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WILL-PEMCO INC.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1997 AND 1996

TOGETHER WITH REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

**RE-SCAN**



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3-7-98

# ARTHUR ANDERSEN LLP

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors  
and Stockholder of Will-Pemco Inc.:

We have audited the accompanying balance sheets of Will-Pemco Inc. (the "Company") (a Wisconsin corporation and wholly owned subsidiary of the Koerber Group), as of December 31, 1997 and 1996, and the related statements of operations and retained earnings and cash flows for the years then ended which, as described in Note 1, have been prepared on the basis of accounting principles accepted in Germany. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States and in Germany. U.S. standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Will-Pemco Inc. as of December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles accepted in Germany.

*Arthur Andersen LLP*  
ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin,  
March 4, 1998.

WILL-PEMCO INC.

BALANCE SHEETS

GERMAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

DECEMBER 31, 1997 AND 1996

ASSETS	1997	1996	LIABILITIES AND STOCKHOLDER'S EQUITY	1997	1996
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
Cash and cash equivalents	\$5,211,828	\$3,186,012	Accounts payable-	\$3,315,286	\$4,334
Accounts receivable, net-			Trade	4,811,268	8,565
Trade	6,235,647	11,723,992	Related parties		
Related parties	3,371,464	3,139,919	Notes payable-		
Other	497,619	260,218	Trade	37,057	13
Notes receivable-			Related party	4,011,222	4,795
Trade	7,569	158,298	Warranty claims payable	2,418,989	5,561
Income tax receivable	1,229,498	-	Advance payments from customers	11,945,323	
Inventories	8,769,469	13,744,467	Accrued liabilities-		
Deposits with related parties	6,700,684	1,025,832	Retirement plan	132,326	601
Deposits	7,731	40,974	Payroll wages and taxes	744,677	831
Prepaid expenses	112,161	96,794	Accrued commission	214,813	501
			Late shipment penalties	660,720	2,301
Total current assets	32,143,670	33,376,506	Non-performed services	4,448,214	2,361
			Capital lease obligations	458,295	571
			Other	1,409,894	4,781
<b>OTHER ASSETS:</b>			Income taxes payable	-	201
Notes receivable-			Dividend payable to Papis Holding GmbH	-	2,501
Trade	-	421,231			
Intangibles, net	1,130,903	1,478,664			
Escrow Fund	164,150	250,000			
Executive retirement plan	4,616	139			
Total other assets	1,299,669	2,150,034			
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			<b>LONG TERM LIABILITIES:</b>		
Land and land improvements	208,063	208,063	Note payable trade	47,453	2
Buildings	9,965,937	9,965,937			
Machinery and equipment	8,684,914	8,090,195			
Vehicles	86,518	144,665			
Furniture and fixtures	4,060,093	3,937,637			
Construction-in-progress	207,295	120,120			
	23,212,820	22,466,617			
Less- Accumulated depreciation	(14,822,987)	(13,474,788)			
Net property, plant and equipment	8,389,833	8,991,829			
Total assets	\$41,833,172	\$44,518,369			
			Total stockholder's equity	7,177,635	9,331
			Total liabilities and stockholder's equity	\$41,833,172	\$44,518

The accompanying notes to financial statements are an integral part of these balance sheets.

WILL-PEMCO INC.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

GERMAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

YEARS ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
REVENUES:		
Machines	\$53,177,118	\$83,223,423
Spare parts	18,346,669	20,829,482
Field service	4,705,727	4,576,051
Commissions	402,954	954,708
Total revenues	<u>76,632,468</u>	<u>109,583,664</u>
COST OF PRODUCTS SOLD	<u>72,671,988</u>	<u>96,709,795</u>
Gross margin	3,960,480	12,873,869
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	12,505,868	10,243,024
PROFIT SHARING CONTRIBUTION	<u>-</u>	<u>470,000</u>
(LOSS) INCOME FROM OPERATIONS	(8,545,388)	2,160,845
OTHER INCOME (EXPENSE):		
Foreign currency exchange loss	(170,330)	(327,514)
Interest (expense) income, net	(121,972)	251,897
Reversal of warranty and probable loss accrual	7,353,622	1,830,044
Other income (expense), net	65,572	(376,092)
	<u>7,126,892</u>	<u>1,378,335</u>
(LOSS) INCOME BEFORE INCOME TAXES	(1,418,496)	3,539,180
INCOME TAX BENEFIT (PROVISION)	<u>802,122</u>	<u>(526,934)</u>
NET (LOSS) INCOME	<u>\$(616,374)</u>	<u>\$3,012,246</u>
Dividends to Paptis Holdings GmbH	\$(1,684,211)	\$(5,263,158)
RETAINED EARNINGS, beginning of year	7,787,021	10,037,933
ADJUSTMENT OF RETAINED EARNINGS ON CONVERSION FROM INCOME TAX TO GERMAN GAAP BASIS	(55,422)	-
RETAINED EARNINGS, end of year	<u>\$5,431,014</u>	<u>\$7,787,021</u>

The accompanying notes to financial statements are an integral part of these statements.

WILL-PEMCO INC.

STATEMENTS OF CASH FLOWS

GERMAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

YEARS ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$(616,374)	\$3,012,246
Adjustments to reconcile net (loss) income to net cash provided by operating activities-		
Depreciation and amortization	2,026,033	2,571,930
Gain on sale of assets	(15,590)	(42,401)
Deferred income taxes	941,191	-
Change in assets and liabilities-		
Accounts receivable	5,019,399	(4,297,397)
Income tax receivable/payable	(2,372,640)	101,624
Inventories	4,974,998	(3,132,633)
Deposits and prepaid expenses	(5,656,976)	(164,532)
Notes receivable	571,960	138,072
Escrow funds	85,850	(250,000)
Supplemental Executive Retirement Plan (SERP)	(4,477)	5,554
Accounts payable and accrued liabilities	(5,675,387)	(158,537)
Warranty claims payable	(2,380,136)	3,739,125
Advance payments from customers	6,379,491	694,225
Net cash provided by operations	<u>3,277,342</u>	<u>2,217,276</u>
CASH FLOWS USED FOR INVESTMENT ACTIVITIES:		
Proceeds from sale of assets	19,894	99,129
Capital expenditures	(1,136,002)	(2,067,339)
Net cash used for investment activities	<u>(1,116,108)</u>	<u>(1,968,210)</u>
CASH FLOWS USED FOR FINANCING ACTIVITIES:		
Additions (payments) of notes payable	4,048,793	(67,367)
Dividends paid to Paptis Holding GmbH	(4,184,211)	(2,631,579)
Net cash used for financing activities	<u>(135,418)</u>	<u>(2,698,946)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,025,816	(2,449,880)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,186,012</u>	<u>5,635,892</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$5,211,828</u>	<u>\$3,186,012</u>

The accompanying notes to financial statements are an integral part of these statements.

WILL-PEMCO INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

(1) Summary of Significant Accounting Policies-

Description of operations-

Will-Pemco Inc. (the "Company"), is a wholly owned subsidiary of Paptis Holding GmbH which is a division of the Koerber Group. The Company is engaged in the design, manufacture, sale and servicing of machines and parts used in the worldwide fine paper, paper board and converting industries.

Basis of presentation-

The financial statements are prepared on the accounting basis of German Generally Accepted Accounting Principles as set forth in the Accounting Manual for the Koerber Group ("German GAAP") and, accordingly, do not conform to United States Generally Accepted Accounting Principles ("U.S. GAAP").

The primary differences between the Company's German GAAP basis of accounting and U.S. GAAP include:

- Loss Contingencies - Under U.S. GAAP, contingent losses should only be recognized if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. No recognition is given if a loss is only reasonably possible and general contingency reserves are not permitted. Under German GAAP, possible and reasonable loss contingencies should be accrued for in the period of economic or legal cause. In addition, general contingency reserves are permitted in Germany.
- Unrealized Gains - Under U.S. GAAP, unrealized gains are recorded when marking to market certain investments in debt, marketable equity securities and other financial instruments. Under German GAAP, unrealized gains are not recognized ("impairity principle") until realized.
- Goodwill - Under U.S. GAAP, goodwill is recorded only as a result of purchase business combinations and is amortized over its useful life (not to exceed 40 years). Under German GAAP, purchased goodwill may be capitalized and amortized or expensed in the income statement in the current period. If capitalized, goodwill must be amortized over four years or less, beginning with the year after the year of acquisition.

- Depreciation – Under U.S. GAAP, depreciation methods must be systematic and rational. Under German GAAP, depreciation expense is calculated using a declining balance or straight-line method. As instructed by Koerber, the Company uses a declining balance method.
- Leases – Under U.S. GAAP, leases can be classified as capital or operating. Operating lease payments should be expensed on a straight-line basis over the life of the lease. Under German GAAP, leases are recorded as finance (capital) leases if either of the following two requirements are present:
  - The basic lease term is less than 40% or more than 90% of the assets' useful life.
  - A bargain purchase or prolongation options have been agreed.
- Research and Development Costs – Under U.S. GAAP, research and development costs should be expensed as incurred. Under German GAAP, if costs relate to individual projects that are clearly defined and have a significant likelihood of profitability, research and development costs may be capitalized and amortized. As instructed by Koerber, the Company has expensed all research and development costs as incurred.
- Deferred Tax Assets and Liabilities – Under U.S. GAAP, deferred tax assets and liabilities are recorded for the tax effect of differences between the tax and book bases of assets and liabilities ("the liability method"). Under German GAAP, deferred tax accounting under the liability method is required if it results in a deferred tax liability, but is optional if the deferred tax balance is an asset. As instructed by Koerber, the Company does not record deferred tax assets.
- Statement of Cash Flows – Under U.S. GAAP, a statement of cash flows is required to provide information about an entity's cash receipts, classified into operating, investing or financing activities. Under German GAAP, there is no requirement to provide a statement of cash flows. If a statement of cash flows is presented voluntarily, application of the U.S. GAAP format is strongly encouraged.

#### Cash equivalents-

Cash equivalents consist of overnight repurchase agreements and U.S. Government and Government Agency obligations. Cash equivalents are stated at cost which approximates market value. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

#### Foreign Sales Corporation-

The Foreign Sales Corporation ("FSC") is 100% owned by the Company and has been consolidated into the financial statements as of December 31, 1997 and 1996.

#### Revenue recognition-

For financial statement reporting and tax purposes, revenues from sales and the related cost of sales are recorded upon shipment of goods to the customer.

#### Foreign currency transactions-

Foreign currency transaction gains and losses are charged or credited to income upon settlement of the respective receivables and payables. In addition, foreign currency contracts outstanding and open payables and receivables at December 31, 1997 and 1996 that are in a loss position are accrued for in the financial statements. During 1997 and 1996, net foreign currency exchange losses included in the statements of operations, totaled \$170,330 and \$327,514, respectively.

#### Supplemental cash flow information-

Interest paid was \$369,114 and \$70,022, and income taxes paid were \$11,800 and \$188,148 for the years ended December 31, 1997 and 1996, respectively.

#### Allowance for uncollectible accounts-

All specific uncollectible accounts are reserved for as they become known. In accordance with the Accounting Manual for the Koerber Group, a general reserve is calculated using 1% of all domestic receivables and 2.5% of all foreign receivables outstanding as of December 31. The allowance for uncollectible accounts is included in the accounts receivable-trade balance on the balance sheet. As of December 31, 1997 and 1996, the allowance was \$1,513,298 and \$172,174, respectively.

#### Inventories-

The majority of the Company's inventories are stated at the lower of cost or market using the last-in, first-out ("LIFO") method. The remaining inventories are stated at the lower of cost or market using the first-in, first-out ("FIFO") method. Obsolescence reserves are calculated based on experience and in accordance with the Accounting Manual for the Koerber Group which states there should at least be a 50% reserve on all items over two years old.

#### Property, plant and equipment-

Property, plant and equipment is stated at cost. Maintenance and repairs are expensed as incurred. Improvements and betterments are capitalized at cost.



Depreciation of the building is calculated using the straight-line depreciation method. All other movable assets are depreciated using a declining balance method. Depreciation expense was \$1,771,964 and \$2,037,826 for the years ended December 31, 1997 and 1996, respectively. The following estimated lives are used in computing depreciation:

	<u>Years</u>
Buildings	25 to 40
Equipment, furniture and fixtures	4 to 10
Vehicles	5

Use of estimates-

The preparation of financial statements in conformity with German generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 these estimates. Examples of accounts in which estimates are used include the reserve for excess and obsolete inventory, the allowance for doubtful accounts, the warranty accruals, and the valuation allowance for deferred tax assets.

(2) Inventories-

As of December 31, inventories consisted of the following:

	<u>1997</u>	<u>1996</u>
Costed using LIFO cost basis:		
Raw materials	\$4,706,245	\$8,869,453
Work-in-process	4,881,307	5,037,928
Finished goods	1,429,961	1,665,354
Obsolescence reserve	(1,168,822)	(874,922)
Excess of FIFO over LIFO cost	<u>(1,079,222)</u>	<u>(1,122,670)</u>
Inventory at LIFO cost	8,769,469	13,575,143
Costed using FIFO cost basis:		
Finished goods	<u>-</u>	<u>169,324</u>
Total	<u>\$8,769,469</u>	<u>\$13,744,467</u>

(3) Intangibles-

Intangible assets have been capitalized and amortized over their estimated useful life ranging from 5 to 17 years. Amortization expense was \$444,439 and \$448,933 for the years ended December 31, 1997 and 1996, respectively. As of December 31, intangible assets consisted of the following:

	<u>1997</u>	<u>1996</u>
Technology transfer agreement	\$3,335,689	\$3,335,689
Patents	321,847	321,847
Computer software	779,068	720,900
Drawings	<u>2,266,256</u>	<u>2,266,256</u>
Less- Accumulated amortization	<u>(5,571,957)</u>	<u>(5,166,028)</u>
Net intangibles	<u>\$1,130,903</u>	<u>\$1,478,664</u>

- Technology transfer agreement-

In November 1990, the Company purchased certain technology relating to automatic machine tissue technology from Wrapmatic S.p.A., a wholly owned subsidiary of the Koerber Group, for a total cost of \$3,335,689, which is being amortized on a straight-line basis over ten years. The agreement provides for royalties to be paid to the Company. In April 1995, this agreement was amended so that the royalties received would be a fixed amount of DM 460,000 per year for the remaining life of the agreement. During 1997 and 1996, royalty income earned under this agreement totaled \$262,225 (460,000 DM) and \$298,857 (460,000 DM), respectively.

- Patents-

The costs of purchased patents have been capitalized and are being amortized on a straight-line basis over eight years.

- Computer software-

Purchased computer software is being amortized on a straight-line basis over a three-year period.

- Drawings-

Costs related to the acquisition of technical drawings have been capitalized and are being amortized on a straight-line basis over their remaining useful lives as of the dates purchased.

(4) Leases-

The Company leases certain office space and office equipment under various operating and capital lease agreements. Total rent expense on operating leases was \$170,105 and \$290,246 for the years ended December 31, 1997 and 1996, respectively. Amortization expense on capital leases was \$309,322 and \$119,779 for the years ended December 31, 1997 and 1996, respectively. Noncancelable future minimum lease payments for both operating and capital leases as of December 31 are as follows:

1998	\$532,233
1999	185,957
2000	51,991
2001	2,432
2002	-
	<u>\$772,613</u>

(5) Related Party Transactions-

During the years ended December 31, 1997 and 1996, the Company entered into various transactions with wholly owned subsidiaries of the Koerber Group. These transactions were conducted under normal business conditions.

Net balances due from (due to) related parties at December 31:	<u>1997</u>	<u>1996</u>
Casmatic S.R.L.	\$158,391	\$335,390
E.C.H. Will	3,597,905	(2,978,030)
Koerber	17,025	-
Kugler Automation	13,835	7,398
Paptis Holdings GmbH	(1,158)	(2,500,000)
Sealand	(4,011,222)	-
Womako GmbH	1,472,594	(1,644,867)
Wrapmatic S.p.A.	2,288	(119,254)
	<u>\$1,249,658</u>	<u>\$(6,899,363)</u>

The above net amounts are included in the related party balances as stated on the balance sheet at December 31:

	<u>1997</u>	<u>1996</u>
Accounts receivable due from related parties	\$3,371,464	\$3,139,919
Deposits with related parties	6,700,684	1,025,832
Accounts payable due to related parties	(4,811,268)	(8,565,114)
Note payable due to related parties	(4,011,222)	-
Dividend payable due to Paptis Holding GmbH	-	(2,500,000)
	<u>\$1,249,658</u>	<u>\$(6,899,363)</u>

Income statement transactions for the years ended December 31:	1997	1996
Sales and commissions to E.C.H. Will, Casmatic S.R.L., Wrapmatic S.p.A. and Womako GmbH	\$17,752,445	\$8,620,148
Purchases from E.C.H. Will, Casmatic S.R.L., Wrapmatic S.p.A. and Womako GmbH	17,546,152	36,719,627
Interest income from E.C.H. Will	9,640	-
Interest expense to E.C.H. Will, Womako GmbH and Sealand	340,175	57,593
Other income from E.C.H. Will, Casmatic S.R.L., Womako GmbH, Kugler Automation, Hauni Richmond, Koerber and Wrapmatic S.p.A.	728,087	508,730
Other expense to E.C.H. Will, Wrapmatic S.p.A., Womako GmbH and Paptis Holdings GmbH	3,083,887	799,875

The above related party income statement transactions are included in the respective captions in the income statements for the years ended December 31, 1997 and 1996.

(6) Retirement Plans-

The Company has two defined contribution retirement plans (the "Plans") that cover substantially all full-time employees. The Plans have a profit sharing account and a defined contribution pension account. Contributions to the profit sharing account, as limited by Department of the Treasury regulations, are based on a formula applied to the net income. Contributions to the pension account are equal to 1% of eligible compensation paid to participants for the year. Participants are unable to contribute to the pension account. After completing two years of credited service, participants vest at a rate of 20% for each additional year of credited service.

Contributions to the combined Plans in 1997 and 1996 were \$126,951 and \$602,395, respectively.

Beginning in 1995, a Supplemental Executive Retirement Plan ("SERP") was implemented for employees who exceed the profit sharing and defined contribution wage limitations. The contributions to the SERP in 1997 and 1996 were \$758 and \$4,162, respectively.

(7) Escrow Fund-

In 1996, an escrow account consisting of government securities was established. This account was established as the result of the Severance Agreement and Mutual Release dated May, 1996 between the Company and the former president. Five equal payments of \$50,000 will be paid semi-annually on January 1 and July 1, beginning in 1997. The escrow balance as of December 31, 1997, was \$164,150 which included interest of \$14,150. The carrying value of these securities approximates market value. Interest earned on the escrow balance reverts to the Company.

(8) Warranty Claims Payable-

As of December 31, 1997 and 1996, the Company has accrued \$878,113 and \$4,208,334, respectively for all fixed and determinable warranty claims that have been communicated to the Company and are in the process of being resolved and \$1,540,876 and \$590,791 for estimated future claims.

In accordance with the Accounting Manual for the Koerber Group, the Company reverses the prior-year accrual and establishes the current year accrual within other income/expense on the Income Statement. The activity throughout the year flows through cost of products sold on the Income Statement.

(9) Late Shipment Penalties and Probable Loss Contracts-

The Company has accrued for late shipment penalties and probable loss contracts totaling \$660,720 and \$2,306,200 as of December 31, 1997 and 1996, respectively.

(10) Non-performed Services-

The Company has accrued for non-performed services which have already been billed totaling \$4,448,214 and \$2,360,800 as of December 31, 1997 and 1996, respectively. These deferred revenues are recognized as income as the services are performed.

(11) Income Taxes-

The income taxes (benefit) provision consists of the following:

	1997	1996
Current-		
Federal	\$(1,564,090)	\$455,604
State	(220,000)	71,330
Other	54,916	-
Total current	(1,729,174)	526,934
Deferred	941,191	-
Decrease in valuation reserve on deferred tax assets	(14,139)	-
Total (benefit) provision	<u>\$(802,122)</u>	<u>\$526,934</u>

Deferred income taxes consist of the following at December 31, 1997:

	<u>1997</u>
Deferred tax assets - short term	\$5,218,617
Deferred tax assets - long term	<u>468,604</u>
Total deferred tax income taxes	5,687,221
Valuation reserve	<u>(5,687,221)</u>
Net deferred income taxes	<u>\$ -</u>

Temporary differences consist primarily of depreciation, amortization and nondeductible financial reporting accruals.

As stated in Note 1, under German GAAP, recognizing deferred tax assets is optional. In accordance with Koerber reporting requirements, the Company has recorded a valuation reserve reducing the deferred tax asset balance to zero. Prior to 1997, the Company did not record deferred taxes as they were on the U.S. income tax basis of accounting. On January 1, 1997, the Company recorded a deferred tax asset of \$5,701,360, and also recorded a full valuation allowance against this balance in accordance with Koerber reporting requirements.

(12) Contingent Liabilities-

The Company has open letters of credit of \$1,483,561 and \$2,845,314 as of December 31, 1997 and 1996, respectively.

Bank guarantees of \$496,530 and a Company guarantee of \$48,000 were also issued as of December 31, 1997.

The Company has purchased Deutsch Mark (DEM) and Canadian dollars (CAD) forward exchange contracts as hedges of future commitments payable. As of December 31, 1997, the total value of the contracts is DEM 9,906,704 (\$5,512,332) and CAD 1,549,693 (\$1,089,870) with the following expiration dates and amounts:

<u>Value Date</u>	<u>Currency</u>	<u>Foreign Currency Amount</u>	<u>Current USD Value</u>
<u>Buys</u>			
12/15/97 - 1/9/98	DEM	290,350	\$161,011
12/22/97 - 1/9/98	DEM	77,698	43,086
12/22/97 - 1/20/98	DEM	189,084	104,913
1/2/98	DEM	200,000	110,889
1/15/98	DEM	150,000	83,208
1/15/98	DEM	150,000	83,208
1/27/98 - 2/10/98	DEM	506,753	281,536
1/30/98	DEM	150,000	83,280
1/30/98	CAD	232,423	163,337
2/16/98	DEM	2,280,993	1,267,658
2/16/98	DEM	3,261	1,812
3/30/98	DEM	360,000	200,549
4/1/98	CAD	232,424	163,622
7/27/98 - 8/11/98	DEM	424,052	237,864
8/25/98 - 9/8/98	DEM	141,351	79,393
10/27/98 - 11/10/98	DEM	141,351	79,625
		<u>5,529,740</u>	<u>\$3,144,991</u>
<u>Sells</u>			
1/5/98 - 1/30/98	CAD	232,423	\$163,207
12/31/97 - 1/30/98	DEM	385,625	213,808
1/15/98 - 2/15/98	DEM	2,284,254	1,267,109
2/25/98 - 3/10/98	CAD	465,000	327,020
5/13/98 - 5/20/98	CAD	155,000	109,205
3/2/98 - 4/1/98	CAD	232,423	163,479
5/24/99 - 6/7/99	DEM	2,171,932	1,213,383
		<u>5,926,657</u>	<u>\$3,457,211</u>

The cost of the above contracts was \$6,840,527. As of December 31, 1997, a net unrealized gain of \$167,419 exists for these contracts.