

Reduced Rate Long Distance, LLC
Income Statement
For the Year Ended December 31, 2007

CONFIDENTIAL

| | |
|--|-------------------------|
| Revenues | 5,207,951.10 |
| Cost of Sales | 1,978,025.27 |
| Other Expense | <u>14,151.21</u> |
| Gross Margin | 3,215,774.62 |
| Sales, General & Administrative Expenses | 2,374,316.42 |
| Marketing Expenses | 739,927.21 |
| Other Expenses | <u>10,701.03</u> |
| Total Expenses | <u>3,124,944.66</u> |
| Earnings Before Income Taxes | <u><u>90,829.96</u></u> |

Reduced Rate Long Distance, LLC
Balance Sheet
As of December 31, 2007

CONFIDENTIAL

| | | |
|-----------------------------|-------------------|--------------------------|
| Current Assets | | |
| Cash & Cash Equivalents | 79,738.34 | |
| Accounts Receivable | - | |
| Other Current Assets | <u>16,785.80</u> | |
| Total Current Assets | | 96,524.14 |
| Property, Plant & Equipment | | |
| | | |
| Other non-current Assets | | <u>334,852.75</u> |
| TOTAL ASSETS | | <u><u>431,376.89</u></u> |
| Equity | | |
| Capital | (61,119.51) | |
| Retained Earnings | <u>492,496.40</u> | |
| Total Equity | | 431,376.89 |
| TOTAL LIABILITIES & EQUITY | | <u><u>431,376.89</u></u> |