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TELECOM COMMUNICATIONS INC
Form 10KSB/A
April 01, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB/A

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

For the fiscal period ended September 30, 2002

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

COMMISSION FILE NUMBER 333-62236

TELECOM COMMUNICATIONS, INC.

(Exact name of small business issuer as specified in its charter)

Indiana

(State or other jurisdiction of incorporation or organization)

35-2089848

(IRS Employer identification No.)

827 S. Broadway, Los Angeles, CA 90014

(Address of principal executive offices)

(213) 489-3486

(Issuer's telephone number)

Securities registered under Section 12(b) of the Securities Exchange Act of 1934:

| Title of Each Class ----- | Name of Each Exchange on Which Registered ----- |
|------------------------------|--|
| None | None |

Securities registered under Section 12(g) of the Securities Exchange Act of 1934: None; report is filed pursuant to section 15D

COMMON STOCK, PAR VALUE \$.001 PER SHARE
(Title of Class)

Check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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

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Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or an amendment to this Form 10-KSB.

State issuer's net revenues for its most recent fiscal year: \$660,115

As of December 31, 2001, there were 10,050,000 common shares outstanding.

There is currently no market established for the Company's common stock.

Transitional Small Business Disclosure Format (check one): Yes No

Number of shares of common stock outstanding as of December 31, 2002: 10,050,000

Number of shares of preferred stock outstanding as of December 31, 2001: None

PART I

Item 1. Business

Business Development

Telecom Communications Inc. was incorporated on January 6, 1997 in the State of Indiana under the corporate name MAS Acquisition XXI Corp. Prior to December 21, 2000, we were a blank check company seeking a business combination with an unidentified business. On December 21, 2000, we acquired Telecom Communications of America which was a sole proprietorship doing business in Los Angeles, California since August 15, 1995 and changed our name to Telecom Communications Inc. In connection with this acquisition, Aaron Tsai, our former sole officer and director was replaced by Telecom Communications of America's owners and associates. We issued 9,000,000 shares of our common stock or 90% of our total outstanding common shares after giving effect to the acquisition. MAS Capital Inc. returned 7,272,400 shares of common stock for cancellation without any consideration.

Our principal executive offices are located at 827 S. Broadway, Los Angeles, CA 90014. Our telephone number is (213) 489-3486.

Overview

Our main business is to provide low cost telephone calls over the Internet to individuals and businesses. Our services enable our customers to make low cost telephone calls over the Internet using the traditional telephone. In September 1999, we introduced a service that enables international and domestic calls to be made over the Internet using traditional telephones. Long distance calls made using our services are often substantially less expensive than long distance calls routed over traditional voice network. Following illustrate a typical cost for our customers. In summary, our cost of 9.5 cents per minute compared with 17 cents per minute using traditional phones taking in considerations for the monthly basic service charges for the traditional phone services.

Illustration: (based on telephone services in our area)

Our cost per minute = 9.5

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Traditional phone services cost per minute = 7 cents (without basic fees)

Assumptions: Residential long distance charge for the month is \$10.78
For 154 minutes (domestic call). Customer is using plans such as MCI 7 cents anytime residential plan.

Additional costs for Traditional long distance charges:

| | |
|--|---------|
| MCI 7 Cents anytime residential plan | \$ 6.95 |
| 12% Federal Excise Tax | 1.32 |
| 40% State & Local Taxes | 4.36 |
| .004% Federal, State & Local Surcharges | 0.04 |
| 25% Federal Universal Service Fee | 2.61 |
| .23% CA High cost Fund-B Surcharges | 0.25 |
| .005% CA Universal Life Tel Service Surcharges | 0.05 |
| .003% CA Relay Service and Communication Device Fund | 0.03 |
| .006% CA 911 Local | 0.07 |
| ----- | ----- |
| TOTAL | \$15.68 |

To calculate traditional phone cost, we took the traditional long distance charges for the month of \$10.78 plus the monthly fees of \$15.68 and divide the result by 154 minutes which gives 17 cents per minute.

$$\$10.78 + \$15.68 = \$26.46 \text{ divided by } 154 \text{ minutes} = 17 \text{ cents.}$$

In this illustration, our customers would save 7.5 cents per minute using our services. The basic fees may vary for different areas and we do not have that information at this time. For International calls, you have a higher savings due to higher tariff on traditional phone calls.

We intend to expand our business through acquisitions. Currently, we have one telephone call center with one server located in Los Angeles, California

A total of 71% of our revenue has been generated from the sale of Lotto Tickets, Bus Tokens, Bus Passes, Check Cashing and Money Gram products and 29% for telecommunications business.

Telecom Communications Inc. is intended for people of all ages and income levels who are interested in high quality telephone service at low rates. Typically, however, Latin immigrants who are interested in contacting their friends and relatives in their countries outside of the United States are the primary target audience.

Industry Background

The Internet is experiencing unprecedented growth as a global medium for communications and commerce. Internet telephony has emerged as a low cost alternative to traditional long distance calls. Internet telephone calls are less expensive than traditional domestic and international long distance calls primarily because these calls are carried over the Internet and therefore bypass a significant portion of local and international long distance tariffs. The fees and tariffs that are eliminated for our services can be itemized as follows:

- * Calling Plans Charge
- * Carrier Access Charge
- * Federal Excise Tax

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- * State and local Tax
- * Federal, State and local surcharge
- * Federal Universal Service fee
- * California High Cost Fund-B surcharge
- * California Universal Lifeline Telephone Service surcharge
- * California Relay Service and Common Device fund
- * California 911 Local charge

The technology by which Internet phone calls are made is also more cost-effective than the technology by which traditional long distance calls are made. The growth of Internet telephony has been limited to date due to poor sound quality attributable to technological issues such as delays in packet transmission and network capacity limitations. However, recent improvements in packet-switching technology, new software algorithms and improved hardware have substantially reduced delays in packet transmissions.

Products and Services

Presently, we have one telephone calling center located in Los Angeles, California. This center has 6 phone booths each with its own traditional telephone set, table and chair. Phone calls made from these booths are routed through our computer server and Internet connection to a third party servers which provide the interconnection to their established network which enables telecommunications over Internet Protocol (IP) data networks using their software, hardware and related components. The third party providing this service is Inter-Tel.net, Inc. with whom Telecom has a contractual agreement.

We do not rely solely on customers visiting our telephone calling center. We also have 24 phone lines attached to our server which enables customers accessing our services using telephones away from our location by calling into our telephone calling center. The 24 phone lines attached to our server allow 24 customers to call in at a given time. When one completes a call the phone line frees up for another caller. In addition, the following products and services are also offered at our telephone calling center:

- * Money wiring service
- * Check cashing
- * Sales of Lotto tickets
- * Automatic Telling Machine (ATM) * Faxing services * Sales of telephone cards

Business Strategies

We hope to grow rapidly through franchising our existing operations and through acquisitions. We have not made any specific business plan for franchising our existing operations and we have no prior experience in franchising. Currently, we do not have prospective franchisees or acquisition targets that are targeted for acquisitions.

Key elements of the company's business strategy are:

- * Acquiring and consolidating geographically disparate and usually smaller independent Internet Telephone Service Providers.
- * Developing and offering additional value-added products and services to customers. For example, offering long distance international calls over the Internet using cellular phones.
- * Selling franchises of our telephone calling center concept throughout the West Coast and in other areas of high concentration of immigrants.
- * Building customer loyalty and gaining market share through brand recognition.

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* Expansion of our sales and marketing operation.

Marketing Strategy

We currently market our products in several areas. Our marketing efforts include newspaper advertisements and advertisements in publications that potential customers from Latin American countries are likely to see. Other advertising such as flyers targeting a particular market segment are developed to compliment and expand the impact of our marketing program.

Our marketing strategy for the future will consist of using medias designed to reach mass audiences such as audio spot advertisements, video clips and banner advertising on the Internet as well as advertising targeted toward specific markets using radio, television and other publications.

Competition

We have nearly two years of experience building and fine tuning Internet based telephone call services using traditional telephones at a calling center environment. We believe we have the ability to deploy information technology at a faster rate and with fewer errors than new entrants into this field. We have basic billing capabilities to accommodate the more complex commercial transactions in which we intend to engage in the future. We already have in place network management tools and a secure web site capable of taking new account orders in real-time. With our billing package, we can bill customers for their telephone calls at any interval that they desire. We can send out bills on a weekly, bi-weekly or monthly basis. Many Commercial transactions need to be billed differently. We use an internal billing system that was designed for our telephony system. The transactions that we intend to bill for are charges that would normally appear on the telephone bill. We will be offering long distance telephone service to our commercial as well as our retail customers. We can bill or transactions by time of day, date, even charge a surcharge on holidays.

We believe our competitive strength is the ability to build a bridge for a segment of the urban population to access Internet based telephone communication services. We also believe we can move faster than larger telephone companies in identifying and taking advantage of market opportunities as Internet based telephone communication services continues to evolve at a rapid pace.

Long Distance Market

The long distance telephony market and, in particular, the Internet telephony market, is highly competitive. There are several large and numerous small competitors and we expect to face continuing competition based on price and service offerings from existing competitors and new market entrants in the future. The principal competitive factors in the market include price, quality of service, breadth of geographic presence, customer service, reliability, network capacity and the availability of enhanced communications services. Our competitors include AT&T, MCI WorldCom, Sprint, Net2Phone and other telecommunications carriers.

Many of our competitors have substantially greater financial, technical and marketing resources, larger customer bases, longer operating histories, greater name recognition and more established relationships in the industry than we have. As a result, certain of these competitors may be able to adopt more aggressive pricing policies, which could hinder our ability to market our Internet telephony services.

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Web-Based Internet Telephony Services

As consumers and telecommunications companies have grown to understand the benefits that may be obtained from transmitting voice over the Internet, a substantial number of companies have emerged to provide voice over the Internet. In addition, companies currently in related markets have begun to provide voice over the Internet services or adapt their products to enable voice over the Internet services. These related companies may potentially migrate into the Internet telephony market as direct competitors or could become competitors if we move towards their current markets through our stated intention to grow by acquisition.

Internet Telephony Service Providers

During the past several years, a number of companies have introduced services that make Internet telephony services available to businesses and consumers. AT&T Jens (a Japanese affiliate of AT&T), deltathree.com (a subsidiary of RSL Communications), I-Link, iBasis (formerly known as VIP Calling), ICG Communications, IPVoice.com, ITXC and OzEmail (which was acquired by MCI WorldCom) provide a range of voice over the Internet services. These companies offer PC-to-phone or phone-to-phone services, which could be adapted to provide a similar service to the services we offer. Some, such as AT&T Jens and OzEmail, offer these services within limited geographic areas.

Intellectual Property

We do not currently own or hold any patents, trademarks, licenses, franchises concessions, royalty agreements or labor contracts.

Government Regulation

Regulation of Internet Access Service

We provide Internet access, in part, by using telecommunications services provided by carriers. Terms, conditions and prices for telecommunications service are subject to economic regulation by State and Federal agencies. We, as an Internet Access Provider, are not currently subject to direct economic regulation by the Federal Communications Commission (FCC) or any State regulatory body other than the type and scope of regulation that is applicable to businesses generally. We do not provide Internet access to Internet content. We use the Internet to provide telecommunications services.

In April 1998 the FCC reaffirmed that Internet Access Providers should be classified as unregulated "Information Service Providers" rather than regulated "Telecommunication Providers" under the terms of the Federal Telecommunication Act of 1996. As a result, we are not subject to Federal regulations that apply to telephone companies and similar carriers simply because we provide our services using telecommunications service provided by a third party carrier. To date, no State has attempted to exercise economic regulations over Internet Access Providers.

Governmental regulatory approaches and policies to Internet Access Providers and others that use the Internet to facilitate Data and Communication Transmissions are continuing to develop and in the future we could be exposed to regulation by the FCC or other Federal agencies or by State regulatory agencies or bodies. For example, the FCC has expressed an intention to consider whether to regulate providers of voice and fax service that employ the Internet or Internet Packet Switching as "Telecommunications Providers" even though Internet access itself would not be regulated. The FCC is also considering whether providers of Internet based telephone services should be required to contribute towards the

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Universal Service Fund, which subsidizes telephone service for rural and low-income consumers, or should pay carrier access charges on the same basis as applicable to regulated telecommunications providers. Our business employs the Internet Packet Switching to provide voice services. Phone calls are made through our computer server and Internet connection to a third party server which provides the interconnection to their established network which enables telecommunications over Internet Protocol (IP) data networks using their software, hardware, and related components.

Regulation of Internet Content

Due to the increase in popularity and use of the Internet by broad segments of the population it is possible that laws and regulations may be adopted with respect to web site content, privacy pricing, encryption standards, consumer protection, electronic commerce, taxation, copyright infringement and other intellectual property issues. We cannot predict the effect, if any, that any future regulatory changes or developments may have on the demand for our access to enhanced business service.

Employees

We believe that the success of our business will depend, in part, on our ability to attract, retain and motivate highly qualified sales, technical and management personnel, and upon the continued service of our senior management personnel. As of the date of this registration statement, we have two full-time and three part-time employees. Two full-time employees are responsible for management and marketing; one part-time employee is responsible for book keeping and sales, two other part-time employees are responsible for sales and other day-to-day operations. The three part-time employees are sons and daughter of Mr. Tak Hiromoto and Mrs. Elizabeth Hiromoto. We consider our employee relations to be good and we have never experienced any work stoppages. We cannot assure you that we will be able to successfully attract, retain and motivate a sufficient number of qualified personnel to conduct our business in the future.

Item 2. Properties

Our present telephone calling center consists of an approximately 900 square feet facility located on the first floor at 827 South Broadway, Los Angeles, California. This facility not only hosts the telephone booths but also all computer equipment, support staff and management employed by the company. The initial lease was signed in August 1995 for six months with a rent of \$1,200.00 per month. This lease has been subsequently extended and is due to expire February 28, 2004 with the following rent payment schedule.

| | |
|------------------------------------|----------------------|
| March 1, 2000 to February 28, 2001 | \$1,700.00 per month |
| March 1, 2001 to February 28, 2002 | \$1,800.00 per month |
| March 1, 2002 to February 28, 2003 | \$1,900.00 per month |
| March 1, 2003 to February 28, 2004 | \$2,000.00 per month |

Item 3. Legal Proceedings

Mas Financial Corp and Aaron Tsai filed a claim against us in August, 2002 in the Vanderburgh Circuit Court, County of Vanderburgh, State of Indiana alleging breach of contract. The Company and its counsel believe that the claim is without merit and immaterial, and are vigorously defending against this claim. The company executed the Consulting Agreement in reliance upon the fraudulent misrepresentations made by Mas Financial Corp. and its parties. The company is

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seeking relief to rescind the Consulting Agreement and to have restored to us of all sum paid by us to Mas parties as consideration under the Consulting Agreement. We filed a counterclaim against Aaron Tsai for fraud and breach of contract.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote during the year.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

Market Information

Our common stock is currently traded on a limited basis on the Over-the Counter Bulletin Board under the symbol "TCOM". The quotation of our common stock on the OTCBB does not assure that a meaningful, consistent and liquid trading market currently exists. We cannot predict whether a more active market for our common stock will develop in the future. In the absence of an active trading market: . Investors may have difficulty buying and selling or obtaining market quotations; .. Market visibility for our common stock may be limited; and . A lack of visibility of our common stock may have a depressive effect on the market Price for our common stock.

As of the date of this report , the number of holders of our common stock was approximately 153.

Dividends

There are no present material restrictions that limit the ability of the Company to pay dividends on common stock or that are likely to do so in the future. The Company has not paid any dividends with respect to its common stock, and does not intend to pay dividends in the foreseeable future.

Recent Sales of Unregistered Securities

Not Applicable.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This periodic report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, plans and objectives of management. Statements in this periodic report that are not historical facts are hereby identified as "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act.

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Item 6. Management's Discussion and Analysis

Selected Financial Data

For the years ended September 30, 2002 and 2001.

| | 2001 | 2002 |
|---|------------|------------|
| | ---- | ---- |
| Revenues | \$660,115 | 558,002 |
| Net income | 54,655 | 12,560 |
| Net income per common share | .01 | .01 |
| Weighted average common shares outstanding | 10,000,000 | 10,050,000 |

At September 30, 2002 and 2001

| | 2001 | 2002 |
|--------------------------------|----------|----------|
| | ---- | ---- |
| Total assets | \$29,920 | \$37,905 |
| Working capital (deficit) | 8,894 | 33,873 |
| Shareholders' equity (deficit) | 29,920 | 37,905 |

No dividends have been declared or paid during the periods presented.

Results of Operations

For the Years Ended September 30, 2002 and 2001.

Sales

Revenues for the year ended September 30, 2002 were \$558,002 versus \$660,115 in revenues for the year ended September 30, 2001, a decrease of \$102,113 or 15%. The company's focus on brand name recognition tends to have particularly heavy customer service requirements. Because we anticipate growth in our subscriber base, we provide discount to new subscribers and referral bonuses to existing subscribers for their loyalty for referring new subscribers to the company. We expect a reduction in revenue to be short term. We believe that establishing and maintaining a brand and name recognition is critical for attracting and expanding our targeted client base and that importance of reputation and name recognition will increase as competition in the internet telephone market increases. From time to time we have promotional prices to attract clients through marketing which lead to a reduction in revenue. We expect our future revenue from our VIOP will increase while other products will remain constant.

We plan to accelerate growth of sales in fiscal 2003 by increasing expenditures on marketing, establishing more strategic relationships and growing public awareness of our products and services.

Presently, the percentage of customers using our calling center versus using services from their resident is approximately 45% versus 55%. We anticipate that eventually 99% of calls will be made from our customers' residence due to the convenience factor. The other 1% will be customers who have no phone in their home. We sell prepaid cards to call from their residence.

The percentage of revenues will vary from day to day, month to month, year to year. One month we may have a large jackpot in Lotto, the amount of Lotto players will increase dramatically. Money wiring depends on economic conditions. In good times, people send more often. In bad times, people send less often.

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This is also true of check cashing, money order, and telecom, etc.

Income/Loss

Net income for the year ended September 30, 2002 was \$12,560 as compared to a net income of \$54,655 in the comparable period in 2001, a decrease of \$42,095 or 77 %. The decrease was primary attributable to an increase in general and administrative expenses.

The Company expects to continue to remain profitable and increase its net income over the next year. However, there can be no assurance that the Company's profitability or revenue growth can be sustained in the future.

Expenses

Total expenses for the year ended September 30, 2002 were \$98,916 versus \$65,730 in the comparable year in 2001, an increase of \$33,186 or 33%. This was primarily attributable to an increase in general and administrative expenses for the year. Printing and engraving expenses, legal fees and expenses, Auditors' fees and expenses and Transfer Agent and registrar fees.

We anticipate incurring approximately the same amount of these expenses during fiscal 2003.

We expect increases in certain expenses such as advertising through fiscal 2003 as the Company moves toward increasing development and marketing of our products and services.

Cost of Sales

One of the largest factors in the variations in the cost of sales as a percentage of net sales is the cost of products and services.

Cost of sales for the year ended September 30, 2002 was \$442,492 versus \$518,704 in the comparable period in 2001, a decrease of \$76,212 or 14%. The decrease was primarily attributable to a decreased in sales during the year of \$558,002.

Impact of Inflation

We believe that inflation has had a negligible effect on operations during the period. We believe that we can offset inflationary increases in the cost of sales by increasing sales and improving operating efficiencies.

Trends, Events, and Uncertainties

Demand for the Company's products will be dependent on, among other things, market acceptance of the Company's concept, the quality of its products and general economic conditions, which are cyclical in nature. Inasmuch as a major portion of the Company's activities is the receipt of revenues from the sales of its products, the Company's business operations may be adversely affected by the company's competitors and prolonged recessionary periods.

Liquidity and Capital Resources

For the Year Ended September 30, 2002 and 2001.

Cash flows provided by operations were \$(4,434) for the year ended September 30, 2002 versus \$75,681 in the comparable period in 2001. Cash flows from operating activities were primarily attributable to the net income from operations and an increase in accounts payable.

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We have funded our cash needs from inception through September 30, 2000 with the assistance of family members.

Management believes that we do not need any additional capital to continue our current operations for the next 12 months. Our current business model should be able to sustain itself as it has in the past two years if the current revenue and cost structure remain at the similar level.

We will substantially rely on the existence of revenue from the product sales and from the projected revenues for our services. We project that we will have enough capital to fund our operations over the next 12 months.

On a long-term basis, liquidity is dependent on continuation and expansion of operations, receipt of revenues, additional infusions of capital and debt financing. We are considering launching a wide scale marketing and advertising campaign. Our current available capital and revenues are not sufficient to fund such a campaign. If we choose to launch such a campaign it will require substantially more capital. If necessary, we plan to raise this capital through an additional follow-on stock offering. The funds raised from this offering will be used to develop and execute the marketing and advertising strategy, which may include the use of television, radio, print and Internet advertising. However, there can be no assurance that we will be able to obtain additional equity or debt financing in the future, if at all. If we are unable to raise additional capital, our growth potential will be adversely affected. Additionally, we will have to significantly modify our plans. There are no lines of credit and capital expenditures at this time.

Seven years after Congress passes a landmark law restructuring the phone business, hope for the beleaguered telecommunications industry may lie less in federal regulation than in two fast-growing technologies: wireless computer network and Internet Telephony. Expert says wireless data network and Internet Telephony could carry as much as 30% of domestic voice traffic and more than 50% of international traffic within three to seven years. Internet Telephony accounts for more than 10% of international voice traffic with about 18 billion minutes at the end of 2001, according to research firm Telegeography. These technologies don't require that a company have billions of dollars in order to compete. With voice over IP, we only need to have one hosting center for the entire U.S. We project that revenue for the Company's VOIP will at least triple within two years after successful fund raising.

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Item 7. Financial Statements

ROBERT G. ERCEK, CPA
1756 West Ave. J-12 #107
Lancaster, CA 93534 (661) 726-9448

INDEPENDENT AUDITORS' REPORT

November 6, 2002

Telecom Communications, Inc.
827 South Broadway
Los Angeles, CA 90014-3201

I have audited the Balance Sheet of Telecom Communications Inc as of September 30, 2001 and 2002 and the related statements of income, cash flows, and changes in equity for the respective twelve months then ended. These financial statements are the responsibility of the management of the company. My responsibility is to express an opinion on them based on my audit.

I conducted the audit in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Based on the results of my audit, I believe the financial statements referred to above presents fairly in all material respects, the financial position of Telecom Communications, Inc. as of September 30, 2001 and 2002, the results of its operations, cash flows, and changes in equity for the respective twelve months then ended in conformity with generally accepted accounting principles.

Very truly yours,

Robert G. Ercek, CPA

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TELECOM COMMUNICATIONS, INC.
BALANCE SHEET

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SEPTEMBER 30, 2001 & 2002

| | | |
|--------------------------------------|-----------|-----------|
| ASSETS. | 2001 | 2002 |
| ----- | | |
| CURRENT ASSETS | | |
| Cash in Banks (Note 4). | \$ 25,920 | \$ 33,905 |
| Inventory (Note 5). | 4,000 | 4,000 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS. | 29,920 | \$ 37,905 |
| PROPERTY & EQUIPMENT | | |
| Equipment (Note 7). | 7,450 | 7,450 |
| Less: Accumulated Depreciation. | (7,450) | (7,450) |
| | ----- | ----- |
| NET PROPERTY & EQUIPMENT. | 0 | 0 |
| OTHER ASSETS. | 0 | 0 |
| | ----- | ----- |
| TOTAL OTHER ASSETS. | 0 | 0 |
| TOTAL ASSETS. | \$ 29,920 | \$ 37,905 |
| | ----- | ----- |
| LIABILITIES AND CAPITAL | | |
| ----- | | |
| CURRENT LIABILITIES | | |
| Inc. Tax Payable (Note 14) | \$ 21,026 | \$ 4,032 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 21,026 | 4,032 |
| LONG TERM LIABILITIES | 1,000 | 1,000 |
| OFFICER'S LOAN | ----- | ----- |
| TOTAL LONG TERM LIABILITIES. | 1,000 | 1,000 |
| | ----- | ----- |
| x TOTAL LIABILITIES. | 22,026 | 5,032 |
| | ----- | ----- |
| CAPITAL STOCK | | |
| 10M Shares Issued Par .001 | 10,000 | 10,000 |
| 50,000 Shrs Issued @.50 | | 25,000 |
| Additional Paid in Capital | (55,761) | (68,352) |
| Retained Earnings. | 53,665 | 66,225 |
| | ----- | ----- |
| TOTAL CAPITAL/EQUITY. | 7,894 | 32,873 |
| TOTAL LIAB. & CAPITAL/EQU.. . . . | \$ 29,920 | \$37,905 |
| | ----- | ----- |

SEE INDEPENDENT AUDITOR'S REPORT
ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE STATEMENTS

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TELECOM COMMUNICATIONS, INC.
INCOME STATEMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001 & 2002

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| INCOME (Note 2) | 2001 | | 2002 | |
|---------------------------------|------------------|--------------|----------------|--------------|
| Phone Calls | \$ 151,836 | 23.0% | 163,867 | 29.3% |
| Lotto Tickets (Net) | 5,713 | 1.0 | 5,299 | 1.0 |
| Bus Tokens Sold | 441,297 | 66.9 | 367,520 | 66.0 |
| Bus Passes Sold | 43,018 | 6.5 | 6,488 | 1.1 |
| Checks Cashed (Net) | 9,346 | 1.4 | 8,805 | 1.5 |
| Money Grams (Net) | 8,905 | 1.2 | 6,023 | 1.1 |
| TOTAL INCOME | 660,115 | 100.0 | 558,002 | 100.0 |
| COST OF GOODS SOLD | | | | |
| Phone Call Costs | 70,423 | 10.7 | 87,224 | 15.6 |
| Bus Token Costs | 406,965 | 61.7 | 349,053 | 62.6 |
| Bus Pass Costs | 41,316 | 6.3 | 6,215 | 1.1 |
| TOTAL COST OF SALES | 518,704 | 78.7 | 442,492 | 79.3 |
| GROSS PROFIT | 141,411 | 21.3 | 115,510 | 20.7 |
| EXPENSES | | | | |
| Gen. & Admin. Expenses | 66,730 | 9.9 | 98,916 | 17.7 |
| TOTAL G. & A. EXPEN. | 66,730 | 9.9 | 98,916 | 17.7 |
| OTHER INCOME (EXPENSES) | 0 | | 0 | |
| PRE-TAX INCOME | 74,681 | 11.4 | 16,594 | 3.0 |
| INCOME TAX PROVISION | | | | |
| Fed. Inc. Tax Provision | 13,988 | 2.1 | 2,490 | 0.4 |
| St. Inc. Tax Provision | 7,038 | 1.1 | 1,544 | 0.3 |
| TOTAL INC. TAX PROV. | 21,026 | 3.2 | 4,034 | 0.7 |
| NET INCOME | \$ 53,655 | 8.2% | 12,560 | 2.3% |
| EPS (10,050,000 SHRS) | \$.01 | | \$.01 | |

SEE INDEPENDENT AUDITOR'S REPORT
ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE STATEMENTS

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TELECOM COMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001 & 2002

| | 2001 | 2002 |
|---|-----------|----------|
| | ----- | ----- |
| NET INCOME (LOSS) | \$ 53,655 | \$12,560 |
| Adjustment to Reconcile Net Income To net cash used in Operating Activities: | | |
| Depreciation: | 0 | 0 |
| Increase in Other Current Assets | 0 | 0 |
| Increase in Other Assets | 0 | 0 |
| Increase in Accounts Receivable. | 0 | 0 |
| Increase in Accounts Payable | 22,026 | (16,994) |
| | ----- | ----- |
| NET CASH FROM OPERATIONS | 75,681 | (4,434) |
| Cash Flows from Investing Activities | 0 | 0 |
| Changes in Capital Contributed. | (52,204) | (12,581) |
| Increase From Stock Issued 50,000 shrs @.50 per shr. | 0 | 25,000 |
| Cash Flows from Financing Activities: | 0 | 0 |
| | ----- | ----- |
| NET INCREASE (DECREASE) IN CASH. | 23,477 | 7,985 |
| BEGINNING CASH BALANCES 10/01/00 & 01 | 2,443 | 25,920 |
| | ----- | ----- |
| CASH AT SEPTEMBER 30, 2001 & 2002. | \$ 25,920 | 33,905 |
| | ----- | ----- |

SEE INDEPENDENT AUDITOR'S REPORT
ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE STATEMENTS

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TELECOM COMMUNICATIONS, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS'S EQUITY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001 & 2002

| | 2001 | 2002 |
|--|--------|--------|
| | ----- | ----- |
| Beginning Balance | N/A | 8,894 |
| Income (Loss) For The Period | 54,655 | 12,560 |

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| | | |
|--|----------|-----------|
| Less: Capital Reductions | (52,204) | (12,581) |
| Issuance of Capital Stock. | 10,000 | 25,000 |
| Adjustments for Stock Issuance | (3,557) | 0 |
| | ----- | ----- |
| Balance at Year End . | \$ 8,894 | \$ 33,873 |
| | ===== | ===== |

SEE INDEPENDENT AUDITOR'S REPORT
 ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001 and 2002

NOTE 1: ABOUT THE COMPANY

Telecom Communications of America was founded as a sole proprietorship in 1995 by Michelle Hiromoto with the assistance and management of her father Tak Hiromoto. The purpose of the company was to provide low cost access to long distance carriers for individuals needing to call Latin and South America. The company operates on the Internet as opposed to using conventional long distance carriers to facilitate lower costs that are passed on to the customers. Many of the extra fees that are found in conventional long distance systems are avoided this way. In addition the company also provides various services such as check cashing, money wiring, the sale of bus tokens and passes, and tickets from California Lottery known as Lotto.

NOTE 2. REVENUE RECOGNITION

SAB 101 identifies basic criteria that must be met for revenue recognition. There must be the following items:

- A. Persuasive evidence of an arrangement exists;
- B. Delivery has occurred or service has been rendered.
- C. The seller's price to the buyer is fixed or determinable;
- D. Collectability is reasonably assured.

Except for check cashing, all transactions are done on a cash basis with fixed prices made clear to the buyer prior to the transaction. All products are paid for immediately upon receipt or completion of phone calls. All monies received are not refundable. EITF 99-19 requires that sales recognized on a gross basis be for an item or service where the merchant takes total risk for the product or service as opposed to an agent relationship wherein earnings are simply a commission received as a representative who bears no risk. Phone calls, Bus Passes, and Tokens, are reported at gross while Lotto Tickets, Money Grams and Check Cashing are reported at net. Checks cashed are limited to local

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individuals known by the owners as local employees with two types of I.D. required. On one occasion \$5,000 worth of checks did bounce which were later determined to be counterfeit.

This incident was isolated and has not been repeated because of the controls being used. For this reason bad checks are minimal. All cashed checks are deposited the same evening and clear the next day so there are no material receivables. There is a fee of 1.7% of the amount cashed.

NOTE 3. ACCOUNTING METHOD

The company uses the accrual method of accounting.

NOTE 4. BANKING POLICY

Funds are kept in two banks so no more than \$100,000 is in any one account.

NOTE 5. INVENTORY VALUATION

The average inventories on any given day are as follows:

| | | |
|-----------------|----|-------|
| Bus Passes | \$ | 500 |
| Bus Tokens | | 2,000 |
| Lotto Scratcher | | 1,500 |
| | | ----- |
| Total | \$ | 4,000 |
| | | ===== |

NOTE 6. RECEIVABLES

There are no receivables as all business is done for cash. See Note 2.

NOTE 7. ASSETS

All capitalized assets are fully depreciated while new ones are currently being leased.

NOTE 8. LIABILITIES

There are no loans outstanding and no material payables other than income taxes accrued and \$1,000 paid by Tak Hiromoto for services rendered by Herman alexis & Co. See Note 14 and 15 &16 respectively.

NOTE 9. LOANS AND LEASES

Although no loans are outstanding, the Company does have a computer lease requiring a monthly payment of \$911.00. This lease is good thru July 1, 2003. Although there is a purchase option at the end of the lease for \$3,600 this is not small enough to be considered a bargain purchase option, which would require lease capitalization Statement No. 13 that requires capitalization and depreciation of certain leases. No capitalization of the lease will be done. The Company is also leasing its occupancy thru December 31, 2003. Both obligations are broken down as follows:

Computer Lease

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| | |
|---------------------------------------|-----------|
| Balance on 07/01/2001 thru 09/30/2001 | \$ 2,733 |
| Balance on 10/01/2001 thru 09/30/2002 | 10,932 |
| Balance on 10/01/2002 thru 07/01/2003 | 8,199 |
| | ----- |
| Total | \$ 21,864 |
| | ===== |

Occupancy Lease

| | |
|---------------------------------------|-----------|
| Balance on 07/01/2001 thru 09/30/2001 | \$ 5,400 |
| Balance on 10/01/2001 thru 09/30/2002 | 22,300 |
| Balance on 10/01/2002 thru 09/30/2003 | 23,500 |
| Balance on 10/01/2003 thru 12/31/2003 | 6,000 |
| | ----- |
| Total | \$ 57,200 |
| | ===== |

NOTE 10. RELATED PARTY TRANSACTIONS

There have been no related party transactions.

NOTE 11. LITIGATION

Mas Financial Corp. and Aaron Tsai filed a lawsuit against the Company in August, 2002 in the Vanderburgh County alleging breach of contract. The Company and its counsel believe that the suit is without merit and immaterial. The suit is being strongly contested and counterclaim was filed on October 15, 2002 against Aaron Tsai alleging fraud and breach of contract.

NOTE 12. PRE-PAID ITEMS AND DEPOSITS

There are no large deposits on any assets or prepaid insurance.

NOTE 13. PAYROLL

Prior to incorporation there were no payrolls as ownership took draws as any sole proprietorship does. After incorporation the officers will be paid as professional, independent contractors. Therefore, there are no payroll tax issues to be concerned about at this time.

NOTE 14. INCOME TAX PROVISION

Provision for income taxes is based on corporate rates for both state and federal taxes. Corporate rates are used for the statements prior to incorporation for consistency. The rates are calculated as follows:

Federal rates:

| | | | | |
|-------------|----------|---|-----|----------|
| The first | \$50,000 | @ | 15% | percent. |
| The next | \$25,000 | @ | 25% | percent. |
| The balance | | @ | 35% | percent. |

State rates:

California rate of 9.3%.

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NOTE 15. INCORPORATION

On December 21, 2000, the Company was acquired by MAS Acquisition XXI Corp. Following APB No. 16, this type of acquisition is commonly called a "reverse merger" wherein the smaller private operating company, Telecom Communications of America, merges into a non-operating shell corporation, MAS Acquisition XXI Corp., which had no assets, resulting in the owner's/manager's, Tak Hiromoto continuing to have effective operating control of the new combined company, Telecom Communications, Inc. The shareholders of the former shell only continue as passive investors. The accounting was accomplished by adjusting the balance sheet into a corporate style as opposed to a sole proprietorship with simple recognition of the assets and liabilities as they were in the former financial statements of the sole proprietorship. The equity section is adjusted by taking all owner's capital and reclassifying it as Additional Paid in Capital. The Common Stock issued is recognized at its par value of .001 as per the offering. Ten million shares were issued totaling \$10,000 but no cash was received. The offsetting entry is to reduce Additional Paid in Capital by the \$10,000. The financial statements presented here represent the activities of the smaller operating company.

As mentioned, ten million shares have been issued at a par value of .001. A total of 100 million shares are authorized with 80 million as common shares and 20 million as preferred. The preferred stock will not be convertible so once issued no dilution of Earnings Per Share will be needed. The company intends to raise additional capital through the issuance of stock to enable it to expand. Management estimates that \$50,000 is needed to move forward the first year. Of the ten million shares issued, nine million were issued to Tak Hiromoto. He then transferred one million shares to Herman Alexis & Co., Inc. for assisting the company. The remaining one million shares is broken down with 977,500 owned by MAS Capital, Inc. and the remaining 22,400 owned by a large number of small investors.

NOTE 16. INTRODUCTION TO MERGER

The joining of the companies was accomplished by an introduction to MAS Acquisition XXI Corp. by Herman Alexis & Co., Inc. to the Hiromotos. Neither party knew each other before this introduction.

NOTE 17. EARNINGS PER SHARE

The company calculates net income or Earnings per Share as required by SFAS No. 128. Earnings per share are calculated by dividing net income by the average number of outstanding shares. No shares are convertible so dilution is not an issue.

NOTE 18. DEFERRED TAXES

According to SFAS 109, the objectives of accounting for income taxes are to recognize (a) the amount of taxes payable or refundable for a current year and (b) deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an enterprise's financial statements or tax returns. A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carry forwards. Measurements of current and deferred tax liabilities and assets are based on provisions of the enacted tax law. The effects of future changes in tax laws or rates are not anticipated. If a tax deferral occurs, the measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. At this time, there are no such deferrals. See Note 14 for calculations of current tax year liabilities based on existing rates.

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NOTE 19. SEGMENT REPORTING

Currently the company reports only one segment on the financial statements, as there is only one central location of business and not multiple locations or departments. SFAS 131 defines an operating segment, in part, as a component of an enterprise whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The chief operating decision maker is not necessarily a single person, but is a function that may be performed by several persons.

NOTE 20. CONSULTING AGREEMENT WITH GREETREE FINANCIAL GROUP, INC.

Michael J. Bongiovanni: Mr. Bongiovanni is to receive a payment equal to \$29,500 Payable in free-trading shares of the Company immediately filed under Form S-8 for his services associated with Telecom Communications Inc.'s SEC compliance, beginning January 9, 2002 and ending June 30, 2002.

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Item 8. Changes with and Disagreements with Accountants on Accounting and Financial Disclosure

NONE.

Item 9. Directors and Executive Officers of the Registrant

Identification of Directors and Executive Officers

The board of directors shall consist of not less than one member nor more than five members. Each Director elected shall hold office until his successor is elected and qualified at annual meeting of the shareholders. The following persons are the Directors and Executive Officers of our Company.

| Name | Age | Position(s) |
|--------------------|-----|-----------------------------------|
| ----- | --- | ----- |
| Tak Hiromoto | 62 | President, CEO and Director |
| Elizabeth Hiromoto | 52 | Secretary, Treasurer and Director |
| Mervyn M. Dymally | 75 | Director |

Mr. Tak Hiromoto has served as our President, Chief Executive Officer and Director since December 2000 and has been a manager of Telecom Communications of America from September 1995 to present. From March 1990 to December 1995, Mr. Hiromoto served as President of Apro Inc., a Real Estate Management Company. From 1982 to Present, Mr. Hiromoto served as Director of Alternative Energy Resource Inc.

Mrs. Elizabeth Hiromoto has served as our Secretary, Treasurer and Director since December 2000 and has been a manager of Telecom Communications of America since from September 1995 to present. From March 1990 to December 1995, Mrs. Hiromoto served as Secretary, Treasurer and Director of Apro Inc., a Real Estate Management Company. Mrs. Hiromoto is a licensed Real Estate Broker. Mrs. Hiromoto is the wife of Mr. Tak Hiromoto.

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Mr. Mervyn M. Dymally has served as our Director since December 2000. Mr. Dymally retired as a U.S. Congressman in 1992. He was an Assemblyman, Senator, and Lieutenant Governor of the state of California. From 1992 to present, Mr. Dymally is the President of Dymally International Group, Inc., a consulting and financial advisory firm in the United States. Mr. Dymally has skills in the areas of dispute resolutions and has successfully negotiated many peace agreements. He serves as a honorary consul for the Republic of Benin in California and is International Lobbyist for a number of countries including many African states.

Term of Office -----

The term of office of the current directors shall continue until new directors are elected or appointed.

Employment Agreements -----

The Company has entered into employment agreements with part-time employees. The compensation of the employment will be determined at the later date. The part-time employees have been working for no pay since January 2001, and will be paid in free-trading common stock of the Company for their services filed under Form S-8.

Family Relationships -----

Mrs. Hiromoto is the wife of Mr. Tak Hiromoto.

Involvement in Certain Legal Proceedings -----

Except as indicated below and to the knowledge of management, during the past five years, no present or former director, person nominated to become a director, executive officer, promoter or control person of the Company:

- (1) Was a general partner or executive officer of any business by or against which any bankruptcy petition was filed, whether at the time of such filing or two years prior thereto;
- (2) Was convicted in a criminal proceeding or named the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and
- (4) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity;
- (5) Was found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a

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federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Compliance with Section 16(a) of the Exchange Act

| Name and Address of Beneficial Owner | Number of Shares | |
|--|-----------------------|---------------------|
| | Beneficially Owned | Percent of Class |
| Tak Hiromoto (1) President, CEO and Director | 8,000,000 | 80.00% |
| Mark H. Rhynes (2) | 1,000,000 | 10.00% |

(1) The address for Tak Hiromoto is c/o Telecom Communications Inc., 827 S. Broadway, Los Angeles, CA 90014.

(2) The shares are held by Herman, Alexis & Co., Inc. Herman, Alexis & Co., Inc. is controlled by Mark H. Rhynes. The address for Herman, Alexis & Co., Inc. and Mark H. Rhynes is 555 West 5th Street, Floor 31, Los Angeles, CA 90013. Herman, Alexis & Co., Inc. verbally agreed to lock-up its shares for a period of one year from the date of this report.

Item 10. Executive Compensation

The following table sets forth in summary form the compensation received during each of the Company's last three completed fiscal years by the President and Secretary/ Treasurer of the Company.

Summary Compensation Table

| Name and Position | Fiscal Year | Other Compensation | | | | | Stock |
|---|----------------|--------------------|---------|------------------|-----------------|---------|-------|
| | | Salary | Bonuses | Annual Awards | LTIP Options | Bonuses | |
| Tak Hiromoto, President & Director | 2002 | \$ 5,000 | | | | | |
| | 2001 | \$ 5,000 | -0- | -0- | -0- | -0- | |
| | 2000 | N/A | -0- | -0- | -0- | -0- | |
| | 1999 | N/A | -0- | -0- | -0- | -0- | |
| Elizabeth Hiromoto, Secretary, Treas., Dir | 2002 | \$ 20,000 | | | | | |
| | 2001 | \$ 20,000 | -0- | -0- | -0- | -0- | |
| | 2000 | N/A | -0- | -0- | -0- | -0- | |
| | 1999 | N/A | -0- | -0- | -0- | -0- | |

Compensation of Directors

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On January 3, 2001, the Board of Directors has instructed to issue Tak Hiromoto and Elizabeth Hiromoto with restricted stock for their services.

Termination of Employment and Change of Control Arrangement

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person named in the Summary Compensation Table set out above which would in any way result in payments to any such person because of his or her resignation, retirement or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.

Indemnification of Officers and Directors

We indemnify to the fullest extent permitted by, and in the manner permissible under the laws of the State of Indiana, any person made, or threatened to be made, a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he/she is or was a director or officer of our Company, or served any other enterprise as director, officer or employee at our request. Our board of directors, in its discretion, shall have the power on behalf of the Company to indemnify any person, other than a director or officer, made a party to any action, suit or proceeding by reason of the fact that he/she is or was our employee.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Beneficial Owners

The following Table sets forth the shares held by those persons who own more than ten percent of Telecom Communication's common stock as of February 5, 2002, based upon 10,000,000 shares outstanding.

| Title of Class | Name and address of beneficial owner | Number of shares | Percent of class |
|----------------|--|------------------|------------------|
| Common | Tak Hiromoto 827 S. Broadway Los Angeles, CA 90014 | 8,000,000 | 80% |
| Common | Mark H. Rhynes 555 W. 5th Street, Floor 31 Los Angeles, CA 90013 | 1,000,000 (2) | 10% |

(2) The shares are held by Herman, Alexis & Co., Inc. Herman, Alexis & Co., Inc. is controlled by Mark H. Rhynes. Herman, Alexis & Co., Inc. verbally agreed to lock-up its shares for a period of one year from the date of this report.

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(b) Security Ownership of Management

The following table sets forth the shares held by Telecom Communications, Inc.'s directors and officers as of February 5, 2002.

| | | | | |
|--------|--|-----------|-----|-----|
| Common | Tak Hiromoto 827 S. Broadway Los Angeles, CA 90014 | 8,000,000 | (1) | 80% |
|--------|--|-----------|-----|-----|

Ownership of shares by directors and officers of Telecom Communications as a group: 80%

(c) Changes in Control

We know of no contractual arrangements which may at a subsequent date result in a change of control in the Company.

Item 12. Certain relationships and Related Transactions

Not Applicable.

Item 13. Exhibits and Reports on Form 8-K

(a) Financial Statements

1. The following financial statements of Telecom Communications are included in Part II, Item 7: Independent Auditor's Report

- Balance Sheet - September 30, 2002
- Statements of Income - Years Ended
September 30, 2002 and 2001
- Statements of Cash Flows - Years Ended
September 30, 2002 and 2001
- Statements of Stockholders' Equity - Years Ended
September 30, 2002 and 2001
- Notes to Financial Statements

2. Exhibits

| Exhibit | Description of Exhibit |
|---------|--|
| ----- | ----- |
| 1.1 | Consulting Agreement between Telecom Communications Inc. and GreenTree Financial Group ,Inc. |
| 2.1 | Inter-Tel.net Agreement |

3. Articles of Incorporation as amended and bylaws are incorporated by reference to Exhibit No. 3 of Form SB-2 as amended filed November 28, 2001.

23. Consent of Auditors

(b) Reports on Form 8-K
No Form 8-K was filed during the fourth quarter.

SIGNATURE PAGE FOLLOWS

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TELECOM COMMUNICATIONS, INC.

Date: November 12, 2002

By: /s/ Tak Hiromoto

Tak Hiromoto
CEO, President and Director

Date: November 12, 2002

By: /s/ Elizabeth Hiromoto

Elizabeth Hiromoto
Secretary , Treasurer and Director

FORM OF OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

The undersigned Chief Executive Officer of Telecom Communications, Inc. hereby certifies that:

1. he has reviewed the report;
2. based on his knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order 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 the report;
3. based on his knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in the report;
4. he and the other certifying officers:
 - a. are responsible for establishing and maintaining "disclosure controls and procedures" (a newly-defined term reflecting the concept of controls and procedures related to disclosure embodied in Section 302(a)(4) of the Act) for the issuer;
 - b. have designed such disclosure controls and procedures to ensure that material information is made known to them, particularly during the period in which the periodic report is being prepared;

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c. have evaluated the effectiveness of the issuer's disclosure controls and procedures as of a date within 90 days prior to the filing date of the report; and

d. have presented in the report their conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation as of that date;

5. he and the other certifying officers have disclosed to the issuer's auditors and to the audit committee of the board of directors (or persons fulfilling the equivalent function):

a. all significant deficiencies in the design or operation of internal controls (a pre-existing term relating to internal controls regarding financial reporting) which could adversely affect the issuer's ability to record, process, summarize and report financial data and have identified for the issuer'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 issuer's internal controls; and

6. he and the other certifying officers have indicated in the 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 their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/S/ Tak Hiromoto

January 31, 2003

Tak Hiromoto, Chief Executive Officer and
Principle Accounting Officer

ROBERT G. ERCEK, CPA
1756 West Ave. J-12 #107
Lancaster, CA 93534 (661)-726-9448

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

I hereby consent to the use of this Registration Statement on Form 10-KSB of my report dated November 6, 2002 relating to the comparative financial statements of Telecom Communications, Inc. as of September 30, 2001 and 2002 respectively.

Date January 10, 2003
Lancaster, California

Robert G. Ercek,
Certified Public Accountant

Exhibit 1.1 GreenTree Financial Group, Inc.

CONSULTING SERVICES AGREEMENT

Agreement made as of the ninth day of January 2002 by and between the following parties. Telecom Communications, Inc. "Client", being a corporate entity, maintaining its principal office at: 827 South Broadway-Los Angeles, California 90014. And GreenTree financial Group, Inc., "provider", a validly existing Florida Corporation having its office at: 19425-G Liverpool Parkway Cornelius, North Carolina 28031

Whereas, the parties mutually desire to enter into a formal business relationship, do hereby agree that the following accurately reflects their entire understanding.

In consideration of the covenants, terms and conditions herein stated, the undersigned parties agree as follow:

1. Provider's Obligations.

1. 1.1 At all times for the duration of this Agreement the provider will prepare the required quarterly SEC filings on Form 10-QSB, annual SEC filing on Form 10-KSB, Form S-8, answer SEC compliance questions and concerns and process EDGAR filings in accordance with SEC public record requirements throughout and for the year 2002. these filings will be made in accordance with the requirements of the Securities and Exchange Commission. Arrangement will also include preparation of " management discussion and analysis" (non-financial) part of the filing for Client. Please note that there is currently one form 10-KSB as of September 30, 2001 and one 10-QSB for the quarter ended December 31, 2001 which have not been filed and thus will require Provider to perform back-work services in addition to the forward performing services mentioned above.

2. Clients Obligations. At all times for the duration of this Agreement and on a timely basis, Client shall:

- 2.1 Provide all non-confidential documentation and information, which may be required for the provider to perform the requisite services;
- 2.2 Arrange to participate in meetings and discussions with qualified securities attorneys and or other professionals introduced by Provider.
- 2.3 Negotiate in good faith with all third party potential professionals, and aforementioned authorities used by Provider.
- 2.4 Provide all documentation to the Provider that may be required to prepare the necessary 15C-211 statement so as to effectuate trading on Over the Counter bulletin Board.
- 2.5 All of the costs for filing fees, and legal fees are incorporated within the fee discussed below.

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3. Provider's Fees. For its aforementioned services to client which were brought about through the effort of Provider, the Provider shall be entitled to, and shall be paid the following terms:

3.1 Fees For services. A payment equal to Fifty-Nine Thousand(\$59,000) dollars payable in free-trading shares to the company immediately filed under Form S-8 that also covers expenses associated with Client's SEC compliance Services. Client agree to make up for any increases in market price in Excess of twenty-percent for the same period above. Payment will occur as Follows:
50% with the signing of this agreement(due to the back work in Section 1.1 above and the time it will take for the company to begin trading on the OTCBB),16.67% in each of the following quarters thereafter.

4.Miscellaneous.

4.1 The parties specifically acknowledge that:

- a) Provider makes no representation that it is duly licensed securities Broker/dealer, investment banking firm or attorney.
- b) Provider is not required to provide any services that are exclusive To licensed securities broker/dealers, investment bankers or attorneys.

4.2 Non circumvent Agreement. Client agrees that all third parties introduced to it by the Provider represent significant efforts and working relationships that are unique to, and part of, the work product of the Provider. Therefore, without the prior specific written consent of the Provider. Client agrees to refrain from conducting direct or indirect Business dealings of any kind, with any third party so introduced by Provider, for a period of two years from the initial introductions made. In the event of a violation of this provision, Provider shall be entitled to obtain, on an EX PARTE application, appropriate injunctive relief, from any court of competent jurisdiction, together with and including all remedies available at law. This provision shall survive the remaining obligations and performance due hereunder.

4.3 Exclusive Agreement. This Agreement supersedes any and all prior oral or written agreements, which provided for Provider's performance on behalf of Client.

4.4 Guarantee of Performance. Telecom communications, Inc., by authorization of its board of directors, does hereby execute this Agreement in the capacity of joint and several guarantor of the performance by Telecom Communications, Inc. of all of its duties, obligations and responsibility As herein above stated.

4.5 Assignability and Unenforceability. This Agreement or the rights, duties and or obligations hereunder may not be assigned by either party without the express written consent of the other. The unenforceability of any one or more provisions hereof shall not invalidate any of the other provisions. This Agreement shall remain valid until 30 day written notice to the Contrary is provided by one party to the other.

4.6 Counterparts and Facsimile Signatures.

This Agreement may be executed in one or more counterparts, each of

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which Shall represent a bidding obligation upon the executing respectively. The facsimile signature of either or both parties shall constitute original signatures for the purposes of this Agreement and shall be as bidding upon the parties as such.

4.7 Caption. The paragraph captions are for descriptive purposes only and shall have no effect with regard to the content to the validity of the content thereof.

4.8 Controlling Law. This Agreement shall be construed in accordance with the the Law of State of Florida.

In Witness Whereof, the parties have executed this Agreement on the date first above written.

Tak Hiromoto, President
Telecom communications, Inc.

Michael J. Bongiovanni,
CPA, President
GreenTree Financial Group, Inc.

Inter-Tel.net Network Agreement

INTER-TEL.NET NETWORK AGREEMENT

This Agreement is made and entered into this --- day of ---, --- between:

(hereinafter referred to as "Customer") and Inter-Tel.net, Inc., a Nevada corporation with offices at 120 N. 44th Street, Suite 200, Phoenix, Arizona, 85034-1822, U.S.A. ("Inter-Tel").

Whereas, Inter-Tel has established a network which enables telecommunications over Internet Protocol ("IP") data networks, ("Inter-Tel.net") with Inter-Tel.net software, hardware and related components, and

Whereas Customer desires to interconnect into Inter-Tel.net with its own network for the provision of services to the general public; and

Whereas, both parties desire to reduce to writing their agreement for the interconnection of each party's Servers into the Network.

Now, therefore, in consideration of the mutual covenants hereunder, the parties hereto agree as follows:

1.0 APPOINTMENT AS INTER-TEL.NET PROVIDER

Inter-Tel hereby authorizes the Customer to interconnect with the Inter-Tel.net network enabling the customer to transmit IP data network traffic; subject to the terms and provisions of this Agreement.

1.2 DEFINITIONS

1.2.1 Agreement - "Agreement" shall mean this Network Agreement, including

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the attached Schedules.

1.2.2 Confidential Information - "Confidential Information" shall mean information belonging to either party and delivered to the other Party which is deemed proprietary and confidential and belonging to the Party delivering the Confidential Information. In the event confidential information is required to be disclosed pursuant to a court order is required by any governmental authority or agency, prompt written notice of such order or requirement shall be given to the disclosing party and the receiving party shall fully cooperate with the disclosing party, using its best efforts to maintain the confidentiality of the information, including but not limited to, seeking protective orders from the court or governmental authority.

1.2.3 Customer Network - "Customer Network" shall mean the IP data network constructed, owned and/or operated by Customer.

1.2.4 Inter-Tel.net - "Inter-Tel.net" shall mean the Internet Protocol (IP) data network constructed, owned, and operated by Inter-Tel.net, Inc.

1.2.5 Local Exchange Carrier - Company certified to provide public switched telephone network (PSTN) services. Both incumbent and the emerging competitive LECs are included.

1.2.6 NPA/NXX NPA refers to the area code and NPA/NXX refers to the area code and prefix (the first six (6) digits) in the long distance dialing sequence.

1.2.7 Planned Service Outage - "Planned Service Outage" shall mean any Service Outage caused by scheduled maintenance or planned enhancements or upgrades to the Network.

1.2.8 Point-Of-Presence - (POP), - The physical location where the Inter-Tel.net Network interfaces with the customer or a local access vendor.

1.2.9 Public Switched Telephone Network - The public network operated by common carriers for switched telephone services.

1.2.10 Regional He - I Operative Companies (RBOCs) - The regional operating companies formed at divestiture from AT&T, to provide local access to the public,

1.2.11 Service Interconnection Date The later of the date requested in the Service request by Customer or the date that Service has been installed and tested by Customer use.

1.2.12 Service Outage - Shall mean a degradation in Service well below the industry standards, occurring in Inter-Tel.net's network, excluding: (i) Planned Service Outages; or, (ii) periods of degradation due to causes beyond the reasonable control of Inter-Tel.net.

1.2.13 Service Re-quest - Shall mean an order for Service transmitted to Inter-Tel.net via facsimile, online, or mail. Service requests will be remitted in accordance with Inter-Tel,net order format.

2.0 FEES

Both parties acknowledge and agree for the payment of fees by the party incurring same including origination, termination, settlement and other provider fees as set forth on Schedule A attached hereto and made, a part hereof for all purposes. Customer agrees that Inter-Tel shall have the right to amend the fees set forth on Schedule A with thirty (30) day's notice.

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3.0 SERVICE

3.1 Network Coverage - Inter-Tel.net shall add to or delete from network coverage, NPA's or NPAs/NXXs and/or other usage designations, at its sole discretion. Data may be passed by Inter-Tel.net for termination through Inter-Tel.net, or through the network of the Local Exchange Carrier ("LEC(s)") serving the area in which the data is to be terminated, or through long distance carriers.

3.2 Prices, Volume and Term Discounts, Service Availability - Usage, recurring charges, volume discounts, installation and change order charges, minimum. use commitments, and service availability for such Services are listed on Schedule A.

3.3 Operations Support - Customer agrees to provide seven (7) day, twenty-four (24) hours a day support for their network.

4.0 FORMAT

All data passed between the parties shall be in format compatible with and approved in advance by Inter-Tel.

5.0 UPDATED USAGE ESTIMATES

Customer shall provide monthly updates, 30 days in advance in the format which will include usage estimates or information which may impact established trends in usage patterns. Customer acknowledges and agrees that any significant increases in usage not forecasted by the Customer may jeopardize the ability of Inter-Tel.net to meet the demand.

6.0 NETWORK BLOCKING CAPABILITY

Based on the Customer submitted estimates of monthly minutes of use and busy hour minutes of capacity measurements for each terminating location, Inter-Tel shall have reasonable blocking ability for excess usage above maximums, or at its discretion. switch out the excess minutes over the PSTN at the agreed prices in Schedule A. Customer shall have responsibility to provide an updated usage. forecast with each Service Request.

7.0 NETWORK MANAGEMENT CONTROLS

When call volumes increase substantially and facility augments cannot be accommodated in a timely manner, Inter-Tel.net may invoke network management controls to reduce the probability of excessive network congestion. Substantial call volume increases are changes which exceed the recorded busy day, busy hour minutes of capacity for the preceding 60 day, seasonally adjusted period. For new Service Requests, the estimated busy day, busy hour minutes will be the basis for identifying substantial call volumes.

8.0 NETWORK CONNECTION

8.1 All connections to Inter-Tel.net are made through dedicated data connections between the Customer POP and Inter-Tel.net with sufficient bandwidth to insure call quality. All facilities will be designed using standard usage engineering principles.

8.2 in order to insure call quality, the end to end turnaround time as measured by the industry standard ping should not exceed 100 milliseconds.

8.3 Customer agrees that all Vocal'Net servers shall be covered under "a software maintenance agreement with Inter-Tel to insure that all updates, upgrades and maintenance are consistent with Inter-Tel.net standards.

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9.0 INSTALLATION, SUPPORT AND MAINTENANCE OF SERVERS

Unless otherwise contracted with Inter-Tel, Customer agrees that it shall be responsible for the installation, support and maintenance of all customer owned Servers and related products including, but not limited to, the fees and rental charges for collocation space and provision of dedicated lines and circuits necessary for the interconnection of the Customer network and related equipment and services into Inter-Tel.net up to and including the interface interconnection point. Customer further acknowledges appointment of Inter-Tel as agent as set forth on Schedule B, to obtain for Customer any dedicated line services as are agreed by the parties to be necessary for the installation. support and maintenance of the Customer's Servers with the Network,

9.1 Service Outage - In the event a service outage occurs within Inter-Tel.net. Inter-Tel shall act promptly to repair the outage. Customer shall be relieved of minimum purchase requirements in a pro-rata fashion determined by the length of the service outage. In the event a service outage occurs within the Customer Network, customer shall act promptly to repair the outage.

9.2 Planned Service Outage - Customer shall, when practical, be notified at least five (5) days in advance of any Planned Service Outage.

10.0 USAGE MEASUREMENT

10.1 Start of Usage Measurement -For all originating usage, measurement will commence when Inter-Tel.net sends the first supervisory signal, and answer supervision is received by Inter-Tel.net from the terminating end user, indicating that the termination end user has answered.

10.2 Termination Of Usage Measurement - For all terminating usage, measurement will end when Inter-Tel.net receives disconnect supervision from the terminating end LEC switch and when the appropriate IP call control release messages is received or sent by Inter-Tel.net.

11.0 TERM AND TERMINATION

This agreement shall be in effect for a period of one (1) year from the date hereof, and shall continue automatically for one year periods thereafter unless and until terminated by either party giving the other not less than sixty (60) days written notice before the expiration date, In the event of a breach of contract, this agreement shall be terminated by ten (10) days written notice by one party to the other and failure to cure a breach of any provision of this Agreement by such party: or in the event either party ceases to function as a going business, becomes insolvent, commits an act of bankruptcy, is adjudged a bankrupt, makes a general assignment for the benefit of creditors, or if a receiver is appointed for all or substantially all of its property. At the termination of any service or of this Agreement, the Parties will, within five (5) business days, disconnect the interconnection circuit(s) provided between the parties.

12.0 PAYMENT AND REVIEW PROCESS

12.1 Payment Due Date - Customer agrees to pay all charges as set forth on Schedule A.

12.2 Disputes - Customer shall have 60 days from invoice date to dispute any Charges in writing. Written disputes should be addressed to the Vice President, Finance and sent by registered mail or courier (such as Federal Express or United Parcel Service). All charges, whether or not disputed in writing, and received by the due date, are considered payable. The Parties shall

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provide one another with reasonably requested information for invoice validation including, but not limited to, the number of minutes of use.

12.3 Review Process - Inter-Tel.net will review any amounts disputed in writing within (30) business days after receipt of the written dispute. If Inter-Tel.net determines that the Customer was billed in error, a credit for the amount billed incorrectly will appear on the next invoice, If the Customer does not agree with Inter-Tel.net's assessment, both parties agree to resolution through binding arbitration within thirty (30) days of Inter-Tel.net's determination that the bill was issued properly

12.4 Arbitration - Notwithstanding anything to the contrary herein, any dispute arising pursuant to or in any way related to this Agreement or the transactions contemplated hereby shall be settled by arbitration a' a mutually agreed upon location in Phoenix, Arizona; provided, however. that nothing in this Section shall restrict the right of either party to apply to a court of competent jurisdiction for emergency relief pending final determination of a claim by arbitration in accordance with this Section. All arbitration shall be conducted in accordance with the rules and regulations of the American Arbitration Association, in force at the time of any such dispute, by a panel of three (3) arbitrators, one (1) selected by Inter-Tel.net, one (1) selected by Customer, and the third (3rd) selected by the other two (2) arbitrators. Each party shall pay its own expenses associated with such arbitration, including the expenses of any arbitrator selected by such party and 50% of the expenses of the third arbitrator. The decision of the arbitrators, based upon written findings of fact and conclusions of law, shall be binding upon the parties; and judgment in accordance with that decision may be entered in any court having jurisdiction thereof. In no event shall the arbitrators be authorized to grant any punitive, incidental or consequential damages of any nature or kind whatsoever.

12.5 Suspension of Service - If customer does not make payment, Inter-Tel.net may suspend or cancel Service and terminate this Agreement after Inter-Tel.net has given Customer written notice and ten (10) days to cure the nonpayment.

12.6 Monthly Purchase Minimums - Customer agrees to pay the greater of actual usage, or minimum usage which is computed by multiplying the total estimated usage times the billing rate for such usage on Schedule A.

12.7 Billing Increments - Billing increments will be as set forth on Schedule A.

13.0 EQUIPMENT AND INSTALLATION

13.1 Intel-Tel.net shall provide, maintain, repair, operate and control the. Inter-Tel.net owned facilities necessary for service up to the interconnection point where the Customer network interfaces with Inter-Tel.net,

13.2 'Neither Party shall adjust, align, or attempt to repair, the other Party's equipment except as expressly agreed to in advance in writing by the other Party. 'Neither Party's equipment shall be removed or relocated by the other Party.

14.0 WARRANTIES AND NETWORK STANDARDS

14.1 Each party represents and warrants to the other Party that it has the right to provide the service specified herein, and that it is an entity, duly organized, validly existing and in good standing under the laws of its origin, with all requisite power to enter into and perform its obligations under this

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Agreement in accordance with its terms.

14.2 Inter-Tel.net represents and warrants to Customer that all service rendered by it hereunder shall be designed, produced, installed, furnished and in all aspects provided and maintained in conformance and compliance with applicable federal, state and local laws, administrative and regulatory requirements and any other authorities having jurisdiction over the subject matter of this Agreement that were in effect at the time of such design.

14.3 Inter-Tel represents and warrants to Customer that it shall at all times, comply with then current industry standards. The parties agree that if any party, in its sole reasonable discretion, determines that an emergency action is necessary to protect its own Network, the party may block any signals being transmitted over its Network by the other party whose signals do not meet the specifications included herein. The parties further agree that none of their respective obligations to one another under this Agreement shall be affected by any such blockage except that the party affected by such blockage shall be relieved of all obligations to make payments for charges relating to such service only during the period of time of such blockage and that no party shall have any obligation to the other party for any claim, judgment or liability resulting from such blockage.

14.4 THERE ARE NO AGREEMENTS, WARRANTIES OR REPRESENTATIONS, EXPRESSED OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

15.0 WARRANTY AND INDEMNIFICATION BY CUSTOMER.

Customer warrants and agrees that all equipment owned and operated by Customer and interconnected with Inter-Tel.net shall be compatible with Inter-tel.net and in compliance with any specific standards that may be additionally set forth on Schedule A. Customer further agrees to be responsible for any upgrades or enhancements necessary For its network to remain compatible with the Inter-Tel.net Network. Customer further warrants and agrees, that if Inter-Tel terminates usage over the network- of Customer, that Customer will install and maintain all I of Customer's network in accordance with industry standards for IP network usage in order to insure the quality of transmission usage equal to that of Inter-Tel.net.

16.0 CONFIDENTIAL OBLIGATION

16.1 Neither party hereto shall disclose any confidential information ("Confidential Information") received from the other party nor use such information for purposes other than performance of this Agreement without getting prior written consent from the other party. The Confidential Information shall be the information (i) disclosed in writing and marked "Confidential", and (ii) if disclosed verbally, shall be confirmed in writing within seven (7) days following such disclosure, and (iii) any information contained in this Agreement and Schedules.

16.2 The following information shall not be regarded as the Confidential

Information:

- (i) information which, at the time of disclosure hereunder. was or thereafter becomes in the public domain through no willfulness or misconduct of the recipient;
- (ii) information which, prior to disclosure hereunder, was already in the

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recipient's possession either without limitation on disclosure to others or subsequently becoming free of such limitation-, (iii) information obtained by the recipient from a third party having an independent right to disclose this information; or (iv) information which is independently developed by the recipient.

16.3 Information shall not be deemed confidential in the following cases: the information was previously known to the receiving party free of any obligation to keep it confidential at the time of its disclosures by the disclosing party; the information is or became publicly known through no wrongful act of the disclosing party; the information is rightfully received by the receiving party from a third party having no direct or indirect and/or confidential obligation to the disclosing party with respect to such information; the information is disclosed by the disclosing party to the public, or the information is independently developed by an employee, agent or contractor of the receiving party.

17.0 INDEMNITIES

Each Party agrees to indemnify, defend and hold harmless the other Party from and against; (i) claims for libel, slander, infringement of copyright or unauthorized use of trademark, trade name-, or service mark arising out of the indemnifying Party's use or provision of Service; (ii) claims for patent infringement arising from the use of the facilities or equipment supplied by the indemnifying Party's combining or connecting facilities to use Inter-Tel.net; (iii) claims of third parties for damages and/or personal injuries arising out of the negligence or willful act or omission of the indemnifying Party or its agents, servants, employees, contractors representatives; and (iv) claims of third parties. including patrons or Customers of the indemnifying Party, arising out of, resulting from, or related to the indemnifying Party's resale or attempted resale of the Service(s) under this Agreement.

18.0 SURVIVAL CLAUSES

The provisions of Paragraph 15, 16, and 17 shall -survive the termination or expiration of this Agreement.

19.0 DEFAULT

19.1 A Party shall be deemed in default of this Agreement upon the occurrence of any one or more of the following events: (i) the filing of bankruptcy or making a general assignment for the benefit of creditors which is not dismissed or set aside within sixty (60) days of filing, (ii) a Party violates any applicable laws, statutes, ordinances, codes or other legal requirements with respect to the Service and such violation(s) are not remedied within ten (10) business days after written notice thereof, or (iii) a Party fails to perform its obligations under this Agreement and such nonperformance is not remedied within ten (10) days in the case of payment obligations and otherwise within thirty (30) days after notice thereof.

19.2 Inter-Tel shall grant customer thirty (30) days after any written notice of default herein required other than payment obligations, to cure any default. Should Customer fail to cure the default within the time, Inter-Tel shall be entitled to suspend Service and/or terminate this Agreement. Should Inter-Tel terminate this Agreement due to default by Customer, all amounts owned Inter-Tel shall become immediately due and payable.

19.3 A party shall be deemed to be in default if, without thirty (30) days

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written notice, any act or failure to act by the party with respect to its network causes or allows to be caused a cessation of operations of that network in such a manner that the other Party can-not terminate usage over the defaulting party's network for a period in excess of twelve (12) hours. In such event, the defaulting party ,shall be responsible for the non defaulting party's losses to the extent necessary to terminate such usage over any other viable transmission means for said thirty day period.

20.0 AMENDMENT

No amendment of this Agreement shall bind either party hereto unless reduced to writing and signed by authorized representatives of the respective parties.

21.0 LIMITATION OF LIABILITY

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY, OR TO ANY OTHER ENTITY OR INDIVIDUAL, FOR INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, INCLUDING, WITHOUT LIMITATION, ANY LOST PROFITS OR REVENUES, REGARDLESS OF THE FORESEEABILITY THEREOF.

Customer acknowledges and agrees that any product; hardware or software may or may not have been approved for sale or use in foreign countries. The Customer agrees that any use or resale of the product into a foreign country could require regulatory approval of such country. Customer accepts full responsibility for complying with any and all of such requirements or regulations for such product(s) prior to distribution or use. Customer further agrees to indemnify and hold harmless Inter-Tel from and against all claims, liability, damages and expenses arising from any failure of Customer to obtain required approvals and/or to comply with any and all such regulations prior to distribution or use in a foreign country,

22.0 ENTIRE AGREEMENT

This Agreement embodies the entire agreement and understanding between the parties hereto relative to the subject matter hereof and there are no understandings, agreements, conditions or representations, oral or written, expressed or implied, with reference to the subject matter hereof that are not merged herein or superseded hereby.

23.0 JURISDICTION AND VENUE

This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona. Should a dispute occur between the parties hereto arising out of or in relation to implementation of this Agreement, the parties hereto agree that venue of the dispute shall be in Maricopa County, Arizona and that substantive and personal jurisdiction shall exist over the parties by virtue of the fact that payments are due in Phoenix, Arizona.

24.0 FORCE MAJEURE

Except as to the payment of monies pursuant to this Agreement, each party to this Agreement shall be excused from performance hereunder for any Period of time and to the extent that it is prevented from performing any of its obligations pursuant hereto, in whole or in part, as a result of delays caused by the other party or by an act of God, fire, explosion, transportation contingencies, unusually severe weather, quarantine, restriction, epidemic, natural catastrophe, war, civil disturbance, acts of the government of the United States or of any State or governmental agency or official thereof, court order, labor dispute or shortage, third-party nonperformance, or other cause, events or circumstances beyond its reasonable control, and such nonperformance shall not be a default under this Agreement nor a ground for termination of this

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Agreement as long as the excused party makes reasonable efforts to remedy, if and to the extent reasonably possible, the cause for such nonperformance.

25.0 TAXES

Each Party shall be fully responsible for the payment of any and all ad valorem, property franchise, gross receipts, excise, access, bypass, sales or other local, state or federal taxes or charges applicable to property owned by it and for taxes on its net income. Customer agrees to any sales, use, gross receipts, excise, access, bypass or other local, state and federal taxes or charges applicable to the provisioning or sale of the. Service provided by Inter-Tel.net. Any taxes to be paid by Customer shall be separately stated on the invoice. Prices shall not include any taxes for which Customer has furnished a valid exemption certificate

26.0 REGULATIONS

Each Party represents that it is not aware of any facts that would justify a complaint to the Federal Communications Commission or any state regulatory authority concerning the prices, terms or conditions of the transactions contemplated by this Agreement. The Parties also agree that in the event a decision by a telecommunications regulatory authority A the federal, state, or local level necessitates modifications in this Agreement, the Parties will negotiate in good faith to modify this Agreement in light of such decision.

27.0 MISCELLANEOUS

27.1 This Agreement does not appoint either Party as the agent or legal representative of the other Party and does not create a partnership or joint venture between Customer and Inter-Tel.net. Neither Party shall have any authority to make any agreement for or bind the other Party in any manner whatsoever except as set forth on Schedule B. This Agreement confers no rights of any kind upon any third party.

27.2 The failure of either Party to give notice of default or to enforce or insist upon compliance with any of the terms of conditions of this Agreement shall not be considered the waiver of any other term or condition, or of future compliance of the terms of this Agreement,

27.3 If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity only, without in any way affecting the remaining parts or provisions of this Agreement.

27.4 Inter-Tel.net may terminate this Agreement without liability if; (i) the facilities used to provide Service are taken by exercise of condemnation or eminent domain; or (ii) the Inter-Tel.net facilities shall, in Inter-Tel.net's reasonable judgment, be made inoperable and beyond economically or technologically feasible repair.

27.5 Acceptance of this Agreement is contingent upon signature by a representative of Inter-Tel duly authorized to execute this Agreement.

27.6 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and when taken together shall constitute one document.

27.7 In the event that suit is brought and an attorney is retained by either Party to enforce the terms of this Agreement or to collect any money as due. hereunder or to collect any money damages for breach hereof, the prevailing party shall be entitled to recover, in addition to any other remedy, the reimbursement for reasonable attorney's fees, court costs, costs of investigations and other related expenses incurred in connection therewith.

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27.8 The parties agree not to disclose any of the items and conditions of this Agreement without the express written consent of the other party, except as may be required by law or governmental rule or regulations. or to establish either party's rights under this Agreement, provided, however, that if one party seeks to disclose for reasons not requiring the other party's consent, that party will limit the disclosure to the extent required, will allow the other party to review the information disclosed and will apply where available, for confidentiality, protective orders and the like. Any review under this paragraph will not be construed to make the reviewing party responsible for the content of any disclosure,

28.0 ASSIGNMENT

The Customer may not assign this Agreement without the prior written consent of Inter- which shall not be reasonably withheld. Any such assignment of this Agreement by Customer without consent shall be null and void.

29.0 NOTICES

Notices under this Agreement shall be in writing and delivered by certified mail, return receipt requested, to the persons whose names and business addresses appear below and such notice shall be effective on the date of receipt, or refusal of delivery, by the receiving Party.

If so Inter-Tel.net (except billing disputes)

Attention: President
INTER-TEL.NET
120 North 44th Street
Suite #200
Phoenix, AZ 85034-1822

Billing Disputes:

Attention: Vice President, Finance
INTER-TEL.NET
120 N. 44th Street
Suite #200
Phoenix, AZ 85034-1822

If to Customer:

Service Request or Modifications or Cancellations:

Attention: Director, Customer Service
INTER-TEL.NET
120 N. 44th Street
Suite #200
Phoenix, AZ 85034-1822

30.0 FINAL AGREEMENT

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This Agreement sets forth the entire understanding of the parties and supersedes any and all prior agreements, arrangements or understanding related to the Services described herein, and no representation, promise, inducement or statement of intention has been made by either party, which is not embodied herein. Inter-Tel shall not be bound by any agent's or employee's representations, promises or inducements not set forth herein,

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duty authorized representatives on the day and year first above written

INTER-TEL.NET, INC.

TELECOM COMMUNICATIONS OF AMERICA

Customer

By: Craig Steen or Ross McAlpine

By: Michele Hiromoto

Signed: _____

Signed: /s/ Michele Hiromoto

Its: VP of Sales or President

Its: _____