ORIGINAL

David B. Erwin
Attorney-at-Law

127 Riversink Road
Crawfordville, Florida 32327

Phone 850.926.9331
Fax 850.926.8448
derwin@lewisweb.net

March 14, 2000

Blanca Bayo, Director
Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

990939-WS

Dear Ms. Bayo:

Pursuant to the request of David Draper, Indiantown Company, Inc. submits the most recent financial statement for Postco, Inc. The statement is for the year ended December 31, 1998. The statement for the year ended December 31, 1999, will not be available for at least another month.

Sincerely,

David B. Erwin

DBE:jm

cc: Marshall Willis
Jeff Leslie

AFA 1
APP
CAF
CMU
CTR
EAG
LEG
MAS
OPC
RRR
SEC 1
WAW 1 Willis
OTH

ORIGINAL

POSTCO, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 1998

(UNAUDITED)

POSTCO, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1998
(UNAUDITED)

TABLE OF CONTENTS

CHAZOTTE, LEFANTO & CO., P.A.
CERTIFIED PUBLIC ACCOUNTANTS
17 FARVIEW TERRACE
PARAMUS, NEW JERSEY 07652

KENNETH J. CHAZOTTE, CPA, PSA
MICHAEL C. LEFANTO, CPA
THOMAS S. BONO, CPA, MBA
ARTHUR DALLE MOLLE, JR., CPA

(201) 368-0722
FAX (201) 368-9374

ACCOUNTANTS' REVIEW REPORT

To the Shareholders and Board of Directors
Postco, Inc. and Subsidiaries
Indiantown, Florida

We have reviewed the accompanying consolidated balance sheet of Postco, Inc. and Subsidiaries as of December 31, 1998, and the related consolidated statements of loss and accumulated deficit, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of Postco, Inc. and Subsidiaries.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit, in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

Chazotte, Lefanto & Co., P.A.

April 23, 1999

POSTCO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1998
(UNAUDITED)

ASSETS

CURRENT ASSETS	
Cash and cash equivalents (Notes 1 and 2)	$ 2,061,283
Receivables (Notes 1, 2 and 3)	1,540,771
Prepaid expenses	98,463
Materials and supplies	477,460
Current portion of notes receivable (Note 4)	67,676
Total	4,245,653
PROPERTY AND EQUIPMENT (Notes 1, 5, 8 and 22)	5,572,913
OTHER ASSETS	
Long-term investments (Notes 1 and 6)	3,490,665
Notes receivable (Note 4)	22,548
Deferred corporation income taxes	468,075
Deferred charges	952
Total	3,982,240
Total	$ 13,800,806

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Current portion of long-term debt (Note 8)	$ 54,683
Accounts payable and accrued expenses	389,660
Customer deposits and advance billing	216,197
Total	660,540
LONG-TERM DEBT, less current maturities (Note 8)	6,804,240
OTHER LIABILITIES (Note 17)	2,409,586
STOCKHOLDERS' EQUITY	
Capital stock	
Preferred stock; 5% non-cumulative; $100 par value	
20,000 shares authorized	
20,000 shares issued and outstanding	2,000,000
Common stock; $1 par value	
10,000 shares authorized	
100 shares issued and outstanding	100
Other paid in capital	1,999,900
Accumulated deficit	(73,560)
Total	3,926,440
Total	$ 13,800,806

See accountants' review report and notes to these financial statements.

POSTCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF LOSS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1998
(UNAUDITED)

OPERATING REVENUES	$ 7,283,916
OPERATING EXPENSES	7,818,209
OPERATING LOSS	(534,293)
OTHER INCOME	520,076
LOSS BEFORE INCOME TAXES	(14,217)
PROVISION FOR INCOME TAXES (Note 9)	59,343
NET LOSS	(73,560)
ACCUMULATED DEFICIT	
Beginning of the year	-
End of the year	$ (73,560)

See accountants' review report and notes to these financial statements.

POSTCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998
(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (73,560)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization, net	772,778
Deferred income taxes	(21,666)
Amortization of investment tax credits	(14,726)
Provision for uncollectible accounts	4,036
Provision for refund of contributions in aid of construction	(29,986)
Allowance for funds used during construction	274
Decrease (increase) in current assets:	
Receivables	(289,551)
Materials and supplies	(84,101)
Prepaid expenses	388,692
Increase (decrease) in current liabilities:	
Accounts payable and accrued expenses	1,773,022
Total adjustments	2,498,772
Net cash provided by operating activities	2,425,212
CASH FLOWS FROM INVESTING ACTIVITIES:	
Principal payments on notes receivable	816,715
Purchase of investments	(8,702,676)
Proceeds from sale of property and equipment	6,700
Purchase of property and equipment	(938,187)
Net cash used in investing activities	(8,817,448)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions in aid of construction	13,457
Proceeds from issuance of long-term debt	7,000,000
Proceeds from sale of preferred stock	2,000,000
Proceeds from sale of common stock	100
Additional paid in capital	1,999,900
Increase in customer deposits and advanced billings	1,953
Principal payments on long-term debt obligations	(4,446,985)
Net cash provided by financing activities	6,568,425
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,189
CASH AND CASH EQUIVALENTS	
Beginning of the year	1,885,094
End of the year	$ 2,061,283

See accountants' review report and notes to these financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Postco, Inc. and wholly owned subsidiaries (The "Company") is principally engaged in providing regulated water, wastewater, refuse and telecommunications services within Martin County, Florida.

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles applicable to rate regulated utilities. Such accounting principles are consistent with the method of accounting prescribed by the Federal Communications Commission ("FCC"), the Rural Utilities Service ("RUS"), the Florida Public Service Commission ("FPSC"), and the National Association of Regulatory Utility Commissions ("NARUC).

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Postco, Inc. and its subsidiaries, Indiantown Company, Inc., ITS Telecommunications Systems, Inc. and Arrow Communications, Inc. All significant intercompany transactions and balances have been eliminated in consolidation.

REGULATORY ACCOUNTING

The company prepares its consolidated financial statements in conformity with generally accepted accounting principles applicable to rate regulated utilities. Such accounting principles are consistent with the accounting prescribed by the Federal Communications Commission ("FCC"), the Florida Public Service Commission ("FPSC") and the National Association of Regulatory Utility Commissioners ("NARUC") and are in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No.71, "Accounting for the Effects of Certain Types of Regulation". The provisions of SFAS No. 71 require, among other things, that regulated enterprises reflect rate actions of regulators in their financial statements when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset or impose a liability on a regulated enterprise. SFAS No. 71 also specifies that the actions of a regulator can eliminate only liabilities imposed by the regulator.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in banks and certificates of deposit with short-term maturities and deposits in a brokerage account money market fund.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Company uses the allowance method for recognizing uncollectible customer revenues and uncollectible notes receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Investments in equity securities are classified as either trading or available for sale and are reported at their fair value with unrealized holding gains and losses reported in earnings or as a separate component of stockholder's equity, respectively. The investment in the Rural Telephone Bank (RTB) can only be redeemed at the discretion of the RTB Board of Directors and subsequent to the retirement of all outstanding shares of RTB class A stock. Investments in debt securities are classified as held-to-maturity and are recorded at market value which approximates amortized cost.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost and does not represent current replacement costs. Additions to and replacements of utility plant are capitalized at cost which includes benefits and payroll taxes applicable to construction labor. The cost of utility property retired plus removal costs, less salvage is charged to accumulated depreciation.

DEPRECIATION

Depreciation is computed on the remaining life and straight-line composite rates methods of depreciating for financial reporting purposes and on the Accelerated Cost Recovery System (ACRS) and Modified Accelerated Cost Recovery System (MACRS) for income tax purposes.

MAINTENANCE AND REPAIRS

The cost of plant maintenance and repairs is charged to operating expenses. Major renewals and betterments are capitalized and depreciated over the expected lives of the assets.

INCOME TAXES

The Company files consolidated Federal and State income tax returns, which include Postco, Inc., Indiantown Company, Inc., ITS Telecommunications Systems, Inc. and Arrow Communications, Inc.

INVESTMENT TAX CREDITS

The investment tax credits of ITS Telecommunications Systems, Inc. were deferred when utilized and are being amortized over the average useful lives of the related assets. The amortization of the deferred tax credit is reflected as a reduction of current income tax expense.

DEFERRED INCOME TAXES

Deferred income taxes are provided for the temporary differences between the financial statement carrying amounts and the tax basis of the Company's assets and liabilities.

CASH FLOWS

The Company presents its statements of cash flows using the indirect method. Cash and cash equivalents consist of cash in banks, certificates of deposit with short-term maturities and deposits in a brokerage house money market fund.

COMPREHENSIVE INCOME

There were no material amounts of other comprehensive income in 1998 and thus net income is equal to comprehensive income for the year.

See accountants' review report.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash deposits at several banks located in southern Florida. Deposits at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At December 31, 1998, the balances at those banks exceeded the FDIC insurance limit by approximately $1,824,327.

Financial instruments which subject the Company to concentration of credit risks consist of trade accounts receivable as substantially all customers are located in western Martin County, Florida and all Carriers are affiliated with the telecommunications industry. The Company requires security deposits from its customers. The Company maintains an allowance for uncollectible accounts receivable based upon the expected collectability of the receivables.

NOTE 3 - RECEIVABLES

Receivables consist of the following:

Customers	$ 579,450
Telephone inter exchange carriers	291,691
Related parties	526,165
Refundable income taxes	157,351
Other	8,870
Less allowance for uncollectible accounts	(22,756)
	$ 1,540,771

NOTE 4 - NOTES RECEIVABLE

Notes receivable consist of the following:

SUSAN GRIMES	
8.0% note receivable due $201 per month, including interest through February 2002, the remaining principle and interest due March 2002, secured by land in Polk County, Florida.	$ 23,131
CORNERSTONE GROUP	
8.0% note receivable due $2,100 per month, including interest through November 1999, the remaining principle and interest due December 1999, secured by unimproved residential real estate.	67,093
	90,224
Less current portion	(67,676)
	$ 22,548

See accountants' review report.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

POSTCO, INC.		
Furniture and office equipment	$ 37,738	
Vehicles	19,050	
	56,788	
Less accumulated depreciation	(230)	$ 56,558
INDIANTOWN COMPANY, INC.		
Water plant	2,020,758	
Waste water plant	2,966,484	
Refuse vehicles and equipment	1,067,422	
Administrative structures, vehicles and equipment	87,870	
	6,142,534	
Less accumulated depreciation	(3,155,012)	2,987,522
ITS TELECOMMUNICATIONS SYSTEMS, INC.		
Land	107,466	
Buildings	911,210	
Central office equipment	4,156,920	
Poles, cable and wire	6,124,785	
Furniture and office equipment	524,554	
Vehicles and other equipment	300,937	
Station apparatus	81,183	
	12,207,055	
Less accumulated depreciation	(6,676,932)	5,530,123
ARROW COMMUNICATIONS, INC.		
Furniture and office equipment	104,689	
Vehicles	20,870	
	125,559	
Less accumulated depreciation	(6,209)	119,350
		8,693,553
Less consolidated valuation adjustment (Note 22)		(3,120,640)
Total		$ 5,572,913

See accountants' review report.

NOTE 6 - LONG-TERM INVESTMENTS

Available-for-sale	
FIRST BANK OF INDIANTOWN	
34,797 shares of $10 par value preferred stock. (See Note 12)	$ 1,077,277
MUTUAL FUNDS	
Investment Company of America	116,842
Income Company of America	83,471
NAB Exchangeable PFD Trust	25,000
New Prospective Fund	10,000
Smallcap World Fund	83,757
Washington Mutual Investors Fund	65,277
Solomon Brothers High Income Fund	49,500
Fidelity Daily Money Fund	1,683,449
Held-to-maturity:	
AMERICAN TELEPHONE AND TELEGRAPH	
$100,000 6.75% note maturing April 2004.	98,720
SEARS ROEBUCK ACCEPTANCE CORP	
$10,000 6.95% note maturing October 2038.	10,000
TRANSAMERICA FINANCE CORP	
$10,000 7.1% note maturing November 2028	10,000
Other:	
RURAL TELEPHONE BANK	
231,038 shares of Class B stock	21,500
1,675,000 shares of Class C stock	155,872
	$ 3,490,665

See accountants' review report.

NOTE 6 - LONG-TERM INVESTMENTS (Continued)

The shares of Rural Telephone Bank (RTB) stock were purchased as a condition of obtaining long-term financing from the RTB, which was repaid on January 7, 1998. The owners of Class B stock are entitled to patronage dividends in the form of additional shares of Class B stock. This stock may be redeemed at the discretion of the RTB Board of Directors subsequent to the retirement of all of the outstanding shares of RTB Class A stock. During 1998, the Company received Class B stock patronage dividends in the amount of $231,038 and Class C stock cash dividends in the amount of $20,240.

NOTE 7 - REIMBURSEMENT OF SOIL REMEDIATION EXPENDITURES

ITS Telecommunications Systems, Inc. is currently participating in a program established by the Florida Department of Environmental Protection (FDEP) whereby, all costs incurred in connection with the clean up and monitoring of the soil remediation project are submitted directly to the FDEP for reimbursement. Under the program, the Company is not expected to incur additional costs and expenses in connection with the clean up. However, the ultimate liability of the remediation project remains the Company's.

During 1992, the FDEP approved the Company's remediation action plan for the environmental clean up of contaminated ground soil at its warehouse facility. As part of this plan, the Company was required to operate and maintain the remediation system until the process is complete.

During 1995, the Company was notified it had qualified for a program established by the FDEP whereby the Company is able to contract with a pre-approved contractor who will perform the remaining clean up and monitoring of the project and submit their invoices directly to the FDEP for reimbursement. The FDEP will reimburse the contractor within a reasonable period of time. The Company will no longer be required to pay for any of the costs of the clean up. In addition, the Company received a 1998 reimbursement from the FDEP in the amount of $233,000 for soil remediation expenditures incurred prior to March 28, 1995.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of the following:

UNITED STATES CELLULAR CORPORATION	
5.97% note payable as follows: $24,875, per month, interest only through January 2003. $32,123 per month, principal and interest from February 2003 through January 2013. The outstanding balance is due on January 7, 2013. Collateralized by the outstanding common stock of Postco, Inc. and ITS Telecommunications Systems, Inc.	$ 5,000,000
ROBERT M. POST, JR.	
12% Unsecured note payable due December 2003.	1,599,201
BARNETT BANK	
8.6% note due $4,816 per month, including interest through January, 2003, collateralized by two refuse trucks.	195,862
8.75% note due $1,439 per month, including interest through June, 2003, collateralized by a refuse truck.	63,860
	6,858,923
Less current maturates	(54,683)
	$ 6,804,240

Maturates of long-term debt are as follows:

1999	$ 54,683
2000	59,595
2001	64,949
2002	70,784
2003	1,690,657
Thereafter	4,918,255
	$ 6,858,923

See accountants' review report.

NOTE 9 - DEFERRED INCOME TAXES

The Financial Accounting Standards Board (FASB) issued SFAS No. 109, Accounting for Income Taxes. SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

The deferred tax assets and deferred tax liabilities are comprised of the following:

Deferred tax assets	
Receivables	$ 8,571
Deferred intrastate revenues	54,021
Contributions in aid of construction	405,483
	$ 468,075
Deferred tax liabilities	
Adjusted tax basis of property	$ 40,893
Accelerated depreciation	956,573
	$ 997,466

The components of income tax expense are as follows:

Federal:	
Current	$ -
Deferred	63,269
Less - amortization of investment tax credits	(14,726)
State:	
Current	-
Deferred	10,800
	$ 59,343

See accountants' review report.

NOTE 10 - REGULATORY ADJUSTMENTS

ITS TELECOMMUNICATIONS SYSTEMS, INC.

FPSC Order No. 21474. - The Florida Public Service Commission approved a cap on 1988 and 1989 intrastate earnings applying a maximum return on equity of 14.5%. The earnings in excess of the cap were deferred as a credit applied to the Company's 1989 and 1990 additions to property, plant and equipment. The jurisdictional deferred excess earnings are amortized over the estimated useful lives of the 1989 and 1990 additions to property, plant and equipment.

Effective December 10, 1996, ITS Telecommunications Systems, Inc. elected to change their regulatory status as provided by Florida Statute Chapter 364 which became law in 1995. This statute allowed for certain Local Exchange Carriers to decide whether they would prefer to remain under the traditional Rate of Return-Rate Base regulation or choose to be regulated under a Price Base treatment by the Florida Public Service Commission. ITS Telecommunications Systems, Inc. elected to change to the Price Based form of intrastate regulation. Interstate regulation will remain under the traditional method. Under Rate of Return regulation, the Company was allowed to recover its associated costs plus it was allowed to earn a return on its capital immediately. This rate of return is set by the Florida Public Service Commission, and the disposition of any over earnings are determined by the Commission. Under Price regulation, the prices the Company is allowed to charge are frozen at the level as of the date of the election for a period of five years. Once this frozen period expires, the price increases are limited by cost of living indicators. Regulation by the Florida Public Service Commission is limited only to the observation of the rates.

INDIANTOWN COMPANY, INC.

The Florida Public Service Commission review of the Company's 1991 - 1996 Annual Contributions In Aid of Construction (CIAC) gross-up reports will require the Company to refund the income tax portion of the CIAC gross-up collected from new customers in 1995 and 1996. The Company has recorded the liability for 1995 and 1996 refunds of $22,102 and $9,169, respectively.

See accountants' review report.

NOTE 11 - PENSION PLAN

The Company participates in a non-contributory pension plan covering substantially all the employees of Postco, Inc. and wholly owned subsidiaries.

Postco, Inc.	- parent corporation
Indiantown Company, Inc.	- a subsidiary corporation
ITS Telecommunications Systems, Inc.	- a subsidiary corporation
Arrow Communications, Inc.	- a subsidiary corporation

Plan assets consist of cash, a mortgage note receivable, corporate debt and securities, and real estate.

The following sets forth the funded status of the plan:

Fair value of plan assets	$ 655,767
Actuarial present value of benefit obligation:	
Vested benefits	555,349
Nonvested benefits	18,353
Accumulated benefit obligation	573,702
Effect of anticipated future compensation levels and other events	70,633
Projected benefit obligation	644,335
Excess of the over projected benefit obligation plan assets	$ 11,432

The excess of the over projected benefit obligation plan assets consists of the following:	
Unamortized transition amount	$ 28,899
Unrecognized net loss	(87,602)
Minimum liability - accumulated benefit obligation in excess of plan assets	-
Prepaid pension cost	70,135
	$ 11,432

Pension expense consisted of the following:	
Service cost for the current year	$ 57,169
Interest cost on the projected benefit obligation	44,165
Actual return on plan assets	(98,152)
Amortization of transition amount	(5,133)
Amortization of net loss	62,691
Plan asset loss	56,011
Net periodic pension cost	$ 116,751

NOTE 11 - PENSION PLAN (Continued)

The following discount rates were used in computing pension expense:

Projected benefit obligation measurement	7%
Increase in future compensation levels	2%
Expected return on plant assets	7%

The Company provided for contributions of $ 100,299 in 1998.

NOTE 12 - RELATED PARTY TRANSACTIONS

FIRST BANK OF INDIANTOWN
The President of Postco, Inc., Indiantown Company, Inc., ITS Telecommunications Systems, Inc. and Arrow Communications, Inc. is a stockholder and chairman of the Board of the First Bank of Indiantown. At December 31, 1998, the Company had the following relationship with the First Bank of Indiantown.

Deposits	$ 1,069,839
Investment in First Bank of Indiantown preferred stock (See Note 6)	$ 1,077,277

ROBERT M. POST, JR.
Indiantown Company, Inc. currently leases land owned by Mr. Robert M. Post, Jr. The leased property is located in Indiantown, Florida and is used as part of the Indiantown Company, Inc. wastewater treatment plant.

On January 7, 1998, Mr. Robert M. Post, Jr. purchased 100 shares of Postco, Inc. common stock and advanced $2,000,000 to Postco, Inc. under the terms of a 12% unsecured promissory note.

UNITED STATES CELLULAR CORPORATION
On January 7, 1998, United States Cellular Corporation purchased 20,000 shares of Postco, Inc. preferred stock and advanced $5,000,000 to Postco, Inc. under the terms of a 5.97% secured promissory note.

SWEETWATER ENVIRONMENTAL, INC.
Mr. Robert M. Post, Jr. is a stockholder of Sweetwater Environmental, Inc. Sweetwater Environmental, Inc. currently transports sludge from the wastewater facility at a cost of $4,000 per month.

PRINCESS AVIATION
The President of Indiantown Company, Inc. is a stockholder of Princess Aviation. Princess Aviation provided air transportation services for the company and received $68,382 for these services.

NOTE 13 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The following are supplemental disclosures of cash flow information:

Cash paid during the year for:	
Interest	$ 658,436
Income taxes	$ 95,000

NOTE 14 - COMMITMENTS AND CONTINGENCIES

INDIANTOWN COMPANY, INC.
The earnings of the Company are subject to review by the FPSC for compliance with allowable rates of return. As of the date of this report, the FPSC has not ruled if the Company's 1998 earnings exceeded its maximum authorized return on equity.

ITS TELECOMMUNICATIONS SYSTEMS, INC.
As discussed in Note 7, the Company is participating in a pre-approval program established by the Florida Department of Environmental Protection (FDEP) whereby, all costs incurred in connection with the clean up and monitoring of the soil remediation project will be submitted directly to the FDEP for reimbursement. Under the program, the Company is not expected to incur additional costs and expenses in connection with the clean up. However, the ultimate liability of the remediation project is the Company's.

INDIANTOWN COMPANY, INC. AND ARROW COMMUNICATIONS, INC.
Indiantown Company, Inc. and Arrow Communications, Inc. have entered into an agreement with Lucent Technologies to sell Lucent Technologies telephone equipment.

NOTE 15 - SAVINGS PLAN

The Company sponsors a 401(k) savings plan under which eligible employees may choose to save up to 15% of salary income on a pre-tax basis, subject to certain IRS limits. The Company matches 10% of the employee contribution. The 1998 compensation expense for the 401(k) match was $13,575,

NOTE 16 - OPERATING LEASES

Indiantown Company, Inc. leases land in Indiantown, Florida from Robert M. Post, Jr. (a stockholder). The lease is classified as an operating lease and provides for annul rentals of $19,200. The property is presently used as a part of the Indiantown Company, Inc. wastewater treatment plant.

NOTE 17 - OTHER LIABILITIES

Other liabilities consist of the following:

Contributions in aid of construction	$ 1,392,538
Deferred income taxes	997,466
Unamortized investment tax credits	19,582
	$ 2,409,586

NOTE 18 - RESTRICTED CASH

At December 31, 1998, cash in the amount of $104,000, was restricted as to use. These amounts consist of certificates of deposit used in lieu of a performance bond relating to refuse operations and collateral for a loan with the First Bank of Indiantown.

NOTE 19 - SIGNIFICANT EVENTS

The following events occurred in 1998.

REORGANIZATION

Indiantown Company, Inc. transferred the Water, Wastewater, Refuse and Rolloff assets and liabilities to a new corporation (ICO Enterprises, Inc.) in a Section 351 tax free exchange for the outstanding common stock of the newly formed corporation.

REDEMPTION

Indiantown Company received 12,335 shares of outstanding Indiantown Company, Inc. preferred stock and 1,178 shares of outstanding Indiantown Company, Inc. common stock in exchange for real estate owned by Indiantown Company, Inc. which was appraised for $6,532,000. This taxable event created a 1998 tax liability of approximately $1,970,000.

CHANGE OF OWNERSHIP

The stockholders of Indiantown Company, Inc. sold the remaining 8,013 shares of outstanding common stock to United States Cellular Corporation.

Indiantown Company, Inc. sold the outstanding common stock of ICO Enterprises, Inc., ITS Telecommunications Systems, Inc. and Arrow Communications, Inc. to Postco, Inc. Postco, Inc. is a corporation owned by Mr. Robert M. Post, Jr.

United States Cellular Corporation purchased 20,000 shares of Postco, Inc. $100 par value preferred stock.

NOTE 19 - SIGNIFICANT EVENTS (Continued)

CORPORATE NAME CHANGES

The stockholders of the respective corporations approved the following corporate name changes.

Indiantown Company, Inc. became CFC Parent, Inc.
ICO Enterprises, Inc. became Indiantown Company, Inc.
Indiantown Telephone System, Inc. became ITS Telecommunications Systems, Inc.

NOTE 20 - SUBSEQUENT EVENT

On March 26, 1999, Indiantown Company, Inc. and Indianwood Associates agreed to transfer the ownership of the water and wastewater lines located on land presently owned by Indianwood Associates. Indiantown Company, Inc. will accept title to the water and wastewater lines upon the completion of Indianwood Associates repairs to the lines. Future repairs and maintenance will be the responsibility of Indiantown Company, Inc.

NOTE 21- CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

Indiantown Company, Inc. has received payments from water and wastewater customers, under the terms of the FPSC approved tariff, which are utilized to offset the acquisition, improvement, and construction cost of the utility's property, plant and equipment used to provide water and wastewater service to the public.

The contributions in aid of construction are amortized over the estimated useful lives of the assets purchased with the CIAC funds. The 1998 amortization of CIAC in the amount of $69,660 was recorded as a reduction of 1998 depreciation expense in accordance with current FPSC regulations.

NOTE 22 - CONSOLIDATED VALUATION ADJUSTMENT

Accounting Principles Board (APB) opinion No. 16 and Financial Accounting Standards Board (FASB) SAFS No. 94 require that the excess of the fair value of net assets received in a purchase business combination over the fair value of the consideration paid be allocated proportionately to reduce noncurrent assets except marketable securities. The combined net book value (assets less liabilities) of Indiantown Company, Inc., ITS Telecommunications Systems, Inc. and Arrow Communications, Inc. at January 7, 1998 was approximately $3,285,000 greater than the consideration paid by Postco, Inc. on that date for all of the outstanding common stock of the three corporations.

The accompanying consolidated financial statements reflect this difference as a reduction of consolidated property and equipment which is currently being amortized over 20 years commencing January 7, 1998.

CHAZOTTE, LEFANTO & CO., P.A.
CERTIFIED PUBLIC ACCOUNTANTS
17 FARVIEW TERRACE
PARAMUS, NEW JERSEY 07652

KENNETH J. CHAZOTTE, CPA, PSA
MICHAEL C. LEFANTO, CPA
THOMAS S. BONO, CPA, MBA
ARTHUR DALLE MOLLE, JR., CPA

(201) 368-0722
FAX (201) 368-9374

ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION

To the Shareholder and Board of Directors
Postco, Inc. and Subsidiaries
Indiantown, Florida

Our report on our review of the basic consolidated financial statements of Postco, Inc. and Subsidiaries for the year ended December 31, 1998 appears on page 1. Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with generally accepted accounting principles. The accompanying supplementary information on pages 20 - 22 is presented for purposes of additional analysis and such information has been subjected to the same inquiries and analytical procedures applied in the review of the basic financial statements. All information contained therein is the representation of the management of Postco, Inc. and Subsidiaries. We did not become aware of any material modification that should be made to this supplementary information.

Chazotte, Lefanto + Co., P.A.

April 23, 1998

SUPPLEMENTARY INFORMATION

POSTCO, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1998
(UNAUDITED)

	Consolidated Total	Eliminations	Postco	Indiantown Company	ITS Telecommunications Systems	Arrow Communications
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 2,061,283	$ -	$ 119,141	$ 952,815	$ 941,591	$ 47,736
Receivables	1,540,771	(1,849,435)	189,048	2,143,063	819,922	238,173
Prepaid expenses	98,463	-	540	61,589	34,101	2,233
Material and supplies	477,460	-	-	14,879	379,765	82,816
Current portion of notes receivable	67,676	(75,660)	75,660	583	67,093	-
	4,245,653	(1,925,095)	384,389	3,172,929	2,242,472	370,958
PROPERTY AND EQUIPMENT	5,572,913	(3,120,640)	56,558	2,987,522	5,530,123	119,350
OTHER ASSETS						
Long-term investments	3,490,665	(7,000,000)	7,000,000	633,247	2,857,418	-
Notes receivable	22,548	(3,691,969)	3,691,969	22,548	-	-
Deferred corporation income taxes	468,075	-	-	414,054	54,021	-
Deferred charges	952	-	-	952	-	-
	3,982,240	(10,691,969)	10,691,969	1,070,801	2,911,439	-
TOTAL	$ 13,800,806	$ (15,737,704)	$ 11,132,916	$ 7,231,252	$ 10,684,034	$ 490,308
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Current portion of long-term debt	$ 54,683	$ (75,660)	$ -	$ 54,683	$ 75,660	$ -
Accounts payable and accrued expenses	389,660	(1,849,435)	728,038	222,686	292,096	996,275
Customer deposits and advance billing	216,197	-	-	46,068	170,129	-
	660,540	(1,925,095)	728,038	323,437	537,885	996,275
LONG-TERM DEBT	6,804,240	(3,691,969)	6,599,201	205,039	3,691,969	-
OTHER LIABILITIES						
Unamortized investment credits	19,582	-	-	-	19,582	-
Contributions in aid of construction	1,392,538	-	-	1,392,538	-	-
Deferred corporation income taxes	997,466	(56,800)	-	351,426	702,840	-
	2,409,586	(56,800)	-	1,743,964	722,422	-
STOCKHOLDERS' EQUITY						
Preferred stock	2,000,000	-	2,000,000	-	-	-
Common stock	100	(385,100)	100	100	375,000	10,000
Other paid in capital	1,999,900	(5,528,175)	1,999,900	5,178,175	-	350,000
Retained earnings (accumulated deficit)	(73,560)	(4,150,565)	(194,323)	(219,463)	5,356,758	(865,967)
	3,926,440	(10,063,840)	3,805,677	4,958,812	5,731,758	(505,967)
TOTAL	$ 13,800,806	$ (15,737,704)	$ 11,132,916	$ 7,231,252	$ 10,684,034	$ 490,308

See accountants' report on supplementary information.

POSTCO, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF LOSS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1998
(UNAUDITED)

	Consolidated Total	Eliminations	Postco	Indiantown Company	ITS Telecommunications Systems	Arrow Communications
OPERATING REVENUES						
Telecommunications services	$ 4,880,023	$ (22,069)	$ -	$ -	$ 4,220,770	$ 681,322
Water and Wastewater services	995,478	-	-	995,478	-	-
Refuse services	1,338,273	-	-	1,338,273	-	-
Management fees	70,142	(624,557)	694,699	-	-	-
	7,283,916	(646,626)	694,699	2,333,751	4,220,770	681,322
OPERATING EXPENSES	7,818,209	(1,074,983)	1,181,742	2,765,796	3,556,986	1,388,668
OPERATING INCOME (LOSS)	(534,293)	428,357	(487,043)	(432,045)	663,784	(707,346)
OTHER INCOME						
Interest and dividend income	253,133	(264,157)	237,870	105,567	173,853	-
Allowance for funds used during construction	274	-	-	-	274	-
Rental income	33,635	-	-	33,635	-	-
Reimbursement of soil contamination costs	233,034	-	-	-	233,034	-
	520,076	(264,157)	237,870	139,202	407,161	-
INCOME BEFORE INCOME TAXES	(14,217)	164,200	(249,173)	(292,843)	1,070,945	(707,346)
PROVISION FOR INCOME TAXES	59,343	(56,800)	(54,850)	(73,380)	399,423	(155,050)
NET INCOME (LOSS)	(73,560)	221,000	(194,323)	(219,463)	671,522	(552,296)
RETAINED EARNINGS (ACCUMULATED DEFICIT)						
Beginning	-	(4,371,565)	-	-	4,685,236	(313,671)
Ending	$ (73,560)	$ (4,150,565)	$ (194,323)	$ (219,463)	$ 5,356,758	$ (865,967)

See accountants' report on supplementary information.

POSTCO, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998
(UNAUDITED)

	Consolidated Total	Eliminations	Postco	Indiantown Company	ITS Telecommunications Systems	Arrow Communications
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income (loss)	$ (73,560)	$ 221,000	$ (194,323)	$ (219,463)	$ 671,522	$ (552,296)
Adjustments to reconcile net loan to net cash provided by operating activities:						
Depreciation and amortization, net	772,778	(164,200)	230	205,310	725,013	6,425
Deferred income taxes	(21,666)	(56,800)	-	(93,215)	128,349	-
Amortization of investment tax credits	(14,726)	-	-	-	(14,726)	-
Provision for uncollectible accounts	4,036	-	-	3,036	-	1,000
Provision for refund of contributions in aid of construction	(29,986)	-	-	(29,986)	-	-
Allowance for funds used during construction	274	-	-	-	274	-
Decrease (increase) in current assets:						
Receivables	(289,551)	-	(189,048)	64,617	18,881	(184,001)
Materials and supplies	(84,101)	-	-	959	(6,312)	(78,748)
Prepaid expenses	388,692	-	(540)	384,072	2,755	2,405
Increase in current liabilities:						
Accounts payable and accrued expenses	1,773,022	-	728,038	2,399	108,176	934,409
Total adjustments	2,498,772	(221,000)	538,680	537,192	962,410	681,490
Net cash provided by operating activities	2,425,212	-	344,357	317,729	1,633,932	129,194
CASH FLOWS FROM INVESTING ACTIVITIES						
Principal payments on notes receivable	816,715	-	-	493	816,222	-
Purchase of investments	(8,702,676)	-	(7,000,000)	-	(1,702,676)	-
Intercompany advances	-	3,767,629	(3,767,629)	-	-	-
Proceeds from sale of property and equipment	6,700	-	-	-	6,700	-
Purchase of property and equipment	(938,187)	-	(56,788)	(269,523)	(513,634)	(98,242)
Net cash used in investing activities	(8,817,448)	3,767,629	(10,824,417)	(269,030)	(1,393,388)	(98,242)
CASH FLOWS FROM FINANCING ACTIVITIES						
Contributions in aid of construction	13,457	-	-	13,457	-	-
Proceeds from issuance of long term debt	7,000,000	(3,767,629)	7,000,000	-	3,767,629	-
Proceeds from sale of preferred stock	2,000,000	-	2,000,000	-	-	-
Proceeds from sale of common stock	100	-	100	-	-	-
Additional paid in capital	1,999,900	-	1,999,900	-	-	-
Increase in customer deposits and advance billings	1,953	-	-	(240)	2,193	-
Principal payments on long-term debt obligations	(4,446,985)	-	(400,799)	(424,873)	(3,621,313)	-
Net cash provided by (used in) financing activities	6,568,425	(3,767,629)	10,599,201	(411,656)	148,509	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	176,189	-	119,141	(362,957)	389,053	30,952
CASH AND CASH EQUIVALENTS						
Beginning of the year	1,885,094	-	-	1,315,772	552,538	16,784
End of year	$ 2,061,283	$ -	$ 119,141	$ 952,815	$ 941,591	$ 47,736

See accountants' report on supplementary information.