

Vertex Telecom, Inc.

Balance Sheet

May 31, 2016

(In Thousands)

Assets	
Current Assets:	
Cash and cash equivalents	\$ 308
Accounts receivable	5,390
Bad debt allowance	-
Telecom wholesale prepayment	308
Inventory	4
Prepaid expenses and other current assets	884
Total current assets	\$ 6,894
Property and equipment:	
Office furniture	\$ 40
Leasehold Improvement	87
Office equipment	78
Switching equipment	38
Operation equipment	-
Network equipment	93
Automobile	10
Software license	68
CPE equipment(VTX)	134
Less accumulated depreciation	(290)
Less accumulated amortization	(4)
Total Property and Equipment	\$ 254
Other Assets:	
Deposit and other assets	\$ 36
Investment	428
Total Other Assets	\$ 464
Total assets	\$ 7,612
Liabilities and Stockholder's Equity	
Current liabilities:	
Accounts payable	\$ 3,767
Telecom wholesale prepayment	763
Due to Fubon Bank	-
Accrued liabilities and other current liabilities	73
Deferred revenue	680
Total current liabilities	\$ 5,283
Long-term liabilities:	
Equipment note payable	\$ -
Total liabilities:	\$ 5,283
Stockholders' equity:	
Common stock	\$ 1,202
Retained earning	922
Treasury Stock	(204)
Net income	409
Total stockholders' equity:	\$ 2,329
Total liabilities and stockholder's equity	\$ 7,612

Vertex Telecom, Inc.

Income Statement

For the Five Months Ending May 31, 2016

(In Thousands)

Revenues:

Sales	\$	4,252
Miscellaneous Income		1
Gain/Loss On Investment		-
Total Revenues	\$	<u>4,253</u>

Cost of Revenues

Carrier Charges	\$	1,813
Leased Line Charges		109
Rent - Co-Location		192
Local Circuit and Access Service Charges		484
Payphone Surcharge		2
Credit Card Transaction Fees		14
Other Direct Cost		35
Total Cost of Revenues	\$	<u>2,649</u>

Gross Profit

\$ 1,604

General and administrative expenses

Salaries, Benefits, Payroll Tax	\$	548
Commissions		17
Consultants		45
Legal & Accounting		32
Marketing Expenses		-
Office Expenses		22
Interest Expenses		9
Rent		126
Travel Expenses		14
Telephone Expenses		3
Service Charges		21
Donation		14
Bad Debts		-
Out Source Services		159
Utilities		9
Workers' Comp. And Liability Insurance		6
Depreciation and amortization		72
Licenses and Taxes		36
Income Tax Expenses		1
Non-Taxable Tax Benefits		-
Others		61
Total Expenses	\$	<u>1,195</u>
Net Income	\$	<u><u>409</u></u>