President of Quality Advantage, Ltd. of Kingston, Jamaica, a computer and business consulting firm. Prior to October 1993, he was manager of the Palmer Family Trust in London, England. Mr. Palmer holds a Bachelor of Commerce Degree from McGill University in Montreal, Canada.

#### ITEM 10 - EXECUTIVE COMPENSATION

The following table sets forth the cash compensation of our executive officers and directors during each of the last three fiscal years. The remuneration described in the table does not include the cost we incurred in furnishing benefits to the named executive officers, including premiums for health insurance and other benefits provided to such individual that are extended in connection with the conduct of our business. The value of such benefits cannot be precisely determined, but the executive officers named below did not receive other compensation in excess of the lesser of

#### EXECUTIVE COMPENSATION

The following table shows all the cash compensation paid or to be paid by us or our subsidiaries, as well as certain other compensation paid or accrued, during the fiscal years indicated, to our chief executive officer and all other executive officers whose total annual salary and bonus exceeded \$100,000 in all capacities in which the person served.

<PAGE>

#### Summary Compensation Table

<TABLE>

<CAPTION>

Name and All Principle Positions	Year	Salary	Bonus	Annual Compensation	Restricted Stock	Opt SAR
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gerard Haryman President, CEO, acting CFO and Chairman of the Board of Directors	2004	250,000 (1)	-0-	-0-		-
	2003	250,000 (1)	-0-	-0-		-
	2002	250,000 (1)	-0-	-0-	(2)	-
	2001	250,000 (1)	-0-	-0-		-
	2000	250,000 (1)	-0-	-0-		-
Thomas N. Donaldson Vice President, COO, and Director	2004	104,000 (1)	-0-	-0-		-
	2003	104,000 (1)	-0-	-0-		-
	2002	104,000 (1)	-0-	-0-	(3)	-
	2001	104,000 (1)	-0-	-0-		-
	2000	104,000 (1)	-0-	-0-		-

</TABLE>

(1) Due to our cash position, Mr. Haryman and Mr. Donaldson have deferred payment of all or part of their salaries and bonuses.

(2) Mr. Haryman received a grant of 2,000,000 shares on February 1, 2001 valued at \$538,000 and 300,000 shares on July 16, 2001 valued at \$21,000

(3) Mr. Donaldson received a grant of 300,000 shares on February 1, 2001 valued at \$134,500 and 300,000 shares on July 16, 2001 valued at \$21,000.

Directors are not compensated for acting in their capacity as directors. Directors are reimbursed for their accountable expenses incurred in attending meetings and conducting their duties.

#### OPTIONS GRANTS IN LAST FISCAL YEAR

There were no grants of stock options made during fiscal 2004 to our executive officers.

#### STOCK OPTIONS HELD AT END OF FISCAL 2004

No Stock Options, stock appreciation rights or other compensation were granted to our president or other officers during fiscal 2004.

#### EMPLOYMENT AGREEMENTS

On February 27, 2004, Gerard Haryman and Thomas Donaldson entered into employment agreements with Epicus Communications Group, Inc. pursuant to which Mr. Haryman has been retained as the President and Chief Executive Officer of Epicus Communications and Mr. Donaldson has been retained as the Vice President of Epicus Communications. The term of each employment agreement commenced on February 27, 2004 and continues for a term of 5 years. Pursuant to the employment agreements, Mr. Haryman and Mr. Donaldson will receive an annual salary of \$275,000 and

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\$130,000 respectively. Mr. and Mr. Donaldson will also receive a bonus of 3% and 2% respectively of the adjusted net profits of Epicus Communications during each fiscal year during the term of the agreements, which bonus may be payable in cash or common stock of Epicus Communications or any combination thereof. Each employment agreement also provides for additional compensation and/or benefits to be paid or provided to Messrs. Haryman and Donaldson as follows:

o The base salary shall be adjusted at the end of each year of employment to reflect any change in cost of living.

o Messrs. Haryman and Donaldson may elect to accept partial payment of his base salary and/or bonus and defer payment of the balance upon demand at a later date.

o Deferred compensation payments shall be made to Messrs. Haryman and Donaldson for a period of twenty years after retirement in an amount equal to base payments equal to 30% of the average total salary (base salary plus incentive salary) due to each employee.

o Reimbursement of all reasonable relocation expenses should either Messrs. Haryman or Donaldson be transferred and assigned to a new principal place of work located more than fifty (50) miles from each employees place of residence.

o Each of Messrs. Haryman and Donaldson is entitled to receive reimbursement for all reasonable expenses incurred by him in the course of his employment by Epicus Communications.

Each of Messrs. Haryman and Donaldson's employment agreements may be terminated (i) by Epicus for cause upon 10 days notice; (ii) at anytime by employee upon ninety (90) days notice; or (iii) at anytime by Epicus Communications, without cause, by paying to employee the amount of compensation due to the employee for the remainder of the Term of employment.

#### COMPENSATION OF DIRECTORS

Each of our Directors is to receive 12,000 shares of common stock for each year cumulative of service plus reimbursement of out-of-pocket expenses.

#### OUTSIDE DIRECTORS

Currently, the Company has only one outside Director, Timothy Palmer.

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#### ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

##### PRINCIPAL STOCKHOLDERS

The following table sets forth information as of July 12, 2004, with respect to any person known by us to own beneficially more than 5% of our common stock, common stock beneficially owned by each of our officers named in "Executive Compensation," and each of our directors, and the amount of common stock beneficially owned by our officers and directors as a group.

<TABLE>  
<CAPTION>



NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS (1)
<S> Gerard Haryman	<C> 52,000,000	<C> 17.5%
Thomas Donaldson	2,850,000	*
Timothy Palmer	500,000	*
All Executive Officers and Directors as a Group (3 persons)	55,350,000	18.67%

</TABLE>

\* Represents less than 1% of our outstanding common stock.

(1) Percentage of beneficial ownership is based upon the 296,391,134 shares of our common stock outstanding as of July 12, 2004.

(1) Unless otherwise noted below, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. For purposes hereof, a person is considered to be the beneficial owner of securities that can be acquired by such person within 60 days from the date hereof upon the exercise of warrants or options or the conversion of convertible debentures. Each beneficial owner's percentage ownership is determined by assuming that any such warrants, options or convertible debentures that are held by such person (but not those held by any other person) and which are exercisable within 60 days from the date hereof, have been exercised.

(2) Percentage based on 113,817,571 shares outstanding as of May 31, 2003.

#### BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The following persons failed to file Form 5 for the fiscal year:

Gerard Haryman  
Thomas Donaldson  
Timothy Palmer

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## ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The company was a party to and has a direct or indirect material interest in the following transactions during the years ended May 31, 2003 and 2002, respectively:

The Company leases it's executive offices in West Palm Beach, Florida from a corporation owned by Gerard Haryman, the Company's President and Chief Executive Officer. The terms and conditions of this arrangement are discussed in Item 2 - Description of Property.

During Fiscal 2003 and 2002, respectively, the Company received (repaid) interest bearing advances either directly from Gerard Haryman, the Company's President and Chief Executive Officer or entities affiliated with Gerard Haryman in the net amounts of approximately \$(105,715) and \$469,718.

## ITEM 13 - EXHIBITS AND REPORTS ON FORM 8-K

## Exhibits

- - - - -

## (3) Articles of Incorporation and By-Laws

The Articles of Incorporation and Articles of Amendment to The Articles of Incorporation and By-Laws of the Registrant were pre-filed as Exhibits 3-1, 3.2, and 3.3, respectively, to the registrant's Form 10-KSB, for the fiscal year 1995, under the Securities and Exchange Act of 1934, filed April 1, 1998, with the Securities and Exchange Commission and are incorporated herein by reference.

## (10) Material Contracts

Some of the Material Contracts of the Registrant were filed as Exhibits 10.1, 10.2, 10.3, 10.4, and 10.5, respectively, to the Registrant's Form 10-KSB as of May 31, 1995 under the Securities and Exchange Act of 1934, filed April 1, 1998 with the Securities and Exchange Commission - The Contracts for the sale of ITC and the purchases of Hospitality Telecom Corp (formerly Mic Mac Investments, Inc.) and Cambridge Gas Transport Corporation, were included in Epicus Group's (formerly Phoenix International Industries, Inc.'s) 10-KSB for the year ended May 31, 1998 and are incorporated herein by reference.

## 23.1 Consent of Independent Certified Public Accountants

## 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

## 32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Reports on Form 8-K

May 5, 2003 Announcing the name change from Phoenix International Industries, Inc. to Epicus Communications Group, Inc.

May 7, 2003 Announcing the execution on May 1, 2003 of a "Debenture Redemption Agreement" with the holders of the Company's outstanding convertible debentures.

ITEM 14 - CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's President, Chief Executive and Financial Officer. Based upon that evaluation, the Company's President, Chief Executive and Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive and Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EPICUS COMMUNICATIONS GROUP, INC.

Date: September 30, 2004

By: /s/ Gerard Haryman

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Gerard Haryman
President, Chief Executive Officer,
Acting Chief Financial Officer
and Director

In accordance with the Exchange Act, this report has been signed

below by the following persons on behalf of the registrant and in the capacities and on, the dates indicated,

Date: September 30, 2004

By: /s/ Gerard Haryman

-----  
Gerard Haryman  
President, Chief Executive Officer,  
Acting Chief Financial Officer and  
Director

Date: September 30, 2004

By: /s/ Thomas N. Donaldson

-----  
Thomas N. Donaldson  
Vice President, Secretary and  
Director

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EPICUS COMMUNICATIONS  
GROUP, INC.

Consolidated Financial Statements  
and  
Independent Auditor's Report

May 31, 2004 and 2003

[LOGO - SWH]

S.W. HATFIELD, CPA  
 certified public accountants  
 Use our past to assist your future[sm]

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

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Consolidated Financial Statements	
Consolidated Balance Sheets as of May 31, 2004 and 2003	F-3
Consolidated Statements of Operations and Comprehensive Loss for the years ended May 31, 2004 and 2003	F-5
Consolidated Statement of Changes in Stockholders' Equity for the years ended May 31, 2004 and 2003	F-6
Consolidated Statements of Cash Flows for the years ended May 31, 2004 and 2003	F-7
Notes to Consolidated Financial Statements	F-9

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors and Stockholders  
 Epicus Communications Group, Inc.

We have audited the accompanying consolidated balance sheets of Epicus Communications Group, Inc. (a Florida corporation) and Subsidiaries as of May 31, 2004 and 2003 and the related statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for each of the years ended May 31, 2004 and 2003, respectively. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and

disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Epicus Communications Group, Inc. as of May 31, 2004 and 2003 and the results of its operations and its cash flows for each of the years ended May 31, 2004 and 2003, respectively, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note C to the consolidated financial statements, the Company continues to experience operating losses and negative cash flow from operating activities. Liquidity during this period has been provided by management and/or significant shareholders to provide sufficient working capital to maintain the integrity of the corporate entity. These circumstances create substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not contain any adjustments that might result from the outcome of these uncertainties.

/s/ S. W. HATFIELD, CPA

Dallas, Texas  
July 23, 2004

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
May 31, 2004 and 2003

<TABLE>  
<CAPTION>

	May 31, 2004	May 31
	-----	-----
<S>	<C>	<C>
ASSETS		
	-----	-----
Current Assets		
Cash on hand and in bank	\$ 921,740	\$
Accounts receivable - Trade		
net of allowance for doubtful accounts		
of approximately \$1,500,000 and \$750,000, respectively	5,719,436	3,0
Advances due from officer	15,000	
	-----	-----
Total current assets	6,646,176	3,0
	-----	-----



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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
Years ended May 31, 2004 and 2003

<TABLE>  
<CAPTION>

	Year ended May 31, 2004	Year May 31
	-----	-----
<S>	<C>	<C>
Revenues - net	\$ 25,190,543	\$ 10,4
Cost of Sales (exclusive of depreciation shown separately below)	(17,509,300)	(6,0
Gross Profit	7,681,243	4,3
Operating Expenses		
Selling expenses	1,957,613	1,5
General and administrative expenses	4,982,769	3,7
Bad debt expense	3,201,630	8
Depreciation and amortization	116,321	1
Compensation expense related to common stock issuances at less than "fair value"	358,464	
Total operating expenses	10,616,797	5,8
Loss from operations	(2,935,554)	(1,5
Other income		
Interest and other income (expense) - net	1,826	
Interest expense	(324,649)	(4
Accretion of Beneficial Conversion Feature Discount on Convertible Debentures	-	(1
Loss on sale, abandonment and/or impairment of property and equipment	(28,185)	(
Loss before provision for income taxes	(3,286,562)	(2,0
Provision for income taxes	-	
Net Loss	(3,286,562)	(1,6



Other comprehensive income	-	-
Comprehensive Loss	\$ (3,286,562)	\$ (1,6
Net loss per weighted-average share of common stock outstanding, calculated on Net Loss - basic and fully diluted	\$ (0.02)	\$
Weighted-average number of shares of common stock outstanding	163,960,608	88,6

</TABLE>

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

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
Years ended May 31, 2004 and 2003

<TABLE>  
<CAPTION>

	Shares	Common Stock Amount	Additional paid-in capital	Accumulat Deficit
<S>	<C>	<C>	<C>	<C>
Balances at June 1, 2002	74,332,327	\$ 74,332	\$13,145,002	\$(21,500,3
Issuance of common stock for Payment of interest and retirement of debt	32,963,022	32,963	462,041	-
Services rendered	2,222,222	2,223	68,660	-
Compensation to employees	4,300,000	4,300	74,700	-
Accretion of Beneficial Conversion Discount Feature	-	-	141,177	-
Net loss for the year	-	-	-	(1,630,3
Balances at May 31, 2003	113,817,571	113,818	13,891,580	(23,130,7
Issuance of common stock for Cash	17,000,000	17,000	621,000	-
Retirement of debt	109,160,584	109,161	1,813,652	-
Services rendered	18,080,500	18,080	548,435	-
Net loss for the year	-	-	-	(3,286,5
Balances at May 31, 2004	258,058,655	\$ 258,059	\$16,874,667	\$(26,417,2





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

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## EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS

Phoenix International Industries, Inc. (Company) was incorporated on July 22 1985, pursuant to the laws of the State of Florida under the name Hydrobac, Inc. On July 7, 1986, the Company's name was changed to ProBac, Inc. and on October 5, 1994, its name was changed to Trident Environmental Systems, Inc. During those periods the Company's primary business was in various types of products and systems for use in the environmental clean-up industry. On October 2, 1996, the Company's name was changed to Phoenix International Industries, Inc. From January 1996 through May 31, 1997, the Company sought acquisitions as it wound down and closed its original environmental clean-up business.

In May 2003, Phoenix International Industries Inc. changed the company's name to Epicus Communications Group, Inc. (Epicus Group). The name change was effected to better reflect the Company's business emphasis on the telecommunications sector and to better create consistent name branding with the Company's wholly-owned operating subsidiary, EPICUS, Inc.

During Fiscal 2000, the Company acquired control of Telephone Company of Central Florida, Inc. (TCCF), an entity then operating under Chapter 11 of the United States Bankruptcy Court. As an integral component of TCCF's Plan of Reorganization, the Company recapitalized TCCF, effective on the effective date of TCCF's discharge from bankruptcy. On July 9, 1999, the U. S. Bankruptcy Court issued an Order of Confirmation related to TCCF's Plan of Reorganization and the Company recapitalized TCCF within ten days of the Confirmation Order. TCCF is a "competitive local exchange carrier ("CLEC") telephone company and a reseller of other telecommunications services. On January 17, 2001 the corporate name of TCCF was changed to EPICUS, Inc. (Epicus).

On July 28, 2000, the Company acquired 100% of the stock of Moye & Associates, Inc. (Moye) of St. Simons Island, Georgia. Moye's

primary business was that of an Internet Service Provider (ISP) known as TheBest.Net. This move was seen by management as being synergetic with the operations of TCCF. On July 19, 2001, the Company sold all operating assets of Moye to an unrelated party and, effectively, discontinued all operations within this subsidiary.

On April 9, 1998, the Company acquired 100% of the outstanding stock of Mic Mac Investments, Inc. (Mic Mac), a South Carolina corporation. Mic Mac at the time of acquisition was a long distance telephone service "reseller" specializing in services to the hospitality industry. All operations related to Mic Mac were discontinued by February 1999.

#### NOTE B - PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has adopted a year-end of May 31.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### NOTE B - PREPARATION OF FINANCIAL STATEMENTS - Continued

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

These financial statements reflect the books and records of Epicus Communications Group, Inc., EPICUS, Inc., Mic Mac, Inc. and Moye & Associates, Inc. for the years ended May 31, 2004 and 2003, respectively. All significant intercompany transactions have been eliminated in consolidation. The consolidated entities are referred to as either Company or Epicus Group.

The Company conducted business activities in only one distinct business segment during Fiscal 2004 and 2003.

#### NOTE C - GOING CONCERN UNCERTAINTY

The Company has experienced cumulative operating losses for the previous four-year period of approximately \$18,600,000 and has used cash in operating activities for the same period of approximately \$5,996,000. In a effort to control costs and better manage the Company's key operating subsidiary, Epicus, Inc., the Company discontinued all operations within Mic Mac and Moye during the year ended May 31, 2002 and has sold or otherwise disposed of all operating assets of these subsidiaries.

Further, the Company remains delinquent in the payment of various Federal and State payroll and service taxes accrued in prior years. The Company has been the subject of various levies and collection actions by the Internal Revenue Service and various State tax authorities. The withdrawal of the Company's ability to operate in any jurisdiction as a result of the non-payment of these taxes could be detrimental to the Company's ongoing operations and financial condition.

The Company's liquidity has been sustained through the sale of equity securities, restricted and unrestricted, domestically and in international markets. Further, significant working capital advances have been made by members of management or by entities owned or controlled by members of management.

Management is of the opinion that Epicus became cash flow positive during the third quarter of Fiscal 2003 (year ending May 31, 2003). This event contributed significantly to the improvement of relations with the Company's vendors to relieve daily operational pressures and should continue to provide sufficient cash to support the Company's day-to-day liquidity requirements as well as retire outstanding debt and delinquent trade payables during future periods. However, the Company continues to experience significant charges for bad debts due to the Company's customer base which impair the related cash flows.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE C - GOING CONCERN UNCERTAINTY - Continued

Because of the Company's lack of positive cash flows, the Company's continuance is fully dependent either future sales of securities or upon its current management and/or advances or loans from significant stockholders or corporate officers to provide sufficient working capital to preserve the integrity of the corporate entity.

There is no assurance that the Company will be able to obtain additional funding through the sales of additional securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, there is no legal obligation for either management or significant stockholders to provide additional future funding.

## NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Cash and cash equivalents  
-----

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Cash overdraft positions may occur from time to time due to the timing of making bank deposits and releasing checks, in accordance with the Company's cash management policies.

2. Accounts receivable  
-----

In the normal course of business, the Company extends unsecured credit to virtually all of its customers which are located throughout the United States and are principally concentrated in the southeastern quadrant of the country. Because of the credit risk involved, management has provided an allowance for doubtful accounts which reflects its opinion of amounts which will eventually become uncollectible. In the event of complete non-performance, the maximum exposure to the Company is the recorded amount of trade accounts receivable shown on the balance sheet at the date of non-performance.

3. Property and Equipment  
-----

Property and equipment are recorded at historical cost. These costs are depreciated over the estimated useful lives, generally three to ten years, of the individual assets using the straight-line method. Gains and losses from the disposition of property and equipment are included in

operations as incurred.

4. Intangible Assets

Monies paid for development of the trade name "Epicus", approximately \$23,525, were capitalized as a component of Other Assets on the Company's consolidated balance sheet. In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company follows the policy of evaluating all qualifying assets as of the end of each reporting quarter. For each of the years ended May 31, 2004 and 2003, no charges to operations were made for impairments in the future benefit of this trade name.

Other intangible assets are amortized over the estimated useful life of the underlying asset using the straight-line method.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Revenue Recognition

Local telephone services for business and residential service are billed to the respective customer in advance at the initiation of each monthly billing cycle. Long distance telephone services are billed in arrears in the month following the provision of the service. All revenue for both local and long distance services are recognized as earned with respect to each billing cycle.

In the event of cancellation of service by a customer prior to the expiration of the completion of the monthly billing cycle results in a partial refund due to the customer. These reductions of revenue, if any, due to the cancellation of service by a customer, are recognized at the point of service termination and are recognized as a component of trade accounts payable until final settlement of the customer's account balance.

6. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. At May 31, 2004 and 2003, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for



tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

As of May 31, 2004 and 2003, the deferred tax asset related to the Company's net operating loss carryforward is fully reserved.

7. Advertising costs

The Company does not conduct any direct response advertising activities. For non-direct response advertising, the Company charges the costs of these efforts to operations at the first time the related advertising is published.

8. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders by the weighted-average number of common shares outstanding during the respective period presented in our accompanying financial statements. Fully diluted earnings (loss) per share is computed similar to basic income (loss) per share except that the denominator is increased to include the number of common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the common stock equivalents are considered dilutive based upon the Company's net income (loss) position at the calculation date.

At May 31, 2004 and 2003, the Company's issued and outstanding warrants, options and convertible debt are considered antidilutive due to the Company's net operating loss position.

9. Employee Stock Options

The Company has adopted the policy of fair value based accounting for stock-based compensation in accordance with Statement of Financial Accounting Standards No. 123.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current

interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The company does not use derivative instruments to moderate its exposure to financial risk, if any.

#### NOTE F - CONCENTRATIONS OF CREDIT RISK

The Company and its Epicus subsidiary maintain their respective cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (FDIC). Under FDIC rules, the Company and its subsidiaries are entitled to aggregate coverage of \$100,000 per account type per separate legal entity per financial institution. During the years ended May 31, 2004 and 2003, respectively, the various operating companies had deposits in a financial institution with credit risk exposures in excess of statutory FDIC coverage. The Company did not incur any losses during Fiscal 2004 or 2003 as a result of any of these unsecured situations.

#### NOTE G - BUSINESS COMBINATIONS

On July 28, 2000, in accordance with an Agreement and Plan of Share Exchange, the Company acquired 100% of the outstanding shares of common stock of Moye and Associates, Inc., a Georgia Corporation, doing business as TheBest.Net (Moye). The Company exchanged an aggregate 600,000 shares of restricted, unregistered common stock for 100.0% of the issued and outstanding stock of Moye. The transaction was accounted for using the purchase method of accounting. Goodwill is normally recorded when the purchase price exceeds the fair value of the net assets and liabilities acquired. Management reviewed the prospects of recovery of goodwill that was recorded on the date of purchase and determined that the goodwill was 100% impaired based on the Letter of Intent to sell Moye & Associates (see below). The excess of the fair value of the liabilities assumed over the fair value of the assets acquired (negative book value) was not recorded as negative Goodwill.

On July 19, 2001, the Company signed a Letter of Intent to sell the active clients of Moye. The buyer paid \$133.33 for each existing "dial-up" and "domain hosting client". It was estimated that there were between approximately 1,500 and 2,700 active fee-for-service clients on the date of signing the Letter of Intent. The buyer deposited a down payment of \$150,000 with the Company and an additional \$50,000 into an interest bearing account at the date of signing. As of May 31, 2002, all amounts due under this sale of assets contract had been satisfied.

During Fiscal 2003, the Company issued approximately 500,000

shares of restricted, unregistered common stock to Tully Moye in complete settlement of all remaining obligations related to the acquisition and disposition of Moye & Associates, Inc. (dba TheBest.Net).

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## EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE H - RESTRICTED CASH

As collateral for a standby letter of credit securing telephone service provided by BellSouth Corp., the Company placed on deposit with the financial institution issuing the standby letter of credit approximately \$201,000 in an interest bearing certificate of deposit. Any interest earnings in excess of the required balance to collateralize the standby letter of credit may be transferred to the Company's operating account at the discretion of management.

During the quarter ended February 29, 2004, management redeemed the amounts on deposit and transferred the funds directly to BellSouth Corp. in lieu of maintaining the standby letter of credit. As of February 29, 2004, the Company has approximately \$322,000 on deposit with BellSouth Corp.

## NOTE I - ADVANCES DUE FROM OFFICER

The Company has advanced approximately \$15,000 to a corporate officer. This amount is non-interest bearing and is unsecured. The advance is repayable upon demand and may, at the officer's discretion, be used to offset accrued, but unpaid, compensation. As of May 31, 2004, the Company has accrued approximately \$826,000 in compensation due, but unpaid, to this officer.

## NOTE J - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of May 31, 2004 and 2003, respectively:

&lt;TABLE&gt;

<CAPTION>	May 31, 2004	May 31, 2003	Estimated life
<S>	<C>	<C>	<C>
Computer equipment	\$ 460,488	\$ 385,668	5 years
Office furniture and fixtures	68,202	44,126	7-10 years
Software and system programming	145,039	145,039	5 years
	-----	-----	
	673,729	574,833	
Less accumulated depreciation	(407,360)	(291,039)	
	-----	-----	
Net property and equipment	\$ 266,369	\$ 283,794	

&lt;/TABLE&gt;

Depreciation expense for the years ended May 31, 2004 and 2003, was \$116,321 and \$105,023, respectively.

## NOTE K - ACCRUED OFFICER COMPENSATION

As of May 31, 2004 and 2003, respectively, the Company has accrued approximately \$2,825,568 and \$2,472,372 for earned, but unpaid, compensation to its Chief Executive Officer and Chief Operating Officer, at a rate of approximately at the rate of approximately \$20,833 and \$8,600 per month respectively.

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## EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE L - NOTES PAYABLE TO BANKS AND OTHERS

Notes payable to banks and others at May 31, 2004 and 2003 are as follows:

<TABLE>  
<CAPTION>

May 31, 2004

-----

&lt;S&gt;

&lt;C&gt;

\$750,000 note payable to a foreign corporation. Interest at 13.0%  
Accrued interest payable quarterly. Final maturity due in  
June 2003 and automatically renewable for one-year periods  
upon written notice by the Company prior to the maturity  
date. Collateralized by 3,000,000 shares of restricted,  
unregistered common stock of the Company.

\$ 750,000

\$400,000 note payable to creditor trust fund. Interest at 8.0%.  
Payable in quarterly installments of \$25,000 plus accrued  
interest. Final maturity in April 2004. In the event the  
Company fails to make any scheduled quarterly payment,  
the Creditors' Trust is entitled to an immediate entry of  
judgment for any remaining amounts due upon the filing  
of an Affidavit of Non-Payment by the Creditors' Trust.

350,000

\$150,000 note payable to an individual. Principal and  
unpaid interest due upon demand. Unsecured. This  
note was forgiven by the estate of the lender during the

fourth quarter of Fiscal 2004.	-
\$97,878 note payable to an unrelated entity. Non-interest bearing. Unsecured. Due upon demand	97,878
	-----
Total notes payable to banks and others	\$ 1,197,878
	=====

</TABLE>

NOTE M - LONG-TERM DEBT

Long-term debt consists of the following at May 31, 2004 and 2003:

<TABLE>	
<CAPTION>	
	May 31, 2004
	-----
<S>	<C>
Unsecured advances made by the Company's Chief Executive Officer and/or entities controlled by either Company officers and/or individuals related to the Company's Chief Executive Officer. Interest at 6.25%. Due upon demand. Unsecured	\$ 1,015,617
	=====

</TABLE>

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE N - CONVERTIBLE DEBENTURES

Debenture #1  
- - - - -

On September 28, 2001, a consortium of four (4) separate investment entities under common management purchased 12% convertible debentures from the Company and were issued the right to receive warrants to purchase an aggregate of 3,500,000 shares of common stock from the Company in a future private placement transaction.

As of May 31, 2004 and 2003, respectively, the Company has issued and outstanding approximately \$490,780 and \$1,255,128 in 12.0% convertible debentures (Debentures). Interest on these debentures is payable on a quarterly basis on March 31, June 30,

September 30 and December 31 of each year while such Debentures are outstanding and on each Conversion Date, whichever occurs earlier. Interest may be paid, at the Company's option, in either cash or restricted, unregistered common stock. The Debentures must be prepaid if an event of default occurs under the Debentures and at the Company's option may be prepaid within thirty days of the original issue date of the Debentures.

Management is of the opinion that the Company has sufficient authorized common shares to cover the conversions. In the event that the Company does not have adequate authorized and unissued shares of common stock to effect the maximum shares needed to effect the conversion, the Company may need to seek shareholder consent to increase our amount of authorized shares. If we do not have enough authorized shares to cover the conversions and are unable to obtain shareholder approval to increase our authorized shares, such failure would be considered a breach of certain relevant provisions and representations and warranties under the Debenture documents and could result in the acceleration of all amounts due under the Debentures.

On May 1, 2003, the Company and the Debenture Holders entered into a Debenture Redemption Agreement (Redemption Agreement). The Redemption Agreement sets forth the following terms and conditions related to the Debentures on an ongoing basis:

7. **Redemption Schedule; Payment of Net Redemption Amount:** The Company shall pay the Net Redemption Price to the Debenture Holders in monthly installments in the amount of \$40,000 (the "Monthly Redemption Payment"), with the first installment thereof due on July 1, 2003 and subsequent installments thereof due on the first business day of each succeeding month (each, a "Payment Date") until the Net Redemption Amount has been paid in full. The Company shall pay the Debenture Holders by wire transfer of immediately available funds pursuant to the Debenture Holders' written instructions. The Monthly Redemption Payment shall be applied with respect to the Debenture Holders in the following order: (i) Accrued Interest, (ii) Redemption Premium, and (iii) outstanding principal balance of the Owned Debentures. During Fiscal 2004, the Company paid approximately \$120,000 cash in accordance with this section of this Agreement.
8. **Prohibited Conversions:** The Debenture Holders shall not convert the Owned Debentures into shares of the Company's common stock, par value \$0.001 per share (the "Shares") during the period commencing on the date hereof and ending on June 30, 2003 (the "Prohibited Period").
9. **Permitted Conversions:** Following the Prohibited Period, the Debenture Holders shall be permitted to convert its Owned Debentures, to the extent such Owned Debentures have not been previously redeemed hereunder, into Shares in accordance with the terms and subject to the conditions of the Owned Debentures, subject to the following restrictions:
  7. If the last reported sale price of the Shares on the Over-the-Counter Bulletin Board as reported by Bloomberg (the "Price") is less than \$.10 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 300,000 Shares every thirty (30) days during the period in which the Price remains less than \$.10 per Share,

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## EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE N - CONVERTIBLE DEBENTURES - Continued

8. If the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 500,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.10 per Share but is less than \$.20 per Share,

9. If the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, then the Debenture Holders shall have the right to convert their Owned Debentures into not more than an aggregate of 750,000 Shares every thirty (30) days during the period that the Price is equal to or exceeds \$.20 per Share but is less than \$.30 per Share, and

10. If the Price is equal to or exceeds \$.30 per Share, then the Debenture Holders shall not be restricted by the Company hereunder with respect to the number of Shares into which the Debentures may be converted during the period that the Price is equal to or exceeds \$.30 per Share, provided, however, that if the Company fails to (i) make the Monthly Redemption Payment pursuant to Section 2 hereof within five (5) business days following the Payment Date or (ii) pay any delinquent amounts that are due and owing under this Agreement, then the foregoing restrictions on the Debenture Holders' right to convert their Owned Debentures into Shares shall be suspended until the first day of the next month following the date that the Monthly Redemption Payment is received in full by the Debenture Holders.

10. Issuance of Additional Shares: The Company shall issue and deliver to the Debenture Holders shares of common stock representing, in the aggregate, one percent (1%) of the outstanding shares of the Company on the earlier to occur of: (i) the date of full conversion by the Debenture Holders of all of the Owned Debentures and (ii) the date of payment by the Company of the total Aggregate Redemption Price (collectively, the "Additional Shares").

11. Interest: Interest on the outstanding balance of the Owned Debentures shall continue to accrue following the date hereof as specified in the respective Owned Debenture and shall be payable in cash or Shares in accordance with the terms thereof.

12. Effectiveness of the Registration Statement: The Company shall take all necessary actions, including the preparing and filing of one or more registration statements of the Company and any amendments or supplements thereto (the "Registration Statement") required under the Securities Act of 1933, as





(b) warrants to purchase 1,100,000 shares of our common stock to 4 accredited investors. The transaction was consummated pursuant to a Securities Purchase Agreement by and among us and the purchasers named therein (the "Securities Purchase Agreement").

The secured convertible notes mature on May 28, 2006 and are convertible into shares of our common stock, at the option of the holder at any time and from time to time after the date when the debentures were issued, at a conversion price equal to the lower of (i) \$0.10 per share and (ii) 60% of the average of the lowest three inter-day trading prices of our common stock during the twenty trading days immediately preceding the date of conversion. The warrants are exercisable, at \$0.03 per share, until May 28, 2009.

Interest on the notes are payable, quarterly on March 31, June 30, September 30 and December 31 of each year beginning on June 30, 2004. The warrants and debentures contain customary anti-dilution protections. In addition, on May 28, 2004, we have also agreed to sell additional Notes to the original purchasers in the aggregate principal amount of \$2,200,000 and additional Warrants to purchase an aggregate of 2,200,000 shares of our common stock for an aggregate purchase price of \$2,200,000. Of these additional Notes and Warrants, \$1,100,000 of additional Notes and Warrants to purchase 1,100,000 shares will be sold within five (5) days upon the filing by us of the Registration Statement and an additional \$1,100,000 of Notes and Warrants to purchase 1,100,000 will be sold within five (5) days of our Registration Statement being declared effective by the U. S. Securities and Exchange Commission (SEC). The obligation to purchase the additional Notes and issue the additional Warrants is subject to the satisfaction of certain conditions and the absence of any material adverse effect as of the date the Registration Statement is declared effective by the SEC. The terms of these additional Notes and the additional Warrants shall be identical to the terms of the Notes and Warrants that are currently outstanding. The Securities Purchase Agreement contains various representations, warranties and covenants of the parties customary for a transaction of this type. We have agreed to indemnify the purchasers against various liabilities. We entered into a Registration Rights Agreement with each purchaser, and have agreed to file a Registration Statement with the SEC under the Securities Act, covering the resale of (i) the shares of common stock underlying the currently issued warrants; (ii) the shares of common stock underlying the notes currently outstanding in the amount of \$1,100,000; (iii) the shares of common stock underlying the warrants to be issued; (iv) the shares of common stock underlying the convertible notes in the aggregate amount of \$2,200,000 to be issued; and (v) any shares of common stock issued or issuable upon a stock split, dividend or other distribution, recapitalization or similar event for an offering to be made on a continuous basis pursuant to Rule 415.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE N - CONVERTIBLE DEBENTURES - Continued

The Registration Rights Agreement requires us to initially register 200% of the shares issuable upon the exercise of all of the warrants and the conversion of all of the notes both issued and to be issued. We and the purchasers each agreed with the other to indemnify the other for certain liabilities arising under the Securities Act. Pursuant to the Registration Rights Agreement and subject to certain other provisions therein, if we fail to timely perform or provide in accordance with our responsibilities under the Registration Rights Agreement and certain Securities Act provisions, then, in addition to any other rights the holder or holders may have pursuant to the Registration Rights Agreement or under applicable law, on each monthly anniversary of each such event date (if the applicable event shall not have been cured by such date) until the applicable event is cured, we shall pay to each holder an amount in cash, as partial liquidated damages and not as a penalty, equal to 2.0% of the outstanding principal amount of the Notes issued pursuant to the Securities Purchase Agreement. The foregoing transactions were completed under exemptions from the registration requirements of the Securities Act, including those afforded by Section 4(2) of the Securities Act of 1933, and the rules and regulations promulgated under that Section.

## NOTE O - INCOME TAXES

The components of income tax (benefit) expense for the years ended May 31, 2004 and 2003, respectively, are as follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	May 31, 2004	May 31, 2003
	-----	-----
<S>	<C>	<C>
Federal:		
Current	\$ -	\$ -
Deferred	-	-
	-----	-----
	-	-
	-----	-----
State:		
Current	-	-
Deferred	-	-
	-----	-----
	-	-
	-----	-----
Total	\$ -	\$ -
	=====	=====

&lt;/TABLE&gt;

The Company has a net operating loss carryforward of approximately \$16,500,000 to offset future taxable income. Subject to current regulations, this carryforward will begin to expire in 2006. The amount and availability of the net operating

loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

The Company's income tax expense for the years ended May 31, 2004 and 2003, respectively, are as follows:

<TABLE>  
<CAPTION>

	May 31, 2004	May 31, 2003
	-----	-----
<S>	<C>	<C>
Statutory rate applied to loss before income taxes	\$ (1,120,000)	\$ (554,000)
Increase (decrease) in income taxes resulting from:		
State income taxes	-	-
Other, including reserve for deferred tax asset	1,120,000	554,000
	-----	-----
Income tax expense	\$ -	\$ -
	=====	=====

</TABLE>

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE O - INCOME TAXES - Continued

Temporary differences, consisting primarily of statutory deferrals of expenses for organizational costs and accrued, but unpaid, accruals for officer compensation and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and liabilities as of May 31, 2004 and 2003, respectively:

<TABLE>  
<CAPTION>

	May 31, 2004	May 31, 2003
	-----	-----
<S>	<C>	<C>
Deferred tax assets		
Net operating loss carryforwards	\$ 5,680,000	\$ 4,760,000
Less valuation allowance	(5,680,000)	(4,760,000)
	-----	-----

Net Deferred Tax Asset	\$	-	\$	-
	=====		=====	

&lt;/TABLE&gt;

During the year ended May 31, 2004 and 2003, respectively, the valuation allowance (decreased) increased by approximately \$920,000 and \$(435,000).

## NOTE P - PREFERRED STOCK

The Company's Articles of Incorporation authorize the issuance of up to 5,000 shares of Preferred Stock, \$0.001 par value per share, the designation and rights of which are to be determined by our Board of Directors.

There are no shares of Preferred Stock issued and outstanding at May 31, 2004 and 2003, respectively.

The Board of Directors has authority, without action by the shareholders, to issue all or any portion of the authorized but unissued Preferred Stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of such series. We consider it desirable to have Preferred Stock available to provide increased flexibility in structuring possible future acquisitions and financings and in meeting corporate needs which may arise. If opportunities arise that would make desirable the issuance of Preferred Stock through either public offering or private placements, the provisions for Preferred Stock in our Articles of Incorporation would avoid the possible delay and expense of a shareholder's meeting, except as may be required by law or regulatory authorities. Issuance of the Preferred Stock could result, however, in a series of securities outstanding that will have certain preferences with respect to dividends and liquidation over the common stock that would result in dilution of the income per share and net book value of the common stock. Issuance of additional common stock pursuant to any conversion right that may be attached to the terms of any series of Preferred Stock may also result in dilution of the net income per share and the net book value of the common stock. The specific terms of any series of Preferred Stock will depend primarily on market conditions, terms of a proposed acquisition or financing, and other factors existing at the time of issuance. Therefore, it is not possible at this time to determine in what respect a particular series of Preferred Stock will be superior to our common stock or any other series of Preferred Stock which we may issue. Our Board of Directors may issue additional Preferred Stock in future financings, but has no current plans to do so at this time.

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## EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE Q - COMMON STOCK TRANSACTIONS

On February 3, 2004, at the Annual Meeting of the Company Shareholders, an action was approved to increase the authorized number of shares of common stock to be issued from 200,000,000 to 800,000,000. This action has been registered as an amendment to the Company's Articles of Incorporation and is reflected in the accompanying financial statements as of the first day of the first period presented.

On June 10, 2002, the Company issued an aggregate 150,000 (50,000 each) shares of restricted, unregistered common stock to three unrelated individuals as payment for various business and financial consulting services. This transaction was valued on the respective transaction date at the discounted closing quoted market price of the Company's common stock. As a result of this transaction, approximately \$3,000 was charged to operations.

On July 29, 2002, the Company issued 100,000 shares of restricted, unregistered common stock to an employee of Epicus, Inc. as payment of a retirement bonus. This transaction was valued on the respective transaction date at the discounted closing quoted market price of the Company's common stock. As a result of this transaction, approximately \$2,000 was charged to operations.

During the period from September 25, 2002 through November 13, 2002, the Company issued an aggregate 3,104,832 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. Additionally, the Company issued 1,375,000 shares in payment of accrued interest on these debentures. These transactions were valued pursuant to the debenture terms.

On February 2, 2003, the Company issued an aggregate 1,800,000 shares (200,000 shares each) of restricted, unregistered common stock nine (9) separate employees of Epicus, Inc. for performance bonuses. Further, the Company issued 1,000,000 shares of restricted, unregistered common stock to the Chief Information Officer of Epicus, Inc. as a performance bonus. These aggregate transactions were valued on the respective transaction date at approximately the closing quoted market price of the Company's common stock. As a result of this transaction, approximately \$56,000 was charged to operations.

On February 20, 2003 and April 15, 2003, the Company, in separate transactions, issued 500,000 and 972,222 shares of restricted, unregistered common stock, respectively, to an unrelated corporation for business and financial consulting services. This transaction was valued on the transaction date at approximately the closing quoted market price of the Company's common stock. As a result of these transactions, approximately \$42,083 was charged to operations.

During the period from September 25, 2002 through February 28,

2003, the Company issued an aggregate 17,384,592 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. Additionally, the Company issued 3,375,000 shares in payment of accrued interest on these debentures. These transactions were valued pursuant to the debenture terms.

On March 7, 2003, the Company issued an aggregate 300,000 (100,000 each) shares of common stock previously registered on Form S-8 to the three individuals receiving common stock in the June 10, 2002 transaction listed above. As a result of this transaction, approximately \$6,300 was charged to operations.

During the period from March 14, 2003 through April 11, 2003, the Company issued an aggregate 11,003,034 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. These transactions were valued pursuant to the debenture terms.

During the period from July 10, 2003 through August 15, 2003, the Company issued an aggregate 1,800,000 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. These transactions were valued pursuant to the debenture terms. In situations where the conversion price, per the debenture terms, was less than the discounted closing price of the Company's common stock on the NASDAQ Electronic Bulletin Board on the date of each respective transaction, the Company recognized a non-cash charge to operations. The Company recognized a non-cash charge of approximately \$12,750 for the differential between the "fair value" of these securities sold and the contractual exchange price.

EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE Q - COMMON STOCK TRANSACTIONS - Continued

During the period from June 24, 2003 through August 8, 2003, the Company sold an aggregate 12,000,000 shares of common stock pursuant to Regulation S of the Securities Act of 1933 for gross proceeds of approximately \$568,000. No underwriter was used in connection with the sale of these securities.

On July 14, 2003, the Company issued approximately 1,000,000 shares of restricted, unregistered common stock to an unrelated entity providing consulting and telemarketing services to the Company's wholly-owned subsidiary, Epicus, Inc. This transaction was valued at approximately \$45,000, which was equal to or in excess of the discounted closing price of the Company's common stock on the NASDAQ Electronic Bulletin Board on the date of each respective transaction. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

On July 11, 2003, the Company issued approximately 680,000 shares of common stock previously registered pursuant to a Registration Statement on Form S-8 for legal services. These transactions were valued at approximately \$64,600, which was equal to the

quoted closing price of the Company's securities on the NASDAQ Electronic Bulletin Board.

During the period from September 10, 2003 through November 14, 2003, the Company issued an aggregate 8,978,902 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. These transactions were valued pursuant to the debenture terms. In situations where the conversion price, per the debenture terms, was less than the discounted closing price of the Company's common stock on the NASDAQ Electronic Bulletin Board on the date of each respective transaction, the Company recognized a non-cash charge to operations. The Company recognized a cumulative non-cash charge of approximately \$51,473 for the differential between the "fair value" of these securities sold and the contractual exchange price.

During the period from December 12, 2003 through February 27, 2004, the Company issued an aggregate 15,173,478 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. These transactions were valued pursuant to the debenture terms. In situations where the conversion price, per the debenture terms, was less than the discounted closing price of the Company's common stock on the NASDAQ Electronic Bulletin Board on the date of each respective transaction, the Company recognized a non-cash charge to operations. The Company recognized a cumulative non-cash charge of approximately \$79,254 for the differential between the "fair value" of these securities sold and the contractual exchange price.

During January 2004, the Company's Board of Directors approved the issuance of an aggregate 62,500,000 shares of restricted, unregistered common stock to Gerard Haryman, the Company's Chairman, in repayment of approximately \$1,000,000 in unsecured debt. Through February 29, 2004, the Company has issued 50,000,000 of the approved shares in retirement of \$800,000 in debt. The per share exchange price was equal to or in excess of the discounted closing price of the Company's common stock on the NASDAQ Electronic Bulletin Board on the date of the transaction. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

On February 27, 2004, the Company filed a Registration Statement under the Securities Act of 1933 on Form S-8 to register an aggregate 50,500,000 shares of common stock to be used as follows:

7. 20,000,000 shares of the Company's Common Stock that may be issued pursuant to its 2004 Stock Option Plan. Also registered hereunder are such additional shares of Common Stock, presently indeterminable, as may be necessary to satisfy the anti-dilution provisions of the Plan to which this Registration Statement relates in accordance with Rule 416 under the Securities Act of 1933, as amended (the "Securities Act");
8. 9,000,000 shares of the Company's Common Stock to be issued to Marc Sporn as compensation for consulting services performed by Mr. Sporn under contract with Eastern Consulting

Corp;

9. 3,500,000 shares of the Company's Common Stock to be issued to Jeffrey A. Rinde as compensation for legal services rendered by Mr. Rinde under a retainer agreement with Bondy & Schloss LLP, the Company's new principal securities counsel; and

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE Q - COMMON STOCK TRANSACTIONS - Continued

10. 18,000,000 shares of the Company's Common Stock to be issued to Manny Shulman as compensation for consulting services rendered by Mr. Shulman.

Approximately 15,650,500 shares registered on this Form S-8 were issued between March 1, 2004 and May 31, 2004.

During the period from March 9, 2004 through May 25, 2004, the Company issued an aggregate 33,208,204 shares of common stock to the respective Debenture Holders as a result of the exercise of the conversion of outstanding 12% debentures. These transactions were valued pursuant to the debenture terms. In situations where the conversion price, per the debenture terms, was less than the discounted closing price of the Company's common stock on the NASDAQ Electronic Bulletin Board on the date of each respective transaction, the Company recognized a non-cash charge to operations. The Company recognized a cumulative non-cash charge of approximately \$255,490 for the differential between the "fair value" of these securities sold and the contractual exchange price.

NOTE R - STOCK WARRANTS

On September 28, 2001, in conjunction with the sale of an aggregate of \$700,000 of 12% convertible debentures, the Company issued the right to receive warrants to purchase an aggregate 3,500,000 shares of common stock at a price to be determined at the time of the warrant(s) issue. As of May 31, 2004, and subsequent thereto, the Company has not issued any warrants related to this issue.

On May 28, 2004, in conjunction with the sale of an aggregate of \$1,100,000 in 8% secured convertible notes, the Company issued warrants to purchase 1,100,000 shares of our common stock to 4 accredited investors. The transaction was consummated pursuant to a Securities Purchase Agreement by and among us and the purchasers named therein (the "Securities Purchase Agreement"). The warrants are exercisable, at \$0.03 per share, until May 28, 2009.



The following table presents warrant activity through May 31, 2004:

<TABLE>  
<CAPTION>

	Number of Shares ----- <C>	Weighted Average Exercise Price ----- <C>
Balance at December 31, 2003	-	-
Issued	1,100,000 -----	\$ 0.03
Balance at March 31, 2004	1,100,000 =====	

</TABLE>

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE S - STOCK OPTIONS

1998 Stock Option Plan  
-----

On May 31, 1998, the Company's Board of Directors adopted a Stock Option Plan for its employees, directors and consultants. On April 24, 2001, the Company filed a Registration Statement under the Securities Act of 1933 on Form S-8 to register 5,000,000 underlying shares of the stock option plan.

The purpose of the plan is to promote success of the Company by providing a method whereby eligible employees, directors and independent contractors and consultants providing services to the Company may be awarded additional remuneration for services rendered and invest in the capital stock of the Company. The plan will be administered by the Compensation Committee of the Board of Directors and will consist of not less than two people. This committee shall have the full power and authority to grant to eligible persons options under the plan. Persons eligible to participate in the plan include officers and directors, employee, non-employee directors, independent contractors and consultants of the Company, as the Committee shall select. The plan includes and participants may receive Incentive Stock Options or Nonqualified Stock Options. An option granted under the plan shall remain exercisable during the term of the option to the

extent provided in the applicable agreement and the plan. Shares of Common Stock delivered in payment in connection with the exercise of an Option, and shares of Common Stock withheld for such payment, shall be valued for such purpose at their Fair Market Value as of the exercise date. By acceptance of an Award, the Award is a special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan, program or policy of the Company or any Subsidiary.

Employees of the Company who have been granted options are authorized by the Committee to purchase the shares at a price equal to 55% of the three day average closing bid price prior to the date of written election to exercise. Through May 31, 2004, options to purchase a cumulative 4,280,277 shares of common stock of the 5,000,000 shares authorized in the Plan have been granted and were concurrently exercised.

#### 2004 Stock Option Plan

-----

In February 2004, the Company's Board of Directors adopted a Stock Option Plan for its employees, directors and consultants. On February 27, 2004, Company filed a Registration Statement under the Securities Act of 1933 on Form S-8 to register 20,000,000 underlying shares of the 2004 Stock Option Plan.

The purpose of the 2004 Stock Option Plan (2004 Plan) is to secure for the Company and its shareholders the benefits arising from capital stock ownership by employees, officers, directors, consultants and other service providers of the Company or any parent or subsidiary of the Company (each an "Affiliate") who are expected to contribute to the Company's future growth and success. The 2004 Plan is also designed to attract and retain other persons who will provide services to the Company. Those provisions of the 2004 Plan which make express reference to Section 422 of the Internal Revenue Code of 1986, as amended or replaced from time to time (the "Code"), shall apply only to Incentive Stock Options (as that term is defined herein).

Options granted pursuant to 2004 Plan shall be authorized by action of the Board of Directors (the "Board") of the Company (or the committee appointed by the Board in accordance with Section 2(b) below) and may be either incentive stock options ("Incentive Stock Options") intended to meet the requirements of Section 422 of the Code or non-statutory options which are not intended to meet the requirements of Section 422 of the Code ("Non-Qualified Options").

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE S - STOCK OPTIONS - Continued

2004 Stock Option Plan - continued  
-----

The purchase price per Share issuable upon the exercise of an option shall be determined by the Board or the Committee at the time of grant of such option, provided, however, that such exercise price in the case of Incentive Stock Options, shall not be less than 100% of the Fair Market Value (as hereinafter defined) of such Shares at the time of grant of such option, and for Incentive Stock Options granted to a "10% Shareholder" (as defined in Section 11(b)), shall not be less than 110% of such Fair Market Value. "Fair Market Value" of a Share as of a specified date for purposes of the Plan shall mean the closing price of a Share on the principal securities exchange (including, but not limited to, the Nasdaq SmallCap Market or the Nasdaq National Market) on which such Shares are traded on the day immediately preceding the date as of which Fair Market Value is being determined, or on the next preceding date on which such Shares are traded if no Shares were traded on such immediately preceding day, or if the Shares are not traded on a securities exchange, Fair Market Value shall be deemed to be the average of the high bid and low asked prices of the Shares in the over-the-counter market on the day immediately preceding the date as of which Fair Market Value is being determined or on the next preceding date on which such high bid and low asked prices were recorded. If the Shares are not publicly traded, Fair Market Value of a Share (including, in the case of any repurchase of Shares, any distributions with respect thereto which would be repurchased with the Shares) shall be determined in good faith by the Board taking into consideration prices at which the Company has issued Shares during the preceding six months. In no case shall Fair Market Value be determined with regard to restrictions other than restrictions which, by their terms, will never lapse.

Options granted under the Plan may provide for the payment of the exercise price by delivery of cash or a check to the order of the Company in an amount equal to the exercise price of such options, or by any other means which the Board determines are consistent with the purpose of the Plan and with applicable laws and regulations (including, without limitation, the provisions of Rule 16b-3).

Subject to earlier termination as provided herein, each option and all rights thereunder shall expire on such date as determined by the Board or the Committee and set forth in the applicable option agreement, provided that such date shall not be later than ten (10) years after the date on which the option is granted, or as prescribed by Section 11(b) of the 2004 Plan.

Each option granted under the Plan shall be exercisable either in full or in installments at such time or times and during such period as shall be set forth in the option agreement evidencing such option, subject to the provisions of the Plan. Subject to the requirements in the immediately preceding sentence, if an option is not at the time of grant immediately exercisable, the Board or the Committee may (i) in the agreement evidencing such option, provide for the acceleration of the exercise date or dates of the subject option upon the occurrence of specified

events and/or (ii) at any time prior to the complete termination of an option, accelerate the exercise date or dates of such option.

As of May 31, 2004, no options under the 2004 Stock Option Plan have been granted.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE S - STOCK OPTIONS - Continued

The following tables summarize all common stock options granted through May 31, 2004:

<TABLE>  
<CAPTION>

<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>	<u>Weighted average price per share &lt;C&gt;</u>
Options outstanding at June 1, 2001	-	-
Issued	4,280,277	\$0.05
Exercised	(4,280,277)	\$0.05
Expired/Terminated	-	-
Options outstanding at May 31, 2002	-	-
Issued	-	-
Exercised	-	-
Expired/Terminated	-	-
Options outstanding at May 31, 2003	-	-
Issued	-	-
Exercised	-	-
Expired/Terminated	-	-
Options outstanding at May 31, 2004	-	-

<TABLE>  
<CAPTION>

<u>Options granted</u>	<u>Options exercised</u>	<u>Options terminated</u>	<u>Options outstanding</u>	<u>Exercise price per outstanding</u>
-----	-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>	<C>
2002 employees	3,067,777	3,067,777	-	-	\$0.04 - \$0
2002 officers	1,212,500	1,212,500	-	-	\$0.07
	-----	-----	-----	-----	
Totals	4,280,277	4,280,277	-	-	
	=====	=====	=====	=====	

&lt;/TABLE&gt;

As of May 31, 2004, there are no granted and outstanding options. Additionally, all granted options were concurrently and simultaneously exercised by the respective employee or officer.

The weighted-average fair value of options covering approximately 1,227,868 shares of common stock granted during the year ended May 31, 2002 for which the exercise price was greater than the market price on the grant date was \$0.06 and the weighted-average exercise price was \$0.07.

The weighted-average fair value of options covering approximately 2,442,192 shares of common stock granted during the year ended May 31, 2002 for which the exercise price was less than the market price on the grant date was \$0.07 and the weighted-average exercise price was \$0.04. The Company recognized a cumulative non-cash charge to operations for the differential between "fair value" and the exercise price of approximately \$72,242 on these transactions.

The Company issued options covering approximately 610,217 shares of common stock during the year ended May 31, 2002 where the weighted-average fair value was equal to the market price on the grant date. In these situations, the weighted-average fair value of the options and the weighted-average exercise price was \$0.06.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which do not have vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

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EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE T - COMMITMENTS AND CONTINGENCIES

Leased facilities  
- -----

The Company leases its corporate offices from an entity owned by the Company's President and Chief Executive Officer. The lease was renegotiated in June 2003 and provides for annual rentals of approximately \$18,000. Rent expense for the years ended May 31, 2004 and 2003 was \$18,000 and \$42,400, respectively.

The Company's operating subsidiary, Epicus, has entered into sublease agreement for office space in Lake Mary, Florida. The lease expires September 24, 2004 and requires monthly rental payments of approximately \$11,500 per month for the first 12 months of the sublease term and \$11,845 for the remainder of the term. Epicus also has a first right of refusal to acquire additional space contiguous to the new space. Further, the Company has an option to acquire certain office furnishings left in the space by the former tenant at a bargain price if said option is exercised by December 31, 2003. Future payments under this sublease are as follows: year ending December 31, 2003 - approximately \$138,000; year ending December 31, 2004 - approximately \$106,600.

#### Litigation

EPICUS, Inc. (Epicus) has been involved in a dispute with one of its former carriers, Sprint Florida, regarding a default in payment for services. On August 23, 2000, Sprint filed suit in the Circuit Court of the Ninth Judicial Circuit in and for Orange County Florida. The Company believed that the accusation was incorrect, however after obtaining advice from legal counsel, we decided not to litigate the matter and on December 21, 2000, the carrier was awarded by that court, a default judgment against Epicus in the amount of \$321,587.52. In accordance with a Judgment Payment Agreement dated February 15, 2001, Epicus agreed to pay Sprint as follows: Principal payments of \$10,000 each will be due commencing March 15, 2001 through September 15, 2002 (18 months). The final balloon payment of \$142,000 was payable on October 15, 2002. While the scheduled payment(s) have not been demanded by Sprint, as of the date of this filing, Management of the Company intends to enter negotiations to renew and/or restructure the payment agreement in order to mitigate any potentially negative effect on the Company's cash flow while satisfying this obligation.

A suit has been filed against Epicus in the Supreme Court of British Columbia in Vancouver, Canada by EXL Information Corporation, a Canadian corporation, in the amount of \$184,761 for alleged breach of contract regarding a licensing fee for the use of their billing software. Epicus used the software for a short period of time and found that, contrary to the vendor's representations, it did not meet our specific needs and therefore stopped payment. EXL Information Corporation is seeking damages for the loss of revenue that would have been earned over the life of the agreement. The outcome of this litigation is not determinable at this time. Management intends to aggressively defend this action to conclusion.

In June 2002, AT&T Corporation filed a lawsuit against Epicus Group in the amount of \$480,796 alleging non-payment of charges. Epicus Group has consistently denied responsibility for the

charges and negotiations have been ongoing in an attempt to resolve this dispute. The matter has gone to mediation and a verbal agreement for a settlement in the amount of \$120,000 has been reached.

During the quarter ended May 31, 2004, and subsequent thereto, there has been no significant change in any of the above listed litigation, except as noted.

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&lt;PAGE&gt;

## EPICUS COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

## NOTE T - COMMITMENTS AND CONTINGENCIES - Continued

Post-Bankruptcy matters  
- - - - -

On March 11, 2004, in the U.S. Bankruptcy Court, Southern District of Florida, Judge Arthur Briskin ruled in favor of the Internal Revenue Service (IRS) allowing the IRS to amend their claim of past due excise taxes to a total of \$2,849,469.98. This motion was made by the IRS in October of 1997 during the bankruptcy hearings of Epicus, Inc.'s predecessor, The Telephone Company of Central Florida. Epicus Communications Group, Inc.'s original Plan of Reorganization was approved and accepted by Judge Briskin on July 9, 1999. In the approved Plan of Reorganization, Epicus Communications Group agreed to pay a maximum of \$300,000 in past due excise taxes. Epicus Communications Group would never have agreed to a debt of this size in its Plan of Reorganization. Epicus Communications Group is examining its legal options in this matter and a course of action has yet to be decided.

Due to the unusual nature of this event and the uncertainty of the ultimate outcome related hereto, Management has not accrued any provision for this contingency in the accompanying financial statements.

## NOTE U - SELECTED FINANCIAL DATA (Unaudited)

The following is a summary of the quarterly results of operations for the years ended May 31, 2004 and 2003, respectively:

<TABLE>  
<CAPTION>

	Quarter ended August 31,	Quarter ended November 31,	Quarter ended February 28,	Quarter end May 31,
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Fiscal 2004				
-----				
Telecommunication revenues	\$ 5,180,596	\$ 5,852,767	\$ 6,906,208	\$ 7,250,9

Gross profit	\$	1,641,560	\$	1,888,936	\$	1,826,433	\$	2,324,3
Net earnings (loss) after provision for income taxes	\$	(211,160)	\$	(711,591)	\$	(588,412)	\$	(1,511,1
Basic and fully diluted earnings per share		nil		\$(0.01)		nil		\$(0.01
Weighted average number of shares issued and outstanding		121,470,398		133,413,944		167,746,141		233,131,2

## Fiscal 2003

Telecommunication revenues	\$	1,700,256	\$	2,547,832	\$	3,210,507	\$	2,954,2
Gross profit	\$	975,655	\$	1,440,695	\$	1,647,117	\$	306,7
Net earnings (loss) after provision for income taxes	\$	(22,197)	\$	261,431	\$	10,645	\$	(1,880,2
Basic and fully diluted earnings per share		nil		nil		nil		\$(0.02
Weighted average number of shares issued and outstanding		74,504,610		76,328,926		87,967,274		109,572,1

</TABLE>

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-----  
 CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
 -----

We hereby consent to the incorporation by reference in the following  
 Registration Statements Under the Securities Act of 1933 as filed by  
 Epicus Communications Group, Inc.:

Form S-8 dated March 20, 2000	SEC File No.: 333-32814
Form S-8 dated Feb 1, 2001	SEC File No.: 333-54752
Form S-8 dated April 24, 2001	SEC File No.: 333-59422
Form S-8 dated September 28, 2001	SEC File No.: 333-70454
Form S-8 dated May 6, 2002	SEC File No.: 333-87624
Form S-8 dated June 27, 2003	SEC File No.: 333-106577



Form S-8 dated February 27, 2004

SEC File No.: 333-113146

of our independent auditor's report dated July 23, 2004 on the consolidated financial statements of Epicus Communications Group, Inc. and Subsidiaries as of May 31, 2004 and 2003 and for each of the two years ended May 31, 2004 and 2003, respectively, which report appears in the 2004 Annual Report on Form 10-KSB of Epicus Communications Group, Inc.

/s/ S. W. Hatfield, CPA  
S. W. HATFIELD, CPA

Dallas, Texas  
October 5, 2004

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[EXHIBIT 31.1]

Certification  
-----

I, Gerard Haryman, certify that:

1. I have reviewed this annual report on Form 10-KSB for the quarter ended May 31, 2004 of Epicus Communications Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial

reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: September 30, 2004

By: /s/ Gerard Haryman

Gerard Haryman  
Chief Executive Officer and  
Chief Financial Officer

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</DOCUMENT>  
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<FILENAME>epicus2004-10kex321.txt  
<TEXT>  
[EXHIBIT 32.1]

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Epicus Communications Group, Inc. (the "Company") on Form 10-KSB for the period ending

May 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerard Haryman, Chief Executive and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 30, 2004  
-----

By: /s/ Gerard Haryman  
-----

Gerard Haryman  
Chief Executive Officer and  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Epicus Communications Group, Inc. and will be retained by Epicus Communications Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

</TEXT>

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</SEC-DOCUMENT>

-----END PRIVACY-ENHANCED MESSAGE-----

## EXHIBIT C

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION

IN RE:  
EPICUS COMMUNICATIONS  
GROUP, INC.,

\_\_\_\_\_  
EPICUS, INC.  
Debtor.

CASE NO. 04-34915-BKC-PGH

CASE NO. 04-34916-BKC-PGH  
CHAPTER 11  
**Jointly Administered**

FILED  
SOUTHERN DISTRICT OF FLORIDA  
2005 MAY 20 AM 9:33  
11

**DEBTORS' JOINT JOINT PLAN OF REORGANIZATION**

FURR AND COHEN, P.A.  
Attorneys for Debtor  
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By: Alvin S. Goldstein, Esq.  
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E-Mail: [agoldstein@furrcohen.com](mailto:agoldstein@furrcohen.com)

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA

-----X  
In re : Case No. 04-34915-BKC-PGH  
: :  
EPICUS COMMUNICATIONS :  
GROUP, INC., et al., : Chapter 11  
: (Jointly Administered)  
: :  
Debtors. :  
-----X

**DEBTORS' JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

Epicus Communications Group, Inc. and Epicus, Inc., as debtors and debtors in possession, propose the following joint plan of reorganization under section 1121(a) of title 11 of the United States Code:

ARTICLE I

**DEFINITIONS AND CONSTRUCTION OF TERMS**

Definitions. As used herein, the following terms have the respective meanings specified below:

1.01 Access Provider means an entity providing telecommunications services to the Debtors pursuant to an executory contract or a tariff filed by such entity with the Federal Communications Commission or a relevant state commission.

1.02 Administrative Expense Claim means any right to payment constituting a cost or expense of administration of any of the Chapter 11 Cases under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the estates of the Debtors, any actual and necessary costs and expenses of operating the businesses of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors in Possession in connection with the conduct of their businesses, including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code. Any fees or charges assessed against the estates of the Debtors under section 1930 of chapter 123 of title 28 of the United States Code shall be excluded from the definition of Administrative Expense Claim and shall be paid in accordance with Section 14.05 of the Plan.

1.03 Allowed means, with reference to any Claim against the Debtors, (i) any Claim that has been listed by the Debtors in their Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim has been filed, (ii) any Claim allowed hereunder, (iii) any Claim that is not Disputed, (iv) any Claim that is compromised, settled, or otherwise resolved pursuant to the authority granted to the Plan Trustee or Reorganized Epicus Communications pursuant to a Final Order of the Bankruptcy Court or under the Plan, or (v) any Claim that, if Disputed, has been Allowed by Final Order; *provided, however,* that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or by order of the Bankruptcy Court, "Allowed Administrative Expense Claim" or "Allowed Claim" shall not, for any purpose under the Plan, include interest on such Administrative Expense Claim or Claim from and after the Commencement Date.

1.04 Aptek means Aptek, Inc. and/or Aptek Communication Products, as applicable.

1.05 Assumed Executory Contracts and Leases shall mean those executory contracts and leases that are to be assumed by Epicus and assigned to Reorganized Epicus Communications as provided for in Section 5.01 and Article IX of the Plan.

1.06 Avoidance Actions means the Causes of Action, and any other avoidance or equitable subordination or recovery actions under sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code, excepting any Causes of Action or any other avoidance or equitable subordination or recovery action under sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code that the Debtors and/or Debtors in Possession may claim or assert against The NIR Group, BellSouth, the Haryman Parties which have been released pursuant to the Plan.

1.07 Ballot means the form distributed to each holder of an impaired Claim that is entitled to vote to accept or reject the Plan on which is to be indicated (i) acceptance or rejection of the Plan.

1.08 Bankruptcy Code means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.09 Bankruptcy Court means the United States Bankruptcy Court for the Southern District of Florida having jurisdiction over the Chapter 11 Cases.

1.10 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, and any Local Rules of the Bankruptcy Court.

1.11 BellSouth means BellSouth Telecommunications, Inc.

1.12 BellSouth Cure Claim means BellSouth's Claim in the amount of \$1,929,356.96 as of the Petition Date.

1.13 Benefit Plans means those plans offered by Epicus for the benefit of its employees, including but not limited to, pension plans, health insurance plans, workers' compensation plans, profit sharing plans, stock bonus plans or any other employee benefit plans, severance benefit plans, earned but unpaid salary plans, accrued but unpaid vacation day plans, accrued but unpaid medical and dental expense plans and other accrued welfare benefit, compensation, or retiree medical plans.

1.14 Business Day means any day other than a Saturday, Sunday, or any other day on which commercial banks in Miami, Florida are required or authorized to close by law or executive order.

1.15 Cash means legal tender of the United States of America.

1.16 Causes of Action means, without limitation, any and all actions, causes of action, controversies, liabilities, obligations, rights, suits, damages, judgments, Claims, and demands whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Commencement Date or during the course of the Chapter 11 Cases, including through the Effective Date.

1.17 Chapter 11 Cases means the two cases under chapter 11 of the Bankruptcy Code commenced by the Debtors styled *In re Epicus Communications Group, Inc.*, Chapter 11 Case No. 04-34915-BKC-PGH and *In re Epicus*, Chapter 11 Case No. 04-34916-BKC-PGH which are currently pending in the Bankruptcy Court.

1.18 Claim shall have the meaning set forth in section 101 of the Bankruptcy Code.

1.19 Class means a category of holders of Claims or Equity Interests as set forth in Article III of the Plan.

1.20 Collateral means any property or interest in property of the estate of the Debtor subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

1.21 Commencement Date means October 25, 2004.

1.22 Committee means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

1.23 Confirmation means the date that the Bankruptcy Court has entered the Confirmation Order.

1.24 Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket.



1.25 Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.26 Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.27 Convenience Claim means any General Unsecured Claim in any of the Chapter 11 Cases that is (i) Allowed in an amount of one thousand (\$1,000) dollars or less or (ii) Allowed in an amount greater than one thousand (\$1,000) dollars but which is reduced to one thousand (\$1,000) dollars by an irrevocable written election of the holder of such Claim made on a properly delivered Ballot; *provided, however*, that any General Unsecured Claim that was originally Allowed in excess of one thousand (\$1,000) dollars may not be subdivided into multiple General Unsecured Claims of one thousand (\$1,000) dollars or less for purposes of receiving treatment as a Convenience Claim.

1.28 Culpable Individual means any director, officer, or employee of the Debtors who, (i) in connection with any alleged pre-Commencement Date accounting improprieties, was discharged or whose resignation was accepted on account of such individual's knowledge of or participation in such accounting improprieties, (ii) is or has been convicted of a crime, found in fact in any judicial or alternative dispute resolution proceeding to have committed fraud or to have received unjust enrichment, or is or has been sued by Epicus Communications or Epicus or any assignee on such grounds, or (iii) has ever failed to repay or, is otherwise in default of, any corporate loans from one or more of the Debtors.

1.29 Debtors in Possession means the Debtors in their capacity as debtors in possession in the Chapter 11 Cases pursuant to sections 1101, 1107(a), and 1108 of the Bankruptcy Code.

1.30 Debtors means collectively, Epicus Communications and Epicus unless they are referred to individually.

1.31 Disclosure Statement means the disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.32 Disputed means, with reference to any Claim, any Claim proof of which was timely and properly filed, and in such case or in the case of an Administrative Expense Claim, any Administrative Expense Claim or Claim which is disputed under the Plan or as to which the Debtors have interposed a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order, and any Claim, proof of which was required to be filed by order of the Bankruptcy Court but as to which a proof of claim was not timely or properly filed. A Claim that is Disputed by the Debtors as to its amount only, shall be deemed Allowed in the amount the Debtors admit owing, if any, and Disputed as to the excess.

1.33 Disputed Claims Reserve means, in the event there exists any Disputed Claim on or after the Effective Date, Cash to be set aside by the Plan Trustee in a separate, interest-bearing account, in an amount sufficient to pay all such Disputed Claims in accordance with the provisions of this Plan, if such Disputed Claims become Allowed Claims, and to be maintained under this Plan, as set forth more fully in Article VI of this Plan.

1.34 Distribution Notification Date means the day that is three (3) Business Days from and after the Confirmation Date.

1.35 Effective Date means the first (1<sup>st</sup>) Business Day on which the conditions specified in Section 12.01 of the Plan have been satisfied or waived.

1.36 Epicus Communications means Epicus Communications Group, Inc., a Florida corporation.

1.37 Epicus means Epicus, Inc., a Florida corporation.

1.38 Epicus Collateral means all assets of Epicus pledged pre-petition as collateral to BellSouth.

1.39 Epicus Payment means the payment of \$100,000 to be made by Reorganized Epicus Communications to the Plan Trustee in consideration for Epicus' transfer of the Transferred Assets to Reorganized Epicus Communications.

1.40 Equity Interest means any share of common stock or other instrument evidencing an ownership interest in Epicus Communications or Epicus, whether or not transferable, and any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.41 Excluded Records means all written materials that Epicus is required by law to retain and all organizational documentation of Epicus.

1.42 Final Order means an order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, on and after the Effective Date, Reorganized Epicus Communications, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been determined by the highest court to which such order was appealed, or certiorari, reargument, or rehearing shall have been denied and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired; *provided, however,* that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil procedure, may be filed with respect to such order shall not cause such order not to be a Final Order.

1.43 General Unsecured Claim means any Claim other than an Administrative Expense Claim, Priority Claim, Convenience Claim, Secured Claim, The NIR Group Debenture Claim or Insider Subordinated Debt Claim.

1.44 Governmental Entities shall mean any (a) federal, state, local, municipal, foreign or other government; (b) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); or (c) body exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any tribunal.

1.45 Haryman Parties means Gerard Haryman, Thomas Donaldson, Aptek and each of their respective agents, affiliates or entities under their control.

1.46 Haryman Payment means the payment of \$175,000 made by Gerard Haryman to the Plan Trustee, in consideration for a release of the estates' Avoidance Actions and other causes of action against the Haryman Parties.

1.47 Insider Subordinated Debt Claim shall mean the Claims in these Chapter 11 Cases of the Haryman Parties.

1.48 Insured Claim means any Claim in these Chapter 11 Cases arising from an incident or occurrence that is covered under the Debtors' insurance policies.

1.49 Interconnection Agreements means those certain agreements between and among BellSouth and Epicus.

1.50 Liabilities shall mean, as to any person, all debts, adverse claims, liabilities, commitments, responsibilities, and obligations of any kind or nature whatsoever, direct, indirect, absolute or contingent, of such person, whether accrued, vested or otherwise, whether known or unknown and whether or not actually reflected, or required to be reflected, in such person's balance sheets or other books and records.

1.51 License shall mean any license, permit or other authorization issued to a Debtor by a Governmental Entity necessary to the operation of the Debtor's business.

1.52 Lien shall have the meaning set forth in section 101 of the Bankruptcy Code.

1.53 Newly Authorized Capital Stock means the common stock of Reorganized Epicus Communications authorized and to be issued pursuant to the Plan. The Newly Authorized Capital Stock shall have a par value of \$.01 per share and such rights with respect to dividends, liquidation, voting, and other matters as are provided for by applicable nonbankruptcy law and in the Reorganized Epicus Communications' Certificate of Incorporation and the Reorganized Epicus Communications' By-laws.

1.54 New Debentures means the debentures purchased from Reorganized Epicus Communications by The NIR Group, or it designee, in conjunction with the Plan.

1.55 The NIR Group means the company known as The NIR Group, LLC, which is the common ownership and management group associated with the hedge funds that owned certain debentures prior to the Commencement Date (these funds being AJW Partners, LLC, AJW Offshore, Ltd., AJW Qualified Partners, LLC, and New Millennium Capital Partners, II, LLC); and which is going to purchase new debentures of Reorganized Epicus Communications pursuant to the Plan.

1.56 The NIR Group Collateral means all assets of Epicus Communications and Epicus pledged pre-petition as collateral to The NIR Group.

1.57 The NIR Group Payment means the payment of \$25,000 made by The NIR Group to the Plan Trustee as part of the consideration for the releases of claims against The NIR Group given pursuant to Section 5.20 of the Plan.

1.58 OAA means Ocean Avenue Advisors, LLC.

1.59 Old Debentures means the debentures issued to The NIR Group prior to the Commencement Date.

1.60 Old Debenture Documents means the debenture purchase agreements, registration rights agreements, security agreements and related documents associated with Epicus Communications' issuance of Old Debentures to The NIR Group.

1.61 Old Equity means the holders of Equity Interests in Epicus Communications prior to the confirmation of the Plan.

1.62 Old Equity Payment means the \$25,000 paid by Gerard Haryman to Reorganized Epicus Communications on behalf of himself and all of the other holders of Equity Interests of Old Equity to be used by Reorganized Epicus Communications in accordance with the treatment provided for in Sections 4.04 and 4.08 of the Plan for payment of Allowed Claims in Classes 4 and 8.

1.63 Personal Injury Claim means any Claim in these Chapter 11 Cases against the Debtor, whether or not the subject of an existing lawsuit, arising from a personal injury or wrongful death allegation. A Personal Injury Claim may also be an Insured Claim.

1.64 Plan means this chapter 11 plan of reorganization, including, without limitation, the Plan Supplement and all exhibits, supplements, appendices, and schedules hereto, either in its present form or as the same may be altered, amended, or modified from time to time.

1.65 Plan Supplement means the document containing the forms of documents and schedules specified in the Plan.

1.66 Plan Trust means the trust created pursuant to the Plan Trust Agreement on the Effective Date in accordance with this Plan, the Confirmation Order and the Plan Trust Agreement, the purposes of which include, without limitation, (i) the receipt of the assets of Epicus on behalf of and for the benefit of the holders of Class 5 and 9 Claims against Epicus under this Plan and otherwise to act as a "liquidating trust" within the meaning of Treasury

Regulations Section 301.7701-4(d), (ii) the sale, disposition, collection, or other realization of value of any kind whatsoever in respect of the assets transferred to the Plan Trust, (iii) the preservation and distribution of the consideration to be distributed to holders of Class 5 and 9 Claims against Epicus pursuant to the Plan, the Plan Trust Agreement, the Confirmation Order, or such other Order as may be entered by the Bankruptcy Court, (iv) the prosecution or settlement of objections to Disputed Claims against Epicus, (v) the prosecution or settlement of Avoidance Actions for the benefit of creditors of Epicus, and (vi) the performance of all other obligations pursuant to this Plan, the Plan Trust Agreement, and any other orders entered by the Bankruptcy Court.

1.67 Plan Trust Agreement means the Plan Trust Agreement to be dated the Effective Date establishing the terms and conditions of the Plan Trust, substantially in the form found in Plan supplement in Schedule 6.01(A).

1.68 Plan Trust Assets shall mean the assets transferred into the Plan Trust pursuant to the Plan, including but not limited to the Excluded Assets (defined in Section 5.02 of the Plan), the Avoidance Actions, the Epicus Payment, the NIR Group Payment, the Haryman Payment and 7.5% of the Newly Authorized Capital Stock of Reorganized Epicus Communications.

1.69 Plan Trust Expense Reserve means the reserve established for the payment of expenses incurred by the Plan Trustee in accordance with the obligations under the Plan and the Plan Trust Agreement.

1.70 Plan Trustee means the trustee of the Plan Trust.

1.71 Priority Claim means any Claim in any of the Chapter 11 Cases, other than an Administrative Expense Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

1.72 Pro Rata means, with respect to Allowed Claims within the same Class, the proportion that an Allowed Claim bears to the sum of (a) all Allowed Claims within such Class and (b) all Disputed Claims within such Class.

1.73 Registration Rights Agreement means a registration rights agreement to be entered into pursuant to Section 7.07 of the Plan.

1.74 Registration Rights Holder means each holder of a New Debenture.

1.75 Released Parties means any party obtaining a release of liability under this Plan.

1.76 Reorganized Epicus Communications means the Debtor Epicus Communications Group, Inc. on and after the Effective Date.

1.77 Reorganized Epicus Communications By-laws means the amended and restated by-laws of Reorganized Epicus Communications, which shall be in substantially the form contained in the Plan Supplement.

1.78 Reorganized Epicus Communications Certificate of Incorporation means the amended and restated certificate of incorporation of Reorganized Epicus Communications, which shall be in substantially the form contained in the Plan Supplement.

1.79 Schedules means the schedules of assets and liabilities, the lists of holders of Equity Interests, and the statements of financial affairs filed by the Debtor pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto filed with the Bankruptcy Court through and including the Confirmation Date.

1.80 Secured Claim means any Claim (i) to the extent reflected in the Schedules or upon a proof of claim as a Secured Claim, which is secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (ii) that is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

1.81 Stock Bonus Plan shall mean that certain plan sponsored by Epicus and/or Epicus Communications which awards its employees and others stock in Epicus Communications as part of their compensation.

1.82 Subsidiary means (i) any corporation, association, or other business entity of which more than fifty (50%) percent of the total voting power of shares or other voting securities outstanding thereof is at the time owned or controlled, directly or indirectly, by Epicus Communications or one or more of the other Subsidiaries of Epicus Communications.

1.83 Tariff Services means telecommunications services required to be provided by an Access Provider pursuant to a tariff filed by such Access Provider with the Federal Communications Commission or a relevant state commission. For purposes of the Plan, the obligation of an Access Provider to provide Tariff Services does not arise under an executory contract, except to the extent services are provided pursuant to the Interconnection Agreement.

1.84 Tax Code means the Internal Revenue Code of 1986, as amended.

1.85 Tax or Taxes shall mean any federal, state, county, local, foreign and other income, profits, gains, net worth, sales and use, ad valorem, gross receipts, business and occupation, license, estimated, stamp, custom duties, occupation, property (real or personal), franchise, capital stock, license, excise, value added, payroll, employees, income withholding, social security, unemployment or other tax, any penalty, addition to tax and interest on the foregoing.

1.86 Transfer Tax or Transfer Taxes shall mean any federal, state, county, local, foreign and other sales, use, transfer, conveyance, documentary transfer, recording or other similar tax, fee or charge imposed upon the sale, transfer or assignment of property or any interest therein or the recording thereof, and any penalty, addition to tax or interest with respect thereto, but such term shall not include any tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of the property or any interest therein.

Interpretation; Application of Definitions and Rules of Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall

include both the singular and the plural and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter. Unless otherwise specified, all section, article, schedule, or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

## ARTICLE II

### TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

2.01 Administrative Expense Claims Against Epicus Communications. Except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim against Epicus Communications agrees to a less favorable treatment, each holder of such Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Claim on the later of the Effective Date and the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; *provided, however*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor in Possession or liabilities arising under loans or advances to or other obligations incurred by the Debtor in Possession shall be paid in full and performed by Reorganized Epicus Communications in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. Furthermore, except as otherwise ordered by the Bankruptcy Court, all entities seeking an award by the Bankruptcy Court of an Administrative Expense Claim against Epicus Communications shall (i) file said Claim no later than the date that is thirty (30) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court and (ii) if such Claim is allowed it shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (A) on the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable or (B) upon such other terms as may be mutually agreed upon between the holder of such Claim and Reorganized Epicus Communications.

2.02 Administrative Expense Claims Against Epicus. Except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim against Epicus agrees to a less favorable treatment, each holder of such Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Claim on the later of the Effective Date and the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; *provided, however*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor in Possession or liabilities arising under loans or advances to or other obligations incurred by the Debtor in Possession shall be paid in full and performed by Reorganized Epicus Communications in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing,

instruments evidencing, or other documents relating to such transactions. Furthermore, except as otherwise ordered by the Bankruptcy Court, all entities seeking an award by the Bankruptcy Court of an Administrative Expense Claim against Epicus shall (i) file said Claim no later than the date that is thirty (30) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court and (ii) if such Claim is allowed it shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (A) on the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable or (B) upon such other terms as may be mutually agreed upon between the holder of such Claim and Reorganized Epicus Communications.

2.03 Professional Compensation and Reimbursement Claims. All professionals or other entities requesting compensation or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered or costs incurred through and including the Effective Date shall file and their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date no later than 20 days prior to the Confirmation hearing, subject to amendments for any periods of time subsequent to the application period, unless otherwise ordered by the Bankruptcy Court. If such professional or other entity is granted an award by the Bankruptcy Court, such professional or other entity shall be paid in full in the amount of its Allowed Claim on the earlier date of: (i) the date on which such Claim becomes an Allowed Administrative Expense Claim; (ii) such other date as may be fixed by the Court; or (iii) such other date as may be mutually agreed upon between such holder of an Allowed Administrative Expense and Reorganized Epicus Communications.

To the extent any professionals render services or incur costs subsequent to the Confirmation Hearing for the benefit of the Debtors or Reorganized Epicus Communications, as the case may be, regardless of whether it is before or after the Effective Date, the Debtors or Reorganized Epicus Communications, as the case may be, shall be responsible for paying such fees or reimbursing such costs within 30 days of a professional submitting an invoice to Reorganized Epicus Communications. If a professional or Reorganized Epicus Communications has a dispute with regard to such fees or costs, either party may petition the Bankruptcy Court for relief, which court retains exclusive jurisdiction to resolve any such dispute. In the event that either party petitions the Bankruptcy Court for relief, the Debtors' or Reorganized Epicus Communication's obligation, as the case may be, to comply with the 30 day payment requirement, is stayed until order of the Bankruptcy Court or agreement between the parties. Notwithstanding anything herein to the contrary, Reorganized Epicus Communications shall not be responsible for any fees or costs of professionals of the Committee for services rendered or costs incurred subsequent to the Effective Date or the professionals employed by the Plan Trustee.

2.04 United States Trustee's Fees. On the Effective Date, the Debtors shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), and simultaneously provide to the United States Trustee an appropriate Affidavit indicating cash disbursements for all relevant periods; notwithstanding anything contained in the Plan to the contrary, the Debtors shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), based on all post-confirmation disbursements made by the Debtors and/or Reorganized Epicus Communications for post-confirmation periods within the



time periods set forth in 28 U.S.C. § 1930(a)(6), until the earlier of the closing of these cases by the issuance of a Final Decree by the Bankruptcy Court, or upon entry of an order of this Bankruptcy Court dismissing these cases, or converting these cases to another chapter under the United States Bankruptcy Code, and the Plan Trustee shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating disbursement for the relevant periods.

### ARTICLE III

#### CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Claims, other than Administrative Expense Claims, are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Designation	Impairment	Entitled to Vote
Class 1	BellSouth Secured Claim	Impaired	Yes
Class 2	Other Secured Claims	Impaired	Yes
Class 3	NIR Group Debenture Claims	Impaired	Yes
Class 4	Priority Claims -Epicus Communications	Impaired	Yes
Class 5	Priority Claims - Epicus	Impaired	Yes
Class 6	Convenience Claims – Epicus Communications	Unimpaired	No (deemed to accept)
Class 7	Convenience Claims - Epicus	Unimpaired	No (deemed to accept)
Class 8	General Unsecured Claims – Epicus Communications	Impaired	Yes
Class 9	General Unsecured Claims - Epicus	Impaired	Yes
Class 10	Insider Subordinated Debt Claims	Impaired	Yes
Class 11	Epicus Communications Equity Interests	Impaired	Yes
Class 12	Epicus Equity Interests	Impaired	No (deemed to reject)
Class 13	IRS Secured Claim	Impaired	Yes

### ARTICLE IV

#### TREATMENT OF CLAIMS AND EQUITY INTERESTS

##### 4.01 CLASS 1 – BELLSOUTH SECURED CLAIM.

(a) Description. Class 1 is comprised of the Allowed Secured Claim held by BellSouth in the amount of \$1,929,396.96 (the “BellSouth Cure Claim”), secured solely by its lien on the Epicus Collateral.

(b) Impairment and Voting. Class 1 is impaired by the Plan, and is entitled to vote to accept or reject the Plan.

(c) Distributions/Reinstatement of Lien. On the Effective Date, BellSouth Shall receive (i) a cash payment in the amount of \$1,278,000 and (ii) application of the deposit in the amount of \$322,695 toward payment of the BellSouth Cure Claim. Following the Effective Date, the remaining balance due on the BellSouth Cure Claim (i.e. \$328,701) shall be paid over the next twelve months subsequent to the Effective Date, with interest at the rate of 8%, in equal monthly payments of \$28,593.18. BellSouth shall retain its lien upon the Epicus Collateral until the balance of the BellSouth Cure Claim is paid in full and the Post Petition Deposit (defined in Section 9.06(c) of the Plan) equals two months of estimated billings, at which time BellSouth shall release its lien upon the Epicus Collateral.

#### 4.02 CLASS 2 – OTHER SECURED CLAIMS.

(a) Description. Class 2 is comprised of all Secured Claims other than the BellSouth Secured Claim as set forth in Class 1, the NIR Group Debenture Claims as set forth in Class 3 and the IRS Secured Claim as set forth in Class 13.

(b) Impairment and Voting. Class 2 is impaired by the Plan and is entitled to vote to accept or reject the Plan.

(c) Distributions/Reinstatement. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the later of (i) 10 business days after the Effective Date and the date on which such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as practicable; or (ii) such other date as may be fixed by the Bankruptcy Court whether fixed before or after the relevant date above, each holder of an Allowed Other Secured Claim shall receive, at Reorganized Epicus Communications' sole option, in full and final satisfaction of such Allowed Other Secured Claim the following: (x) the Collateral securing such Allowed Other Secured Claim; (y) Cash from Reorganized Epicus Communications in the amount of the Allowed Other Secured Claim; or (z) monthly principal payments over a term of thirty-six months with interest at the rate of 4% per annum. Each holder of an Allowed Other Secured Claim shall retain any security interests held as of the Petition Date until such Allowed Other Secured Claim is paid in full.

#### 4.03 CLASS 3 – NIR GROUP DEBENTURE CLAIMS.

(a) Description. Class 3 is comprised of the Allowed NIR Group Debenture Claims. The NIR Group Debenture Claims are secured by a lien upon the NIR Group Collateral.

(b) Impairment and Voting. Class 3 is impaired by the Plan and is entitled to vote to accept or reject the Plan.

(c) Distributions/Reinstatement. On the Effective Date, the Old Debentures and the accompanying registration rights agreement shall be reinstated, pursuant to the terms of the Old Debenture Documents, as may be modified by any post-Effective Date amendments by The NIR Group and Reorganized Epicus Communications. The NIR Group shall retain, and to the extent necessary be granted, a lien upon the NIR Group Collateral and the Epicus Collateral, subject only to the lien of BellSouth upon the Epicus Collateral described in Section 4.01 of the Plan, and the liens of holders of Allowed Other Secured Claims described in Section 4.02 of the Plan, until the Allowed NIR Group Debenture Claims are paid in full.

#### 4.04 CLASS 4 - PRIORITY CLAIMS - EPICUS COMMUNICATIONS.

(a) Description. Class 4 is comprised of Allowed Priority Claims against Epicus Communications, entitled to priority under section 507(a) of the Bankruptcy Code, other than Administrative Expense Claims.

(b) Impairment and Voting. Class 4 is impaired by the Plan. Each holder of an Allowed Priority Claim against Epicus Communications is entitled to vote to accept or reject the Plan.

(c) Distributions. Except to the extent that a holder of an Allowed Priority Claim against Epicus Communications has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, on the later of (i) 10 business days after the Effective Date and the date on which such Allowed Priority Claim against Epicus Communications becomes an Allowed Claim, or as soon thereafter as practicable; or (ii) such other date as may be fixed by the Bankruptcy Court whether fixed before or after the relevant date above, each holder of an Allowed Priority Claim against Epicus Communications, if any, shall receive, at Reorganized Epicus Communications' sole option, the following: (x) Cash from Reorganized Epicus Communications in the amount of such Allowed Claim; (y) with respect to a claim of a kind specified in section 507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7), deferred Cash payments, of a value, as of the Effective Date, equal to the amount of such Allowed Claim; or (z) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, Cash payments, over a period not exceeding six years after the date of assessment of such Allowed Claim, of a value, as of the Effective Date, equal to amount of such Allowed Claim.

(d) Effect of Payment. Upon the payment of the Class 4 Allowed Priority Claims against Epicus Communications, no person holding or that could hold a Class 4 Claim against Epicus Communications shall have a claim against the Debtor inasmuch as any such liability shall be deemed discharged.

#### 4.05 CLASS 5 - PRIORITY CLAIMS - EPICUS.

(a) Description. Class 5 is comprised of Allowed Priority Claims against Epicus, entitled to priority under section 507(a) of the Bankruptcy Code, other than Administrative Expense Claims.

(b) Impairment and Voting. Class 5 is impaired by the Plan. Each holder of an Allowed Priority Claim against Epicus is entitled to vote to accept or reject the Plan.

(c) Distributions. Except to the extent that a holder of an Allowed Priority Claim against Epicus has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim against Epicus, if any, shall receive its Pro Rata share of the Plan Trust Assets (excluding the Haryman Payment, the NIR Group Payment, the proceeds of the Avoidance Actions and 7.5% of the Newly Authorized Capital Stock of Reorganized Epicus Communications), and in the event that Allowed Claims in Class 5 are paid in full, the remaining balance of the Plan Trust Assets shall be distributed Pro Rata to the holders of Allowed Claims in Class 9.

(d) Effect of Payment. Upon the payment of the Class 5 Allowed Priority Claim against Epicus, no person holding or that could hold a Class 5 Claim against Epicus shall have a claim against the Debtor inasmuch as any such liability shall be deemed discharged.

4.06 CLASS 6 – CONVENIENCE CLAIMS - EPICUS COMMUNICATIONS.

(a) Description. Class 6 is comprised of Allowed Convenience Claims against Epicus Communications.

(b) Impairment and Voting. Class 6 is unimpaired by the Plan. Each holder of an Allowed Convenience Claims against Epicus Communications is not entitled to vote to accept or reject the Plan.

(c) Distributions. Each holder of an Allowed Convenience Claims against Epicus Communications shall receive Cash in an amount equal to the lesser of (i) its Allowed Claim or (ii) one thousand (\$1,000) dollars, in full and complete satisfaction of such Allowed Claim.

4.07 CLASS 7 – CONVENIENCE CLAIMS - EPICUS.

(a) Description. Class 7 is comprised of Allowed Convenience Claims against Epicus.

(b) Impairment and Voting. Class 7 is unimpaired by the Plan. Each holder of an Allowed Convenience Claims against Epicus is not entitled to vote to accept or reject the Plan.

(c) Distributions. Each holder of an Allowed Convenience Claims against Epicus shall receive Cash in an amount equal to the lesser of (i) its Allowed Claim or (ii) one thousand (\$1,000) dollars, in full and complete satisfaction of such Allowed Claim.

4.08 CLASS 8 - GENERAL UNSECURED CLAIMS - EPICUS COMMUNICATIONS.

(a) Description. Class 8 is comprised of the holders of Allowed General Unsecured Claims against Epicus Communications, other than Administrative Expenses and Claims and Interests in Classes 1-7 and 9-13.

(b) Impairment and Voting. Class 8 is impaired by the Plan. Each holder of an Allowed General Unsecured Claim against Epicus Communications is entitled to vote to accept or reject the Plan.

(c) Distributions. Except to the extent that a holder of an Allowed General Unsecured Claim against Epicus Communications has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed General Unsecured Claim against Epicus Communications, if any, shall receive its Pro Rata share of the balance remaining of the Old Equity Payment after the Allowed Claims in Class 4 are paid in full.

(d) Effect of Payment. Upon the payment of the Class 8 Allowed General Unsecured Claims against Epicus Communications, no person holding or that could hold a Class 8 General Unsecured Claim against Epicus Communications shall have a claim against the Debtor inasmuch as any such liability shall be deemed discharged.

#### 4.09 CLASS 9 – GENERAL UNSECURED CLAIMS - EPICUS.

(a) Description. Class 9 is comprised of the holders of Allowed General Unsecured Claims against Epicus, other than Administrative Expenses and Claims and Interests in Classes 1-8 and 10-13.

(b) Impairment and Voting. Class 9 is impaired by the Plan. Each holder of an Allowed General Unsecured Claim against Epicus is entitled to vote to accept or reject the Plan.

(c) Distributions. Except to the extent that a holder of an Allowed General Unsecured Claim against Epicus has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, the Plan Trustee shall pay the holders of Allowed Claims in Class 9 their Pro Rata share of the Haryman Payment, the NIR Group Payment and the monies realized from the Avoidance Actions, and in the event that Allowed Claims in Class 5 are paid in full, the remaining balance of the Plan Trust Assets shall be paid Pro Rata to the holders of Allowed Claims in Class 9. In addition, the holders of Allowed Claims in Class 9 shall receive their Pro Rata share of 7.5 % of the Newly Authorized Capital Stock of Reorganized Epicus Communications.

(d) Effect of Payment. Upon the payment of the Class 9 Allowed General Unsecured Claims against Epicus, no person holding or that could hold a Class 9 General Unsecured Claim against Epicus shall have a claim against the Debtor inasmuch as any such liability shall be deemed discharged.

#### 4.10 CLASS 10 – INSIDER SUBORDINATED DEBT CLAIMS.

(a) Description. Class 10 is comprised of Insider Subordinated Debt Claims of Gerard Haryman, Thomas Donaldson and Aptek.

(b) Impairment and Voting. Class 10 is impaired by the Plan. Each holder of an Allowed Insider Subordinated Debt Claim is entitled to vote to accept or reject the Plan.

(c) Distributions. On the Effective Date, or as soon thereafter as is practicable, each holder of an Allowed Insider Subordinated Debt Claim shall receive on account of such claim the shares of Newly Authorized Capital Stock of Reorganized Epicus Communications as provided for in Section 4.11(e)(ii) below. Because holders of senior Allowed General Unsecured Claims against Epicus Communications in Class 8 will likely not be paid in full, the distribution to be received by the holders of Class 10 Insider Subordinated Debt Claims is in exchange for new value represented by the Old Equity Payment.

4.11 CLASS 11 – EPICUS COMMUNICATIONS EQUITY INTERESTS.

(a) Description. Class 11 is comprised of Equity Interests in Epicus Communications.

(b) Impairment and Voting. Class 11 is impaired by the Plan. Each holder of an Equity Interest constituting Old Equity shall be entitled to vote to accept or reject the Plan.

(c) Reverse Stock Split. Prior to the Effective Date, Epicus Communications will effect a reverse stock split of its outstanding common stock, par value \$0.001 per share, so that following the said reverse stock split, there shall be one share for every one thousand shares in existence prior to the said reverse stock split.

(d) Authorization of Newly Authorized Capital. Prior to the Effective Date, immediately following the aforesaid reverse stock split, Epicus Communications will amend its certificate of incorporation to authorize the Newly Authorized Capital that will increase its authorized capital stock to 100,000,000 shares.

(e) Distribution. On the Effective Date, or as soon thereafter as is practicable, from the Newly Authorized Capital Stock Reorganized Epicus Communications shall issue the following shares:

(i) OAA– 5,250,000 shares (pursuant to the Epicus Communication’s agreement in Section 5.19 of the Plan to reimburse The NIR Group and its affiliates for all fees and expenses incurred in connection with the investigation, negotiation and execution of the Plan, including but not limited to, the amounts owed to OAA).

(ii) The Haryman Parties, collectively, 3,040,000 shares, which shares will be divided among the Haryman Parties in amounts as agreed upon among themselves.

(iii) Old Equity (exclusive of the Old Equity Interests of the Haryman Parties) – 960,000 shares.

(iv) Class 9 (General Unsecured Claims against Epicus) – 750,0000 shares.

(f) Capital Structure (by percentages following distribution of Newly Authorized Capital Stock).

(i) OAA – 52.5%

(ii) Collectively, the Haryman Parties (including amount received for Old Equity Interests) - 30.4%

(iii) Old Equity (exclusive of the Old Equity Interests of the Haryman Parties) – 9.6%

(iv) Class 9 (General Unsecured Claims against Epicus) – 7.5%

#### 4.12 CLASS 12 – EPICUS EQUITY INTERESTS.

(a) Description. Class 12 is comprised of the Equity Interests in Epicus. Epicus Communications is the 100% holder of the Equity Interests in Epicus.

(b) Impairment and Voting. Class 12 is impaired by the Plan. Because the holder of the Equity Interest in Class 12 will not receive or retain any property under the Plan, pursuant to section 1126(g) of the Bankruptcy Code, such holder is automatically deemed to reject the Plan and need not vote to accept or reject the Plan.

(c) Distributions. As of the Effective Date, all Class 12 Epicus Equity Interests shall be extinguished and the holder of such Equity Interests shall be forever precluded and permanently enjoined from asserting directly or indirectly against the Debtors, Reorganized Epicus Communications, The NIR Group or any of their respective successors and assigns or their respective heirs, directors, employees, shareholders, partners, members, agents, representatives, advisors or attorneys, or the properties of any of them, any further Claims, debts, rights, causes of action, remedies, liabilities or Equity Interests based upon any act, omission, document, instrument, transaction or other activity of any kind or nature that occurred prior to the Effective Date. The holder of any canceled Equity Interest shall have no rights arising from or relating to such Equity Interests, or the cancellation thereof, except the rights, if any, provided in the Plan.

#### 4.13 CLASS 13 – IRS SECURED CLAIM.

(a) Description. Class 13 is comprised of the Allowed Secured Claim of the IRS.

(b) Impairment and Voting. Class 13 is impaired by the Plan, and is entitled to vote to accept or reject the Plan.

(c) Distributions. Except to the extent that a holder of the Allowed IRS Secured Claim agrees to different treatment, on the later of (i) 10 business days after the Effective Date and the date on which such Allowed IRS Secured Claim becomes an Allowed IRS Secured Claim, or as soon thereafter as practicable; or (ii) such other date as may be fixed by the Bankruptcy Court whether fixed before or after the relevant date above, each holder of an Allowed IRS Secured Claim shall receive, at Reorganized Epicus Communications' sole option, in full and final satisfaction of such Allowed IRS Secured Claim the following: (x) the Collateral securing such Allowed IRS Secured Claim; (y) Cash from Reorganized Epicus Communications in the amount of the Allowed IRS Secured Claim; or (z) monthly principal payments over a terms of one hundred and twenty (120) months with interest at the rate of 4% per annum. The holder of the Allowed IRS Secured Claim shall retain any security interests held as of the Petition Date until such Allowed IRS Secured Claim is paid in full.

## ARTICLE V

### IMPLEMENTATION OF THE PLAN

5.01 Transfer of Assets of Epicus. As a means of implementation of this Plan, as permitted by section 1123(a)(5)(B) of the Bankruptcy Code, subject to Section 5.02 of the Plan, the other provisions of the Plan and the Confirmation Order, on the Effective Date, Epicus shall convey, assign, transfer and deliver to Reorganized Epicus Communications, and Reorganized Epicus Communications shall acquire and accept all of the right, title and interest in and to all of Epicus' assets, including the right, title and interest being assumed by Epicus in the Assumed Executory Contracts and Leases and assigned to Reorganized Epicus Communications (collectively, the "Transferred Assets").

5.02 Excluded Assets. The Transferred Assets shall not include any of Epicus' right, title or interest in or to any of the following (collectively, the "Excluded Assets"):

(a) Any contracts, leases or agreements, except as specifically assumed as Assumed Executory Contracts and Leases and assigned to Reorganized Epicus Communications pursuant to a Final Order entered by the Bankruptcy Court allowing the assumption and assignment of certain contracts, leases or agreements as part of the Plan;

(b) All Claims which Epicus may have against any third person with respect to any Excluded Assets or Excluded Liabilities;

(c) All Excluded Records;

(d) All Avoidance Actions of Epicus;

(e) Any insurance policy, insurance claims and proceeds, except for claims and proceeds relating to any of the Transferred Assets and assigned to Reorganized Epicus Communications pursuant to the Confirmation Order and as otherwise provided herein.

5.03 Excluded Liabilities. Except as otherwise set forth in this Plan, Reorganized Epicus Communications shall not assume, and shall be deemed not to have assumed, any Liabilities, and Epicus shall be solely and exclusively liable with respect to all Liabilities of Epicus (collectively, the "Excluded Liabilities"), including, but not limited to, those Liabilities set forth below:

(a) Any Liabilities which arise, whether before, on or after the petition, out of, or in connection with, the Excluded Assets;

(b) Any Liabilities arising out of, or in connection with, any proceedings or arising out of the ownership and operation of the Transferred Assets or Epicus' business including, without limitation, liability for personal injury to customers, employees, or third parties, whether or not covered by insurance, to the extent that the event or state of facts giving rise to such liability occurs prior to the Effective Date;



(c) Any Liabilities arising out of or in connection with any indebtedness of Epicus to its lenders or to vendors of goods and services delivered or furnished to Epicus prior to the Effective Date, except as otherwise provided in this Plan;

(d) Any Liabilities for Epicus' employees arising from Epicus' operation of its business prior to the Effective Date including pension, health insurance claims, workers' compensation claims or liabilities, profit sharing, stock bonus plans or any other employee benefit plans, severance benefits, earned but unpaid salary, accrued but unpaid vacation days, accrued but unpaid medical and dental expenses and other accrued welfare benefits, compensation, or retiree medical and other benefits and obligations;

(e) Any Liabilities due to Governmental Entities for income Taxes of Epicus and any other Taxes of Epicus, including, but not limited to, excise taxes and all Taxes attributable to, incurred in connection with or arising out of the collection of accounts receivable and the operation of the Business including those Taxes which are not due or assessed until after the Effective Date but which are attributable to any period (or portion thereof) ending on or before the Effective Date;

(f) Any real property leases in which Epicus is a lessee or sublessee that have not been assumed by Epicus and assigned to Reorganized Epicus Communications pursuant to a Final Order entered by the Bankruptcy Court as part of the Plan;

(g) Liabilities related to the termination of employment of employees of Epicus by Epicus, including, but not limited to, any Liability arising under the WARN Act or under any similar provision of any federal, state, regional, foreign, or local Law, rule, or regulation as a consequence of the transactions contemplated by this Plan;

(h) Any brokers' or finders' fees or other liability of Epicus for costs and expenses (including fees and expenses relating to professional advisors incurred in connection with this Plan);

(i) Liabilities for any violation of environmental law, statute, regulation, order, policy, guideline, permit or other legal requirement by Epicus arising prior to the Effective Date; and

(j) Liabilities for all chemicals and waste located at any real property owned or controlled by Epicus and included in the Transferred Assets on the Effective Date that are not used in the ordinary course of Epicus' business as of the Effective Date.

5.04 Obligations in Respect of Consents. Epicus shall be responsible for all expenses, costs or obligations on account of consents required from any third party in connection with this Plan or the transactions contemplated hereby, including Epicus' professional fees incurred in connection with the negotiation and preparation of this Plan and the applications for the Confirmation Order. Reorganized Epicus Communications shall cooperate with Epicus' effort to obtain any such required consents, if any.

5.05 Assumed Liabilities. Reorganized Epicus Communications shall be responsible for fulfillment of the obligations and the Transferred Assets shall be subject to such Liens and Assumed Liabilities in accordance with and to the extent set forth in the Plan.

5.06 Transfer of Possession; Certain Deliveries. The transfer of the Transferred Assets shall take place on the Effective Date.

(a) On the Effective Date, Epicus shall deliver to Reorganized Epicus Communications, or its designated affiliate, a duly executed assignment of the Transferred Assets substantially in the form set forth in Schedule 5.06(A); and all other instruments of conveyance and transfer, in form and substance reasonably acceptable to Reorganized Epicus Communications, as may be necessary to convey the Transferred Assets to Reorganized Epicus Communications or Reorganized Epicus Communications' designee.

(b) On the Effective Date, Reorganized Epicus Communications shall deliver to Epicus all certificates required by all relevant taxing authorities that are necessary to support any claimed exemption from the imposition of Transfer Taxes; and shall deliver to the Plan Trustee the Epicus Payment pursuant to Section 5.07 of this Plan.

5.07 Epicus Payment. On the Effective Date, Reorganized Epicus Communications shall transfer the Epicus Payment to the Plan Trustee for Pro Rata distribution to the holders of Allowed Claims in Classes 5 and 9 in accordance with Sections 4.05 and 4.09 of the Plan.

5.08 Employees.

(a) Epicus shall terminate all of its employees on the Effective Date and shall be responsible for making all severance payments to such employees in respect of such termination and shall comply with all state and federal laws regarding termination of its employees such as the WARN Act. Reorganized Epicus Communications shall not assume or have any obligations or liabilities with respect to such employees or such terminations.

(b) Reorganized Epicus Communications specifically reserves to itself the right to employ or reject any of Epicus' employees or other applicants in its sole and absolute discretion. Epicus acknowledges and agrees that Reorganized Epicus Communications may interview and discuss employment terms and issues with its employees. Nothing in this Plan shall be construed as a commitment or obligation of Reorganized Epicus Communications to accept for employment, or otherwise continue the employment of, any of Epicus' employees.

(c) With respect to terminated employees, Epicus shall pay all wages, salaries, commissions, and the cost of all fringe benefits provided to each of its employees which shall have become due for work performed as of and through the day on which such employee is terminated, and Epicus shall collect and pay all taxes in respect of such wages, salaries, commissions and benefits.

(d) Epicus acknowledges and agrees that Reorganized Epicus Communications is not assuming and shall not have any obligations or liabilities under any Benefit Plan maintained by, or for the benefit of employees of Epicus, including without

limitation obligations for severance, accrued benefits, including vacation accrued but not taken as of the Effective Date, pension plan benefits, stock bonus plans or medical coverage.

5.09 Payment of Transfer Taxes and Tax Filings.

(a) If any Transfer Taxes are due because of the waiver of such pursuant to section 1146(c) of the Bankruptcy Code and as provided in the Plan, all Transfer Taxes arising out of the transfer of the Transferred Assets and any Transfer Taxes required to effect any recording or filing with respect thereto shall be borne by Epicus. The Transfer Taxes shall be calculated assuming that no exemption from Transfer Taxes is available. Epicus and Reorganized Epicus Communications shall cooperate to timely prepare and file any returns or other filings relating to such Transfer Taxes, including any claim for exemption or exclusion from the application or imposition of any Transfer Taxes. Epicus shall pay such Transfer Taxes and shall file all necessary documentation and returns with respect to such Transfer Taxes when due, and shall promptly following the filing thereof furnish a copy of such return or other filing and a copy of a receipt showing payment of any such Transfer Tax to Reorganized Epicus Communications.

(b) Each party shall furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to the Transferred Assets as is reasonably necessary for filing of all Tax returns, including any claim for exemption or exclusion from the application or imposition of any Taxes or making of any election related to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax return.

5.10 Utilities. Aside from any amounts that might be owed on utility obligations based upon the Assumed Executory Contracts and Leases, to the extent practicable, the parties shall notify the gas, water, telephone and electric utility companies that Reorganized Epicus Communications shall be responsible for the payment of all obligations incurred therefor after the Effective Date with respect to the Transferred Assets. Epicus shall request the gas, water and electric utility companies to cause meters to be read as of the Effective Date, and Epicus shall be responsible for the payment of all charges for such services incurred and provided through the Effective Date. Epicus shall cause the telephone companies to render a bill for telephone service incurred through the Effective Date, and Epicus shall be responsible for the payment of such bills. In the event that after the Effective Date, any provider of phone, gas, water or electric utilities seeks payment from Reorganized Epicus Communications of unpaid phone, gas, water or electric utilities provided to Epicus prior to the Effective Date, Epicus shall pay such unpaid amounts as promptly as is required (after reasonable notice from Reorganized Epicus Communications) to avoid any discontinuation of utility service to Reorganized Epicus Communications. To the extent that Reorganized Epicus Communications pays such unpaid amounts, Epicus shall promptly reimburse Reorganized Epicus Communications for the cost of such payments.

5.11 Proration of Taxes and Certain Charges.

(a) Except as provided in Section 5.09, all real property Taxes, if any, personal property Taxes or similar ad valorem obligations levied with respect to the Transferred

Assets for any taxable period that includes the day before the Effective Date and ends after the Effective Date, whether imposed or assessed before or after the Effective Date, shall be prorated between Epicus and Reorganized Epicus Communications as of 12:00 P.M. on the Effective Date. If any Taxes subject to proration are paid by Reorganized Epicus Communications, on the one hand, or Epicus, on the other hand, the proportionate amount of such Taxes paid (or in the event a refund of any portion of such Taxes previously paid is received, such refund) shall be paid promptly by (or to) the other after the payment of such Taxes (or promptly following the receipt of any such refund).

(b) Except as provided herein, all installments of special assessments or other charges on or with respect to the Transferred Assets payable by Epicus for any period in which the Effective Date shall occur, including, without limitation, base rent, common area maintenance, royalties, all municipal, utility or authority charges for water, sewer, electric or gas charges, garbage or waste removal, and cost of fuel, shall be apportioned as of the Effective Date and each party shall pay its proportionate share promptly upon the receipt of any bill, statement or other charge with respect thereto. If such charges or rates are assessed either based upon time or for a specified period, such charges or rates shall be prorated as of 12:00 P.M. on the Effective Date. If such charges or rates are assessed based upon usage of utility or similar services, such charges shall be prorated based upon meter readings taken on the Effective Date.

(c) All refunds, reimbursements, installments of base rent, additional rent, license fees, insurance premiums, unexpired license plate and tag fees or other use related revenue receivable by any party to the extent attributable to the operation of the Transferred Assets for any period in which the Effective shall occur shall be prorated so that Epicus shall be entitled to that portion of any such installment applicable to the period up to and including the Effective Date and Reorganized Epicus Communications shall be entitled to that portion of any such installment applicable to any period after the Effective Date, and if Reorganized Epicus Communications or Epicus, as the case may be, shall receive any such payments after the Effective Date, they shall promptly remit to such other party its share of such payments.

(d) The prorations pursuant to this Section may be calculated after the Effective Date, as each item to be prorated (including without limitation any such Tax, obligation, assessment, charge, refund, reimbursement, rent installment, fee or revenue) accrues or comes due, provided that, in any event, any such proration shall be calculated not later than thirty (30) days after the party requesting proration of any item obtains the information required to calculate such proration of such item.

5.12 Transfer of Licenses. Epicus shall use reasonable efforts to cooperate with Reorganized Epicus Communications, including executing such documents as Reorganized Epicus Communications shall reasonably request, in order to effectuate the transfer of Licenses to Reorganized Epicus Communications and/or assist Reorganized Epicus Communications in obtaining the issuances of substitute Licenses for the operation of the Transferred Assets.

5.13 Debtors' Pre-Effective Date Operations. After Confirmation of this Plan and prior to the Effective Date, the Debtors shall operate their businesses in the ordinary course, including but not limited to, paying normal operating expenses, preparing and filing tax returns and statements, preparing and filing necessary forms and statements with the United States

Securities and Exchange Commission, collecting accounts receivable and filing U.S. Trustee reports, as debtors in possession with the authority granted them under sections 1107 and 1108 of the Bankruptcy Code and subject only to certain additional restrictions imposed upon the Debtors pursuant to the Plan.

5.14 Settlement of Haryman Avoidance Action/Releases. On the Effective Date, Gerard Haryman, on behalf of the Haryman Parties, shall pay the Haryman Payment to the Plan Trustee, for Pro Rata distribution to the holders of Class 9 Allowed General Unsecured Claims against Epicus. Upon payment of the Haryman Payment by Gerard Haryman, the Debtors, Debtors-in-Possession, their estates, the Committee, BellSouth, The NIR Group, the Plan Trustee, the Plan Trust and Reorganized Epicus Communications shall release and waive any and all claims or causes of action, known or unknown, including but not limited to the Avoidance Actions, against the Haryman Parties.

5.15 Employment Contracts. Notwithstanding Section 5.08, on the Effective Date, Reorganized Epicus Communications shall enter into employment contracts with Gerard Haryman and Thomas Donaldson, substantially in the form contained in Schedule 5.15 to the Plan.

5.16 Restructuring Transactions. The following transactions shall be effectuated in the order set forth:

(a) Reverse Stock Split. Prior to the Effective Date, Epicus Communications will effect a reverse stock split of its outstanding common stock, par value \$0.001 per share, so that following the said reverse stock split, there shall be one share for every one thousand shares in existence prior to the said reverse stock split.

(b) Reorganized Epicus Communications Articles of Incorporation and By-Laws. Prior to the Effective Date, immediately following the aforesaid reverse stock split, Epicus Communications will amend its certificate of incorporation to authorize the Newly Authorized Capital that will increase its authorized capital stock to 100,000,000 shares.

(c) Old Equity Payment. On the Effective Date, Gerard Haryman, on behalf of Old Equity, shall pay the Old Equity Payment to Reorganized Epicus Communications for Pro Rata distribution to the holders of Allowed Claims in Class 4 and Class 8, in accordance with Sections 4.04 and 4.08 of the Plan.

(d) Issuance of Newly Authorized Capital Stock. Pursuant to the treatment provided for in Section 4.11, on the Effective Date, or as soon thereafter as is practicable, from the Newly Authorized Capital Stock Reorganized Epicus Communications shall issue the following shares:

(i) OAA- 5,250,000 shares.

(ii) The Haryman Parties, collectively, 3,040,000 shares, which shares will be divided among the Haryman Parties in amounts as agreed upon among themselves.

(iii) Old Equity (exclusive of the Old Equity Interests of the Haryman Parties) – 960,000 shares.

(iv) Class 9 (General Unsecured Claims against Epicus) – 750,0000 shares.

(e) Capital Structure (by percentages following distribution of Newly Authorized Capital Stock).

(i) OAA – 52.5%

(ii) Collectively, the Haryman Parties (including amount received for Old Equity Interests) - 30.4%

(iii) Old Equity (exclusive of the Old Equity Interests of the Haryman Parties) – 9.6%

(iv) Class 9 (General Unsecured Claims against Epicus) – 7.5%

5.17 New Debentures. On the Effective Date, Reorganized Epicus Communications shall issue New Debentures to The NIR Group, and shall execute a new debenture agreement and registration rights agreement in the form contained in Schedule 5.17 of the Plan Supplement. Reorganized Epicus Communications shall grant to The NIR Group a first priority lien upon all of the assets owned by Reorganized Epicus Communications, the Epicus Collateral and the NIR Group Collateral, subject only to the lien of BellSouth upon the Epicus Collateral, described in Section 4.01 of the Plan, and the liens of the holders of Allowed Other Secured Claims, described in Section 4.02 of the Plan.

5.18 Reinstatement of the Old Debentures. On the Effective Date, the Old Debentures and the accompanying registration rights agreement shall be reinstated, pursuant to the terms of the Old Debenture Documents, as may be modified by any post-Effective Date amendments by The NIR Group and Reorganized Epicus Communications. The NIR Group shall retain, and to the extent necessary be granted, a lien upon the NIR Group Collateral and the Epicus Collateral, subject only to the lien of BellSouth upon the Epicus Collateral described in Section 4.01 of the Plan, and a lien upon all assets owned by Reorganized Epicus Communications, subject only to the liens of the holders of Allowed Other Secured Claims, described in Section 4.02 of the Plan, until the Allowed NIR Group Debenture Claims are paid in full.

5.19 Reimbursement of The NIR Group Expenses. Reorganized Epicus Communications will reimburse The NIR Group for all fees and expenses incurred in connection with the investigation, negotiation and execution of this Plan and all documents associated with the Plan, including without limitation, all amounts owed to OAA.

5.20 Release of The NIR Group. On the Effective Date, The NIR Group shall pay The NIR Group Payment to the Plan Trustee for Pro Rata distribution to the holders of Class 9 Allowed General Unsecured Claims against Epicus. As consideration for the NIR Group Payment and the payments made by The NIR Group to Reorganized Epicus Communications in

connection with the purchase and sale of New Debentures, the Debtors, Debtors-in-Possession, their estates, the Committee, the Plan Trustee, the Plan Trust, Reorganized Epicus Communications, the Haryman Parties and BellSouth shall release and waive any claims and causes of action, if any, including but not limited to, Avoidance Actions, against The NIR Group, its affiliates or any of their respective directors, employees, shareholders, partners, members, agents, representatives, advisors or attorneys.

5.21 Release of BellSouth. On the Effective Date, the Debtors, their estates, the Committee, the Plan Trustee, the Plan Trust, Reorganized Epicus Communications and the NIR Group shall release and waive any claims or causes of action, if any, including but not limited to, Avoidance Actions, against BellSouth, its affiliates or any of their respective directors, employees, shareholders, partners, members, agents, representatives, advisors or attorneys.

5.22 Corporate Name Change and Relocation. The Reorganized Epicus Communication Certificate of Incorporation and Reorganized Epicus Communication By-laws shall provide that, prior to or on the Effective Date, Epicus Communications shall reincorporate as a Delaware corporation. The location of the corporate offices of Reorganized Epicus Communications, on and after the Effective Date, shall be disclosed prior to the Confirmation Hearing.

5.23 Debtor Intercompany Claims. On the Effective Date, the intercompany Claims between and among the Debtors shall be eliminated.

5.24 Cancellation of Existing Equity Interests in Subsidiary. On the Effective Date, any document, agreement, or instrument evidencing any Claim or equity interest, other than a Claim or equity interest that is reinstated and rendered unimpaired under the Plan held by a Debtor in any Subsidiary, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtor under such documents, agreements, or instruments evidencing such Claim and equity interests, as the case may be, shall be discharged.

5.25 Waiver of the Ten (10) Day Stay. Pursuant to Bankruptcy Rules 3020(e), 6004(g) and 6006(d), the Confirmation Order shall not be stayed, and in the absence of any entity obtaining a stay pending appeal of the Confirmation Order, Epicus and Reorganized Epicus Communications are free to consummate the transactions contemplated by the Plan at any time. In the absence such a stay pending appeal, if Epicus and Reorganized Epicus Communications consummate the transactions contemplated by the Plan, Reorganized Epicus Communications shall be entitled to be found to be a good faith transferee as to the transfer of the Transferred Assets if the Confirmation Order or any authorization contained herein is reversed or modified on appeal.

5.26 Funding of Plan Distributions.

(a) Upon the Effective Date, Reorganized Epicus Communications shall transfer to Epicus (or the Plan Trustee), to the extent necessary, Cash, from funds generated from the sale of New Debentures, sufficient to pay, as provided in the Plan, all Administrative

Expense Claims, the Administrative Expense Claims of Professionals, Allowed Convenience Claims in Classes 6 and 7, and The NIR Group's fees and expenses as provided in Section 5.19 of the Plan.

(b) Reorganized Epicus Communications shall pay to BellSouth, from funds generated from the sale of New Debentures, the payments to BellSouth, due on the Effective Date, as provided in Sections 4.01 and 9.06 of the Plan.

(c) The Old Equity Payment shall be paid by Gerard Haryman to Reorganized Epicus Communications to be distributed to the holders of Allowed Claims in Classes 4 and 8 in accordance with the treatment provided in Sections 4.04 and 4.08 of the Plan.

(d) The Epicus Payment, the NIR Group Payment and the Haryman Payment shall be paid to the Plan Trustee to be distributed to the holders of Allowed Claims in Classes 5 and 9 in accordance with the treatment provided in Sections 4.05 and 4.09 of the Plan.

(e) All available Cash realized from the liquidation of the Excluded Assets shall be maintained by the Plan Trustee for distribution to the holders of Allowed Claims as provided in the Plan and the Plan Trust Agreement in accordance with the treatment provided in Section 4.05 and 4.09 of the Plan.

## ARTICLE VI

### ESTABLISHMENT OF PLAN TRUST AND DESIGNATION OF PLAN TRUSTEE

6.01 Establishment of Plan Trust. Prior to the Effective Date, both Debtors shall (i) execute the Plan Trust Agreement, in substantially in the form found in the Plan Supplement, in Schedule 6.01(A), (ii) take all other steps necessary or appropriate to establish the Plan Trust, (iii) transfer, deliver and assign to the Plan Trust on behalf of the holders of Allowed Claims in Classes 5 and 9 all of their right, title and interest in the Plan Trust Assets to be distributed in accordance with this Plan. For federal income tax purposes, the beneficiaries of the Plan Trust shall be treated as the grantors of the Plan Trust and deemed to be the owners of the assets of the Plan Trust, and the Debtors will treat the transfer of the assets of the Debtors to the Plan Trust as a deemed transfer to such beneficiaries followed by a deemed transfer by such beneficiaries to the Plan Trust. The costs and expenses incurred by the Plan Trust on and after the Effective Date shall be paid in the ordinary course of business from the Plan Trust Expense Reserve.

6.02 Purpose of Plan Trust. The Plan Trust, through the Plan Trustee, shall (i) collect and reduce the assets of the Plan Trust to Cash, (ii) make distributions Pro Rata on account of holders of Claims in Classes 5 and 9 under the Plan Trust and in accordance with this Plan and (iii) take all such actions as are reasonably necessary to accomplish the purpose hereof, as more fully provided in the Plan Trust Agreement.

6.03 Powers and Obligations of Plan Trust. In addition to all powers enumerated in the Plan Trust Agreement and in the provisions hereof, from and after the Effective Date, the Plan Trust shall succeed to all of the rights of the Debtors necessary to effectuate the Plan. The Plan Trust shall have the authority without further Bankruptcy Court approval to sell the assets of the



Plan Trust, to hire counsel and other advisors, to prosecute and settle objections to Disputed Claims against the Debtors, to pursue causes of action and otherwise to take such other actions as shall be necessary to administer the Debtors' cases and effect the closing of the Debtors' cases.

6.04 Plan Trustee.

(a) Appointment. Prior to the Confirmation Date, the Committee, in consultation with the Debtors, shall nominate one or more persons to individually or jointly serve as the Plan Trustee.

(b) Service. The Confirmation Order shall provide for the appointment of the Plan Trustee. From and after the Effective Date, the Plan Trustee will continue to serve in accordance with the terms of the Plan Trust Agreement. The Plan Trustee will retain all rights and powers conferred by the Plan Trust Agreement. The Plan Trustee shall also possess such other and further rights and powers as detailed in this Plan and in the Plan Trust Agreement, including, without limitation to those powers and rights conferred by the Plan Trust Agreement, all rights and powers pursuant to section 1123(b)(3)(A) and (B) of the Bankruptcy Code, including the right and power in its reasonable discretion to:

(i) invest the Plan Trust Assets (including, without limitation, Cash in the reserves) in (A) direct obligations of the United States of America or obligations of any agency or instrumentality thereof which are guaranteed by the full faith and credit of the United States of America; (B) money market deposit accounts, checking accounts, savings accounts or certificates of deposit, or other time deposit accounts that are issued by a commercial bank or savings institution organized under the laws of the United States of America or any state thereof; or (C) any other investments that may be permissible under (I) the Bankruptcy Code or (II) any order of the Bankruptcy Court entered in the Chapter 11 Cases;

(ii) calculate and pay all distributions required or permitted to be made under the Plan, the Plan Trust Agreement and/or orders of the Bankruptcy Court;

(iii) subject to the provisions of this Plan and the Plan Trust Agreement, establish, fund, and/or administer the reserves and such other reserves, accounts and escrows as may be authorized by the Plan Trust Agreement, the Plan or order of the Bankruptcy Court;

(iv) employ, supervise and compensate professionals and other persons retained to represent the interests of and serve on behalf of the Debtors and waive any conflicts of interest as deemed necessary and appropriate in his discretion;

(v) make and file tax returns, if necessary, on behalf of the Plan Trust or Epicus;

(vi) seek estimation of contingent or unliquidated Claims in Classes 5 and 9 under section 502 (c) of the Bankruptcy Code;

(vii) seek determination of tax liability under section 505 of the Bankruptcy Code;

(viii) prosecute, settle, dismiss, abandon or otherwise dispose of any and all the Avoidance Actions transferred to the Plan Trust;

(ix) perform any and all acts necessary or appropriate for the conservation and protection of the assets of the Plan Trust;

(x) exercise all powers and rights, and take all actions contemplated by or provided for in the Plan or Plan Trust Agreement;

(xi) take any and all other actions necessary or appropriate to implement the Plan Trust;

(xii) to consider and act on the compromise, settlement or payment of any claim against Epicus;

(xiii) to exercise all powers and rights accorded by the Bankruptcy Code, including, but not limited to, section 105 of the Bankruptcy Code, and, notwithstanding the applicable law of the state of incorporation of any Debtor, all powers and rights accorded under Florida Law.

(c) Compensation. The Plan Trustee shall be compensated from the Plan Trust Expense Reserve pursuant to the terms of the Plan Trust Agreement, and any agents, financial advisors, attorneys, consultants, independent contractors, representatives and other professionals retained or utilized by the Plan Trustee (the "Administrator Professionals") shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred from the Plan Trust Expense Reserve. After the Effective Date, the payment of the fees and expenses of the Plan Trustee and the Administrator Professionals shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court. The Plan Trustee shall file with the Bankruptcy Court periodic statements containing a detailed invoice for services performed (a "Statement"). In the event any party in interest objects to the compensation received by the Plan Trustee as detailed in a Statement, the matter shall be presented to the Bankruptcy Court for determination. Any such objection must be filed with the Bankruptcy Court within twenty (20) days after the filing of the Statement upon which the objection is based. Upon the request of any party in interest or the Plan Trustee, the Bankruptcy Court, after notice and a hearing, may, with the consent of the Plan Trustee, alter the amount, terms, or conditions of the Plan Trustee's compensation. Any successor Plan Trustee shall receive such reasonable compensation and reimbursement of expenses in the same manner for service as the Plan Trustee.

(d) Indemnification. An indemnification of the Plan Trustee and the Administrator Professionals shall be as set forth in paragraph 8.3 of the Plan Trust Agreement.

(e) Insurance. The Plan Trustee shall be authorized to obtain all reasonably necessary insurance coverage for himself and the Administrator Professionals.

6.05 Plan Trust Expense Reserves. On or as soon as practicable after the Effective Date and prior to making any distributions, the Plan Trustee shall set aside, deduct and reserve an amount of Cash equal to the estimated amount of plan expenses. The Plan Trust Expense

Reserve shall be deposited in a segregated, interest-bearing account in order to fund the fees and expenses of the Plan Trust (including, without limitation, compensation for the Plan Trustee and fees and expenses incurred in connection with the duties and actions of the Plan Trustee (including, without limitation, fees and expenses of legal counsel and accountants)) and to pay insurance, taxes and other expenses arising in the ordinary course of business in maintaining and disposing of the remaining assets. Any Cash remaining in the Plan Trust Expense Reserve prior to the closing of the Chapter 11 Cases shall be distributed to holders of Claims in accordance with the provisions of this Plan.

6.06 Resignation, Death or Removal of Plan Trustee. The Plan Trustee may be removed by the Bankruptcy Court upon application for good cause shown. In the event of the resignation, removal, death or incapacity of a Plan Trustee, the Bankruptcy Court shall designate another person to become Plan Trustee and thereupon the successor Plan Trustee, without any further action, shall become fully vested with all of the rights, powers, duties and obligations of his or her predecessor.

## ARTICLE VII

### PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE PLAN

7.01 Voting of Claims. Each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan pursuant to Article IV of the Plan shall be entitled to vote separately to accept or reject the Plan as provided in such order as is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

7.02 Nonconsensual Confirmation. If any impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to amend the Plan in accordance with Section 14.08 of the Plan or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both. With respect to impaired Classes of Claims that are deemed to reject the Plan, the Debtors shall request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

7.03 Distributions of Cash. Any payment of Cash made pursuant to the Plan or the Plan Trust Agreement shall be made by check drawn on a domestic bank or wire transfer.

7.04 Timing of Distributions. In the event that any payment, distribution, or act under the Plan or the Plan Trust Agreement is required to be made or performed on a date that is not a Business Day, then the making of such payment or distribution or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

7.05 Distribution Made to Addresses. Subject to Bankruptcy Rule 9010, all distributions under the Plan and Plan Trust to holders of Allowed Claims shall be made to the holder of each Allowed Claim at the address of such holder as listed on the Schedules as of the

Distribution Notification Date, unless the Debtors or, on and after the Effective Date, Reorganized Epicus Communications or Plan Trustee (as applicable), has been notified in writing of a change of address, including, without limitation, by the timely filing of a proof of claim by such holder that provides an address for such holder different from the address reflected on the Schedules.

7.06 Surrender of Instruments. Except to the extent evidenced by electronic entry, as a condition to receiving any distribution under the Plan, each holder of a certificated instrument or note must surrender such instrument or note held by it to Reorganized Epicus Communications or its designee, unless such certificated instrument or note is being reinstated or being left unimpaired under the Plan. Any holder of such instrument or note that fails to (i) surrender such instrument or note, or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to Reorganized Epicus Communications before the first (1<sup>st</sup>) anniversary of the Effective Date shall be deemed to have forfeited all rights and Claims and may not participate in any distribution under the Plan. Any distribution so forfeited shall become property of Reorganized Epicus Communications.

7.07 Registration of Newly Authorized Capital Stock and New Notes. Each Registration Rights Holder shall have the right to become a party to the Registration Rights Agreement on the Effective Date. The Registration Rights Agreement shall contain customary terms and conditions in a form reasonably agreed by Reorganized Epicus Communications and the Registration Rights Holders holding a majority of the Newly Authorized Capital Stock.

7.08 Fractional Shares. No fractional shares of Newly Authorized Capital Stock shall be distributed under the Plan. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of shares of Newly Authorized Capital Stock that is not a whole number, the actual distribution of shares of Newly Authorized Capital Stock shall be rounded as follows: (i) fractions of one-half ( $\frac{1}{2}$ ) or greater shall be rounded to the next higher whole number; and (ii) fractions of less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of Newly Authorized Capital Stock to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the rounding provided in this Plan.

7.09 Unclaimed Distributions. All distributions under the Plan (other than under the Plan Trust Agreement) that are unclaimed for a period of sixty (60) days after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and revested in Reorganized Epicus Communications and any entitlement of any holder of any Claim to such distributions shall be extinguished and forever barred.

7.10 Setoffs. Reorganized Epicus Communications or the Plan Trustee may, but shall not be required to, set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made), any Claims of any nature whatsoever that the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by Reorganized Epicus Communications or the Plan Trustee of any such Claim the Debtors may have against the holder of such Claim.

7.11 Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a distribution under the Plan or the Plan Trust Agreement is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

## ARTICLE VIII

### PROCEDURES FOR TREATING DISPUTED CLAIMS

8.01 Objections to Administrative Expense Claims and Claims. Reorganized Epicus Communications shall be entitled to object to Administrative Expense Claims and Claims. Except as otherwise ordered by the Bankruptcy Court, any objections to Administrative Expense Claims and Claims shall be filed and served in accordance with the Bankruptcy Court's Order approving the Disclosure Statement, or other Order of the Bankruptcy Court.

8.02 No Distributions Pending Allowance. Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution provided hereunder shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

8.03 Personal Injury Claims. All Personal Injury Claims are Disputed Claims. No distributions shall be made on account of any Personal Injury Claim unless and until such Claim is liquidated and becomes an Allowed Claim. Any Personal Injury Claim which has not been liquidated prior to the Effective Date and as to which a proof of claim was timely filed in the Chapter 11 Cases, shall be determined and liquidated in the administrative or judicial tribunal in which it is pending on the Effective Date or, if no action was pending on the Effective Date, in any administrative or judicial tribunal of appropriate jurisdiction. Any Personal Injury Claim determined and liquidated (i) pursuant to a judgment obtained in accordance with this Section and applicable nonbankruptcy law which is no longer appealable or subject to review, or (ii) in any alternative dispute resolution or similar proceeding as same may be approved by order of a court of competent jurisdiction, shall be paid as follows: (A) to the extent such liquidated Claim is, in whole or in part, an Insured Claim, the insured portion shall be paid by the applicable insurer pursuant to the provisions of Section 8.05 of the Plan and (B) to the extent any portion of such liquidated Claim is not covered by any of the Debtor's insurance policies, such uninsured portion shall be deemed, to the extent applicable, an Allowed Claim in Class 8 or 9 (as applicable) and treated in accordance with Sections 4.08 and 4.09 of the Plan. Nothing contained in this Section 8.03 shall constitute or be deemed a waiver of any Claim, right, or Cause of Action that the Debtor may have against any person in connection with or arising out of any Personal Injury Claim, including, without limitation, any rights under section 157(b) of title 28 of the United States Code.

8.04 Distributions to Convenience Claims. After such time as a Disputed Convenience Claim becomes Allowed, Reorganized Epicus Communications or Epicus, as the case may be, shall distribute to the holder thereof the distributions, if any, to which such holder is then entitled under the Plan. Such distributions to holders of Allowed Convenience Claims shall

be made on or before the date that is twenty (20) days after the order or judgment of the Bankruptcy Court allowing such Disputed Convenience Claim becomes a Final Order, without any post-Effective Date interest thereon.

8.05 Distributions Relating to Allowed Insured Claims. Distributions under the Plan to each holder of an Allowed Claim covered by insurance shall be in accordance with the provisions of any applicable insurance policy. Nothing contained herein shall constitute or be deemed a waiver of any Cause of Action that the Debtor or any entity may hold against any other entity, including, without limitation, insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

8.06 Resolution of Administrative Expense Claims. On and after the Effective Date, Reorganized Epicus Communications shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections to Administrative Expense Claims and Claims and compromise, settle, or otherwise resolve Disputed Administrative Expense Claims without approval of the Bankruptcy Court.

## ARTICLE IX

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.01 Assumption or Rejection of Executory Contracts and Unexpired Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person or entity shall be deemed rejected by the Debtors, as of the Effective Date, except for any executory contracts or unexpired leases (i) that have been assumed pursuant to an order of the Bankruptcy Court entered prior to the Effective Date and for which the motion was filed prior to the Confirmation Date, (ii) as to which a motion for approval of the assumption of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date, (iii) that is specifically designated as a contract or lease to be assumed on Schedule 9.01(A) (executory contracts) or Schedule 9.01(B) (unexpired leases), which Schedules shall be contained in the Plan Supplement, or (iv) that is otherwise provided to be assumed pursuant to this Plan; *provided, however*, that the Debtors reserve the right, on or prior to the Confirmation Date, to amend Schedules 9.01(A) and 9.01(B) to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be, respectively, assumed or rejected. The Debtors shall provide notice of any amendments to Schedules 9.01(A) and 9.01(B) to the parties to the executory contracts and unexpired leases affected thereby. The listing of a document on Schedule 9.01(A) or 9.01(B) shall not constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

The Assumed Executory Contracts and Leases which are being assumed by Reorganized Epicus Communications in connection with Section 5.01 of this Plan shall be assumed by Epicus and assigned to Reorganized Epicus Communications as of the Effective Date.

9.02 Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (i) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed and assigned pursuant to Section 9.01 of the Plan, (ii) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtor may assume, assume and assign, or reject the unexpired leases specified in Section 9.01 of the Plan through the date of entry of an order approving the assumption, assumption and assignment, or rejection of such unexpired leases, and (iii) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to Section 9.01 of the Plan.

9.03 Inclusiveness. Unless otherwise specified on Schedules 9.01(A) and 9.01(B), each executory contract and unexpired lease listed or to be listed on Schedules 9.01(A) and 9.01(B) shall include modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on Schedules 9.01(A) and 9.01(B).

9.04 Tariff Services. Subject to the terms of any Interconnection Agreement, all Access Providers shall continue to provide without interruption all Tariff Services, specifically including usage-sensitive access services, provided to the Debtors prior to the Effective Date.

9.05 Cure of Defaults. Except as may otherwise be agreed to by the parties, (including in particular the BellSouth Cure Claim, treatment of which is discussed in Section 9.06 herein) within thirty (30) days after the Effective Date, Reorganized Epicus Communications shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed by the Debtors pursuant to the Plan, in accordance with section 365(b) of the Bankruptcy Code or pay the same cure amounts in accordance with the terms and conditions agreed upon by and between the party to the executory contract or unexpired lease and Reorganized Epicus Communications. Such agreements can be found in Schedule 9.05 in the Plan Supplement. All disputed defaults that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of Reorganized Epicus Communications' liability with respect thereto, or as may otherwise be agreed to by the parties.

9.06 Assumption of BellSouth Interconnection Agreements. On the Effective Date, the Interconnection Agreements shall be assumed by Reorganized Epicus Communications and BellSouth shall receive (i) a cash payment in the amount of \$1,278,000 and (ii) application of the deposit in the amount of \$322,695 toward payment of the BellSouth Cure Claim. Following the Effective Date, the remaining balance due on the BellSouth Cure Claim (ie. \$328,701) shall be paid over the next twelve months subsequent to the Effective Date, with interest at the rate of 8%, in equal monthly payments of \$28,593.18. In addition, the adequate assurances of future performance under the Interconnection Agreements pursuant to Section 365(b)(1)(C) of the Bankruptcy Code shall consist in their entirety as follows:

(a) Adequate Protection Payments Through Effective Date. Through the Effective Date, Epicus Communications will make weekly payments of its post-petition obligations (the "Adequate Protection Payments") to BellSouth in the amount of \$230,000 or an amount equal to projected monthly billings divided by 4, as determined by a monthly true-up. The Adequate Protection Payments must be received by BellSouth by bank wire transfer on Monday of each week, provided however, that in the event such Adequate Protection Payment is not timely received on each Monday, the payment amount for such week shall increase to the amount of \$245,000. The increased payment obligation resulting from each such untimely remittance shall be self-effectuating and shall be payable immediately upon notification from BellSouth of the non-timely receipt of any such Adequate Protection Payment. Notwithstanding the foregoing, there shall be no Adequate Protection Payment due for the week of May 31, 2005.

(b) True-up of Adequate Protection Payments. As soon as practicable after the Effective Date, BellSouth shall perform a true-up of the Adequate Protection Payments made to BellSouth under this Section 9.06(a) of the Plan and the Amended Stipulation for Use of Cash Collateral of BellSouth, as amended and modified. To the extent the total Adequate Protection Payments exceed Epicus Communications' post-petition obligations to BellSouth, the excess amount shall be applied to reduce the BellSouth Cure Claim, thus reducing the balance of the BellSouth Cure Claim to be paid over the twelve months following the Effective Date.

(c) Post-Petition Deposit. Reorganized Epicus Communications shall pay a deposit equal to twice the projected monthly billings under all active agreements with BellSouth ("Post Petition Deposit"). Twenty-five percent (25%) of the Post Petition Deposit shall be paid within six months of the Effective Date. An additional 25% of the Post Petition Deposit shall be paid within 12 months of the Effective Date. The remaining 50% of the Post Petition Deposit shall be made in twelve equal payments over the subsequent twelve months (i.e., beginning in month 13 after the Effective Date and running through month 24 after the Effective Date). BellSouth shall perform a true-up of Reorganized Epicus Communication's post-Effective Date obligations and the Post Petition Deposit at months 12 and 24 after the Effective Date to determine the adequate amount of the Post-Petition Deposit.

(d) Post-Effective Date Weekly Payments. After the Effective Date, Reorganized Epicus Communications will make weekly payments of \$230,000 (or amounts equal to projected monthly billings divided by 4) (the "Weekly Payments") until the Post Petition Deposit amount held by BellSouth equals two months of estimated billings ("Interim Period"). After the Interim Period, payment terms will be net 30 from bill date for all undisputed and disputed amounts (the "Normal Period"). As soon as practicable after the commencement of the Normal Period, BellSouth shall perform a true-up of the Weekly Payments and Reorganized Epicus Communications Post-Effective Date obligations. To the extent the total Weekly Payments exceed Epicus Communications' post-petition obligations to BellSouth, the excess amount shall be credited to the following month's bill for service to Reorganized Epicus Communications.

(e) Consequences of Late Payments. If Reorganized Epicus Communications defaults on any Weekly Payment, BellSouth shall have, without further notice to Reorganized Epicus Communications, consistent with applicable law, the right to begin the termination of services provided to Reorganized Epicus Communications. If Reorganized



Epicus Communications defaults on any payment during the Normal Period, payment for services shall revert back to weekly payments equal to projected monthly billings divided by 4. If Reorganized Epicus Communications subsequently defaults on weekly payments, BellSouth shall have, without further notice to Reorganized Epicus Communications, consistent with applicable law, the right to begin the termination of services provided to Reorganized Epicus Communications.

(f) Billing Disputes. Reorganized Epicus Communications shall make all payments to BellSouth for services prior to submitting billing disputes. Any disputed amounts resolved in favor of Reorganized Epicus Communications will be credited to the following month's bill for service to Reorganized Epicus Communications.

(g) Retention of Lien. After the Effective Date, BellSouth shall retain its lien on, and security interest in all assets of Reorganized Epicus Communications, including proceeds and products, all negotiable instruments including proceeds and products, all accounts receivable including proceeds and products, all inventory, including proceeds and products thereof, in the same priority as existed prepetition, until the Post Petition Deposit equals two months of estimated billings. Reorganized Epicus Communications shall have the right to grant liens on such assets, subordinate to the liens of BellSouth and the NIR Group.

9.07 Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to Section 9.01 of the Plan must be filed with the Bankruptcy Court and served upon Reorganized Epicus Communications and the Plan Trustee or, on and after the Effective Date no later than thirty (30) days after the later of (i) notice of entry of an order approving the rejection of such executory contract or unexpired lease, (ii) notice of entry of the Confirmation Order, and (iii) notice of an amendment to Schedule 9.01(A) or 9.01(B). All such Claims not filed within such time will be forever barred from assertion against the Debtors and their estates or Reorganized Epicus Communications and its property.

9.08 Non-Survival of Corporate Reimbursement Obligations. Nothing herein shall be deemed to be an assumption of any prepetition indemnification obligation and any such obligations shall be rejected pursuant to the Plan.

9.09 Insurance Policies. All of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as executory contracts under the Plan. Distributions under the Plan to any holder of an Insured Claim shall be in accordance with the treatment provided under Sections 4.08 or 4.09 of the Plan, respectively. Nothing contained herein shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' policies of insurance.

9.10 Compensation and Benefit Programs. Except as provided in Section 9.01 of the Plan, the Pension Plans and all savings plans, Stock Bonus Plans, retirement plans, health care plans, performance-based incentive plans, retention plans, workers' compensation programs and life, disability, directors and officers liability, and other insurance plans of the Debtors are treated as executory contracts under the Plan and shall, on the Effective Date, be deemed

assumed or rejected by the Debtor, as the case may be, in Schedules 9.01(A) or 9.01(B), in accordance with sections 365(a) and 1123(b)(2) of the Bankruptcy Code; *provided, however*, that such programs shall not be continued for the benefit of, and shall be deemed rejected with respect to, Culpable Individuals.

## ARTICLE X

### PROVISIONS REGARDING CORPORATE GOVERNANCE AND MANAGEMENT OF REORGANIZED EPICUS COMMUNICATIONS

10.01 General. On the Effective Date, the management, control, and operation of Reorganized Epicus Communications shall become the general responsibility of the Board of Directors of Reorganized Epicus Communications.

#### 10.02 Directors and Officers of Reorganized Epicus Communications.

(a) Reorganized Epicus Communications Board of Directors. The initial Board of Directors of Reorganized Epicus Communications shall be disclosed not later than ten (10) days prior to the Confirmation Hearing. Each of the members of such initial Board of Directors shall serve in accordance with applicable nonbankruptcy law and the Reorganized Epicus Communications Certificate of Incorporation and Reorganized Epicus Communications By-laws, as the same may be amended from time to time.

(b) Reorganized Epicus Communications Officers. Gerard Haryman and Thomas Donaldson will be officers of Reorganized Epicus Communications having titles and subject to employment terms set forth in the Employment Contracts contained in the Plan Supplement, Schedule 5.15. Mark Schaftlein will be the Chief Executive Officer of Reorganized Epicus Communications on and after the Effective Date. Such officers shall serve in accordance with applicable nonbankruptcy law, any employment agreement with Reorganized Epicus Communications, and the Reorganized Epicus Communications Certificate of Incorporation and Reorganized Epicus Communications By-laws, as the same may be amended from time to time.

10.03 Certificates of Incorporation and Bylaws. The Reorganized Epicus Communications Certificate of Incorporation, and the Reorganized Debtor By-laws shall contain provisions necessary to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such certificates of incorporation and by-laws as permitted by applicable law.

10.04 Authorization and Issuance of New Securities. The issuance of 100,000,000 shares of the Newly Authorized Capital Stock of Reorganized Epicus Communications is hereby authorized without further act or action under applicable law, regulation, order, or rule.

10.05 Listing of New Common Stock. Reorganized Epicus Communications shall use commercially reasonable efforts to cause the shares of Newly Issued Capital Stock to be listed for trading on or as soon as practicable after the Effective Date.

## ARTICLE XI

### EFFECT OF CONFIRMATION

11.01 Continued Existence of the Debtors; Vesting of Assets. On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all right, title and interest in all of Epicus' property and assets (excluding the Transferred Assets), including without limitation, all rights and causes of action, whether arising by contract, under the Bankruptcy Code, under the Plan or under other applicable law, including all rights Epicus has under the Plan, and the Plan Trust Assets, shall vest in the Plan Trust, to be administered and disposed of in accordance with the Plan and the Plan Trust Agreement, and the Transferred Assets and all other property and assets of Epicus Communications shall vest in Reorganized Epicus Communications, free and clear of liens, claims and encumbrances, except as provided herein. From and after the Effective Date, Reorganized Epicus Communications may operate its business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided herein.

11.02 Discharge of Claims and Termination of Equity Interests. Except as otherwise provided in the Plan and the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall be in exchange for and in complete satisfaction, discharge, and release of all existing debts and Claims, of any kind, nature, or description whatsoever, including any interest accrued on such Claims from and after the Commencement Date, against the Debtors to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in the Plan, upon the Effective Date, all existing Claims against the Debtors and the Equity Interests in the Debtors shall be deemed to be, discharged and terminated, and all holders of Claims and Equity Interests shall be precluded and enjoined from asserting against Reorganized Epicus Communications or any of its assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim or proof of Equity Interest.

11.03 Discharge of Debtors. Except as otherwise provided in the Plan or the Confirmation Order, upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise expressly provided herein, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Equity Interest and any affiliate of such holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights, and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Debtors.

11.04 Injunction. Except as otherwise expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all entities who have held, hold, or may hold Claims against or Equity Interests in the Debtors and other parties in interest, along with their respective present or former employees, agents, officers, directors or principals,

are permanently enjoined, on and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors or Reorganized Epicus Communications with respect to any such Claim or Equity Interest, (ii) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against the Debtors or Reorganized Epicus Communications on account of any such Claim or Equity Interest, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors or Reorganized Epicus Communications or against the property or interests in property of the Debtors or Reorganized Epicus Communications on account of any such Claim or Equity Interest, (iv) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims and Causes of Action which are extinguished or released pursuant to the Plan, and (v) taking any actions to interfere with the implementation or consummation of the Plan.

**11.05 Section 105 Relief. CONFIRMATION OF THE PLAN AND PAYMENTS UNDER THE PLAN SHALL ENJOIN ALL CLAIMANTS FROM COMMENCING OR CONTINUING ANY ACTION OR OTHER PROCEEDING AGAINST THE RELEASED PARTIES IN CONNECTION WITH THE RELEASED PARTIES' PERSONAL LIABILITY FOR CLAIMS AGAINST THE DEBTORS, WHICH CLAIMS HAVE BEEN PROVIDED FOR THROUGH THE PLAN.**

**11.06 Term of Injunctions or Stays.** Unless otherwise provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such applicable order.

**11.07 Exculpation. NONE OF THE DEBTORS, REORGANIZED EPICUS COMMUNICATIONS, THE NIR GROUP, THE COMMITTEE, THE PLAN TRUSTEE OR BELLSOUTH, OR THEIR RESPECTIVE PROFESSIONALS SHALL HAVE OR INCUR ANY LIABILITY TO ANY HOLDER OF A CLAIM OR EQUITY INTEREST FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATED TO, OR ARISING OUT OF, THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, OR THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT FOR WILLFUL MISCONDUCT, GROSS NEGLIGENCE, CRIMINAL CONDUCT, MISUSE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES, OR *ULTRA VIRES* ACTS AND, IN ALL RESPECTS, THE DEBTORS, REORGANIZED EPICUS COMMUNICATIONS, THE NIR GROUP, THE COMMITTEE, THE PLAN TRUSTEE OR BELLSOUTH SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES UNDER THE PLAN. NOTHING IN THIS SECTION 11.06 SHALL LIMIT THE LIABILITY OF THE PROFESSIONALS OF THE DEBTORS, REORGANIZED EPICUS COMMUNICATIONS, THE NIR GROUP, THE COMMITTEE, THE PLAN TRUSTEE OR BELLSOUTH TO THEIR RESPECTIVE CLIENTS PURSUANT TO DR 1.2 OF THE CODE OF PROFESSIONAL RESPONSIBILITY.**

11.08 Avoidance Actions. From and after the Effective Date and transfer of the Avoidance Actions into the Plan Trust, the Plan Trustee shall have the right to prosecute any avoidance actions under sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code that belong to the Debtors or Debtors in Possession.

11.09 Retention of Causes of Action/Reservation of Rights.

(a) Except as specifically provided for herein, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors or Reorganized Epicus Communications may have or which Reorganized Epicus Communications may choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, without limitation, (i) any and all Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against the Debtors, Reorganized Epicus Communications, its officers, directors, or representatives, (ii) the turnover of any property of the Debtors' estates, and (iii) Causes of Action against current or former directors, officers, professionals, agents, financial advisors, underwriters, lenders, or auditors relating to acts or omissions occurring prior to the Commencement Date.

(b) Except as specifically provided for herein, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense which the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left unimpaired by the Plan. Reorganized Epicus Communications shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff, and other legal or equitable defenses which they had immediately prior to the Commencement Date fully as if the Chapter 11 Case had not been commenced, and all of Reorganized Epicus Communications' legal and equitable rights respecting any Claim left unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

## ARTICLE XII

### CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

12.01 Effectiveness. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to Section 12.03 of the Plan:

(a) The Plan shall have been confirmed as to both Debtors, and the Confirmation Order, in substantially the form found in the Plan Supplement, Schedule 12.01, shall have been signed by the judge presiding over the Chapter 11 Cases, and there shall not be an appeal, stay, or injunction in effect with respect thereto;

(b) The Reorganized Epicus Communications Certificate of Incorporation and the Reorganized Epicus Communications By-laws shall be in a form and substance reasonably acceptable to the Debtors and The NIR Group;

(c) All actions, documents, and agreements necessary to implement the Plan shall have been effected or executed;

(d) Reorganized Epicus Communications shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions, or documents that are necessary to implement the Plan and that are required by law, regulation, or order;

(e) The New Debentures to be purchased by The NIR Group shall be in a form and substance acceptable to The NIR Group;

(f) Epicus and Reorganized Epicus Communications shall have performed all of the actions necessary to effectuate the transactions described in Section 5.01 of this Plan.

12.02 Failure of Conditions. In the event that one or more of the conditions specified in Section 12.01 of the Plan have not occurred on or before one hundred twenty (120) days after the Confirmation Date, (i) the Confirmation Order shall be vacated, (ii) no distributions under the Plan shall be made, (iii) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (iv) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors.

12.03 Waiver of Conditions. Debtors, to the extent not prohibited by applicable law, may waive one (1) or more of the conditions precedent to effectiveness of the Plan set forth in Section 12.01 of the Plan; *provided, however*, that the Debtors may not waive any condition set forth in Section 12.01 without the approval of The NIR Group.

12.04 Effective Date. All rights and obligations under the Plan will only become effective upon occurrence of the Effective Date. To the extent any other provision of the Plan may be deemed to conflict with this provision, this provision shall be controlling. In the event the Effective Date does not occur, then the Plan shall be deemed null and void in its entirety and the Debtors shall remain under the jurisdiction of the Court in all respects as though the Plan had not been filed and/or the Confirmation Order had not been entered. In such event, nothing in the Plan or Confirmation Order shall constitute or be deemed a waiver or release of any Claims by or against the Debtors or any person in any further proceedings involving the Debtors, and none of the transactions contemplated pursuant to the Plan shall be implemented, and none of the substantive rights of any person shall be modified in any manner set forth in the Plan.

## ARTICLE XIII

### RETENTION OF JURISDICTION

13.01 The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes

of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of cure amounts and Claims resulting therefrom;

(b) To hear and determine any and all adversary proceedings, applications, and contested matters;

(c) To hear and determine any objection to Administrative Expense Claims or Claims;

(d) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(e) To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(f) To consider any amendments to, or modifications of, the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(g) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Bankruptcy Code;

(h) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan;

(i) To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(j) To recover all assets of the Debtors and property of the Debtors' estates, wherever located;

(k) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

(l) To resolve any Disputed Claims;

(m) To determine the scope of any discharge of any Debtors under the Plan or the Bankruptcy Code;

(n) To hear any other matter not inconsistent with the Bankruptcy Code; and

- (o) To enter a final decree closing the Chapter 11 Cases.

## ARTICLE XIV

### MISCELLANEOUS PROVISIONS

14.01 Effectuating Documents and Further Transactions. Debtors and Reorganized Epicus Communications are authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

14.02 Corporate Action. On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the stockholders or directors of the Debtors or Reorganized Epicus Communications, including, without limitation, (i) the authorization to issue or cause to be issued the New Common Stock, (ii) the effectiveness of Reorganized Debtor Certificate of Incorporation, and Reorganized Epicus Communications By-laws, (iii) all restructuring transactions effectuated pursuant to the Plan, (iv) the election or appointment, as the case may be, of directors and officers of Reorganized Epicus Communications, (v) the authorization and approval of the Registration Rights Agreement, and (vi) the qualification of Reorganized Epicus Communications as a foreign corporation wherever the conduct of business by Reorganized Epicus Communications requires such qualification, shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law of the states in which the Debtors and Reorganized Epicus Communications are incorporated, without any requirement of further action by the stockholders or directors of the Debtors or Reorganized Epicus Communications. On the Effective Date, or as soon thereafter as is practicable, Reorganized Epicus Communications shall, if required, file its amended certificates of incorporation with the Secretary of State of the state in which each such entity is (or will be) incorporated, in accordance with the applicable general corporation law of that state.

14.03 Withholding and Reporting Requirements. In connection with the consummation of the Plan, the Debtors or Reorganized Epicus Communications, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

14.04 Exemption from Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Commencement Date through and including the Effective Date, including, without limitation, the



transfers effectuated under the Plan, the sale by the Debtors of owned property pursuant to the Sale Transaction, and the assumption, assignment, and sale by the Debtors of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

14.05 Post-Effective Date Fees and Expenses. From and after the Effective Date, Reorganized Epicus Communications shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons thereafter incurred by Reorganized Epicus Communications, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

14.06 Dissolution of the Committee. The Committee shall terminate on the Effective Date, except that the Committee may evaluate, object to (if necessary), and appear at the hearing to consider applications for final allowances of compensation and reimbursement of expenses, including applications for compensation or reimbursement under section 503 of the Bankruptcy Code, and support or prosecute any objections to such applications, if appropriate. The post-Effective Date professional fees of the Committee for the services set forth in the preceding sentence shall be paid pursuant to the Plan.

14.07 Plan Supplement. The Reorganized Epicus Communications Certificate of Incorporation, Reorganized Epicus Communications' By-laws, Schedule 5.06(A) referred to in Section 5.06 of the Plan, Schedule 5.15 referred to in Section 5.15 of the Plan, Schedule 5.17 referred to in Section 5.17 of the Plan, Schedule 6.01 referred to in Section 6.01 of the Plan, Schedules 9.01(A) and 9.01(B) referred to in Section 9.01 of the Plan, Schedule 9.05 referred to in Section 9.05 of the Plan, Schedule 12.01 referred to in Section 12.01 of the Plan, the Registration Rights Agreement and any other appropriate documents shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court at least ten (10) days prior to the last day upon which holders of Claims may vote to accept or reject the Plan; *provided, however,* that the Debtors may amend (A) Schedules 9.01(A) and 9.01(B) through and including the Confirmation Date and (B) each of the other documents contained in the Plan Supplement, through and including the Effective Date in a manner consistent with the Plan and Disclosure Statement. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Equity Interests may obtain a copy of the Plan Supplement.

14.08 Amendment or Modification of the Plan. Alterations, amendments, or modifications of or to the Plan may be proposed in writing by the Debtors at any time prior to the Confirmation Date, provided that the Plan, as altered, amended, or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Plan may be altered, amended, or modified at any time after the Confirmation Date and before substantial consummation, provided that the Plan, as altered, amended, or modified, satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended, or modified, under section 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments, or modifications. A holder of a Claim that

has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim of such holder. Notwithstanding the foregoing, neither the Debtors nor any other party may modify or increase or decrease the aggregate number of shares of Newly Issued Capital Stock projected to be distributed pursuant to Article V of the Plan between the Confirmation Date and the Effective Date.

14.09 Revocation or Withdrawal of the Plan. The Debtors, only with the consent of The NIR Group, may withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors.

14.10 Severability. If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.11 Governing Law. Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit or schedule hereto or in the Plan Supplement provides otherwise, the rights, duties, and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without giving effect to the principles of conflict of laws thereof.

14.12 Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtor, the holders of Claims and Equity Interests, and their respective successors and assigns, including, without limitation, Reorganized Epicus Communications.

14.13 Exhibits/Schedules. All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein.

14.14 Notices. All notices, requests, and demands to or upon the Debtor to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Reorganized Epicus Communications, Inc  
61 Crescent Executive Court, #300  
Lake Mary, Florida 32746

-and-

Robert Furr  
Alvin S. Goldstein  
FURR & COHEN, P.A.  
One Boca Place  
Suite 337W  
2255 Glades Road  
Boca Raton, Florida 33431  
Telephone: (561) 395-0500  
Facsimile: (561) 338-7532

-and-

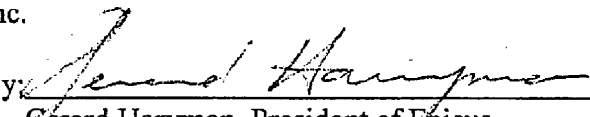
Ocean Avenue Advisors, LLC  
Attention: Mark Schafflein  
2361 Campus Drive, Suite 101  
Irvine, California 92612  
Telephone: (949) 833-9001  
Facsimile: (949) 833-8211

Dated: West Palm Beach, Florida

May 19, 2005

Respectfully submitted,

Epicus Communications Group, Inc. and Epicus,  
Inc.

By:   
Gerard Haryman, President of Epicus  
Communications Group, Inc. and Epicus, Inc.

Counsel:

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Boca Raton, Florida 33431  
Telephone: (561) 395-0500  
Facsimile: (561) 338-7532

## Schedules

Schedule 5.06(A)	Assignment of Transferred Assets
Schedule 5.15	Employment Contracts
Schedule 5.17	New Debentures
Schedule 6.01(A)	Plan Trust Agreement
Schedule 9.01(A)	List of Executory Contracts to be Assumed
Schedule 9.01(B)	List of Unexpired Leases to be Assumed
Schedule 9.05	Agreements Regarding Cure of Default
Schedule 12.01	Confirmation Order

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION

IN RE:  
EPICUS COMMUNICATIONS  
GROUP, INC.,

\_\_\_\_\_  
EPICUS, INC.  
Debtor.

CASE NO. 04-34915-BKC-PGH

CASE NO. 04-34916-BKC-PGH  
CHAPTER 11  
Jointly Administered

FILED BY  
2005 MAY 20 AM 9:34  
DC

**DEBTORS JOINT DISCLOSURE STATEMENT FOR  
DEBTORS' JOINT PLAN OF REORGANIZATION**

**THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR  
DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION  
NOR HAS THIS COMMISSION PASSED UPON THE ACCURACY OR  
ADEQUACY OF THE STATEMENTS CONTAINED HEREWITH.**

FURR AND COHEN, P.A.  
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**DEBTORS' JOINT DISCLOSURE STATEMENT FOR**  
**DEBTORS' JOINT PLAN OF REORGANIZATION**

The Debtors, EPICUS COMMUNICATIONS, GROUP, INC. ("Epicus Communications") and EPICUS, INC. ("Epicus"), provide this Disclosure Statement to all known creditors of the Debtors in order to disclose the information deemed to be material, important, and necessary for creditors to arrive at a reasonably informed decision in exercising their right to abstain from voting or to vote for acceptance or rejection of the Debtors' Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, (hereinafter "the Plan"). A copy of the Plan accompanies this Disclosure Statement.

The Court has set a hearing on confirmation of the Plan for \_\_\_\_\_ at \_\_\_\_\_ at \_\_\_\_\_. Creditors may vote on the Plan by filling out and mailing the accompanying ballot form to the Bankruptcy Court. Your Ballot must be filed on or before \_\_\_\_\_. As a creditor, your vote is important. In order for the Plan to be deemed accepted, of the ballots cast, creditors that hold at least two-thirds (2/3) in amount and more than half (1/2) in number of the allowed claims of impaired Classes must accept the Plan. However, you are advised that the Debtors may be afforded the right under the Bankruptcy Code to have the Plan confirmed over the objections of dissenting creditors consistent with the limitations set forth in the Bankruptcy Code.

NO REPRESENTATIONS CONCERNING THE DEBTORS (PARTICULARLY AS TO THEIR FUTURE BUSINESS OPERATIONS OR THE VALUE OF THEIR PROPERTY), ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE UNITED STATES TRUSTEE FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

The Debtors filed voluntary Petitions for Reorganization Under Chapter 11 of the United

States Bankruptcy Code, 11 U.S.C. 101 et seq., (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Florida (the "Bankruptcy Court") on October 25, 2004 (the "Filing Date"). The Debtors have continued to operate their businesses as Debtors-In-Possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

You are urged to carefully read the contents of this Disclosure Statement before making your decision to accept or reject the Plan. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they presently exist. The terms used herein have the same meaning as in the Plan unless the context hereof requires otherwise.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTORS' MANAGEMENT, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. NO REPRESENTATIONS, OTHER THAN THOSE SET FORTH HEREIN, CONCERNING THE DEBTORS, (PARTICULARLY AS TO THEIR FUTURE BUSINESS OPERATIONS OR THE VALUE OF THEIR PROPERTIES , ARE AUTHORIZED BY THE DEBTORS.

Projections of results of future operations, if any, are based on management's best estimates in light of current market conditions, past experience, analysis of general economic conditions, and other estimates which will bear on the results.

## ARTICLE I

### DEFINITIONS

The Definitions set forth in Article I of the Plan are incorporated herein.

## ARTICLE II

### PRELIMINARY STATEMENT AND HISTORY AND FINANCIAL CONDITION OF DEBTOR

#### (1) HISTORY OF DEBTOR, EPICUS COMMUNICATIONS GROUP, INC.

Epicus Communications is a public company and was incorporated on July 22, 1985, pursuant to the laws of the State of Florida under the name "Hydrobac, Inc." On July 7, 1986, Epicus Communications' name was changed to "ProBac, Inc." and on October 5, 1994, the name was changed to Trident Environmental Systems, Inc. During those periods, the primary business was

in various types of products and systems for use in the environmental clean-up industry.

On October 2, 1996, the name was changed to Phoenix International Industries, Inc. and the common stock was reverse split 15 to 1. The shareholders approved Amendments to the Articles of Incorporation, changing the authorized capital to 200,000,000 shares of common stock, \$0.001 par value, and up to 5,000 shares of Preferred Stock, \$0.001 par value, for use as needed. From January 1996 through May 31, 1997, Epicus Communications sought suitable acquisition targets.

On April 9, 1998, Epicus Communications acquired 100% of the outstanding stock of Mic Mac Investments, Inc., a long distance telephone service "reseller" specializing in the hospitality industry. Mic-Mac ceased to operate late in the third quarter of fiscal 1999, and had no remaining assets or liabilities as of May 31, 1999 and Epicus Communications wrote off its remaining investment in them in that fiscal year. Although this subsidiary has ceased all operating activities, Mic-Mac, Inc. remains a subsidiary of Epicus Communications until a decision is made as to its future.

During Fiscal 2000, Epicus Communications acquired 100% of the stock of Telephone Company of Central Florida, Inc. ("TCCF"). TCCF is a "competitive local exchange carrier" ("CLEC") telephone company and a reseller of other telecommunications services. At the start of acquisition negotiations, TCCF was operating under the protection of Chapter 11 in a bankruptcy proceeding pending in the United States Bankruptcy Court for the Middle District of Florida. The effective date of the closing was ten days after the Order of Confirmation was entered by the Bankruptcy Court. The Order of Confirmation was entered on June 9, 1999 and TCCF began operating as a reorganized debtor on that date. Epicus acquired TCCF within ten days of the Confirmation Order. On January 17, 2001 the name of TCCF was changed to Epicus, Inc.

On July 28, 2000, Epicus Communications acquired 100% of the stock of Moye & Associates, Inc. of St. Simons Island, Georgia. Moye & Associates' primary business was that of an Internet Service Provider (ISP) known as "TheBest.Net". This move was seen by Epicus Communications as synergetic with, and a possible future merger into TCCF. On July 19, 2001, Epicus Communications signed a Letter of Intent to sell the active clients of Moye. The buyer paid \$133.33 for each existing "dial-up" and "domain hosting client". It was estimated that there were between approximately 1,500 and 2,700 active free-for-service clients on the date of signing the



Letter of Intent. The buyer deposited a down payment of \$150,000 with the company and an additional \$50,000 into an interest bearing account at the date of signing. As of May 31, 2002, all amounts due under this sale of assets contract had been satisfied. Subsequently, the ISP customer base and name "TheBest.Net" were sold to raise operating capital for Epicus and the company ceased to do business.

During Fiscal 2003, the Company issued approximately 500,000 shares of restricted, unregistered common stock to Tully Moye in complete settlement of all remaining obligations related to the acquisition and disposition of Moye & Associates, Inc. d/b/a TheBest.Net.

Both Mic-Mac Investments, Inc. and Moye and Associates, Inc. have ceased to do any business of any kind, but both remain the property of Epicus Communications until a final decision as to their future has been made by the Board of Directors of Epicus Communications.

The Debtors have no other affiliates. The Debtors do not provide any retirement benefits.

## **(2) HISTORY OF DEBTOR, EPICUS, INC.**

The primary and only active subsidiary of Epicus Communications is Epicus, which is a multi-service telecommunications company with approximately 30,000 active accounts incorporating approximately 50,000 lines, in both the residential and business markets. Epicus' focus is on developing integrated telephone service in the Competitive Local Exchange Carrier (also known as "C-LEC") area of the telecommunications industry. Like many other emerging Competitive Local Exchange Carriers, Epicus' entry in this industry was facilitated by the passing of the Telecommunications Act of 1996 which allows Competitive Local Exchange Carriers to lease various elements of the networks of the Incumbent Local Exchange Carriers that are necessary to provide local telephone service in a cost-effective manner. Epicus offers small businesses and residential consumers an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, data and dial up access to the Internet. Epicus is certified to offer long distance and internet services in the 48 contiguous states. Epicus is currently supplying local and long distance service to customers in seven of the nine states in the BellSouth System. Additionally, they have long distance customers in 40 of the 48 states in which they are certified.

Epicus has built its company by primarily focusing on being in the vanguard of new

telecommunication products and services such as "Freedom Rings (TM) and Access NOW (TM)" voice and data services brands, and creating software systems and processes to deliver telecommunication services over leased networks, instead of concentrating on buying switches and hardware to build a very expensive network, which could be severely under-utilized for a potentially long period of time. It is that major expense which has led to the demise of many emerging telephone companies. Instead, Epicus has built a scalable operating platform that can provision a local phone line, read usage records, rate phone calls for billing purposes, and prepare monthly invoices to customers. Epicus can bill all of a customer's telecommunication services on one itemized bill.

Because of the expense and complexity of the business, Epicus has focused on improving performance through automation. Epicus believes one of the greatest accomplishments in building its business over the past three years was the development of its own operational support system ("OSS"). It is these systems that allow the Debtor to rapidly execute its customer orders, for example: orders for new service and repair orders, plus real time information on billing and collections. It is more economic, more efficient and more accurate than being totally dependant upon outside sources and clerical performance.

### **(3) ACQUISITION OF TCCF BY EPICUS COMMUNICATIONS**

As previously stated, in 2000, Epicus Communications acquired TCCF in connection with TCCF's bankruptcy reorganization plan. The TCCF Plan required a payment by Epicus Communication of \$570,000.00, within ten days of confirmation. This amount was paid. The TCCF plan also established a creditors' trust for the payment of general unsecured claims. The TCCF plan required an initial payment by Epicus Communications of \$100,000.00 into the creditors' trust and semi-annual payments of \$100,000.00 until a total of \$500,000.00 was paid. The semi-annual payments were subsequently reduced to \$50,000.00 and one such payment was made. As a result, \$350,000.00 is still due to the TCCF creditors' trust.

In addition, there was an uncertain Federal tax liability that had not been liquidated at the time of the confirmation of the TCCF Plan. Although the parties believed the liability would not exceed \$300,000.00, after several years of litigation, it was ultimately determined that the liability was in excess of \$2,000,000.00. This was one of the significant factors precipitating the bankruptcy

filing and is discussed in more detail below.

#### **(4) SUMMARY OF REASONS FOR FILING PETITION**

The filing of the Bankruptcy Petition was prompted by the ruling by Judge Arthur Briskman of the United States Bankruptcy Court, Middle District of Florida in the TCCF bankruptcy proceedings relating to the Federal tax liability for TCCF.

Judge Briskman was sitting Judge in the bankruptcy of TCCF. Upon confirmation of the Plan of Reorganization, Epicus Communications believed that the maximum amount of taxes due to the Internal Revenue Service was \$500,000 and that amount was to be paid over time. Epicus Communications was aware that Judge Briskman had withheld ruling on a motion by the Internal Revenue Service which disagreed with the allowed amount of its claim and sought authorization to amend the claim. Epicus Communications was assured by its counsel that the initial agreed amount of \$500,000 would prevail and that the Judge would rule accordingly. For four years very little action took place regarding this motion and Epicus Communications had no reason to believe the Internal Revenue Service would prevail.

Four years later, Epicus received word that the IRS had prevailed and that the IRS claim was amended to an amount in excess of \$2,890,000. Epicus Communications and Epicus were having cash flow difficulties at that time and this judgment became the "straw that broke the camel's back", and Epicus Communications and Epicus felt there was no choice but to seek bankruptcy protection.

#### **(5) SOURCE OF FINANCIAL INFORMATION**

The source of financial information for this Disclosure Statement and Plan is from reports from Debtors' officers, Debtor-In-Possession Reports, and the Debtors' accountants. It has not been audited.

#### **(6) SECURED CREDITORS**

##### **A. BELLSOUTH TELECOMMUNICATIONS, INC.**

On or about March 15, 2002, Epicus executed and delivered to BellSouth Telecommunications, Inc., a Georgia Corporation ("BellSouth"), a Security Agreement for all assets to secure payment of all amounts owed to Bell South. To perfect the security interest described above, on or about April 12, 2002, Bell South recorded a UCC Financing Statement with the Secretary of State of Florida under file number 200200864686.

Pursuant to the Security Agreement, Epicus granted to BellSouth a security interest in all assets, including proceeds and products, including accounts receivable.

B. AJW GROUP

AJW Partners, LLC, AJW Offshore, Ltd., AJW Qualified Partners, LLC and New Millenium Capital Partners II, LLC (collectively, the "AJW Group") has claimed that it is also a secured creditor of both Epicus Communications and Epicus pursuant to a series of securities purchase agreements (collectively, the "Purchase Agreements"), pursuant to which various members of the AJW Group purchased secured convertible debentures from Epicus Communications. The Purchase Agreements include:

- a. Secured Convertible Debenture Purchase Agreement dated June 23, 2000;
- b. Secured Convertible Debenture Purchase Agreement dated September 21, 2001; and
- c. Securities Purchase Agreement, dated May 28, 2004.

Pursuant to the Secured Convertible Debenture Purchase Agreements, the AJW Group purchased 12% Convertible Secured Debentures, in the aggregate principal amount of \$1,149,901.00 between September 2000 and September 2002 (collectively, the "Debentures"). On May 28, 2004, July 22, 2004 and September 27, 2004, the AJW Group purchased 8% Callable Secured Convertible Notes, in the aggregate principal amount of \$3,300,000.00 (collectively, the "Notes").

The AJW Group has claimed a first priority security interest in substantially all of the assets of Epicus Communications and Epicus pursuant to the provisions of certain Security Agreements dated June 23, 2000, September 21, 2001, and May 28, 2004.

The AJW Group has further alleged that pursuant to the Security Agreements, Epicus Communications granted the AJW Group a first priority security interest in substantially all of the assets of Epicus Communications and its subsidiaries, including Epicus.

The AJW Group has alleged that it duly perfected its security interests in the Collateral by filing UCC-1 Financing Statements at appropriate locations. On July 17, 2000, the AJW Group recorded with the Office of the Secretary of State for the State of Florida, a UCC-1 Financing Statement naming Phoenix International Industries, Inc. (the predecessor of Epicus Communications) as the debtor. Exhibit A to the Financing Statement references the Collateral described in the Security Agreement dated June 23, 2000. On June 22, 2004, the AJW Group recorded with the

Office of the Secretary of State of Florida a UCC-1 Financing Statement naming Epicus Communications as the debtor. Exhibit A to the Financing Statement references the Collateral described in the Security Agreement dated May 28, 2004.

The AJW Group alleges that the balance due to it as of the Petition Date was the sum of \$4,449,901.00, plus accrued interest totaling \$689,599.00, default interest, late charges, reasonable attorneys fees and costs and other charges and fees due under the Debentures, Notes and related Security Documents.

### **ARTICLE III**

#### **DEBTOR'S OPERATION AND STRUCTURE**

##### **(1) SYNOPSIS OF OPERATION IN CHAPTER 11**

These cases were commenced by the filing of Voluntary Petitions for relief under Chapter 11 of the Bankruptcy Code on October 25, 2004. Shortly after the filing of the Epicus bankruptcy case, Epicus filed an emergency motion for authority to use cash collateral of BellSouth. The AJW Group filed an objection to the use of cash collateral and filed a Motion to prohibit the use of cash collateral in the Epicus Communications case. BellSouth and Epicus entered into a stipulation providing for the use of cash collateral by Epicus. A preliminary hearing was held and the use of cash collateral was authorized on a limited basis. A final hearing on use of cash collateral has not been held. Likewise, a hearing has not been held on the AJW Group's motion to prohibit use of cash collateral in the Epicus Communications case. Those matters have been continued on a consensual basis as the parties have continued to work together to formulate a Plan of Reorganization acceptable to all constituencies. The stipulation between Epicus and BellSouth providing for the use of cash collateral has been modified from time to time and the modified stipulations have been filed with the Bankruptcy Court.

An Official Committee of Unsecured Creditors ("Creditors' Committee") has been appointed in the Epicus case and has appointed Genovese Joblove and Battista, P.A. as their counsel. The Creditors' Committee has retained Lewis B. Freeman as its accountant. The Creditors' Committee has actively participated in this case. No committees have been appointed in the Epicus Communications case.

On December 22, 2004, the Debtors filed a motion to jointly administer the cases. By Order

dated December 28, 2004, the motion was granted and the Epicus Communications case was designated as the lead case.

The only non-residential real property lease of the Debtors is the lease for Epicus' offices in Lake Mary, Florida. With the consent of the landlord, Orders have been entered extending the time for Epicus Communications to assume or reject the lease. Epicus has remained current on its post-petition rent for the Debtors' business location. Epicus Communications leases space on a month-to-month basis from an affiliate of Gerard Haryman, Aptek Communications, Inc. Rent has not been paid to Aptek on a regular basis.

Universal Service Administrative Company ("USAC") has filed a Motion for the allowance and immediate payment of an administrative expense claim. Discovery is ongoing. The Debtors believe that any obligations to USAC are significantly less than the amounts being sought by USAC in its Motion. It is hoped that by providing USAC with information, the matter can be resolved without a contested hearing.

Epicus Communications continues to operate as a public company, filing all required SEC reports in order to remain current and in good standing. However, it now devotes the majority of its time and efforts to managing the operation of its only active subsidiary, Epicus.

Epicus continues to provide local and long distance telephone service to its existing customer base. It also is developing new products to offer to its current and new customers. The development of new products is especially necessary because under the new UNE-P agreement with BellSouth, which Epicus was required to sign, many of the old products have suffered a reduction in profit margin and must be replaced with more profitable ones.

The customer base of virtually all telephone companies always has a certain amount of its base that might best be described as "transient". That amounts to between four percent to eight percent of Epicus' customer base. The company is attempting to replace its customers who leave with a creative "customer referral program" by which existing customers can receive free telephone service based upon the number of new customers they refer. This practice has been somewhat successful, but it is by no means a total replacement for the type of marketing that would be done if additional operating capital were available. The Debtors are able to maintain a positive cash flow and pay their business operating expenses.

## **(2) EXECUTORY CONTRACTS**

Article VI of the Plan entitled "Executory Contracts" indicates that all Executory Contracts and unexpired leases of the Debtors not expressly assumed prior to the confirmation date, or not at the confirmation date the subject of a pending application to assume, shall be deemed to be rejected.

## **(3) OBJECTIONS TO CLAIMS**

Pursuant to the Plan, the Debtors may object to any scheduled claim or Proof of Claim filed against the Debtor. Such an objection shall preclude the consideration of any claims as "allowed" for the purposes of timely distribution in accordance with the Plan.

The Claims Bar date expired on March 1, 2005. The Bar Date for governmental units to file claims expired on April 25, 2005. The Debtors may file Objections to certain claims.

## **(4) OFFICERS AND DIRECTORS**

The following individuals shall hold the position indicated as an officer of the Reorganized Epicus Communications, at the compensation stated, subject to change by action of the Board of Directors. They are insiders.

	Salary
Mark Shaftlein, Chief Executive Officer	\$180,000 per year
Gerard Haryman, President	\$180,000 per year
Thomas Donaldson, Vice President	\$120,000 per year

## **ARTICLE IV**

### **SUMMARY OF THE PLAN**

#### **(1) Treatment of Claims and Interests**

The Plan calls for the acquisition of the assets and business operations of Epicus by Epicus Communications. The payment of \$100,000.00 for the acquisition will be made to a plan trustee and distributed pro rata to the holders of priority claims in the Epicus case. The BellSouth agreement will be assumed and assigned to Epicus Communications and the pre-petition default will be cured. Holders of unsecured claims will receive a pro rata distribution from a \$175,000.00 contribution made by Gerard Haryman to the plan trust in exchange for releases for himself, Tom Donaldson and Aptek. Unsecured creditors will also receive a \$25,000.00 payment from the NIR Group in exchange for a release, 7.5% of the capital stock of Reorganized Epicus Communications

and the proceeds of Avoidance Actions, through a plan trust. Equity interests in Epicus will be extinguished.

Gerald Haryman will also contribute \$25,000.00 (on behalf of himself and all holders of equity interests in Epicus Communications) to the reorganization of Epicus Communications so that holders of equity in Epicus Communications will retain their interest, subject to the dilution provided for in the Plan. The \$25,000.00 contribution by Mr. Haryman will be utilized to make a pro rata distribution to the holders of Epicus Communications' priority claims and to the extent funds remain, they will be distributed pro rata to the holders of Epicus Communications' general unsecured claims. The NIR Group debentures will be reinstated and will retain or be granted a security interest in the assets it claims as its collateral.

The Plan classifies claims and interest into thirteen (13) classes as follows:

A. CLASS 1: Class 1 is the Bell South secured claim in the amount of \$1,929,396.96, which is secured by a lien on the assets of Epicus. On the Effective Date, BellSouth Shall receive (i) a cash payment in the amount of \$1,278,000 and (ii) application of the deposit in the amount of \$322,695 toward payment of the BellSouth Cure Claim. Following the Effective Date, the remaining balance due on the BellSouth Cure Claim (i.e. \$328,701) shall be paid over the next twelve months subsequent to the Effective Date, with interest at the rate of 8%, in equal monthly payments of \$28,593.18. BellSouth shall retain its lien upon the Epicus Collateral until the balance of the BellSouth Cure Claim is paid in full and the Post Petition Deposit (defined in Section 9.06(c) of the Plan) equals two months of estimated billings, at which time BellSouth shall release its lien upon the Epicus Collateral.

B. CLASS 2: Class 2 is comprised of all secured claims other than the BellSouth Secured Claim, the NIR Group Debenture Claim and the IRS Secured Claim. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the later of (i) 10 business days after the Effective Date and the date on which such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as practicable; or (ii) such other date as may be fixed by the Bankruptcy Court whether fixed before or after the relevant date above, each holder of an Allowed Other Secured Claim shall receive, at Reorganized Epicus Communications' sole option, in full and final satisfaction of such Allowed Other Secured Claim the following: (x) the



Collateral securing such Allowed Other Secured Claim; (y) Cash from Reorganized Epicus Communications in the amount of the Allowed Other Secured Claim; or (z) monthly principal payments over a term of thirty-six months with interest at the rate of 4% per annum. Each holder of an Allowed Other Secured Claim shall retain any security interests held as of the Petition Date until such Allowed Other Secured Claim is paid in full.

C. CLASS 3: Class 3 is the Debenture Claim of the NIR Group secured by a lien upon the NIR Group Collateral. The NIR Group is the company which is the common ownership and management group associated with the hedge funds that comprise the AJW Group. On the Effective Date, the Old Debentures and the accompanying registration rights agreement shall be reinstated, pursuant to the terms of the Old Debenture Documents, as may be modified by any post-Effective Date amendments by The NIR Group and Reorganized Epicus Communications. The NIR Group shall retain, and to the extent necessary be granted, a lien upon the NIR Group Collateral and the Epicus Collateral, subject only to the lien of BellSouth upon the Epicus Collateral described in Section 4.01 of the Plan, until the Allowed NIR Group Debenture Claims are paid in full.

D. CLASS 4: Class 4 are the priority claims against Epicus Communications. Except to the extent that a holder of an Allowed Priority Claim against Epicus Communications has been paid by Epicus Communications prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim against Epicus Communications, if any, shall receive its Pro Rata share of the \$25,000.00 payment by Gerard Haryman on behalf of himself and all other holders of equity interests in Epicus Communications, and in the event that Allowed Claims in Class 4 are paid in full, the remaining balance of the payment shall be distributed Pro Rata to the holders of Allowed Claims in Class 8.

E. CLASS 5: Class 5 are the priority claims against Epicus. Except to the extent that a holder of an Allowed Priority Claim against Epicus has been paid by Epicus prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim against Epicus, if any, shall receive its Pro Rata share of the Plan Trust Assets (excluding the \$175,000.00 payment by Gerard Haryman, the \$25,000.00 payment from the NIR Group, the proceeds of Avoidance Actions and 7.5% of the newly authorized stock in Reorganized Epicus Communications), and in the event that Allowed Claims in Class 4 are paid in full, the remaining balance of the Plan Trust

Assets shall be distributed Pro Rata to the holders of Allowed Claims in Class 8.

F. CLASS 6: Class 6 are the Convenience Claims against Epicus Communications. Each holder of an Allowed Convenience Claims against Epicus Communications shall receive Cash in an amount equal to the lesser of (i) its Allowed Claim or (ii) one thousand (\$1,000) dollars, in full and complete satisfaction of such Allowed Claim.

G. CLASS 7: Class 7 are the Convenience Claims against Epicus. Each holder of an Allowed Convenience Claims against Epicus shall receive Cash in an amount equal to the lesser of (i) its Allowed Claim or (ii) one thousand (\$1,000) dollars, in full and complete satisfaction of such Allowed Claim.

H. CLASS 8: Class 8 are the Claims of General Unsecured Creditors against Epicus Communications. Except to the extent that a holder of an Allowed General Unsecured Claim against Epicus Communications has been paid by Epicus Communications prior to the Effective Date or agrees to a different treatment, each holder of an Allowed General Unsecured Claim against Epicus Communications, if any, shall receive its Pro Rata share of the balance remaining of the \$25,000.00 payment by Gerard Haryman after the Allowed Claims in Class 4 are paid in full.

I. CLASS 9: Class 9 Claims are the General Unsecured Creditors against Epicus. Except to the extent that a holder of an Allowed General Unsecured Claim against Epicus has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, the Plan Trustee shall pay the holders of Allowed Claims in Class 8 their Pro Rata share of the \$175,000.00 payment by Gerard Haryman, the \$25,000.00 payment by the NIR Group, the proceeds from Avoidance Actions, 7.5% of the newly issued stock in Reorganized Epicus Communications, and in the event that Allowed Claims in Class 4 are paid in full, the remaining balance of the Plan Trust Assets shall be paid Pro Rata to the holders of Allowed Claims in Class 9.

J. CLASS 10: Class 10 are the Insider Subordinated Debt Claims of Gerard Haryman, Thomas Donaldson and Aptek. On the Effective Date, or as soon thereafter as is practicable, the holders of an Allowed Insider Subordinated Debt Claim shall receive 30.4% of the newly issued stock in Reorganized Epicus Communications as provided for in Sections 4.10(e)(ii) of the Plan. Because holders of senior Allowed General Unsecured Claims against Epicus Communications in Class 8 will likely not be paid in full, the distribution to be received by the holders of Class 10

Insider Subordinated Debt Claims is in exchange for new value represented by the \$25,000.00 payment by Gerard Haryman.

K. CLASS 11: Class 11 are the Equity Interest in Epicus Communications, exclusive of the equity interests of the Haryman Parties.

Reverse Stock Split. Prior to the Effective Date, Epicus Communications will effect a reverse stock split of its outstanding common stock, par value \$0.001 per share, so that following the said reverse stock split, there shall be one share for every one thousand shares in existence prior to the said reverse stock split.

Authorization of Newly Authorized Capital. Prior to the Effective Date, immediately following the aforesaid reverse stock split, Epicus Communications will amend its certificate of incorporation to authorize the Newly Authorized Capital that will increase its authorized capital stock to 100,000,000 shares.

On the Effective Date, or as soon thereafter as is practicable, from the Newly Authorized Capital Stock, Reorganized Epicus Communications shall issue the following shares:

(i) OAA 5,250,000 shares (pursuant to the Epicus Communication's agreement in Section 5.19 of the Plan to reimburse The NIR Group and its affiliates for all fees and expenses incurred in connection with the investigation, negotiation and execution of the Plan, including but not limited to, the amounts owed to OAA).

(ii) The Haryman Parties, collectively, 3,040,000 shares to be divided as agreed among themselves.

(iii) Old Equity (exclusive of the equity interest of the Haryman Parties) - 960,000 shares.

(iv) Class 9 (General Unsecured Claims Against Epicus) - 750,000 shares.

Capital Structure (by percentages following distribution of Newly Authorized Capital Stock).

(i) OAA - 52.5%

(ii) Collectively, the Haryman Parties - 30.4%

(iii) Old Equity (exclusive of the Old Equity Interests of the Haryman Parties) - 9.6%

(iv) Class 9 (General Unsecured Claims Against Epicus) - 7.5%.

L. CLASS 12: Class 12 are the claims of Equity Interests in Epicus. Epicus

Communications is the 100% holder of the equity interests in Epicus. As of the Effective Date, all Class 11 Epicus Equity Interests shall be extinguished and the holder of such Equity Interests shall be forever precluded and permanently enjoined from asserting directly or indirectly against the Debtors, Reorganized Epicus Communications, The NIR Group or any of their respective successors and assigns or their respective heirs, directors, employees, shareholders, partners, members, agents, representatives, advisors or attorneys, or the properties of any of them, any further Claims, debts, rights, causes of action, remedies, liabilities or Equity Interests based upon any act, omission, document, instrument, transaction or other activity of any kind or nature that occurred prior to the Effective Date. The holder of any canceled Equity Interest shall have no rights arising from or relating to such Equity Interests, or the cancellation thereof, except the rights, if any, provided in the Plan.

M. CLASS 13: Class 13 is the Secured Claim of the IRS. Except to the extent that a holder of the Allowed IRS Secured Claim agrees to different treatment, on the later of (i) 10 business days after the Effective Date and the date on which such Allowed IRS Secured Claim becomes an Allowed IRS Secured Claim, or as soon thereafter as practicable; or (ii) such other date as may be fixed by the Bankruptcy Court whether fixed before or after the relevant date above, each holder of an Allowed IRS Secured Claim shall receive, at Reorganized Epicus Communications' sole option, in full and final satisfaction of such Allowed IRS Secured Claim the following: (x) the Collateral securing such Allowed IRS Secured Claim; (y) Cash from Reorganized Epicus Communications in the amount of the Allowed IRS Secured Claim; or (z) monthly principal payments over a terms of one hundred and twenty (120) months with interest at the rate of 4% per annum. The holder of the Allowed IRS Secured Claim shall retain any security interests held as of the Petition Date until such Allowed IRS Secured Claim is paid in full.

N. GENERAL. All payments under this Plan shall commence ten days after confirmation unless otherwise provided in the Plan.

O. Administrative Expense Claims Against Epicus Communications and Epicus. Except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim against the Debtors agrees to a less favorable treatment, each holder of such Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Claim on the later of the Effective

Date and the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors in Possession or liabilities arising under loans or advances to or other obligations incurred by the Debtors in Possession shall be paid in full and performed by Reorganized Epicus Communications in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. Furthermore, except as otherwise ordered by the Bankruptcy Court, all entities seeking an award by the Bankruptcy Court of an Administrative Expense Claim against the Debtors shall (i) file said Claim no later than the date that is thirty (30) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court and (ii) if such Claim is allowed it shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (A) on the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable or (B) upon such other terms as may be mutually agreed upon between the holder of such Claim and Reorganized Epicus Communications.

**Professional Compensation and Reimbursement Claims.** Except as otherwise ordered by the Bankruptcy Court, all entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code shall file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by no later than 20 days prior to the Confirmation Hearing, subject to amendments for any periods of time subsequent to the application period, unless otherwise ordered by the Bankruptcy Court.

P. All fees due under 11 U.S.C. § 1129(a)(12) shall be paid as required by 28 U.S.C. § 1930.

Q. **Payment of U.S. Trustee's Fees:** Notwithstanding any other provisions of the Plan to the contrary, the Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), within ten (10) days of the entry of the order confirming this Plan, for pre-confirmation periods and simultaneously provide to the United States Trustee an appropriate

affidavit indicating the cash disbursements for the relevant period. The Debtor, as a reorganized Debtor, shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6), until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another Chapter under the United States Bankruptcy Code, and the reorganized Debtor shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicting all the cash disbursements from the relevant period.

## **(2) Funding of the Plan**

To fund the Plan and make the distributions provided for under the Plan, Epicus shall convey, assign, transfer and deliver to the reorganized Epicus Communications and the Reorganized Epicus Communications shall acquire and accept all the right, title and interests in all of Epicus' assets, including the right, title and interests of all of Epicus' assets, except for the following:

(a) Any Liabilities which arise, whether before, on or after the petition, out of, or in connection with, the Excluded Assets;

(b) Any Liabilities arising out of, or in connection with, any proceedings or arising out of the ownership and operation of the Transferred Assets or Epicus' business including, without limitation, liability for personal injury to customers, employees, or third parties, whether or not covered by insurance, to the extent that the event or state of facts giving rise to such liability occurs prior to the Effective Date;

(c) Any Liabilities arising out of or in connection with any indebtedness of Epicus to its lenders or to vendors of goods and services delivered or furnished to Epicus prior to the Effective Date, except as otherwise provided in this Plan;

(d) Any Liabilities for Epicus' employees arising from Epicus' operation of its business prior to the Effective Date including pension, health insurance claims, workers' compensation claims or liabilities, profit sharing, stock bonus plans or any other employee benefit plans, severance benefits, earned but unpaid salary, accrued but unpaid vacation days, accrued but unpaid medical and dental expenses and other accrued welfare benefits, compensation, or retiree medical and other benefits and obligations.

On the Effective Date, the Reorganized Epicus Communications shall transfer cash in the amount of \$100,000.00 to the Plan Trustee for pro-rata distribution to the holders of Allowed Claims in Classes 4 and 8.

On the Effective Date, Gerard Haryman shall pay the \$175,000.00 payment to the Plan Trustee, for Pro Rata distribution to the holders of Class 9 Allowed General Unsecured Claims against Epicus. Upon payment of this amount, the Debtors, their estates, the Plan Trustee, the Plan Trust and Reorganized Epicus Communications shall release and waive any claims or causes of action, including but not limited to the avoidance actions, against Gerard Haryman, Thomas Donaldson and Aptek.

Prior to the Effective Date, both Debtors shall execute a Plan Trust Agreement and take all other steps appropriate to establish the Plan Trust. The Plan Trust, through the Plan Trustee, shall collect and reduce the assets of the Plan Trust to cash and make distributions pro-rata on account of holders of Claims 4, 8 and 9 under the Plan Trust and all such other actions as is reasonably necessary to accomplish the purposes of the Plan. Prior to the Confirmation Date, the Creditors' Committee, in consultation with the Debtors and subject to Bankruptcy Court approval, shall nominate one or more persons to individually currently serve as the Plan Trustee.

### **(3) Releases and Injunctions**

Settlement of Haryman Avoidance Action/Releases. On the Effective Date, Gerard Haryman, on behalf of the Haryman Parties, shall pay the Haryman Payment to the Plan Trustee, for Pro Rata distribution to the holders of Class 9 Allowed General Unsecured Claims against Epicus. Upon payment of the Haryman Payment by Gerard Haryman, the Debtors, Debtors-in-Possession, their estates, the Committee, BellSouth, The NIR Group, the Plan Trustee, the Plan Trust and Reorganized Epicus Communications shall release and waive any and all claims or causes of action, known or unknown, including but not limited to the Avoidance Actions, against the Haryman Parties.

Release of The NIR Group. On the Effective Date, The NIR Group shall pay The NIR Group Payment to the Plan Trustee for Pro Rata distribution to the holders of Class 9 Allowed General Unsecured Claims against Epicus. As consideration for the NIR Group Payment and the payments made by The NIR Group to Reorganized Epicus Communications in connection with the purchase and sale of New Debentures, the Debtors, Debtors-in-Possession, their estates, the Committee, the

Plan Trustee, the Plan Trust, Reorganized Epicus Communications, the Haryman Parties and BellSouth shall release and waive any claims and causes of action, if any, including but not limited to, Avoidance Actions, against The NIR Group, its affiliates or any of their respective directors, employees, shareholders, partners, members, agents, representatives, advisors or attorneys.

Release of BellSouth. On the Effective Date, the Debtors, their estates, the Committee, the Plan Trustee, the Plan Trust, Reorganized Epicus Communications and the NIR Group shall release and waive any claims or causes of action, if any, including but not limited to, Avoidance Actions, against BellSouth, its affiliates or any of their respective directors, employees, shareholders, partners, members, agents, representatives, advisors or attorneys.

Injunction. Except as otherwise expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all entities who have held, hold, or may hold Claims against or Equity Interests in the Debtors and other parties in interest, along with their respective present or former employees, agents, officers, directors or principals, are permanently enjoined, on and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors or Reorganized Epicus Communications with respect to any such Claim or Equity Interest, (ii) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against the Debtors or Reorganized Epicus Communications on account of any such Claim or Equity Interest, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors or Reorganized Epicus Communications or against the property or interests in property of the Debtors or Reorganized Epicus Communications on account of any such Claim or Equity Interest, (iv) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims and Causes of Action which are extinguished or released pursuant to the Plan, and (v) taking any actions to interfere with the implementation or consummation of the Plan.

CONFIRMATION OF THE PLAN AND PAYMENTS UNDER THE PLAN SHALL ENJOIN ALL CLAIMANTS FROM COMMENCING OR CONTINUING ANY ACTION OR OTHER PROCEEDING AGAINST THE RELEASED PARTIES IN CONNECTION WITH THE RELEASED PARTIES' PERSONAL LIABILITY FOR CLAIMS AGAINST THE DEBTORS, WHICH CLAIMS HAVE BEEN PROVIDED FOR THROUGH THE PLAN.



Term of Injunctions or Stays. Unless otherwise provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such applicable order.

Exculpation. NONE OF THE DEBTORS, REORGANIZED EPICUS COMMUNICATIONS, THE NIR GROUP, THE COMMITTEE, THE PLAN TRUSTEE OR BELLSOUTH, OR THEIR RESPECTIVE PROFESSIONALS SHALL HAVE OR INCUR ANY LIABILITY TO ANY HOLDER OF A CLAIM OR EQUITY INTEREST FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATED TO, OR ARISING OUT OF, THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, OR THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT FOR WILLFUL MISCONDUCT, GROSS NEGLIGENCE, CRIMINAL CONDUCT, MISUSE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES, OR ULTRA VIRES ACTS AND, IN ALL RESPECTS, THE DEBTORS, REORGANIZED EPICUS COMMUNICATIONS, THE NIR GROUP, THE COMMITTEE, THE PLAN TRUSTEE OR BELLSOUTH SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES UNDER THE PLAN. NOTHING IN THIS SECTION 11.06 SHALL LIMIT THE LIABILITY OF THE PROFESSIONALS OF THE DEBTORS, REORGANIZED EPICUS COMMUNICATIONS, THE NIR GROUP, THE COMMITTEE, THE PLAN TRUSTEE OR BELLSOUTH TO THEIR RESPECTIVE CLIENTS PURSUANT TO DR 1.2 OF THE CODE OF PROFESSIONAL RESPONSIBILITY.

## **ARTICLE V**

### **CLAIMANTS AND IMPAIRED INTEREST HOLDERS**

Claimants and Interest Holders entitled to vote under the Plan must affirmatively act in order for the Plan to be confirmed by the Court. According to the Debtors' Joint Plan, Classes 1, 2, 3, 4, 5, 8, 9, 10, 11, 12 and 13 are "impaired" classes within the meaning of § 1124 of the Bankruptcy Code. These classes, accordingly, must vote to accept the Plan in order for the Plan to be confirmed

without a cram down. A Claimant who fails to vote to either accept or reject the Plan will not be included in the calculation regarding acceptance or rejection of the Plan.

A ballot to be completed by the holders of Claims and/or Interests is included herewith. Instructions for completing and returning the ballots are set forth thereon and should be reviewed at length. The Plan will be confirmed by the Bankruptcy Court and made binding upon all Claimants and Interest holders if (a) with respect to impaired Classes of Claimants, the Plan is accepted by holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each such class voting upon the Plan and (b) with respect to classes of Interest Holders, if the Plan is accepted by the holders of at least two-thirds (2/3) in amount of the allowed interests of such class held by holders of such interests. In the event the requisite acceptances are not obtained, the Bankruptcy Court may, nevertheless, confirm the Plan if it finds that the Plan accords fair and equitable treatment to any class rejecting it. Your attention is directed to Section 1129 of the Bankruptcy Code for details regarding the circumstances of such "cram down" provisions.

#### **ARTICLE VI**

##### **ANALYSIS OF THE PLAN VS. LIQUIDATION ANALYSIS**

All payments as provided for in the Debtors' Plan shall be financed from the cash contributions from Gerard Haryman and the NIR Group, the Debtors' cash on hand, their continued business operations or through a cash infusion.

The Debtors have filed monthly operating statements since the filing of the bankruptcy petition.

Attached hereto marked Exhibit "A" is a table showing all of the claims of Debtors in each classification.

There is no projection of income and expenses for the Plan attached to this Disclosure Statement inasmuch as there will be no ongoing payments from the Debtors to unsecured creditors under the Plan. All unsecured creditors will be paid on the Effective Date by the Plan Trustee with funds collected by the Plan Trustee and thereafter from the proceeds of Avoidance Actions.

Management believes that its Plan of Reorganization provides full value for all claims of creditors and is in the best interest of creditors.

As with any Plan, an alternative would be a conversion of the Chapter 11 case to a Chapter

7 case and subsequent liquidation of the Debtors by a duly appointed or elected trustee. In the event of a liquidation under Chapter 7, the following is likely to occur:

(a) An additional tier of administrative expenses entitled to priority over general unsecured claims under § 507(a)(1) of the Bankruptcy Code would be incurred. Such administrative expenses would include Trustee's commissions and fees to the Trustee's accountants, attorneys and other professionals likely to be retained by him for the purposes of liquidating the assets of the Debtors;

(b) Substantially less than market value will be realized for the Debtors' accounts receivable, inventory, equipment, materials and supplies;

(c) Further claims would be asserted against the Debtors with respect to such matters as income and other taxes associated with the sale of the assets, and the inability of the Debtors to fulfill outstanding, contractual commitments and other related claims.

(d) A liquidation analysis containing a balance sheet is attached as Exhibit "C".

Predicated upon the foregoing, it is management's opinion that the liquidation value of the Debtors would be insufficient to make payments to any class of creditors other than the secured creditors, leaving no monies available for the claims of any other classes of creditors such as general unsecured creditors.

The Court has previously set March 1, 2005 as a claims Bar date and April 25, 2005 as a claims Bar Date for governmental units. All indebtedness scheduled by the Debtors as not disputed, contingent or unliquidated or any indebtedness set forth in a properly executed and filed Proof of Claim shall be deemed an Allowed Claim unless the same is objected to, and the objection thereto is sustained by the Court.

## **ARTICLE VII RISK ANALYSIS**

The Debtors believe there is minimal risk to the creditors if the Plan is confirmed. There are few hard assets which could be dissipated. The on going operation of the business and transfer of assets to Epicus Communications will generate the most funds for payment to creditors.

**THE PLAN RELIES UPON THE EXEMPTIONS FROM SECURITIES  
REGISTRATION PURSUANT TO SECTION 1145 OF THE BANKRUPTCY**

CODE. THE SECURITIES ISSUED PURSUANT TO THE PLAN WILL NOT HAVE BEEN REGISTERED WITH THE SEC UNDER THE SECURITIES AND EXCHANGE ACT OF 1933, OR UNDER ANY STATE SECURITIES ACT OR SIMILAR STATE LAWS, NOR HAVE THE SECURITIES BEEN APPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION.

#### **ARTICLE VIII**

##### **CONFIRMATION BY CRAM DOWN**

The Debtors reserve the right, in the event that impaired classes reject the Plan, to seek confirmation of the Plan if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each dissenting class.

The Plan is deemed fair and equitable if it provides (i) that each holder of a Secured Claim retains its lien and receives deferred cash payments totaling at least the allowed amount of its claim, of a value, as of the effective date of the Plan, of at least the value of its secured interest in the property subject to his lien, and (ii) that each holder of an unsecured claim receives property of a value equal to the allowed amount of its claim, or no holder of a junior claim receives or retains any property.

#### **ARTICLE IX**

##### **MISCELLANEOUS PROVISIONS**

A. Notwithstanding any other provisions of the Plan, any claim which is scheduled as disputed, contingent, or unliquidated or which is objected to in whole or in part on or before the date for distribution on account of such claim shall not be paid in accordance with the provisions of the Plan until such claim has become an Allowed Claim by a final Order. If allowed, the claim shall be paid on the same terms as if there had been no dispute.

B. At any time before the Confirmation Date, the Debtors may modify the Plan, but may not modify the Plan so that the Plan, as modified, fails to meet the requirements of § 1122 and § 1123 of the Bankruptcy Code. After the Debtors file a modification with the Bankruptcy Court, the Plan, as modified, shall become the Amended Plan.

C. At any time after the Confirmation Date, and before substantial consummation of the Plan, the Debtors may modify the Plan with permission of the Court so that the Plan, as modified,

meets the requirements of § 1122 and §1123 of the Bankruptcy Code. The Plan, as modified under this paragraph, shall become the Amended Plan.

D. After the Confirmation Date, the Debtor may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan.

**ARTICLE X**  
**CONCLUSION**

Under the Plan, all creditors and Interest Holders of the Debtors other than the Interest Holders in Epicus, will participate in some manner in the distribution to be made thereunder. The Debtors believe that the distributions contemplated in its Plan are fair and afford all Claimants and Interest Holders equitable treatment. ACCORDINGLY, THE DEBTORS RECOMMEND THAT ALL CLAIMANTS AND INTEREST HOLDERS VOTE TO ACCEPT THE PLAN.

DATED: May 19, 2005.

EPICUS COMMUNICATIONS GROUP,  
INC.

BY   
Gerard Haryman, President

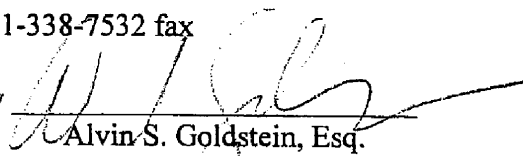
EPICUS, INC.

BY   
Gerard Haryman, President

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualifications to practice in this Court set forth in Local Rule 2090-1(A).

FURR AND COHEN, P.A.  
Attorney for Debtors  
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By



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EXHIBIT "A"

CREDITORS OF EPICUS COMMUNICATIONS GROUP, INC.

<u>CLASS</u>	<u>CREDITOR</u>	<u>CLAIM NO</u>	<u>AMOUNT OF CLAIM</u>
3	Florida Dept of Revenue		0
3	Internal Revenue Service		2,849,969.98(d)
3	State of New Jersey	8	3,000.00
<u>Secured Creditors:</u>			
	AJW Offshore Ltd.		
	AJW Partners LLC		
	AJW Qualified Partners		
	New Millennium Capital		
2	(Collectively AJW Group)	3	5,139,500.00
	CRT Properties	4	135,000.00
	Qwest Communications	5	81,144.63
	General Electric Capital	9	1,020.00
	Palm Beach Co. Tax Coll	10	238.99(S)
<u>Convenience Class:</u>			
5	DHL Exparess /Airborn		650.00
5	Executive Registr & Transfer		0
5	Pitney Bowes		476.83
<u>Unsecured Creditors:</u>			
7	Adorno & Yoss		60,507.00
7	Verizon Florida AFNI Verizon	2	235,787.45
7	Robert Half Technology	1	6,675.90
7	CRT Properties	4	267,106.32
7	Qwest Communications	5	213,349.69
7	Creditors Trust for Tele Co.	6	390,611.29
7	State of New Jersey	7	4,000.00
7	AT & T		47,653.00
7	AT&T		450,796.00
7	George Mills, Jr. Trustee		350,000.00
7	Harvey Birnholz		Unknown (cud)
7	JWL Holdings		97,878.00
7	Wieseneck, Andres & Co.		194,866.00(d)
9	Gerard Haryman		1,015,617.00
9	Gerard Haryman		2,123,568.00

9	Gerard Haryman	1,079.24
9	Thomas Donaldson	832,000.00
9	Apetek Communications(rent)	150,067.00
9	Apetek Communications (note)	750,000.00
9	Aptek Communications(note)	946,000.00

### CREDITORS OF EPICUS, INC.

<u>CLASS</u>	<u>CREDITOR</u>	<u>CLAIM NO</u>	<u>AMOUNT OF CLAIM</u>
<u>Secured:</u>			
1	Bell South Telecommunications	18	1,928,380.77(unsec)
1	Bell South Telecommunications	19	1,928,380.77(Sec.)
	Express Communications		0
	Pitney Bowes		38,025.00
2	AJW Group	24	5,139,500.00 (S)
	Internal Revenue Service	39	674,026.07 (S)
	Pennsylvania, State of	20	7,357.00(S)
	Fla Dept Revenue	11	59,910.25(Sec)
	Qwest Business Services	31	81,144.63(s)
	South Carolina, State of	23	38,957.96 (s)
<u>Priority:</u>			
4	Internal Revenue Service	39	3,944,665.68(P)
4	Internal Revenue Service(941)		428,334.68(d)
4	Fla. Dept Revenue	10	124,536.29(Pri)
	(Comm Service Tax)		52,294.35(unse)
4	Fla Dept Revenue	11	20,295.65(Pri)
			8,000.00 (unse)
4	Connecticut, State of	28	341.20(p)
4	Georgia, State of	38	296,061.85
4	Massachusetts Dept Rev.	3	561.56
4	Kentucky, State of	5	9,331.58
4	Mississippi PSC	25	676.30(p)
4	NECA Sservices - Texas USF Fund	22	5,585.30(p)
4	New York Dept Taxation	6	4,847.87(p)
4	Pennsylvania, State of	20	5,098.43(p)
4	Phoneworks USA LLC	9	3,600.00(p)
4	Rhode Island, State of	13	2,000.00(p)
4	Rosie Woodruff	17	7,502.58(p)



4	South Carolina, State of	23	120,429.75(p)
4	Texas, State of	26	2,557.45(p)
4	Texas, State of	27	868.60(p)
4	West Virginia State Treasurer	37	840.47(p)

Unsecured:

8	Internal Revenue Service-720		39,139.24(U)
8	Nat'l Exchange Carrier Assn		15,931.68 (D)
8	Acacia		5,775.00
8	Adorno & Zeder		32,351.30
8	American Medical Supplies		1,258.50
8	Andrea Welch		30,000.00
8	Aston Communications Inc.		2,745.34
8	AT&T		69,069.13
8	Bell Atlantic		1,446.03
8	Bell South		880,558.26
8	Bell South		1,663.41
8	BellSouth Telecommunications		3,221.66
8	BellSoft, Inc.		2,200.00
8	Broadwing Telecommunications		7,933.54
8	S.S.C.		17,187.25
8	Campney & Murfey		2,409.49
8	CDG		99,914.60
8	Citizens Bank of Oviedo		1,709.54
8	Clay Electric Cooperative	2	45,303.62
8	Communications Depot		2,983.08
8	Computer Network Expert		1,695.74
8	Corporation Service Co.		10,700.00
8	Data Exchange	30	19,843.92
8	DNS Group		15,620.35
8	Dun & Bradstreet Info		1,928.08
8	Elder N. Ripper	34	62,500.00
8	Epicus Communications		3,714,173.00
8	Federal Communications Con		1,012,396.67 (d)
8	Florida, State of Excise Tax		1,186,182.86 (d)
8	Freedom Marketing Serv.		1,248.22
8	G & G Advertising		1,669.50
8	GE Capital		1,193.40
8	Georgia, State of	38	56,936.64
8	Gizorn		1,346.92
8	Global Crossing		456,966.16
8	Global Response		1,254.29
8	Global Systems Telecom		33,000.00

8	GMS		18,914.85
8	Gomel & Davis LLP		1,350.29
8	Howard Johnsons Maingate		1,348.03
8	Innovative Telecom Sol.		31,317.06
8	Internal Revenue Service		39,139.24(u)
8	International Minute Press		7,381.12
8	Isterra		6,697.97
8	James H. Monroe		2,000.00
8	Jordan Kermer		11,821.08
8	Kay Rodriguez Inc.		5,004.28
8	Koppell Gotlieb Mesches		6,688.32
8	McKinney & Cooper		6,702.81
8	Mpinet		1,987.12
8	Naylor Publications Inc.	7	3,525.00
8	NECA Nat'l Exchange Fund-Texas	16	33,276.62
8	Neustar Inc.		82,620.62
8	New Energy Corp.		6,241.84
8	New York Dept Taxation	6	1,501.58(u)
8	Nextel Communications		1,017.97
8	North Carolina, State of		7,706.58(d)
8	NSB Telemarketing		11,588.58
8	NSB Utilities		203,930.40
8	Office Source	8	3,598.30
8	Office Suites		1,720.35
8	Oregon, State of		1,026.75(d)
8	Orlando Sentinel		1,258.15
8	Pappas Law Firm		3,587.50
8	Phoneworks USA LLC	9	8,400.00
8	Pitney Bowes		9,825.67
8	Power Direct	33	2,665.00
8	Precise Communications Sys	29	46,097.12
8	Presstima Printing		1,616.56
8	Prosodie		80,099.68
8	Qwest Business Services	31	213,349.69
8	Robert Half International		1,849.60
8	South Carolina, State of	23	3,986.33(unsec)
8	Southwestern Bell		1,466.76
8	Sprint PCS		3,274.56
8	Sprint Yellow Pages		2,565.47
8	Sprint Local Telecomm		265,772.45
8	Staples		1,623.99
8	Technologies Management	21	18,067.56
8	Telcordia Technologies		9,367.80

8	Today's Staffing Inc.		2,193.20
8	Tom O'Harra		1,056.62
8	Total Link		7,019.30
8	Total Link, The		5,172.88
8	TransMedia		10,346.34
8	Transworld Systems		1,556.50
8	U.S. Trustee Program		1,000.00
8	Universal Power Marketing		2,565.42
8	Universal Service Adm.	14	2,089,444.50
8	Utilities Comm New Smyrna	32	5,286,790.96
8	Venture Concepts Inc.		2,271.45
8	Verizon		249,884.00
8	Verizon FL Inc. (GTE)		16,067.67
8	Vision Prepaid Services		1,953.49
8	VisionQuest	12	28,629.00
8	Volaris Online		2,733.94
8	Vstar	35	65,071.52
8	Walt Disney Park		3,573.58
8	Andrea Welch	36	30,000.00
8	Winters King & Assoc		1,145.00
8	WorldCom		2,027.31
6	9 Line Communications		497.89
6	Adam Hubbard		154.18
6	Advanced Connect Net Inc.		378.51
6	Artworks		322.00
6	Alabama, State of		163.12 (d)
6	Aliene Willilams		190.30
6	Allied Grading		343.72
6	Amoire Pizza Subs		449.70
6	Andrain Elkins		155.40
6	Arizona, State of		0.11(d)
6	Arkansas, State of		52.47(d)
6	Atlantic Terrace Condo Asn		159.73
6	Atlantis Flowers & Gifts		131.51
6	Automotive Service		257.90
6	Baker Donelson Berman		747.17
6	Barbara Mayer		345.73
6	Brian Barton		113.78
6	Brokers Communications		109.18
6	C. Starling Quality Roofing		320.49
6	California, State of		19.67(d)
6	Camis Seafood & Pasta		146.54
6	Caribbean Delight		149.69
6	Carmel's Seafood		125.23

6	Casualty Ins. Service	215.45
6	Cathy Helton	132.59
6	Colonial Bank	579.90
6	Colorado, State of	348.20(d)
6	Computer Services	140.00
6	Country Corner	145.80
6	Country Store	192.95
6	Cris St. Clair	305.23
6	Cynthia & Greg Hughes	159.80
6	Cynthia Carpenter	221.01
6	D'Assaro & Hall PA	305.99
6	Delaware, State of	85.00(d)
6	DHL Express	114.60
6	DHL f/k/a Airborn	650.00
6	Dorothy Allison	141.35
6	Drange, deBeaubain Knight	324.71
6	Federal Express	319.48
6	Firehouse Subs	131.03
6	Frank Hoffman	178.74
6	Fry & Associates	160.06
6	Genes Auto Body	157.38
6	George Windish	127.05
6	Girish Mullani	648.72
6	Glenda Laird	116.97
6	Global Telecom Solutions	187.16
6	Grove Bridgers	106.55
6	GW Schultz Tools	283.58
6	H&N Conditions Serv.	118.60
6	Hammon Glass Serv.	662.22
6	Harbor Inn	174.12
6	Haziehurst First United	325.06
6	Helton Electric True Value	485.43
6	Holiday Inn Ocean	402.43
6	Howard Johnson Sales	718.76
6	Idaho, State of	62.06(d)
6	Illinois, State of	100.00(d)
6	Indiana, State of	30.00(d)
6	Iowa Dept Revenue	0 (d)
6	J.D. Hopkins	147.73
6	Jackie Taylor	152.88
6	Jacobi Friedrich	124.56
6	James Dean Humphrey	169.89
6	Kansas, State of	287.23(d)
6	Lee Bunch	223.83
6	Louisiana, State of	38.89(d)

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6	Maine, State of		171.09(d)
6	Marianne Capozza		233.75
6	Mary Beth Kureczka		110.10
6	Mary J. Shaw		103.94
6	Mary Oller		215.93
6	Maryland, State of		527.20(d)
6	Massachusetts Dept Rev.	3	116.47
6	McWhirler Reeves PA		117.00
6	Melanie Baggett		117.59
6	Melissa Stuck		114.85
6	Michigan Dept Treasury		0 (D)
6	Missouri, State of		25.00(d)
6	Montana, State of		41.34(d)
6	NBANC	15	842.22
6	Nebraska, State of		6.07(d)
6	Nevada, State of		100.00(d)
6	New Hampshire, State of		150.00(d)
6	New Jersey, State of		550.00(d)
6	New Mexico, State of		0 (d)
6	North Dakota Taxation Dept.		0 (d)
6	Ocean Walk Properties		190.49
6	Office Annex		118.05
6	Ohio, State of		260.00(d)
6	Oklahoma Tax Comm		0 (d)
6	Omer Holcomb		204.50
6	Online Communications		773.28
6	P & P Telecommunications		110.99
6	Pacific Bell		350.37
6	Pennsylvania, State of	20	340.00
6	Pri-Fly		329.14
6	Prododie Interactive Corp.		0
6	Product & Service Dist.		408.21
6	RNP		884.58
6	Royal Office Products		417.48
6	Ryan Karanovich		114.09
6	Sara Perez		128.26
6	Scarborough Land Rover		926.23
6	Seagarden Inn		543.21
6	Shurgard Storage		112.93
6	South Dakota, State of		280.00(d)
6	Steven Booska Ossinsky		650.00
6	Strata Communications		278.20
6	Sun Trust Bank		0
6	Tamara Davis		100.28
6	Tandem		231.23

6	Taylor Diesel Services	611.56
6	Tennessee Dept Revenue	0 (d)
6	Tim's Custom Cabinets	106.33
6	Time Warner Communications	293.54
6	Tom Swift	139.50
6	Tracy Stein	104.80
6	Universal Network Conn	441.24
6	U.S. West	829.64
6	Utah, State Tax Comm	15.43 (d)
6	Utilities Commm New Smyrna	0
6	Vector Imaging Service	564.43
6	Verio Inc.	232.00
6	Vermont, State of	520.55(d)
6	Virginia, State of	100.00(d)
6	Vizcaya Apartments	560.84
6	Wall Street Jorunal	104.94
6	Washington State Dept Revenue	72.26(d)
6	Willie Brown	124.15
6	Wisconsin Dept Revenue	0(d)
6	World Wide Inns	629.58
6	Wyoming, State of	50.04(d)
6	Yvonne Fry	547.38
6	Zephyrhills	712.50

**IXC REGISTRATION FORM**

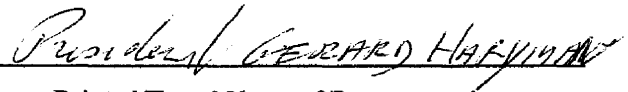
**Company Name** Epicus Communications Group, Inc.  
**Florida Secretary of State Registration No.** H67764  
**Fictitious Name(s) as filed at Fla. Sec. of State** None  
**Company Mailing Name** Epicus Communications Group, Inc.  
**Mailing Address** 1750 Osceola Drive, W. Palm Beach, FL 33409  
**Web Address** www.epicus.com  
**E-mail Address** Customercare.epicus.com  
**Physical Address** 1750 Osceola Drive, W. Palm Beach, FL 33409  
**Company Liaison** Ken Koller  
**Title** General Manager  
**Phone** 877-814-1002 Ext. 1255  
**Fax** 877-814-1002 Ext. 1255  
**E-mail address** kkoller@epicus.com

**Consumer Liaison to PSC**

**Title**  
**Address**  
**Phone**  
**Fax**  
**E-mail address**

My company's tariff as required in Section 364.04, Florida Statutes, is enclosed with this form. I understand that my company must notify the Commission of any changes to the above information pursuant to Section 364.02, Florida Statutes. My company will owe Regulatory Assessment Fees for each year or partial year my registration is active pursuant to Section 364.336, Florida Statutes. My company will comply with Section 364.603, Florida Statutes, concerning carrier selection requirements, and Section 364.604, Florida Statutes, concerning billing practices.

  
\_\_\_\_\_  
Signature of Company Representative

  
\_\_\_\_\_  
Printed/Typed Name of Representative

9-15-05  
\_\_\_\_\_  
**Date**

**Effective: 07/15/2003**

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
STATE OF FLORIDA**

**JOINT APPLICATION BY EPICUS INC. AND  
EPICUS COMMUNICATIONS GROUP, INC. FOR  
EXPEDITED APPROVAL OF EPICUS, INC.'S  
TRANSFER OF AUTHORITY AND CONTROL  
TO PROVIDE RESOLD LOCAL AND LONG  
DISTANCE TELECOMMUNICATION SERVICES TO  
EPICUS COMMUNICATIONS GROUP, INC.**

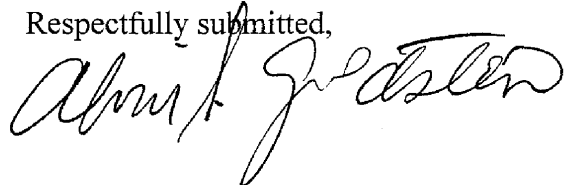
CASE NO. \_\_\_\_\_

**REQUEST FOR WAIVER**

Pursuant to rule 25-24.118(1), Florida Administrative Code, the long distance provider of a customer shall not be changed without the customer's authorization. Rule 25-24.118-(2) provides that an CLEC and IXC shall submit a change request to the local exchange carrier only if one of the following has occurred: (a) the provider has a letter of agency from the customer requesting the change; (b) the provider has received a customer-initiated call for service; or (c) a third party firm has verified the customer's requested change. The Parties ask the Commission to waive the conditions in 25-24.118-(2) in order to allow the transfer of customers of record

WHEREFORE, Epicus, Inc. and Epicus Communications Group, Inc. respectfully request that the Commission authorize the sale of assets from Epicus, Inc. to Epicus Communications Group, Inc. In addition, the Parties respectfully request expedited processing of this Joint Application so that the transaction may proceed without undue delay, and that the Commission grant such other relief deemed necessary or proper.

Respectfully submitted,





**AN IMPORTANT NOTICE REGARDING  
YOUR LOCAL AND LONG DISTANCE TELEPHONE SERVICE  
FROM EPICUS INC. AND EPICUS COMMUNICATIONS GROUP, INC.**

Dear Valued Customer:

It has been the pleasure of Epicus, Inc to provide you with quality local and long distance telecommunications services. However, as part of a bankruptcy reorganization plan Epicus, Inc. will no longer be providing telecommunication services in Florida. Instead Epicus, Inc.'s parent company Epicus Communications Group, Inc. will be providing you local and long distance telecommunications services. As a customer of Epicus Communications Group, Inc, you will continue to receive all of the features, terms and conditions of service and current rates that you enjoy today. Notice of any future changes in rates, terms and conditions of service will be provided to you in writing or as otherwise provided by law. The anticipated date for the transfer of your service to Epicus Communications Group, Inc is October 15, 2005, or as soon thereafter as the necessary governmental approvals can be obtained.

It has been the pleasure of Epicus, Inc to provide you with quality local and long distance telecommunications services and we emphasize that you will be treated as a valued customer of Epicus Communications Group, Inc. As always, you may choose another carrier for your telephone service at any time. Unless you choose another carrier within thirty (30) days of the date of this letter, as is your right, you will automatically become an Epicus Communications Group, Inc. customer upon confirmation of the reorganization plan. You do not need to take any action to be transferred to Epicus Communications Group, Inc. Epicus Communications Group, Inc. will pay any change charges associated with the transfer of your account to it. If you have placed a "freeze" on Epicus Inc.'s local or long distance services to prevent their unauthorized transfer to another carrier, such freeze will be lifted when your Epicus Inc.'s services are transferred to Epicus Communications Group, Inc. At your request, Epicus Communications Group, Inc. can re-establish freeze protection for you after the transfer. Epicus Communications Group, Inc. will work to resolve any complaints you may have against Epicus Inc.'s that have not been resolved by the time your account is transferred.

We will do everything to help ensure that this transition is a smooth one. If you have any questions or concerns regarding this notice or any of Epicus Communications Group, Inc.'s services, please contact 1-800-314-8428.

Thank you.

Epicus Communications Group, Inc.