

**NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
AND INTERNATIONAL CALLING SERVICES CORPORATION
COMBINED BALANCE SHEETS
December 31**

Assets	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 389,868	\$ 526,584
Marketable securities	17,482	67,037
Trade accounts receivable, (net of allowance of \$69,121 in 2015 and \$71,434 in 2014)	653,103	514,090
Prepaid expenses and other current assets	122,459	212,842
Deferred income taxes	<u>10,393</u>	<u>27,924</u>
Total Current Assets	<u>1,193,305</u>	<u>1,348,477</u>
Property, Plant, and Equipment:		
Plant in service	3,646,503	3,964,746
Less: Accumulated depreciation	<u>(2,689,677)</u>	<u>(2,889,182)</u>
Net Property, Plant, and Equipment	<u>956,826</u>	<u>1,075,564</u>
Noncurrent Assets:		
Net intangibles - RTU agreement	866,680	933,340
Other noncurrent assets	<u>555,793</u>	<u>106,150</u>
Total Noncurrent Assets	<u>1,422,473</u>	<u>1,039,490</u>
Total Assets	<u>\$ 3,572,604</u>	<u>\$ 3,463,531</u>

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COMBINED BALANCE SHEETS
December 31**

Liabilities and Stockholders' Equity

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Income taxes accrued	\$ 46,284	\$ 54,664
Current maturities of RTU obligations	85,642	80,927
Accounts payable	760,762	842,912
Accrued expenses	607,472	375,922
Deferred revenue	<u>573,817</u>	<u>500,624</u>
Total Current Liabilities	<u>2,073,977</u>	<u>1,855,049</u>
Noncurrent Liabilities:		
Deferred income taxes	29,186	44,964
Obligation under RTU agreement	<u>751,534</u>	<u>837,670</u>
Total Noncurrent Liabilities	<u>780,720</u>	<u>882,634</u>
Stockholders' Equity:		
Common stock	11,800	11,800
Additional paid-in capital	424,474	424,474
Accumulated earnings	<u>281,633</u>	<u>289,574</u>
Total Stockholders' Equity	<u>717,907</u>	<u>725,848</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,572,604</u>	<u>\$ 3,463,531</u>

**NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
AND INTERNATIONAL CALLING SERVICES CORPORATION
COMBINED STATEMENTS OF OPERATIONS
For the Years Ended December 31**

	<u>2015</u>	<u>2014</u>
Revenues:		
Telecommunication services	\$ 26,725,034	\$ 27,204,489
Other	16,165	20,838
Total Revenues	<u>26,741,199</u>	<u>27,225,327</u>
Expenses:		
Commissions expense	14,892,272	15,310,392
Origination fees	675,561	815,877
Billing and collection costs	984,173	1,347,346
Operator costs	1,074,003	1,105,764
Administrative salaries and benefits	5,749,288	5,626,618
Depreciation and amortization	290,913	284,821
Selling, general and administrative expenses	2,286,437	1,757,512
Total Expenses	<u>25,952,647</u>	<u>26,248,330</u>
Operating Income	<u>788,552</u>	<u>976,997</u>
Other Income (Expense):		
Interest expense	(53,365)	(50,729)
Other income (expense)	(1,395)	(8,507)
Total Other Expense	<u>(54,760)</u>	<u>(59,236)</u>
Income Before Income Taxes	733,792	917,761
Income Taxes	<u>(60,348)</u>	<u>(47,192)</u>
Net Income	<u>\$ 673,444</u>	<u>\$ 870,569</u>