

Paretti SpA
Exhibit I. Income Statement of Conti Industries.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands except per share data)

	Year ended December 31,		
	1990	1991	1992
Net sales	\$ 257,859	\$ 269,559	\$ 271,104
Cost of sales	206,258	216,179	216,043
Gross profit on sales	51,601	53,380	55,061
Selling, general and administrative expenses	26,935	27,754	29,294
Operating income	24,666	25,626	25,767
Other income (expense)			
Other income, net	1,736	1,068	435
Interest expense and amortization of financing costs and debt discounts	(19,935)	(21,777)	(17,633)
	(18,199)	(20,709)	(17,198)
Income from continuing operations before income taxes, extraordinary item and cumulative effect of a change in accounting principle	6,467	4,917	8,569
Income taxes (Note 8)	710	373	2,593
Income from continuing operations	5,757	4,544	5,976
Discontinued operations			
Loss from discontinued operations, less applicable income tax benefit of \$1,564 (Note 3)	(2,662)		
Net gain (loss) on disposal of discontinued operations, less applicable income tax provision (benefit) of (\$19,459) and \$1,732 (Note 3)	(34,594)	2,830	
	(37,256)	2,830	
Income (loss) before extraordinary item and cumulative effect of a change in accounting principle	(31,499)	7,374	5,976
Extraordinary loss from early extinguishment of debt, less applicable income tax benefits of \$3,148			(6,112)
Cumulative effect of a change in accounting for income taxes (Note 8)			3,221
Net income (loss)	\$ (31,499)	\$ 7,374	\$ 3,085
Earnings per common share (Note 10)			
Primary and fully diluted			
Income from continuing operations	\$.30	\$.23	\$.16
Income (loss) before extraordinary item and cumulative effect of a change in accounting principle	(1.78)	.39	.16
Cumulative effect of a change in accounting for income taxes			.09
Net income (loss)	(1.78)	.39	.08
Weighted average number of common shares outstanding			
Primary and fully diluted	17,938	18,118	36,724



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

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Exhibit II. Balance Sheet of Conti Industries

CONSOLIDATED BALANCE SHEET
(in thousands except share data)

	December 31,	
	1991	1992
ASSETS		
Current assets		
Cash and cash equivalents of \$13,513 and \$4,286 (Note 2)	\$ 20,992	\$ 4,515
Accounts receivable, less allowance for doubtful accounts of \$2,081 and \$1,570	41,449	38,876
Inventories (Note 4)	39,510	35,310
Deferred income taxes (Note 8)	4,198	6,477
Other current assets	2,925	9,814
Current investment in discontinued operations (Note 3)	15,823	2,466
Total current assets	<u>124,897</u>	<u>97,458</u>
Property, plant and equipment, at cost less accumulated depreciation (Note 5)	36,633	43,526
Unamortized financing costs, less accumulated amortization of \$5,722 and \$550	3,386	4,390
Goodwill, less accumulated amortization of \$6,751 and \$8,091	46,038	44,697
Other assets	737	2,204
Noncurrent investment in discontinued operations (Note 3)	3,296	656
Total assets	<u>\$ 214,987</u>	<u>\$ 192,931</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Revolving loan payable to banks (Note 7)	\$ 30,000	
Current portion of long-term debt (Note 7)	43	\$ 18
Accounts payable	15,851	15,305
Accrued expenses and other liabilities (Note 6)	17,532	18,991
Current liabilities related to discontinued operations (Note 3)	4,835	3,367
Total current liabilities	<u>68,261</u>	<u>37,681</u>
Long-term debt (Note 7)	118,917	132,605
Deferred income taxes (Note 8)	2,666	4,505
Long-term liabilities related to discontinued operations (Note 3)	4,666	2,575
Total liabilities	<u>194,510</u>	<u>177,366</u>
Shareholders' equity (Note 10)		
Common stock, \$.01 par value, 50,000,000 shares authorized; 36,886,105 and 34,967,973 shares issued and outstanding	369	350
Capital in excess of par value	6,421	5,069
Retained earnings	9,022	12,107
Equity adjustments from translation	4,665	(1,961)
	<u>20,477</u>	<u>15,565</u>
Commitments and contingencies (Note 13)		
Total liabilities and shareholders' equity	<u>\$ 214,987</u>	<u>\$ 192,931</u>

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



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Exhibit III. Statement of Shareholders' Equity Changes for Conti Industries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands)

	Series I		Common Stock		Capital in Excess of Par Value	Retained Earnings	Equity Adjustments		Total
	Preferred Stock \$1.00 Par Value Shares	Amount	Shares	Amount			From Translation		
Balance at December 31, 1989	1	\$ 5,001	15,667	\$ 157	\$ 63	\$ 33,147	\$ 2,522	\$ 40,890	
Net loss						(31,499)		(31,499)	
Issuance of common stock, net of transaction costs of \$136			2,399	24	1,545		2,235	1,569	
Translation adjustments								2,235	
Balance at December 31, 1990	1	5,001	18,066	181	1,608	1,648	4,757	13,195	
Net income						7,374		7,374	
Exchange of Preferred Stock for Common Stock	(1)	(5,001)	18,820	183	4,813		(92)	(92)	
Translation adjustments									
Balance at December 31, 1991			36,886	369	6,421	9,022	4,665	20,477	
Net income						3,085		3,085	
Translation adjustments							(6,626)	(6,626)	
Common stock held in escrow			(1,918)	(19)	(1,352)			(1,371)	
Balance at December 31, 1992			34,968	350	5,069	12,107	(1,961)	15,565	

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