Lance J.M. Steinhart
Attorney At Law
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097

Also Admitted in New York
and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208

April 17, 1999

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399-0850

Re: RDST, Inc.

990503-TI

Dear Sir/Madam:

Enclosed please find one original and six (6) copies of RDST, Inc.'s Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida, along with an original and six (6) copies of RDST, Inc.'s proposed tariff.

RDST, Inc. has sufficient financial capability to provide the requested service in the State of Florida and has sufficient financial capability to maintain the requested service and to meet its lease or ownership obligations. In support of RDST, Inc.'s stated financial capability, copies of its parent company's financial statements for the 3 months ended January 31, 1998 and January 31, 1999, are attached to its application. As a reseller, RDST, Inc. does not intend to make a capital investment to provide service in the State of Florida, however, RDST, Inc. intends to fund the provision of service through internally generated cash flow, and from capital from its parent company, which is publicly-held. RDST, Inc. also has the ability to borrow funds, if required, based upon its financial capabilities.

I also have enclosed a check in the amount of $250.00 payable to the Florida Public Service Commission to cover the cost of filing these documents.

Please return a stamped copy of the extra copy of this letter in the enclosed preaddressed prepaid envelope.

If you have any questions regarding the application or the tariff, please do not hesitate to call me. Thank you for your attention to this matter.

Sincerely,

Lance J.M. Steinhart, Esq.
Attorney for RDST, Inc.

Enclosures
cc: Debra L. Burgess

Lance J.M. Steinhart
Attorney At Law
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097

DEPOSIT DATE
D12 APR 22 1999

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Check received with filing and forwarded to Fiscal for deposit.
Initials of person who forwarded check:

99 APR 20 AM 9:52

** FLORIDA PUBLIC SERVICE COMMISSION *

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE WITHIN THE STATE OF FLORIDA

990503-TI

Instructions

A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).

B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.

C. Use a separate sheet for each answer which will not fit the allotted space.

D. If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of $250.00 to:

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

FORM PSC/CMU 31 (11/91)
Required by Commission Rule Nos. 25-24.471, 25-24.473, 25-24.480(2)

DOCUMENT NUMBER-DATE
05009 APR 20 8
FPSC-RECORDS/REPORTING

1. Select what type of business your company will be conducting (check all that apply):

( ) **Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

( ) **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

(X) **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.

( ) **Switchless rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.

( ) **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.

(X) **Prepaid Debit Card Provider -** any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

2. This is an application for (check one):

(X) **Original Authority** (New company).
( ) **Approval of Transfer** (To another certificated company).
( ) **Approval of Assignment of existing certificate** (To a noncertificated company).
( ) **Approval for transfer of control** (To another certificated company).

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:

RDST, Inc.

4. Name under which the applicant will do business (fictitious name, etc.):

5. National address (including street name & number, post office box, city, state and zip code):

8100 Jetstar Drive, Suite 100
Irving, Texas 75063

6. Florida address (including street name & number, post office box, city, state and zip code):

None.

7. Structure of organization;

( )	Individual	( )	Corporation
(X)	Foreign Corporation	( )	Foreign Partnership
( )	General Partnership	( )	Limited Partnership
( )	Other, ______________________		

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

   (a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.160 FS), if applicable.

   (b) Indicate if the individual or any of the partners have previously been:

      (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

      (2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

9. If incorporated, please give:

(a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: F99000001929

(b) Name and address of the company's Florida registered agent.

Richard A. Murdoch, Esq.
980 N. Federal Hwy., Suite 410
Boca Raton, Florida 33432

(c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: ______________________________

(d) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

No.

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

(a) The application;
Lance J.M. Steinhart, Regulatory Counsel
6455 East Johns Crossing, Suite 285
Duluth, GA 30097
770-232-9200

(b) Official Point of Contact for the ongoing operations of the company;
Debra L. Burgess, Vice-President
RDST, Inc.
8100 Jetstar Drive, Suite 100
Irving, Texas 75063
(972) 929-1920

(c) Tariff;
Lance J.M. Steinhart, Regulatory Counsel
6455 East Johns Crossing, Suite 285
Duluth, GA 30097
770-232-9200

(d) Complaints/Inquiries from customers;
Donna Miles, Customer Service Manager
RDST, Inc.
8100 Jetstar Drive, Suite 100
Irving, Texas 75063
(800) 480-2006

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

None

(b) Has applications pending to be certificated as an interexchange carrier.

Applicant is in the process of filing Applications in all remaining states.

(c) Is certificated to operate as an interexchange carrier.

Iowa, Michigan, Montana, New Jersey, Pennsylvania, Texas, Utah, Virginia, and Wyoming.

(d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.
None.

(e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.
None.

(f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None.

12. What services will the applicant offer to other certificated telephone companies:

( )	Facilities	( )	Operators
( )	Billing and Collection	( )	Sales
( )	Maintenance		
( )	Other:______________________		

None.

13. Do you have a marketing program?

Yes.

14. Will your marketing program:
(X) Pay commissions?
( ) Offer sales franchises?
( ) Offer multi-level sales incentives?
( ) Offer other sales incentives?

15. Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).

Applicant will pay commissions to sales representatives.

16. Who will receive the bills for your service (Check all that apply)?

(X)	Residential customers	(X)	Business customers
( )	PATS providers	( )	PATS station end-users
( )	Hotels & motels	( )	Hotel & motel guests
( )	Universities	( )	Univ. dormitory residents
( )	Other (specify):____________________		

17. Please provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

Applicant's name and toll free number will appear on all end-users' bills.

(b) Name and address of the firm who will bill for your service.

The Company intends to direct bill customers utilizing real-time completed call detail information from its underlying carriers.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications services in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:
The application <u>should contain</u> the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet

2. income statement

3. statement of retained earning.

Further, <u>a written explanation,</u> which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.

3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

> **NOTE**: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements. If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should <u>affirm that the financial statements are true and correct.</u>

B. Managerial capability.

See Attached.

C. Technical capability.

Applicant will use the network services of its underlying carrier to provide services to customers in the State of Florida.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.482 (example enclosed).

    See Attached.

20. The applicant will provide the following interexchange carrier services (Check all that apply):

____ **MTS with distance sensitive per minute rates**
____ Method of access is FGA
____ Method of access is FGB
____ Method of access is FGD
____ Method of access is 800

____ **MTS with route specific rates per minute**
____ Method of access is FGA
____ Method of access is FGB
____ Method of access is FGD
____ Method of access is 800

____ **MTS with statewide flat rates per minute (i.e. not distance sensitive)**
____ Method of access is FGA
____ Method of access is FGB
_X_ Method of access is FGD
_X_ Method of access is 800

____ **MTS for pay telephone service providers**

____ **Block-of-time calling plan (Reach out Florida, Ring America, etc.)**

_X_ **800 Service (Toll free)**

_X_ **WATS type service (Bulk or volume discount)**
_X_ Method of access is via dedicated facilities
_X_ Method of access is via switched facilities

____ **Private Line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

_X_ **Travel Service**
___ Method of access is 950
_X_ Method of access is 800

___ **900 service**

___ **Operator Services**
___ Available to presubscribed customers
___ Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals)
___ Available to inmates

Services included are:

___ Station assistance
___ Person to Person assistance
___ Directory assistance
___ Operator verify and interrupt
___ Conference Calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).

1 (or 101XXXX) +area code+number or 1-800-XXX-XXXX

21. _X_ **Other:**

** APPLICANT ACKNOWLEDGEMENT STATEMENT **

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** A non-refundable application fee of $250.00 must be submitted with the application.

5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding AAV service.

6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement. Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

UTILITY OFFICIAL: Debra L. Burgess (signature) — 3/30/99

Signature — Date

Debra L. Burgess

Vice President/Secretary — 972-929-1920

Title — Telephone No.

EL

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

(√) **The applicant will not collect deposits nor will it collect payments for service more than one month in advance.**

( ) **The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)**

UTILITY OFFICIAL: Debra L. Burgess 3/30/99
Date

Debra L. Burgess

Vice President/Secretary (972) 929-1920
Title Telephone No.

LIST OF ATTACHMENTS

PROPOSED TARIFF

FINANCIAL INFORMATION

MANAGEMENT INFORMATION

PROPOSED TARIFF

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by RDST, Inc. ("RDST"), with principal offices at 8100 Jetstar Drive, Suite 100, Irving, Texas 75063. This tariff applies for telecommunications services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

CHECK SHEET

The sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom right-hand side of this sheet.

SHEET	REVISION
1	Original*
2	Original*
3	Original*
4	Original*
5	Original*
6	Original*
7	Original*
8	Original*
9	Original*
10	Original*
11	Original*
12	Original*
13	Original*
14	Original*
15	Original*
16	Original*
17	Original*
18	Original*
19	Original*
20	Original*
21	Original*
22	Original*
23	Original*
24	Original*
25	Original*
26	Original*
27	Original*
28	Original*
29	Original*

* Original or Revised Sheet Included in the most recent tariff filing

TABLE OF CONTENTS

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Title Sheet	1
Check Sheet	2
Table of Contents	3
Symbols	4
Tariff Format	5
Section 1 - Technical Terms and Abbreviations	6
Section 2 - Rules and Regulations	8
Section 3 - Description of Service	19
Section 4- Rates	26

SYMBOLS

The following are the only symbols used for the purposes indicated below:

D - Delete or Discontinue
I - Change Resulting In An Increase to A Customer's Bill
M - Moved from Another Tariff Location
N - New
R - Change Resulting In A Reduction to A Customer's Bill
T - Change in Text or Regulation But No Change In Rate or Charge

TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).I
2.1.1.A.1.(a).I.(i)
2.1.1.A.1.(a).I.(i).(1)

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to RDST's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable RDST to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the Florida Public Service Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of RDST or purchases a RDST Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or RDST - Used throughout this tariff to mean RDST, Inc., a Texas corporation.

Dedicated Access - The Customer gains entry to the Company's services by a direct path from the Customer's location to the Company's point of presence.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holidays shall be billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Resp. Org - Responsible Organization or entity identified by an 800 service Customer that manages and administers records in the 800 database and management system.

Switched Access - The Customer gains entry to the Company's services by a transmission line that is switched through the local exchange carrier to reach the Company's point of presence.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Florida.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by RDST for telecommunications between points within the State of Florida. Resale services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement.

2.1.1 The services provided by RDST are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.

2.1.2 The rates and regulations contained in this tariff apply only to the resale services furnished by RDST and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of RDST.

2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use and Limitations of Services

2.2.1 RDST's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.

2.2.2 The use of RDST's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

2.2.3 The use of RDST's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.

2.2.4 RDST's services are available for use twenty-four hours per day, seven days per week.

2.2.5 RDST does not transmit messages, but the services may be used for that purpose.

2.2.6 RDST's services may be denied for nonpayment of charges or for other violations of this tariff subject to Section 2.5.1 herein.

2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.

2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.

2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.

2.3.4 The Company's liability, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company, except as ordered by the Commission.

2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.

2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express or implied, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.

2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by RDST on the Customer's behalf.

2.4.3 If required for the provision of RDST's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to RDST.

2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to RDST and the Customer when required for RDST personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of RDST's services.

2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of RDST's equipment to be maintained within the range normally provided for the operation of microcomputers.

2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with RDST's facilities or services, that the signals emitted into RDST's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not

Section 2.4.6 Continued

damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with the telephone network, RDST will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to RDST equipment, personnel or the quality of service to other Customers, RDST may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, RDST may, upon written notice, terminate the Customer's service.

2.4.7 The Customer must pay RDST for replacement or repair of damage to the equipment or facilities of RDST caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.

2.4.8 The Customer must pay for the loss through theft of any RDST equipment installed at Customer's premises.

2.4.9 If RDST installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, RDST may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:

2.5.1.A For nonpayment of any sum due RDST for more than thirty (30) days after issuance of the bill for the amount due,

2.5.1.B For violation of any of the provisions of this tariff,

2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over RDST's services, or

2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting RDST from furnishing its services.

2.5.2 Without incurring liability, RDST may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and RDST's equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.

2.5.3 Service may be discontinued by RDST without notice to the Customer, by blocking traffic to certain counties, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when RDST deems it necessary to take such action to prevent unlawful use of its service. RDST will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.

2.5.4 The Customer may terminate service upon verbal or written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage and be responsible for payment until the Customer or its agent notifies its local exchange carrier and changes its long distance carrier.

2.6 Credit Allowance - Interruption of Service

2.6.1 Credit may be given for disputed calls, on a per call basis.

2.6.2 Credit shall not be issued for unavailability of long distance services.

2.6.3 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of any monthly service charges for each hour or major fraction thereof that the interruption continues.

Credit Formula:

$$\text{Credit} = \frac{A}{720} \times B$$

"A" - outage time in hours
"B" - monthly charge for affected activity

2.7 Deposit

The Company does not require deposits.

2.8 Advance Payments

The Company requires advance payments for recurring and non-recurring charges. This will be applied against the next month's charges, and if necessary, a new advance payment will be collected for the next month.

2.9 Payment and Billing

2.9.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt.

2.9.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, subscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, subscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.

2.10 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated services, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.11 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein, except for prepaid calling cards.

2.12 **Late Charge**

A late fee will be charged on any past due balances as set forth in Section 4.10 of this tariff.

2.13 **Returned Check Charge**

A fee, as set forth in Section 4.6 of this tariff, will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.14 **Location of Service**

The Company will provide service to Customers within the State of Florida.

2.15 **Sale of Telecommunications Services to Uncertified IXCs Prohibited**

Customers reselling or rebilling the Company's telecommunications services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Commission.

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Computation of Charges

3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. All calls are rounded up to the next whole increment.

3.1.2 Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V&H Coordinates Tape and Bell's NECA Tariff No. 4.

Formula:

$$\sqrt{\frac{(V1-V2)^2 + (H1-H2)^2}{10}}$$

3.1.3 Timing begins when the called party answers and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Timing for each call ends when either party hangs up.

3.1.4 RDST will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

8100 Jetstar Drive, Suite 100
Irving, Texas 75063
(800) 480-2006

3.2 Continued

Any objection to billed charges should be reported promptly to RDST or its billing agent. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. A Customer who is unable to resolve a billing dispute with the Company may contact the Commission by telephone at 1-800-342-3552 to intervene in the billing dispute.

3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of RDST or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. RDST's name and toll-free telephone number will appear on the Customer's bill.

3.5 Service Offerings

3.5.1 1+ Dialing

This service permits Customers to originate call via switched or dedicated access lines, and to terminate intrastate calls. The customer dials "1+" followed by "ten digits" or dials "101XXXX" followed by "1+ ten digits".

3.5.2 Travel Cards

The Customer utilizes an 11 digit "toll-free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.5.3 800 Service (Toll-Free)

This service is inbound calling only where an 800, 888 or other toll-free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

3.5.4 RDST Prepaid Calling Cards

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase RDST Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. RDST Prepaid Calling Cards are available at a variety of face values ranging from five dollars ($5.00), in one dollar ($1.00) increments. RDST Prepaid Calling Card service is accessed using the RDST toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. RDST's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call is deducted from the remaining Telecom Unit balance on the Customer's RDST Prepaid Calling Card.

All calls must be charged against Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted.

In order to continue the call, the Customer can either call the toll-free number on the back of the RDST Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the RDST Prepaid Calling Card is insufficient to continue the call and the Customer fails to enter the number of another valid RDST Prepaid Calling Card prior to termination.

Section 3.5.4 Continued

A card will expire on the date indicated on the card, or if no date is specified, 12 months from the date of first usage, or the date of last recharge, whichever is later. The Company will not refund unused balances.

A credit allowance for RDST Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the RDST Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that the call was placed.

When a call charged to an RDST Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to RDST Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

3.5.5 Directory Assistance.

Access to long distance directory assistance is obtained by dialing 1 + (area code) + 555-1212. When more than one number is requested in a single call, a charge will be applicable for each number requested, whether or not the number is listed or published.

3.5.6 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.7 Promotional Offerings

The Company may offer approved special promotions of new or existing services or products for limited time periods as approved by the Commission. These promotions will include specific tariffed starting and ending dates. All such promotions will be offered on a completely non-discriminatory basis. All such tariffed promotions must be approved by the Commission and must state exactly what charges are being reduced or waived, who is eligible, and what Customers have to do to be eligible.

SECTION 4 - RATES

4.1 1+ Dialing

$0.199 per minute

A $4.95 per month service charge applies.
Billed in one minute increments.

4.2 Travel Cards

$.149 per minute

A $.25 per call service charge applies.
Billed in one minute increments.

4.3 Toll Free

$0.099 per minute

A $10 per month per number service charge applies.
Billed in one minute increments.

4.4 Prepaid Calling Cards

$.50 Per Telecom Unit (maximum)

A $.50 per call service charge will apply.

4.5 Directory Assistance

$.95 per each number requested

4.6 Returned Check Charge

$20.00

4.7 <u>Rate Periods</u>

<table>
<tr><th></th><th>Monday - Friday</th><th>Sat.</th><th>Sun.</th></tr>
<tr><td>8 a.m.
to
5 p.m.*</td><td>Daytime Rate Period</td><td rowspan="2"></td><td></td></tr>
<tr><td>5 p.m.
to
11 p.m.*</td><td>Evening Rate Period</td><td>Evening
Rate
Period</td></tr>
<tr><td>11 p.m.
to
8 a.m.*</td><td colspan="3">Night/Weekend Rate Period</td></tr>
</table>

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the lower cent.

4.8 Rates Applicable for Hearing/Speech Impaired Persons

For intrastate toll messages which are communicated using a telecommunications device for the deaf (TDD) by properly certified business establishments or individuals equipped with TDDs for communications with hearing or speech impaired persons, the rates shall be evening rates for daytime calls and night rates for evening and night calls.
Intrastate toll calls received from the relay service, each local exchange and interexchange telecommunications company billing relay call will be discounted by 50 percent of the applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call will be discounted 60 percent off the applicable rate for voice nonrelay calls.

Florida Public Service Commission Rules and Regulations require the Company to provide the first 50 directory assistance calls initiated per billing cycle by handicapped persons free of charge.

4.9 Employee Concessions

The Company does not offer employee concessions.

4.10 Late Charge

1.5% monthly or the amount otherwise authorized by law, whichever is lower.

4.11 Payphone Dial Around Surcharge

A dial around surcharge of $.35 per call will be added to any completed INTRAstate toll access code and subscriber 800/888 type calls placed from a public or semi-public payphone.

FINANCIAL INFORMATION

1999 1st Qtr. financials

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

CONSOLIDATED BALANCE SHEETS

	January 31, 1999 (Unaudited)	OCTOBER 31, 1998
ASSETS		
CURRENT ASSETS		
Cash	$ 2,270,680	$ 207,609
Trade accounts receivable	731,388	292,086
Inventory	212,954	229,672
Prepaid expenses and other	90,197	29,002
Current portion of long-term receivable	204,586	177,845
Current assets of discontinued operations	--	2,305,502
Total current assets	3,509,805	3,241,716
PROPERTY AND EQUIPMENT, net	65,491	59,135
PROPERTY AND EQUIPMENT OF DISCONTINUED OPERATIONS, net	--	524,849
LONG-TERM RECEIVABLE, net of current portion	343,104	397,851
OTHER ASSETS	9,722	17,387
LONG-TERM ASSETS OF DISCONTINUED OPERATIONS	--	1,049,641
TOTAL ASSETS	$ 3,928,122	$ 5,290,579
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 355,670	$ 622,836
Accrued liabilities	155,515	227,578
Deferred revenue	23,425	46,033
Advances from shareholder	500,000	1,500,000
Current liabilities of discontinued operations	--	1,683,591
Note payable - current	35,195	--
Total current liabilities	1,069,805	4,080,036
LONG-TERM LIABILITIES		
Long-term payables	7,006	--
Long-term payables of discontinued operations	--	146,693
Total long-term liabilities	7,006	146,693
SHAREHOLDERS' EQUITY		
Common stock, no par value per share, $.001 par value per share 44,169,100 shares authorized; 6,861,005 shares, par value $.001 per share, and 8,111,005, no par value per share, issued and outstanding at January 31, 1999 and October 31, 1998, respectively	24,938,974	24,858,309
Accumulated deficit	(22,082,244)	(23,789,545)
Foreign currency translation adjustment	(5,419)	(5,416)
Total shareholders' equity	2,851,311	1,063,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,928,122	$ 5,290,579

See accompanying notes.

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED January 31, 1999	THREE MONTHS ENDED January 31, 1998
REVENUES		
Prepaid phone cards and other	$1,542,719	$ --
Total revenues	1,542,719	--
COSTS AND EXPENSES		
Prepaid phone cards and other	1,417,221	--
Sales & marketing	220,098	--
General & administrative	420,721	--
Depreciation and amortization	10,363	--
Total cost of revenues	2,068,403	--
OTHER INCOME (EXPENSES)		
Interest expense	(39,868)	--
Interest income	38,978	--
Total other expense	(890)	--
NET LOSS FROM CONTINUING OPERATIONS	(526,574)	--
DISCONTINUED OPERATIONS		
Income (loss) from operation of software business, net of income taxes of $0	218,376	(558,533)
Gain on sale of software business, net of income taxes of $0	2,015,494	--
NET INCOME (LOSS)	$1,707,296	$ (558,533)
BASIC EARNINGS (LOSS) PER SHARE:		
Continuing operations	$ (0.08)	$ --
Discontinued operations	0.34	(0.08)
Net earnings (loss)	$ 0.26	$ (0.08)
DILUTED EARNINGS (LOSS) PER SHARE:		
Continuing operations	$ (0.08)	$ --
Discontinued operations	0.34	(0.08)
Net earnings (loss)	$ 0.26	$ (0.08)
SHARES USED IN THE CALCULATION OF PER SHARE AMOUNTS:		
Basic common shares	6,627,309	6,627,309
Dilutive impact of stock options and warrants	--	--
Diluted common shares	6,627,309	6,627,309

See accompanying notes.

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE-MONTHS ENDED JANUARY 31, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$1,707,296	$ (558,533)
Adjustments to reconcile net income (loss) to net cash provided (used) by continuing operating activities:		
Loss (income) from discontinued operations	(218,376)	558,533
Gain on disposal of software business	(2,015,494)	--
Stock issued for services	74,225	--
Warrants issued for services	5,942	--
Depreciation and amortization	10,363	--
(Increase) decrease in:		
Trade accounts receivable	(439,302)	--
Inventory	16,719	--
Prepaid expenses and other	(65,362)	--
Other assets	7,665	--
Increase (decrease) in:		
Trade accounts payable	(267,166)	--
Accrued liabilities	(50,509)	--
Deferred revenue	(22,608)	--
Net cash provided by operating activities from continuing operations	(1,256,608)	--
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds for sale of software business	3,769,917	--
Purchase of property and equipment	(12,552)	--
Payments on note receivable	6,452	--
Net cash used in investing activities of continuing operations	3,763,817	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of convertible debenture-shareholder	(1,000,000)	--
Payments on notes payable	(9,011)	--
Net cash provided by (used in) financing activities of continuing operations	(1,009,011)	--
Cash provided by (used in) discontinued operations	564,873	312,004
NET INCREASE (DECREASE) IN CASH	2,063,071	312,004
Cash at beginning of period	207,609	128,871
Cash at end of period	$2,270,680	$ 440,875
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
Cash paid for interest	$ 39,868	$ 9,240
Offset of accounts payable against notes receivable	$ 21,554	$ --
Stock issued for services	$ 74,225	$ --

See accompanying notes.

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three month period ended January 31, 1999 are not necessarily indicative of the results that may be expected for the year ending October 31, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K/A for the year ended October 31, 1998.

A predecessor to ARDIS Telecom & Technologies, Inc. (the "Company" or "Ardis") was incorporated on July 10, 1986 under the Company Act of the Province of British Columbia, Canada, and subsequently changed its name to "International Retail Systems Inc." On August 7, 1992, this predecessor company renounced its original province of incorporation and elected to continue its domicile under the laws of the State of Wyoming, and on November 30, 1994, its name was changed to "Canmax Inc." On February 1, 1999 this predecessor company reincorporated under the laws of the State of Delaware and changed its name to "ARDIS Telecom & Technologies, Inc."

During 1998 the Company began competing in the telecommunications market through its wholly-owned subsidiary, Canmax Telecom, Inc. ("Telecom"). Telecom's operations include mainly sales and distribution of prepaid domestic and international calling cards to wholesale and retail customers. In August 1998, the Company entered into an agreement with PT-1 Communications, Inc. ("PT-1"). The agreement provides for PT-1 to supply long distance telecom and debit services, for use in the Company's marketing and distribution of domestic and international prepaid long distance calling cards. PT-1 is currently the sole source of these services to the Company.

The Company, through its wholly owned subsidiary Canmax Retail Systems, Inc., ("CRSI") developed and provided enterprise wide technology solutions to the convenience store and retail petroleum industries, its "Software Business." On December 7, 1998, the Company obtained shareholder approval for the sale of, and sold, the assets of its Software Business. The results of operations of the Software Business through December 7, 1998 have been presented in the financial statements as discontinued operations. Results of operations in prior years have been restated to reclassify the Software Business as discontinued operations. The measurement date for the sale is December 7, 1998, the date the shareholders approved the transaction.

NOTE B - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

DISCONTINUED OPERATIONS:

The Company derived its sales primarily from customers in the retail petroleum market. Canmax performed periodic credit evaluations of its customers and generally did not require collateral. Billed receivables were generally due within 30 days. Credit losses have historically been insignificant.

The Company's revenues were concentrated in The Southland Corporation ("Southland"), which accounted for approximately 86% and 84%, of the Company's total discontinued revenue for the three month period ended January 31, 1999 and 1998, respectively. The Company's revenues derived from its relationship with Southland included products and services provided directly by the Company to Southland and indirectly through NCR Corporation ("NCR") to Southland pursuant to

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE B - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS (Continued)

NCR's contract with Southland. No other customer accounted for over 10% of Ardis's total revenues.

CONTINUING OPERATIONS:

Two customers accounted for approximately 45% of revenues during the three month period ended January 31, 1999, and approximately 48% of the trade accounts receivable balance at January 31, 1999. The Company generally does not require collateral. The Company has a note receivable from its prior subsidiary, USCommunications Services, Inc. totaling $549,690. The note is secured by a lien on all of USC's assets and bears interest at 12% with principal in monthly installments maturing June 15, 2001. Management provides an allowance for doubtful accounts, which reflects its estimate of the uncollectible receivables. In the event of non-performance the maximum exposure to the Company is the recorded amount of the receivable at the balance sheet date.

NOTE C - CONVERTIBLE DEBENTURES

On December 15, 1997, the Company executed a convertible loan agreement (the "Original Agreement") with a shareholder, Founders Equity Group, Inc. ("Founders"), which provided financing of up to $500,000. Funds obtained under the loan agreement are collateralized by all assets of the Company and bear interest at 10%. Required payments are for interest only and are due monthly beginning February 1, 1998. Borrowings under the loan agreement originally matured January 1, 1999, unless otherwise redeemed or converted. Under the terms of the loan agreement, Founders may exercise its right at any time to convert all, or in multiples of $25,000, any part of the borrowed funds into Common Stock at a conversion price of $1.25 per share. The conversion price is subject to adjustment for certain events and transactions as specified in the loan agreements. Additionally, the outstanding principal amount is redeemable at the option of the Company at 110% of par.

On February 11, 1998, the Company and Founders executed a loan commitment letter (the "Loan Commitment") which provided for multiple advance loans of up to $2 million upon terms similar to the Original Agreement; however, indebtedness outstanding under the Loan Commitment was convertible into shares of Common Stock at a conversion price equal to the average closing prices of the Common Stock over the five-day trading period immediately preceding the date of each advance. As consideration for the Loan Commitment, the Company paid a commitment fee of $10,000.

As of March 31, 1998, Founders (and certain of its affiliates) entered into the First Restated Loan Agreement (the "Loan Agreement") which consolidated all rights and obligations of the Company to Founders under the Original Agreement and the Loan Commitment. Amounts advanced under the Loan Agreement bear interest at the rate of 12% per annum, are secured by a lien on all other Company's assets and are convertible into shares of Common Stock, at the option of Founders, at $0.80 per share. On August 25, 1998, Founders agreed to release its lien on all of the Company's assets upon the consummation of the sale of the Software Business. As consideration for the release, the Company agreed, upon the consummation of the sale, to repay $1.0 million of the $1.5 million currently outstanding under the Loan Agreement, and to allow Founders to convert, at the Company's option, the remaining $0.5 million plus accrued but unpaid interest outstanding under the Loan Agreement into shares of Common Stock at a conversion price of $.50 per share.

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE C - CONVERTIBLE DEBENTURES (Continued)

On February 5, 1998, Founders and the Company entered into a financial consulting agreement pursuant to which Founders agreed to provide financial advisory and consulting services to the Company, and the Company agreed to pay to Founders a fee equal to 3% of the value of the consideration received in any sale or merger of any division or subsidiary of the Company. As a result of this agreement, Founders received $120,000 of the initial proceeds of the sale of the Software Business. Founders agreed to forego any further payments that may be attributable to the Company's receipt of deferred payments in connection with the sale.

On December 11, 1998, the Company and Founders executed Amendment No. 1 to the Loan Agreement. As a result of the amendment, the Company agreed to defer Founders' conversion of the remaining indebtedness outstanding under the Loan Agreement in exchange for (a) Founders' waiver of any registration obligation under the Registration Rights Agreement dated May 1, 1997 or under the Loan Agreement until February 1, 1999 or the Company's earlier delivery of a conversion notice with regard to the outstanding indebtedness, (b) the adjustment of the conversion price for the remaining convertible indebtedness outstanding under the Loan Agreement ($500,000) from $.50 per share to the greater of $.50 per share or 75% of the average closing price of the Common Stock over the ten trading days preceding the delivery of a conversion notice, and (c) Founders' agreement to convert the remaining outstanding principal amount under the Loan Agreement ($500,000) upon written notice from the Company at the adjusted conversion agreed to price described above. Further, the amendment to the Loan Agreement reduced the interest rate payable on the outstanding principal amount under the Loan Agreement from 12% to 9% per annum. The amendment also terminated any additional funding obligations of Founders' under the Loan Agreement.

The Company used $1,000,000 from the Software Business sale proceeds to pay down the Founders debt. At January 31, 1999, shareholder advances from Founders totaled $500,000.

Interest expense in connection with Founders debt was $24,615 for the three month period ended January 31, 1999.

NOTE D - LIQUIDITY

Upon consummation of the Software Business Sale on December 7, 1998, the Company received its initial installment of $4,000,000, approximately $1,100,000 of which has been used to repay amounts owed to Founders and $250,000 of which was used to pay transaction expenses. The Company plans to commit approximately $1.0 million for capital investments in the Telecommunications Business during fiscal 1999, and plans to internally fund additional infrastructure development through operations of the Telecommunications Business. The Company believes existing capital resources and cash from operations will be sufficient to meet the Company's capital and liquidity needs through fiscal 1999.

NOTE E - DISCONTINUED OPERATIONS

On December 7, 1998, the Company sold substantially all of the assets of CRSI. Pursuant to the terms of the Purchase Agreement, the Company sold the assets and received $4,000,000 at closing and transferred certain liabilities arising from the Software Business. Ardis is entitled to receive additional deferred payments of up to an additional $3,625,000 calculated as described below.

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE E - DISCONTINUED OPERATIONS (Continued)

The deferred payments will be calculated at the end of each calendar quarter during the twelve month period commencing on January 1, 1999. Each deferred payment is calculated based upon the cumulative level of revenue attributable to the Software Business from January 1, 1999 through the end of each three month period through December 31, 1999, and equals (a) the sum of (i) 75% of all such revenues greater than $4 million and less than or equal to $7 million plus (ii) 13.75% of all such revenues greater than $7 million or less than or equal to $17 million, minus (b) the sum of any deferred payments previously made by ACS. If CRSI disputes any calculation of the amount of any deferred payment and such dispute cannot be resolved among the parties, then the independent public accountants for each party are to mutually designate a third independent public accountant to resolve such dispute and the determination of such designated party will be conclusive and binding on all parties.

On January 21, 1999, the purchaser and Ardis calculated the net working capital (generally current assets other than cash minus current liabilities) as of the closing date, and ACS received an amount equal to the negative difference between the net working capital as of the closing of $230,083.

The Company recorded a gain on the sale of the software business of $2,015,494. The gain is calculated as net proceeds of $3,769,917 less net assets of $1,693,259 less legal and accounting fees related to the sale of $61,164.

Summarized operating results of the discontinued Software Business operations are as follows:

	Period from November 1, through December 7, 1998	Three months Ended January 31, 1998
Revenues	$ 1,686,945	$ 1,603,950
Costs and expenses	1,468,569	2,162,483
Net income (loss)	$ 218,376	$ (558,533)

NOTE F - SHAREHOLDERS' EQUITY

WARRANT ISSUANCES

On January 11, 1999, the Company retained a consultant to assist in its investor relations activities by issuing warrants to acquire 50,000 shares of Company common stock at an exercise price of $.29 per share. The right to acquire 25,000 shares under such warrant vests on January 10, 2000, and the right to acquire the remaining 25,000 shares under the warrant vests on July 10, 2000.

Ardis recorded expense of $5,942 in January 1999 related to these Warrants. This amount represents Ardis's estimate of the fair value of these warrants at the date of grant using a Black-Scholes pricing model with the following assumptions: applicable risk-free interest rate based on the current treasury-bill interest rate at the grant date of 6.0%; dividend yields of 0%; volatility factors of the expected market price of the Company's common stock of 1.02; and an expected life of the warrant of 1 year.

ARDIS TELECOM & TECHNOLOGIES, INC.
AND SUBSIDIARIES
(Formerly Canmax, Inc)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE F - SHAREHOLDERS' EQUITY (Continued)

COMMON STOCK ISSUANCES

On January 25, 1999 the Company issued 250,000 shares of the Company's common stock to employees of the Company as compensation. In connection with the issuance, the Company recorded $74,225 of compensation expense, such expense being calculated as the difference between the trading price of the common stock on the date of issuance and the proceeds received for the issuance.

NOTE G - YEAR 2000

The Company has completed an assessment of the impact of Year 2000 issues on its internal systems and determined that the cost for any modifications or replacements will be immaterial and not exceed $50,000. The Company has initiated communications with all of its significant suppliers and customers to determine the extent to which the Company's internal systems and developed software products are vulnerable to those third parties failure. In connection with the sale of the Software Business, the Company and ACS conducted a Year 2000 compliance audit of software and systems developed by the Company. Such audit did not reveal any material items of noncompliance, and the Company does not expect to incur any material expenses to cause its developed software and systems to become Year 2000 compliant.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Through December 7, 1998, the Company operated two distinct businesses, its retail automation software business (the "Software Business") and its prepaid phone card and other telecommunications business (the "Telecommunications Business"). For the three month period ended January 31, 1998, the Software Business accounted for all of the Company's revenues. On December 7, 1998, the Company consummated the sale of the Software Business to Affiliated Computer Services, Inc. As a result of the Software Business Sale, the Company will no longer engage in the Software Business, and, its business will be focused solely on its Telecommunications Business. Therefore, historic financial information attributable to the Software Business will be reported as discontinued operations.

The following discussion should be read in conjunction with the Company's Form 10-K/A and the consolidated financial statements for the years ended October 31, 1998, 1997 and 1996; the Company's Form 10-Q for the quarter ending January 31, 1998; and the consolidated financial statements and related notes for the quarter ended January 31, 1999 found elsewhere in this report.

RESULTS OF OPERATIONS

In the later part of fiscal 1996, the Company decided that it was critical that it expand its market beyond one vertical market and one large customer. After evaluating a number of alternative strategies, the Company decided that the rapidly expanding telecommunications market presented an opportunity to utilize some of the technology and support capabilities that it had developed through its Software Business. The Company chose to make its entry into the telecommunications industry via the prepaid long distance market.

On January 30, 1998, the Company acquired USCommunications ("USC"). Effective May 27, 1998, the Company and principals of USC agreed to rescind the USC acquisition. Following its entry into the Telecommunications Business, the Company formed Canmax Telecom, Inc., its telecommunications operating company and a wholly-owned subsidiary, and has established sales and marketing activities in four principle marketing channels for its prepaid phone card program, including (a) wholesale and retail sales through independent distributors, (b) direct sales to retail stores, (c) telemarketing sales to retail stores, and (d) promotional and specialty marketing sales to businesses. The initial product used to introduce the Company's Telecom division to the market was referred to as the Latino Card, as it was targeted to the long distance market for calls originating within the continental United States to certain Latin American countries. Services required to offer this card were provided by USC, and the Company continued to purchase those services from USC following the rescission of the acquisition.

The Company has established a strategic relationship with PT-1 Communications, Inc., the nation's largest prepaid card provider. This relationship enables the Company to pursue its rapid growth plan in the prepaid market prior to the commitment of a large facilities investment. The Company began marketing prepaid phone cards with services provided by PT-1 in the latter part of August, 1998, and at that time discontinued purchasing any services from USC except those required to complete the operation of the already distributed Latino Cards.

The Company plans to commit approximately $1.0 million in capital investments for fiscal 1999 to its Telecommunications Business, and plans to be able to internally fund additional infrastructure development through operations. The Telecommunications Business was launched during the second quarter of 1998. The Company's interim financial statements for the three month period ended January 31, 1999 and management's discussion and analysis of the results of operations for such period reflect the results of operations of the Telecommunications Business only. Because Telecommunications Business was launched in the second quarter of the 1998 fiscal year, the Company is not able to compare the results of operations for the Telecommunications Business during the first quarter of fiscal 1999 to prior periods. The results of operations of the Software Business have been condensed into the line item caption "Discontinued Operations" in the Company's financial

RESULTS OF OPERATIONS (Continued)

statements and, because the Software Business has been discontinued, management has not discussed the results of operations for the Software Business for the three month period ended January 31, 1999 as compared to the same period in 1998 and the operations for the three month period ended January 31, 1998 as compared to the same period in 1997.

REVENUE

For the three months ended January 31, 1999, the Company had pre-paid calling card revenues from continuing operations of $1,543,000.

EXPENSES

For the three month period ended January 31, 1999, the Company had total costs of revenues relating to revenue from continuing operations of $2,068,000. The costs of revenues are mainly composed of pre-paid calling card activation costs, printing and freight costs.

General and administrative costs attributable to continuing operations were $421,000 for the three month period ended January 31, 1999. These costs were primarily comprised of management, accounting, legal and overhead expenses.

Sales and marketing costs attributable to continuing operations during this three month period were $220,000. Included in these costs are wages, travel and promotional expenses.

Interest expenses attributable to continuing operations were $40,000 for the three month period ended January 31, 1999. These expenses were associated with indebtedness outstanding under the Loan Agreement with Founder that was entered into during fiscal 1998 and long term debt.

As a result of the foregoing, the Company incurred a net loss from continuing operations of $527,000 or $0.08 per share for the three month period ended January 31, 1999.

LIQUIDITY AND SOURCES OF CAPITAL

Upon consummation of the Software Business Sale on December 7, 1998, the Company received its initial installment of $4.0 million from ACS, approximately $1.1 million of which has been used to repay amounts owed to Founders under the Loan Agreement and $250,000 of which was used to pay transaction expenses. The Company plans to commit approximately $1.0 million for capital investments in the Telecommunications Business for fiscal 1999, and plans to internally fund additional infrastructure development through operations of the Telecommunications Business. The Company believes existing capital resources and cash from operations will be sufficient to meet the Company's capital and liquidity needs through fiscal 1999.

At January 31, 1999, the Company had cash and cash equivalents of approximately $2,271,000, up from $441,000 for the same period in 1998, an increase of $1,830,000.

Cash used by continuing operating activities totaled $1,257,000 for the three months ended January 31, 1999. Cash used was comprised of the Company's net income of $1,707,000, adjusted for: gains from discontinued operations of $218,000; gain on disposal of the Software Business of $2,015,000; issuance of common stock to employees; depreciation of $10,363; and net changes in operating assets and liabilities of $821,000.

Cash used in investing activities for continuing operations for the three months ended January 31, 1999 totaled $3,764,000 and was primarily comprised of proceeds from the sale of the Software Business of $3,770,000 and purchases of property and equipment of $13,000.

Cash used in financing activities for continuing operations for the three months ended January 31, 1999 totaled $1,009,000 reflecting the repayment of borrowings under the Loan Agreement that was entered into during fiscal 1998.

LIQUIDITY AND SOURCES OF CAPITAL (Continued)

Current assets from continuing operations totaled $3,510,000 at the end of the first quarter of 1999, resulting in net working capital from continuing operations of $2,440,000. Accounts receivable totaled $731,000 and represented 21% of current assets from continuing operations. Accounts receivable include two significant account which comprised 48% of total trade accounts receivable from continuing operations. The current portion of the note receivable totaled $205,000 at January 31, 1999 and represented funds provided to USC.

Net property and equipment from continuing operations totaled $65,000 at the end of the first quarter of 1999. The majority of property and equipment is comprised of furniture, fixtures and computer equipment.

Current liabilities from continuing operations totaled $1,070,000 at the end of the first quarter of 1999. The majority of liabilities were comprised of convertible debentures issued under the Loan Agreement, accounts payable and accrued liabilities.

In connection with the rescission of the Company's acquisition of USC, USC executed a note payable to the Company in the amount of $725,000. The USC note matures on June 15, 2001, and is payable in monthly installments on the fifteenth day of each month. Monthly payments for November and December of 1998 are $15,000 and monthly payments thereafter through the maturity date are approximately $20,000. The USC note is secured by a lien on all of USC's assets. As of January 31, 1999, approximately $548,000 remained outstanding under the USC note.

IMPACT OF YEAR 2000

The Company has completed an assessment of the impact of Year 2000 issues on its internal systems and determined that the cost for any modifications or replacements will be immaterial and not exceed $50,000. The Company has initiated communications with all of its significant suppliers and customers to determine the extent to which the Company's internal systems and developed software products are vulnerable to those third parties failure. In connection with the Software Business Sale, the Company and ACS conducted a Year 2000 compliance audit of software and systems developed by the Company. Such audit did not reveal any material items of noncompliance, and the Company does not expect to incur any material expenses to cause its developed software and systems to become Year 2000 compliant.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are statements other than historical information or statements of current condition. Some forward-looking statements may be identified by the use of such terms as "expects', "will', "anticipates', "estimates', "believes" and words of similar meaning. These forward-looking statements relate to business plans, programs, trends, results of future operations, satisfaction of future cash requirements, funding of future growth, acquisition plans and other matters. In light of the risks and uncertainties inherent in all such projected matters, the inclusion of forward-looking statements in this Form 10-Q should not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved or that operating expectations will be realized. Revenues and results of operations are difficult to forecast and could differ materially from those projects in forward-looking statements contained herein, including without limitation statements regarding the Company's belief of the sufficiency of capital resources and its ability to compete in the Telecommunications Business. Actual results could differ from those projected in any forward-looking statements for, among others, the following reasons: (a) increased competition in the prepaid phone card business from existing and new competitors, (b) the relatively low barriers to entry for start-up prepaid operators, (c) the price-sensitive nature of consumer demand, (d) the relative lack of customer loyalty to any particular prepaid card company, (e) the Company's dependence upon favorable pricing from its suppliers to compete in the prepaid phone

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS (Continued)

card industry, (f) increased consolidation in the telecommunication industry, which may result in larger competitors being able to compete more effectively, (g) the failure to attract or retain key employees, (h) continuing changes in governmental regulations affecting the telecommunications industry and (i) the "Certain Business Factors" identified in the Company's Annual Report on Form 10-K/A for the year ended October 31, 1998. The Company does not undertake to update any forward-looking statements contained herein. Readers are cautioned not to place undue reliance on the forward-looking statements made in, or incorporated by reference into, this Quarterly Report on Form 10-Q or in any document or statement referring to this Quarterly Report on Form 10-Q.

MANAGEMENT INFORMATION

Roger D. Bryant has served as President, Chief Executive Officer and a director of the Company since November 15, 1994. Prior to joining the Company, Mr. Bryant was President of Network Data Corporation (1993-1994), a private corporation which specialized in developing software for the convenience store and retail petroleum industries. Mr. Bryant has also served as President of Wayne Division, USA (1991-1993), a division of Dresser Industries Inc., a manufacturer of fuel dispensing equipment. Mr. Bryant currently serves as a director of Field Point Petroleum Corporation. Mr. Bryant has extensive knowledge and experience in the software development, retail petroleum and convenience store industries. Mr. Bryant holds a degree in electrical engineering.

Debra L. Burgess has served with the Company since 1989 in increasingly responsible positions. Since November 1994, she has been the Company's Chief Operating Officer and a director. Ms. Burgess also serves as the Company's Chief Financial Officer. Ms. Burgess has been the Secretary of the Company since 1996. Prior to joining the Company, Ms. Burgess was the Manager of Retail Automation responsible for the selection and implementation of a retail automation solution (1981-1989) at Fina Oil and Chemical Company, a retail petroleum, petrochemical refining and exploration company. Ms. Burgess is a Certified Public Accountant.

W. Thomas Rinehart has served as a director of the Company since May, 1991. He was co-founder and Executive Vice President of BASS Inc., from June 1981 until his retirement in September 1992. BASS Inc., a private corporation, is a supplier of retail automation hardware and software to the grocery store industry. Prior to founding BASS Inc., Mr. Rinehart was with NCR from 1964 to 1981, where he held various staff and management positions within its retail software development divisions. Mr. Rinehart has extensive experience in software development and retail automation.

Robert M. Fidler has served as a director of the Company since November 1994. Mr. Fidler joined Atlantic Richfield Company ("ARCO") in 1960, was a member of ARCO's executive management team from 1976 to 1994 and was ARCO's manager of New Marketing Programs from 1985 until his retirement in 1994. Mr. Fidler has extensive knowledge and experience in managing retail petroleum operations.

Nick DeMare has served as a director of the Company since January 1991. Since May, 1991, Mr. DeMare has been the President and Chief Financial Officer of Chase Management Ltd., where his overall responsibility includes providing a broad range of administrative, management and financial services to private and public companies with varied interests in mineral exploration and development, precious and base metals production, oil and gas, venture capital and computer software. Mr. DeMare has served and continues to serve on the boards of a number of Canadian public companies and on the board of directors of North Lily Mining Co., a mining company. Mr. DeMare is a Chartered Accountant (Canada).

Ivor J. Flannery is Vice President of Technology of ARDIS Telecom, Inc. ("ATI"), formerly known as Canmax Telecom, Inc., and has served in that capacity since January 1989. Mr. Flannery joined the Company in September 1983 and has held positions of increasing responsibility. Prior to joining the Company, he was an Advanced Systems Engineer for RIM Technology, a software development company which developed point of sale systems for the retail petroleum industry.

Scott R. Matthews is Vice President of Telecommunications Development/Sales and Marketing of ATI and has served in that capacity since April 1998. From February 1996 to March 1998, Mr. Matthews was the Vice President of Sales and Marketing at Galaxy Communications, Inc., a telecommunications company. Mr. Matthews previously served as the Director of Sales of ATCALL, Inc., a telecommunications company.

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DATE
APR 22 1999

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April 17, 1999

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399-0850

990503

Re: RDST, Inc.

Dear Sir/Madam:

Enclosed please find one original and six (6) copies of RDST, Inc.'s Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida, along with an original and six (6) copies of RDST, Inc.'s proposed tariff.

RDST, Inc. has sufficient financial capability to provide the requested service in the State of Florida and has sufficient financial capability to maintain the requested service and to meet its lease or ownership obligations. In support of RDST, Inc.'s stated financial capability, copies of its parent company's financial statements for the 3 months ended January 31, 1998 and January 31, 1999, are attached to its application. As a reseller, RDST, Inc. does not intend to make a capital investment to provide service in the State of Florida, however, RDST, Inc. intends to fund the provision of service through internally generated cash flow, and from capital

62133

CANMAX RETAIL SYSTEMS INC.
150 WEST CARPENTER FWY.
IRVING, TEXAS 75039
PH. 972-541-1600

BANK ONE, TEXAS, NA - NO. 14010
DALLAS, TEXAS 75201
32-61-1110

DATE	CHECK NO.	CHECK AMOUNT
03/09/1999	0062133	***********$250.00

PAY
TWO HUNDRED FIFTY AND 00/100 DOLLARS

TO THE ORDER OF
FLORIDA PUBLIC SERVICE
COMMISSION

05009-99
4/20/99

CANMAX RETAIL SYSTEMS INC.