MARSHALLS ENERGY COMPANY, INC.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH OMB CIRCULAR A-133

YEAR ENDED SEPTEMBER 30, 2002

MARSHALLS ENERGY COMPANY, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2002 AND 2001

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Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT

Board of Directors
Marshalls Energy Company, Inc.:

We have audited the accompanying balance sheets of the Marshalls Energy Company, Inc. (MEC), a component unit of the Republic of the Marshall Islands, as of September 30, 2002 and 2001, and the related statements of earnings (loss) and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of MEC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEC as of September 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of MEC taken as a whole. The accompanying Schedule of Revenues, Expenses and Net Earnings (Loss) by Source for the year ended September 30, 2002 (page 15) is presented for purposes of additional analysis and is not a required part of the basic financial statements of MEC. This schedule is the responsibility of the management of MEC. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2002, on our consideration of MEC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche

November 22, 2002

MARSHALLS ENERGY COMPANY, INC.

Balance Sheets
September 30, 2002 and 2001

ASSETS (note 7)

	2002	2001
Utility plant (note 4):		
Electric plant in service	$ 18,675,056	$ 18,417,459
Construction work in progress	20,000	-
Total utility plant	18,695,056	18,417,459
Less accumulated provision for depreciation and amortization	(5,053,348)	(4,019,620)
Net utility plant	13,641,708	14,397,839
Other assets:		
Nonutility property, net	78,627	54,545
Current assets:		
Cash	617,345	663,256
Accounts receivable:		
Electricity	2,793,137	2,430,302
Affiliates (note 8)	1,053,766	1,115,386
Other	160,968	414,045
Total accounts receivable	4,007,871	3,959,733
Less allowance for uncollectible accounts	(1,856,023)	(1,526,491)
Net accounts receivable	2,151,848	2,433,242
Materials and supplies (note 3)	1,784,400	1,344,786
Prepayments	39,660	27,800
Total current assets	4,593,253	4,469,084
Total assets	$ 18,313,588	$ 18,921,468

See accompanying notes to financial statements.

MARSHALLS ENERGY COMPANY, INC.

Balance Sheets, Continued
September 30, 2002 and 2001

STOCKHOLDER'S EQUITY AND LIABILITIES

	2002	2001 As Restated note 11)
Stockholder's equity:		
Common stock, $1 par value, 100,000 shares authorized and paid-in, 75,000 shares outstanding	$ 100,000	$ 100,000
Retained earnings	5,128,500	3,052,406
	5,228,500	3,152,406
Treasury stock, at cost, 25,000 shares	(25,000)	(25,000)
Total stockholder's equity	5,203,500	3,127,406
Long-term debt:		
RUS mortgage notes less current maturities (note 7)	10,234,294	10,567,717
Current liabilities:		
Short-term borrowings (note 6)	-	1,200,000
Current maturities of long-term debt (note 7)	431,240	504,718
Accounts payable	2,120,750	3,085,894
Payable to affiliates (note 8)	171,051	241,627
Accrued taxes (note 5)	82,536	106,975
Other current and accrued liabilities	70,217	87,131
Total current liabilities	2,875,794	5,226,345
Commitment and contingency (note 9)		
Total stockholder's equity and liabilities	$ 18,313,588	$ 18,921,468

See accompanying notes to financial statements.

MARSHALLS ENERGY COMPANY, INC.

Statements of Earnings (Loss) and Retained Earnings
Years Ended September 30, 2002 and 2001

	2002	2001 As Restated note 11)
Operating revenues	$ 8,289,970	$ 7,237,341
Operating expenses:		
Cost of power	5,722,555	6,477,095
Administrative and general	1,033,773	925,236
Depreciation and amortization	997,333	1,006,721
Distribution operations	748,373	1,330,730
Consumer accounts	329,532	-
Taxes	160,058	153,639
Distribution maintenance	144,371	88,603
Total operating expenses	9,135,995	9,982,024
Operating deficiency before interest expense	(846,025)	(2,744,683)
Interest expense	764,650	741,982
Operating deficiency after interest expense	(1,610,675)	(3,486,665)
Non-operating income (expense):		
Fuel and gas sales	7,660,469	6,122,021
Cost of sales	(5,530,080)	(4,723,555)
Gross profit on sales	2,130,389	1,398,466
Compact funding (note 8)	1,866,667	-
Other, net	(310,287)	516,761
Total non-operating income, net	3,686,769	1,915,227
Net earnings (loss)	2,076,094	(1,571,438)
Retained earnings at beginning of year	3,052,406	4,623,844
Retained earnings at end of year	$ 5,128,500	$ 3,052,406

See accompanying notes to financial statements.

MARSHALLS ENERGY COMPANY, INC.

Statements of Cash Flows
Years Ended September 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Net earnings (loss)	$ 2,076,094	$ (1,571,438)
Adjustments to reconcile net earnings (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,044,646	1,049,762
Provision for uncollectible accounts receivable	329,532	-
Recovery of bad debts	-	(743,738)
Non-operating interest expense	764,650	741,982
(Increase) decrease in assets:		
Accounts receivable:		
Electricity	(362,835)	260,259
Affiliates	61,620	253,710
Other	253,077	(129,703)
Materials and supplies	(439,614)	200,856
Prepayments	(11,860)	13,800
Increase (decrease) in liabilities:		
Accounts payable	(965,144)	(471,823)
Payable to affiliates	(70,576)	223,263
Accrued taxes	(24,439)	33,126
Other current and accrued liabilities	(16,914)	27,166
Net cash provided by (used for) operating activities	2,638,237	(112,778)
Cash flows from noncapital financing activities:		
Net (repayment) borrowings under bank credit line agreement (note 6)	(1,200,000)	1,200,000
Interest paid on short-term borrowings	(76,455)	(14,946)
Net cash (used for) provided by noncapital financing activities	(1,276,455)	1,185,054
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(312,597)	(399,750)
Principal paid on long-term debt	(406,901)	(382,746)
Interest paid on long-term debt	(688,195)	(713,223)
Net cash used for capital and related financing activities	(1,407,693)	(1,495,719)
Net decrease in cash	(45,911)	(423,443)
Cash at beginning of year	663,256	1,086,699
Cash at end of year	$ 617,345	$ 663,256

See accompanying notes to financial statements.

Statements of Cash Flows, Continued
Years Ended September 30, 2002 and 2001

	2002	2001
Supplemental schedule of noncash capital and related financing activities:		
Transfer of completed project to electric plant:		
Electric plant in service	$ -	$ 439,549
Construction work in progress	-	(439,549)
	$ -	$ -
Transfer of electric plant to materials and supplies:		
Electric plant in service	$ -	$ (181,259)
Materials and supplies	-	181,259
	$ -	$ -

See accompanying notes to financial statements.

(1) Organization

The Marshalls Energy Company, Inc. (MEC) was granted a corporate charter by the Cabinet of the Republic of the Marshall Islands (RepMar) on February 2, 1984. MEC's principal lines of business are predominantly the generation and transmission of electricity and the buying and selling of petroleum products. Other lines of business include the rental of equipment and accommodation facilities. The principal markets for the generation and transmission of electricity are government agencies, businesses and residential customers located on the atolls of Majuro and Jaluit. Petroleum products are sold primarily to foreign and domestic fishing vessels.

MEC's articles of incorporation have authorized the issuance of 100,000 shares of $1 par value common stock. RepMar owns 75,000 of these shares and MEC retains the remaining 25,000 shares in treasury.

An exclusive franchise to construct, maintain and operate a distribution system for furnishing electrical power within Majuro Atoll was granted to MEC by RepMar on March 8, 1983. Simultaneously, RepMar leased to MEC, for a nominal amount, a 12-megawatt power plant, a six million gallon capacity fuel storage facility, electrical transmission systems and related facilities on Majuro Atoll. The term of both the lease and the franchise is for a fifty year period commencing on December 1, 1996.

Pursuant to Cabinet Minute C.M. 162(93), RepMar leased to MEC, for a nominal amount, the right to operate and manage the power generating and distribution system in Jaluit Atoll effective November 1, 1993. The term of the lease is for a fifty year period commencing on December 1, 1996.

MEC's financial statements are incorporated into the general purpose financial statements of RepMar as a component unit.

(2) Summary of Significant Accounting Policies

The accounting policies of MEC conform to accounting principles generally accepted in the United States of America as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MEC has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included in the balance sheets. Proprietary fund operating statements present increases and decreases in net total assets. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash

For purposes of the balance sheets and the statements of cash flows, cash is defined as cash on hand and cash held in demand accounts. As of September 30, 2002 and 2001, cash was $617,345 and $663,256, respectively, and the corresponding bank balance was $1,584,038 and $761,615, respectively. Of the bank balance amount as of September 30, 2002 and 2001, $1,468,943 and $579,000, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2002 and 2001, bank deposits in the amount of $100,994 and $100,000, respectively, were FDIC insured. MEC does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC coverage are uncollateralized.

Receivables

All receivables are due from government agencies, businesses and individuals located within the Republic of the Marshall Islands and are interest free and uncollateralized. The allowance for uncollectible accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense.

Materials and Supplies

Fuel and supplies are valued at the lower of cost (first-in, first-out) or market (net realizable value). Bulk fuel inventories held on consignment for power plant use and for resale are not reflected in the accompanying balance sheets.

Plant and Nonutility Property

Plant and nonutility property are stated at cost. Depreciation of plant and nonutility property and amortization of leasehold land and residences are calculated on the straight-line method based on the estimated useful lives of the respective assets. Costs pertaining to distribution and line supplies are expensed during the year of installation as MEC considers the estimated useful lives of these supplies are less than one year.

(3) Materials and Supplies

Materials and supplies at September 30, 2002 and 2001, consist of the following:

	2002	2001
Distribution and power plant supplies	$ 1,602,911	$ 1,261,104
Lubricants	162,801	63,439
Fuel	18,688	20,243
	$ 1,784,400	$ 1,344,786

(4) Utility Plant

Utility plant at September 30, 2002 and 2001, consists of the following:

	Estimated Useful Lives	2002	2001
Power plant engines	20 years	$ 14,720,739	$ 14,720,739
Plant and machinery	3 - 10 years	1,416,381	1,406,943
Vehicles	2 - 4 years	781,058	679,691
Residences	20 years	548,284	520,361
Fences and seawalls	10 years	371,702	272,876
Leasehold improvements	20 years	356,059	350,559
Leasehold land	20 years	330,000	330,000
Furniture and fixtures	3 - 5 years	150,833	136,290
		18,675,056	18,417,459
Less accumulated provision for depreciation and amortization		(5,053,348)	(4,019,620)
		13,621,708	14,397,839
Construction work in progress		20,000	-
		$ 13,641,708	$ 14,397,839

(5) Taxes Payable

Pursuant to the Income Tax Act of 1989, as amended by the Income Tax Amendment Act of 1991, sales of electricity by public utility companies are exempt from gross revenue tax. Accordingly, MEC is required to pay gross revenue tax on all revenue with the exception of electricity sales at the rate of 3%. As of September 30, 2002 and 2001, MEC is liable for gross revenue tax to RepMar amounting to $60,230 and $57,078, respectively.

Pursuant to the Import Duties Act of 1989, as amended by the Import Duties (Amendment) Act of 1996, no import duty shall be levied on residual fuel oils and diesel oil imported by MEC solely for the purpose of power generation. MEC is, however, required to pay import duty on diesel oil imported for resale subject to certain exemptions. As of September 30, 2002 and 2001, MEC is liable for import duty to RepMar amounting to $22,306 and $49,897, respectively.

(6) Short-Term Borrowings

On August 31, 2001, MEC entered into a loan agreement with an affiliated financial institution in the amount of $1,200,000. The loan bore interest at 12.95% per annum, payable in monthly installments of $116,404, including interest, commencing November 1, 2001, and was due September 1, 2002. RepMar has guaranteed this loan payable through an assignment of future payments relating to RepMar's government electric billings. This loan was paid in full on July 4, 2002.

(7) Notes Payable

	2002	2001
On November 18, 1997, MEC entered into a loan agreement with the Federal Financing Bank (FFB) in the amount of $12.5 million for the construction of a new power plant, with loan repayments guaranteed by the Rural Utilities Service (RUS). MEC is required to submit drawdown requests to RUS for approval of loan advances. Interest rates are calculated based on the FFB rates at the date of the loan advances and range from 5.49% to 7.25% per annum. Principal and interest are payable in quarterly installments of $273,770 through January 2, 2018. The mortgage notes have been unconditionally guaranteed by RepMar, under which RepMar will make debt service payments to RUS in the event of default by MEC, and have been collateralized by a leasehold mortgage and security agreement over the assets of MEC. These notes are subject to certain coverage ratio requirements. MEC is not in compliance with these ratio requirements as of September 30, 2002 and 2001.	$ 10,665,534	$ 11,072,435
Less current installments	431,240	504,718
Long-term debt	$ 10,234,294	$ 10,567,717

Future repayment commitments are as follows:

Year ending September 30,	Principal	Interest	Total
2003	$ 431,240	$ 663,852	$ 1,095,092
2004	458,581	636,517	1,095,098
2005	488,979	606,115	1,095,094
2006	388,124	433,196	821,320
2007	550,389	559,987	1,110,376
Thereafter	8,348,221	3,135,006	11,483,227
	$ 10,665,534	$ 6,034,673	$ 16,700,207

(8) Related Party Transactions

MEC is wholly-owned by RepMar and is therefore affiliated with all RepMar-owned and affiliated entities. RepMar subscribes for electricity generated by MEC and is charged for electricity usage based on a tariff rate of $0.11 cents per kilowatt hour for monthly bills less than 500 kilowatt hours, or $0.13 cents per kilowatt hour for bills greater than 500 kilowatt hours. Effective June 1, 2001, the tariff rate was increased to $0.12 cents and $0.16 cents per kilowatt hour, respectively. In addition, RepMar purchases fuel from MEC at the same commercial terms and conditions as afforded to third parties. MEC's receivables from related parties are afforded more favorable payment terms than those extended to unrelated parties.

Total transactions for the years ended September 30, 2002 and 2001, and the related receivables from and payables to affiliates, are as follows:

	2002			
	Revenues	Expenses	Receivables	Payables
RepMar	$ 1,547,220	$ 487,546	$ 589,981	$ 101,994
Majuro Water and Sewer Company, Inc.	201,249	3,352	171,627	-
Marshall Islands Social Security Administration	34,880	279,128	5,550	69,057
Majuro Resort, Inc.	294,211	3,635	50,465	-
Other	744,347	85,923	236,143	-
	$ 2,821,907	$ 859,584	$ 1,053,766	$ 171,051

	2001			
	Revenues	Expenses	Receivables	Payables
RepMar	$ 1,001,443	$ 451,207	$ 284,909	$ 168,195
Majuro Water and Sewer Company, Inc.	223,778	2,489	631,939	8
Marshall Islands Social Security Administration	32,896	126,858	5,935	73,136
Majuro Resort, Inc.	374,741	100	30,120	-
Other	703,249	60,285	162,483	288
	$ 2,336,107	$ 640,939	$ 1,115,386	$ 241,627

As of September 30, 2000, MEC's allowance for uncollectible accounts included certain receivable balances from Majuro Water and Sewer Company, Inc. (MWSC). As of September 30, 2001, management has reassessed the collectibility of these receivable balances from MWSC and determined that the total balance is fully collectible, which has resulted in the recognition of recovery of bad debts of approximately $450,000, that is included in other income for the year ended September 30, 2001.

(8) Related Party Transactions, Continued

On October 20, 2000, the Cabinet of RepMar approved MEC as the contract manager for the construction of a power plant, power distribution and cable facility on Wotje Atoll in the amount of $2,023,800. The Cabinet further approved the establishment of an escrow account to facilitate the receipt and disbursement of funds relating to this project. During the years ended September 30, 2002 and 2001, MEC received $1,117,850 and $905,950, respectively, from RepMar relating to this project. The unexpended amounts of $92,724 and $163,714 as of September 30, 2002 and 2001, respectively, are recorded as payables to RepMar and included in payable to affiliates.

For the years ended September 30, 2002 and 2001, MEC received Compact Section 214(a) Funding of $1,866,667 and $-0-, respectively, passed through RepMar. Management believes that MEC will continue to receive such funding through fiscal year 2003.

As of September 30, 2002 and 2001, MEC maintained a demand deposit account with an affiliated financial institution, amounting to $115,095 and $169,225, respectively. MEC had a loan payable to an affiliated financial institution amounting to $1,200,000, which was paid in full on July 4, 2002 (see note 6).

(9) Commitment and Contingency

Commitment

MEC purchases petroleum products from Mobil Oil Micronesia, Inc. (Mobil) on a consignment basis whereby Mobil continues to hold ownership and title to the product while it is held in storage at the MEC terminal storage tanks. Title and risk on the product remains with Mobil until the product passes the boundary of the MEC terminal. The value of consignment petroleum products as of September 30, 2002 and 2001 is approximately $2,283,316 and $1,320,018, respectively. MEC assumes responsibility for the proper and safe storage/handling of the product while under MEC storage. However, MEC carries insurance coverage on such consignment inventories.

Contingency

Management of MEC acknowledges that it is currently dependent on RepMar and its affiliates to pay for actual services rendered in order to maintain MEC as a going concern. Should RepMar and its affiliates choose to discontinue payment for services rendered, MEC management may have to consider alternative measures including, among other possibilities, an increase in electricity and fuel rates to maintain MEC as a going concern.

(10) Risk Management

MEC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. MEC has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

(11) Restatement

Effective October 1, 2001, MEC implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The provisions of this statement require capital grants and contributions to be recognized as non-operating revenue on the Statements of Earnings (Loss) and Retained Earnings. In prior periods, capital grants and contributions had been recorded as a direct increase to contributions in aid in the equity section of the Balance Sheet. As a result, contributed capital and retained earnings as of October 1, 2000 have been restated from the amounts previously reported as follows:

	As Previously Reported	As Restated
At October 1, 2000:		
Contributed capital	$ 875,468	$ -
Retained earnings	$ 3,748,376	$ 4,623,844

MARSHALLS ENERGY COMPANY, INC.

Schedule of Revenues, Expenses and Net Earnings (Loss) by Source
Year Ended September 30, 2002
(With comparative information for the year ended September 30, 2001)

	Generation	Distribution	Contracts	Tank Farm	Jaluit	MEC-Gas	Admin-istration	Totals 2002	Totals 2001
Operating revenues:									
Fuel and gas sales	$ -	$ -	$ -	$7,265,835	$ -	$ 394,634	$ -	$ 7,660,469	$ 6,122,021
Cost of sales	-	-	-	(5,425,536)	-	(104,544)	-	(5,530,080)	(4,723,555)
Gross profit on sales	-	-	-	1,840,299	-	290,090	-	2,130,389	1,398,466
Electric and service billings	8,149,994	15,655	-	-	124,321	-	-	8,289,970	7,237,341
Other income	1,554,531	50,609	38,400	90,743	383,058	1,625	48,626	2,167,592	1,030,290
Total operating revenues, net	9,704,525	66,264	38,400	1,931,042	507,379	291,715	48,626	12,587,951	9,666,097
Operating expenses:									
Fuel and lubricants	4,003,340	-	-	-	212,403	-	-	4,215,743	5,199,092
Salaries, wages and benefits	733,413	402,097	5,400	29,188	216,748	33,465	395,665	1,815,976	1,815,046
Repairs and supplies	583,446	427,384	-	242,014	39,651	120,579	49,535	1,462,609	1,643,652
Depreciation and amortization	807,446	74,707	-	25,277	10,937	22,034	104,243	1,044,644	1,056,558
Bad debts	329,532	-	-	-	-	-	-	329,532	-
Gross revenue tax	57,330	1,988	1,152	160,335	797	11,888	1,459	234,949	186,876
Insurance	73,723	22,563	-	13,956	20,489	9,034	16,195	155,960	173,710
Office	30,294	10,004	-	3,754	12,804	1,456	62,480	120,792	85,763
Diesel import tax	-	-	-	88,297	-	-	-	88,297	86,729
Staff training	-	-	-	-	-	-	75,682	75,682	18,285
Communications	6,341	7,261	-	330	31,159	1,282	23,113	69,486	48,773
Other personnel costs	17,195	-	-	-	-	-	14,837	32,032	53,827
Travel	4,841	(615)	-	-	-	-	23,654	27,880	33,133
Laundry and uniforms	8,148	9,386	-	-	3,982	37	693	22,246	14,818
Professional fees	-	-	-	-	-	-	13,801	13,801	8,875
Entertainment	-	-	-	-	126	-	12,766	12,892	7,911
Advertising	-	-	-	-	-	-	990	990	26,679
Miscellaneous	4,825	-	-	-	3,900	-	14,971	23,696	35,826
Total operating expenses	6,659,874	954,775	6,552	563,151	552,996	199,775	810,084	9,747,207	10,495,553
Earnings (loss) before interest expense	3,044,651	(888,511)	31,848	1,367,891	(45,617)	91,940	(761,458)	2,840,744	(829,456)
Interest expense	(688,195)	-	-	-	-	-	(76,455)	(764,650)	(741,982)
Net earnings (loss)	$2,356,456	$ (888,511)	$ 31,848	$1,367,891	$ (45,617)	$ 91,940	$(837,913)	$ 2,076,094	$ (1,571,438)

See accompanying independent auditors' report.