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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): January 10, 2006

TELECOMM SALES NETWORK, INC.
(Exact name of registrant as specified in its charter)

Delaware	**333-123655**	**20-1602779**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

516-D River Highway, PMB 297
Mooresville, NC 28117-6830
(Address of Principal Executive Offices/Zip Code)

(512) 236-0925
(Registrant's telephone number, including area code)

c/o Sky Source, LLC
8621 Gleneagles Drive
Raleigh, NC 27613
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(B))

☐ Pre-commencement communications pursuant to Rule 13e-4(c)) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Reference is made to the disclosure made under Item 2.01 of this Current Report on Form 8-K, which is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

Overview

On January 10, 2006, Telecomm Sales Network, Inc. ("Telecomm" or the "Company") completed the acquisition of EnviroSystems, Inc. ("EnviroSystems") in a reverse merger transaction (the "Merger") pursuant to an Agreement and Plan of Merger dated as of November 11, 2005, as amended (the "Merger Agreement"), by and among Telecomm, TSN Acquisition Corporation ("TAC"), and EnviroSystems. TAC is a wholly owned subsidiary of EnviroSystems Holdings, Inc. ("Holdings") and Holdings is a wholly owned subsidiary of Telecomm. Both Holdings and TAC were incorporated to effectuate the Merger. Effective at the closing of the Merger (i) TAC merged with and into EnviroSystems, with EnviroSystems as the surviving corporation, (ii) EnviroSystems became an indirect, wholly-owned subsidiary of Telecomm and (iii) Telecomm ceased its prior business and going forward its sole business became that of EnviroSystems.

Pursuant to the Merger Agreement, all of EnviroSystems preferred stock and all options and warrants to acquire EnviroSystems preferred stock were converted into the right to receive an aggregate of 6,400,000 shares of Telecomm common stock, $.0001 par value per share (the "Common Stock"). The shares of Common Stock issued in the Merger were issued pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act") provided under Section 4(2) of the Act and Rule 506 promulgated thereunder.

Concurrent with the closing of the Merger, Telecomm sold 4,250,000 shares of its Common Stock in a private placement to accredited investors at a price of $2.00 per share for aggregate gross proceeds of $8,500,000 (the "Offering"). The shares of Common Stock sold in the Offering were issued pursuant to the exemption from registration provided under Section 4(2) and Regulation 506 of the Act.

In connection with the Offering, Telecomm paid to Selling Agents (i) a fee equal to ten (10%) percent of the aggregate purchase price of the shares of Common Stock sold in the Offering and (ii) warrants (the "Agent Warrants") to purchase up to that number of shares of Common Stock equal to fifteen (15%) percent of the shares of Common Stock sold in the Offering. The Agent Warrants are exercisable for a four year period at a price per share equal to $2.50 per share.

Upon closing of the Merger and the Offering (the "Closing"), Telecomm had 16,000,000 shares of Common Stock issued and outstanding with holders of the outstanding shares of Common Stock, immediately prior to the Closing holding approximately 33% of the outstanding Common Stock, the EnviroSystems preferred shareholders holding approximately 40% of the outstanding Common Stock and the purchasers in the Offering holding approximately 27% of the outstanding Common Stock.

Pursuant to the terms of an Escrow and Lock-Up Agreement, dated as of January 10, 2006, all 6,400,000 shares of Common Stock issued to the EnviroSystems preferred shareholders in the Merger are subject to a lock-up and will be held in escrow (the "Escrow Shares") for a period equal to the longer of 12 months following the Closing and 9 months after the effective date of a registration statement covering the resale of the shares of Common Stock sold in the Offering, provided, that such lock-up period shall not exceed the date 15 months from the Closing. The Escrow Shares will be used to secure indemnification obligations of EnviroSystems shareholders to the Company under the Merger Agreement. The Escrow Shares are also subject to earlier release in certain instances.

In connection with the Merger, William Sarine and Tony Summerlin each resigned from our Board of Directors and from all offices they held with us and J. Lloyd Breedlove, Steve Hoelscher, Stephen A. Schneider, Jeffrey Connally and Charles Cottrell were appointed to Telecomm's Board of Directors. In addition, J. Lloyd Breedlove was appointed as President and Chief Executive Officer and Steve Hoelscher as Chief Financial Officer, Treasurer and Secretary. As a result of the foregoing, our Board of Directors now consists of the above five persons. For certain biographical and other information regarding newly appointed officers and directors, see the disclosure under "Directors and Executive Officers" in this Report.

The foregoing description of the Merger Agreement is qualified in its entirety by the full text of the Merger Agreement filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 17, 2005. The foregoing description of the Escrow and Lock-Up Agreement is qualified in its entirety by the full text of the agreement filed as Exhibit 10.5 hereto.

FORM 10-SB DISCLOSURE

Prior to closing of the Merger, Telecomm was a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) immediately prior to change in control effected by the Merger. Accordingly, set forth below is the information that would be required if Telecomm were filing a general form for registration of securities on Form 10-SB under the Exchange Act.

EXPLANATORY NOTE

Unless otherwise indicated or the context otherwise requires, all references below in this Current Report on Form 8-K to "we," "us" and the "Company" are to Telecomm Sales Network, Inc. a Delaware corporation, together with its indirect wholly-owned subsidiary, EnviroSystems, Inc., a Nevada corporation. Specific discussions or comments relating only to Telecomm Sales Network prior to the Merger will reference "Telecomm," those relating only to EnviroSystems, Inc. will reference "EnviroSystems."

DESCRIPTION OF BUSINESS

Telecomm

Telecomm is a development stage company, incorporated in the State of Delaware in August 2004, with no material assets and/or operations. Its sole business was to provide sales channel and marketing consulting support services to telecommunications companies. Prior to the Merger, Telecomm conducted no activities except for formulating a business plan and fundraising activities. Upon the closing of the Merger, Telecomm's indirect wholly owned subsidiary TAC merged with and into EnviroSystems, with EnviroSystems as the surviving corporation and Telecomm ceased its prior business and its sole business became that of EnviroSystems, Inc.

EnviroSystems

EnviroSystems was incorporated in the state of Nevada in 1996, its offices are located at 1900 Wyatt Drive, Suite 15, Santa Clara, California, 95054 and its telephone number is (408) 566-0100. EnviroSystems' website address is www.envirosi.com. Upon consummation of the Merger, Telecomm will relocate its principal executive offices in or around Charlotte, North Carolina and until such relocation is completed its office shall remain in Mooresville, North Carolina.

EnviroSystems, Inc. ("EnviroSystems" or "ESI") has developed and has trade secret rights to what we believe to be a unique and proprietary nano-emulsion biocide technology platform that has initially been formulated into a hospital grade hard-surface disinfectant product. This Product, known as EcoTru® Ready to Use ("EcoTru® RTU"), effectively kills numerous bacteria, fungi, and viruses, including Hepatitis B and C, HIV, herpes and influenza. In addition to being highly effective as a broad-spectrum disinfectant, EcoTru® is unique in the market place in that it combines this effectiveness in a product which is non-toxic, non-corrosive, non-flammable and not harmful to the environment. We believe that EcoTru® RTU is the only commercial disinfectant registered with the Environmental Protection Agency (the "EPA") as a Category IV disinfectant with specific EPA registered claims to kill 22 distinct pathogens, including but not limited to, the most virulent and disinfectant resistant pathogens such as MRSA (Methicillin resistant Staphylococus aureus), VRE (Vancomycin resistant Enterococcus faecalis) and Hepatitis B & C, as well as Herpes Simplex I & II, Legionella pneumophila, and Ecoli (Escherichia coli OH157).

While there are other Category IV disinfectants available on the market, we believe that EcoTru® is the only non-toxic product which meets the needs of the healthcare, food service, and other markets which require the critical broad-spectrum efficacy of our product. EcoTru®'s EPA status allows the product, to be marketed without any toxicity warnings on its label. We believe the EPA registered efficacy and safety advantages distinguish EcoTru® RTU from the myriad of bleaching agents, natural products, and other competing hospital-grade cleaners and disinfectants on the market. We also believe that ESI's nano-emulsion technology may be formulated as a sterilant and that it may be developed for use as one or more FDA regulated wound cleansing and topical healing products for various animal and human markets.

The active biocide ingredient in ESI's nano-emulsion and in EcoTru® RTU is parachlorometaxylenol ("PCMX") which is a broad spectrum biocide that has been available on the market for decades. ESI has formulated PCMX into a unique nano-emulsion which enables EcoTru® RTU to deliver minute quantities of PCMX directly to the cellular walls of viruses, bacteria and fungi to quickly destroy them. The surface of each nano-particle has a negative surface charge that is crucial to the targeting mechanism. There is an electrostatic attraction between EcoTru®'s nano-particles and the microbes. The selective targeting of the microbes by these nano-particles is the basis for EcoTru®'s efficacy and safety. Thus, these nano-particles can be described as "smart bombs" designed to deliver biocide to harmful microbial targets. This direct action allows ESI to use lower concentrations of PCMX, only 0.2% of the total solution, resulting in EcoTru® products that we believe are highly effective yet safe and non-toxic to users

EcoTru® RTU liquid is available in 8 ounce and 22 ounce spray containers, one gallon bottles, 5 gallon pails and 55 gallon drums and has a shelf life of 18 months. EcoTru® RTU is also currently sold as heavy duty wipes, under the name "EcoTru® Cleansing Wipes." We plan to further develop and test the wipes and register all available additional claims with the EPA. We intend to market a wipe with similar claims as those for EcoTru® RTU once EPA registration has been granted. We intend to apply to register our wipe technology with the EPA as soon as possible.

Market Strategy

The primary target market for our products is the healthcare industry including hospitals, surgi-centers, dialysis and other clinics, reference laboratories and dental offices where we believe the need for EcoTru® RTU is greatest. We currently have sales and/or distribution arrangements in the United States with Stericycle, Crosstex, Medline and Cardinal Healthcare Systems. In addition, we have an agreement with Blue Cross Health Services (BCHS) to sell EcoTru® RTU under the label "TruClean®" in the healthcare market in the United Kingdom where recent testing in a certified laboratory led to approval of the product for use in hospitals there. We also have a distribution agreement with Andpak to distribute our EcoTru® Cleansing Wipes to the aviation industry and we also sell our wipes directly to JetBlue Airlines. While we intend to initially target the healthcare and related industry market, we anticipate offering EcoTru® and any future products derived from our nano-emulsion to any and all industrial and consumer markets that may benefit from a safe disinfecting product.

Because we have focused our efforts on research and development, we have not devoted substantial funds to sales and marketing efforts, and therefore, since our inception in 1996, through September 30, 2005, we have incurred cumulative losses of $14,666,201 and sales of less than $1,500,000. We have incurred substantial indebtedness and are wholly reliant on the net proceeds raised from the sale of Common Stock in the Offering.

We believe that the concept of a non-toxic "safe" product that is also a broad spectrum disinfectant offers us a unique opportunity to differentiate our products in the surface disinfectant market. It is our intention to use our product's unique characteristics to build acceptance of EcoTru® RTU as a non-toxic alternative significantly different from other disinfectant products and to disrupt the current marketplace for older toxic disinfectants.

Products

We currently manufacture one product, EcoTru® RTU, which we market in liquid form as a hospital grade hard surface disinfectant and as heavy duty wipes which are sold without the EPA approved claims available to EcoTru® RTU. Both products are based upon our proprietary PCMX formulation and nano-emulsion technology.

EcoTru® Ready to Use

Our core product is EcoTru® RTU which we sell to certain segments of the US healthcare market under the brand name "EcoTru® Professional" and to the aviation market as "EcoTru® 1453." In addition, several distributors sell EcoTru® RTU as a private label product including: Stericycle (Sterisafe®) and Blue Cross Health Services which is selling EcoTru® RTU in the UK as TruClean®. EcoTru® RTU is currently available as a ready-to-use disinfectant/cleanser in 8 ounce and 22 ounce spray containers, 1 gallon bottles, 5 gallon pails and 55 gallon drums and has a shelf life of 18 months. EcoTru® RTU is also currently sold as heavy duty wipes; we plan to test and register claims for our heavy duty wipes with the EPA similar to those for EcoTru® RTU as soon as possible.

We believe that EcoTru® RTU offers a wide spectrum of efficacy and is effective as both an all-purpose cleaner and as a hospital grade hard surface disinfectant; thereby providing users with cost-savings in material and labor through the elimination of (i) the need to use multiple products and (ii) the procedures, disposal techniques, and costs associated with the use of toxic products. We believe that EcoTru® RTU is unique in killing the 22 pathogens identified on the product label while achieving the EPA's lowest possible toxicity rating of IV in the categories which the EPA tests for toxicity (including primary skin, eye, lung irritation and oral and dermal toxicity). As a result, we are not required to provide hazard warnings on the EcoTru® RTU label. . We believe that EcoTru® is safe and effective on surfaces ranging from metals, metal alloys, plastics, synthetics, rubber, glass, painted surfaces, vinyl and fabrics and is therefore an ideal product to use on equipment or surfaces that require disinfecting on a regular basis.

EcoTru® received registration from the EPA in October of 1998, then again, after development and testing of the nano-emulsion technology, in 2001, with expanded registration that included more bacteria, fungi, and viruses. In 2003 further expansion of EcoTru®'s claims were registered through the EPA for MRSA and VRE the resistant bacteria for healthcare concerns and for Hepatitis C.

In May 2003, EcoTru® received clearance from the EPA as a safe, non-corrosive disinfectant for use on food contact surfaces. While current disinfectants specify they may be used in the kitchen, they are generally not registered for food contact surfaces. This food contact surface approval further expands the potential future applications of EcoTru® to include use in markets beyond healthcare, industrial and consumer (restaurants, hotels, cafeterias, kitchens, food stores, food-processing plants and on food preparation equipment).

We believe that EcoTru® is the only EPA registered disinfectant to have passed all components of the Aircraft Materials Specification (AMS) 1453 test, one of the most stringent materials tests to which a product can be submitted. Boeing has included EcoTru® 1453 on its list of products recommended for use on aircraft it has manufactured. In addition, Boeing internally tested EcoTru® under its D6-7127 protocols against fabrics, leathers and naughahyde. The results demonstrated that EcoTru® does not corrode, craze or harm the fabrics, and there was no staining as well. Castellini a manufacturer of Italian leather dental chairs, also tested EcoTru® on its material and found it non-staining and safe for the fabric.

EcoTru® Cleansing Wipes

EcoTru® Cleansing Wipes are pre-saturated in EcoTru® RTU and are marketed as heavy duty wipes, but not yet as an EPA registered disinfectant, for use in hospitals and medical clinics, dental offices, veterinary hospitals, aviation equipment, mass transit and cruise lines. We can make no disinfectant claims with respect to our wipes until such time as we register such claims with the EPA. We intend to attempt to register our EcoTru® Cleansing Wipes as a disinfectant with the EPA as soon as possible.

Potential Future Products

In the future, we may be able to use our nano-emulsion technology platform to develop new potential products with claims similar or identical to EcoTru® RTU. These products may include, an EPA registered wipe (as described above), EcoTru® FMD for foot and mouth disease, a sterilant, and a wound cleansing and topical healing agent for use on animals and humans.

Nano-emulsion Technology

We believe that our nano-emulsion technology is the first new technology to be applied to disinfectants in more than a quarter of a century. Through the use of nano-emulsion technology, we are able to create a highly efficient and safe delivery mechanism for parachlorometaxylenol, which is the antimicrobial ingredient used in our formulations.

We believe our products manufactured using the nano-emulsion technology specifically target infectious microorganisms without harming higher life forms or the environment.

Parachlorometaxylenol ("PCMX")

PCMX is the active antimicrobial ingredient in our nano-emulsion and in EcoTru® RTU. PCMX has been used as an effective antimicrobial disinfectant ingredient for over five decades, both in the United States and in Europe. PCMX has a broad spectrum of activity against bacteria, virus, and fungal species. In other formulations using PCMX, its biocide activity has been limited due to the inability of such formulations to deliver PCMX directly to the site of action within cell membranes, because a water barrier exists between PCMX and micro-organism membranes, which are both oily. EcoTru® nano-emulsion "smart bombs" efficiently deliver the PCMX across this barrier to the site of action in the cell membranes.

In addition to its broad spectrum of activity, PCMX has a very low instance of allergic response (it has been used by the cosmetics industry for many years as a preservative) and it is rapidly degraded in the environment in both the presence and the absence of oxygen.

Nano-particle Anatomy

Observing the EcoTru® nano-emulsion under a very high degree of magnification, one would see a suspension of nano-particles moving very rapidly in distilled de-ionized water. These particles are approximately 250 nm across, or about 1/200th the width of a human hair. The center of the nano-particles is oily or lipophilic, as is the target microbial membrane.

Incorporated into these nano-particles is PCMX biocide. The surface of each nano-particle has a negative surface charge that is crucial to the targeting mechanism. There is an electrostatic attraction between EcoTru® nano-particles and the microbes. The selective targeting of the microbes by these nano-particles is the basis for EcoTru®'s efficacy and safety. Thus, these nano-particles can be described as "smart bombs" designed to deliver biocide to microbial targets.

Nano-Emulsion Mechanism

The use of PCMX in a nano-emulsion is the basis for EcoTru® RTU's efficacy and safety. We believe that the physical size of the nano-emulsion particles and the electrostatic charge on the surface allows the particles to selectively target pathogenic microorganisms and deliver the biocide directly to the microorganisms' cell membrane, thereby improving efficacy.

By delivering the PCMX directly to the cell membrane, EnviroSystems has been able to reduce the concentration of the biocide PCMX to 0.2% and yet achieve disinfectant efficacy not seen at 15 to 25 fold higher concentration.

In addition, we believe by targeting the membrane, it is not necessary to use an oxidizing biocide to kill the organism. Oxidizing biocides, such as bleach and hydrogen peroxide, are effective biocides but are indiscriminate, corrosive and require direct access to the organism. Also, differences in cell surface architecture, which is the key to cellular identity, provide the mechanism by which EcoTru® nano-particles discriminate between a pathogenic microorganism and a human cell. The difference between the membranes of human cells and gram positive bacteria, gram negative bacteria, and Mycobacteria, (which is the organism that causes Tuberculosis), is the foundation and focal point for the selective killing effect of EcoTru®.

Manufacturing

Production of EcoTru® RTU occurs in two distinct steps; the first of which is the production of EcoTru® concentrate and the second of which is the dilution of EcoTru® concentrate to produce EcoTru® RTU. We use contract manufacturers for each step in the process. We use BioRad Laboratories, an EPA registered manufacturer with its main office located in Hercules, California, for the production of EcoTru® concentrate. We do not have a manufacturing agreement with BioRad and all orders for EcoTru® concentrate are conducted on a purchase order basis. We believe that BioRad has the manufacturing capabilities to continue to meet our volume requirements and specifications through 2006 and until we are ready to conduct our own in-house manufacturing and/or identify another contract manufacturer to replace or supplement BioRad's production. Production of the concentrate requires that the formulation be added in a specific sequence, under controlled time and temperature conditions to ensure that the proper chemical reactions take place to produce our proprietary nano-emulsion. All lots of EcoTru® concentrate produced by BioRad are subjected to quality control by us before release for use, by selecting random samples from each lot and subjecting them to testing. Additionally, we monitor vendor testing of raw materials and review production records to ensure EnviroSystems procedures and specifications are followed throughout production.

The second step in the process, the dilution of the concentrate to produce EcoTru® RTU is performed by Royal Chemical, located in Haywood, California. We do not have a manufacturing agreement with Royal Chemical and all orders for final products are conducted on a purchase order basis. As with the production of the concentrate, the preparation of the diluted final product must be done in a highly controlled manner so as to not destroy the nano-emulsion. Royal Chemical also bottles the EcoTru® RTU liquid and delivers it to us for shipping.

Our EcoTru® Cleansing Wipes are produced by Pouches, Inc., located in Southern California.

We currently have neither the capacity nor EPA site registration to internally manufacture our EcoTru® concentrate. Manufacture of EcoTru® concentrate is done on a sub-contract basis, with EPA site registration, by BioRad Laboratories and under a non-disclosure/non-compete agreement with ESI. We do have limited capacity and EPA site registration to convert EcoTru® concentrate to EcoTru® RTU. The conversion to EcoTru® RTU is done for smaller volume production.

We currently rely upon our contract manufacturers to acquire raw materials used in our products, including PCMX. Other than PCMX, the other raw materials used in manufacturing our products are commonly available through a number of suppliers. PCMX has one primary supplier in the United States, Clariant Corporation, although we believe there are smaller alternative sources in the United States. We also believe there are also alternative foreign sources for PCMX.

Future Possible Self Manufacture Capability

Upon achieving sufficient levels of sales and revenues, we may pursue the development of in-house manufacturing capabilities which we believe might reduce our cost of goods sold and improve our control over our trade secrets. We believe that such a facility would require approximately 20,000 to 80,000 square feet. Such facility would also need to include quality assurance and research and development facilities in addition to manufacturing facilities adequate to produce liquid EcoTru® products (anticipated and current) as well as EcoTru® concentrate. We estimate that once a particular site is chosen and permits are obtained, it will take at least six to nine months to complete installation and perform short-run production. We currently estimate that the costs for such a manufacturing facility would be at least $2.0 million.

Research and Development

To date, because of a lack of capital, we have not pursued new research and development activities and we do not have any full-time research personnel. We intend to use a portion of the net proceeds of the Offering to engage in research and development to expand our product offering from our current core product line, depending on the availability of funds, to a widespread array of products to fight infectious diseases. In the future, we may also expand our product offerings beyond hard surface disinfection to topical applications for humans and animals and as an additive/component to other products marketed by major pharmaceutical companies.

Government Regulation

Our disinfectant products are classified as pesticides and are subject to regulation by the United States Environmental Protection Agency ("EPA"), pursuant to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) as amended by the Food Quality Protection Act (FQPA) of August 3, 1996. FIFRA requires that before any person in any state or foreign country can sell or distribute any pesticide in the United States, they must obtain a registration from the EPA. The term "pesticide," as defined in FIFRA, means any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any pest, virus, bacteria, or other micro-organism (except viruses, bacteria, or other micro-organism on or in living man or other living animals). Pesticides include fungicides, disinfectants, sanitizers, and germicides. After the registration process and submission of required data, an accepted label is stamped accepted and returned to the registrant for the registered product. Annual Pesticide Maintenance Fees are required for registered products. Anyone who sells/distributes a pesticide (including antimicrobial products such as disinfectants, sanitizers, and germicides) must register that product in every state that they intend to sell/distribute and pay a registration fee.

In order to "produce," defined to mean "to manufacture, prepare, propagate, compound, or process any pesticide . . . or to repackage or otherwise change the container of any pesticide . . ." the applicable plant and/or facility must be EPA registered. Upon registration an establishment number is assigned. The label and/or container must bear the registration number as well as the establishment number. Annual reports are required to be submitted to the EPA indicating the amount produced, repackaged/relabeled for the past year, amount sold/distributed for the past year within and outside of the U.S., and the amount to be produced/repackaged/ relabeled for the current year.

EPA regulations also require us to report adverse events associated with our products to the EPA. Failure to pay registration fees or provide necessary testing data, or evidence that one of our product is the cause of an adverse effect on humans or the environment, could result in the cancellation of an EPA registration.

We have one product registered with the United States Environmental Protection Agency, EcoTru® RTU, assigned EPA Registration No. 70791-1 which has an EPA registered label.

EnviroSystems is registered and has been assigned EPA Establishment No. 70791-CA-001. Also our contract manufacturers are registered EPA establishments.

EnviroSystems' EcoTru® Cleansing Wipes have not been registered with the EPA and, therefore, we cannot market the wipes as a disinfectant. We intend to pursue EPA registration for the wipes as soon as possible. EnviroSystems is registered to and currently sells EcoTru® RTU in all of the 50 States in the United States and the District of Columbia, except that in the State of California EnviroSystems' approval is conditional. The California Environmental Protection Agency has extended conditional approval pending receipt of additional test results for EcoTru® RTU. The additional test results must be provided to the California Environmental Protection Agency by the end of 2006 unless an additional extension is granted.

Foreign Regulation

Although to date we have not had substantial international sales of our products, when we do sell products in foreign jurisdictions, we will be subject to foreign regulations. For example, before we can introduce our products into certain markets in the United Kingdom, such products must be listed on the United Kingdom's National Registry. We expect that we will have to register our products in other foreign jurisdictions before we can commence sales in such jurisdictions. Compliance with foreign requirements could require substantial expenditures and effort.

Competition

The market for products such as ours is highly competitive and we face competition from a number of companies, most of which have substantially greater brand name recognition and financial, research and development, production and other resources than we do.

Healthcare

Our competitors in the Healthcare market include Johnson & Johnson, Clorox, Steris Corporation, Caltech Industries, Sybron Dental Specialties, Inc., Reckitt Benkiser, Sensible Life Products, and Ecolab, Inc.

Many of our competitors' products contain ingredients from one of the following four families of ingredients: ammonium, phenol, chlorine and or glutaraldehyde. We believe, one of the common characteristics of these types of active ingredients is that they are toxic skin penetrants. EcoTru® RTU has the advantage of being non-toxic and non-harmful. Some of our competitors' products, including Bene*fect*® are, according to Bene*fect*'s product literature, based on natural ingredients that are non-toxic and are Category IV disinfectants. We believe that the exclusion of claims made by these products for certain pathogens such as MRSA (Methicillin resistant Staphylococus aureus), VRE (Vancomycin resistant Enterococcus faecalis) and Hepatitis B & C, as well as Herpes Simplex I & II, Legionella pneumophila, and Ecoli (Escherichia coli OH157) render these products less attractive to the markets that require broad-spectrum efficacy including the important healthcare and food-service arenas.

To the best of our knowledge, no competitive products have the non-toxic, non-corrosive, non-flammable and environmentally friendly features of our proprietary EcoTru® RTU formulation, as well as the efficacy against a broad range of micro-organisms and virulent pathogens. We believe, to date, our competition has used either less expensive toxic materials, diluted with water, to produce their surface disinfectants or natural ingredients which do not include the depth of EPA registered effectiveness claims granted to EcoTru® RTU.

Hospitality Aviation, Military

In the hospitality, aviation and military industry our primary competitors include Johnson & Johnson, Ecolab, Inc., Clorox, Sensible Life Products, and Proctor & Gamble, and others all of which have products with recognized national brands that include Clorox, Lysol, Pine Sol, and industry specific products. Products used in the hospitality industry generally compete based upon price. To date, relatively higher per unit costs of our product as compared to our competitors has limited our ability to compete in the hospitality industry. We believe that our principal competitive advantages of our products are their safety, non-corrosiveness and efficacy.

Intellectual Property

We have not applied for patent protection for our proprietary PCMX formulation or for our nano-emulsion technology and instead rely upon trade secret protection for protection of our formula, formulation, nano-emulsion technology or manufacturing process. We continue to review our intellectual property protection policy and have evaluated the use of patent versus trade secret protection for our intellectual property. While we cannot apply for patents on our formulation or nano-emulsion technology as a result of the passage of time, in the future we may seek other available patent protection. In addition, based upon our review of industry practice, we determined that it is more common to rely upon trade secret protection, rather than patents to protect intellectual property, particularly when such intellectual property involves processes such as ours. We have instituted strict internal procedures to protect the trade secrets and have confidentiality and non-disclosure agreements in place with our concentrate manufacturer BioRad and with our EcoTru® RTU bottler Royal Chemical.

We will continue to evaluate our current trade secret protection and may decide in the future, if available, to submit use or design patents in certain areas that will not require us to disclose the trade secrets that give EcoTru® or future potentially patentable derivative products a competitive advantage. In addition, we submitted both the early and the current versions of EcoTru® to a major U.S. de-formulation laboratory to see if they could reverse engineer our products. To date, despite their best efforts to reverse engineer our product, they have not been able to provide us with an accurate report of the nano-emulsion ingredients or manufacturing process.

As new products are brought to market, we intend to carefully analyze each for the methodology to be employed in protection of the intellectual property.

Pursuant to an Intellectual Property Assignment Agreement, effective as of July 30, 1996, between EnviroSystems, American Children's Foundation ("ACF"), Richard M. Othus ("Othus"), Andrew D.B. Lambie ("Lambie") and Cascade Chemical Corporation ("Cascade"), each of ACF, Othus, Lambie and Cascade irrevocably assigned to us all of their rights to the chemical formula which we use in the manufacture of our product. In consideration thereof, we agreed to pay to each of Othus and Lambie a royalty equal to 0.25% of gross revenues received by us from sales of our products throughout the world, less credits and returns, for as long as we sell products which embody the assigned formula.

Our products are sold under a variety of trademarks and trade names. We own all of the trademarks and trade names we believe to be material to the operation of our business. EcoTru® is currently registered in the United States, Japan, and Taiwan. We expect to file additional registrations in the European Union countries and Canada.

Except for the trademarks referred to above, we do not believe any single trademark is material to the operations of our business as a whole.

Employees

Effective immediately after the closing of the Merger, we had a total of five (5) full time employees. None of our employees are represented by a trade union. We anticipate hiring additional full time employees within the next twelve months.

Customers

We sell the majority of our products to customers in the healthcare industry, including hospitals, dental offices, physicians' offices, reference laboratories, long term care facilities and veterinary offices. In addition, we also sell our products to airlines, the U.S. Government and customers in the hospitality industry. As of March 31, 2005 we had approximately 330 customers, most of which are in the healthcare industry and purchase our products through our distributors. Sales to our top ten customers represented approximately 78.4% of our 2004 sales. Of such sales, approximately 87.3% consisted of sales of our EcoTru® RTU and 12.7% were EcoTru® Cleansing Wipes. In 2004, JetBlue accounted for 52.4% of sales of our wipes.

Sales, Marketing, Distribution

We market and sell our products primarily through third party distributors and to a lesser extent through direct sales. In 2004, sales through distributors accounted for approximately 75.5% of our sales. We have entered into distribution agreements with distributors that service the industry segments that we have targeted for sales of our products. In the healthcare market, we have entered into distribution agreements with Stericycle (which markets EcoTru® under the private label "Sterisafe®"), Medline, Crosstex, and Cardinal Health Systems. In the transportation industry, we have entered into a distribution agreement with Andpak, a distributor to the airline industry (which re-packages and markets EcoTru® under the private label EcoTru®1453).

We have also entered into distribution agreements with distributors to market our products outside of the United States, such as Blue Cross Health Services which sells EcoTru® RTU under the private label TruClean® in the healthcare market in the United Kingdom, and Alpha Scientific Repair Services which is a distributor in Canada. To date we have had minimal international sales of our products.

Our direct sales efforts to date have been to healthcare facilities, institutions, commercial airlines and local governments and were intended primarily to help gain market acceptance, attract major distributors and establish EcoTru® as a brand. Direct sales to customers accounted for 11.8% of our 2004 sales, with sales to one customer, JetBlue accounting for 10.5% of total sales and 1.3% of direct sales.

The majority of our products are shipped to customers from our facility at 1900 Wyatt Drive, Santa Clara, CA. We use third party carriers to deliver our products. From time to time, we will arrange for shipments directly from our contract bottler Royal Chemical Company.

Insurance Matters

We maintain a general business liability policy and other coverages specific to our industry and operations. We also maintain general products liability coverage and directors and officers liability coverage. We believe that our insurance program provides adequate coverage for all reasonable risks associated with operating our business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Introduction

Telecomm had no revenue from operations since its inception. Following the Merger, EnviroSystems operations shall constitutes all of Telecomm's operations. The following discussion and analysis summarizes the significant factors affecting EnviroSystems' results of operations for its 2005 fiscal year compared to EnviroSystems' 2004 fiscal year and our and EnviroSystems' combined financial liquidity and capital resources. Also discussed below are EnviroSystems' results of operations for the nine-month period ended September 30, 2005 compared with EnviroSystems results of operations for the nine-month period ended September 30, 2004. This discussion and analysis should be read in conjunction with the financial statements and notes, and pro forma financial statements, included with this Report.

Results of Operations

Net Revenues. Net revenues were $670,214 in fiscal 2005, compared to net revenues of $592,058 in fiscal 2004. The $78,156 (13.20%) increase in net revenues in fiscal 2005 compared to fiscal 2004 was primarily due to increased unit volume of product sold.

Cost of Goods Sold. Cost of goods sold were $661,133 in fiscal 2005, compared to cost of goods sold of $462,470 in fiscal 2004. The $198,563 (42.93%) increase in cost of goods sold in fiscal 2005 compared to fiscal 2004 was due to increased overhead burden in product sold and write off of certain inventory components.

Gross Profit. Gross profit was $9,081 in fiscal 2005, compared to gross profit of $129,488 in fiscal 2004. The $120,407 (92.99%) decrease in gross profit was primarily due to increased sales volume in lower profit margin product and the increased overhead burden in product sold and write off of certain inventory components.

Total Operating Costs. Total operating costs were $2,300,277 in fiscal 2005, compared to total operating costs of $3,169,062 in fiscal 2004. The $859,704 (27.13%) decrease in total operating costs was due to reduction marketing and sales expenses.

Loss from Operations. Loss from operations was $2,300,277 in fiscal 2005, compared to loss from operations of $3,039,574 in fiscal 2004. The $739,297 (24.32%) decrease in loss from operations was due to reduction in operating expenses of $859,704 offset by reduced gross profit of $120,407.

The six months ended September 30, 2005 compared to the six months ended September 30, 2004

Net Revenues. Net revenues were $221,251 for the six months ended September 30, 2005, compared to net revenues of $365,079 for the six months ended September 30, 2004. The $143,828 (39.40%) decrease in net revenues for the six months ended September 30, 2005 compared to the comparable period in 2004 was due to reduced sales efforts while maintaining existing customer base.

Cost of Goods Sold. Cost of goods sold were $211,593 for the six months ended September 30, 2005, compared to cost of goods sold of $359,366 for the six months ended September 30, 2004. The $147,773 (41.12%) decrease in cost of goods sold for the six months ended September 30, 2005 compared to the comparable period in fiscal 2004 was due to decreased sales volume.

Gross Profit. Gross profit was $9,081 for the six months ended September 30, 2005, compared to gross profit of $5,713 for the six months ended September 30, 2004. The $3,945 (69.05%) increase was primarily due to sale of higher margin product.

Total Operating Costs. Total operating costs were $160,212 for the six months ended September 30, 2005, compared to total operating costs of $1,090,208 for the six months ended September 30, 2004. The $929,996 (85.30%) decrease in total operating costs was due to reduction of across the board operating expenses and $443,528 reduction of obligation to former CEO through settlement agreement,

Loss from Operations. Loss from operations was $150,554 for the six months ended September 30, 2005, compared to loss from operations of $1,084,495 for the six months ended September 30, 2004. The $933,941 (86.12%) decrease in loss from operations was due to increase in gross profit of $3,945 and decrease in operating expenses of $929,996.

Impact of Inflation

Inflation has not had a material effect on our results of operations.

Financial Liquidity and Capital Resources

In connection with the closing of the Offering, we received gross proceeds of $8,500,000. Of that amount we have used approximately $1,463,900, to repay outstanding indebtedness of EnviroSystems with a balance of approximately $673,000 indebtedness to be negotiated. A payment of $426,452 as settlement with the former CEO was also made. In addition, in connection with the Offering, we incurred expenses of $893,000 and we paid to selling agents in the offering a cash fee of $850,000.

We expect that the remaining proceeds from the Offering and cash flows from operations will be sufficient to pay our other existing obligations and obligations as they arise for the next twelve months. However, we may require additional working capital to expand our business. In the event we are not able to increase working capital, we may not be able to expand our business.

Off Balance Sheet Arrangements

Not applicable.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 2 to the audited financial statements of EnviroSystems. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities. Actual results could differ from those estimates under different assumptions or conditions.

RISK FACTORS

Investing in our Common Stock involves a high degree of risk. Prospective investors should carefully consider the following risks and uncertainties and all other information contained or referred to in this Current Report on Form 8-K before investing in our Common Stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our Common Stock could decline, and you could lose all of your investment.

Risks Related To Our Business

We have not applied for patents on our proprietary technology and rely upon trade secret protection to protect our intellectual property; it may be difficult and costly to protect our proprietary rights and we may not be able to ensure their protection.

We have not applied for patent protection for our proprietary formulas and nano-emulsion technology and have decided instead to rely upon trade secret protection to protect such intellectual property. Trade secrets are difficult to protect and while we use reasonable efforts to protect our trade secrets, we cannot assure that our employees, consultants, contractors or scientific advisors will not, unintentionally or willfully, disclose our trade secrets to competitors or other third parties. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. If we are unable to defend our trade secrets from illegal use, or if our competitors develop equivalent knowledge, it could have a material adverse effect on our business.

Any infringement of our proprietary rights could result in significant litigation costs, and any failure to adequately protect our proprietary rights could result in our competitors' offering similar products, potentially resulting in loss of a competitive advantage and decreased revenue. Existing patent, copyright, trademark and trade secret laws afford only limited protection. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States. Therefore, we may not be able to protect our proprietary rights against unauthorized third party use. Enforcing a claim that a third party illegally obtained and is using our trade secrets could be expensive and time consuming, and the outcome of such a claim is unpredictable. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. This litigation could result in substantial costs and diversion of resources and could materially adversely affect our future operating results.

Potential claims alleging infringement of third party's intellectual property by us could harm our ability to compete and result in significant expense to us and loss of significant rights.

From time to time, third parties may assert patent, copyright, trademark and other intellectual property rights to technologies that are important to our business. Any claims, with or without merit, could be time-consuming, result in costly litigation, divert the efforts of our technical and management personnel, cause product shipment delays, disrupt our relationships with our customers or require us to enter into royalty or licensing agreements, any of which could have a material adverse effect upon our operating results. Royalty or licensing agreements, if required, may not be available on terms acceptable to us. If a claim against us is successful and we cannot obtain a license to the relevant technology on acceptable terms, license a substitute technology or redesign our products to avoid infringement, our business, financial condition and results of operations would be materially adversely affected.

To date we have had significant operating losses, and an accumulated deficit and have had limited revenues and do not expect to be profitable for at least the foreseeable future, and cannot predict when we might become profitable, if ever.

We have been operating at a loss each year since our inception, and we expect to continue to incur substantial losses for the foreseeable future. Net losses for the six months ended September 30, 2005 and fiscal years ending March 31, 2005 and 2004 were $214,315, $2,382,487 and $3,286,376, respectively. Through September 30, 2005, we had an accumulated deficit of $14,666,201. We also have had limited revenues. Revenues for the six months ended September 30, 2005 and fiscal years ending March 31, 2005 and 2004 were $221,251, $670,214 and $592,058, respectively. Further, we may not be able to generate significant revenues in the future. In addition, we expect to incur substantial operating expenses in order to fund the expansion of our business. As a result, we expect to continue to experience substantial negative cash flow for at least the foreseeable future and cannot predict when, or even if, we might become profitable.

We operate in a highly regulated industry, which may delay the introduction of new products, cause withdrawal of products from the market, and have other adverse consequences.

Pursuant to applicable environmental and safety laws and regulations, we are required to obtain and maintain certain governmental permits and approvals, including an EPA registration for our core product EcoTru RTU. Permits and approvals may be subject to revocation, modification or denial under certain circumstances. While we believe we are in compliance in all material respects with environmental laws, there can be no assurance that our operations or activities will not result in administrative or private actions, revocation of required permits or licenses, or fines, penalties or damages, which could have an adverse effect on us. In addition, we cannot predict the extent to which any legislation or regulation may affect the market for our products or our cost of doing business. See "The Company - Government Regulations."

Going concern opinions

The audited financial statements for Telecomm for the period ended September 30, 2004 and the audited financial statements for EnviroSystems for the year ended March 31, 2005, each included an explanatory footnote that such financial statements were prepared assuming that Telecomm and EnviroSystems, respectively, would continue as a going concern.

We are dependent upon the net proceeds from the Offering to repay our debts, effect the Merger and fund our operations.

We have had limited revenues and as of March 31, 2005 we had incurred a cumulative net loss of $14,451,886 and as of September 30, 2005, we had less than $100,000 in available funds. We are therefore, wholly dependent upon the net proceeds of the Offering to repay our debts, effect the Merger and have working capital to continue operations. In order to effect the Merger, approximately $2,900,000 of the net proceeds of the Offering were allocated to repayment of certain of our debts. The remaining net proceeds have been allocated to funding the costs of our operations including, but not limited to, hiring marketing and sales employees and research and development.

Our management will have broad discretion in the application of the net proceeds of the Offering.

After the repayment of approximately $2,900,000 of our debt, our management will have broad discretion to adjust the application and allocation of the remaining net proceeds of the Offering in order to address changed circumstances and opportunities. As a result of the foregoing, our success will be substantially dependent upon the discretion and judgment of our management with respect to the application and allocation of the net proceeds of the Offering.

We do not have sufficient internal manufacturing capabilities to produce sufficient quantities of our product to meet current levels of demand and we rely upon a single supplier for our EcoTru® concentrate and one supplier for final processing and bottling of EcoTru® RTU making us vulnerable to supply disruption, which could harm our business.

We have limited manufacturing capabilities and rely upon two outside suppliers: BioRad Industries produces our EcoTru® nano-emulsion concentrate for us, and Royal Chemical converts the concentrate into EcoTru® RTU. We believe that using just two suppliers to produce EcoTru® RTU helps us to protect our trade secrets by limiting the number of third parties that have access to our proprietary information. We do not have contracts with our suppliers and rely upon purchase orders for purchasing concentrate and EcoTru® RTU. If our suppliers are unable to provide us with product in quantities we require or meeting our specifications, or if they raise their prices we would be required to seek new suppliers. Although we maintain inventories of EcoTru® concentrate and EcoTru® RTU which we believe would be sufficient to provide us with the time to locate alternative suppliers, if we are required to find new suppliers, we cannot assure that we will find alternative suppliers who will supply us with EcoTru® concentrate and EcoTru® RTU on similar economic terms, which could increase our costs of goods sold and have an adverse effect on our sales and results of operations.

In addition, if our suppliers encounter problems during manufacturing as a result of, among other things, failure to follow our protocols and procedures, failure to comply with applicable regulations, or equipment malfunction, any of which could delay or impede their ability to meet our demand, it could have a material adverse effect on our business. Further, any interruption or delay in the supply of EcoTru® concentrate or EcoTru® RTU, or our inability to obtain such goods from alternate sources at acceptable prices in a timely manner, could impair our ability to meet our customers demand and cause them to cancel orders or switch to competitive products, which would harm our business.

We rely upon a single supplier for parachlorometaxylenol (PCMX), the active ingredient in EcoTru® RTU.

We rely upon a single supplier, Clariant Corporation, to provide us with PCMX, which is the biocide used in our EcoTru® RTU products. Clariant Corporation is one of the largest suppliers of PCMX in the United States with some smaller sources in the United States. There are also some smaller foreign sources. If Clariant Corporation is unable to supply us with PCMX in the quantities and on the economic terms that we require, it could have a material adverse effect on our business. We have no written agreement with Clariant.

We lack sales, marketing and distribution capabilities and depend on third parties to market our product.

We do not have personnel dedicated solely to sales and marketing of our product and therefore we must rely upon third party distributors to market and sell our product. These third parties may not be able to market our product successfully or may not devote the time and resources to marketing our product that we require. We also rely upon third party carriers to distribute and deliver our product. As such, our deliveries are to a certain extent out of our control. If we choose to develop our own sales, marketing or distribution capabilities, we will need to build a marketing and sales force with technical expertise and with supporting distribution capabilities, which will require a substantial amount of management and financial resources that may not be available. If we or a third party are not able to adequately sell and distribute our product, our business will be materially harmed.

We may face product liability for the products we manufacture and sell.

Manufacturing, marketing and sale of our products may subject us to product liability claims. We currently have insurance coverage against product liability risks up to an aggregate annual limit of approximately $1,000,000**.** However, such insurance coverage may not be adequate to satisfy any liability that may arise. Regardless of merit or eventual outcome, product liability claims may result in decreased demand for a product, injury to our reputation and loss of revenues. As a result, regardless of whether we are insured, a product liability claim or product recall may result in losses that could be material to us.

We are dependent upon sales of a single product, EcoTru® RTU to the healthcare industry for most of our sales. If our EcoTru® RTU product fails to gain market acceptance our business will suffer.

EcoTru® RTU is currently our only product and sales of this product to customers in the healthcare industry account for substantially all of our revenue. We cannot provide assurance that we will be successful in convincing additional customers in the healthcare market to use our product, or if we can successfully branch out into other markets. Certain competitors have products that are established in our target markets, and we may not be able to convince users of those products to switch to EcoTru® RTU. Healthcare professionals may be hesitant to utilize our product given our product pricing structure and the fact that we are a relatively small company. If our product fails to gain additional acceptance in the healthcare industry, our business will be harmed.

All of our operations are conducted at a single location. Any disruption at our facility could adversely affect our operations and increase our expenses.

All of our operations are conducted at a single location in Santa Clara, California. We take precautions to safeguard our facility, including insurance, health and safety protocols. However, a natural disaster, such as a fire, flood or earthquake, could cause substantial delays in our operations, damage or destroy our books and records, computer systems, or inventory, and cause us to incur additional expenses. The insurance we maintain against fires, floods, earthquakes and other natural disasters may not be adequate to cover our losses in any particular case.

If we are unable to establish sufficient sales and marketing capabilities or enter into and maintain appropriate arrangements with third parties to sell, market and distribute our product, our business will be harmed.

We have limited experience as a company in the sale, marketing and distribution of EcoTru® RTU. We depend upon third parties to sell our product both in the United States and internationally. To achieve commercial success, we must develop sales and marketing capabilities and enter into and maintain successful arrangements with others to sell, market and distribute our products.

If we are unable to establish and maintain adequate sales, marketing and distribution capabilities, independently or with others, we may not be able to generate product revenue and may not become profitable. If our current or future partners do not perform adequately, or we are unable to locate or retain partners, as needed, in particular geographic areas or in particular markets, our ability to achieve our expected revenue growth rate will be harmed.

We face competition in our markets from a number of large and small companies, some of which have greater financial, research and development, production and other resources than we have.

Our products face competition from products which may be used as an alternative or substitute therefore. In addition we compete with several large companies in the disinfectant business. To the extent these companies, or new entrants into the market, offer comparable disinfectant products at lower prices, our business could be adversely affected. Our competitive position is based principally on our nano-emulsion technology, product quality and product safety. Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive performance characteristics. There can be no assurance that we will have sufficient resources to maintain our current competitive position. See “Description of Business - Competition.”

We have not made certain lease payments due on our lease for our premises located at 1900 Wyatt Drive.

We have not made certain payments on our lease for our premises located at 1900 Wyatt Drive. As of December 31, 2005, we owed our landlord approximately $10,238 in back lease payments. Although our landlord has not, as of the date of this Current Report on Form 8-K, commenced legal proceedings against us to recover past due lease payments, if such an action is commenced and we are not able to settle such lawsuit or prevail in such litigation, it could have a material adverse impact on our operations.

We may not be able to manage our growth effectively, which could adversely affect our operations and financial performance.

The ability to manage and operate our business as we execute our development and growth strategy will require effective planning. Significant rapid growth could strain our internal resources, and other problems that could adversely affect our financial performance. We expect that our efforts to grow will place a significant strain on our personnel, management systems, infrastructure and other resources. Our ability to manage future growth effectively will also require us to successfully attract, train, motivate, retain and manage new employees and continue to update and improve our operational, financial and management controls and procedures. If we do not manage our growth effectively, our operations could be adversely affected, resulting in slower growth and a failure to achieve or sustain profitability.

Our future success depends on retaining our existing key employees and hiring and assimilating new key employees. The loss of key employees or the inability to attract new key employees could limit our ability to execute our growth strategy, resulting in lost sales and a slower rate of growth.

Our success depends in part on our ability to retain key employees including our executive officers. Following the Merger we have only entered into an employment agreement with one of our executives. Also, we do not currently carry "key man" insurance on our executives but intend to obtain it in the near future. It would be difficult for us to replace any one of these individuals. In addition, as we grow we may need to hire additional key personnel. We may not be able to identify and attract high quality employees or successfully assimilate new employees into our existing management structure.

We cannot predict the impact of our proposed marketing efforts. If these efforts are unsuccessful we may not earn enough revenue to become profitable.

Our success will depend on investing in marketing resources. Our proposed business plan includes hiring marketing personnel and a dedicated sales force and developing a comprehensive marketing plan for our product. Such a marketing plan may include attending trade shows and making private demonstrations, advertising and promotional materials, advertising campaigns in both print and broadcast media, and advertising/promotion-related operations. We cannot give any assurance that these marketing efforts will be successful. If they are not, revenues may be insufficient to cover our fixed costs and we may not become profitable.

We expect to incur additional losses in the future.

We expect to incur significant operating losses in the near future. We intend to use a portion of the net proceeds from the Offering for sales and marketing, research and development and operating expenses. We will continue to incur significant expenses. We cannot predict when, if ever, we will operate profitably.

We might require significant additional capital to support business growth, and this capital might not be available.

We believe that the net proceeds from the Offering, after repayment of our debt obligations, will satisfy our current capital needs for approximately eighteen (18) to twenty-four (24) months. However, if, among other reasons, our revenue and/or expense estimates prove inaccurate, we will be required to raise substantial additional capital. Such capital might be raised through public or private financings, as well as borrowings and other sources. We do not currently have any commitments or immediate plans with respect to acquisition financing, and there can be no assurance that additional or sufficient financing will be available, or, if available, that it will be available on acceptable terms. The failure to obtain required financing by us when needed could result in us being required to substantially scale back our then operations.

Relationship with Principal Shareholders

MV Nanotech Corp. (“MV Nanotech”) beneficially owns in the aggregate approximately 8.6% (1,375,961 shares) and holders of EnviroSystems preferred stock beneficially own approximately 40% (6,400,000 shares) of the outstanding shares of our Common Stock. As a result, such persons will have substantial influence in all matters requiring a vote of our stockholders. This concentration of ownership could also have the effect of delaying or preventing a change in our control or discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material adverse effect on the market price of the Common Stock or prevent our stockholders from realizing a premium over the market price for their shares of Common Stock. In addition, MV Nanotech, has made $850,000 principal amount of bridge loans to EnviroSystems, all of such funds, plus interest were repaid from the net proceeds of the Offering.

Our business may be affected by factors outside of our control.

Our ability to increase sales, and to profitably distribute and sell our products, is subject to a number of risks, including changes in our business relationships with our principal distributors, competitive risks such as the entrance of additional competitors into our markets, pricing and technological competition, risks associated with the development and marketing of new products in order to remain competitive and risks associated with changes in demand for disinfectants which can be affected by economic conditions, health care reform and government regulation.

We may incur increased legal, accounting and other expenses as a result of having to assimilate EnviroSystems into our business.

Following the Merger, we will incur will incur significant legal, accounting and other expenses in connection with bringing EnviroSystems in compliance with rules and regulations applicable to public companies that EnviroSystems did not incur as a private company prior to the Merger. In addition, if our Common Stock is eventually listed on Nasdaq or another major exchange, we will incur further additional listing and compliance expenses. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. In addition, we will incur additional costs associated with our public company reporting requirements. We also expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

Risks Related To Our Common Stock

The price of our Common Stock may fluctuate significantly, which could lead to losses for stockholders.

The Stock of public companies can experience extreme price and volume fluctuations, which can be unrelated or out of proportion to the operating performance of such companies. We expect our stock price will be subject to similar volatility. Any negative change in the public's perception of the prospects of our company or companies in our market could also depress our stock price, regardless of our actual results. Factors affecting the trading price of our common stock may include:

- variations in our operating results;
- announcements of technological innovations, new products or product enhancements, strategic alliances or significant agreements by us or by our competitors;
- recruitment or departure of key personnel;
- litigation, legislation, regulation or technological developments that adversely affect our business;
- changes in the estimates of our operating results or changes in recommendations by any securities analyst that elect to follow our common stock; and
- market conditions in our industry, the industries of our customers and the economy as a whole.

If securities analysts do not publish research or reports about our business or if they downgrade our stock, the price of our stock could decline.

The trading market for our Common Stock may be affected by research and reports that industry or financial analysts may in the future publish about us or our business. We will not control these analysts. There are many large, well-established publicly traded companies active in our industry and market, which will mean it will be less likely that we receive widespread, if any, analyst coverage. Furthermore, if one or more of the analysts who in the future elect to cover us, downgrade our stock, our stock price would likely decline rapidly. If one or more of these analysts cease coverage of our Company, we could lose visibility in the market, which in turn could cause our stock price to decline.

We have no intention to pay dividends on our Common Stock.

For the foreseeable future, we intend to retain any remaining future earnings, if any, to finance our operations and do not anticipate paying any cash dividends with respect to our Common Stock. As a result, investors should not expect to receive dividends on any of the Shares purchased by them, for a long period of time, if ever.

Our Common Stock is quoted on the OTC Bulletin Board and there may be a limited trading market for our Common Stock.

Our Common Stock is quoted on the OTC Bulletin Board. There is extremely limited and sporadic trading of our Common Stock, and no assurance can be given, when, if ever, an active trading market will develop or, if developed, that it will be sustained. As a result, investors in our Common Stock may be unable to sell their shares.

If the registration statement that we intend to file is declared effective, sales of shares of our Common Stock on the open market could reduce the market price of our Common Stock.

Our Common Stock has extremely limited and sporadic trading. Sales of shares of the Common Stock in the open market could reduce any market price of the Common Stock, if a market should develop. An absence of a market for the Common Stock would make it more difficult for the Company to raise additional funds through an equity financing. Additionally, if the registration statement for the Shares should be filed and become effective, the number of shares of Common Stock eligible for public sale will increase, which could decrease any such market price, if a market were to develop for the shares.

Future sales of shares of our common stock may decrease the price for such shares.

When the Escrow and Lock-Up Agreement expires on the Common Stock issued to former preferred stockholders of EnviroSystems in connection with the Merger, such shares will be eligible for resale on the open market, many without any restrictions as to size or frequency of such sales. Actual sales, or the prospect of sales by our shareholders, may have a negative effect on the market price of the shares of our common stock.

We also intend to register certain shares of our common stock that are subject to outstanding warrants and stock options, or reserved for issuance under our stock option plan. Once such shares are registered, they can be freely sold in the public market upon exercise of the warrants or options. If any of our shareholders either individually or in the aggregate cause a large number of securities to be sold in the public market, or if the market perceives that these holders intend to sell a large number of securities, such sales or anticipated sales could result in a substantial reduction in the trading price of shares of our common stock and could also impede our ability to raise future capital. Sales of a substantial number of shares of our common stock in the public markets, or the perception that these sales may occur, could cause the market price of our common stock to decline and could materially impair our ability to raise capital through the sale of additional equity securities. In addition to the 16,000,000 shares of our Common Stock actually issued and outstanding, there will be another 8,337,500 shares of common stock reserved for future issuance as follows:

(i) 1,300,000 shares reserved for issuance under our Amended 2004 Equity Compensation Plan;

(ii) 2,400,000 shares reserved for issuance under our 2006 Incentive Stock Plan; and

(iii) 4,637,500 shares issuable upon exercise of outstanding stock purchase warrants.

Our Common Stock may be subject to Penny Stock Rules, which could affect trading.

Broker-dealer practices in connection with transactions in “penny stocks” are regulated by certain rules adopted by the SEC. Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ Stock Market if current price and volume information with respect to transactions in such securities is provided by the exchange or system). The rules require that a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in connection with the transaction and monthly account statements showing the market value of each penny stock held in the customer’s account. In addition, the rules generally require that prior to a transaction in a penny stock the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure requirements may have the effect of reducing the liquidity of penny stocks. If our securities become subject to the penny stock rules, investors in our Common Stock may find it more difficult to sell their Telecomm securities.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Current Report on Form 8-K contains "forward-looking statements" that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new services; our expectations concerning litigation, regulatory developments or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management's goals and objectives; and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes" and "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to other factors discussed under the headings "Risk Factors" and "Description of Business."

Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

DESCRIPTION OF PROPERTY

Facilities

EnviroSystems maintains its principal executive offices and space for limited manufacturing operations and finished goods warehousing in approximately 5,400 square feet of leased space at 1900 Wyatt Drive, Suite 15, Santa Clara, California. Rent is $5,400 per month and monthly common charges are $810. The term of the lease expired on October 31, 2005. EnviroSystems has an agreement with the landlord to occupy and pay rent on a month-to-month basis until it moves into more suitable premises. EnviroSystems also uses a chemical warehouse facility located in Gilroy, California, which we use for storage of concentrate goods inventory. Rent varies based on usage and has recently been approximately $450 per month on a month to month basis. Telecomm will remain in its Mooresville North Carolina principal executive office temporarily while it locates more suitable premises in or around Charlotte, North Carolina.

We believe that our existing facilities are not adequate for the conduct of our business as currently configured and as currently contemplated to be conducted and therefore, as soon as possible, we intend to look for additional warehouse and office.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of the date immediately following the closing of the Merger and the Offering regarding the beneficial ownership of our Common Stock by (i) each person who, to our knowledge, beneficially owns more than 5% of our Common Stock; (ii) each of our directors and executive officers; and (iii) all of our executive officers and directors as a group:

Name and address of Beneficial Owner	Amount (1)	Percent of Class
Directors and Named Executive Officers (2):		
J. Lloyd Breedlove (3)	160,892	1.01%
Steve Hoelscher	0	*
Charles Cottrell	0	*
Jeffrey Connally	0	*
Stephen A. Schneider (4)	608,922	3.81%
All directors and named executive officers as a group (5 persons)	769,814	4.81%
Other 5% or Greater Beneficial Owners		
The Ferguson Living Trust UDT 8/13/74 (5)	3,089,739	19.31%
MV Nanotech, Inc.(6)	1,375,961	8.60%

* Less than 1%.

(1) Beneficial ownership is calculated based on 16,000,000 shares of our Common Stock issued and outstanding. Beneficial ownership is determined in accordance with Rule 13d-3 of the Securities and Exchange Commission. The number of shares beneficially owned by a person includes shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days following the Closing of the Offering and the Merger. The shares issuable pursuant to those options or warrants are deemed outstanding for computing the percentage ownership of the person holding these options and warrants but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. The persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the stockholder's name, subject to community property laws, where applicable.

(2) The address for the directors and named executive officers is c/o Telecomm Sales Network, Inc., 561-D River Highway, North Carolina 28117-6830.

(3) Includes 60,892 shares of Telecomm Common Stock that Mr. Breedlove will receive in the Merger, assuming all of the outstanding options and warrants to purchase EnviroSystems preferred stock are exercised.

(4) Includes 608,922 shares of Telecomm Common Stock that Mr. Schneider will receive in the Merger, assuming all of the outstanding options and warrants to purchase EnviroSystems preferred stock are exercised. Mr. Schneider holds options to purchase up to 320,000 shares of EnviroSystems preferred stock.

(5) Represents the minim number of shares of Common Stock that The Ferguson Living Trust UDT 8/13/74 (the "Trust") will receive in connection with the Merger. The Trust held 1,461,117 shares of EnviroSystems preferred stock and warrants to purchase up to 162,600 shares of EnviroSystems preferred stock. If none of the options and warrants to purchase EnviroSystems preferred stock are exercised, then the Trust's 1,461,117 shares of EnviroSystems preferred stock will be converted into 3,704,200 Shares of Telecomm Common Stock and its percentage ownership would be 23.15.

(6) Does not include (i) four year warrants to purchase up to 3,923,029 shares of Common Stock at an exercise price of $2.50 per share, which become exercisable 90 days after the Closing of the Merger, (ii) 1,854,039 shares of Common Stock and warrants to purchase 76,971 shares of Common Stock transferred to noteholders of MV Nanotech as described below. MV Nanotech purchased 3,230,000 shares of Common Stock and warrants to purchase 4,000,000 shares of Common Stock from the Company in October 2005. In consideration for the cancellation of an aggregate of $1,430,000, of indebtedness and other obligations owed to noteholders and other creditors of MV Nanotech, MV Nanotech issued to such note holders and creditors 1,854,039 shares of Common Stock and warrants to purchase 76,971 shares of Common Stock. In November 2005, MV Nanotech transferred 100,000 shares of Common Stock to Mr. Breedlove in partial consideration of Mr. Breedlove's agreement to become the Company's Chief Executive Officer and President. MV Nanotech disclaims beneficial ownership of the noteholders' securities and the 100,000 shares of Common Stock transferred to Mr. Breedlove. MV Nanotech is beneficially owned by Robert Hersch.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, age and position of each of Telecomm's and EnviroSystems' directors, executive officers and significant employees at the Closing.

Name	Age	Position(s)
J. Lloyd Breedlove	58	President, Chief Executive Officer, Chairman
Steve Hoelscher	46	Chief Financial Officer, Secretary, Director
Charles Cottrell	62	Director
Jeffrey Connally	58	Director
Stephen A. Schneider	58	Director

J. Lloyd Breedlove

J. Lloyd Breedlove was appointed President and Chief Executive Officer of Telecomm and EnviroSystems and Chairman of Telecomm's and EnviroSystems' Board of Directors on January 10, 2006. Since 2004, Mr. Breedlove has served as a member of the Board of Directors of EnviroSystems. From June 2003 to present, he has been President and Chief Executive Officer of Imalux Corporation a corporation in the medical imaging equipment industry. Prior thereto, from December 2000 to May 2003 he was the President and Chief Executive Officer of KIVALO a healthcare technology company with emphasis on disease management. From 1991to 1999, Mr. Breedlove served as the Executive Vice President and Group President at Steris Corporation, a developer and manufacturer of infection and contamination control products. From 1989 to 1991, he was the President and Chief Executive Officer of CRI, a developer of a vascular surgery product and prior thereto he was the Director of Sales and held other sales and management positions at Mallinckrodt, Inc. a diverse company focusing on supplying products to the healthcare industry. Mr. Breedlove has a wide range of experience working with companies in various stages of development from start-ups to companies with global operations. During Mr. Breedlove's tenure at Steris, annual sales increased from $13 million to greater than $820 million. He has served on numerous advisory and corporate boards, with an emphasis on establishing healthcare businesses. Mr. Breedlove received an MBA from Western Carolina University. Serving in Viet Nam, he was awarded the Bronze Star, Bronze Star with Oak Leaf Cluster, Vietnamese Cross of Gallantry, Air Medal and Purple Heart.

Steve Hoelscher

Mr. Hoelscher was appointed Telecomm's and EnviroSystems' Chief Financial Officer, Secretary and a member of each of Telecomm's and EnviroSystems' Board of Directors on January 10, 2006. Mr. Hoelscher is a Certified Public Accountant and has 24 years of accounting and auditing experience. Mr. Hoelscher has been the CFO for Mastodon Ventures, Inc., (an affiliate of MV Nanotech) a financial consulting business in Austin, Texas, from 2000 to the present. MV Nanotech has made loans to us in the aggregate amount of $850,000, which amount (plus accrued but unpaid interest) will be repaid out of the net proceeds of the Offering. Mr. Hoelscher is also the Chief Financial Officer of the EnXnet, Inc, a Tulsa, Oklahoma based publicly traded technology company since May 21, 2004 and has been providing accounting consulting services to the EnXnet since January 2001. Mr. Hoelscher will continue to provide limited consultation to Mastodon and will continue to consult with EnXnet but will devote such time as necessary to the performance of his duties to us. Mr. Hoelscher was the Controller for Aperian, Inc. an Austin, Texas based publicly traded company from 1997 to 2000. Prior to joining Aperian, he was the controller for Protos Software Company in Georgetown, Texas from 1996 to 1997. Mr. Hoelscher was Audit Manager with Brown, Graham and Company, P.C. from 1989 to 1996. Mr. Hoelscher received a Bachelor of Business Administration from West Texas A&M University (formerly West Texas State University) in Canyon, Texas in 1981.

Charles Cottrell

Charles Cottrell was appointed as a member of Telecomm's and EnviroSystems' Board of Directors on January 10, 2006. Since 2001, Mr. Cottrell has served as a principal of Mountain Green LLC, a manufacturer and distributor of natural cleaning products, located in Scottsdale, Arizona. Prior thereto, from 1979 to 1999, he served as the Chairman and Chief Executive Officer of Cottrell Limited, an Englewood, Colorado based company providing infection control products and services to the national healthcare market. Mr. Cottrell has over 30 years experience in bringing new products to market and developing brands. Mr. Cottrell received a Bachelor of Science from the University of Pittsburgh, and attended the Wharton School of Business' Entrepreneurial Studies and Growth Programs and the Harvard University Business School's Business Owners/President's Program.

Jeffrey Connally

Jeffrey Connally was appointed as a member of Telecomm's and EnviroSystems' Board of Directors on January 10, 2006. Mr. Connally also serves a director of CM IT Solutions, Inc. Mr. Connally is a partner in Gener8biz, Inc., a sales and marketing consulting firm which he founded in May of 2003. Mr. Connally leads strategic engagements for Gener8biz' high-tech, healthcare and financial services clientele. Prior thereto, in 1998 Mr. Connally was a founder of UpLink Corporation where he provided sales and marketing leadership and created the marketing, business development, sales, installation and support infrastructure for UpLink's wireless/GPS-based technology. Mr. Connally has also held executive positions with several startup technology companies where he was responsible for establishing the sales process and channel strategy. Mr. Connally received a Bachelors in Business Administration from St. Michaels College in 1969 and an MBA from the University of Texas in 1993.

Stephen A. Schneider

Stephen A. Schneider was appointed as a member of Telecomm's and EnviroSystems' Board of Directors on January 10, 2006. From November 2004 until the closing of the Offering and the Merger, Mr. Schneider served as the Interim President and Chief Executive Officer of EnviroSystems. Mr. Schneider is co-founder and a former director of Alexza Pharmaceuticals, Inc., (formerly Alexza Molecular Delivery Corporation) ("Alexza"), a specialty pharmaceutical company developing drug products delivered by inhalation using a proprietary nano/micro-particle vaporization technology. Alexza was formed in December 2001, through the merger of Alexza Corporation and Molecular Delivery Corporation ("MDC"), a company engaged in developing new pharmaceutical delivery methods, founded in 1997 by Mr. Schneider. From 2001 to 2003, Mr. Schneider served as President and Chief Operating Officer of Alexza. Prior thereto, from 1997 to 2001, he served as the President and Chief Executive Officer of MDC. From January to March 2004, Mr. Schneider served as a consultant to the founder and President of TiNi Alloy Company. Mr. Schneider has 20 years experience in the pharmaceutical, medical device and medical service industries and has developed a number of early stage, start-up companies. Mr. Schneider received a Bachelor of Arts from Earlham College, a Master of Arts from the University of Houston, a JD from Golden Gate University of Law, and attended the Stanford University Graduate School of Business' Stanford Leadership Academy, Executive Program for Growing Companies and Finance and Accounting for Non-Finance Executive programs.

Election of Directors and Officers

Holders of our Common Stock are entitled to one (1) vote for each share held on all matters submitted to a vote of the stockholders, including the election of directors. Cumulative voting with respect to the election of directors is not permitted by our Articles of Incorporation.

The Board of Directors shall be elected at the annual meeting of the shareholders or at a special meeting called for that purpose. Each director shall hold office until the next annual meeting of shareholders and until the director's successor is elected and qualified. If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors, then the shareholders may fill the vacancy at the next annual meeting or at a special meeting called for the purpose, or the Board of Directors may fill such vacancy.

Compensation of Directors

It is intended that each member of our board of directors who is not an employee of the Company (a "non-employee director") will receive an annual retainer in cash and/or shares of Common Stock as determined by our board of directors and all directors will be reimbursed for costs and expenses related to attendance at meetings of the board of directors.

Our employee directors will not receive any additional compensation for serving on our board of directors or any committee of our board of directors, and our non-employee directors will not receive any compensation from us for their roles as directors other than the retainer, attendance fees and stock option grants described above.

EXECUTIVE COMPENSATION

We have not paid a salary to our former or current officers. Effective as of the Closing of the Offering and the Merger, we will commence paying salaries to our officers as described below.

Employment Agreements

We have entered into an employment agreement with J. Lloyd Breedlove, pursuant to which Mr. Breedlove has agreed to serve as our President, Chief Executive Officer and Chairman of the Board, effective January 10, 2006. The agreement has a 3 year term, commencing as of the Closing of the Offering and the Merger. The agreement provides for a base salary of $225,000 during the first year of its term and $250,000 during each of the second and third years of its term. In addition, upon the Closing of the Merger, we paid to Mr. Breedlove a signing bonus of $50,000 and have agreed to grant to Mr. Breedlove 4 year options to purchase up to 750,000 shares of Common Stock at an exercise price of $2.50 per share, vesting over a three year period in equal installments. Under the agreement, we have the right to terminate Mr. Breedlove without cause upon 12 months prior written notice. If Mr. Breedlove is terminated without cause by us, he will be entitled to receive a lump sum payment equal to the lesser of 12 months of the base salary then in effect or the balance of this base salary due under the agreement for the remainder of the term of the agreement. In addition, Mr. Breedlove is entitled to participate in all our benefit programs in effect during the term of the agreement and we have agreed to provide Mr. Breedlove with a life insurance policy in the face amount of $2,000,000, the beneficiary of which to be determined by Mr. Breedlove.

Other Compensation

In addition to the employment agreement with J. Lloyd Breedlove, we intend to pay Mr. Hoelscher $80,000 per year in consideration for Mr. Hoelscher serving as our Chief Financial Officer. We have not entered into an employment agreement with Mr. Hoelscher.

We may also issue to our officers and directors stock options on terms and conditions to be determined by our Board of Directors or designated Board Committee.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

EnviroSystems Transactions

In September 2005, EnviroSystems entered into a Settlement and Release Agreement with Diana Hoffman ("Hoffman"), its former President, Chief Executive Officer and Chairman of the Board and at that time a holder of 850,000 shares (83.19%) of EnviroSystems' common stock. Pursuant to the terms of the agreement, EnviroSystems paid to Hoffman $312,314.68 as payment of back pay with interest and reimbursement of certain expenses, which such amount was paid out of the proceeds of the Offering. In connection therewith, in September 2005, MV Nanotech Corp. entered into a Stock Purchase Agreement with Hoffman, pursuant to which MV Nanotech purchased 850,000 shares of EnviroSystems common stock from Hoffman for an aggregate purchase price of $85,000.

In November 2005, The Ferguson Living Trust UTD 8/13/74 (the "Trust"), the then owner of 1,461,117 shares of EnviroSystems preferred stock, which represented approximately 57.89% of the issued and outstanding EnviroSystems preferred stock, and MV Nanotech Corp. ("MV Nanotech"), the then owner of 850,000 shares of EnviroSystems common stock, which represented approximately 83.19% of the issued and outstanding EnviroSystems common stock, entered into a Voting and Support Agreement, pursuant to which each of the Trust and MV Nanotech agreed to vote all of their respective shares of EnviroSystems common stock and EnviroSystems preferred stock in favor of the Merger Agreement and the Merger.

Telecomm Transactions

In October 2005, MV Nanotech purchased from Telecomm 3,230,000 shares of Common Stock and warrants to purchase up to 4,000,000 shares of Common Stock for an aggregate purchase price of $80,750. Half of the purchase price was paid in cash and the remaining $40,375 was paid pursuant to a promissory note made by MV Nanotech in favor of Telecomm, which is payable on or before December 31, 2005. From May through November 2005, MV Nanotech, made bridge loans to EnviroSystems in the aggregate principal amount of $850,000 which were used to fund EnviroSystems' operations. All of such aggregate principal amount of bridge loans (plus accrued but unpaid interest) will be repaid out of the net proceeds of the Offering.

Immediately prior to the Closing of the Merger and the Offering, pursuant to two Repurchase Agreements, each dated as of October 31, 2005, Telecomm repurchased from each of William Sarine and Tony Summerlin, Telecomm's former officers and directors, 1,000,000 shares each of Telecomm Common Stock for a price of $12,500 ($25,000 for all 2,000,000 shares).

In connection with his employment agreement, MV Nanotech transferred to Lloyd Breedlove 100,000 shares of Telecomm Common Stock.

DESCRIPTION OF SECURITIES

Our total authorized capital stock consists of 100,000,000 shares of Common Stock, par value $0.0001 per share and 5,000,000 shares of preferred stock, par value $0.0001 per share. After the Closing, 16,000,000 shares of Common Stock were issued and outstanding. There are no shares of preferred stock issued or outstanding.

The following description of our capital stock does not purport to be complete and is subject to and qualified by our Certificate of Incorporation and By-laws, and by the provisions of applicable Delaware law.

Common Stock

Holders of our Common Stock are entitled to receive dividends out of assets legally available therefore at such times and in such amounts as the Board of Directors from time to time may determine. Holders of our Common Stock are entitled to one (1) vote for each share held on all matters submitted to a vote of the stockholders. Cumulative voting with respect to the election of directors is not permitted by our Certificate of Incorporation. Our Common Stock is not entitled to preemptive rights and is not subject to conversion or redemption. Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to stockholders are distributable ratably among the holders of the Common Stock after payment of liquidation preferences, if any, on any outstanding stock having prior rights on such distributions and payment of other claims of creditors.

Preferred Stock

Our Certificate of Incorporation authorizes the issuance of shares of preferred stock in one or more series. Our Board of Directors has the authority, without any vote or action by the shareholders, to create one or more series of preferred stock up to the limit of our authorized but unissued shares of preferred stock and to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series and the relative participating, option or other special rights (if any), and any qualifications, preferences, limitations or restrictions pertaining to such series which may be fixed by the Board of Directors pursuant to a resolution or resolutions providing for the issuance of such series adopted by the Board of Directors.

The provisions of a particular series of authorized preferred stock, as designated by the Board of Directors, may include restrictions on the payment of dividends on Common Stock. Such provisions may also include restrictions on the ability of the Company to purchase shares of Common Stock or to purchase or redeem shares of a particular series of authorized preferred stock. Depending upon the voting rights granted to any series of authorized preferred stock, issuance thereof could result in a reduction in the voting power of the holders of Common Stock. In the event of any dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, the holders of the preferred stock will receive, in priority over the holders of Common Stock, a liquidation preference established by the Board of Directors, together with accumulated and unpaid dividends. Depending upon the consideration paid for authorized preferred stock, the liquidation preference of authorized preferred stock and other matters, the issuance of authorized preferred stock could result in a reduction in the assets available for distribution to the holders of Common Stock in the event of the liquidation of Telecomm.

There are no shares of preferred stock designated or issued as of the date hereof.

Warrants

In connection with the Offering, we issued Agent Warrants to purchase up to 637,500 shares of Common Stock to Selling Agents. Such Agent Warrants have an exercise price of $2.50 per share. The Agent Warrants are exercisable for four years from January 10, 2006 at the election of the Agent. The Agent Warrants will be exercisable for cash or pursuant to a cashless exercise provision. The shares of Common Stock underlying the Agent Warrants shall be registered for resale pursuant to the Registration Rights Agreement described herein and the Agent Warrants shall contain certain anti-dilution provisions which will adjust the number of shares underlying the Agent Warrants and the exercise price in the event of stock splits, stock dividends, or other re-capitalizations of the Company.

In connection with the Merger, we assumed warrants to purchase EnviroSystems Preferred Stock, which, as of the Effective Time of the Merger, became exercisable for shares of our Common Stock. All shares of our Common Stock issuable upon the exercise of such warrants are included in the 6,400,000 shares of Common Stock issued to the EnviroSystems preferred shareholders, and held in an escrow account, in connection with the Merger. The shares of Common Stock issuable upon the exercise of such warrants shall be delivered to the holders thereof out of the escrow account, after certain restrictions on transfer have terminated. Accordingly, the exercise of any or all of such warrants will not cause an increase in our issued and outstanding shares of Common Stock. In addition, we will not receive any proceeds from the exercise of such warrants. Such proceeds shall be paid to the EnviroSystems Preferred Shareholders pro rata. See “Description of Merger.”

In October 2005, we issued warrants to purchase up to 4,000,000 shares of Common Stock to MV Nanotech. These warrants have an exercise price of $2.50 per share and are exercisable for a period of four years commencing 90 days after the issue date. The warrants are exercisable for cash or pursuant to a cashless exercise provision. The shares of Common Stock underlying the warrants shall be registered for resale pursuant to the Registration Rights Agreement described herein and the warrants contain certain anti-dilution provisions which will adjust the number of shares underlying the warrants and the exercise price in the event of stock splits, stock dividends, or other re-capitalizations of the Company.

Options

In connection with the Merger, we assumed options to purchase EnviroSystems Preferred Stock, which, as of the Effective Time of the Merger, became exercisable for shares of Common Stock. All shares of Common Stock issuable upon the exercise of such options are included in the 6,400,000 shares of Common Stock issued to the EnviroSystems preferred shareholders, and held in an escrow account, in connection with the Merger. The shares of Common Stock issuable upon the exercise of such options shall be delivered to the holders thereof out of the escrow account, after certain restrictions on transfer have terminated. Accordingly, the exercise of any or all of such options will not cause an increase in our issued and outstanding shares of Common Stock. In addition, we will not receive any proceeds from the exercise of such options. Such proceeds shall be paid to the EnviroSystems preferred shareholders pro rata. See "Description of Merger."

Stock Option Plans

2004 Equity Compensation Plan

We adopted our 2004 Equity Compensation Plan on September 1, 2004. The plan provides for the grant of options intended to qualify as "incentive stock options", options that are not intended to so qualify or "nonstatutory stock options" and restricted stock. The total number of shares of common stock reserved for issuance under the plan is 1,300,000 shares, subject to adjustment in the event of stock split, stock dividend, recapitalization or similar capital change. No grants have been made under the plan.

The plan is administered by our Board of Directors, which selects the eligible persons to whom options or stock awards shall be granted, determines the number of shares subject to each option or stock award, the exercise price therefore and the periods during which options are exercisable, interprets the provisions of the plan and, subject to certain limitations, may amend the plan. Each option or stock award granted under the plan shall be evidenced by a written agreement between us and the optionee.

Grants may be made to our employees (including officers) and directors and to certain consultants and advisors.

The exercise price for incentive stock options granted under the plan may not be less than the fair market value of the common stock on the date the option is granted, except for options granted to 10% stockholders which must have an exercise price of not less than 110% of the fair market value of the common stock on the date the option is granted. The exercise price for nonstatutory options is determined by the Board of Directors. Incentive stock options granted under the plan have a maximum term of ten years, except for grants to 10% stockholders which are subject to a maximum term of five years. The term of nonstatutory stock options is determined by the Board of Directors. Options granted under the plan are not transferable, except by will and the laws of descent and distribution.

2006 Telecomm Stock Incentive Plan

In connection with the Merger, our board of directors adopted, subject to shareholder approval, the 2006 Telecomm Stock Incentive Plan (the "2006 Plan"). The 2006 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards and stock appreciation rights. The number of shares of Common Stock that may be issued under the 2006 Plan is 2,400,000 shares of Common Stock.

The 2006 Plan will be administered by our Board of Directors, which will select the eligible persons to whom options or stock awards shall be granted, determine the number of shares subject to each option or stock award, the exercise price therefore and the periods during which options are exercisable, interpret the provisions of the plan and, subject to certain limitations, may amend the plan. Each option or stock award granted under the plan shall be evidenced by a written agreement between us and the optionee.

Grants may be made to our employees (including officers) and directors and to certain consultants and advisors.

The exercise price for incentive stock options granted under the 2006 Plan may not be less than the fair market value of the common stock on the date the option is granted, except for options granted to 10% stockholders which must have an exercise price of not less than 110% of the fair market value of the common stock on the date the option is granted. The exercise price for nonstatutory options will be determined by the Board of Directors. Incentive stock options granted under the 2006 Plan will have a maximum term of ten years, except for grants to 10% stockholders which are subject to a maximum term of five years. The term of nonstatutory stock options will be determined by the Board of Directors. Options granted under the plan are not transferable, except by will and the laws of descent and distribution.

Registration Rights

In connection with the Offering, pursuant to the terms of the Registration Rights Agreement, as promptly as reasonably practicable after the Closing of the Offering but in no event later that 90 days following the Closing of the Offering (the "Registration Filing Date"), we are obligated to file a shelf registration statement (the "Registration Statement") on Form SB-2 or S-1 relating to the resale by the holders of the shares of Common Stock purchased in the Offering, any shares of Common Stock issuable upon exercise of Agents Warrants and such additional shares of Common Stock has may be determined by us (the "Registrable Securities") at our expense. We agreed to use our best efforts to cause such registration statement to be declared effective within 90 days after the Registration Filing Date provided, however, that we are not obligated to effect any such registration, qualification or compliance or keep such registration effective: (a) in any particular jurisdiction in which we would be required to qualify to do business as a foreign corporation or as a dealer in securities under the securities or blue sky laws of such jurisdiction or to execute a general consent to service of process in effecting such registration, qualification or compliance, in each case where we have not already done so, or (b) during any "blackout period" during which we determine that the distribution of our shares of Common Stock covered by the Registration Statement would be detrimental to us and our stockholders, in which case the Registration Filing Date will be extended to the date immediately following the last day of such "blackout" period.

In connection with the Merger, we have granted to the holders of our Common Stock who received such shares in connection with the Merger a one (1) time right to demand that we file a registration statement, covering the resale of such shares at our expense. Such demand must be made no later than sixty (60) days prior to or one (1) year following the expiration date of the applicable lock-up period and must be made in writing and signed by holders owning no less than 50.1% of the shares of our Common Stock not then freely tradable. We agreed to use our reasonable efforts to cause such registration statement to be declared effective by the Securities and Exchange Commission as soon as possible, but in no event later than 150 days from the date of such demand.

Indemnification Matters

Our Certificate of Incorporation limits the personal liability of our officers and directors for monetary damages for breach of their fiduciary duty as directors, except for (i) liability that cannot be eliminated under the General Corporation Law of the State of Delaware (the "GCL"), (ii) any breach of such director's duty of loyalty to the Company or its stockholders, (iii) for acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law, or (iv) for any transaction from which such director derived improper personal benefit. Our Bylaws also provide for the Company to indemnify directors and officers to the fullest extent permitted by the GCL. These provisions may have the practical effect in certain cases of eliminating the ability of stockholders to collect monetary damages from directors or officers.

The indemnification provisions described above provide coverage for claims arising under the Securities Act of 1933 and the Securities Exchange Act of 1934. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the Company's Certificate of Incorporation, Bylaws, the GCL, or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Transfer Agent and Registrar

Our transfer agent and registrar is Registrar and Transfer Company, 10 Commerce Drive, Cranford, NJ 07016.

Market Price of and Dividends on Common Equity and Related Stockholder Matters

Our shares are currently trading on the OTC Bulletin Board under the stock symbol "TNSW." The first day on which the Company's shares were traded was September 1, 2005. The high and the low trades for our shares for each quarter of actual trading were:

QUARTER	HIGH ($)	LOW ($)
September 1 to September 30, 2005	$ 0.45	$ 0.30
October 1, 2005 to December 31, 2005	$ 3.45	$ 0.36

The trades reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

The last sale price for the Common Stock on January 10, 2006, was $3.20. Because of the low volume of trading of our Common Stock, however, investors should not view this as a reflection of the value of our Common Stock, which value is substantially lower. The market price of our Common Stock increased substantially after the Merger with EnviroSystems was disclosed. Consequently, much of the current value of our Common Stock is tied to speculation about the value of the Merger with EnviroSystems and the associated financing. Our initial investors paid five cents per share and MV Nanotech recently paid $80,750 for 3,320,000 shares and warrants to purchase four (4) million additional shares. We believe that these lower prices are a better reflection of the value of our shares of Common stock than the market price. In addition, as a result of the Merger and the associated financing, the value of our Common Stock will depend upon the value of our only asset, the business and assets of EnviroSystems. EnviroSystems was a private company whose business, assets and financial performance has not been disclosed to the public, prior to this Currrent Report on Form 8-K.

Holders of Common Stock

After the closing of the Merger and the Offering, we had 16,000,000 shares of our Common Stock issued and outstanding and there were approximately 200 registered shareholders of our common stock. Of such shares, 6,400,000 which were issued pursuant to the Merger, are subject to an Escrow and Lock-Up Agreement. Included in such 6,400,000 shares are approximately 838,850 shares of Common Stock issuable upon exercise of EnviroSystems Options and Warrants. In addition, warrants to purchase 4,000,000 shares and 637,500 shares of our Common Stock were also outstanding as of that date.

Dividends

We have neither declared nor paid any cash dividends on our capital stock and do not anticipate paying cash dividends in the foreseeable future. We have had no revenue or earnings. Our current policy is that if we were to generate revenue and earnings we would retain any earnings in order to finance our operations. Our board of directors will determine future declaration and payment of dividends, if any, in light of the then-current conditions they deem relevant and in accordance with applicable corporate law.

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows information about securities authorized for issuance under our equity compensation plans as of December 31, 2005:

Plan Category	Number of Securities to be issued upon exercise of outstanding options (a)	Weighted- average exercise price of outstanding (b)	Number of Securities remaining for future issuance under equity compensation plans(excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	None	Not Applicable	1,300,000
Equity compensation plans not approved by security holders	None	Not Applicable	2,400,000*
Total	None	Not Applicable	3,700,000

* Represents shares issuable under the 2006 Stock Incentive Plan which was adopted by the board of directors subject to shareholder approval.

Legal Proceedings

In March 2005, Atypical BioVentures Fund LLC ("**ABF**") filed a complaint in the Superior Court of the State of California for the County of Santa Clara seeking to collect principal and interest in the amount of approximately $406,602 due under a Note and Warrant Purchase Agreement, dated as of June 15, 2004 between EnviroSystems, Inc. and Atypical BioVentures Fund LLC. In May 2005, EnviroSystems filed a general denial with the court. In May 2005, ABF filed an ex parte application for a right to attach order and for an order for issuance of a writ of attachment against EnviroSystems' assets. The court granted ABF's application. The writ of attachment issued in July 2005. In August 2005, ABF filed an attachment lien with the California Secretary of State, encumbering certain of our assets (not our intellectual property). We are currently in negotiations with ABF, we intend to apply a portion of the net proceeds of the Offering to pay the principal and unpaid and accrued interest due ABF.

Recent Sales of Unregistered Securities.

In connection with the Merger, we issued 6,400,000 shares of our Common Stock to the holders of EnviroSystems preferred stock in exchange for all the issued and outstanding shares of EnviroSystems preferred stock. The shares of Common Stock issued in the Merger were issued in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended (the "Securities Act") and corresponding provisions of state securities laws, which exempts transactions by an issuer not involving any public offering.

Concurrently with the closing of the Merger, we completed the sale of 4,250,000 shares of Common Stock in a private placement to accredited investors pursuant to the terms of a Confidential Private Placement Memorandum, dated November 16, 2005 (the "Offering"). We received gross proceeds of $8,500,000 from the sale of these shares.

The Offering was made solely to "accredited investors," as that term is defined in Regulation D under the Securities Act. None of the shares of our Common Stock were registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempts transactions by an issuer not involving any public offering. We made this determination based on the representations of the persons obtaining such securities which included, in pertinent part, that such persons were "accredited investors" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, and that such persons were acquiring such securities for investment purposes for their own respective accounts and not as nominees or agents, and not with a view to the resale or distribution, and that each such persons understood such securities may not be sold or otherwise disposed of without registration under the Securities Act or an applicable exemption therefrom.

In connection with the Offering, we paid an aggregate cash fee of $850,000, to Selling Agents and issued four-year warrants to purchase up to 637,500 shares of our Common Stock at an exercise price of $2.50 per share.

Pursuant to a Securities Purchase Agreement dated as of October 31, 2005 (the "Agreement") by and between Telecomm Sales Network, Inc. (the "Company") and MV Nanotech Corp., a Texas corporation ("MV Nanotech"), the Company issued and sold to MV Nanotech 3,230,000 shares (the "Shares") of the Company's restricted common stock, par value $0.0001 per share (the "Common Stock") and a warrant (the "Warrant") to purchase up to an additional 4,000,000 shares of Common Stock (collectively, the "Securities"). The Warrant is exercisable for a period of 4 years commencing 90 days after the date of issuance and has an exercise price of $2.50 per share. Pursuant to the Agreement, MV Nanotech paid the Company $80,750 for the Securities, of which $40,375 was paid in cash with the remainder paid pursuant to a non-interest bearing promissory note in the principal amount of $40,375, payable on or before December 31, 2005. The source of funds was MV Nanotech's available funds.

Indemnification of Directors and Officers.

Our Certificate of Incorporation eliminates the personal liability of directors to us and our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Section 102 of the Delaware General Corporation Law, provided that this provision shall not eliminate or limit the liability of a director for: (i) any breach of the director's duty of loyalty to us or our stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) arising under Section 174 of the Delaware General Corporation Law (with respect to unlawful dividend payments and unlawful stock purchases or redemptions); or (iv) for any transaction from which the director derived an improper personal benefit.

Additionally, we have included in our Certificate of Incorporation and our Bylaws provisions to indemnify our directors, officers, employees and agents and to purchase insurance with respect to liability arising out of the performance of their duties as directors, officers, employees and agents as permitted by Section 145 of the Delaware General Corporation Law. The Delaware General Corporation Law provides further that indemnification shall not be deemed exclusive of any other rights to which the directors, officers, employees and agents may be entitled under any agreement, vote of stockholders or otherwise.

The effect of the foregoing is to require us, to the extent permitted by law, to indemnify our officers, directors, employees and agents for any claims arising against such person in their official capacities, if such person acted in good faith and in a manner that he reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the company pursuant to the foregoing, or otherwise, the company has been advised that the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

DESCRIPTION OF THE MERGER

The Merger

Pursuant to the terms of the Agreement and Plan of Merger, dated as of November 11, 2005, as amended by the Amendment to Merger Agreement dated as of December 15, 2005 (the "Merger Agreement"), between Telecomm, Telecomm's indirect wholly owned subsidiary, TSN Acquisition Corporation ("TAC") and EnviroSystems, TAC merged with and into EnviroSystems, with EnviroSystems as the surviving corporation (the "Merger").

Pursuant to the terms of the Agreement, we issued an aggregate of 6,400,000 shares of restricted Common Stock to the holders (the "Preferred Shareholders") of EnviroSystems preferred stock (the "Preferred Stock") and holders of options and warrants to purchase Preferred Stock (the "EnviroSystems Options and Warrants") pursuant to the exemption from the registration requirements of the Act provided under Section 4(2) of the 1933 Act and Rule 506 promulgated thereunder.

The Agreement was approved by the Board of Directors of EnviroSystems on October 17, 2005 and was submitted for approval to the common and Preferred Shareholders of EnviroSystems, voting as separate classes on December 28, 2005. The Agreement was approved by the Board of Directors of Telecomm and by the Board of Directors of TAC and EnviroSystems Holdings, Inc., the sole shareholder of TAC, by written consents each dated November 11, 2005.

After approval by the EnviroSystems common and preferred shareholders and upon filing of the Certificate of Merger with the Secretary of State of Nevada (the "Effective Time"), the following occurred:

- TAC merged with and into EnviroSystems, with EnviroSystems as the surviving corporation and as a result becoming an indirect wholly-owned subsidiary of Telecomm;

- Each outstanding share of EnviroSystems common stock was cancelled and extinguished;

- The EnviroSystems Preferred Shareholders and the holders of EnviroSystems Options and Warrants received an aggregate of 6,400,000 Shares of restricted Common Stock, which such shares of Common Stock were placed in an escrow account to be held pursuant to an escrow agreement described below.

Merger Consideration; Escrow Agreement

As consideration for the Merger, Telecomm issued an aggregate of 6,400,000 restricted shares of Telecomm Common Stock (the "Merger Shares") to the EnviroSystems Preferred Shareholders and the holders of EnviroSystems Options and Warrants. On the closing date of the Merger (the "Merger Closing"), all of the Merger Shares were deposited by Telecomm into an escrow account pursuant to the terms of an Escrow Agreement (the "Escrow Agreement") by and among Telecomm, the Escrow Agent and the other signatories thereto. Pursuant to the terms of the Escrow Agreement, the Merger Shares will be held in escrow for a period equal to the longer of 12 months following the closing of the Merger or 9 months after the effective date of a registration statement registering the shares of Common Stock sold in the Offering. Provided, however, that in no event shall such Merger Shares be held in escrow for a period exceeding 15 months from the closing of the Merger. The Escrow Agreement also provides for earlier release of the Merger Shares in certain instances.

EnviroSystems Preferred Stock Conversion

At the Effective Time, each share of EnviroSystems Preferred Stock issued and outstanding immediately prior to the Effective Time or reserved for issuance upon exercise of all outstanding EnviroSystems Options and Warrants, was canceled, extinguished and automatically converted ("Telecomm Preferred Conversion Ratio"), into the right to receive, 1.902881 shares of Common Stock (subject to adjustment), which equaled, in the aggregate, forty percent (40%) of the issued and outstanding Common Stock immediately following the Merger Closing (the "EnviroSystems 40% Interest"), after giving effect to, and only to, the issuance by Telecomm of shares of Common Stock issued (or reserved for issuance in the case of warrants, options, convertible or exchangeable securities) to (1) purchasers of Telecomm Common Stock in this Offering, (2) holders of any Agents' Warrants issued in connection with the Offering; and (3) all other issued and outstanding shares of Common Stock (collectively, the "Telecomm Post Merger Outstanding Shares").

MV Nanotech Bridge Loans

Secured Convertible Promissory Notes of EnviroSystems in favor of MV Nanotech Corp., dated March 9, 2004, May 13, 2005, June 9, 2005, September 2, 2005, September 23, 2005, October 3, 2005 and November 14, 2005, respectively, in the aggregate principal amount of $850,000 (the "Bridge Loans") were repaid upon the Merger Closing.

Item 3.02 Unregistered Sale of Equity Securities.

Reference is made to the disclosure made under Item 2.01 of this Current Report on Form 8-K, which is incorporated herein by reference.

Item 5.01 Changes in Control of Registrant.

Reference is made to the disclosure made under Item 2.01 of this Current Report on Form 8-K, which is incorporated herein by reference.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

In connection with the closing of the Merger (as described in Item 2.01 of this Current Report on Form 8-K), effective immediately prior to the completion of the Merger, Mr. William Sarine and Mr. Tony Summerlin resigned as directors of Telecomm and from all offices they held with Telecomm. Effective immediately upon the closing of the Merger, J. Lloyd Breedlove was appointed as our director, chairman of the board, president and chief executive officer and Steven Hoelscher was appointed as our director, chief financial officer, secretary and treasurer. In addition, Stephen Schneider, Charles Cottrell and Jeffrey Connelly were appointed to serve as directors.

For certain biographical and other information regarding the newly appointed officers and directors, see the disclosure under the heading “Directors and Executive Officers” under Item 2.01 of this Current Report on Form 8-K, which disclosure is incorporated herein by reference.

Item 5.06 Change in Shell Company Status.

Reference is made to the disclosure made under Item 2.01 of this Current Report on Form 8-K, which is incorporated herein by reference.

Item 8.01 Other Events.

In connection with the closing of the Merger, Telecomm relocated its corporate headquarters from c/o Skye Source, LLC, 8621Gleneagles Drive, Raleigh, NC 27613. Telecomm is in the process of locating a new corporate headquarters in or near Charlotte, North Carolina, and is temporarily using its current headquarters at 516-D River Highway, PMB 297, Mooresville, North Carolina 28117-6830. Telecomm’s new phone number is (512) 236-0925.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

EnviroSystems’ audited financial statements for the fiscal years ended March 31, 2005 and 2004 are filed as Exhibit 99.1 to this Current Report on Form 8-K and EnviroSystems’ unaudited financial statements for the interim period ended September 30, 2005 and 2004 are filed as Exhibit 99.2 to this Current Report on Form 8-K.

(b) Pro-Forma Financial Information.

Pro forma information for Telecomm reflecting the Merger has not been provided because historically, Telecomm has had no operations and, therefore, a pro forma presentation of Telecomm’s financial information would for the most part be a presentation of EnviroSystems’ historical financial statements. The business of Telecomm going forward will be the business of EnviroSystems and, accordingly, a more accurate representation of the effect of the Merger on a pro forma basis is provided by a review of EnviroSystems’ financial statements provided pursuant to Item 9.01(a) above.

(d) Exhibits.

Exhibit Number	Exhibit Description
3.1	Certification of Incorporation (1)
3.2	By-Laws (1)
4.1	Specimen Certificate of Common Stock (1)
10.1	2004 Equity Compensation Plan (1)
10.3	Securities Purchase Agreement, dated as of October 31, 2005 between MV Nanotech Corp. and Telecomm Sales Network, Inc. (2)
10.4	Agreement and Plan of Merger, dated as of November 11, 2005 by and between Telecomm, TSN Acquisition Corporation and EnviroSystems, Inc. (Nonmaterial schedules and exhibits identified in the Agreement and Plan of Merger have been omitted pursuant to Item 601b.2 of Regulation S-K. Telecomm Sales Network, Inc. agrees to furnish supplementally to the Commission upon request by the Commission a copy of any omitted schedule or exhibit.) (3)
10.5	Escrow/Lock-Up Agreement, dated as of January 10, 2006 between Telecomm, EnviroSystems and the other signatories thereto. (4)
10.6	Employment Agreement with Lloyd Breedlove (4)
99.1	EnviroSystems' audited financial statements for the fiscal years ended March 31, 2005 and 2004 (4)
99.2	EnviroSystems' unaudited financial statements for the interim period ended September 30, 2005 and 2004 (4)

(1) Filed as an exhibit to Telecomm's Registration Statement on Form SB-2 filed on March 16, 2005 and incorporated herein by reference.
(2) Filed as an exhibit to Telecomm's Current Report on Form 8-K filed on November 11, 2005 and incorporated herein by reference.
(3) Filed as an exhibit to Telecomm's Current Report on Form 8-K filed on November 17, 2005 and incorporated herein by reference.
(4) Filed herewith.

This Current Report on Form 8-K may contain, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements with respect to the Company's plans, objectives, expectations and intentions and other statements identified by words such as may, could, would, should, believes, expects, anticipates, estimates, intends, plans or similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control).

SIGNATURE

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

TELECOMM SALES NETWORK, INC.

Date: January 12, 2006

By: /s/ J. Lloyd Breedlove

J. Lloyd Breedlove,
President and Chief Executive Officer

EXHIBIT INDEX

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(3) Filed as an exhibit to Telecomm's Current Report on Form 8-K filed on November 17, 2005 and incorporated herein by reference.
(4) Filed herewith.

EXHIBIT 10.5

ESCROW/LOCK-UP AGREEMENT

This Escrow/Lock-Up Agreement (this "**Agreement**") dated as of January 10, 2006, is made by and among Telecomm Sales Network, Inc., a Delaware corporation ("**Pubco**"), Daniel Ferguson, an individual, in his capacity as Shareholder Agent (as defined below), EnviroSystems, Inc., a Nevada corporation (the "**Company**" or "**EnviroSystems**"), and Jerold K. Levien, Esq., as Escrow Agent (the "**Escrow Agent**").

RECITALS

WHEREAS, pursuant to an Agreement and Plan of Merger, made and entered into as of November 11, 2005, by and among Pubco, TSN Acquisition Corporation, a Nevada corporation and an indirect wholly owned subsidiary of Pubco ("**Merger Sub**") and the Company (the "**Merger Agreement**"), at the Effective Time, Merger Sub will be merged with and into the Company (the "**Merger**"), with the Company as the surviving corporation in accordance with the terms of the Merger Agreement.

WHEREAS, pursuant to **Section 2.11** of the Merger Agreement all shares of Pubco Common Stock to be issued (and/or reserved for issuance) to (i) holders of EnviroSystems Preferred Stock in the Merger and (ii) upon exercise of EnviroSystems Options and Warrants, if exercised, for Pubco Common Stock in the future (each a "**Shareholder**" and collectively the "**Shareholders**") shall be deposited directly by Pubco into an Escrow Account and held by the Escrow Agent;

WHEREAS, the Shareholders have appointed Daniel Ferguson, to act as their agent (the "**Shareholder Agent**");

WHEREAS, pursuant to **Section 7.5(b)** of the Merger Agreement, Pubco, MV Nanotech and any of their respective affiliates shall have a claim against the Escrow Shares held in the Escrow Account for the benefit of the prior holders of EnviroSystems Preferred Stock or EnviroSystems Options and Warrants in order to satisfy any claims for Losses;

WHEREAS, a material condition to the consummation of the transactions contemplated by the Merger Agreement is that the parties hereto enter into this Agreement.

AGREEMENT

NOW THEREFORE, as a material inducement to Pubco, Merger Sub and the Company to consummate the transactions contemplated by the Merger Agreement, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

SECTION 1.DEFINED TERMS

Capitalized terms used herein without definition shall have the meanings ascribed to them in the Merger Agreement.

SECTION 2. CONSENT OF SHAREHOLDERS

The Merger Agreement and this Agreement were approved by the shareholders of the Company at the Company's Annual Meeting of Stockholders held on December 28, 2005, and, accordingly, the Shareholders shall be deemed to have consented, without any further act of any such Shareholder, to (i) the establishment of an escrow account (the "**Escrow Account**") pursuant to this Agreement to (x) provide for the limitations on sales and transfers of Escrow Shares pursuant to the Pubco Lock-Up, and (y) to secure the indemnification obligations of the prior holders of EnviroSystems Preferred Stock and EnviroSystems Options and Warrants pursuant to **Section 7.5** of the Merger Agreement, (ii) the appointment of the Shareholder Agent as agent for the Shareholders in all respects, (iii) the taking by the Shareholder Agent of any and all actions, including the execution by the Shareholder Agent of any and all agreements, instruments or other documents, (iv) the appointment of the Escrow Agent, and (v) all of the other terms and conditions of this Agreement.

SECTION 3. ESCROW

3.1. SHARES TO BE PLACED IN ESCROW.

(a) Pursuant to **Section 2.11** of the Merger Agreement, on the Closing Date, Pubco shall issue certificates for the aggregate number of shares of Pubco Common Stock issuable (and/or reserved for issuance) to holders of (i) EnviroSystems Preferred Stock in the Merger and (ii) upon exercise of Envirosystems Options and Warrants, if exercised, for Pubco Common Stock in the future (the "**Escrow Shares**") in the name of the Escrow Agent evidencing the shares of Pubco Common Stock to be held in the Escrow Account in accordance with this Agreement. The Escrow Shares shall be held by the Escrow Agent in the Escrow Account in accordance with the provisions of this Agreement and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any party hereto or the Shareholders.

(b) The Escrow Shares allocable to each Shareholder shall be as set forth opposite each Shareholder's name on **Exhibit A** hereto. Such Exhibit A shall set forth (i) the name of each Shareholder, (ii) the number of shares of Pubco Common Stock received by such Shareholder in the Merger or receivable upon the exercise, if any, of Envirosystems Options and Warrants, and (iii) the number of Escrow Shares subject to the indemnification obligations set forth in **Section 7.5** of the Merger Agreement and **Section 5**, hereof.

3.2. ADJUSTMENT OF EXHIBIT A. If and when Pubco changes the Escrow Shares as provided in **Section 4.3** hereof, or otherwise deposits additional Escrow Shares with the Escrow Agent, Escrow Agent, shall revise **Exhibit A,** subject to Pubco's review and consent, to reflect such change or deposit. In the event of any prior release of Escrow Shares to an Indemnified Party pursuant to **Section 5,** hereof, or otherwise pursuant to **Section 6**, hereof, Escrow Agent shall revise **Exhibit A,** as pro rata appropriate, subject to Pubco's review and consent, to reflect such release by reducing the number of Indemnity Escrow Shares (as hereinafter defined) opposite the appropriate Shareholder's name. Escrow Agent shall deliver any revised **Exhibit A** in accordance with **Section 13.4** hereof. Upon such delivery, any such revised **Exhibit A** (i) shall be deemed appended to this Agreement in replacement of the prior **Exhibit A** and (ii) shall constitute **Exhibit A** for all purposes under this Agreement.

SECTION 4. SHAREHOLDER RIGHTS

4.1. VOTING OF ESCROW SHARES. The Shareholders shall be entitled to vote the number of Escrow Shares set forth opposite their names forth on **Exhibit A,** as amended from time to time. Pubco shall give the Shareholder Agent at least as much notice of meetings of shareholders as it gives its shareholders generally. The Shareholder Agent shall promptly inform each Shareholder of each such meeting and of the matters to be considered at such meeting. The Shareholder Agent shall, in accordance with the instructions received from the Shareholders, direct the Escrow Agent in writing as to the exercise of voting rights pertaining to the Escrow Shares as to which such voting instructions have been received, and the Escrow Agent shall comply with any such written instructions. In the absence of such instructions, the Escrow Agent shall not vote any of the Escrow Shares. The Shareholder Agent shall have no obligation to solicit consents or proxies from the Shareholders for purposes of any such vote.

4.2. DIVIDENDS. Any cash, securities (other than Pubco Common Stock) or other property distributed as a dividend in respect of any Escrow Shares shall be paid by Pubco directly to the Shareholders.

4.3. CHANGE IN ESCROW SHARES. If, after the date of this Agreement, the Escrow Shares shall have been changed into a different number of shares or a different type or class of securities, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination, merger or exchange of shares, such different number of shares or type or class of securities shall be held in the Escrow Account subject to the provisions of this Agreement to the same extent as the Escrow Shares, and the provisions of this Agreement shall be correspondingly adjusted to the extent appropriate to reflect equitably such stock dividend, subdivision, reclassification, recapitalization, split, combination, merger or exchange of shares.

4.4. TRANSFERABILITY. The interests of the Shareholder Agent and the Shareholders in the Escrow Account and in the Escrow Shares shall not be assignable or transferable, other than by operation of law. No transfer of any of such interests by operation of law shall be recognized or given effect until Pubco and Escrow Agent shall have received written notice of such transfer.

4.5. FRACTIONAL SHARES. No fractional shares of Pubco Common Stock shall be retained in or released from the Escrow Account pursuant to this Agreement. In connection with any release of Escrow Shares from the Escrow Account, any Shareholder who would otherwise be entitled to receive a fraction of a share of Pubco Common Stock (after aggregating all fractional shares of Pubco Common Stock issuable to such Shareholder) shall be paid by Pubco in cash the dollar amount (rounded to the nearest whole cent), without interest, determined by multiplying such fraction by the greater of (1) the Pubco PIPE Share Price, and (2) if the Pubco Common Stock is listed or quoted for trading on an exchange or quotation system, the average closing bid price (or last sale price) of the Pubco Common Stock for the twenty (20) trading days prior to the date such of such calculation, and such fraction of a share shall be returned to Pubco.

4.6. ESCROW SHARE REGISTRATION RIGHTS. In the event that following the earlier to occur of the expiration of the Pubco Lock-Up or the release of Escrow Shares pursuant to **Sections 6.2**, **6.3** or **6.4** hereof, such Escrow Shares are not then freely tradable by the holders thereof, such holders shall have a one (1) time right to demand that Pubco file a registration statement (the "**Pubco Escrow Shares Registration Statement**"), covering the resale of such Escrow Shares at Pubco's expense. Such demand must be made no later than sixty (60) days prior to or one (1) year following the expiration date of the Pubco Lock-Up, or the date such Escrow Shares were released from Escrow Account and must be made in writing and signed by holders owning no less than 50.1% of all of the Escrow Shares not then freely tradable. Pubco will use its best efforts to cause such Pubco Escrow Shares Registration Statement to be declared effective by the Commission as soon as possible, but in no event later than 150 days from the date of such demand.

SECTION 5. INDEMNIFICATION; CLAIM PROCEDURES

5.1. INDEMNIFICATION. Pursuant to **Section 7.5** of the Merger Agreement, from and after the Closing Date, and for the one (1) year period following the Closing Date, those Escrow Shares issued or issuable to prior holders of Envirosystems Preferred Stock or Envirosystems Options and Warrants (such holders shall be referred to collectively as the "**Indemnity Shareholders**" and such Escrow Shares shall be collectively referred to as the "**Indemnity Escrow Shares**") shall be available to compensate each Indemnified Party for Losses incurred by such Indemnified Party resulting from a Damage Event. The Company, and the Shareholder Agent on behalf of the Shareholders, expressly agree that the Indemnity Escrow Shares (i) shall be security for such indemnity obligation, subject to the limitations and in the manner provided for in this Agreement and (ii) are subject to release to any Indemnified Party upon the terms set forth herein.

5.2. CLAIM PROCEDURE.

(a) If any Indemnified Party determines in good faith that there is or has been a Damage Event giving rise to an indemnification obligation under **Section 7.5** of the Merger Agreement, and such Indemnified Party wishes to make a claim against the Indemnity Escrow Shares with respect to such possible Damage Event, then such Indemnified Party shall deliver to the Shareholder Agent (with a copy to the Escrow Agent) a written notice of such possible Damage Event (a "**Claim Notice**") setting forth (i) a brief description of the circumstances supporting such Indemnified Party's belief that such possible Damage Event exists or has occurred, and (ii) a non-binding, preliminary estimate of the aggregate dollar amount of all Losses that have arisen and may arise as a direct or indirect result of such possible Damage Event (such aggregate amount being referred to as the "**Claim Amount**").

(b) If the Shareholder Agent shall object in good faith to any portion of any Claim Amount specified in any Claim Notice, the Shareholder Agent shall, within thirty (30) calendar days after the deemed delivery by the Indemnified Party to the Shareholder Agent of such Claim Notice in accordance with **Section 13.4**, deliver to the Escrow Agent (with a copy to the Indemnified Party) a certificate, executed by the Shareholder Agent (a "**Certificate of Objections**"):

(i) specifying each such amount to which the Shareholder Agent objects in good faith; and

(ii) specifying in reasonable detail the nature and basis for each such good faith objection.

(c) If the Escrow Agent shall not have received a Certificate of Objections objecting to a Claim Amount within thirty (30) calendar days after delivery to the Shareholder Agent of a Claim Notice specifying such Claim Amount, the Shareholders and the Shareholder Agent shall be deemed to have acknowledged that the Claim Amount claimed on such Claim Notice is correct and final and the Escrow Agent shall, transfer to such Indemnified Party from the Indemnity Escrow Shares (such transfer to be applied and deducted from the Indemnity Escrow Shares pro rata in accordance with each Indemnity Shareholder's pro rata share of the Indemnity Escrow Shares) that number of Indemnity Escrow Shares having a value equal to the quotient of (i) the aggregate Losses suffered or incurred by such Indemnified Party, divided by (ii) the greater of (1) the Pubco PIPE Share Price, and (2) the average closing bid price (or last sale price) of the Pubco Common Stock for the twenty (20) trading days prior to the date such Losses were incurred (the "**Escrow Share Value**").

(d) If a Certificate of Objections delivered by the Shareholder Agent in response to a Claim Notice contains instructions to the effect that Indemnity Escrow Shares having an Escrow Share Value equal to a specified portion (but not the entire amount) of the Claim Amount set forth in such Claim Notice are to transferred to an Indemnified Party, then (i) the Escrow Agent shall be authorized to transfer to such Indemnified Party that number of Indemnity Escrow Shares having an Escrow Share Value equal to such specified portion of such Claim Amount, and (ii) the procedures set forth in **Section 5.2(e)** below shall be followed with respect to the remaining portion of such Claim Amount.

(e) If the Escrow Agent shall have received a Certificate of Objections within thirty (30) calendar days after delivery to the Shareholder Agent of a Claim Notice, disputing all or a portion of the Claim Amount set forth in such Claim Notice (such Claim Amount or the disputed portion thereof being referred to as the "**Disputed Amount**"), then, notwithstanding anything contained in **Section 6** hereof, the Escrow Agent shall continue to hold in the Escrow Account (in addition to any other Escrow Shares permitted to be retained in the Escrow, whether in connection with any other dispute or otherwise), Escrow Shares having an Escrow Share Value equal to 100% of the Disputed Amount. Such Escrow Shares shall continue to be held in the Escrow Account until such time as (i) the applicable Indemnified Party and the Shareholder Agent execute a settlement agreement containing instructions regarding the release of such shares, and a copy of such settlement agreement is provided to Escrow Agent, or (ii) the Escrow Agent receives a copy of a final, non-appealable court order of a court of competent jurisdiction containing instructions to the Escrow Agent regarding the release of such Escrow Shares. The Escrow Agent shall thereupon release such Escrow Shares from the Escrow Account in accordance with the instructions set forth in such settlement agreement or court order.

(f) Notwithstanding anything to the contrary set forth in this **Section 5**, the Escrow Agent shall not release to an Indemnified Party, and no Indemnified Party shall be entitled to receive, any Escrow Shares in respect of indemnification obligations under **Section 7.5** of the Merger Agreement unless and until the aggregate Losses incurred by all Indemnified Parties resulting from one or more Damage Events exceeds the Damage Threshold of $100,000.

SECTION 6. PUBCO LOCK-UP; RELEASE OF SHARES TO SHAREHOLDERS

6.1. PUBCO LOCK-UP.

(a) The Escrow Shares shall be held by the Escrow Agent and the Shareholders shall not, directly or indirectly, offer, sell, pledge, hypothecate, contract to sell (including any short sale), grant any option to purchase, enter into any contract to sell or otherwise dispose of or transfer any Escrow Shares for the period commencing on the date hereof and ending on the date that is the later to occur of (a) twelve (12) months after the date of the Merger Closing and (b) nine (9) months from the date the Commission declares the Pubco Registration Statement effective (the "**Pubco Lock-Up Termination Date**"), provided, however, that in no event shall the Pubco Lock-Up Termination Date be later than fifteen (15) months after the Merger Closing and further provided that any such Escrow Shares held and reserved for issuance upon exercise of EnviroSystems Options and Warrants shall be held by the Escrow Agent until the latter of the Pubco Lock-Up Termination Date or the exercise or the date upon which all such EnviroSystems Options and Warrants have been exercised and/or have expired.

(b) Upon any exercise of EnviroSystems Options and Warrants prior to the Pubco Lock-Up Termination Date, the shares of Pubco Common Stock issuable upon such exercise shall become Escrow Shares and shall be held by the Escrow Agent for the benefit of the holder exercising such EnviroSystems Option and Warrant and delivered to such Person as provided in **Section 6.2** below. Upon any exercise of EnviroSystems Options and Warrants on or after the Pubco Lock-Up Termination Date, the shares of Pubco Common Stock issuable upon such exercise shall be delivered by the Escrow Agent to the holder exercising such EnviroSystems Option and Warrant. All cash or other consideration payable upon exercise of the EnviroSystems Options and Warrants shall be paid to the Escrow Agent for the benefit of the holders of EnviroSystems Preferred Stock. The Escrow Agent shall distribute all such consideration to the holders of EnviroSystems Preferred Stock pro rata as their percentage interests appear on **Exhibit C** attached hereto at such time as such consideration becomes available by reason of the exercise of an EnviroSystems Option and Warrant.

6.2. RELEASE UPON TERMINATION OF PUBCO LOCK-UP. On the first business day following the Pubco Lock-Up Termination Date, the Escrow Agent shall release to the Shareholders from the Escrow Account all Escrow Shares then held in the Escrow Account other than (i) Escrow Shares that at the time are the subject of a Claim Notice or Dispute Notice and (ii) Escrow Shares held for issuance upon exercise of EnviroSystems Options and Warrants From and after the Pubco Lock-Up Termination Date (i) any Escrow Shares remaining that are subject of a Claim Notice or Dispute Notice, and not held for issuance upon exercise of EnviroSystems Options and Warrants, shall be released upon the resolution of the dispute providing the basis for the Claim Notice or Dispute Notice in accordance with **Section 5.2(e)**, and (ii) Escrow Shares reserved for issuance upon exercise of EnviroSystems Options and Warrants shall be issued to the holders thereof upon their exercise. Any Escrow Shares remaining after the exercise and/or expiration of all EnviroSystems Options and Warrants shall be distributed to the holders of EnviroSystems Preferred Stock pro rata as their percentage interests appear on **Exhibit C** attached hereto.

6.3. RELEASE UPON EXERCISE OF MV NANOTECH WARRANT BY MV NANOTECH AND SALE OF UNDERLYING SHARES. Notwithstanding anything to the contrary contained in **Section 6.1** above, in the event that MV Nanotech exercises the MV Nanotech Warrant and sells the underlying shares of common stock, in full or any part, MV Nanotech shall promptly send notice of such exercise and sale to the Shareholder Agent with a Copy to the Escrow Agent (an "**Exercise Notice**"). Upon receipt of an Exercise Notice, the Escrow Agent shall release Escrow Shares, other than Indemnity Escrow Shares, which shall remain subject to **Section 5** and **Section 6** hereof, to the Shareholders. At such time as any such Escrow Shares released pursuant to this **Section 6.3**, no longer constitute Indemnity Escrow Shares subject to **Section 5**, the Escrow Agent shall thereupon release such Escrow Shares to the Shareholders.

6.4. RELEASE UPON EXERCISE OF MV NANOTECH WARRANT BY TRANSFEREES AND SALE OF UNDERLYING SHARES. Notwithstanding anything to the contrary contained in **Section 6.1** above, MV Nanotech may, at any time, sell, assign or otherwise transfer (collectively a "**Transfer**") all or a portion of the MV Nanotech Warrant and such Transfer of the MV Nanotech Warrant will not cause the Pubco Lock-Up to be released. In connection with any such Transfer, MV Nanotech shall require as a condition of Transfer that the transferee agree to provide an Exercise Notice in the event of an exercise of the MV Nanotech Warrant and sale of the underlying shares as provided in **Section 6.3** above. If a Transfer is to an Affiliate of MV Nanotech, any subsequent exercise of all or a portion of the MV Nanotech Warrant and sale of the underlying shares by the MV Nanotech Affiliate will cause the Pubco Lock-Up to be released in accordance with **Section 6.3** above. If a Transfer is to a Person that is not an Affiliate of MV Nanotech, then upon any subsequent exercise of the MV Nanotech Warrant and sale of the underlying shares by such non-Affiliate of MV Nanotech, the Pubco Lock-Up shall be released as to such number of Escrow Shares as shall equal the product of (i) the number of shares of Pubco Common Stock then subject to the Pubco Lock-Up by, (ii) a fraction (a) the numerator of which equals the number shares of Pubco Common Stock sold following any such exercise and (b) the denominator of which is the total number of shares of Pubco Common Stock underlying the MV Nanotech Warrant). Any partial release of the Pubco Lock-Up shall be made pro rata among the Escrow Shares, excluding Indemnity Escrow Shares.

6.5. RELEASE BY PUBCO. Notwithstanding anything to the contrary herein contained, the Pubco Lock-Up may be released by Pubco, subject to the express prior written consent of MV Nanotech, which may be withheld in MV Nanotech's sole discretion.

6.6. PROCEDURES FOR RELEASING SHARES.

(a) In the event that the Escrow Agent is required to release Escrow Shares to the Shareholders in accordance with **Sections 6.2, 6.3, 6.4 or 6.5** hereof, the Escrow Agent shall be authorized to transfer to each Shareholder, and shall so transfer and release to each Shareholder, that number of Escrow Shares, subject to **Section 4.6** hereof, as listed opposite each Shareholders name on Exhibit A, as adjusted to the date of such release.

(b) Any release of Escrow Shares to the Shareholders pursuant to **Section 6** hereof may be effected by mailing a stock certificate to the Shareholders certified mail, return receipt requested.

6.7. SALE OF ESCROW SHARES NOT RELEASED PURSUANT TO THIS SECTION 6. After the occurrence of an event described in **Sections 6.2, 6.3**, and/or **6.4** above, any Escrow Shares that are not released by the Escrow Agent pursuant to those Sections, Shareholder Agent may, upon written instructions from the Shareholders that beneficially own such Escrow Shares, sell such Escrow Shares on behalf of such Shareholders, provided that all proceeds from such sales are retained in the Escrow Account until such time as the underlying Escrow Shares would be eligible for release to the respective Shareholders pursuant to this Agreement. At such time, Escrow Agent shall release the escrowed funds to the proper Shareholders. The Shareholders, Shareholder Agent and Escrow Agent hereby expressly agree that Pubco shall have no direct and/or indirect liability and/or obligations whatsoever (including, but not limited to, indemnification rights and/or obligations provided in **Section 7** of this Agreement), and hereby fully discharge and release Pubco from and hereby waive and relinquish, any and all claims, demands, contentions, and causes of action by reason of any matter or thing arising out of or in any way connected with or related to, directly or indirectly, any event relating to a sale of Escrow Shares.

SECTION 7. FEES AND EXPENSES

7.1. ESCROW AGENT FEES AND EXPENSES. The Escrow Agent's fees, as set forth on **Exhibit B** hereto shall be, payable by Pubco. It is understood that the fees and usual charges agreed upon for services of the Escrow Agent shall be considered compensation for ordinary services as contemplated by this Agreement. In the event that the conditions of this Agreement are not promptly fulfilled, or if the Escrow Agent renders any service not provided for in this Agreement, or if the parties request a substantial modification of its terms, or if any controversy arises, or if the Escrow Agent is made a party to, or intervenes in, any litigation pertaining to this Agreement or its subject matter, the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all reasonable costs, attorneys' fees, including allocated costs of in-house counsel, and expenses occasioned by such default, delay, controversy or litigation, and the Escrow Agent shall have the right to retain all documents and/or other things of value at any time held by the Escrow Agent in the Escrow Account until such compensation, fees, costs and expenses are paid. Any such extraordinary fees, costs and expenses shall be payable 50% by Pubco and 50% by the Shareholders pro rata by way of a sale of the Escrow Shares, which are not at that time Indemnity Escrow Shares, and disbursement of the proceeds from the Escrow Account at which time the amounts due by Shareholders hereunder shall then become due and payable.

7.2. SHAREHOLDER AGENT'S FEES AND EXPENSES. All of Shareholder Agents (i) reasonable fees relating to its/his/her services performed in such capacity and (ii) all reasonable costs and expenses, including those of any legal counsel or other professional retained by the Shareholder Agent, in connection with the acceptance and administration of the Shareholder Agent's duties hereunder, up to a maximum of $25,000, shall be reimbursed to the Shareholder Agent by Pubco, upon presentment to Pubco of appropriate written documentation, reasonably acceptable to Pubco, itemizing such fees and expenses, with such supporting documentation that Pubco may reasonably request. Thereafter, any of such Shareholder Agent fees and expenses in excess of $25,000, shall be reimbursed to the Shareholder Agent by the Shareholders pro rata by way of a sale of the Escrow Shares, which are not at that time Indemnity Escrow Shares, and disbursement of the proceeds from the Escrow Account at which time the amounts due by the Shareholders hereunder shall then become due and payable. Pubco shall not be obligated to reimburse the Shareholder Agent for any fees charged or expenses (including attorneys' fees) incurred by the Shareholder Agent in connection with the Shareholder Agent's performance of his duties hereunder, in excess of $25,000. The Shareholder Agent hereby agrees that he shall not seek payment or reimbursement of any such fees and expenses in excess of $25,000, if any, from Pubco, the Surviving Corporation or the Company. Shareholder Agent agrees to only seek payment or reimbursement of all such fees and expenses, in excess of $25,000, from the Shareholders, or, in Shareholder Agent’s discretion, from the Escrow Account, provided, however, that if Shareholder Agent seeks reimbursement from the Escrow Account, the Escrow Shares that Shareholder Agent acquires as reimbursement shall remain subject to the Pubco-Lock Up.

7.3. LIMITATION ON PUBCO LIABILITY. In the event of a sale of Escrow Shares pursuant to **Sections 7.1** and **7.2** above, the Shareholders, Shareholder Agent and Escrow Agent hereby expressly agree that Pubco shall have no direct and/or indirect liability and/or obligations whatsoever (including, but not limited to, indemnification rights and/or obligations provided in **Section 7** of this Agreement), and hereby fully discharge and release Pubco from and hereby waive and relinquish, any and all claims, demands, contentions, and causes of action by reason of any matter or thing arising out of or in any way connected with or related to, directly or indirectly, any event relating to a sale of Escrow Shares.

SECTION 8. TERMINATION

This Agreement shall terminate on the later of: (a) the date on which all EnviroSystems Options and Warrants have been exercised and/or have become unexercisable or (b) there are no Escrow Shares or other property remaining in the Escrow Account.

SECTION 9. ESCROW AGENT; LIMITATION OF ESCROW AGENT'S LIABILITY

9.1. DUTIES OF THE ESCROW AGENT. The Escrow Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall have no duty to enforce any obligation of any person, other than as provided herein. The Escrow Agent shall be under no liability to anyone by reason of any failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person's obligations under any such document.

9.2. LIABILITY OF THE ESCROW AGENT.

(a) In performing any duties under this Agreement, the Escrow Agent shall not be liable to any party for consequential damages, (including, without limitation lost profits) losses, or expenses, except for gross negligence or willful misconduct on the part of the Escrow Agent. The Escrow Agent shall not incur any such liability for any act or failure to act made or omitted in good faith or for any action taken or omitted in reliance upon any instrument, including any written statement or affidavit provided for in this Agreement that the Escrow Agent shall in good faith believe to be genuine, nor will the Escrow Agent be liable or responsible for forgeries, fraud, impersonations, or determining the scope of any representative authority. In addition, the Escrow Agent may consult with legal counsel in connection with the Escrow Agent's duties under this Agreement and shall be fully protected in any act taken, suffered, or permitted by him/her in good faith in accordance with the advice of counsel. The Escrow Agent is not responsible for determining and verifying the authority of any person acting or purporting to act on behalf of any party to this Agreement. The Escrow Agent shall not be responsible for the authenticity of any instructions, or be in any way liable for any unauthorized instruction or for acting on such an instruction, whether or not the person giving the instruction was, in fact, an authorized representative of Pubco and the Shareholder Agent.

(b) In no event shall the Escrow Agent be liable to the parties for any consequential, special, or exemplary damages, including but not limited to lost profits, from any cause whatsoever arising out of, or in any way connected with acting upon instructions believed by the Escrow Agent to be genuine.

(c) Pubco and the Shareholders agree, to the extent of 50% for Pubco and 50% for the Shareholders, to jointly and severally indemnify and hold the Escrow Agent harmless against any and all losses, claims, damages, liabilities, and expenses, including reasonable costs of investigation, counsel fees, including allocated costs of in-house counsel and disbursements that may be imposed on the Escrow Agent or incurred by the Escrow Agent in connection with the performance of its/his/her duties under this Agreement, including but not limited to any litigation arising from this Agreement or involving its subject matter, except in the case of the Escrow Agent's gross negligence or willful misconduct. Any such indemnity obligation of the Shareholders shall be borne by the Shareholders pro rata by way of a sale of the Escrow Shares and disbursement of the proceeds from the Escrow Account.

(d) If any controversy arises between the parties to this Agreement, or with any other party, concerning the subject matter of this Agreement, its terms or conditions, the Escrow Agent will not be required to determine the controversy or to take any action regarding it. The Escrow Agent may hold all documents and may wait for settlement of any such controversy by final appropriate legal proceedings or other means as, in the Escrow Agent's discretion, the Escrow Agent may require, despite what may be set forth elsewhere in this Agreement. In such event, the Escrow Agent will not be liable for interest or damage. Furthermore, the Escrow Agent may at its option, file an action of interpleader requiring the parties to answer and litigate any claims and rights among themselves. In such event, the Escrow Agent is authorized to deposit with the clerk of the court all documents and funds held in the Escrow Account. Upon initiating such action, the Escrow Agent shall be fully released and discharged of and from all obligations and liability imposed by the terms of this Agreement.

9.3. SUCCESSOR ESCROW AGENT. In the event the Escrow Agent becomes unavailable or unwilling to continue in its capacity herewith, the Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving the parties to this Agreement written notice 60 days' prior to the date when such resignation shall take effect. Pubco may appoint a successor Escrow Agent without the consent of the Shareholder Agent so long as such successor is a bank with assets of at least $100 million, and may appoint any other successor Escrow Agent with the consent of the Shareholder Agent, which consent shall not be unreasonably withheld. If, within such notice period, Pubco provides to the Escrow Agent written instructions with respect to the appointment of a successor Escrow Agent and directions for the transfer of any Escrow Shares then held by the Escrow Agent to such successor, the Escrow Agent shall act in accordance with such instructions and promptly transfer such Escrow Shares to such designated successor.

9.4. CHANGE OF CONTROL OF ESCROW AGENT. Any company into which the Escrow Agent may be merged or with which it may be consolidated, or any company to whom the Escrow Agent may transfer a substantial amount of its business, shall be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding.

SECTION 10. SHAREHOLDER AGENT; LIMITATION OF SHAREHOLDER AGENT'S LIABILITY

10.1. DUTIES OF THE SHAREHOLDER AGENT. The Shareholder Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Shareholder Agent. The Shareholder Agent shall have no duty to enforce any obligation of any person, other than as provided herein. The Shareholder Agent shall be under no liability to anyone by reason of any failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person's obligations under any such document.

10.2. LIABILITY OF THE SHAREHOLDER AGENT.

(a) In performing any duties under this Agreement, the Shareholder Agent shall not be liable to any party for consequential damages, (including, without limitation lost profits) losses, or expenses, except for gross negligence or willful misconduct on the part of the Shareholder Agent. The Shareholder Agent shall not incur any such liability for any act or failure to act made or omitted in good faith or for any action taken or omitted in reliance upon any instrument, including any written statement or affidavit provided for in this Agreement that the Shareholder Agent shall in good faith believe to be genuine, nor will the Shareholder Agent be liable or responsible for forgeries, fraud, impersonations, or determining the scope of any representative authority. In addition, the Shareholder Agent may consult with legal counsel in connection with the Shareholder Agent's duties under this Agreement and shall be fully protected in any act taken, suffered, or permitted by him/her in good faith in accordance with the advice of counsel. The Shareholder Agent is not responsible for determining and verifying the authority of any person acting or purporting to act on behalf of any party to this Agreement.

(b) Any and all losses, claims, damages, liabilities, and expenses, including reasonable costs of investigation, counsel fees, including allocated costs of in-house counsel and disbursements that may be imposed on the Shareholder Agent or incurred by the Shareholder Agent in connection with the performance of its/his/her duties under this Agreement, including but not limited to any litigation arising from this Agreement or involving its subject matter, except in the case of the Shareholder Agent's gross negligence or willful misconduct, shall be borne by the Shareholders pro rata by way of a sale of the Escrow Shares and disbursement of the proceeds from the Escrow Account.

10.3. SUCCESSOR SHAREHOLDER AGENT. In the event the Shareholder Agent becomes unavailable to continue in its capacity herewith, the Shareholder Agent may resign and be discharged from its duties or obligations hereunder by giving the parties to this Agreement written notice 60 days' prior to the date when such resignation shall take effect. After such notice and prior to the date when such resignation shall take effect, the Shareholders shall appoint a successor Shareholder Agent by majority vote of the Escrow Shares.

SECTION 11. RESOLUTION OF CONFLICTS

11.1. In case the Shareholder Agent shall timely object in writing to any claim or claims by a Pubco Indemnified Party made in any Claim Notice, as provided in **Section 5** hereof, the Shareholder Agent and the Indemnified Party shall attempt in good faith for thirty (30) calendar days following delivery of the Certificate of Objections to agree upon the rights of the respective parties with respect to each of such claims. If the Shareholder Agent and the Indemnified Party should so agree, a memorandum setting forth such agreement shall be prepared and signed by both parties and shall be furnished to the Escrow Agent. The Escrow Agent shall be entitled to rely on any such memorandum and shall distribute amounts from the Escrow Fund in accordance with the terms thereof.

11.2. If no such agreement can be reached after good faith negotiation, either the Pubco Indemnified Party or the Shareholder Agent may, by written notice to the other, demand arbitration of the matter unless the amount of the damage or loss is at issue in pending litigation with a third party, in which event arbitration shall not be commenced until such amount is ascertained or both parties agree to arbitration; and in either such event the matter shall be settled by arbitration conducted by a single arbitrator. The arbitrator shall be jointly selected by the Indemnified Party and the Shareholder Agent within fifteen (15) calendar days after such written notice is sent, or absent such agreement, such arbitrator shall be appointed pursuant to the Commercial Arbitration Rules then in effect of the American Arbitration Association. The decision of the arbitrator as to the validity and amount of any claim in such Indemnification Notice shall be binding and conclusive upon the parties to this Agreement and the Escrow Agent shall be entitled to act in accordance with such decision and make or withhold payments out of the Escrow Fund in accordance therewith.

11.3. Any such arbitration shall be held in New York, New York under the Commercial Arbitration Rules then in effect of the American Arbitration Association. For purposes of this **Section 11**, in any arbitration hereunder in which any claim or the amount thereof stated in the Indemnification Notice is at issue, the Pubco Indemnified Party shall be deemed to be the "Non-Prevailing Party" unless the arbitrator awards the Pubco Indemnified Party more than one-half (1/2) of the amount in dispute; otherwise, the Shareholder Agent (on behalf of the Shareholders) shall be deemed to be the Non-Prevailing Party. The Non-Prevailing Party to an arbitration shall pay its own expenses, the fees of the arbitrator, the administrative fee of the American Arbitration Association, and the expenses, including without limitation, attorneys' fees and costs, reasonably incurred by the other party to the arbitration. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction.

SECTION 12. TAX MATTERS

12.1. The parties agree to treat the Escrow Shares in the Escrow Account as owned by the applicable Shareholders in all cases, and to file all tax returns on a basis consistent with such treatment.

12.2. All earnings on the Escrow Shares, if any, shall be treated as having been received by the applicable Shareholders for United States federal income tax purposes whether or not such amounts are currently distributed to the applicable Shareholders. Unless otherwise required by law, the parties agree that, for United States federal income tax purposes, the applicable Shareholders shall report their pro rata shares of any earnings as their income.

12.3. The Escrow Agent annually shall file any applicable information returns with the IRS and provide payee statements to the Shareholders documenting any earnings. The Shareholders shall provide to the Escrow Agent within thirty (30) days after the Closing Date all forms and information necessary to complete such information returns and payee statements (including, without limitation, IRS Forms W-8 or W-9, as applicable). In the event that the Escrow Agent becomes liable for the payment of Taxes relating to Earnings or any payment made hereunder (including, but not limited to, withholding Taxes), the Escrow Agent may deduct such Taxes from the amounts payable to the Shareholders from the Escrow Account, if any, or, to the extent no such amounts are payable to the Shareholders, the Escrow Agent may collect such Taxes directly from the applicable Shareholders. Except as otherwise provided in this Agreement, the Escrow Agent shall have no obligation to prepare or file any other tax returns, nor to pay any taxes or estimated taxes.

SECTION 13. GENERAL

13.1. INSPECTION. The Escrow Shares shall at all times be clearly identified as being held by the Escrow Agent hereunder. Any party hereto may at any time during the Escrow Agent's business hours (with reasonable notice) inspect any records or reports relating to the Escrow Shares.

13.2. CONTROLLING DOCUMENT. To the extent provisions of the Merger Agreement are inconsistent with the provisions contained herewith, the Merger Agreement shall supersede this Agreement and be the controlling document; provided, however, that the provisions of **Section 9** of this Agreement shall control for all purposes with regard to the Escrow Agent's duties.

13.3. OTHER AGREEMENTS. Nothing in this Agreement is intended to limit any of Pubco's or any other Indemnified Party’s rights, or any obligation of the Company or any Shareholder, under the Merger Agreement or under any other agreement entered into in connection with the transactions contemplated by the Merger Agreement.

13.4. NOTICES. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by facsimile) to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto). Such notices shall be deemed delivered hereunder: (a) if delivered by hand or facsimile, when delivered; (b) if delivered by registered mail, three (3) business days after deposit in the United States Mail; or (c) if delivered by courier or express delivery service, one (1) business day following deposit with the courier or delivery service:

if to the Escrow Agent:

Jerold K. Levien, Esq.
81 E. Hamilton Avenue
Englewood, NJ 07631

if to Pubco:

Telecomm Sales Network, Inc.
1900 Wyatt Drive, Suite 15
Santa Clara, CA 94054
Attention: J. Lloyd Breedlove

with a copy to:

Gusrae, Kaplan, Bruno & Nusbaum PLLC
120 Wall Street
New York, NY 10005
Attention: Lawrence Nusbaum

if to the Shareholder Agent:

Daniel Ferguson
17 Bay Tree Lane
Los Altos, CA 94022

with a copy to:

Perkins Coie LLP
101 Jefferson Drive
Menlo Park, CA 94025
Attention: Michael Glazer

13.5. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

13.6. HEADINGS. The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

13.7. GOVERNING LAW; VENUE. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without regard to the conflicts of laws principles thereof. Subject to **Section 11** hereof, the parties hereto hereby irrevocably agree that any suit or proceeding arising directly and/or indirectly pursuant to or under this Agreement, shall be brought solely in a federal or state court located in the City, County and State of New York. By its execution hereof, the parties hereby covenant and irrevocably submit to the *in personam* jurisdiction of the federal and state courts located in the City, County and State of New York and agree that any process in any such action may be served upon any of them personally, or by certified mail or registered mail upon them or their agent, return receipt requested, with the same full force and effect as if personally served upon them in New York City. The parties hereto expressly and irrevocably waive any claim that any such jurisdiction is not a convenient forum for any such suit or proceeding and any defense or lack of *in personam* jurisdiction with respect thereto. In the event of any such action or proceeding, the party prevailing therein shall be entitled to payment from the other party hereto of its reasonable counsel fees and disbursements.

13.8. AMENDMENTS. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of Pubco, the Shareholder Agent and the Escrow Agent.

13.9. SEVERABILITY. In the event that any provision of this Agreement, or the application of any such provision to any Person or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

13.10. ENTIRE AGREEMENT. This Agreement and the Merger Agreement and the other agreements contemplated in the Merger Agreement set forth the entire understanding of the parties relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

13.11. CONSTRUCTION.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(d) Except as otherwise indicated, all references in this Agreement to "Sections" are intended to refer to Sections of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

TELECOMM SALES NETWORK, INC.

By: /s/ J. Lloyd Breedlove

Name: J. Lloyd Breedlove
Title: President

Address: 1900 Wyatt Drive, Suite 15
Santa Clara, CA 94054

ESCROW AGENT

/s/ Jerold K. Levien

Name: Jerold K. Levien

Address: 81 E. Hamilton Avenue
Englewood, NJ 07631

ENVIROSYSTEMS, INC.

By: /s/ Stephen A. Schneider

Name:
Title:

Address:

SHAREHOLDER AGENT

/s/ Daniel Ferguson

Name: Daniel Ferguson
Title:

Address:

As to Sections 6.3 and 6.4 only:

MV NANOTECH CORP.

By: /s/ Robert Hersch

Name: Robert Hersch
Title:

Address:

EXECUTIVE EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT made as of the 10th day of January 2006, by and between **TELECOMM SALES NETWORK, INC.,** a Delaware corporation **(the "Company")** and **J. LLOYD BREEDLOVE**, an individual **(the "Executive")**.

W I T N E S S E T H :

WHEREAS, the Company is engaged in the manufacture and marketing of infection prevention and control products broadly defined; and

WHEREAS, the Company desires to employ the services of a President, Chief Executive Officer and Chairman of the Board pursuant to the terms of a written employment agreement; and

WHEREAS, the Company desires to engage the services of Executive as its President, Chief Executive Officer and Chairman of the Board, and Executive is willing to accept such engagement, all on and subject to the terms and conditions hereinafter set forth,

NOW, THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which are hereby unconditionally acknowledged, the parties hereto do hereby agree as follows:

1. **Employment.** During the Term (hereinafter defined) of this Agreement, the Company hereby employs Executive as its President, Chief Executive Officer and Chairman of the Board, and Executive hereby accepts such employment, upon and subject to the terms and conditions set forth in this Agreement.

2. **Executive's Duties and Responsibilities**.

2.1. Executive will, during the Term of this Agreement, have all of the duties, powers and authority and will perform all services customarily associated with the positions of President and Chief Executive Officer as well as such other duties and services consistent with such position as the Company's Board of Directors may assign to him from time to time during the Term of this Agreement. In such capacity, Executive shall have primary responsibility for the business of the Company. Executive's authority to bind the Company to any commitment or obligation is subject to the applicable provisions of the Company's by-laws, any agreement to which the Company is a party, and any policies or resolutions established or adopted by the Board of Directors during the Term hereof. Executive shall perform such services diligently, in good faith and in a manner consistent with the best interests of the Company. Executive further agrees to use his best efforts at all times during the Term hereof to preserve, protect, enhance, and maintain the trade, business and goodwill of the Company. Executive will devote substantially all of his business time and efforts to the performance of his services under this Agreement during the Term hereof.

2.2. Executive shall perform his services wherever his services are required. The Company acknowledges that Executive resides in Charlotte, North Carolina and will render his services from North Carolina, however, when and to the extent required to perform the services provided for under this Agreement, Executive will travel (at the Company's expense) to such other locations where the Company requires such services. Executive will not be required to relocate his current residence at any time during the Term hereof.

2.3. During the Term of this Agreement, Executive shall provide the Company with notice of all proposed transactions or opportunities that may be brought to his attention or otherwise introduced to him in the infection prevention and control field promptly after the Executive's knowledge or receipt of notice thereof and the Company shall have the exclusive right as between the Company and Executive to take advantage or otherwise act upon any of such proposed transactions or opportunities.

2.4. In the event that, at any time during the Term hereof, the Company decides to obtain key man life insurance on Executive's life, with the Company as the beneficiary thereof, Executive will cooperate with the Company and its insurer in its effort to obtain such insurance.

3. **Term**.

3.1. The term of this Agreement shall commence on the date of closing under that certain Agreement and Plan of Merger dated as of November 11, 2005 by and among the Company, TSN Acquisition Corporation, and EnviroSystems, Inc. **(the "Merger Agreement")** and shall terminate on the third anniversary thereafter **(the "Term")**. In the event that such closing does not occur by December 31, 2005, either party may terminate this Agreement upon ten (10) days notice to the other. This Agreement is subject to earlier termination as provided in Section 3.2 hereof.

3.2. Pursuant to the provisions of Section 3.1 above, the Term of this Agreement shall terminate on the earlier to occur of any of the following events:

(a) The death of Executive;

(b) The Permanent Disability (hereinafter defined) of Executive as provided in Section 6 hereof; or

(c) The failure and/or refusal of Executive to perform his services or comply with his obligations under this Agreement and/or any breach of any of his representations, warranties, obligations or covenants under this Agreement, provided that, with respect to any such failure, refusal or breach which is curable, Executive is given notice thereof by the Company and fails to cure any such breach within thirty (30) days after such notice; or

(d) A final conviction of Executive for a felony or other crime involving embezzlement, fraud or misappropriation of funds, in all of such instances to the extent such crimes involve the Company or its subsidiaries or affiliated companies; or

(e) Upon five (5) days notice from Executive in the event of an assignment for the benefit of the Company's creditors or a final adjudication of bankruptcy, insolvency, receivership, or any such similar action against the Company; or

(f) Upon twelve (12) months notice to Executive by the Company, without any cause whatsoever; or

(g)) The delivery of notice to the Company by Executive of the termination of this Agreement for any breach or default by the Company of any of its representations, warranties, obligations or covenants under this Agreement, provided that, with respect to any such breach or default which is curable, any such breach or default is not cured within thirty (30) days after such notice from Executive.

3.3. In the event of the termination of this Agreement by the Company pursuant to Section 3.2(f) hereof, the Company will pay Executive, in a lump sum on the effective date of any such termination, an amount equal to twelve (12) months of the Base Salary then in effect.

4. **Compensation**. In consideration of the performance of the Executive's services under this Agreement during the Term hereof, the Company shall pay Executive the following compensation:

4.1. The Company will, on the 1st day of the Term hereof, pay to Executive a signing bonus in the amount of Fifty Thousand Dollars ($50,000).

4.2. An annual base salary of Two Hundred Twenty Five Thousand Dollars ($225,000) in the first year of the Term hereof, Two Hundred Fifty Thousand Dollars ($250,000) in the second year of the Term hereof, and Two Hundred Fifty Thousand Dollars ($250,000) in the third year of the Term hereof **(the "Base Salary")**, such salary to be paid to Executive in twelve (12) equal monthly installments (less all applicable withholding and other payroll tax deductions), in advance, on the first day of each month during the Term hereof. The Base Salary for the first and last month of the Term hereof shall be prorated based upon the number of days in each of such months (and such prorated Base Salary for the first month of the Term hereof (less all such deductions) will be paid to Executive upon the first day of the Term of this Agreement).

4.3. The Company shall, in addition to the Base Salary, reimburse Executive for all ordinary and necessary out-of-pocket expenses incurred by him in the performance of his services under this Agreement, subject to and upon receipt by the Company of invoices or other documentation in support thereof. Such expenses for which Executive shall be entitled to reimbursement shall include, but not be limited to, travel, entertainment and lodging expenses.

4.4. In addition to the Base Salary, Executive shall be entitled to participate in all benefit programs of the Company which are in effect during the Term hereof for its executive officers, including, without limitation, any retirement, pension (including 401K plans), profit sharing, insurance, hospitalization, disability or other employee benefit plan of any type (including, without limitation, any incentive, profit sharing, bonus or stock option plan), it being understood that Executive shall have the same rights and privileges to participate in such Company benefit plans as any other officer or executive employee of the Company, except for any perquisites granted pursuant to separate employment agreements between the Company and its officers. Specifically, the Company shall provide Executive, in each year during the Term hereof, with (i) three weeks paid vacation (Executive will use his best efforts to schedule such vacation so as not to interfere with any material activities of the Company), (ii) a $750 per month automobile allowance, which allowance will be paid to Executive on the first day of each month during the Term hereof, (iii) a life insurance policy, the beneficiary of which will be Executive or his designee(s), in the face amount of Two Million Dollars ($2,000,000), (iv) health, accident, disability and dental insurance for Executive, his spouse and dependent children, and (v) stock and stock options as provided for in Section 5 hereof.

5. **Stock and Stock Options.**

5.1. At such time during the Term of this Agreement as the shares of the Company's publicly traded common stock achieve a closing price of $5 or more for thirty (30) consecutive trading days with per day trading volume on each of such days of more than 50,000 shares, the Company will cause Mastodon Ventures, Inc. **("Mastodon")**, or its designee, to transfer to Executive 100,000 unregistered shares of the Company's common stock owned by Mastodon, or such designee. **(the "Shares").**

5.2. Prior to the commencement of the Term of this Agreement, the Company has or will adopt a stock option plan **(the "Plan")** pursuant to which a total of 2,400,000 shares of the Company's common stock is or will be authorized for issuance to executives and employees of the Company at an exercise price of $2.50 per share. As an inducement to Executive entering into this Agreement, the Company will issue to Executive pursuant to the Plan, within ten (10) days after the first day of the Term hereof, a qualified stock option (**the "Option")**, exercisable for a period of five years from the date of issuance, to purchase up to 750,000 shares of the Company's Common Stock (**the "Option Shares")** at an exercise price of $2.50 per share. The Option will provide that Executive's right to acquire the Option Shares shall vest as follows: (i) 250,000 Option Shares on the first day of the Term of this Agreement, (ii) 250,000 Option Shares on the first day of the second year of the Term of this Agreement, and (iii) 250,000 Option Shares on the first day of the third year of the Term of this Agreement. Notwithstanding the foregoing, (x) all of the Option Shares which have not vested will immediately vest upon the death of Executive or upon a **"Change of Control"** (hereinafter defined), and (y) fifty percent (50%) of the Option Shares which have not vested will immediately vest at such time as the Company's gross revenues reach Five Million Dollars ($5,000,000) in any calendar year during the Term of this Agreement and all of the Option Shares which have not vested will immediately vest at such time as the Company's gross revenues reach Ten Million Dollars ($10,000,000 in any calendar year during the Term of this Agreement). For purposes of this Agreement, a "Change of Control" shall occur or be deemed to have occurred at such time as (A) any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the Securities Exchange Act of 1934, as amended) is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing fifty (50%) percent or more of the combined voting power of the Company's outstanding securities, or (B) the Board of Directors of the Company (exclusive of Executive's vote or consent) shall have determined that an event, other than as described in clause (A) of this Section, results in a Change of Control.

5.3. Executive will execute any lock-up agreement with respect to the Shares and/or the Option Shares which is requested by any placement agent or underwriter of the Company's securities, provided that such lock-up agreement is on the same terms and conditions as the lock-up agreement signed by the other officers and directors of the Company at the time and with respect to such request.

6. **Disability**. Notwithstanding anything to the contrary contained in this Agreement, if, during the Term hereof, Executive suffers a Permanent Disability (hereinafter defined), the Company shall continue to pay Executive the Base Salary during the period of such disability, provided, however, that in the event Executive is so disabled for a period of sixty (60) consecutive days or ninety (90) days in any year during the Term hereof **(the "Disability Period")**, the Company may terminate this Agreement at any time after any such Disability Period. The term **"Permanent Disability"** shall mean the inability of Executive to perform a material portion of his services under this Agreement as determined by an independent physician selected by the Company.

7. **Confidentiality and Non-Disclosure Covenant**. During the Term of this Agreement, Executive hereby acknowledges that he will obtain and be entrusted with unpublished and material confidential and proprietary information relating to the Company (for purposes of this Section 7, this shall include the Company and all subsidiaries thereof), such information to include information with respect to the Company's present and proposed business and operations including, without limitation, financial information relating to the Company's present and proposed business and operations, the cost and pricing of the Company's products and services, proposed acquisitions of the Company, product formulations and manufacturing processes and techniques, the terms of all material agreements to which the Company is a party and the sources and terms of the Company's existing or proposed debt or equity financing. All of such information that may be obtained by Executive shall, for purposes hereof, be referred to herein as **"Confidential Information"**. Executive hereby agrees that, unless the Confidential Information becomes publicly known through legitimate origin not involving any improper act or omission of Executive, neither he, nor any entity or person owned or controlled directly or indirectly by him, shall, during the Term of this Agreement or thereafter, use for his own benefit or for the benefit of others for any purpose and in any manner whatsoever, divulge to any person, firm, corporation or other entity or otherwise publish or disclose any Confidential Information (except as necessary in connection with the performance of Executive's services under this Agreement). This Section 7 shall survive the expiration or termination of this Agreement. Notwithstanding the foregoing, Executive shall not be in breach of this covenant with respect to any use or disclosure of any Confidential Information by him which is or becomes available in the public domain or is required as a result of any legal process served upon him in any judicial or administrative proceeding (provided that Executive provides prompt notice of any such process served upon him in order to enable the Company to timely contest the same, at its expense), or was obtained by Executive from a third party without such third party's breach of agreement or obligation of trust.

8. **Non-Competition; Non-Solicitation.**

8.1. Executive acknowledges and recognizes the highly competitive nature of the business and proposed business of the Company and hereby agrees that, during the Term hereof and for a period of one year after the expiration or any earlier termination of the Term of this Agreement (other than any such earlier termination by Executive pursuant to the provisions of Section 3.2(g) hereof) (such period to be referred to hereinafter as the **"Applicable Period"**), he will not, directly or indirectly, on his own behalf or in the service of or on behalf of others, whether as an officer, director, stockholder, partner, trustee, principal, employee, consultant, agent, or owner of any capital stock, partnership interest or other interest in any corporation, partnership or other entity, or in any other capacity, own an interest in, perform any services or conduct any activity for or on behalf of any entity which is engaged in a business that is competitive with that of the Company, **(**such prohibited activities being referred to herein as **a "Precluded Business Activity")**. Executive acknowledges that, due to the nature of the Company's business on all continents, it is essential to provide for as broad a geographical limitation as possible with respect to the aforementioned covenant. Without limiting the generality of the foregoing, it is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8.1 to be reasonable, the Executive agrees that in the event it is finally judicially determined by a court of competent jurisdiction that the specified time period or geographical area or scope of the foregoing restriction is unreasonable, arbitrary, or against public policy, contrary to law, invalid and unenforceable, the remaining provisions of this Agreement (including the remaining provisions of this Section) shall not be rendered void, shall not be affected thereby and shall remain in full force and effect and the provisions hereof which are the subject of any such judicial determination shall be deemed amended to apply to any such lesser time period, geographical area, or scope which is judicially determined or indicated to be reasonable, non-arbitrary and not violative of public policy, not contrary to law, invalid and/or unenforceable and such provisions, as modified, may be enforced by the Company against the Executive in accordance with the terms hereof. Notwithstanding the foregoing, nothing contained in this Section is intended to nor shall preclude the ownership by Executive of not more than five (5%) percent of the outstanding securities of any publicly owned corporation or other entity engaged in a Precluded Business Activity, provided that such ownership is solely for investment purposes and is not coupled with any working relationship between Executive and such corporation or entity.

8.2. Executive will not, at any time during or after the Term hereof, directly or indirectly, (i) solicit the business of any client or customer of the Company for purposes of engaging in activities which are the same or similar to the activities of the Company, or (ii) solicit, interfere with, or endeavor either to cause any employee, agent, consultant, customer or supplier of the Company to leave his or her employment with the Company, or terminate its relationship with the Company, or (iii) induce or attempt to induce any such employee, agent, consultant, customer or supplier to breach any employment agreement or other agreement or arrangement that such employee, agent, consultant, customer, or supplier may have with the Company.

8.3. Executive hereby acknowledges that the provisions of Section 7 and of this Section 8 are necessary for the protection of the Company's business and goodwill and are considered by Executive to be fair and reasonable. Executive further acknowledges that he has fully and carefully reviewed, considered and understands all of the restrictions imposed upon him under Section 7 and this Section 8. Accordingly, Executive hereby acknowledges and agrees that in the event of any actual or threatened breach by him of the provisions of Section 7 and/or this Section 8, there will be no adequate remedy at law for any such breach or threatened breach and that any such breach or threatened breach may cause irreparable harm to the Company and, therefore, Executive hereby consents in any such instance to the granting of injunctive or other equitable relief to the Company, as a non-exclusive remedy, in any court of competent jurisdiction, without the necessity of showing any actual damage or that monetary damages would not provide an adequate remedy at a law or posting a bond therefor.

9. **Representations and Warranties**. The Company and Executive hereby represent and warrant to each other as follows:

9.1. All action on the part of the Company and Executive necessary for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, has been taken and this Agreement constitutes a valid and legally binding obligation of the Company and Executive, as applicable, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws affecting generally the enforcement of creditors' rights and by general principles of equity.

9.2. The authorization, execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, will not result in any violation or be in conflict with or constitute, with or without the passage of time and giving of notice, a breach or default under any provision of any instrument, judgment, order, writ, decree or agreement to which the Company or Executive, as applicable, is a party or by which it or he is bound.

9.3. There is no action, suit, proceeding, or investigation pending, or to the knowledge of the Company or Executive, as applicable, currently threatened against the Company or Executive, as applicable, in any way relating to the validity of this Agreement or the right of the Company or Executive, as applicable, to enter into or to perform under this Agreement or consummate the transactions contemplated hereby.

10. **Indemnification.**

10.1. Executive will be entitled to all of the same rights of indemnification granted by the Company to its officers and directors during the Term hereof (including all indemnification rights pursuant to the Company's Certificate of Incorporation, By-Laws and any professional liability insurance policy obtained and maintained by the Company during the Term hereof).

10.2. The Company shall indemnify and fully defend, save and hold harmless Executive, if Executive shall at any time or from time to time during the Term hereof suffer any damage, liability, loss, cost or expense (including all reasonable attorneys fees and expenses of counsel reasonably satisfactory to the Company) (collectively, the "**Losses"**) arising out of or resulting from:

(a) any untruth or inaccuracy in any representation or warranty of the Company, or the breach of any representation or warranty of the Company, contained in this Agreement; or

(b) any failure of the Company to perform or observe any term, provision, covenant or obligation contained in this Agreement; or

(c) any action or proceeding commenced against Executive by any third party based upon or arising out of the performance of Executive's services under this Agreement to the fullest extent as permitted under applicable law.

10.3. If, with respect to a third party, an event occurs or is alleged to have occurred and Executive asserts that the Company has become obligated to provide indemnification to him under this Section 10 (an "**Indemnity Claim"**), Executive **(the "Indemnitee")** shall give written notice promptly to the Company **(the "Indemnitor")**. The failure to so notify Indemnitor shall not, however, release Indemnitor from any obligation or liability it may have to Indemnitee under this Section unless such failure materially prejudices Indemnitor. Indemnitor agrees to defend, contest or otherwise protect Indemnitee against any Indemnity Claim at Indemnitor's sole cost and expense. Indemnitee shall have the right, but not the obligation, to participate at its own expense in the defense thereof by counsel of Indemnitee's choice and shall in any event cooperate with and assist Indemnitor to the extent reasonably possible. If Indemnitor fails to timely defend, contest or otherwise protect against such Indemnity Claim, Indemnitee shall have the right to do so, including, without limitation, the right to make any compromise or settlement thereof, and the Indemnitee shall be entitled to recover the entire cost thereof from Indemnitor, including, without limitation, reasonable attorneys' fees, disbursements and amounts paid as the result of such Indemnity Claim , and Indemnitor shall be bound by any determination made in such Indemnity Claim or any compromise or settlement effected by the Indemnitee. If Indemnitor assumes the defense of any Indemnity Claim , (a) it will be conclusively established for purposes of this Agreement that the claims made in that Indemnity Claim are within the scope of and subject to indemnification hereunder, (b) no compromise or settlement of such claims may be effected by Indemnitor without Indemnitee's written consent unless (i) there is no finding or admission of any violation of federal, state, local, municipal, foreign, international, multinational or other administrative order, law, ordinance, principal of common law, regulation, statute or treaty or any violation of the rights of any person and no effect on any other claims that may be made against Indemnitee and (ii) the sole relief provided is monetary damages that are paid in full by Indemnitor; and (c) Indemnitee will have no liability with respect to any compromise or settlement of such claims effected without its written consent. Notwithstanding anything to the contrary contained in this Section 10, if Indemnitee settles or compromises any Indemnity Claim without Indemnitor's prior written consent, Indemnitor shall have no obligation for indemnification under this Section 10.

11. **Miscellaneous**.

11.1. This Agreement constitutes the sole and entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, between the parties hereto with respect to the subject matter hereof. This Agreement may not be changed or modified except by an instrument in writing signed by the party to be bound thereby.

11.2. All notices, consents, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and delivered personally, receipt acknowledged, or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the parties hereto as follows (or to such other address and/or to such other persons as either of the parties hereto shall specify by notice given in accordance with this provision):

(a) If to the Company:

Telecom Sales Network, Inc.

516-D River Highway, PMB 297
Mooresville, NC 28117-6830
Attn: Chief Financial Officer

with a copy to:

Gusrae Kaplan Bruno & Nusbaum, PLLC
120 Wall Street, 11th Floor
New York, New York 10005
Attn: Lawrence Nusbaum, Esq.

(b) If to Executive:

J. Lloyd Breedlove
President and CEO
Telecomm Sales Network, Inc.
516-D River Highway, PMB 297
Mooresville, NC 28117-6830

Except as otherwise expressly provided elsewhere in this Agreement, all such notices, consents, requests, demands and other communications shall be deemed given when personally delivered as aforesaid, or, if mailed as aforesaid, on the earlier of (i) the date of receipt or rejection by the addressee, or (ii) the third business day after the date of mailing thereof, except for a notice of a change of address which shall be effective only upon receipt.

11.3. Neither party hereto may assign this Agreement or their respective rights, benefits or obligations hereunder without the written consent of the other party hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, personal representatives, administrators, executors and permitted assigns. Nothing contained herein is intended to confer upon any person or entity, other than the parties hereto, and their respective successors, heirs, personal representatives, administrators, executors or permitted assigns, any rights, benefits, obligations, remedies or liabilities under or by reason of this Agreement.

11.4. No waiver of this Agreement shall be effective unless in writing and signed by the party to be bound thereby. The waiver by either party hereto of a breach of any provision of this Agreement, or of any representation, warranty, or covenant in this Agreement by the other party hereto shall not be construed as a waiver of any subsequent breach or of any other provision, representation, warranty, or covenant of such other party, unless the instrument of waiver expressly so provides.

11.5. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware with respect to contracts made and to be fully performed therein, without regard to the conflicts of laws principles thereof. The parties hereto hereby agree that, in the event of any action or proceeding brought by the Company against Executive to enforce the provisions of this Agreement, such action or proceeding may be brought in a Federal or state court located in the County and State where the main offices of the Company reside. If, however, Executive commences any action or proceeding against the Company to enforce the terms of this Agreement, any such action or proceeding may be commenced in a Federal or state court located in the County and State where the Executive's main residence resides. By their execution hereof, each of the Company and Executive hereby consent and irrevocably submit to the in personam jurisdiction of such Federal and state courts and agree that any process in any such action or proceeding commenced in any such court under this Agreement may be served upon him, or it, as applicable, personally, by certified or registered mail, return receipt requested, or by Federal Express or other courier service, with the same full force and effect as if personally served upon him or it in Delaware. Each of the parties hereto hereby waive any claim that the jurisdiction of any such court is not a convenient forum for any such action or proceeding and any defense of lack of in personam jurisdiction with respect thereto. In the event of any action or proceeding under this Agreement, the party prevailing therein shall be entitled to payment from the other party hereto of all of its costs in connection therewith, including its counsel fees and disbursements.

11.6. The parties hereto hereby agree that, at any time and from time to time during the Term hereof, upon the reasonable request of the other party hereto, they shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required to more effectively consummate this Agreement and the transactions contemplated thereby or to confirm or otherwise effectuate the provisions of this Agreement.

11.7. If any term or provision of this Agreement, or the application thereof to any person or circumstance, is finally determined by a court or to any extent to be illegal, invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held illegal, invalid or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted hereunder and by law.

11.8. The parties to this Agreement hereby acknowledge that they have been represented by separate counsel in connection with the negotiations and execution of this Agreement.

11.9. The Section headings contained in this Agreement are for the purpose of convenience only and are not intended to define or limit the contents of said Sections.

11.10. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the year and date first above written.

WITNESS:

TELECOM SALES NETWORK, INC.

By: /s/ Steven Hoelscher

Steven Hoelscher, Director
Print Name and Title

Print Name

WITNESS:

/s/ J. Lloyd Breedlov

J. Lloyd Breedlov

Print Name

EXHIBIT 99.1

ENVIROSYSTEMS, INC.

FINANCIAL STATEMENTS

MARCH 31, 2005

ENVIROSYSTEMS, INC.

MARCH 31, 2005

I N D E X

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Envirosystems, Inc.

We have audited the accompanying balance sheets of Envirosystems, Inc. as at March 31, 2005 and 2004 and the related statements of operations, stockholders' equity (deficiency) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (Unites States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Envirosystems, Inc. as at March 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As disclosed in Note 1 to the financial statements, the Company has incurred losses since inception and has working capital deficiencies. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

s/s Winick Sanders Leventhal & Co., LLP
New York, New York
April 24, 2005 (except for Note 12, as to which
The date is April 29, 2005

ENVIROSYSTEMS, INC.

BALANCE SHEET

ASSETS

	March 31, 2005	March 31, 2004
Current assets:		
Cash and equivalents	$ 32,985	$ 59,522
Accounts receivable, net of allowances	64,589	33,865
Inventories	292,232	425,879
Prepaid expenses and other current assets	29,255	14,496
Total current assets	419,061	533,762
Property and equipment, at cost		
Machinery and equipment	44,357	44,357
Office and laboratory equipment	155,593	160,694
Capitalized software	131,843	131,843
	331,793	336,894
Less: accumulated depreciation	(202,786)	(149,983)
Property and equipment, net	129,007	186,911
Other assets:		
Product development, less accumulated amortization of $143,898 and $103,740 in 2005 and 2004, respectively	659,254	699,412
Trade secrets	1,400,000	1,400,000
Deposits	2,658	22,506
Total other assets	2,061,912	2,121,918
Total assets	$ 2,609,980	$ 2,842,591

ENVIROSYSTEMS, INC.

BALANCE SHEET (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

	March 31, 2005	March 31, 2004
Current liabilities:		
Notes payable	$ 1,160,000	$ 260,000
Non-convertible debt	380,399	380,399
Capitalized lease obligations	–	647
Accounts payable	494,188	361,296
Accrued expenses	650,598	102,494
Due to officers	68,389	74,047
Total current liabilities	2,753,574	1,178,883
Convertible debt	61,510	59,260
Stockholders' equity (deficiency):		
Preferred stock - $.50 par value; Authorized - 4,000,000 shares Issued - 2,544,972 shares and 2,442,624 shares at March 31, 2005 and 2004, respectively	1,272,486	1,221,312
Common stock - $.50 par value; Authorized - 8,000,000 shares Issued - 3,421,784 shares and 3,411,780 shares at March 31, 2005 and 2004, respectively	1,710,892	1,705,890
Additional paid-in capital, including warrants of $8,313 and $3,813 at March 31, 2005 and 2004, respectively	11,333,904	10,794,645
Treasury stock - at cost		
Preferred - 20,500 shares and 16,000 shares at March 31, 2005 and 2004, respectively	(60,500)	(38,000)
Common - 2,400,000 shares at March 31, 2005 and 2004, respectively	(10,000)	(10,000)
Deficit	(14,451,886)	(12,069,399)
Total stockholders' equity (deficiency)	(205,104)	1,604,448
Total liabilities and stockholders' equity (deficiency)	$ 2,609,980	$ 2,842,591

ENVIROSYSTEMS, INC.

STATEMENTS OF OPERATIONS

	For the Years Ended March 31,	
	2005	2004
Revenues - net	$ 670,214	$ 592,058
Cost of goods sold	661,133	462,570
Gross profit	9,081	129,488
Operating costs:		
Professional services	–	142,245
Marketing	129,006	552,514
Sales	354,453	716,986
Product development	260,091	367,439
Corporate and business development	1,062,655	859,812
Finance and administration	503,153	530,066
Total operating costs	2,309,358	3,169,062
Loss from operations	(2,300,277)	(3,039,574)
Other:		
Interest income	174	1,135
Loss on disposition of assets	(3,846)	(15,000)
Interest expense	(77,738)	(232,137)
Total other	(81,410)	(246,002)
Loss before income taxes	(2,381,687)	(3,285,576)
California franchise tax	800	800
Net loss	($2,382,487)	($3,286,376)
Loss per share - basic and diluted	($0.65)	($1.24)
Weighted average number of shares outstanding - basic	3,645,792	2,648,522
Weighted average number of shares outstanding - diluted	3,645,792	2,648,522

ENVIROSYSTEMS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THEYEARS ENDED MARCH 31, 2005

	Preferred Stock		Common Stock		Additional Paid-in		Treasury Stock		Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Preferred	Common	Equity
Balance - March 31, 2003	1,363,533	$ 681,767	3,386,400	$ 1,693,199	$ 5,866,074	($ 8,783,023)	($38,000)	($10,000)	($ 589,983)
Preferred stock:									
Issued for cash	292,000	146,000	–	–	1,314,000	–	–	–	1,460,000
Issued for services	20,635	10,317	–	–	92,853	–	–	–	103,170
Debt conversion	766,456	383,228	–	–	3,449,052	–	–	–	3,832,280
Common stock:									
Issued for cash	–	–	25,250	12,626	47,875	–	–	–	60,501
Issued for services	–	–	130	65	269	–	–	–	334
Warrants purchased:									
Preferred shares	–	–	–	–	1,200	–	–	–	1,200
Compensatory element of stock options, net of tax	–	–	–	–	23,322	–	–	–	23,322
Net income (loss)	–	–	–	–	–	(3,286,376)	–	–	(3,286,376)
Balance - March 31, 2004	2,442,624	$ 1,221,312	3,411,780	$ 1,705,890	$ 10,794,645	($12,069,399)	($38,000)	($10,000)	$ 1,604,448
Balance - March 31, 2004	2,442,624	$ 1,221,312	3,411,780	$ 1,705,890	$ 10,794,645	($12,069,399)	($38,000)	($10,000)	$ 1,604,448
Preferred stock:									
Issued for cash	101,000	50,500	–	–	454,500	–	–	–	505,000
Issued for services	1,348	674	–	–	6,066	–	–	–	6,740
Purchased	–	–	–	–	–	–	(22,500)	–	(22,500)
Common stock:									
Issued for cash	–	–	10,004	5,002	8	–	–	–	5,010
Warrants purchased:									
Preferred shares	–	–	–	–	4,500	–	–	–	4,500
Compensatory element of stock options, net of tax	–	–	–	–	74,185	–	–	–	74,185
Net income (loss)	–	–	–	–	–	(2,382,487)	–	–	(2,382,487)
Balance - March 31, 2005	2,544,972	$ 1,272,486	3,421,784	$ 1,710,892	$ 11,333,904	($14,451,886)	($60,500)	($10,000)	($ 205,104)

ENVIROSYSTEMS, INC.

STATEMENTS OF CASH FLOWS

	For the Years Ended March 31,	
	2005	2004
Cash flows from operating activities:		
Net loss	($2,382,487)	($3,286,376)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock issued for services rendered	6,740	103,490
Compensatory element of stock options	74,185	23,322
Depreciation and amortization	96,875	99,462
Deposits	19,848	18,235
Accounts receivable	(30,724)	(17,297)
Inventories	133,647	(281,023)
Prepaid expenses and other current assets	(14,759)	15,096
Accounts payable	132,892	105,229
Accrued expenses	548,104	101,760
Total adjustments	966,808	168,274
Net cash used in operating activities	(1,415,679)	(3,118,102)
Cash flows used in investing activities:		
Net property sales	4,770	–
Property and equipment purchased	–	(13,208)
Net cash provided by (used in) investing activities	4,770	(13,208)
Cash flows from financing activities:		
Increase (decrease) in due to officers	(7,638)	74,047
Issuance of preferred and common stock for cash and notes	510,010	5,352,781
Issuance of preferred stock warrants	4,500	1,200
Increase in notes payable	900,000	–
Debt payments and conversions to preferred stock	–	(2,247,375)
Purchase of treasury stock	(22,500)	–
Net cash provided by financing activities	1,384,372	3,180,653
Net increase (decrease) in cash and cash equivalents	(26,537)	49,343
Cash and equivalents - beginning of year	59,522	10,179
Cash and equivalents - end of year	$ 32,985	$ 59,522

ENVIROSYSTEMS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

Note1 - ORGANIZATION OF BUSINESS.

(a) Organization and Presentation of Financial Statements:

Envirosystems, Inc. was incorporated in the State of Nevada in April, 1996. The Company conducts its operations from its headquarters in Santa Clara, California. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has deficits of $14,451,886 and $12,069,399 and working capital deficiencies of $2,334,513 and $645,121 at March 31, 2005 and 2004, respectively. In addition, the Company has a stockholders' deficiency of $205,104 at March 31, 2005. The financial statements do not contain any adjustments that might result from the outcome of these uncertainties. Managements' efforts have been directed toward the development, licensing and implementation of a plan to generate sufficient revenues in the infection control products business to cover all of its present and future costs and expenses. In addition, the Company plans to obtain sufficient capital investment and other financing for current and future working capital purposes to enable it to expand its product lines and to increase its product sales in its target markets.

(b) Principal Business Activities:

The Company provides infection control products on an international basis through both direct sales and channels of distribution. While the Company's current focus is on the health care market, products are also sold to transportation, military and industrial/institutional markets. Company products are manufactured utilizing nano-emulsion technology, which makes the products effective against a broad spectrum of harmful organisms while being safe to people, equipment and habitat.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) Basis of Presentation:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In the Opinion of management, the financial statements contain all adjustments (consisting only of normal accruals) necessary to present fairly the financial position of the Company as at March 31, 2005 and 2004 and the results of operations, changes in stockholders' equity (deficiency) and cash flows for the years then ended.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(b) Revenue Recognition:

The Company recognizes revenues and related costs when the Company's goods are shipped to its customers. Provisions for returns and allowances are recognized in the period the related sales occur.

(c) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates which are based on reasonable assumptions are used for, but not necessarily limited to, allowances for doubtful accounts and sales returns, accrued employee benefits, inventory provisions and the original trade secret valuation. Estimates and assumptions are reviewed periodically and the effects of the revisions are reflected in the financial statements. Changes from those estimates may affect amounts reported in the future.

(d) Concentration of Risks:

Financial instruments that potentially subject the Company to concentrations of risks are principally cash and cash equivalents which often exceed the federal depository insurance limit. The Company places its cash and cash equivalents with high quality financial institutions and believes it is not exposed to any significant credit risk. Substantially all of the Company's products were sold to thirteen and eleven customers during the years ended March 31, 2005 and 2004, respectively. The Company currently subcontracts substantially all of its manufacturing processes to one major vendor.

(e) Non-Monetary Transactions:

The accounting for non-monetary transactions is based on the fair value of the services involved. Non-monetary transactions as recorded by the Company have been limited to the exchange of services rendered to the Company and the conversion of debt in exchange for the Company's preferred convertible stock at $5.00 per share and to the initial trade secret valuation.

(f) Accounts Receivable:

Accounts receivable arise from sales of the Company's products. Accounts receivable are periodically reviewed for collectibility and controlled through credit review and approvals, credit limits, days outstanding and monitoring. All overseas customers are required to wire transfer funds prior to shipment. Allowance for doubtful accounts amounted to $9,550 and $585 at March 31, 2005 and 2004, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(g) Inventories:

Inventories are stated at the lower of cost or market (first-in, first-out basis) and include purchased raw materials, work-in-process and finished goods.

(h) Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. When property assets are sold or retired, the cost and related accumulated depreciation is eliminated from the accounts, and any resulting gain or loss is reflected in operations for the period. The costs of maintenance and repairs are charged to expense as incurred. Significant renewals and replacements which substantially extend the lives of the related assets are capitalized. Depreciation is provided on the straight line method over the estimated useful lives of the related assets ranging from 3 to 7 years. Depreciation expense charged to operations was $56,717 and $59,304 for the years ended March 31, 2005 and 2004, respectively.

(i) Trade Secret:

The trade secret of the formula/formulation at the time acquired by the Company in 1996 was based upon the valuation of the development costs and other related charges and was acquired in exchange for a portion of founder shares of the Company's common stock.

(j) Product Development:

In accordance with Statement of Financial Accounting Standards No.2 *Accounting for Research and Development Costs* the Company has capitalized direct expenses incurred in the development of product. These costs relate to development activities which are applicable to future products which have yet to be commercialized. In accordance with Financial Accounting Standards No. 142 *Goodwill and Other Intangible Assets* the product development costs are amortized over a 20 year life through August 2021. Amortization expense was $40,158 for the years ending March 31, 2005 and 2004, respectively.

(k) Impairment of Long Lived Assts:

The Company assesses potential impairment of its long-lived assets, which include its property and equipment and its identifiable intangibles such as its trade secrets and product development costs under the guidance of Statement of Financial Standards No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets*. Once annually, or as events or circumstances indicate that an asset may be impaired, the Company assesses potential impairment of its long lived assets. The Company determines impairment by measuring the undiscounted future cash flows generated by the assets, comparing the result to the assets' carrying value and adjusting the assets to the lower of their carrying value to fair value and charging current operations for any measured impairment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(l) Earnings Per Share:

The Company has adopted Statement of Financial Accounting Standards No. 128 *Earnings Per Share*, which modified the calculation of earnings per share ("EPS"). This statement replaced the previous presentation of primary and fully diluted EPS to basic and diluted EPS. Basic EPS is computed by dividing income available to stockholders by the weighted average number of shares outstanding for the period. Diluted EPS includes the dilution of stock equivalents, and is computed similarly to fully diluted EPS pursuant to Accounting Principles Board (APB) Opinion 15.

(m) Stock Based Compensation:

The Company applies Accounting Principles Board Opinion No. 25 *Accounting for Stock Issued to Employees* ("APB 25") and related interpretations in accounting for its stock-based compensation plans. Under APB 25, compensation expense for stock option and award plans is recognized as the difference between the fair values of the stock at the date of grant less the amount, if any, the employee or director is required to pay. Certain operating officers have been issued shares of the Company's stock as part of their compensation under employment agreements. This compensation is earned by the officers and charged to operations over the term of the agreements. Certain non-employees have been awarded stock and options to purchase stock in lieu of compensation. The intrinsic values of the stock and options at the time of grant have been charged to operations.

(n) Income Taxes:

Deferred tax assets and liabilities are determined using enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. The Company records a valuation allowance on deferred tax assets to reflect the expected future tax benefits to be realized. In determining the appropriate valuation allowance, certain judgments are made relating to recoverability of deferred tax assets, uses of tax loss carryforwards, level of expected taxable income and available tax planning strategies. These judgments are routinely reviewed by management.

(o) Comprehensive Income:

The Company has adopted Statement of Financial Accounting Standards No. 130, *Reporting Comprehensive Income.* SFAS 130 establishes rules for the reporting and display of comprehensive income and its components; however the adoption of this statement had no impact on the Company's net income or stockholders' equity (deficiency). SFAS 130 requires unrealized gains or losses and foreign currency translation adjustments, if any, which, prior to the adoption were reported separately in stockholders' equity, to be included in other comprehensive income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(p) Contingent Liability Policy:

In accordance with Statement of Financial Accounting Standards Interpretation ("FIN") 14, the Company may have certain contingent liabilities with respect to material existing or potential claims, lawsuits and other proceedings. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be measured.

(q) Recently Issued Accounting Pronouncements:

In December 2004 the Financial Accounting Standards Board ("FASB") revised Statement of Financial Accounting Standards ("SFAS") No. 123, *Share-Based Payment* that will require the Company to expense costs related to share-based payment transactions with employees. With limited exceptions, SFAS No. 123 (R) requires that the fair value of share-based payments to employees be expensed over the period service is received, normally over the award's vesting period. SFAS 123 (R) becomes mandatorily effective for the Company on December 15, 2005. The Company intends to adopt this standard using the modified method of transition. This method requires that issued financial statements be restated on amounts previously calculated and reported in the pro forma footnote disclosures required by SFAS No. 123.

In December 2004 The FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No.29,* effective for nonmonetary asset exchanges occurring in the fiscal year beginning April 1, 2006. SFAS No 153 requires that exchanges of productive assets be accounted for at fair value unless fair value cannot be reasonably determined or the transaction lacks commercial substance. SFAS No. 153 is not expected to have a material impact on the Company's financial statements.

In November 2004 The FASB issued SFAS No. 151, *Inventory Costs, an Amendment of ARB No. 43, Chapter 4*. SFAS No. 151 requires certain abnormal expenditures to be recognized as expenses in the current period. It also requires that the amount of fixed production overhead allocated to inventory be based on the normal capacity of the production facilities. The standard is effective for the fiscal year beginning April 1, 2006. It is not expected that SFAS No. 151 will have a material effect on the Company's financial statements.

In May 2003 the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. It establishes classification and measurement standards for certain freestanding financial instruments that have characteristics of both liabilities and equity. Instruments within the scope of SFAS No. 150 must be classified as liabilities and be reported at settlement date value. In addition, certain provisions of FASB No. 150 were deferred by FSP No. SFAS 150-3 for certain minority interests in consolidated finite-lived entities. The adoption of SFAS No. 150, as modified by FSP No. SFAS 150-3, did not have a material effect on the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(r) Advertising Costs:

The Company incurred $59,229 and $285,878 in advertising and promotional expenses for the years ended March 31, 2005 and 2004, respectively. These costs are expensed as incurred.

(s) Shipping Costs:

Shipping costs billed to the Company's customers are included in revenues while shipping costs incurred are charged to operations.

NOTE 3 - INVENTORIES.

Inventories consist of the following:

	March 31,	
	2005	2004
Raw materials	$ 249,776	$ 320,709
Work-in-process	9,723	32,308
Finished goods	32,733	72,862
Total	$ 292,232	$ 425,879

NOTE 4 ACCRUED EXPENSES.

The elements of accrued expenses are as follows:

	March 31,	
	2005	2004
Severance payable to former CEO	$ 412,500	$ –
Customer advances	89,170	–
Accrued vacation pay	61,512	54,364
Interest	83,691	31,652
Other	3,725	16,478
Total	$ 650,598	$ 102,494

The severance payable to the Company's former CEO represents amounts due under her employment contract through termination. In addition, accrual vacation pay includes $43,806 due the former CEO and the Company's CFO.

NOTE 5 - NOTES PAYABLE.

(a) Convertible Notes:

From February 22, 2001 through June 23, 2003 the Company sold a series of ten 6% secured convertible preferred notes to an entity (?) totaling $5,980,000 plus warrants for $3,480 to purchase 52,200 shares of the Company's preferred stock. The entity converted these notes (plus accrued interest of $325,585) on July 31, 2001, August 8, 2002 and March 11, 2004 into 1,261,117 shares of preferred stock at $5.00 per share. As of March 31, 2005 the preferred stock warrants remain unexercised

On March 27, 2000 the Company sold four $62,500 6% convertible notes for $250,000. On March 15, 2002 these notes were converted into 100,000 shares of the Company's common stock at $2.50 per share.

From December 29, 1999 through March 9, 2005 the Company sold six convertible preferred notes (with interest payable at rates ranging from 3.15% to 12%) totaling $910,000. These notes are convertible into 212,000 shares preferred stock ($5.00 per share)

On March 31, 2004 and May 21, 2004, respectively, the Company sold four $15,000 and four $10,000 6% convertible notes. These notes are convertible into 40,000 shares of the Company's common stock ($2.50 per share).

On March 9, 2005 the Company sold one $150,000 9% convertible preferred note plus warrants for $4,500 to purchase 81,000 shares of preferred stock ($5.00 per share).

A summary of these notes is as follows:

	March 31,	
	2005	2004
3.15% - 12% convertible secured preferred convertible preferred notes with 212,000 preferred convertible cashless warrants	$ 910,000	$ 200,000
9% secured convertible preferred notes with 81,000 warrants	150,000	–
6% convertible notes with 40,000 and 24,000 common warrants, respectively	100,000	60,000
Total	$ 1,160,000	$ 260,000

Accrued interest on these notes was $43,193 and $7,891 at March 31, 2005 and 2004, respectively.

NOTE 5 - NOTES PAYABLE. (Continued)

(b) Other:

On August 25, 1999 the Company issued an unsecured 5% $45,000 note to a former director in exchange for services rendered by him as a director through June 30, 1999. The note is subordinated to all non-officer or director debt issued subsequent to the issuance date of this note. Repayment of this note cannot exceed 10% of retained earnings which, since issuance date, has been negative. Accordingly, this note is classified as long term debt in the financial statements. Accrued interest on this note was $16,510 and $14,260 at March 31, 2005 and 2004, respectively.

On July 20, 2001 the Company issued two unsecured 5% notes totaling $380,399 to its current CFO and former CEO, respectively, for unpaid salaries incurred through that date. The notes and applicable accrued interest incurred since December 31, 2002 are in arrears. The unpaid interest on these notes was $43,169 and $23,762 at March 31, 2005 and 2004, respectively.

NOTE 6 - DUE TO OFFICERS.

The amounts due to officers represent unpaid current payroll due them which is expected to be paid within the current year.

NOTE 7 - INCOME TAXES.

At March 31, 2005 the Company has net operating loss carryforwards amounting to approximately $14.3 million through March 31, 2005 available to reduce future taxable income expiring through the year 2017. Management is unable to determine if the utilization of the future tax benefit is more likely than not and, accordingly, the tax asset of approximately $4,862,000 has been fully reserved.

A reconciliation of the statutory income tax effective rate to actual provision shown in the financial statements is as follows:

	2005		2004	
Loss before income taxes	($2,382,487)		($3,286,376)	
Computed tax benefit at statutory rate	(810,046)	(34.0%)	(1,117,368)	(34.0%)
Net operating loss valuation reserve	810,046	34.0%	1,117,368	34.0%
Total tax benefit	$ –	–%	$ –	–%

NOTE 8 - CAPITAL STOCK.

The Company has 8,000,000 shares of $.50 par value common stock and 4,000,000 shares of $.50 par value Class A preferred stock at March 31, 2005. In April 2005, the State of Nevada approved a recapitalization resulting in 25,000,000 common and 10,000,000 preferred shares authorized. The Company has, since inception issued its common and Series A preferred stock for cash and services rendered. In addition, the Company has issued its preferred stock upon exercise of conversion features inherent in its issues of convertible debt. Each share of each classification of stock has equal voting rights. The Series A preferred stock has preferential rights to Company assets, contains a liquidation preference of $10 per share and is convertible into one share of common stock.

On May 23, 1996 the Company issued 3,200,000 shares of its common stock to two founders in exchange for its trade secret and certain furniture and equipment. The deemed fair value of the transaction was $1,456,000, or $1,400,000 for the trade secret and $56,000 for the furniture and equipment. On June 4, 1999 the Company purchased 2,400,000 shares of common stock from one founder for a $10,000 forgiveness of debt and the right to distribute Company products in Mexico on a non-exclusive basis, such right having expired in calendar 2000.

On January 31, 2001 the Company issued 22,500 shares of its common stock upon conversion of a $45,000 note. On March 15, 2002 the Company issued 200,000 shares of its common stock upon conversion of four $62,500 notes. On July 31, 2001 the Company issued 225,533 of its Series A preferred stock upon a note and accrued interest conversion totaling $1,127,665. On August 8, 2002 the Company issued 289,728 of its Series A preferred stock upon conversion of two notes and accrued interest totaling $1,448,640. In February 2004, the Company issued 20,600 shares of its Series A preferred stock upon conversion of one note plus accrued interest totaling $103,000. On March 11, 2004, the Company issued 745,856 shares of its Series A preferred stock upon conversion of seven notes and accrued interest totaling $3,729,280.

NOTE 9 - SHARE BASED COMPENSATION AND OTHER BENEFIT PLANS.

In 2002 the Board of Directors and Shareholders approved a qualified Incentive Stock Option Plan which provides for the granting of 1,000,000 shares of common stock in the form of stock options for directors, officers, employees, consultants and other independent contractors. Options are to be granted at an exercise price not less than 100% of the fair value of the Company's common stock at date of grant. The number of shares granted, terms of exercise and expiration dates are to be decided at the date of grant of each option by the Company's Board of Directors. The Company recognized $74,185 and $23,322 in expense, net of tax, for the years ended March 31, 2005 and 2004, respectively, for options granted to non employees and non employee directors. The fair value of each option grant was estimated on the date of grant using the Black-Sholes option-pricing model with weighted average assumptions identical to those used for options granted to employees, using a risk-free interest rate of 6%, a 0% dividend rate and a volatility of 100%.

NOTE 9 - SHARE BASED COMPENSATION AND OTHER BENEFIT PLANS. (Continued)

The Company has issued warrants for its common and Series A preferred stock in association with debt financing, services performed and certain employment agreements. All warrants are exercisable at a per share price determined by the Board of Directors to be equal to the fair market value of the underlying stock at time of issuance of the warrants.

SFAS No. 123 No. Accounting for Stock-based Compensation defines a fair value method of accounting for an employee stock option. SFAS No. 123 allows a company to continue to measure compensation for these plans using APB No. 25 and related interpretations. The Company has elected to use APB No. 25 for accounting for its employee stock option plan for the years ended March 31, 2005 and 2004. Accordingly, no compensation cost has been recognized for its options issued to employees. If the Company had determined compensation cost for its stock options issued to employees based on the fair value at the grant dates for awards under the plan, consistent with the method prescribed by SFAS 123, the Company's net loss would have been increased to the pro forma amounts as follows:

	For the Years Ended March 31,	
	2005	2004
Net loss as reported	($2,382,487)	($3,286,376)
Net loss pro forma	(2,456,757)	(3,351,395)
Shares - basic	3,645,792	2,648,522
Basic loss per share as reported	($ 0.65)	($ 1.24)
Basic loss per share pro forma	($ 0.67)	($ 1.27)

In December 2004 the FASB issued Statement No. 123(R) *Share-Based Payment*, to be effective for interim or annual periods beginning after December 15, 2005, thereby becoming effective for the Company in the first quarter of fiscal 2006. Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized as an operating expense in the statement of operations. The cost is recognized over the requisite service period based on fair values measured on grant dates. The new standard may be adopted using either the modified prospective transition method or the modified retrospective method. The Company is currently evaluating its share-based employee compensation programs, the potential impact of this statement on the financial position and results of operations, and the alternative adoption methods.

Presented below is a summary of the status of the stock options in the plan and the related transactions for the years ended March 31, 2005 and 2004:

NOTE 9 - SHARE BASED COMPENSATION AND OTHER BENEFIT PLANS. (Continued)

	2005		2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding at beginning of year	1,614,576	$ 2.35	1,646,444	$ 2.35
Granted	55,733	$ 2.85	223,541	$ 2.50
Cancelled/surrendered/exercised/forfeited	(270,900)	$ 2.50	(255,409)	$ 2.50
Options outstanding at end of year	1,399,409	$ 2.34	1,614,576	$ 2.35

The weighted average fair value of stock options at date of grant, calculated using the Black-Sholes option-pricing model, granted during the years ended March 31, 2005 and 2004 was $2.22 and $2.63, respectively. The assumptions used under this model were: 100% volatility, 6% risk free interest rate and 0% dividend rate.

NOTE 10 - EARNINGS PER SHARE.

The computation of earnings per share for the years ended March 31, 2005 and 2004 are as follows:

	For the Years Ended March 31,	
	2005	2004
Numerator:		
Net loss applicable to stock	($2,382,487)	($3,286,376)
Denominator:		
Average outstanding shares used in the computation of per share earnings:		
Stock issued - basic shares	3,645,792	2,648,522
Options outstanding	1,569,039	1,600,679
Diluted shares	5,214,831	4,249,201
Loss per share:		
Basic and diluted	($0.65)	($1.24)

The basic calculation of earnings per share is used since the computation using diluted shares would be anti-dilutive.

NOTE 11 - COMMITMENTS AND CONTINGENCIES.

(a) Leases:

The Company currently occupies its premises for its general offices, warehouse and laboratory in Santa Clara, California under two operating leases for a total of $8,280 per month plus certain related costs. One lease, for $2,070 per month expires June 30, 2005 and the second lease, for $6,210 per month expires October 31, 2005. Rent expense under these various leases was $139,308 and $223,875 for the years ended March 31, 2005 and 2004, respectively.

The Company leased equipment under a capital lease which expired in July 2005. In addition, the Company leases certain office equipment under two leases for approximately $350 per month.

(b) Litigation:

The Company from time to time is involved in litigation in the normal course of business. The company does not believe the outcome of any current litigation to be material to its financial condition or results of operations.

NOTE 12 - SUBSEQUENT EVENT.

On April 29, 2005, the Company filed amended Articles of Incorporation with the State of Nevada for the purpose of increasing the authorized number of shares of stock the Company could issue. Based on the amendment, the Company is now authorized to issue up 25,000,000 shares of its common stock and up to 10,000,000 shares of its preferred stock.

Envirosystems, Inc.
Comparative Financial Statements

BALANCE SHEET

ASSETS	9/30/2005
Current Assets	
Cash and Equivalents	$ 50,598
Accounts Receivable, Net of Allowances	36,280
Inventories	242,609
Prepaid Expenses and other current assets	12,030
Total Current Assets	341,517
Property and Equipment, at Cost	
Machinery and Equipment	44,357
Office and Laboratory Equipment	155,593
Capitalized Software	131,843
	331,793
Less Accumulated Depreciation	(229,568)
Property and Equipment, Net	102,225
Other Assets	
Product Development, Less accumulated amortization of $163,976 September 30, $153,937 June 30 and $143,898 March 31, 2005 respectively	639,176
Trade Secrets	1,400,000
Deposits	10,976
Total Other Assets	2,050,152
Total Assets	$ 2,493,894
LIABILITIES and SHAREHOLDERS' EQUITY (DEFICIENCY)	
Current Liabilities	
Notes Payable	1,620,000
Non-Convertible Debt	380,399
Accounts Payable	546,479
Accrued Expenses	303,797
Due to Officers	0
Total Current Liabilities	2,850,675
Convertible Debt	62,638
Shareholders' Equity (Deficiency)	
Preferred Stock - $.50 par value Authorized - 10,000,000 shares; 2,544,972 issued and outstanding	1,272,486
Common Stock - $.50 par value Authorized - 25,000,000 shares; 3,421,784 issued and outstanding	1,710,892
Additional Paid-in Capital, including warrants of $8,313	11,333,904
Treasury Stock at Cost	
Preferred - 20,500 shares	(60,500)
Common - 2,400,000 shares	(10,000)
Deficit	(14,666,201)
Total Shareholders' Equity (Deficiency)	(419,419)
Total Liabilities and Shareholders' Equity	$ 2,493,894

The accompanying notes are an integral part of these financial statements

Envirosystems, Inc.
Comparative Financial Statements

STATEMENTS OF OPERATIONS

	Six Months Ended	
	Sep 30, 2005	Sep 30, 2004
Revenues - Net	$ 221,251	$ 365,079
Cost of Goods Sold	211,593	359,366
Gross Profit (Loss)	9,658	5,713
Operating Costs:		
Marketing	5,706	107,547
Sales	71,469	205,092
Product Development	47,180	177,000
Corporate and Business Development	(93,082)	352,336
Finance and Administration	128,939	248,233
Total Operating Costs	160,212	1,090,208
Profit (Loss) from Operations	(150,554)	(1,084,495)
Other:		
Interest Income	426	168
Loss on Disposition of Assets	0	0
Interest Expense	(63,387)	(34,255)
Total Other	(62,961)	(34,087)
California Franchise Tax	800	800
Net Profit (Loss)	($214,315)	($1,119,382)
Profit (Loss) per share - Basic	($0.06)	($0.31)
Profit (Loss) per share - Diluted	($0.06)	($0.31)
Weighted average number of shares outstanding		
Basic	3,690,151	3,624,615
Diluted	3,690,151	3,624,615

The accompanying notes are an integral part of these financial statements

Envirosystems, Inc.
Comparative Financial Statements

STATEMENTS OF CASH FLOWS

	Six Months Ended	
	Sep 30, 2005	Sep 30, 2004
Cash Flows from Operating Activities:		
Net Profit (Loss)	($214,315)	($1,119,382)
Adjustments to reconcile net loss to net cash		
provided by (used in) operating activities:		
Depreciation and Amortization	46,860	49,106
Deposits	(8,318)	(375)
Accounts Receivable	28,309	(36,437)
Inventories	49,623	55,062
Prepaid Expenses & other Current Assets	17,225	(6,676)
Accounts Payable	52,291	(18,208)
Accrued Expenses	(346,801)	22,869
Total Adjustments	(160,811)	65,341
Net cash used in operating activities	(375,126)	(1,054,041)
Cash Flows used in investing activities:		
Net Property Sales	0	(2,659)
Cash Flows from financing activities:		
Increase (decrease) in due to officers	(68,389)	(25,866)
Issuance of preferred and common stock	0	510,124
Issuance of preferred stock warrants	0	(18,450)
Increase in Notes Payable	461,128	606,554
Net Cash provided by financing activities	392,739	1,072,362
Net increase (decrease) in cash and cash equivalents	17,613	15,662
Cash and Equivalents - beginning of period	32,985	59,522
Cash and Equivalents - end of period	$ 50,598	$ 75,184

The accompanying notes are an integral part of these financial statements

NOTES TO INTERIM, UNAUDITED
FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

Note1 - ORGANIZATION OF BUSINESS.

(a) Organization and Presentation of Financial Statements:

Envirosystems, Inc. was incorporated in the State of Nevada in April, 1996. The Company conducts its operations from its headquarters in Santa Clara, California. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has a deficit of $14,666,201 and a working capital deficiency of $2,509,148 at September 30, 2005. In addition, the Company has a stockholders' deficiency of $419,419 at September 30, 2005. The financial statements do not contain any adjustments that might result from the outcome of these uncertainties. Managements' efforts have been directed toward the development, licensing and implementation of a plan to generate sufficient revenues in the infection control products business to cover all of its present and future costs and expenses. In addition, the Company plans to obtain sufficient capital investment and other financing for current and future working capital purposes to enable it to expand its product lines and to increase its product sales in its target markets.

(b) Principal Business Activities:

The Company provides infection control products on an international basis through both direct sales and channels of distribution. While the Company's current focus is on the health care market, products are also sold to transportation, military and industrial/institutional markets. Company products are manufactured utilizing nano-emulsion technology, which makes the products effective against a broad spectrum of harmful organisms while being safe to people, equipment and habitat.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) Basis of Presentation:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In the Opinion of management, the financial statements contain all adjustments (consisting only of normal accruals) necessary to present fairly the financial position of the Company as at September 30, 2005 and the results of operations, and cash flows for the six month period ending September 30, 2005 and 2004.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(b) Revenue Recognition:

The Company recognizes revenues and related costs when the Company's goods are shipped to its customers. Provisions for returns and allowances are recognized in the period the related sales occur.

(c) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates which are based on reasonable assumptions are used for, but not necessarily limited to, allowances for doubtful accounts and sales returns, accrued employee benefits, inventory provisions and the original trade secret valuation. Estimates and assumptions are reviewed periodically and the effects of the revisions are reflected in the financial statements. Changes from those estimates may affect amounts reported in the future.

(d) Concentration of Risks:

Financial instruments that potentially subject the Company to concentrations of risks are principally cash and cash equivalents which often exceed the federal depository insurance limit. The Company places its cash and cash equivalents with high quality financial institutions and believes it is not exposed to any significant credit risk. Substantially all of the Company's products were sold to approximately ten customers during the six month period ended September 30, 2005 and 2004. The Company currently subcontracts substantially all of its manufacturing processes to two major vendors.

(e) Non-Monetary Transactions:

The accounting for non-monetary transactions is based on the fair value of the services involved. Non-monetary transactions as recorded by the Company have been limited to the exchange of services rendered to the Company and the conversion of debt through January 2005 in exchange for the Company's preferred convertible stock at $5.00 per share in the and to the initial trade secret valuation. There were no non-monetary transactions from February 1, 2005 through September 30, 2005

(f) Accounts Receivable:

Accounts receivable arise from sales of the Company's products. Accounts receivable are periodically reviewed for collectibility and controlled through credit review and approvals, credit limits, days outstanding and monitoring. All overseas customers are required to wire transfer funds prior to shipment. Allowance for doubtful accounts amounted to $350 at September 30, 2005.

(g) Inventories:

Inventories are stated at the lower of cost or market (first-in, first-out basis) and include purchased raw materials, work-in-process and finished goods.

(h) Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. When property assets are sold or retired, the cost and related accumulated depreciation is eliminated from the accounts, and any resulting gain or loss is reflected in operations for the period. The costs of maintenance and repairs are charged to expense as incurred. Significant renewals and replacements which substantially extend the lives of the related assets are capitalized. Depreciation is provided on the straight line method over the estimated useful lives of the related assets ranging from 3 to 7 years. Depreciation expense charged to operations was $26,782 for the six month period ended September 30, 2005 and $29,027 for the six month period ended September 30, 2004.

(i) Trade Secret:

The trade secret of the formula/formulation at the time acquired by the Company in 1996 was based upon the valuation of the development costs and other related charges and was acquired in exchange for a portion of founder shares of the Company's common stock and for future royalty payments from related product sales.

(j) Product Development:

In accordance with Statement of Financial Accounting Standards No.2 *Accounting for Research and Development Costs* the Company has capitalized direct expenses incurred in the development of product. These costs relate to development activities which are applicable to future products which have yet to be commercialized. In accordance with Financial Accounting Standards No. 142 *Goodwill and Other Intangible Assets* the product development costs are amortized over a 20 year life through August 2021. Amortization expense was $20,078 for the six month period ending September 30, 2005 and September 30, 2004.

(k) Impairment of Long Lived Assts:

The Company assesses potential impairment of its long-lived assets, which include its property and equipment and its identifiable intangibles such as its trade secrets and product development costs under the guidance of Statement of Financial Standards No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets.* Once annually, or as events or circumstances indicate that an asset may be impaired, the Company assesses potential impairment of its long lived assets. The Company determines impairment by measuring the undiscounted future cash flows generated by the assets, comparing the result to the assets' carrying value and adjusting the assets to the lower of their carrying value to fair value and charging current operations for any measured impairment.

(l) Earnings Per Share:

The Company has adopted Statement of Financial Accounting Standards No. 128 *Earnings Per Share*, which modified the calculation of earnings per share ("EPS"). This statement replaced the previous presentation of primary and fully diluted EPS to basic and diluted EPS. Basic EPS is computed by dividing income available to stockholders by the weighted average number of shares outstanding for the period. Diluted EPS includes the dilution of stock equivalents, and is computed similarly to fully diluted EPS pursuant to Accounting Principles Board (APB) Opinion 15.

(m) Stock Based Compensation:

The Company applies Accounting Principles Board Opinion No. 25 *Accounting for Stock Issued to Employees* ("APB 25") and related interpretations in accounting for its stock-based compensation plans. Under APB 25, compensation expense for stock option and award plans is recognized as the difference between the fair values of the stock at the date of grant less the amount, if any, the employee or director is required to pay. Certain operating officers have been issued shares of the Company's stock as part of their compensation under employment agreements. This compensation is earned by the officers and charged to operations over the term of the agreements. Certain non-employees have been awarded stock and options to purchase stock in lieu of compensation. The intrinsic values of the stock and options at the time of grant have been charged to operations.

(n) Income Taxes:

Deferred tax assets and liabilities are determined using enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. The Company records a valuation allowance on deferred tax assets to reflect the expected future tax benefits to be realized. In determining the appropriate valuation allowance, certain judgments are made relating to recoverability of deferred tax assets, uses of tax loss carryforwards, level of expected taxable income and available tax planning strategies. These judgments are routinely reviewed by management.

(o) Comprehensive Income:

The Company has adopted Statement of Financial Accounting Standards No. 130, *Reporting Comprehensive Income*. SFAS 130 establishes rules for the reporting and display of comprehensive income and its components; however the adoption of this statement had no impact on the Company's net income or stockholders' equity (deficiency). SFAS 130 requires unrealized gains or losses and foreign currency translation adjustments, if any, which, prior to the adoption were reported separately in stockholders' equity, to be included in other comprehensive income.

(p) Contingent Liability Policy:

In accordance with Statement of Financial Accounting Standards Interpretation ("FIN") 14, the Company may have certain contingent liabilities with respect to material existing or potential claims, lawsuits and other proceedings. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be measured.

(q) Recently Issued Accounting Pronouncements:

In December 2004 the Financial Accounting Standards Board ("FASB") revised Statement of Financial Accounting Standards ("SFAS") No. 123, *Share-Based Payment* that will require the Company to expense costs related to share-based payment transactions with employees. With limited exceptions, SFAS No. 123 (R) requires that the fair value of share-based payments to employees be expensed over the period service is received, normally over the award's vesting period. SFAS 123 (R) becomes mandatorily effective for the Company on December 15, 2005. The Company intends to adopt this standard using the modified method of transition. This method requires that issued financial statements be restated on amounts previously calculated and reported in the pro forma footnote disclosures required by SFAS No. 123.

In December 2004 The FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No.29,* effective for nonmonetary asset exchanges occurring in the fiscal year beginning April 1, 2006. SFAS No 153 requires that exchanges of productive assets be accounted for at fair value unless fair value cannot be reasonably determined or the transaction lacks commercial substance. SFAS No. 153 is not expected to have a material impact on the Company's financial statements.

In November 2004 The FASB issued SFAS No. 151, *Inventory Costs, an Amendment of ARB No. 43, Chapter 4*. SFAS No. 151 requires certain abnormal expenditures to be recognized as expenses in the current period. It also requires that the amount of fixed production overhead allocated to inventory be based on the normal capacity of the production facilities. The standard is effective for the fiscal year beginning April 1, 2006. It is not expected that SFAS No. 151 will have a material effect on the Company's financial statements.

In May 2003 the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. It establishes classification and measurement standards for certain freestanding financial instruments that have characteristics of both liabilities and equity. Instruments within the scope of SFAS No. 150 must be classified as liabilities and be reported at settlement date value. In addition, certain provisions of FASB No. 150 were deferred by FSP No. SFAS 150-3 for certain minority interests in consolidated finite-lived entities. The adoption of SFAS No. 150, as modified by FSP No. SFAS 150-3, did not have a material effect on the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(r) Advertising Costs:

The Company incurred $-0- in advertising and promotional expenses for the six month period ended September 30, 2005 and $46,074 for the six period ended September 30, 2004.

(s) Shipping Costs:

Shipping costs billed to the Company's customers are offset against shipping costs incurred which in turn are charged to operations in the six month period ended September 30, 2005 and 2004.

NOTE 3 - INVENTORIES.

Inventories consist of the following:

	Sept 30, 2005
Raw Materials	$ 195,989
Work In Process	0
Finished Goods	46,620
Total	$ 242,609

NOTE 4 - ACCRUED EXPENSES.

The elements of accrued expenses are as follows:

	Sept 30, 2005
Severance Payable to former CEO	$ 0
Customer Advances	94,768
Accrued Vacation Pay	47,074
Interest	149,490
Other	12,465
Total	$ 303,797

NOTE 4 - ACCRUED EXPENSES (Continued)

In September 2005 The Company and the Company's former CEO negotiated a settlement on moneys contractually due the CEO. The negotiation resulted in a reduction of Company liabilities of $443,528 and correspondingly a reduction in year to date operating expenses of $443,528.

NOTE 5 - NOTES PAYABLE.

(a) Convertible Notes:

In addition to the promissory notes sold prior to March 31, 2005 the Company has entered into the following transactions:

On May 13, 2005 the Company sold one $145,000 9% convertible note, convertible into common shares of an acquiring company's common stock at the offering price of a PIPE financing by an acquiring company.

On June 9, 2005 the Company sold one $205,000 9% convertible note, convertible into common shares of an acquiring company's common stock at the offering price of a PIPE financing by an acquiring company.

On September 2, 2005 the Company sold one $50,000 9% convertible note, convertible into common shares of an acquiring company's common stock at the offering price of a PIPE financing by an acquiring company.

On September 23, 2005 the Company sold one $60,000 9% convertible note, convertible into common shares of an acquiring company's common stock at the offering price of a PIPE financing by an acquiring company.

The unpaid interest on these and prior convertible promissory notes was $92,154 and $61,878 at September 30 and June 30, 2005 respectively.

(b) Other:

On August 25, 1999 the Company issued an unsecured 5% $45,000 note to a former director in exchange for services rendered by him as a director through June 30, 1999. The note is subordinated to all non-officer or director debt issued subsequent to the issuance date of this note. Repayment of this note cannot exceed 10% of retained earnings which, since issuance date, has been negative. Accordingly, this note is classified as long term debt in the financial statements. Accrued interest on this note was $17,638 and $17,071 at September 30 and June 30, 2005 respectively.

On July 20, 2001 the Company issued two unsecured 5% notes totaling $380,399 to its current CFO and former CEO, respectively, for unpaid salaries incurred through that date. The notes and applicable accrued interest incurred since December 31, 2002 are in arrears. The unpaid interest on these notes was $57,336 at September 30, 2005.

NOTE 6 - DUE TO OFFICERS.

The amounts due to the former CEO for unpaid payroll which was negotiated to $-0- in September 2005, see Note 4 above.

NOTE 7 - INCOME TAXES.

At September 30, 2005 the Company has net operating loss carryforwards amounting to approximately $14.5 million available to reduce future taxable income expiring through the year 2017. Management is unable to determine if the utilization of the future tax benefit is more likely than not and, accordingly, the tax asset of approximately $4,900,000 has been fully reserved.

NOTE 8 - CAPITAL STOCK.

The Company has 25,000,000 shares of $.50 par value common stock and 10,000,000 shares of $.50 par value Class A preferred stock at September 30, 2005. The Company has, since inception issued its common and Series A preferred stock for cash and services rendered. In addition, the Company has issued its preferred stock upon exercise of conversion features inherent in its issues of convertible debt. Each share of each classification of stock has equal voting rights. The Series A preferred stock has preferential rights to Company assets, contains a liquidation preference of $10 per share and is convertible into one share of common stock.

On May 23, 1996 the Company issued 3,200,000 shares of its common stock to two founders in exchange for its trade secret and certain furniture and equipment. The deemed fair value of the transaction was $1,456,000, or $1,400,000 for the trade secret and $56,000 for the furniture and equipment. On June 4, 1999 the Company purchased 2,400,000 shares of common stock from one founder for $10,000 debt forgiveness and the right to distribute Company products in Mexico on a non-exclusive basis, such right expiring calendar 2000.

On January 31, 2001 the Company issued 22,500 shares of its common stock upon conversion of a $45,000 note. On March 15, 2002 the Company issued 200,000 shares of its common stock upon conversion of four $62,500 notes. On July 31, 2001 the Company issued 225,533 of its Series A preferred stock upon a note and accrued interest conversion totaling $1,127,665. On August 8, 2002 the Company issued 289,728 of its Series A preferred stock upon conversion of two notes and accrued interest totaling $1,448,640. In February 2004, the Company issued 20,600 shares of its Series A preferred stock upon conversion of one note plus accrued interest totaling $103,000. On March 11, 2004, the Company issued 745,856 shares of its Series A preferred stock upon conversion of seven notes and accrued interest totaling $3,729,280.

NOTE 9 - SHARE BASED COMPENSATION AND OTHER BENEFIT PLANS.

In 2002 the Board of Directors and Shareholders approved a qualified Incentive Stock Option Plan which provides for the granting of 1,000,000 shares of common stock in the form of stock options for directors, officers, employees, consultants and other independent contractors. Options are to be granted at an exercise price not less than 100% of the fair value of the Company's common stock at date of grant. The number of shares granted,

NOTE 9 - SHARE BASED COMPENSATION AND OTHER BENEFIT PLANS (continued)

terms of exercise and expiration dates are to be decided at the date of grant of each option by the Company's Board of Directors. The Company recognized $74,185 and $23,322 in expense, net of tax, for the years ended March 31, 2005 and 2004, respectively, for options granted to non employees and non employee directors. The fair value of each option grant was estimated on the date of grant using the Black-Sholes option-pricing model with weighted average assumptions identical to those used for options granted to employees, using a risk-free interest rate of 6%, a 0% dividend rate and a volatility of 100%. No compensation for such plans has been calculated for the current fiscal year through September 30, 2005 as there has been no granting of additional options for common or preferred shares during that time period.

The Company has issued warrants for its common and Series A preferred stock in association with debt financing, services performed and certain employment agreements. All warrants are exercisable at a per share price determined by the Board of Directors to be equal to the fair market value of the underlying stock at time of issuance of the warrants.

SFAS No. 123 No. Accounting for Stock-based Compensation defines a fair value method of accounting for an employee stock option. SFAS No. 123 allows a company to continue to measure compensation for these plans using APB No. 25 and related interpretations. The Company has elected to use APB No. 25 to account for its employee stock option plan for the current fiscal year.

In December 2004 the FASB issued Statement No. 123(R) *Share-Based Payment*, to be effective for interim or annual periods beginning after December 15, 2005, thereby becoming effective for the Company in the first quarter of fiscal 2006. Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized as an operating expense in the statement of operations. The cost is recognized over the requisite service period based on fair values measured on grant dates. The new standard may be adopted using either the modified prospective transition method or the modified retrospective method. No compensation cost has been recognized for options issued to employees as no options have been issued during the fiscal year through September 30, 2005. The Company is currently evaluating its share-based employee compensation programs, the potential impact of this statement on the financial position and results of operations, and the alternative adoption methods.

NOTE 10 - EARNINGS PER SHARE.

The computation of earnings per share for the six month period ending September 30, 2005 and 2004 are as shown on the following page:

NOTE 10 - EARNINGS PER SHARE (Continued)

	Six Months Ended	
	09/30/05	9/30/2004
Numerator:		
Net profit (loss) applicable to stock	($214,315)	($1,119,382)
Denominator:		
Average outstanding shares used in the computation of per share earnings:		
Stock Issued - Basic Shares (1)	3,690,151	3,624,615
Stock Rights Outstanding	2,133,857	2,003,406
Diluted Shares	5,824,008	5,628,021
Profit (Loss) per Share:		
Basic	($0.06)	($0.31)
Diluted	($0.06)	($0.31)

(1) Where there is a period loss, the basic calculation of earnings per share is used since using diluted shares would be anti-dilutive. Preferred shares convert to common shares at a rate of 1.057 to 1.000

NOTE 11 - COMMITMENTS AND CONTINGENCIES.

(a) Leases:

The Company currently occupies its premises for its general offices, warehouse and laboratory in Santa Clara, California under an operating lease for a total of $6,210 per month plus certain related costs. This lease expires October 31, 2005.

The Company leased equipment under a capital lease which expired in July 2005. In addition, the Company leases certain office equipment under two leases for approximately $350 per month, expiring in November 2005.

(b) Litigation:

The Company from time to time is involved in litigation in the normal course of business. The company does not believe the outcome of any current litigation to be material to its financial condition or results of operations.