OBSIDIAN ENTERPRISES INC
Form 10-K/A
August 25, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
AMENDMENT NO. 1

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED OCTOBER 31, 2002 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

0-17430
Commission File Number

OBSIDIAN ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Delaware	35-2154335
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
111 Monument Circle, Suite 4800 Indianapolis, IN (Address of principal executive offices)	46204 (Zip Code)

(317) 237-4122
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None
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Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($0.0001 par value)
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ____ - ------

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of the Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ___ No X ---

As of January 22, 2003, the aggregate market value of the Company's common stock held by non-affiliates of the registrant, based on the average bid and ask price on such date, was approximately $3,317,000.

As of January 22, 2003, the registrant had 36,007,855 shares of common stock, 4,368,399 shares of Series C Preferred Stock and 88,330 shares of Series D Preferred Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

INFORMATION REQUIRED IN PART II AND PART III HAS NOT BEEN INCORPORATED BY REFERENCE.

EXPLANATORY NOTE

This Amendment No. 1 amends the Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2002, by amending and restating Items 6, 7, 8, 10, 12 and 14 to incorporate certain changes.

PART I

ITEM 1. BUSINESS.

HISTORY AND DEVELOPMENT OF BUSINESS

A change in control and reorganization of the Registrant occurred on June 21, 2001. On that date, Timothy S. Durham was elected Chief Executive Officer and Chairman of the Board of the Registrant and the Registrant acquired from Obsidian Capital Partners, L.P. (the "Partnership"), Mr. Durham and certain other shareholders all of the shares of the following companies: Pyramid Coach, Inc., a Tennessee corporation ("Pyramid"); Champion Trailer, Inc., an Indiana corporation ("Champion"); and U.S. Rubber Reclaiming, Inc., an Indiana corporation ("U.S. Rubber"). On July 31, 2001, the Registrant acquired from the Partnership and Mr. Durham substantially all of the assets of United Acquisition, Inc., an Indiana corporation, which the Registrant now operates as United Expressline, Inc. ("United"). All of the acquisitions were made in exchange for shares of the Registrant's Series C Preferred Stock ("Series C Preferred Stock") and were pursuant to an Acquisition Agreement and Plan of Reorganization by and among the Registrant, Danzer Industries, Inc. ("Danzer Industries"), Pyramid, Champion, United Acquisition, U.S. Rubber, the Partnership, Timothy S. Durham and other related parties, dated as of June 21, 2001. Prior to the reorganization, the Registrant had engaged through its wholly owned subsidiary, Danzer Industries, in the fabrication of metal parts and truck bodies for the service and utility markets.

In October 2001, the Registrant's state of incorporation was changed from New York to Delaware and the Registrant's name was changed from Danzer Corporation to Obsidian Enterprises, Inc. The Registrant was originally incorporated in New York in 1987 under the name Affiliated National, Inc. and subsequently changed its name to Global Environmental Corp. and then to Danzer Corporation.

As used in this report, the term "Company" refers to Obsidian Enterprises, Inc. together with its consolidated subsidiaries.

DESCRIPTION OF THE BUSINESS

OVERVIEW

The Company is a holding company headquartered in Indianapolis, Indiana with a strategic goal of maximizing profitability of its acquired entities, acquiring manufacturing companies of similar size and continuing to grow the Company. The

Company currently conducts business through five subsidiaries: U.S. Rubber, a butyl-rubber reclaiming operation; Pyramid a provider of short and long-term luxury coach leases for corporations and the entertainment industry; Obsidian Leasing Co., Inc. ("Obsidian Leasing"), the owner of certain of the coaches operated by Pyramid; United, a manufacturer of steel-framed cargo, racing and specialty trailers; and Danzer Industries, a manufacturer of service and utility truck bodies and accessories and cargo trailers. Champion, a manufacturer of customized racecar transporters, specialty exhibit trailers and mobile hospitality units formerly owned by the Company has been sold subsequent to the close of the fiscal year.

The Company operates in three industry segments comprised of butyl-rubber processing; trailer and related transportation equipment manufacturing; and leasing of transportation. All sales are in the Western Hemisphere, primarily in the United States. For quantitative segment information see Note 14 to the Consolidated Financial Statements.

BUTYL RUBBER PROCESSING

The Company's butyl rubber processing facilities are located in two adjacent plants in Vicksburg, Mississippi. The Company is the sole manufacturer of reclaimed butyl rubber in the domestic tire, tape and tube business in the Western Hemisphere. The Company collects various used and scrap butyl rubber products, primarily inner tubes from tires, which are then reprocessed into reclaimed butyl rubber sheets. Customers mix the product with virgin butyl rubber and use the product predominately as the inner liner of tubeless tires, and also as inner tubes for tires and for tapes and mastics for pipelines.

Reclaimed butyl rubber used in combination with virgin butyl rubber has properties that facilitate some manufacturing processes. However, the primary reason manufacturers use reclaimed butyl rubber is the cost savings offered compared to virgin butyl rubber.

The Company distributes its reclaimed butyl rubber products through an internal sales force.

The Company is the sole supplier of reclaimed butyl rubber to most of the tire industry in the United States and has tire manufacturer customers in Canada and Brazil.

There are three other enterprises engaged in reclaiming butyl rubber worldwide:

- The Gujarat Company in India;
- Han Cook in Korea; and
- Vrederstein N.V. in the Netherlands.

Due to the cost of transporting reclaimed butyl rubber, these enterprises are not major competitors with the Company in the Western Hemisphere. The primary competitive factor is price.

Two enterprises manufacture virgin butyl rubber for sale in the United States:

- Exxon Corporation; and
- Bayer AG.

Both these enterprises are much larger than the Company, well capitalized and have larger sales staffs. The prices charged by these enterprises places an

upper limit on the prices that may be set for reclaimed butyl rubber.

The Company obtains its supply of scrap inner tubes from approximately 1000 scrap merchants worldwide. The Company's ability to produce reclaimed butyl rubber is potentially restrained by the limited supply of scrap butyl rubber products. Since the introduction of tubeless tires for automobiles in the 1970s, the number of scrap inner tubes from sources in the United States has declined substantially. In the United States, inner tubes are now primarily limited to the agricultural and large truck tire market. In 2001, the Company began to experiment with reclaiming scrap butyl rubber pads from the manufacturers of other butyl rubber products. This scrap is created as a result of the manufacturing process for molded butyl rubber products and is available at approximately 60% of the cost of scrap inner tubes. The Company's work to date suggests that pad scrap may be a partial substitute for inner tubes as raw material for the Company's reclaimed butyl rubber product.

Although the Company has had a long-term relationship with its primary customers, it does not have long-term contracts with them. Two of its reclaimed butyl rubber customers account for a substantial portion of the sales of this segment. Michelin and Kelley Springfield accounted for the sales of 43% and 24% of the sales of this segment in 2002. The loss of either of these customers would materially and adversely affect the Company. The Company's reclaimed butyl rubber products are generally ordered by customers monthly and shipped promptly after the order. Accounts are generally paid on 30 to 60 day terms.

TRAILER AND RELATED TRANSPORTATION EQUIPMENT MANUFACTURING

The Company manufactures service truck bodies at its facility in Hagerstown, Maryland where the Company produces truck bodies for sale under the Morrison trademark as well as bodies built to order for other original equipment truck manufacturers. The finished bodies are shipped to the customer for installation on truck body chassis. The Company markets truck bodies through an internal sales force. It sells its private label products directly to its private label customers and markets its proprietary "Morrison" products through a network of approximately 300 dealers who, in turn, sell to municipalities, utility companies, cable companies, phone companies and contractors.

Most truck body customers are in the East and Southeast United States. Slightly less than one half of the Company's truck body revenue is accounted for by sales to one installer. Although the Company's relationship with this manufacturer has been long term it does not have a supply contract and is not the sole supplier of truck bodies to that enterprise. In 2002, the manufacturer filed for reorganization under Chapter 11 of the United States bankruptcy code and continues to operate. The loss of the Company's relationship with the truck manufacturer could have a material adverse effect on the Company.

There are a significant number of companies engaged in the manufacture of service truck bodies in the United States. While many of these companies are relatively small and do not possess the Company's technical capacity, a number of its competitors are much larger and possess equal or greater technical and financial resources. Four such competitors are: Knapheide Manufacturing Co., Omaha Standard, Inc., Reading Body Works, Inc., and Stahl, a Scott Fetzer Co., which is a wholly owned subsidiary of Berkshire Hathaway, Inc. The Company competes with others for truck body sales through price and service, with price being the most important factor, and offers truck bodies made to the individually specified requirements of its customers.

In order to fully utilize the manufacturing capacity available at its facility in Hagerstown and meet demand for cargo trailers, the Company initiated cargo trailer production in this facility during 2002.

The Company manufactures specialty racing, cargo and ATV trailers at a facility owned by the Company in Bristol, Indiana and at another facility owned by the Company in White Pigeon, Michigan. In addition, as a means of increasing capacity to meet demands, the Company also began leasing a facility in Elkhart, Indiana. The business is somewhat seasonal with fewer orders during the months from November through January. The trailers are marketed under the names "United Expressline," "United Trailers," "Southwest Expressline," and "Southwest Trailers." While the Company markets some trailers under these brands at prices up to $75,000.00, the average price for these trailers is approximately $3,900.00.

The Company sells "United Trailers," "United Expressline," "Southwest Trailers," and "Southwest Expressline" product lines through two dealer networks comprised of an aggregate of approximately 300 dealers in the United States and Canada, most of whom are located in the Midwest United States. The Company's sales activities are conducted through an internal sales force. While the Company has formal agreements with a few of the dealers, most of the dealership arrangements are informal and are nonexclusive.

The trailers are built to order to dealer specifications. The terms of sale for the "United Trailers," "United Expressline," "Southwest Trailers," and "Southwest Expressline" products are FOB the plant with payment generally due upon the dealer taking delivery of the trailer. A few dealers have 30- or 60-day terms.

There are a significant number of companies engaged in the manufacture of specialty racing, cargo and ATV carriers in the United States. While many of these companies are relatively small and do not possess the Company's technical capability, a number of its competitors are much larger and possess equal or greater technical and financial resources. Four such competitors are: Haulmark Industries, Pace American, U.S. Cargo and Wells Cargo. The Company competes with others for specialty racing, cargo and ATV trailer sales through price, quality and availability, with price an important factor.

The Company purchases its raw materials for the trailer and related transportation equipment segment from numerous suppliers and has not had any difficulty in obtaining components or raw materials.

The Company generally warrants its product to be free from defects in material and workmanship and performance under normal use and service for a period of twelve months after shipment. The obligation of the Company is generally limited to the repair or replacement of the defective product.

At October 31, 2002, the backlog of the trailer and related transportation segment was approximately $2,634 composed of approximately $300 for truck bodies and $2,334 for specialty racing, cargo and ATV trailers. The October 31, 2002 backlog is expected to be filled within the 2003 fiscal year.

COACH LEASING

The Company leases high-end luxury entertainment coaches from its facility located in Joelton, Tennessee. The leases are for both short-term (weekly or monthly) and long-term periods. The leases are generally on a net basis, with the customer responsible for fuel and drivers and other personnel.

At October 31, 2002, the Company had 32 coaches in its fleet under management. In addition, the Company subleases coaches from other coach owners on a short-term basis, from time to time.

Prior to the Reorganization all of the coaches under management by Pyramid were owned by DW Leasing, LLC ("DW Leasing"), a company controlled by Mr. Durham. During 2002 and as contemplated by the Reorganization, twenty-seven of these coaches were transferred to the Company's subsidiary, Obsidian Leasing, and the remainder continued to be owned by DW Leasing and managed by the Company.

The Company leases the coaches through an internal sales force. The coaches are leased primarily to the country, rock-n-roll, pop and traveling Broadway show entertainment industries. The coaches are also leased to various corporations. During the year ended October 31, 2002, the Company leased coaches to a number of touring groups in connection with their tours including Ozzie Osbourne, Brad Paisley and the Broadway Show "Stomp." The Company's corporate customers include the Golf Channel.

There are several other companies that lease luxury coaches. Some of the larger competitors include Entertainer Coaches of America, Florida Coach, Senators Coach and Hemphill Brothers. The Company believes that amenities are an important factor in leasing coaches to its target market and equips its coaches with a full complement of amenities. The Company competes with other luxury coach providers based on a combination of quality, amenities, availability and price.

GOVERNMENT REGULATION

The Company is subject to regulation by federal, state, and local agencies that have jurisdiction over areas such as environmental and fire hazard control issues and regulate the work place to insure safe working conditions for the Company's employees. The trailers and truck bodies manufactured by the Company must meet standards set by state and federal transportation authorities and the coaches leased by the Company must comply with those standards and regulations. These regulatory bodies could take actions that would have a material adverse affect upon the Company's ability to do business. The business of the Company does not subject it to any special regulatory authority.

EMPLOYEES

As of October 31, 2002, the Company had 417 employees. The Company has a labor contract through January 2004 with United Brotherhood of Carpenters and Joiners of America for the approximately 40 production workers at its truck body manufacturing facility in Hagerstown, Maryland. None of the employees at the other facilities of the Company is represented by a labor union. The Company believes its employee relations are satisfactory.

PATENTS AND PROPRIETARY TECHNOLOGY

The Company does not rely on any patents, registered trademarks, or special licenses to give it a competitive advantage. The "Morrison," "Danzer," "Pyramid," "United Trailer," "United Expressline," "Southwest Trailer," and "Southwest Expressline" brand names have brand recognition in the relevant market.

RESEARCH AND DEVELOPMENT

The Company did not incur, during any of its last three fiscal years, and does not contemplate incurring, any material research and development expenses.

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Readers should carefully review the risks described in this and other documents that the Company files from time to time with the Securities and Exchange Commission, including the quarterly reports on Form 10-Q to be filed by the Company in 2002. Readers are cautioned not to place undue reliance on the forward-looking statements, which speak only to the date of this Annual Report on Form 10-K. The Company undertakes no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

ITEM 2. PROPERTIES

The following describes the Company's properties:

Identification	Location	Ownership/Description	Seg
Headquarters	111 Monument Circle, Suite 4800, Indianapolis, IN 46204	3,700 square feet leased commercial office space	N/A
Butyl Rubber Processing Plants	Vicksburg, Mississippi	Two adjacent plants aggregating 87,000 square feet, each owned by the Company and encumbered by a mortgage to PNC Bank	But Pro
Truck Body Plant	Hagerstown, Maryland	75,000 square foot plant owned by the Company and encumbered by a mortgage to Bank of America Commercial Finance	Tra tra equ man
United Expressline Plant	Bristol, Indiana	Several buildings aggregating 49,000 square feet owned by the Company and encumbered by a mortgage to First Indiana Bank NA	Tra tra equ man
United Expressline Plant	Elkhart, Indiana	35,000 square foot plant leased by the Company	Tra tra equ man
Southwest		Expressline Plant White Pigeon, Michigan 47,000 square foot plant owned Trailer and related by the Company and encumbered transportation by a mortgage to First Indiana equipment manufacturing Bank NA	
Pyramid Coach Office	Joelton, Tennessee	12,000 square feet of office space and other facilities	Coa

Champion Facility	Lewisville, Texas	leased by the Company 30,000 square foot plant leased by the Company	Dis

The Company believes that its property, plant and equipment are well maintained and adequate for its requirements. The Company also believes that all of its assets are adequately covered by insurance.

ITEM 3. LEGAL PROCEEDINGS

All dollar amounts in Item 3 are in thousands (except for share and per share information).

On April 29, 2002, Markpoint Equity Fund J.V. ("Markpoint"), a Texas joint venture of which The Markpoint Company serves as Managing Partner, filed an action in the Texas District Court, Dallas County, seeking payment of $1,250 owed by Champion, a subsidiary subsequently divested, under the subordinated credit facility described in Note 9 to the Consolidated Financial Statements. On January 27, 2003, the Company reached an agreement to settle this liability for a cash payment of $675 and issuance to Markpoint of 32,143 shares of the Company's Series D preferred stock. In addition, the agreement provides Markpoint the option to require the Company to repurchase these shares at a price of $21 per share. The repurchase option is available to Markpoint as follows: 16,072 shares during the period May 1, 2003 to June 1, 2003 and 16,071 shares during the period November 1, 2003 to December 1, 2003. The repurchase options expire if not exercised during the specified periods. The Company's repurchase obligation is guaranteed by Mr. Durham.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Company's Annual Meeting of Stockholders was held on September 27, 2002.

(b) The following individuals were elected to the Company's Board of Directors to hold office until the next annual meeting of stockholders or until their successors have been duly elected and qualified:

Nominee	For	Against or Withhold	Abstain	B N
Timothy S. Durham	105,816,120	0	3,247	0
Terry G. Whitesell	105,816,220	0	3,147	0
Jeffrey W. Osler	105,815,790	0	3,577	0
Goodhue W. Smith, III	105,816,220	0	3,147	0
John A. Schmit	105,816,120	0	3,147	0
D. Scott McKain	105,816,220	0	3,147	0
Daniel S. Laikin	105,816,220	0	3,147	0

(c) In addition to the election of Directors described in (b) above, the following matters were voted upon:

	For	Against	Abstain	B N

Ratify the appointment of McGladrey & Pullen, LLP as the independent auditors for fiscal year ending October 31, 2002.	105,773,522	680	45,165	0

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is currently traded on the Over-the-Counter Electronic Bulletin Board and on October 17, 2001, the symbol was changed from "DNZR" to "OBSD." The following table sets forth the high and low bid quotations for the common stock for the fiscal quarters indicated.

	FISCAL 2002		FISCAL 2001	
	High	Low	High	Low
1st Quarter	$0.25	$0.12	$0.30	$0.09
2nd Quarter	$0.36	$0.12	$0.20	$0.0063
3rd Quarter	$0.27	$0.11	$0.30	$0.14
4th Quarter	$0.27	$0.10	$0.41	$0.08

The above quotations reflect inter-dealer prices, and may not include retail mark-up, mark down or commissions and may not necessarily represent actual transactions. At October 31, 2002, there were approximately 900 holders of record of the Company's common stock. Most of the shares of common stock are held in street name for an unknown number of beneficial owners. To date the Company has not paid a cash dividend on its common stock. The payment and amount of any future cash dividends would be restricted by the Company's lenders and will necessarily depend upon conditions such as the Company's earnings, financial condition, working capital requirements and other factors.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth certain selected consolidated financial information concerning the Company. This information is not covered by the independent auditor's report. For further information, see the accompanying Consolidated Financial Statements of Obsidian Enterprises, Inc. and subsidiaries for the year ended October 31, 2002, ten-month period ended October 31, 2001 and the year ended December 31, 2000 and the information set forth in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in Item 8, "Financial Statements and Supplementary Data" below.

The information for the year ended December 31, 2000 is for that of U.S. Rubber Reclaiming only, the accounting acquirer in the reverse merger further described in Items 7 and 8.

OPERATING DATA, AS RESTATED:

(Amounts in thousands, except per share data)

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001	Year Ended 2000
Net sales	$ 57,274	$ 24,689	$ 12,583
Income from operations	449	981	184
Discontinued operations, net of tax	(1,040)	(3,376)	--
Cumulative effect of change in accounting principle	(2,015)	--	--
Net income (loss)	(6,330)	(4,395)	48
Basic and diluted earnings (loss) per share:			
From continuing operations	(.09)	(.04)	--
Discontinued operations	(.03)	(.13)	--
Cumulative effect of change in accounting principle	(.06)	--	--
Net income (loss) per share	(.18)	(.17)	--

BALANCE SHEET DATA:

	October 31, 2002	October 31, 2001	Dec 2000
Working capital (deficit)	$ 1,591	$ (2,528)	$ 864 $
Total assets	45,923	48,850	9,633
Long-term debt, including current portion and mandatory redeemable preferred stock	36,464	35,382	3,846
Stockholders' equity (deficit)	(689)	1,331	4,939

No dividends have been declared or paid in any period presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

All dollar amounts in this Item 7 are in thousands (except for share and per share information).

INTRODUCTION

Obsidian Enterprises, Inc. ("Company"), on June 21, 2001, closed a series of transactions pursuant to the Acquisition and Plan of Reorganization ("Reorganization") by and among the Company, Danzer Industries, Inc., a wholly owned subsidiary, and Obsidian Capital Partners, LP ("Partners"), Timothy S. Durham, and other individual owners of Partners controlled entities. At that time, the Company acquired: all of the outstanding capital stock of Pyramid Coach, Inc., in exchange for 810,099 shares of Company Series C Preferred Stock ("Series C Preferred"); all of the outstanding capital stock of Champion

Trailer, Inc., for 135,712 shares of Company Preferred, and all of the outstanding capital stock of U.S. Rubber Reclaiming, Inc., for 1,025,151 shares of Series C Preferred. On July 31, 2001, the Company acquired all of the outstanding capital stock of United Expressline, Inc. from Partners for 2,593,099 shares of Series C Preferred.

After these transactions, the Company had the following subsidiaries:

- U.S. Rubber Reclaiming, Inc. ("U.S. Rubber"), engaged in reclaiming scrap butyl reclaim for resale to manufacturers of rubber products, located in Vicksburg, Mississippi.

- Danzer Industries, Inc. ("Danzer Industries") then principally engaged in the design, manufacture and sale of truck bodies, located in Hagerstown, Maryland. During 2002 Danzer Industries has expanded its activities to include the manufacture of cargo trailers.

- Pyramid Coach, Inc. ("Pyramid") engaged in the leasing of coaches, designed and fitted for use for travel by country, rock bands and other business enterprises, primarily on weekly to monthly leases, located in Nashville, Tennessee.

- Champion Trailer, Inc. ("Champion"), which manufactured and sold transport trailers to be used primarily in the auto racing industry, located in Lewistown, Texas. In 2002, the Company agreed to sell Champion to an entity owned by Messrs. Durham and Whitesell (Officers of the Company) and closed the sale in January 2003. Therefore, Champion is accounted for as a discontinued operation.

- United Expressline, Inc. ("United") manufactures and sells general use cargo trailers and specialty trailers used for special purposes and in the racing industry, located in Bristol, Indiana; Elkhart, Indiana; and White Pigeon, Michigan.

During fiscal year 2002, management focused on the process of operational integration of the subsidiaries. This included the identification and implementation of individual subsidiary manufacturing and administrative efficiencies as well as marketing and cross-selling opportunities. In addition, management concentrated on ensuring adequate capital was available to operate and that liquidity issues did not detract from the operating entities.

While each of the subsidiaries markets its products or services independently, management has taken advantage of cross-selling opportunities for each of the subsidiaries, as well as manufacturing and other operational efficiencies that can be achieved between the subsidiaries. For example, Danzer Industries, which prior to fiscal year 2002, had not manufactured cargo trailers produced cargo trailers at the rate of two per day at October 31, 2002, with a goal of producing eight per day by the end of fiscal year 2003.

RESULTS OF OPERATIONS

The following table details the Company's results of operations as a percentage of sales:

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001	Ye
Net sales	100.0%	100.0%	
Cost of sales	83.5	78.8	
Selling, general and administrative expenses	15.0	17.2	
Loss on asset impairment	1.3	--	
Loss from discontinued operations	1.8	13.7	
Interest expense	6.2	9.4	
Interest income	--	--	

The Company operates in three industry segments, comprised of trailer and related transportation equipment manufacturing, butyl rubber reclaiming, and coach leasing. Trailer and related transportation equipment manufacturing includes the operations of United and Danzer Industries. Butyl rubber reclaiming includes the operations of U.S. Rubber and coach leasing includes the operations of Pyramid, DW Leasing, and Obsidian Leasing. The results of discontinued operations relate to Champion Trailer, which the Company agreed to sell in 2002 to an entity owned by Messrs. Durham and Whitesell and closed the sale in January 2003.

The following is a discussion of the major elements impacting the Company's operating results by segment for the year ended October 31, 2002 and the ten-month period ended October 31, 2001. The comments that follow should be read in conjunction with the Company's consolidated financial statements and related notes contained in this Form 10-K.

The results of operations of the Company for 2001 are not comparable to 2002 because the results of operations in 2001 include only ten months of operations, which affects the comparability of the two periods.

In addition, the results of operations for the trailer manufacturing segment in 2001 do not include the operations of United and Danzer Industries for the entire ten-month period. Under accounting principles generally accepted in the United States of America, U.S. Rubber is treated as the acquirer in the June 21, 2001 Reorganization, and U.S. Rubber is treated as having acquired Champion and Pyramid at the beginning of 2001. Thus, the results of operations for the ten-month period ended October 31, 2001 include the operations of the following subsidiaries from the date shown below through October 31, 2001:

Subsidiary	Date
Danzer Industries	June 21, 2001
Pyramid	January 1, 2001
U.S. Rubber	January 1, 2000
United	July 31, 2001

Since Champion is accounted for as a discontinued operation, its results of operations and cash flow have been removed from the Company's continuing operations for all periods presented.

The following table shows net sales by product segment:

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001	Year Ended December 31, 2000
Trailer manufacturing	$ 40,775	$ 10,650	$ --
Butyl rubber reclaiming	10,125	9,874	12,583
Coach leasing	6,374	4,165	--
Total	$ 57,274	$ 24,689	$ 12,583

TRAILER AND RELATED TRANSPORTATION EQUIPMENT MANUFACTURING

The following table shows sales, cost of sales and gross profit for this segment for the periods indicated (in thousands):

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Net sales	$ 40,775	$ 10,650
Cost of sales	35,077	8,955
Gross profit	$ 5,698	$ 1,695
Gross profit %	14.0%	15.9%

YEAR ENDED OCTOBER 31, 2002 COMPARED TO THE TEN MONTHS ENDED OCTOBER 31, 2001

For the reasons noted above, operating results between these periods are not comparable. During the year ended October 31, 2002, this segment has seen increasing sales in cargo trailers due to additional demand driven by marketing efforts and availability of the product. These increases have been partially offset by a continued reduction in the demand for truck bodies.

The primary reason for truck body sales at levels below historic amounts is the continued depressed condition of the telecommunications industry that historically purchased a significant volume of this product line. Management anticipates that the overall general economic conditions and the economic state of the telecommunications industry will continue to adversely impact sales of truck bodies through the first quarter of fiscal year 2003. In addition, future sales may be adversely impacted by a Chapter 11 bankruptcy filing in 2002 by a truck body customer, who accounted for approximately $1.7 million of sales in this segment for the year ended October 31, 2002. Management has integrated the production of cargo trailers into its truck body production facility as a means to increase production capacity of the cargo trailer product and absorb excess capacity at the truck body facility. As of October 31, 2002, the truck body facility was producing two trailers per day with plans to produce up to eight trailers per day by October 2003.

Gross profit for the year ended October 31, 2002 was impacted by the reduced volume of truck bodies sold and only partially offset by reductions in personnel at these facilities and increased volume in the cargo trailer product line.

BUTYL RUBBER RECLAIMING

The following table shows sales, cost of sales and gross profit for this segment for the periods indicated (in thousands):

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001	Year Ended December 31, 2000
Net Sales	$ 10,125	$ 9,874	$ 12,583
Cost of Sales	9,407	8,884	11,390
Gross Profit	$ 718	$ 990	$ 1,193
Gross Profit %	7.1%	10.0%	9.5%

YEAR ENDED OCTOBER 31, 2002 COMPARED TO THE TEN MONTHS ENDED OCTOBER 31, 2001

For the reason noted above, operating results between fiscal year 2002 and fiscal year 2001 are not comparable.

Net sales in this segment for the year ended October 31, 2002 as compared to the ten-month period ended October 31, 2001 increased 2.5%. However, sales in this segment were lower than anticipated for the year ended October 31, 2002 compared to the year ended December 31, 2000 due to damage at a production facility in May 2002 as a result of a fire at an adjacent property. The damage caused the facility to be closed for approximately two months and resulted in the Company being unable to fill all outstanding customer orders. This facility resumed production during July 2002. During 2002, the Company recorded an insurance recovery for business interruption of $325 as a reduction of general and administrative costs. In addition to the effects of the fire, sales for 2002 were below historical levels due to the factors enumerated below.

Significant portions of sales in this segment are to tire manufacturing companies. The tire manufacturers have continued to see lower volumes of tire production during 2002. Accordingly, sales to these customers are below historical levels, and current demand does not indicate a return to sales levels from the year ended December 31, 2000 in the immediate future.

The lack of consistent sources of raw materials has also been a constraint on generating additional sales volume. The primary material used in reclaiming is scrap inner tubes. Since the introduction of the tubeless tire for automobiles in the 1970s, sources of material have declined substantially. Management has been testing other materials including butyl pad scrap as a replacement material for the past several years with some success. In addition, alternative sources of material, including overseas sources, are being pursued to provide a

consistent supply of material in the future. Until such time that consistent sources of raw materials are available, sales growth in this segment will be limited.

Gross profit percentage decreased from 10% for the ten months ended October 31, 2001 to 7.1% for the year ended October 31, 2002 as a result of constraints on achieving operating efficiency including lack of consistent raw material supply and the fire discussed above.

TEN MONTHS ENDED OCTOBER 31, 2001 COMPARED TO THE YEAR ENDED DECEMBER 31, 2000

Operating results between fiscal year 2001 are not comparable as fiscal 2000 was for a twelve-month period.

Net sales in this segment for the ten months ended October 31, 2001 as compared to the year ended December 31, 2001 decreased 21.5% in the amount of $2,709. The reduction in sales is due primarily to considering only a ten-month period for fiscal year 2001 and to reduced sales to tire manufacturers and pipeline mastic manufacturers. The Company had scheduled a complete renovation of its 12" extruder (a key element of its manufacturing process) that began in June 2001. During this time period, widespread tire recalls increased demand for the Company's reclaimed butyl products. The 12" extruder was not fully operational until late October 2001 after the increased demand had subsided. Tire customers built up large inventories in anticipation of demand under the recalls, however, the number of tires submitted by consumers to be replaced was lower than anticipated and, as a result, tire manufacturers accumulated a large inventory of tires. Tire manufacturers reduced production in response to the inventory problem and this caused a substantial decrease in reclaimed butyl demand starting in September 2001.

The decline in the price of crude oil in September and October 2001 caused a decline in new oil exploration. As a result, the demand for pipeline mastic wraps produced with reclaim butyl rubber supplied by the Company also fell dramatically beginning in October 2001.

Gross profit percentage for the ten months ended October 31, 2001 was 10% compared to 9.5% for the year ended December 31, 2000 as a result of the improved operating efficiency. Gross profit for the year ended December 31, 2000 was slightly below historical levels as the result of an inventory obsolescence charge recorded in December 2000.

COACH LEASING

The following table shows sales, cost of sales and gross profit for this segment for the periods indicated (in thousands):

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Net Sales	$ 6,374	$ 4,165
Cost of Sales	3,357	1,618
Gross Profit	$ 3,017	$ 2,547

Gross Profit %	47.3%	61.1%

For the reason noted above, operating results between these periods are not comparable.

YEAR ENDED OCTOBER 31, 2002 COMPARED TO THE TEN MONTHS ENDED OCTOBER 31, 2001

Sales for the year ended October 31, 2002 increased 53% in the amount of $2,209 over the ten-month period ended October 31, 2001. The increase in sales is attributable to an additional two months in the period, an increase in the size of the coach fleet, additional revenue from the increased use of employee coach drivers versus independent contractors paid directly by the customer and due to increased utilization of the fleet in 2002. Management believes the increased utilization is a result of its marketing efforts to rock and roll, pop, touring Broadway shows and corporate customers. These customers are in addition to the traditional country and western performers who have historically been this segment's primary customer base. This business is seasonal in nature and historically is stronger in the spring, summer and fall months.

Gross profit for this segment was 47.3% for the year ended October 31, 2002 compared to 61.1% for the comparable ten-month period ended October 31, 2001. The reduction is primarily attributable to two factors. First, during the summer, additional coaches were leased from unrelated third parties to meet current demand. The additional lease cost has been recorded as a component of cost of sales and represents an increase of approximately 5% as a percentage of sales. This segment had no lease cost for outside coaches in the comparable period of 2001. Second, additional drivers have been added as employees during 2002 adding approximately 7% as a percentage of sales to the costs of direct wages and benefits for the quarter. In the comparable period ended October 31, 2001, a larger percentage of coach drivers were independent contractors paid directly by the customer. In addition, the two additional months of activity for the year ended October 31, 2002 include the months of November and December which are historically slower months, resulting in lower gross profits for this segment.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSES

For the reasons noted above, results between periods presented are not comparable.

The Company's selling, general and administrative expenses are higher for the year ended October 31, 2002 versus the ten-month period ended October 31, 2001 due to the trailer manufacturing operations added in 2002, as previously discussed.

In addition, selling, general and administrative expenses are higher for the year ended October 31, 2002 than would be expected on an ongoing basis. This is due primarily to increased administrative costs that were necessary to continue the process of creating better subsidiary reporting, the use of outside professionals for services in assisting in post acquisition activities, the cost to obtain prior year audits to meet regulatory filing requirements, and the cost of providing accounting and related services to management, that will normally be performed by Company personnel on a going forward basis. The additional costs were partially offset by a business interruption claim related to the fire at the butyl rubber reclaiming facility in the amount of $325. In addition, on February 1, 2002, the Company changed its estimates with regard to depreciation of coaches owned by DW Leasing and Obsidian Leasing by establishing a salvage value of approximately 38%. The depreciable lives of the coaches of 15 years was

not changed. This change in estimate resulted in a reduction of selling, general and administrative expenses in the year end October 31, 2002 of approximately $200.

INTEREST EXPENSE

For the reasons noted above, results between periods presented are not comparable.

While the interest expense increased over the prior period primarily as a result of the transactions that occurred in June and July 2001, interest expense for the year ended October 31, 2002 as a percentage of average debt borrowings of $37,158 was 9.6%. Interest expense for the ten months ended October 31, 2001 as a percentage of average debt borrowings of $24,964 was 9.3% (11.2% on an annual basis). The decrease is primarily due to the reduction of the prime rate as well as the refinancing debt and equity transactions discussed below in "Liquidity and Capital Resources," "Refinancing Activities," and "Partners Equity Transactions."

ASSET IMPAIRMENT

The Company adopted the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2002. The Company completed its transitional impairment test in conjunction with the adoption of Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets during the quarter ended July 31, 2002. The impairment test indicated that a portion of the goodwill of Danzer Industries was impaired. Accordingly, $2,015 has been recorded as a cumulative effect of change in accounting principle.

During the fourth quarter of 2002, the Company evaluated the recoverability of Danzer Industries' long-lived assets, including remaining goodwill, due to Danzer Industries' significant operating loss in 2002 and the Chapter 11 bankruptcy filing of a significant customer. Danzer Industries determined the estimated future undiscounted cash flows were below the carrying value of certain long-lived assets. As a result, remaining goodwill was written off and a charge of $720 as loss on asset impairment was recorded as an operating expense.

DISCONTINUED OPERATIONS

On October 30, 2002, the Company's Board of Directors agreed to sell substantially all assets of Champion to an entity controlled by Messrs. Durham and Whitesell in exchange for assumption of all liabilities of Champion, excluding its subordinated debt. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for Impairment of Long-Lived Assets, the operating results of Champion have been classified as discontinued operations. The losses from discontinued operations for the year ended October 31, 2002 and ten months ended October 31, 2001 of $1,040 and $3,376, respectively, represent the losses of Champion during these periods, net of tax benefit of $438 and $0, respectively. The loss in 2001 includes a charge for asset impairment of $2,305. Champion was not included in the financial statements for the year ended December 31, 2000. Sales of Champion in the year ended October 31, 2002 were $2,884 as compared to $3,365 for the ten months ended October 31, 2001. The decrease of $481 or 14.3% is attributable to lower order volume during 2002.

To facilitate the sale of substantially all assets of Champion, on January 27, 2003, the Company agreed to a settlement with Markpoint of its outstanding

subordinated debt with Champion. In return for cancellation of the indebtedness and release of a pending legal action against the Company and Champion, the Company made a cash payment to Markpoint of $675 and issued to Markpoint 32,143 shares of the Company's Series D preferred stock. In addition, the agreement provides Markpoint the option to require the Company to repurchase these shares at a price of $21 per share. The repurchase option is available to Markpoint as follows: 16,072 shares during the period May 1, 2003 to June 1, 2003 and 16,071 shares during the period November 1, 2003 to December 1, 2003. The repurchase options expire if not exercised during the specified periods. The Company's repurchase obligation is guaranteed by Mr. Durham.

INCOME TAX PROVISION

There was income tax benefit of $33 for the year ended October 31, 2002 due to the utilization of previously reserved net operating loss (NOL) carryforwards offset by taxable gains on debt forgiveness. The income tax benefit is created primarily through NOL carryforwards recognized to the extent they are available to offset the Company's net deferred tax liability.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY AND WORKING CAPITAL

Each of the subsidiaries of the Company have separate revolving credit agreements and term loan borrowings through which the subsidiary finances its operations together with cash generated from operations. The principal balances of some of these loans reflect the fact that Partners, from whom four of the five subsidiaries were purchased, entered into highly leveraged acquisitions of Champion (subsequently divested), U.S. Rubber, Pyramid, and United.

This high level of debt created liquidity issues for the Company and the stringent financial covenants that are common for this type of debt increase the probability that the Company's subsidiaries may from time to time be in technical default under these loans. These risks are mitigated, in part, for the Company's United and U.S. Rubber subsidiaries by the right described below under "Guarantees of Partners." They are also mitigated by the divestiture of Champion, and the completed refinancing efforts with respect to U.S. Rubber and the coach leasing segment.

The Company's working capital position (current assets over current liabilities) was positive at October 31, 2002 by $1,591. At the end of fiscal year 2001, the working capital position was $(2,528). The increase in working capital is primarily attributable to the factors below.

The Company continues to address liquidity and working capital issues in a number of ways. Management believes that the following steps started in early 2002 and currently underway will improve the Company's working capital, strengthen its equity and place the Company in a position to successfully enhance its liquidity. These steps include:

- The transactions described below under "Partners Equity Transactions" which converted approximately $2,834 of long-term liabilities to equity. Of this amount, $1,290 was converted to Series C Preferred Stock during the second fiscal quarter of 2002. Additionally, $1,545 was converted to Series D Preferred Stock in October 2002.

- The divestiture of Champion described below under "Champion Transactions" which improved the Company's overall equity and working capital position.

- The transactions described below under "Refinancing Activities" which reduced the Company's interest costs and decreased the proportion of debt which has been classified as a current liability. The Company completed the refinancing of the United line of credit and reduced the principal payments on a term note. In addition, refinancing was completed at U.S. Rubber and on several coaches in the coach leasing group.

As a result of the actions described above, Management believes that the Company has financing agreements in place to provide adequate liquidity and working capital for fiscal 2003. However, there can be no assurance that such working capital and liquidity will in fact be adequate. Therefore, the Company may be required to draw upon other liquidity sources. The Company has therefore secured an increased financial commitment from Fair Holdings, Inc. ("Fair Holdings"), an entity controlled by the Company's Chairman, to provide, as needed, additional borrowings under a $5 million line of credit agreement, which expires on January 9, 2005. Currently, availability under the agreement is approximately $3.2 million.

FINANCIAL COVENANTS

The Company and certain of its subsidiaries did not meet certain requirements and covenants in their debt agreements relating to maintenance of minimum ratios and levels of earnings to funded debt and fixed charge coverage rate. The lenders have waived or modified the covenants not in compliance as of October 31, 2002.

The Company has taken a number of actions which eliminated its defaults under agreements with certain of its lenders:

- At October 31, 2002, U.S. Rubber had violated negative covenants with its primary lender and received a waiver of the violation and an amendment of the Credit Agreement.

- Pyramid was a guarantor of DW Leasing's debt to Regions Bank, Nashville, Tennessee. DW Leasing and Pyramid had been in violation of the Funded Debt to EBITDA ratio in the Regions Bank Credit Facility since the inception of the loan. At the time of the Acquisition, Regions Bank granted a waiver of this violation. The covenant had not been rewritten, and Regions Bank waived the violation as of October 31, 2001. The Company refinanced the Regions Bank debt with a related party on December 19, 2002.

- At October 31, 2002, the Company was in violation of negative covenants with Renaissance US Growth & Income Trust PLC and BFSUS Special Opportunities Trust PLC, the holders of debentures that completed the financing of United. The Company received a waiver of the violations as of October 31, 2002 and obtained modifications of terms with the debenture holders to provide for less stringent covenants. In exchange for the waiver and modifications, the Company issued warrants to the debenture holders to purchase up to 16,000 shares of the Company's common stock at an exercise price of $.20 per share.

- Danzer Industries was notified by letter dated May 28, 2002 that it was in technical default of its revolving note and term note due to nonreceipt of certain documentation and noncompliance with the debt service ratio. A forbearance agreement was completed in October 2002. As part of the forbearance agreement, the Company received a waiver through March 31, 2003, when the entire debt is due. As of October 31, 2002, $867 of long-term debt related to these obligations has been reclassified as a

current liability due to the forbearance agreement. Management is currently exploring options with regard to refinancing the outstanding debt of Danzer Industries, including extension of the current agreement with Bank of America. Should refinancing or an extension of the current agreement not be obtained by the expiration date of the forbearance agreement, the debt will be repaid through current sources of availability including borrowings under the Company's line of credit with Fair Holdings.

- Champion has remained in default of its subordinated debt agreement in the amount of $1,250, and the subordinated lender sued to obtain payment. On January 27, 2003, the Company settled this liability in exchange for a cash payment of $675 and issuance of 32,143 shares of the Company's Series D Preferred Stock. The settlement also provides for a repurchase obligation of these shares on the part of the Company at a price of $21 per share within a specified period ending December 1, 2003. Accordingly, $1,013 has been classified as a current liability. Champion was sold to a company owned by Messrs. Durham and Whitesell on January 30, 2003.

- At October 31, 2002, United had violated financial covenants with First Indiana Bank and Huntington Capital Investment Company. United has received waivers of these violations through November 1, 2003 from First Indiana and a modification of covenants with Huntington Capital Investment Corporation.

- Various subsidiary companies were in violation of requirements to provide year-end financial statements to various lenders within 90 days of the close of the 2002 year end. Management has received extensions of time from the lenders.

FUNDS AVAILABILITY

CASH AVAILABILITY

On a consolidated basis, at October 31, 2002, the Company had approximately $920 of cash and cash equivalents. Danzer Industries, U.S. Rubber, United, and Obsidian Enterprises each have revolving credit lines available for working capital at each individual entity. Borrowings under the credit facilities are available to the lesser of the maximum amount or the borrowing base as defined in the credit agreement. At October 31, 2002, additional current availability under these credit lines and maximum availability if supported by their individual borrowing base are:

Company	Current Availability	Maximum Availability
Danzer Industries	$ 0	$ 0(1)
U.S. Rubber	701	2,472
United	607	662
Obsidian Enterprises	3,202(2)	3,202(2)

(1) Additional borrowings only at the bank's discretion under the forbearance agreement
(2) Includes additional availability of $2,000 from an increase in the line subsequent to year end

The Company generated net cash flow of $322 from continuing operations during the year ended October 31, 2002. Cash provided by operations during the year is primarily due to increases in accounts payable and customer deposits, offset by increases in inventories.

REFINANCING ACTIVITIES

Management refinanced certain of the currently outstanding debt of the Company:

- U.S. Rubber refinanced its debt with a new lender on October 24, 2002 on more favorable terms than the terms with the prior lender.

- On August 28, 2002, the Company obtained a renewal and increased maximum borrowing limit of the revolving line of credit of United with First Indiana Bank and an additional one year of amortization of its previous 2-year term debt.

- The Company refinanced certain coaches transferred from DW Leasing to Obsidian Leasing with DC Investments, LLC ("DC Investments"), an entity owned 50% by the Company's Chairman, and its various existing lenders. Two senior lenders representing approximately 80% of Obsidian Leasing Company's debt have refinanced their respective loans which included a substantial reduction in the interest rates and a longer amortization of the debt. The debt was refinanced by the existing lenders for 80% of the current amount outstanding. The remaining 20% was financed through a note payable to Fair Holdings. In addition to the above refinancing, on December 17, 2002, Obsidian Leasing sold four coaches to DC Investments Leasing, LLC ("DC Investments Leasing"), a newly created entity owned 50% by the Company's Chairman, in exchange for DC Investments Leasing's satisfaction of the debt outstanding on such coaches. DC Investments Leasing paid this debt through a refinancing at terms that included a reduction in interest rates. In addition, DC Investments Leasing also acquired five additional coaches that were previously to be purchased by the Company thereby eliminating the Company's existing purchase commitment for such coaches. DC Investments Leasing also entered into a management agreement with Pyramid under which all nine coaches described above will be leased by Pyramid.

PARTNERS EQUITY TRANSACTIONS

Partners, the major shareholder of the Company, was required under the Plan of Reorganization to fund through the purchase of additional preferred stock certain ongoing administrative expenses of the Company to complete the Plan of Reorganization, complete all required current and prior year audits to meet the regulatory filing requirements, and ensure all annual and quarterly SEC filings are completed to enable the registration of the preferred stock issued to Partners. Such amounts expended through October 31, 2002 approximated $1,275. Pursuant to the agreement with Partners, the Company converted these amounts to equity in exchange for issuance to Partners of convertible preferred stock in October 2002. Additional expenses of $270 in excess of amounts Partners was obligated to pay were funded by Fair Holdings, Inc. and subsequently converted to Series D Preferred Stock. The total liability of $1,545 converted to equity was incurred as follows: $364 capitalized in the reverse merger transaction; $376 as expenses incurred in 2001; and $805 as expenses incurred in 2002.

In 2002, Partners converted $1,290 of notes payable and accrued interest from Partners to the Company to 402,906 shares of Series C Preferred Stock of the Company.

GUARANTEES OF PARTNERS

The Company has an agreement with Partners that gives the Company the right to mandate a capital contribution from the Partners if the lenders to U.S. Rubber

or United were to declare a default. In either of those events, the Company has the right to enforce a capital contribution agreement with Partners up to $1,620 on U.S. Rubber and $1,000 on United to fund the respective subsidiary's shortfall. These payments, if any, would be applied directly to reduce the respective subsidiary's debt obligations to the lender.

CHAMPION TRANSACTIONS

In 2002, the Board of Directors authorized the Chairman of the Board of the Company to explore various options to divest Champion Trailer or, at a minimum, restructure this operation of the business. As a result, DC Investments negotiated the purchase of the loans of Bank One to Champion.

In 2002, Champion was also indebted to Markpoint under a subordinated credit facility in the amount of $1,250 and was in violation of certain covenants related to the loan. Subsequent to DC Investments purchasing the Bank One debt in a nonrecourse assignment, Markpoint filed a lawsuit in Texas state court seeking payment in full for their subordinated debt from Champion or the Company under a guarantee agreement.

On January 27, 2003, Markpoint settled their lawsuit in exchange for a cash payment of $675 and the issuance to Markpoint of 32,143 shares of the Company's Series D preferred stock. In addition, the agreement provides Markpoint the option to require the Company to repurchase these shares at a price of $21 per share. The repurchase option is available to Markpoint as follows: 16,072 shares during the period May 1, 2003 to June 1, 2003 and 16,071 shares during the period November 1, 2003 to December 1, 2003. The repurchase options expire if not exercised during the specified periods. The Company's repurchase obligation is guaranteed by Mr. Durham. Subsequent to the settlement, the Company's Board of Directors authorized the sale of Champion, which was completed January 30, 2003.

CASH FLOWS (EBITDA)

A summary of our contractual cash obligations for the fiscal years ending 2003 through 2006 and 2007 and thereafter at October 31, 2002 is as follows:

Contractual Obligations	Total	2003	2004	2005	2
Long-term debt, with covenant violations and classified as current	$ 1,863	$ 1,863	$ --	$ --	$
Long-term debt, and all debt service interest payments	45,831	7,099	6,882	15,395	
Operating leases	1,397	450	353	274	
Mandatory redeemable preferred stock	1,400	--	--	--	
Total contractual cash obligations	$ 50,491	$ 9,412	$ 7,235	$ 15,669	$

Cash flow and liquidity are discussed further below, and the footnotes to our financial statements discuss cash flow, liquidity and the current classification of debt due to loan covenant violations.

We also have a commercial commitment as described below:

Other Commercial Commitment	Total Amount Committed	Outstanding at October 31, 2002	Dat
Line of credit, bank	$ 1,000	$ 875	March 3
Line of credit, bank	3,750	3,088	Februar
Line of credit, bank	4,000	1,528	October
Line of credit, related party	5,000*	1,798	January

* Credit line with Fair Holdings increased from $3,000 to $5,000 subsequent to year end.

The Company's net cash provided by continuing operations for the year ended October 31, 2002 was $322. This is comprised of a loss from continuing operations of $4,852, offset by noncash depreciation and amortization and loss on asset impairment of $3,288 and goodwill impairment loss of $2,015, increases in inventories of $1,752 and deferred taxes of $40 and decreases in accounts receivable of $264 and other assets of $336, and increases in accounts payable of $545, and customer deposits of $473, and decreases in accrued expenses of $339. In addition, the Company had noncash losses on debt refinancing, sale of equipment and accretion of interest of $181, $41, and $162, respectively.

Net cash flow provided from financing activities for the year ended October 31, 2002 was $618. This is comprised of borrowings of long-term debt and net borrowings of short-term debt of $3,583 and borrowings from related parties of $628, offset by principal repayments of long-term debt of $3,258. The Company also paid debt issuance costs of $248 and distributions to members of DW Leasing of $107, offset by the exercise of warrant of $20.

Cash flow was used in investing activities for the year ended October 31, 2002 of $587. This is comprised of purchases of property and equipment of $909 and proceeds from the sale of property and equipment of $322.

The total increase (decrease) in cash is summarized as follows:

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Net cash provided by continuing operations	$ 322	$ 1,763
Net cash provided by (used in) investing activities	(588)	(17,772
Net cash provided by (used in) financing activities	618	16,321
Net cash flow provided by discontinued operations	39	--
Increase (decrease) in cash and cash equivalents	$ 391	$ 312

EBITDA is a measure of the Company's ability to generate cash flow and should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles

generally accepted in the United States of America.

EBITDA by business segment and reconciliation to net income or loss under accounting principles generally accepted in the United States of America by segment for the applicable periods is as follows:

	Year Ended October 31, 2002			
	EBITDA	Interest Expense	Income Tax Expense (Benefit)	Depreciation & Amortizatio
Trailer and related transportation equipment manufacturing	$ 735	$ 1,400	$ 404	$ 1,425
Coach leasing	1,830	1,468	(59)	779
Butyl rubber reclaiming	967	684	(152)	1,084
Corporate	--	--	(226)	--
Total Company	$ 3,532	$ 3,552	$ (33)	$ 3,288

* includes impairment charge of $720

	Ten Months Ended October 31, 2001			
	EBITDA	Interest Expense	Income Tax Expense (Benefit)	Depreciation & Amortizatio
Trailer and related transportation equipment manufacturing	$ 638	$ 369	$ 98	$ 365
Coach leasing	1,481	1,266	--	785
Butyl rubber reclaiming	857	677	(135)	905
Corporate	--	--	(335)	--
Total Company	$ 2,976	$ 2,312	$ (372)	$ 2,055

	Year Ended December 31, 2000			
	EBITDA	Interest Expense	Income Tax Expense	Depreciation & Amortizatio

Butyl rubber reclaiming	$ 1,094	$ 442	$ 50	$ 554

The Company allocates selling, general and administrative expenses to the respective subsidiaries primarily based on a percentage of sales. Amounts allocated by segment are as follows:

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Trailer manufacturing	$ 934	$ 245
Coach leasing	146	96
Butyl rubber reclaiming	232	275
Total	$ 1,312	$ 616

EBITDA by segment, exclusive of the allocation of the above selling, general and administrative expenses, is as follows:

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Trailer manufacturing	$ 1,669	$ 883
Coach leasing	1,976	1,577
Butyl rubber reclaiming	1,199	1,132
Total	$ 4,844	$ 3,592

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are summarized in the footnotes to our financial statements. Some of the most critical policies are also discussed below.

As a matter of policy, we review our major assets for impairment. Our major operating assets are accounts receivable, inventory, intangible assets and property and equipment. We have not historically experienced significant bad debts expense, although the filing of Chapter 11 bankruptcy during 2002 of a customer resulted in a bad debt charge of $379. However, we believe our reserve for doubtful accounts of $495 should be adequate for any exposure to loss in our October 31, 2002 accounts receivable. We have also established reserves for slow-moving and obsolete inventories and believe the reserve of $466 is adequate. We depreciate our property and equipment and amortize intangible assets (except for goodwill) over their estimated useful lives. We have identified items that are impaired, and during the quarter ended July 31, 2002, the Company completed its transitional impairment test in conjunction with the adoption of SFAS 142. The impairment test indicated that certain goodwill

related to the trailer manufacturing segment was impaired. Accordingly $2,015 has been recorded as a cumulative effect of change in accounting principle.

During the fourth quarter, an additional review for asset impairment was conducted because of changes in circumstances that indicated potential impairment. Continuing operating losses at Danzer Industries and the filing of Chapter 11 bankruptcy by Danzer Industries' largest customer in the fourth quarter resulted in an additional impairment review. As a result, an additional $720 of goodwill was determined to be impaired at the trailer manufacturing segment.

The realization of the remaining goodwill of $6,434 is primarily dependent on the future operations of the operating entity where the goodwill is allocated (primarily United). Historical operating results, current product demand and estimated future results indicate the results of operations at United should be adequate to continue to realize this amount. However, future results may not meet expectations due to economic or other factors, and failure to meet expectations may result in the goodwill not being fully realizable.

The initial cost of coaches acquired is depreciated over a straight-line basis over 15 years to a salvage value of 38% of original cost. Subsequent enhancements and refurbishments of coaches are depreciated over five years using the straight-line method. The current depreciation policy is a change in estimate that was effective February of 2002. Prior to this date, coaches were depreciated over fifteen years on a straight line basis with no salvage value. Had the prior depreciation policy been in effect for the entire year of 2002, depreciation expense would have increased by approximately $200. The age of coaches in our fleet range from less than one year to ten years, with an average age of approximately four years. Actual value of coaches after 15 years is dependent on several factors including the level of maintenance and the market conditions at the time of disposal. We have not disposed of a material number of coaches, and our estimate of depreciation is based on information other than actual disposal experience. Accordingly, we continue to evaluate our estimates with respect to the actual depreciation of such vehicles based on market conditions and our experience in disposals when they occur. Should future factors indicate the current depreciation policy is not adequate, we will adjust the depreciation rates, and such adjustments may have an adverse impact on our results of operations.

In conjunction with financing of the acquisition of United, the Company issued 386,206 shares of Series C preferred stock to Huntington Capital Investment Corporation ("Huntington"). The note purchase agreement includes a provision that gives Huntington the option to require the Company to repurchase these shares at 90% of market value upon the earlier of: a) fifth anniversary of issuance of such shares, b) default under the subordinated debt agreement, c) other factors related to a sale of substantially all assets of the Company as defined in the agreement. Increases in the value of the Company's stock will result in a corresponding increase to this repurchase requirement. Accordingly, a substantial increase in stock price at the repurchase date may have an adverse impact on the Company's liquidity. At October 31, 2002, the Company had violated certain financial covenants defined in the subordinated debt agreement with Huntington. The Company received a waiver of these violations as of October 31, 2002 and a modification to the covenants.

CONTINGENCIES

The Company is party to ordinary litigation incidental to its business. No current pending litigation is expected to have a material adverse effect on

results of operations, financial condition or cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to interest rate changes on its debt. The disclosures in Item 7 above are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Obsidian Enterprises, Inc.
Indianapolis, Indiana

We have audited the accompanying consolidated balance sheets of Obsidian Enterprises, Inc. and Subsidiaries as of October 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year ended October 31, 2002, and the ten months ended October 31, 2001, and the year ended December 31, 2000. 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 auditing standards generally accepted in the United States of America. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Obsidian Enterprises, Inc. and Subsidiaries as of October 31, 2002 and 2001, and the results of their operations and their cash flows for the year ended October 31, 2002, the ten months ended October 31, 2001, and the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets in 2002.

Our audit of the consolidated financial statements of Obsidian Enterprises, Inc. and Subsidiaries included Schedule II, contained herein, for the year ended October 31, 2002, the ten months ended October 31, 2001, and the year ended December 21, 2000. In our opinion, such schedule presents fairly the information

required to be set forth therein, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the previously issued 2002 and 2001 financial statements have been restated for errors in the application of accounting principles.

/s/ McGladrey & Pullen, LLP
Elkhart, Indiana
February 10, 2003, except for Note 3,
as to which the date is August 15, 2003

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	October 31, 2002
Assets	
Current assets:	
Cash and cash equivalents	$ 920
Marketable securities	137
Accounts receivable, net of allowance for doubtful accounts of $495 for 2002 and $80 for 2001 (Note 9)	3,307
Accounts receivable, related parties (Note 16)	206
Inventories, net (Notes 7 and 9)	7,315
Prepaid expenses and other assets	384
Deferred income tax assets (Note 15)	665
Total current assets	12,934
Property, plant and equipment, net (Notes 8 and 9)	23,048
Other assets:	
Intangible assets (Notes 4 and 6):	
Goodwill not subject to amortization	6,434
Goodwill, less accumulated amortization of $76	--
Noncompete agreements, less accumulated amortization of $222 for 2002 and $44 for 2001	664
Trade name and customer relations, less accumulated amortization of $208 for 2002 and $125 for 2001	719
Deferred debt costs, less accumulated amortization of $97 in 2002 and $44 in 2001	470
Other	116
Assets of subsidiary held for sale (Note 5)	1,538
	$ 45,923

The accompanying notes are an integral part of the
condensed consolidated financial statements.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	October 31, 2002
Liabilities and Stockholders' Equity (Deficit)	
Current liabilities:	
Current portion of long-term debt (Note 9)	$ 5,667
Accounts payable, trade	3,450
Accounts payable, related parties (Note 16)	668
Accrued compensation	810
Accrued expenses	514
Customer deposits	234
Total current liabilities	11,343
Long-term debt, net of current portion (Note 9)	23,879
Long-term debt, related parties (Note 9 and 16)	5,518
Deferred income tax liabilities (Note 15)	1,624
Accounts payable, related parties (Note 16)	--
Liabilities of subsidiary held for sale (Note 5)	2,848
Commitments and contingencies (Note 17)	
Mandatory redeemable preferred stock (Note 12):	
Class of Series C Preferred Stock: 386,206 shares outstanding	1,400
Stockholders' equity (deficit) (Note 13):	
Common stock, par value $.0001 per share; 40,000,000 shares authorized; 36,007,855 shares outstanding	3
Preferred stock, 5,000,000 shares authorized; Class of Series C Preferred Stock, par value $.001, 4,600,000 authorized, 4,368,399 shares issued and outstanding in 2002 and 3,739,169 shares issued and outstanding in 2001; 200,000 shares of undesignated Preferred Stock authorized	5
Preferred stock, 200,000 shares authorized; Class of Series D convertible preferred stock, par value $.001, 88,330 shares issued and outstanding in 2002; 0 shares issued and outstanding in 2001	--
Additional paid-in capital	10,184
Accumulated other comprehensive income (loss)	(49)
Retained earnings (accumulated deficit)	(10,832)

Total stockholders' equity (deficit)	(689)
	$ 45,923

The accompanying notes are an integral part of the condensed consolidated financial statements.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share and share data)

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
	(as restated, see Note 3)	
Net sales	$ 57,274	$ 24,689
Cost of sales	47,841	19,457
GROSS PROFIT	9,433	5,232
Selling, general and administrative expenses	(8,589)	(4,251)
Loss on asset impairment (Note 4)	(720)	--
Insurance settlement	325	--
Income from operations	449	981
Other income (expense):		
Interest expense (Note 9)	(3,552)	(2,312)
Interest income	12	--
Other expense	(217)	(60)
Income (loss) before income taxes, discontinued operations, and cumulative effect of change in accounting principle	(3,308)	(1,391)
Income tax (expense) benefit (Note 15)	33	372
Income (loss) from continuing operations before discontinued operations and cumulative effect of change in accounting principle	(3,275)	(1,019)
Loss from discontinued operations, net of tax (Note 5)	(1,040)	(3,376)

Income (loss) before cumulative effect of change in accounting principle	(4,315)	(4,395)
Cumulative effect of change in accounting principle, net of tax (Note 4)	(2,015)	--
Net income (loss)	$ (6,330)	$ (4,395)
Basic and diluted earnings (loss) per share attributable to common shareholders (Note 2):		
From continuing operations	$ (.09)	$ (.04)
Discontinued operations, net of tax	(.03)	(.13)
Cumulative effect of accounting change, net of tax	(.06)	--
Net income (loss) per share	$ (.18)	$ (.17)
Weighted average common and common equivalent shares outstanding, basic and diluted:	36,007,855	25,830,856

The accompanying notes are an integral part of the condensed consolidated financial statements.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(dollars in thousands)

	Comprehensive Income (Loss)	Common Stock Shares	Common Stock Amount	Series C Convertible Preferred Stock Shares	Series C Convertible Preferred Stock Amount	Series D Convertible Preferred Stock Shares	Series D Convertible Preferred Stock Amount	
Balance at December 31, 1999	$ --	17,588,348	$ 1	--	$--	--	$--	$
Issuance of stock under incentive plan and Parent note conversion	--	1,747,946	--	--	--	--	--	
2000 net income	--	--	--	--	--	--	--	
Balance at December 31, 2000	--	17,760,015	1	--	--	--	--	
Conversion of debt to common stock	--	1,750,000	--	--	--	--	--	
To record the effect of the reverse merger June 21, 2001 (Note 6)	--	--	1	1,970,962	2	--	--	3
Conversion of Series C Preferred Stock to common stock	--	16,497,840	1	(824,892)	(1)	--	--	

Issuance of 2,593,099 shares of Series C Preferred Stock associated with the acquisition of United and capital contribution (Note 6)	--	--	--	2,593,099	3	--	--	1	
Unrealized gain on available-for-sale marketable securities	140	--	--	--	--	--	--		
Fair value adjustment on redeemable preferred stock	--	--	--	--	--	--	--		
2001 net loss	(4,395)	--	--	--	--	--	--		
Total comprehensive loss	$(4,255)								
Balance at October 31, 2001		36,007,855	$ 3	3,739,169	4	--	--	5	
Issuance of 30,000 shares of Series C Preferred Stock associated with U.S. Rubber, net of tax	$ --	--	--	30,000	--	--	--	1	
Issuance of 589,230 shares of Series C Preferred Stock associated with Fair Holdings and Obsidian Capital Partners, LP	--	--	--	589,230	1	--	--	1	
Issuance of 88,330 shares of Series D Preferred Stock associated with Fair Holdings and Obsidian Capital Partners, LP	--	--	--	--	--	88,330	--	1	
Exercise of stock warrants in exchange for 10,000 shares of Series C Preferred Stock	--	--	--	10,000	--	--	--		
Distributions to members of DW Leasing	--	--	--	--	--	--	--		
Unrealized loss on available-for-sale marketable securities	(86)	--	--	--	--	--	--		
Fair value adjustment on redeemable preferred stock	--	--	--	--	--	--	--		
2002 net loss	(6,330)	--	--	--	--	--	--		
Total comprehensive loss	$ (6,416)								
Balance at October 31, 2002		36,007,855	$ 3	4,368,399	$ 5	88,330	$--	$10	

The accompanying notes are an integral part of the condensed consolidated financial statements.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Cash flow from operating activities from continuing operations:		
Income (loss) from continuing operations	$ (4,852)	$ (1,019
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	2,015	--
Loss on asset impairment	720	--
Depreciation and amortization	2,568	2,055
Loss on debt refinancing	181	--
Loss (gain) on sale of equipment	41	(4
Loss on sale of marketable securities	--	81
Accretion of interest	162	35
Deferred income taxes	(40)	(408
Changes in operating assets and liabilities net of effect of acquisitions:		
Accounts receivable, net	264	767
Inventories, net	(1,752)	(630
Other assets	336	71
Accounts payable, trade	545	810
Accrued expenses	(339)	321
Customer deposits	473	(316
Net cash provided by operating activities from continuing operations	322	1,763
Cash flows from investing activities from continuing operations:		
Capital expenditures	(910)	(1,185
Proceeds from sale of equipment	322	1,321
Acquisition-related closing costs	--	(146
Purchase of marketable equity securities	--	(213
Cash received in reverse merger and other acquisitions	--	26
Cash payments in connection with the purchase of U.S. Rubber, net of cash acquired	--	(5,730
Cash payments in connection with the purchase of assets of United, net of cash acquired	--	(12,040
Proceeds from sale of marketable equity securities	--	195
Repayment of affiliated company payable	--	--
Net cash provided by (used in) investing activities from continuing operations	(588)	(17,772

The accompanying notes are an integral part of the condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Cash flows from financing activities from continuing operations:		
Advances from (repayments to) related parties	628	(238
Net borrowings on lines of credit	1,265	5,226
Borrowings on long-term debt	2,318	11,220
Principal repayments on long-term debt, including related parties	(3,258)	(2,255
Debt issuance costs	(248)	(105
Distributions to members of DW Leasing	(107)	--
Exercise of warrant	20	--
Proceeds from capital contributions and sale of common stock	--	2,473
Net cash provided by (used in) financing activities from continuing operations	618	16,321
Net cash flow provided by discontinued operations	39	--
Increase (decrease) in cash and cash equivalents	391	312
Cash and cash equivalents, beginning of year	529	217
Cash and cash equivalents, end of year	$ 920	$ 529
Interest paid	$ 3,415	$ 2,241
Interest received	$ --	$ --
Taxes paid	$ 22	$ 44
Noncash:		
Refinancing of debt, including related-party amounts	$ 12,122	$ --
Conversion of contributed amounts to equity	$ 5,104	$ 355
Equipment purchased with debt	$ 1,220	$ 1,059
Fair value changes of mandatory redeemable preferred stock	$ 35	$ 70
Purchase price adjustment and conversion of accounts payable to debt	$ 225	$ --
Seller note on acquisition of United	$ --	$ 1,500
Seller note on acquisition of U.S. Rubber	$ --	$ 2,573

The accompanying notes are an integral part of the

condensed consolidated financial statements.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

1. DESCRIPTION OF BUSINESS AND CHANGE OF NAME

Obsidian Enterprises, Inc. (the "Company"), formerly named Danzer Corporation ("Danzer") and previously Global Environmental Corp., was incorporated on October 6, 1987. Effective August 1, 1988, the Company acquired all of the issued and outstanding common shares of Global Environmental Holdings, Inc. ("Global Holdings"). On October 7, 1999, the Company changed its name from Global Environmental Corp. to Danzer Corporation.

Danzer was reorganized through an Acquisition and Plan of Reorganization with U.S. Rubber Reclaiming, Inc. and Related Entities ("U.S. Rubber Companies"), which was consummated on June 21, 2001. In addition, Danzer changed its name to Obsidian Enterprises, Inc. However, the operating company, Danzer Industries, Inc., retained its name. The operating company will continue to be referred to as Danzer Industries, Inc. The Acquisition and Plan of Reorganization of Danzer with U.S. Rubber Companies (see Note 6, the "Acquisition and Plan of Reorganization") was accounted for as a reverse acquisition as the shareholders of the U.S. Rubber Companies owned a majority of the outstanding stock of Danzer subsequent to the Acquisition and Plan of Reorganization. For accounting purposes, U.S. Rubber Reclaiming, Inc. is deemed to have acquired Danzer. Accordingly, the fiscal 2000 financial information presented herein represents only the financial results of U.S. Rubber Reclaiming, Inc.

Pursuant to the Plan of Acquisition and Reorganization described further in Note 6, United Expressline, Inc. was acquired July 31, 2001.

The resulting entities, considered accounting subsidiaries of U.S. Rubber Reclaiming, Inc. (the accounting acquirer) and legal subsidiaries of Obsidian Enterprises, Inc. (formerly Danzer) after the Acquisition and Plan of Reorganization, are as follows:

U.S. Rubber Reclaiming, Inc. ("U.S. Rubber", the accounting acquirer), which is engaged in reclaiming scrap butyl rubber into butyl reclaim for resale to manufacturers of rubber products.

Obsidian Enterprises, Inc. (formerly Danzer, the legal acquirer), a holding company.

Danzer Industries, Inc. ("Danzer Industries"), which is principally engaged in the design, manufacture and sale of truck bodies and cargo trailers.

Pyramid Coach, Inc. ("Pyramid"), which is engaged in the leasing of coaches, designed and fitted out for use for travel by country, rock bands and other business enterprises, primarily on weekly to monthly leases. The financial statements of Pyramid are presented on a combined basis. The combined financial statements of Pyramid also include the assets, liabilities, equity and results of operations of DW Leasing, LLC ("DW Leasing") and Obsidian Leasing Co., Inc. ("Obsidian Leasing"). DW Leasing is controlled by individuals which are also controlling shareholders of Obsidian Enterprises, Inc. and, accordingly, Pyramid. All coaches owned by DW Leasing are operated by Pyramid. Obsidian Leasing is also a wholly owned subsidiary of the Company. As part of the Plan of

Reorganization, certain assets and liabilities of DW Leasing were to be transferred to Obsidian Leasing; however, the transfers could not be completed without lender approvals. On November 1, 2001, the Company completed the tax-free exchange contemplated by the Acquisition Agreement whereby all but seven coaches and the liabilities thereon were transferred to Obsidian Leasing. All intercompany transactions are eliminated in combination of this entity.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

1. DESCRIPTION OF BUSINESS AND CHANGE OF NAME, CONTINUED

Champion Trailer, Inc. ("Champion"), which manufactures and sells transport trailers to be used primarily in the auto racing industry. Effective October 2002, the Company's Board of Directors agreed to a plan to dispose of Champion as further described in Note 5. The sale of Champion was completed January 30, 2003. Accordingly, the operations of Champion are classified as discontinued operations in the accompanying financial statements.

United Expressline, Inc. ("United") manufactures and sells general use cargo trailers and specialty trailers used in the racing industry and for other special purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION:

The accompanying 2002 consolidated financial statements present the accounts of Obsidian Enterprises, Inc. and its wholly owned subsidiaries described in Note 1 for the fiscal year ended October 31, 2002. The entities are collectively referred to herein as the "Company." All significant intercompany transactions and balances have been eliminated in consolidation. The accompanying 2001 financial statements include the operations of U.S. Rubber, Champion, Pyramid and its related entity (DW Leasing) for the ten-month period ended October 31, 2001. January 1, 2001 was the beginning of the calendar year of the accounting acquirer U.S. Rubber. U.S. Rubber changed its fiscal year end to adopt Danzer's (legal acquirer and previous registrant) year end. The 2001 financial statements also include the operating results of Obsidian Enterprises, Inc. (formerly Danzer Corporation) and Danzer Industries, its wholly owned subsidiary, from June 21, 2001 (date of acquisition) through October 31, 2001. In addition, they include the results of United from July 31, 2001 (date of acquisition) through October 31, 2001. See Note 6 for further discussion.

BASIS OF PRESENTATION:

During 2002, the Company has undertaken various actions to improve its operations and liquidity. Such actions as described below include the sale of Champion, conversion of debt to equity and refinancing of certain of its debt agreements as described in Note 9. Management believes that the Company has financing agreements in place to provide adequate liquidity and working capital throughout fiscal 2003. However, there can be no assurance that such working capital and liquidity will in fact be adequate. Therefore, the Company may be

required to draw upon other liquidity sources. The Company has therefore secured an increased financial commitment from Fair Holdings, Inc. ("Fair Holdings"), an entity controlled by the Company's Chairman, to provide, as needed, additional borrowings under a $5 million line of credit agreement, which expires January 9, 2005. Currently, availability under the agreement is approximately $3.2 million.

The Company incurred a net loss in 2002 of $6,330, which included an asset impairment charge of $720, cumulative effect of change in accounting principle of $2,015 and a loss from discontinued operations of $1,040. Several of the Company's subsidiaries were acquired in highly leveraged transactions and this factor combined with the loss has contributed to its failure to meet certain financial covenants required by the lenders. As a result of these covenant violations, $1,863 of long-term debt has been reclassified as a current liability as of October 31, 2002.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In view of these matters realization of assets and satisfaction of liabilities in the ordinary course of business is dependent on the Company's ability to generate sufficient cash flow to satisfy its obligations on a timely basis, maintain compliance with its financing agreements and continue to receive financing support from Fair Holdings, Inc. ("Fair Holdings") an entity controlled by the Company's Chairman, to provide liquidity if needed.

Management, as a part of its plan towards resolving these issues and generating positive cash flow and earnings, has taken the actions as described below during and subsequent to the year ended October 31, 2002. Although management believes these actions will improve operations and liquidity, there can be no assurance that such actions will sufficiently improve operations or liquidity.

- On March 7, 2002, the Company completed a series of transactions with the subordinated lender at U.S. Rubber resulting in an increase in equity and a decrease in liabilities of $1,017. The subordinated lender received 30,000 shares of Series C Preferred Stock in this transaction.

- On March 20, 2002, DC Investments LLC ("DC Investments"), an entity controlled by the Company's Chairman, acquired all outstanding debt due to the senior lender of Champion in the amount of $602 in a nonrecourse assignment. Under the terms of the Company's agreement with DC Investments, this amount has been reclassified as a long-term liability.

- On April 30, 2002, the Company converted $1,290 of debt and accrued interest due to Obsidian Capital Partners, LP ("Partners"), majority owner of the Company, to equity in exchange for 402,906 shares of Series C Preferred Stock.

- On April 30, 2002, the Company converted $596 of debt and accrued interest due to Fair Holdings to equity in exchange for 186,324 shares of Series C Preferred Stock.

- On August 28, 2002, the Company completed refinancing of the Line of Credit facility and a term loan at United. The amount of maximum borrowings on the line of credit facility was increased and the maturity date extended to February 1, 2004. In addition, the maturity date of the term note was extended to July 1, 2004 and monthly principal payments were reduced by approximately 50%.

- On October 24, 2002, the Company refinanced the outstanding bank debt at U.S. Rubber with a new lender at terms more favorable than the previous lender.

- During 2002, the Board of Directors authorized the Chairman of the Board to explore various options regarding the operations at Champion. Options included divestiture, restructuring of operations or closing the facility. It was determined in the best interests of the Company to sell Champion. On January 30, 2003, the Company completed the sale of substantially all assets of Champion to an entity owned by Messrs. Durham and Whitesell, Chairman and President of the Company, respectively.

- During the months of September through December 2002, the Company refinanced certain coaches of Obsidian Leasing with existing lenders and DC Investments at terms more favorable than the previous terms.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- On October 24, 2002, the Company converted $1,275 of debt to Partners in exchange for 72,899 shares of Series D Convertible Preferred Stock.

- On October 24, 2002, the Company converted $270 of debt to Fair Holdings in exchange for 15,431 shares of Series D Convertible Preferred Stock.

- On January 2, 2003, the Company obtained an increase in its available line of credit with Fair Holdings to $5,000 from $3,000.

- During January 2003, United and U.S. Rubber obtained modifications to provide less stringent requirements on certain financial covenants with their respective lenders.

The above factors combined with additional actions by management at the operating subsidiaries have contributed to a reduction in the Company's working capital deficit from $2,528 at October 31, 2001 to a positive $1,591 at October 31, 2002.

REVENUE RECOGNITION:

Sales are recorded when title passes to the customer (FOB shipping point) or when services are performed in accordance with agreements with customers. The Company accumulates costs of trailers in work-in-process inventory until completion. The Company recognizes repair revenue when services are provided to

the customer. Shipping and handling charges billed to the customers are included in net sales. Shipping and handling costs incurred by the Company are included in cost of sales.

For operating leases, income is recognized on a straight-line basis over the lease term. Recognition of income is suspended when management determines that collection of future income is not probable (generally after 90 days past due). Recognition is resumed if the receivable becomes contractually current and the collection of amounts is again considered probable. Operating lease equipment is carried at cost less accumulated depreciation and is depreciated to estimated residual value using the straight-line method over the lease term or projected economic life of the asset.

FAIR VALUE OF FINANCIAL INVESTMENTS:

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables approximates fair value as the effective rates for these instruments are comparable to market rates at year end. The carrying amount of investments approximates fair market value. The carrying amount of debt approximates fair value, as a result of the current interest rates paid on the Company's borrowings being at market. The carrying value of mandatory redeemable preferred stock approximates market value determined based on the thirty-day average closing price of the Company's common stock.

MARKETABLE SECURITIES:

The Company classifies its marketable securities as available for sale. The securities consist of equity securities, which are stated at fair value, with net unrealized gains or losses on the securities recorded as accumulated other comprehensive income (loss) in stockholders' equity (deficit). Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of the securities.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY, PLANT AND EQUIPMENT:

Building, equipment, furniture and fixtures are recorded at historical cost with depreciation taken using primarily the straight-line method over their estimated useful lives. Life ranges for property and equipment are as follows:

Buildings and improvements	30 - 39 years
Plant machinery and equipment	5 - 7 years
Furniture and fixtures	5 - 7 years
Coach fleet	15 years
Coach refurbishments	5 years
Vehicles	5 - 10 years

Effective February 1, 2002, the Company changed its estimate with regard to depreciation of coaches owned by Obsidian Leasing and DW Leasing by establishing

a salvage value for the coaches of approximately 38% of original cost. The depreciable lives of the coaches of fifteen years was not changed. This change in estimate resulted in a reduced depreciation expense during the year ended October 31, 2002 of approximately $200.

The Company's coach leasing business consists of a fleet of luxury coaches (generally a 45 foot bus shell converted to a luxury coach) that are leased to entertainment personalities, corporate groups and other traveling programs. The coach fleet is comprised of a mixture of vehicles ranging from new (the most recent acquired in December 2002) to approximately 10 years old. The average age of the coaches is four years. They can be segregated as follows:

Age	
1-3 years	15 coaches
4-6 years	13 coaches
6-10 years	9 coaches

The initial cost of coaches acquired is depreciated over a straight-line basis to a salvage value of 38% of original cost. Subsequent enhancements and refurbishments of coaches are depreciated over five years using the straight-line method. The age of coaches in our fleet range from less than one year to ten years, with an average age of approximately four years. Actual value of coaches after 15 years is dependent on several factors including the level of maintenance and the market conditions at the time of disposal. We have not disposed of a material number of coaches, and our estimate of depreciation is based on information other than actual disposal experience. Accordingly, we continue to evaluate our estimates with respect to the actual depreciation of such vehicles based on market conditions and our experience in disposals when they occur. Should future factors indicate the current depreciation policy is not adequate, we will adjust the depreciation rates, and such adjustments may have an adverse impact on our results of operations.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONCENTRATION OF CREDIT RISK:

The Company maintains cash balances at a bank, which at various times throughout the year exceeded the Federal Deposit Insurance Corporation (FDIC) limit.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of trade receivables. The Company's customers are not concentrated in any one specific geographic region. The credit risk associated with trade receivables within the various industries may be affected by changes in economic or other conditions and may, accordingly, impact the Company's overall credit risk. The Company reviews a customer's credit history before extending credit. Allowances for doubtful accounts are established based on specific customer risk, historical trends and other information. Also see major customers described below.

Certain of Danzer Industries' employees, which represent 10% of total employees,

are currently represented by the United Brotherhood of Carpenters and Joiners of America, Local Union No. 340, whose contract is in effect to January 2004. The contract contains provisions that affect compensation to be paid to employees included in the union.

GOODWILL, INTANGIBLE ASSETS AND DEFERRED COSTS:

Goodwill, net was $6,434 and $9,210 at October 31, 2002 and 2001, respectively. Accumulated amortization amounted to $76 at October 31, 2001. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, goodwill associated with acquisitions consummated after June 30, 2001 in the amount of $5,829 was not being amortized in the 2001 financial statements. All other goodwill was being amortized on a straight-line basis over 15 years through October 31, 2001. Effective November 1, 2001, the Company adopted SFAS No. 142 and completed transitional impairment testing during the third quarter. This transitional test resulted in an impairment charge of $2,015 that has been recorded as a change in accounting principle as discussed in Note 4.

Other intangible assets, net were $1,383 and $1,644 at October 31, 2002 and 2001, respectively. These amounts include trade names, customer relations and backlogs and other items, which are being amortized on a straight-line basis over lives ranging from three months to 15 years. At October 31, 2002 and 2001, accumulated amortization amounted to $430 and $169, respectively.

Deferred debt issuance costs are amortized over the term of the related debt, primarily four to five years.

Amortization of goodwill and other intangible assets described above for the year ended October 31, 2002 and the ten months ended October 31, 2001 was $440 and $303, respectively. Accumulated amortization on goodwill in the amount of $76 was written off in 2002 with the impairment discussed in Note 4.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INCOME TAXES:

The Company accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes, as required. Under SFAS No. 109, deferred tax assets and liabilities are recorded for any temporary differences between the financial statement and tax bases of assets and liabilities, using the enacted tax rates and laws expected to be in effect when the taxes are actually paid or received. (See Note 15.)

USE OF ESTIMATES:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable, inventories and deferred tax assets, the fair values of assets and liabilities when allocating the purchase price of acquisitions, and the carrying value of property and equipment and goodwill. Actual results may differ from those estimates.

CASH EQUIVALENTS:

For purposes of the statement of cash flows presentation, cash equivalents are unrestricted, highly liquid short-term cash investments with an original maturity of three months or less.

IMPAIRMENT OF LONG-LIVED ASSETS, INCLUDING INTANGIBLES:

The Company evaluates the carrying value of long-lived assets whenever significant events or changes in circumstances indicate the carrying value of these assets may be impaired. The Company evaluates potential impairment of long-lived assets by comparing the carrying value of the assets to the expected future cash flows resulting from the use of the assets. In addition, the Company adopted SFAS No. 142 effective November 1, 2001 and completed transitional impairment testing that resulted in an impairment charge of $2,015, which is recorded as a cumulative effect of change in accounting principle. In addition, the Company completed additional impairment testing in the fourth quarter, as further discussed in Note 4, resulting in an impairment charge of $720.

MAJOR CUSTOMERS:

The following is a list of the Company's customers that represent 10% or more of consolidated net sales:

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001	Year Ended December 31, 2000
Butyl rubber sales:			
Customer (1)	--	13%	34%
Customer (2)	--	8%	22%

There were no sales to individual customers in 2002 that accounted for more than 10% of consolidated net sales.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

EARNINGS PER SHARE, AS RESTATED, SEE NOTE 3:

Basic per-share amounts are computed, generally, by dividing net income or loss attributable to common shareholders by the weighted-average number of common shares outstanding. Diluted per-share amounts are computed similar to basic per-share amounts except that the weighted-average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

The weighted average common shares outstanding for the year ended December 31, 2000 have been reflected as zero, as no common shares were exchanged in the reverse merger.

As described in Note 9, the Company has a note payable agreement which is convertible by the holder to common stock totaling 5,000,000 shares at a conversion rate of $0.10 per share. In addition, and as described in Note 13, the Company has options outstanding to purchase a total of 800,000 shares of common stock, at a weighted average exercise price of $0.09. However, because the Company incurred a loss for the periods ended October 31, 2002 and 2001, respectively, the inclusion of those potential common shares in the calculation of diluted loss per share would have an antidilutive effect.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basic and diluted earnings (loss) per share have been computed as follows:

	Year Ended October 31, 2002	Ten Months October 31,
Income (loss) before discontinued operations and cumulative effect of accounting change	$ (3,275)	$ (
Change in fair value of mandatory redeemable preferred stock	35	
Income (loss) attributable to common shareholders before discontinued operations and cumulative effect of accounting change	(3,240)	
Loss from discontinued operations, net of tax	(1,040)	(
Cumulative effect of change in accounting principle	(2,015)	
Net income (loss) attributable to common shareholders	$ (6,295)	$ (
Weighted average common and common equivalent shares		

outstanding, basic and diluted	36,007,855	25,83
Earnings (loss) per share, basic and diluted, attributable to common shareholders:		
From continuing operations	$ (.09)	$ (
Discontinued operations	(.03)	(
Cumulative effect of accounting change	(.06)	--
Net income (loss) per share	$ (.18)	$ (

The Company's Series C Preferred Stock and Series D Preferred Stock, which have all the rights and privileges of the Company's common stock, are convertible at rates of 20 to 1 and 175 to 1, respectively. The inclusion of these potential common shares in the calculation of loss per share would have an antidilutive effect. However, pursuant to the Acquisition Agreement and Plan of Reorganization Agreement entered into in connection with the reorganization described in Note 1, these shares will be converted to common stock immediately upon approval by the stockholders. Accordingly, we are presenting the following pro forma information to indicate the effect on earnings per share had such shares been converted to common shares for the periods presented.

Pro forma basic and diluted loss per share have been computed below as if the Series C and Series D Preferred Stock were converted to common stock. For the year ended October 31, 2002 and the ten months ended October 31, 2001, respectively, the Series C Preferred Stock has been reflected on a weighted average basis outstanding as common shares of 81,194,826 and 75,212,925 respectively. There were no Series C Preferred Stock shares issued or outstanding during the year ended December 31, 2000. The Series D Preferred Stock has been reflected on a weighted average basis outstanding as common shares of 297,264 for the year ended October 31, 2002. There were no Series D Preferred Stock shares issued or outstanding during the ten months ended October 31, 2001 or the year ended December 31, 2000.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

	Year Ended October 31, 2002	Ten Months E October 31,
Pro forma weighted average common shares outstanding, basic and diluted	117,499,946	73,809
Pro forma net loss per share, basic and diluted, attributable to common shareholders	$ (.05)	$

The pro forma net loss per share is presented for informational purposes only and is not indicative of the weighted average common shares outstanding or net loss per share presented in accordance with accounting principles generally accepted in the United States of America.

INSURANCE RECOVERY:

On May 16, 2002, U.S. Rubber was damaged by a fire at an adjacent property. The Company completed processing its claims with its insurance carrier for damaged equipment and facilities and business interruption losses on August 16, 2002. There was no material gain or loss on involuntary conversion as a result of this fire. An insurance recovery related to the business interruption claim, net of incurred and anticipated costs, in the amount of $325 has been recognized as reduction of operating costs.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Comprehensive Income:

SFAS No. 130, Reporting Comprehensive Income, establishes standards for reporting and display of comprehensive income and its components in financial statements. It requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income consists of net earnings, the net unrealized gains or losses on available-for-sale marketable securities and is presented in the consolidated statement of stockholders' equity.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In June 2001, the FASB issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. In addition, companies are required to review goodwill and intangible assets reported in connection with prior acquisitions, possibly disaggregate and report separately previously identified intangible assets and possibly reclassify certain intangible assets into goodwill. SFAS No. 142 establishes new guidelines for accounting for goodwill and other intangible assets. In accordance with SFAS No. 142, goodwill associated with acquisitions consummated after June 30, 2001 is not amortized. The Company implemented the remaining provisions of SFAS No. 142 on November 1, 2001. Since adoption, existing goodwill is no longer amortized but instead will be assessed for impairment at least annually. The adoption of this pronouncement resulted in $5,829 of goodwill not being amortized and the elimination of approximately $225

of amortization annually on another $3,381 of goodwill previously being amortized. The adoption of SFAS No. 142 also resulted in an impairment charge of $2,015 recorded as cumulative effect of change in accounting principle as further described in Note 4.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for fiscal years beginning after June 15, 2002. The Company is currently assessing the impact of this new standard.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Long-Lived Assets," which requires a single accounting model to be used for long-lived assets to be sold and broadens the presentation of discontinued operations to include a "component of an entity" (rather than a segment of a business). A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. A component of an entity that is classified as held for sale, or has been disposed of, is presented as a discontinued operation if the operations and cash flows of the component will be (or have been) eliminated from the ongoing operations of the entity and the entity will not have any significant continuing involvement in the operations of the component.

The Company adopted SFAS No. 144 effective October 31, 2002. Consequently, the operating results of Champion, which were held for sale at October 31, 2002, are included as discontinued operations. Assets and liabilities of Champion are included in "Assets of subsidiaries held for sale" and "Liabilities of subsidiaries held for sale," respectively, at October 31, 2002 and 2001, as discussed in Note 5.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS No. 145, among other technical corrections, rescinds SFAS No's. 4 and 64 which required gains and losses from the early extinguishment of debt be classified as extraordinary items in the statement of operations. This statement is effective for fiscal years beginning after May 15, 2002 although early application is encouraged. The Company adopted SFAS No. 145 effective August 1, 2002. Accordingly, losses on early extinguishment of debt in the amount of $181 have been included in other expense in 2002.

In June 2002, the FASB issued Statement 146, Accounting for Costs Associated with Exit or Disposal Activities. This Statement requires the recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred versus the date the Company commits to an exit plan. In addition, this Statement states the liability should be initially measured at fair value. The Statement is effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not believe that the adoption of this pronouncement will have a material effect on its financial statements.

In January 2003, the FASB issued SFAS No. 148, Accounting for Stock-Based

Compensation - Transition and Disclosure. This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement also amends the disclosure requirements of SFAS No. 123 to require more prominent and frequent disclosures in the financials statements about the effects of stock-based compensation. The transitional guidance and annual disclosure provisions of this Statement is effective for the October 31, 2003 financial statements. The interim reporting disclosure requirements will be effective for the Company's January 31, 2003 10-Q. Because the Company continues to account for employee stock-based compensation under APB opinion No. 25, the transitional guidance of SFAS No. 148 has no effect on the financial statements at this time.

3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

In December 2002, the Company became aware of an error related to the accounting for the redeemable preferred stock issued in connection with subordinated debt pertaining to the United acquisition on July 31, 2002. The Company is restating its previously issued financial statements for the ten months ended October 31, 2001 for this error. In addition, we have also determined the weighted average common and common equivalent shares outstanding as previously reported should not have included Series C and Series D preferred stock as they have not yet been converted to common shares and thus are antidilutive. The Company is restating its previously issued financial statements for the year ended October 31, 2002 and the ten months ended October 31, 2001 for these errors. The restatements also include additional disclosures regarding depreciation of the coach fleet in the significant accounting policies.

Below is a comparison of previously reported and restated balances included in the Consolidated Balance Sheet and Statement of Operations as of and for the ten months ended October 31, 2001, as well as changes in the weighted average common shares outstanding and earnings per share for 2002 and 2001. The amounts included as previously reported exclude the effect of classification of Champion in discontinued operations.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS, CONTINUED

October 31, 2001	Previously Reported	Change	
Income Statement:			
Interest expense	$ 2,277	$ 35	
Loss from continuing operations	(984)	(35)	
Net loss	(4,360)	(35)	
Weighted average common shares outstanding basic and			

diluted	63,367,140	(37,536,284)
Earnings (loss) per share from continuing operations	(.02)	(.02)
Net loss per share	(.07)	(.10)
Balance Sheet:		
Net deferred tax assets	538	14
Deferred tax valuation reserve	(1,537)	(14)
Long-term debt	27,546	(1,470)
Mandatory redeemable preferred stock	--	1,435
Additional paid-in capital	5,612	70
Retained earnings (deficit)	(4,360)	(35)

October 31, 2002	Previously Reported	Change
Basic and diluted earnings (loss) per share attributable to common shareholders:		
From continuing operations	$ (.02)	$ (.07)
Discontinued operations, net of tax	(.01)	(.02)
Cumulative effect of accounting change, net of tax	(.02)	(.04)
Net income (loss) per share	$ (.05)	$ (.13)
Weighted average common and common equivalent shares outstanding, basic and diluted:	117,499,946	(81,492,091)

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS, CONTINUED

The restated balances arise from the allocation of the proceeds to Series C Preferred Stock issued in conjunction with the related debt. The change in interest expense is related to accretion of interest resulting from the allocation of the mandatory redeemable preferred stock. The change in additional paid-in capital is the result of fair value changes on the redeemable preferred stock.

4. CHANGE IN ACCOUNTING PRINCIPLES, GOODWILL AND INTANGIBLE ASSETS, AND IMPAIRMENT OF LONG-LIVED ASSETS

As discussed in Note 2, the Company adopted the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2002. Accordingly, effective with the November 1, 2001 adoption of SFAS No. 142, goodwill is no longer amortized but is instead subject to an annual impairment test. The Company completed its transitional impairment test in conjunction with the adoption of SFAS No. 142 during the quarter ended July 31, 2002. The impairment test indicated that a portion of the goodwill related to the trailer manufacturing segment was impaired. Accordingly, $2,015 has been recorded as a cumulative effect of change in accounting principle. This charge was reflected in the first quarter pursuant to the implementation guidelines.

The Company reviews the recoverability of the carrying value of long-lived assets, primarily property, plant and equipment and related goodwill and other intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment losses are recognized when the fair value is less than the asset's carrying value. When indicators of impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and future undiscounted cash flows of the underlying business. The net book value of the underlying assets is adjusted to fair value if the sum of expected future undiscounted cash flows is less than book value. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

4. CHANGE IN ACCOUNTING PRINCIPLES, GOODWILL AND INTANGIBLE ASSETS, AND IMPAIRMENT OF LONG-LIVED ASSETS, CONTINUED

During October 2002, the Company also evaluated the recoverability of the long-lived assets, including the remaining goodwill associated with Danzer. Deteriorating performance, including reduced sales and the bankruptcy of a major customer, brought the recoverability of those assets into question. The evaluation resulted in an additional goodwill impairment charge of $720.

During October 2001, the Company completed an evaluation of the recoverability of the assets (primarily goodwill) of Champion. Certain events occurred during the period ended October 31, 2001 which caused the full recoverability of those assets to be brought into question. Deterioration of the performance of Champion, including lower overall sales demand and difficulties in achieving manufacturing efficiencies, resulted in the investment in Champion becoming impaired. Accordingly, during fiscal 2001, Champion recorded charges of $2,305 related to the impairment of goodwill. This charge was based on the estimated fair value of the long-lived assets of Champion. Operations of Champion have been classified as discontinued operations as further described in Note 5.

The changes in the carrying amounts of goodwill related to continuing operations are as follows:

	Trailer Manufacturing	Holding Company	Total

Balance as of January 1, 2001	$ --	$ --	$ --
Goodwill arising from 2001 acquisitions	8,636	650	9,286
2001 amortization	(76)	--	(76)
Balance, October 31, 2001	8,560	650	9,210
Purchase price adjustment	(41)	--	(41)
Impairment charges	(720)	--	(720)
Cumulative effect of change in accounting principle	(2,015)	--	(2,015)
Balance, October 31, 2002	$ 5,784	$ 650	$ 6,434

Had SFAS No. 142 been effective at the beginning of 2001, the nonamortization provisions would have reduced the net loss for the ten months ended October 31, 2001 by $76, resulting in an adjusted net loss of $4,319 and no change in earnings per share.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

5. DISCONTINUED OPERATIONS

On October 30, 2002, the Company's Board of Directors agreed to sell the assets of Champion to an entity controlled by Messrs. Durham and Whitesell (Officers of the Company) for the assumption of all liabilities of Champion excluding its subordinated debt. The decision to divest Champion was based on the entity's inability to achieve profitable operations in the foreseeable future without substantial cash infusion. The Company also agreed in principal to settle the outstanding subordinated debt of Champion in exchange for a cash payment of $675 and issuance to the debt holder of 32,143 shares of the Company's Series D Preferred Stock. In addition, the agreement provides Markpoint the option to require the Company to repurchase these shares at a price of $21 per share. The repurchase option is available to Markpoint as follows: 16,072 shares during the period May 1, 2003 to June 1, 2003 and 16,071 shares during the period November 1, 2003 to December 1, 2003. The repurchase options expire if not exercised during the specified periods. The Company's repurchase obligation is guaranteed by Mr. Durham. The sale of Champion was completed on January 30, 2003. Champion is accounted for as a discontinued operation and therefore the results of operations and cash flows have been removed from the Company's continuing operations for all periods presented. In addition, assets and liabilities of Champion are included in the consolidated balance sheet as of October 31, 2002 and 2001 as "Assets of subsidiary held for sale" and "Liabilities of subsidiary held for sale," respectively.

A summary of the Company's discontinued operations for the year ended October 31, 2002 and ten months ended October 31, 2001 follows. There were no

discontinued operations for the year ended December 31, 2000.

	Year Ended October 31, 2002	Ten Months Ended October 31, 2001
Net sales	$ 2,882	$ 3,365
Operating expenses	4,066	4,148
Impairment loss	--	2,305
Interest	290	288
Net loss	(1,040)	(3,376)

A summary of assets and liabilities of subsidiary held for sale at October 31, 2002 and 2001 are as follows:

	October 31, 2002	October 31, 2001
Assets of subsidiary held for sale:		
Inventories	$ 551	$ 1,131
Other current assets	177	261
Property and equipment, net	715	848
Other	95	134
	$ 1,538	$ 2,374

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

5. DISCONTINUED OPERATIONS, CONTINUED

Liabilities of subsidiary held for sale		
Accounts payable and accrued expenses	$ 709	$ 603
Customer deposits	313	383
Long-term debt	--	1,362
Long-term debt, related parties	1,826	--
	$ 2,848	$ 2,348

6. ACQUISITIONS AND PLAN OF REORGANIZATION

As previously discussed in Notes 1 and 2, on June 21, 2001, a change of control of the Registrant occurred through an Acquisition Agreement and Plan of Reorganization by and among Danzer, Danzer Industries, Inc., a wholly owned

subsidiary of Danzer, and Partners, Timothy S. Durham (the newly elected Chairman of the Board of Danzer), and other individual owners of Pyramid and Champion. On the Acquisition Date, Danzer acquired: all of the outstanding capital stock of Pyramid in exchange for 810,099 shares of Danzer Series C Preferred Stock ("Danzer Preferred"); all of the outstanding capital stock of Champion for 135,712 shares of Danzer Preferred and all of the outstanding capital stock of U.S. Rubber for 1,025,151 shares of Danzer Preferred. On July 31, 2001, Danzer acquired all of the outstanding capital stock of United Acquisition, Inc. ("UAI"), the holding company formed to acquire assets of United, from Partners for 2,593,099 shares of Danzer Preferred.

After the series of transactions were completed on July 31, 2001, Partners owned 75.42% of the total voting, convertible capital stock (Preferred) of Danzer. The preacquisiton Danzer shareholders and their successors owned the remaining capital stock representing 24.58% of the total voting capital stock (Common). Since the U.S. Rubber Companies are so much larger than Danzer, and the existing U.S. Rubber shareholders obtained a majority interest in the stock of Danzer, they have been treated, for accounting purposes, as the acquirer in the Reorganization (reverse merger). In addition, on July 31, 2001, Partners, through UAI, acquired substantially all of the assets of United, an Indiana-based manufacturer of enclosed cargo and specialty trailers, for approximately $15,358. The purchase price and purchase accounting has been allocated to the assets and liabilities of United based on their fair values. Partners exchanged 100% of its shares of UAI for shares of Series C Preferred Stock of Danzer. As a result, UAI became a wholly owned subsidiary of Danzer and will operate under the name of "United Expressline, Inc."

ACQUISITION OF DANZER AND SUBSIDIARY:

The purchase price and purchase accounting was allocated to the assets and liabilities of Danzer based on their fair values. The purchase price was based on the value of Danzer's equity determined by an appraisal company of $3,257 plus acquisition costs of $964.

An appraisal company conducted a valuation of Danzer's stock. The valuation allocation to tangible assets included $2,300 and $1,536 of net liabilities assumed. The excess of the purchase price over the fair value of the identifiable tangible and intangible net assets of $3,457 was allocated to goodwill. Of this amount, $650 was allocated to Danzer and $2,807 allocated to Danzer Industries, its subsidiary.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

6. ACQUISITIONS AND PLAN OF REORGANIZATION, CONTINUED

ACQUISITION OF UNITED EXPRESSLINE, INC.:

An appraisal company conducted a valuation of United's intangible assets. These intangibles include existing brand name, noncompete, and the customer base. The valuation of intangibles included $822 for brand name, $886 for noncompete, and $105 for the customer base. The excess of the purchase price of $15,358 over the

fair value of the identifiable tangible and intangible net assets of $5,821 has been allocated to goodwill. The value assigned to tangible assets totaled $7,563.

The following schedule is a description of acquisition costs of Danzer and United Expressline, Inc. and the respective purchase price allocations:

	Danzer	United
Purchase price:		
Preferred stock	$ 3,257	$ --
Cash to seller	--	11,050
Seller note	--	1,500
Liabilities assumed	--	1,670
Acquisition costs, including amounts to related parties (see Note 16)	964	1,138
Total purchase price	$ 4,221	$ 15,358
Purchase price allocation:		
Current assets, including accounts receivable and inventory, net of current liabilities assumed	$ 329	$ 5,559
Land, property and equipment	2,300	2,004
Goodwill	3,457	5,829
Intangible assets	--	1,813
Other assets	65	153
Less debt assumed	(1,930)	--
Total purchase price allocation	$ 4,221	$ 15,358

PRO FORMA INFORMATION:

The unaudited condensed consolidated results of operations on a pro forma basis as if the reorganization had occurred as of the beginning of the periods projected are as follows:

The unaudited condensed consolidated results of operations shown below are presented on a pro forma basis and represent the results of Danzer, Danzer Industries, U.S. Rubber, Pyramid, DW Leasing and Obsidian Leasing on a combined basis. Champion has been excluded from the amounts below, as it is currently shown as discontinued operations. In addition, United is treated as if the business combinations of these entities occurred at the beginning of the periods presented. The schedule below includes all depreciation, amortization and nonrecurring charges for all entities for the periods shown.

	Ten Months Ended October 31, 2001	Year Ended December 31, 2000
Net sales	$ 49,830	$ 61,320
Income (loss) from continuing operations	$ (491)	$ 150
Income (loss) from continuing operations per share - basic and diluted	$ (.02)	$ .01

The pro forma financial information is presented for informational purposes only and is not indicative of the operating results that would have occurred had the Reorganization been consummated as of the above dates, nor are they necessarily indicative of future operating results.

7. INVENTORIES

Inventories are stated at the lower-of-cost (first-in, first-out method) or market and are comprised of the following components:

	October 31, 2002	October 31, 2001
Raw materials	$ 3,655	$ 3,470
Work-in-process	709	604
Finished goods	3,417	2,322
Valuation reserve	(466)	(833)
Total	$ 7,315	$ 5,563

7. INVENTORIES, CONTINUED

The Company provides valuation reserves for inventory considered obsolete or not currently available for use in production. Inventory reserves at U.S. Rubber are related to excess scrap butyl rubber not currently available for use without further processing; therefore, it has minimal value. Changes in the valuation reserve are as follows:

	U.S. Rubber	United	Total
Balance at January 1, 2001	$ (1,338)	$ --	$ (1,338)
Provision for losses	(60)	(13)	(73)
Use of reserved inventory	578	--	578
Balance at October 31, 2001	(820)	(13)	(833)
Provision for losses	(50)	--	(50)
Use of reserved inventory	404	13	417
Balance at October 31, 2002	$ (466)	$ --	$ (466)

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized by major classification as follows:

	October 31, 2002	October 31, 2001
Land and improvements	$ 488	$ 488
Buildings and improvements	3,520	3,557
Plant machinery and equipment	9,767	8,016
Furniture and fixtures	334	247
Coach fleet and vehicles	12,971	13,187
Coach refurbishments	341	220
Total	27,421	25,715
Less accumulated depreciation	(4,373)	(2,331)
Net property, plant and equipment	$ 23,048	$ 23,384

Depreciation expense of property, plant and equipment for the year ended October 31, 2002, the ten months ended October 31, 2001, and the year ended December 31, 2000 included in continuing operations was $2,128, $1,752, and $548, respectively.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. FINANCING ARRANGEMENTS

The Company has the following outstanding debt as of October 31, 2002 and 2001:

	Debt
	October 31, 2002
U.S. Rubber	
Line of credit to a bank, bearing interest at prime (4.75% at October 31, 2002), borrowings not to exceed the greater of $4,000 or the borrowing base (85% of eligible accounts receivable and 42% of eligible inventories), interest payable monthly, balance due October 2005, collateralized by	
substantially all assets of U.S. Rubber*	$ 1,528
Note payable to a bank, interest payable monthly at prime plus .50% (5.25% at October 31, 2002), monthly principal payments of $48, due October 2005, collateralized by substantially all assets of U.S. Rubber.*	4,000
Note payable to DC Investments, LLC, interest payable monthly at 15%, balloon payment due March 2007, subordinate to bank debt.	700
Other	76
Line of credit	--
Notes payable to a bank	--
Notes payable to former owner (SerVaas, Inc.)	--
Subtotal U.S. Rubber	6,304

* U.S. Rubber was in technical default of a loan covenant with its primary lender at October 31, 2002. The Company has obtained a waiver of the violation from its lender and a modification to the covenant requirements.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

9. FINANCING ARRANGEMENTS, CONTINUED

	Debt October 31, 2002
Champion	
Note payable to The Markpoint Company, interest payable monthly at 13.50%, commencing June 1, 2000, balloon payment of outstanding principal balance due May 2005, collateralized by substantially all assets of Champion and subordinate to notes payable to DC Investments LLC *	$ 1,250
Notes payable to DC Investments, LLC, interest payable monthly at rates ranging from 5.25% to 5.50%, balloon payments due January 2004 and June 2005	1,794
Other	32
Line of credit, to bank	--
Notes payable to a bank	--
Subtotal Champion	3,076

* Champion was in technical default of all its debt with The Markpoint Company in 2002. The Company has reached agreement with The Markpoint Company to settle the debt as further discussed in Note 17. As a result of this agreement, $1,013 of the debt due The Markpoint Company has been classified as current.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. FINANCING ARRANGEMENTS, CONTINUED

	Debt October 31, 2002
Pyramid, DW Leasing and Obsidian Leasing	
Various installment loans, repayable in monthly installments totaling $135 including interest ranging from the three-month LIBOR rate plus .12% (1.82% at	

October 31, 2002) to 13.1% through November 2007 and applicable balloon payments thereafter through December 2007, less unamortized discount ($387 at October 31, 2002) first lien on assets financed (finance acquisition and asset purchases). A portion of the borrowings guaranteed by the members of	
DW Leasing.	$ 10,170
Former shareholders of Pyramid and related companies installment loans, repayable in monthly installments of interest at 9% through December 2002 with a balloon payment in January 2003, collateralized by Security Agreements for Pyramid, DW Leasing and the members of DW Leasing (finance acquisition), refinanced subsequent to year end.	928
Note payable to Fair Holdings, Inc., repayable in monthly installments of interest ranging from 10% to 14% through October 2012 and applicable balloon payments through November 2012.	2,138
Other	37
Subtotal Pyramid, DW Leasing, and Obsidian Leasing	13,273

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. FINANCING ARRANGEMENTS, CONTINUED

	Debt
	October 31, 2002
Danzer Industries	
Line of credit to a bank, maximum borrowing equal to $1,000, with a base of 80% of eligible accounts receivable; plus 50% of raw material, work-in-process and finished goods inventory. Interest payable monthly at the LIBOR Daily Floating Rate plus 3.2% (4.94% at October 31, 2002), due March 2002, collateralized by substantially all assets of Danzer Industries	
and guaranteed by Obsidian Enterprises, Inc.*	$ 875
Note payable to a bank, requires monthly principal installments of $6 plus interest at the LIBOR Daily Floating Rate plus 3.2% (4.94% at October 31, 2002), due August 15, 2006. Collateralized by substantially all assets of Danzer Industries and guaranteed by Obsidian Enterprises, Inc.*	917

Term loans payable to US Amada, Ltd. Monthly payments currently aggregating $13 including interest at 10%, loans due January 2003, collateralized by equipment financed	157
Equipment loans payable--monthly payments currently aggregating $2 including interest of 9.50% to 11.30% through November 2006. Collateralized by equipment financed.	88
Other	27
Subtotal Danzer Industries	2,064

* In 2002, Danzer Industries was in technical default of certain loan covenants, as well as being in excess of borrowing base amounts in its credit agreement related to the line of credit and $1,000 note payable. Danzer and the bank have entered into a forbearance agreement which requires payment of these amounts by March 31, 2003. Accordingly, all related debt has been classified as current.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. FINANCING ARRANGEMENTS, CONTINUED

	Debt October 31, 2002
United	
Line of credit to a bank, maximum borrowing equal to $3,750, with a base of 80% of eligible accounts receivable plus 50% of raw material, work-in-process and finished goods inventory. Interest payable monthly at prime plus .75% (5.50% at October 31, 2002), due February 1, 2004. Collateralized by substantially all assets of United and guaranteed by	
Obsidian Enterprises, Inc.*	$ 3,088
Notes payable to a bank, requires monthly principal installments of $48 plus interest ranging from prime plus 1% (5.75% at October 31, 2002) to prime plus 2% (6.75 at October 31, 2002), due through July 2006, collateralized by substantially all assets of United and guaranteed by Obsidian Enterprises, Inc.*	2,054
Subordinated note payable to Huntington Capital Investment Company, interest payable quarterly at 14% per annum, balloon payment of outstanding principal balance due July 26, 2006, less unamortized discount ($1,309 and $1,470 at	

October 31, 2002 and 2001, respectively). Unsecured and subordinate to line of credit and notes payable above.*	2,191
Note payable to former shareholder, interest payable monthly at 9% per annum, balloon payment of outstanding principal balance due July 27, 2006. Unsecured and subordinate to line of credit, notes payable and Huntington debt above.*	1,500
Note payable to Renaissance (formerly parent Danzer Corporation), interest payable monthly at 8% per annum, with monthly principal payments beginning July 2004 at a rate of $10 for each $1,000 of outstanding principal, due July 2008. Convertible at the option of the holder to common stock of Obsidian Enterprises at a conversion price of $.10 per share. The loan agreement also restricts dividend payments without the prior consent of the lender.*	500
Note payable to a former shareholder, requires monthly principal installments of $16 including interest at 9%, due March 2003*	77
Other	83
Subtotal United	9,493

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

9. FINANCING ARRANGEMENTS, CONTINUED

	Debt
	October 31, 2002
United, continued	
*United was in technical default of certain loan covenants with its senior and subordinated lender at October 2002. United has obtained waivers of the violations from the lenders and modifications of various covenants with these lenders.	
Obsidian Enterprises, Inc.	
Line of credit to Fair Holdings, maximum borrowing equal to $5,000, interest payable monthly at 10%, due January 2005	1,798
Note payable to Fair Holdings, interest payable monthly at 15%, balloon payment due March 2007	774

Note payable to Fair Holdings, interest payable monthly at 5.25%, due October 2005	108
Subtotal Obsidian Enterprises, Inc.	2,680
Total all companies	36,890
Less liabilities of subsidiary held for sale	(1,826)
Less related-party amounts presented separately	(5,518)
Less current portion	(5,667)
	$ 23,879

Following are the maturities of long-term debt for each of the next five years and thereafter:

2003	$ 5,329***
2004	5,588
2005	11,977
2006	6,581
2007	2,050
Thereafter	3,539
	$ 35,064

*** The current portion of long-term debt includes $1,863 of amounts in default and classified as current.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. FINANCING ARRANGEMENTS, CONTINUED

Various subsidiary companies were in violation of requirements to provide year-end financial statements to various lenders within 90 days of the close of the 2002 year end. Management received an extension of time from the lenders.

At October 31, 2002, the Company was in violation of negative covenants with Renaissance US Growth & Income Trust PLC and BFSUS Special Opportunities Trust PLC, the holders of debentures that completed the financing of United. The Company received a waiver of the violations as of October 31, 2002 and obtained modifications of terms with the debenture holders to provide for less stringent covenants. In exchange for the waiver and modifications, the Company issued warrants to the debenture holders to purchase up to 16,000 shares of the

Company's common stock at an exercise price of $.20 per share.

The Company has an agreement with Partners that gives the Company the right to mandate a capital contribution from Partners if the lenders to U.S. Rubber and/or United were to declare a default. In that event, the Company has the right to enforce a capital contribution agreement with Partners up to $1,620 on U.S. Rubber and $1,000 on United to fund the respective subsidiary's shortfall. Those payments, if any, would be applied directly to reduce the respective subsidiary's debt obligations to the lender.

The following details significant changes in debt during the year ended October 31, 2002:

U.S. RUBBER:

During February 2002, U.S. Rubber entered into a "Second Amendment to Credit Agreement" with its then primary lender. The terms of the amendment required scheduled debt service payments under substantially the same terms through November 1, 2002 when all debt outstanding with the primary lender was to become due. The agreement also modified the terms of an operating lease with the lender requiring payment in full of the remaining lease obligation as of November 1, 2002.

During October 2002, this debt was refinanced with a new lender. In addition, the equipment that related to the operating lease was repurchased and the equipment, the unamortized loss related to the 2001 transaction, as discussed in Note 10, and its related debt has been recorded at October 31, 2002.

On March 7, 2002, the Company completed a series of transactions with U.S. Rubber, SerVaas, Inc. ("SerVaas"), the former owner of U.S. Rubber, and DC Investments, LLC ("DC Investments"), an entity controlled by the Company's Chairman, whereby certain existing debt of U.S. Rubber was acquired from SerVaas. DC Investments acquired the SerVaas interest in the debt agreement with a remaining balance of $730, plus accrued interest of $123, for $700. U.S. Rubber then acquired this agreement in exchange for a new note payable to DC Investments with a face amount of $700. The note requires monthly interest payments at 15% per annum with the principal payable March 2007. The note is subordinate to debt outstanding with the senior lender of U.S. Rubber.

The Company also acquired the SerVaas interest in the U.S. Rubber $1,750 subordinated note payable, plus accrued interest of $255, in exchange for $700 and 30,000 shares of Series C Preferred Stock. The cash portion of the transaction was from the proceeds of a note payable in the amount of $700 issued to DC Investments. The note requires monthly interest payments at 15% per annum with the principal payable March 2007.

9. FINANCING ARRANGEMENTS, CONTINUED

No gain or loss was recognized in the SerVaas transactions because of the involvement of related parties. The transaction resulted in an increase in

equity of the Company of $1,016, consisting of a $1,463 reduction of liabilities, offset by a tax impact of $447.

CHAMPION:

After October 31, 2001, Champion was in violation of its Senior Credit facility with Bank One. Champion was working under a forbearance agreement through March 15, 2002. Champion paid down the Bank One debt by $570 to Champion as consideration for such agreements. The Company made a capital contribution of $570 from loan proceeds from DC Investments. On March 20, 2002, DC Investments acquired the senior lender's loan to Champion in the amount of $602 in a nonrecourse assignment of the debt.

PYRAMID, DW LEASING AND OBSIDIAN LEASING:

During October 2002, Obsidian Leasing refinanced debt in the amount of $4,666 with Old National Bank. The refinancing was completed through both the existing lender at 80% of the then-outstanding balance and Fair Holdings. The new terms with the existing lender include interest at rates ranging from LIBOR plus .12 % to LIBOR plus 5.65% and a maturity of December 2004. The remaining 20% of the then-outstanding term notes was paid by borrowings from Fair Holdings of approximately $1,004. The transaction resulted in a discount on the new term loans in the amount of $387 and a loss on refinancing of $182.

During October 2002, Obsidian Leasing also refinanced debt in the amount of $2,836 with Edgar County Bank through borrowings from both Edgar County and Fair Holdings. Terms of the new term note with Edgar County include an 80% payoff of the then-outstanding term notes, interest at a rate of prime plus 2.75% and a maturity of September 2007. The remaining 20% of the then-outstanding term notes was paid by borrowings from Fair Holdings of approximately $584. The transaction did not result in a gain or loss.

UNITED:

On August 28, 2002, the agreements for one of the notes payable and the revolving line of credit were amended to extend the final maturities from July 1, 2003 to July 1, 2004 for the note payable and July 1, 2002 to February 1, 2004 for the revolving line of credit. In addition, the monthly principal installments on the note payable were decreased by $36 to $36 and maximum borrowings on the revolving line of credit were increased from $3,500 to $3,750.

10. LEASING ARRANGEMENTS

In October 2001, the Company entered into a sales-leaseback arrangement. Under the arrangement, the Company sold equipment and leased it back for a period of five years. The leaseback has been accounted for as an operating lease. The loss of $218 realized in the transaction was deferred and was being amortized to income in proportion to rental expense over the term of the lease. Proceeds from the sale of $1,050 were used to reduce borrowings under the line of credit.

10. LEASING ARRANGEMENTS, CONTINUED

During October 2002, in conjunction with the refinancing described in Note 9, the Company repurchased the equipment. The unamortized loss of $175 as of October 24, 2002 was included as part of the equipment purchase price capitalized.

The Company has various operating lease commitments, principally related to machinery and equipment, office equipment, and facilities. The approximate future minimum annual rentals for the years under the terms of these leases, which expire on various dates through the year ending October 31, 2008, are as follows:

Year Ending October 31,	
2003	$ 450
2004	353
2005	274
2006	189
2007	124
Thereafter	7
	$ 1,397

Rental expense under operating leases for the year ended October 31, 2002, ten months ended October 31, 2001 and year ended December 31, 2000, in thousands, was $562, $514 and $130, respectively.

11. EMPLOYEE BENEFIT PLANS

The Company, through certain of its subsidiaries, has defined contribution 401(k) plans which permit voluntary contributions up to 20% of compensation and which provide Company-matching contributions of up to 10% of employee contributions not to exceed 6% of employee compensation. 401(k) plan expense for the year ended October 31, 2002, the ten-month period ended October 31, 2001 and the year ended December 31, 2000 was approximately $148, $35 and $25, respectively.

12. MANDATORY REDEEMABLE PREFERRED STOCK

In conjunction with the United acquisition described in Note 6, the Company issued 386,206 shares of Series C Preferred Stock to Huntington Capital Investment Corporation ("Huntington"), the senior subordinated lender of United. The note purchase agreement included a provision giving Huntington the option to require the Company to repurchase the Series C Preferred Stock. Under the terms of the agreement, Huntington has the option of requiring the Company to repurchase these shares at 90% of market value at the date of redemption upon the earlier of: a) fifth anniversary of issuance of such shares, b) default under the subordinated debt agreement, c) other factors related to a sale of substantially all assets of the Company as defined in the agreement. At October 31, 2002, the Company had violated certain financial covenants defined in the subordinated debt agreement with Huntington. The Company received a waiver of these violations as of October 31, 2002 and a modification to the covenants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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12. MANDATORY REDEEMABLE PREFERRED STOCK, CONTINUED

A portion of the note purchase agreement proceeds of $3,500 was allocated to the stock issued based on the thirty day average closing value of the Company's common stock prior to the transaction. As the redemption value is variable, the Company recognizes changes in the estimated fair value each quarter. Changes in fair value are adjusted through additional paid in capital. At October 31, 2002, the estimated redemption requirement is $1,400 to be paid July 2006.

13. STOCKHOLDERS' EQUITY

PREFERRED STOCK:

The original capital structure of Danzer prior to the merger was comprised of the following: 5,000,000 authorized shares of $.001 par value preferred stock; 10,500 shares authorized of the Class of 10% Cumulative Senior Preferred Stock (Series A) with no shares issued or outstanding as 7,650 shares were retired; (Series B) Cumulative Convertible Senior Preferred Stock with 16,000 shares authorized and no shares issued or outstanding as 16,000 shares were retired. In addition, the Company had 20,000,000 authorized shares of common stock with 17,760,015 shares outstanding at December 31, 2000.

In June 2001, Danzer issued an aggregate of 1,750,000 shares of Danzer unregistered common stock in connection with the exchange of $355 of debt. On June 21, 2001, Danzer amended its articles of incorporation to authorize up to 4,500,000 shares of Series C Preferred Stock. In conjunction with the merger and acquisitions (described in Note 6) of June 21, the Company issued 1,970,962 of Series C Preferred Stock. The shareholders of Pyramid and Champion then converted 824,892 shares of preferred stock to 16,497,840 of common stock. In addition, on July 5, 2001, the Company increased the authorized shares of common stock by 20,000,000 to 40,000,000. On July 31, 2001, the Company issued 2,593,099 shares of additional Series C Preferred Stock related to the United acquisition.

As a result of the reverse merger, U.S. Rubber became the accounting acquirer and accordingly, under purchase accounting, became the Registrant. Therefore, the 2000 financial statements became those of U.S. Rubber. However, under purchase accounting for a reverse merger, the stockholders' equity section of the Registrant (formerly Danzer Corporation) became the equity of the merged entity. Accordingly, the statement of changes in stockholders' equity reflects that purchase accounting.

On October 4, 2001, the Company changed its name from Danzer Corporation to Obsidian Enterprises, Inc. In addition, 5,000,000 shares of Preferred Stock were authorized with the domestication of Obsidian Enterprises, Inc. in Delaware. On October 9, 2001, the Company filed designation of preferences, rights and limitations of 4,600,000 shares of Series C Preferred Stock. This transaction results in 400,000 shares of authorized but undesignated preferred stock and cancellation of the Series A and B shares.

(all amounts in thousands, except per share and share data)

13. STOCKHOLDERS' EQUITY, CONTINUED

The Series C Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed, into shares of common stock of the Company at an initial conversion rate of 20 shares of common stock for each share of convertible stock. However, the convertible preferred stock may not be converted prior to the corporation filing a registration statement of such shares. Holders of the convertible preferred stock have voting rights which entitle them to cast on each matter submitted to a vote of the stockholders of the Company the number of votes equal to the number of shares of common stock into which such shares of Series C Preferred could be converted.

As previously discussed in Note 9, on March 7, 2002, the Company completed a series of transactions with the subordinated lender at U.S. Rubber resulting in an increase in equity and a decrease in liabilities of $1,016. The subordinated lender received 30,000 shares of Series C Preferred Stock in this transaction.

On April 30, 2002, the Company converted $1,290 of debt and accrued interest owed to Partners and $596 of debt and accrued interest owed to Fair to equity through the issuance to Partners and Fair of 402,906 shares and 186,324 shares, respectively, of Series C Preferred Stock which are convertible into an aggregate of 11,784,600 shares of common stock of the Company.

In August 2002, warrants for 10,000 shares of Series C Convertible Stock were exercised. The shares were issued in exchange for a cash payment of $20.

On October 24, 2002, the Company amended its Articles of Incorporation to authorize 200,000 shares of Series D Preferred Stock. The Series D Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed, into shares of common stock of the Company at an initial conversion rate of 175 shares of common stock for each share of Series D Preferred Stock. However, the stock may not be converted prior to the Company filing a registration statement for such shares. Holders of the Series D Preferred Stock have voting rights which entitle them to cast on each matter submitted to a vote of the stockholders of the Company the number of votes equal to the number of shares of common stock into which such shares of Series D Preferred could be converted.

On October 24, 2002, 88,300 of the Series D Preferred Stock shares were sold in the transactions described below which were exempt from Securities Act registration under Section 4(2) of the Securities Act, relating to sales by an issuer not involving a public offering.

On October 24, 2002, the Company converted $1,276 of debt to Partners in exchange for 72,899 shares of Series D Preferred Stock. The conversion was the result of Partners' requirement under the Plan of Reorganization to fund through the purchase of additional preferred stock certain ongoing administrative expenses of the Company to complete the Plan of Reorganization, complete all required current and prior year audits to meet the regulatory filing requirements, and ensure all annual and quarterly SEC filings are completed to enable the registration of the preferred stock issued to Partners.

On October 24, 2002, the Company converted $270 of debt to Fair in exchange for 15,431 shares of Series D Preferred Stock. The conversion was the result of Fair's agreement to cover similar expenses as Partners as described above in excess of the amount Partners was obligated to pay.

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13. STOCKHOLDERS' EQUITY, CONTINUED

STOCK OPTIONS:

On May 7, 1990, Danzer's stockholders approved a stock option plan to issue both "qualified" and "nonqualified" stock options. Under the plan, 800,000 options to purchase shares of the Company's common stock may be issued at the discretion of the Company's Board of Directors. The option price per share is determined by the Company's Board of Directors, but in no case will the price be less than 85% of the fair value of the common stock on the date of grant. Options under the plan will have a term of not more than ten years with accelerated termination upon the occurrence of certain events.

In April 1998, Danzer granted 600,000 stock options, exercisable at $.10 per share, to its president. The options vest over two years and expire in April 2004. None of these options have been exercised as of October 31, 2002.

In September 1998, Danzer adopted a qualified incentive stock option plan under Section 422 of the Internal Revenue Code. Options granted under the plan will be granted at prices not less than fair value of the Company's stock at the date of grant, have a term not more than ten years and have other restrictions as determined by statute.

In September 1998, Danzer granted a total of 604,500 stock options, exercisable at $.10 per share, to certain employees. The options expired November 2001. As a result of voluntary termination, 75,000 options expired in 1999 and 192,000 options expired in 2000. The balance of 247,500 options outstanding expired November 1, 2002.

On July 24, 2001, the Board adopted, and on October 5, 2001, the Company's stockholders approved, the 2001 Long Term Incentive Plan (the "2001 Plan"). The 2001 Plan authorizes the granting to the Company's directors, key employees, advisors and consultants of options intended to qualify as Incentive Options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), options that do not so qualify ("Non-Statutory Options"), restricted stock and Other Stock-Based Awards that are not Incentive Options or Non-Statutory Options. The awards are payable in Common Stock and are based on the formula which measures performance of the company. There was no performance award expense in 2002 or 2001. No options under this plan were granted to any employees. Options are exercisable for up to 10 years from the date of grant.

The Company has adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation. Accordingly, no compensation expense has been recognized for the stock option plans. Had compensation expense for the Company's stock option plans been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS No. 123, the Company's net income (loss) for the year ended October 31, 2002, ten months ended October 31, 2001, and the year ended December 31, 2000 would have been $(6,330), $(4,395), and $3, respectively. Basic and diluted net income (loss) per share as reported would not have changed in any period presented had such compensation expense been recorded.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

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13. STOCKHOLDERS' EQUITY, CONTINUED

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2000 (no options were granted during the year ended October 31, 2002 and the ten months ended October 31, 2001), respectively: risk-free interest rates of 6.4 and 5.5 percent; dividend yield of 0 percent in both years; expected lives of 5 years; and volatility of 978 and 170 percent. The estimated weighted average fair value of options granted during 2000 and 1999 were $0.10 and $0.05 per share, respectively.

Following is a summary of transactions of granted shares under option for the year ended October 31, 2002, the ten months ended October 31, 2001, and year ended December 31, 2000:

	2002		2001		
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Sh
Outstanding, beginning of year	1,047,500	.09	1,137,500	.09	1,0
Issued during the year	--	--	--	--	4
Canceled or expired during the year	(247,500)	.10	(90,000)	.10	(1
Exercised during the year	--	--	--	--	(1
Outstanding, end of year	800,000	.09	1,047,500	.09	1,1
Eligible, end of year for exercise	800,000*	.09	1,047,500	.09	1,1

A further summary about fixed options outstanding at October 31, 2002 is as follows:

	Number	Weighted Average Remaining Contractual	Weighted Average Exercise	Numbe

	Outstanding	Life	Price	Exercis
Exercise price of $.10	600,000*	1.5 yr.	.10	600,0
Exercise price of $.05	200,000	1.2 yr.**	.05	200,0

* In accordance with the Plan of Reorganization and Merger and the related "Letter agreements," the above options cannot be exercised until the Company amends its articles of incorporation to authorize shares of approximately 120,000,000 and has registered such shares.

** Includes extension of expiration date from December 31, 2002 to December 31, 2003 approved by the Company's Board of Directors on December 13, 2002.

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13. STOCKHOLDERS' EQUITY, CONTINUED

STOCK WARRANTS:

Danzer issued warrants to purchase common stock to several parties. The following table summarizes the outstanding warrants for the year ended October 31, 2002 and the ten-month period ended October 31, 2001:

	Outstanding Warrants October 31, 2001	Issued During the Year	Exercise Price	Wa Ex in
Common Stock:				
Renaissance US Growth & Income Trust PLC	--	8,000	$.20	
BFSUS Special Opportunities Trust PLC	--	8,000	$.20	
Series C Preferred Stock:				
Duncan-Smith Co., 10,000 shares, expired August 31, 2002	10,000	--	$2.00	(1
Markpoint financing agreement expiring May 2008 associated with Champion**	Zero**	--	$.01	

** The number of warrants available under the agreement with Markpoint is based on twenty-five percent of the fair market value of Champion to be determined based on a formula including a multiple of EBITDA. No warrants are currently available under this agreement based on the operating results and stockholder's deficit of Champion. As discussed in Notes 5 and 17, the Company has agreed to a settlement with Markpoint. Accordingly, these

warrants have been terminated.

In January 2003, the Company agreed to a modification of terms with the debenture holders to provide for less stringent covenants. In exchange for this modification, the Company issued warrants to each of the debenture holders to purchase up to 8,000 shares of the Company's common stock at an exercise price of $.20 per share. These warrants expire January 24, 2006. The issuance of the warrants had no material impact on earnings.

CONVERTIBLE DEBT:

As described in Note 9, the Company has a note payable agreement which is convertible by the holder to common stock totaling 5,000,000 shares at a conversion rate of $0.10 per share.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

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14. BUSINESS SEGMENT DATA AND GEOGRAPHIC DATA

The Company operates in three industry segments comprised of trailer and related transportation equipment manufacturing; coach leasing; and butyl rubber reclaiming. All sales are in North and South America primarily in the United States, Canada and Brazil. Selected information by segment follows (in thousands):

	Year Ended October 31, 2002		
	Trailer Manufacturing	Coach Leasing	Butyl Rubber Reclaiming
Sales:			
Domestic	$ 38,911	$ 6,374	$ 9,336
Foreign	1,864	--	789
Total	$ 40,775	$ 6,374	$ 10,125
Cost of goods sold	$ 35,077	$ 3,357	$ 9,407
Loss before taxes	$ (2,089)	$ (417)	$ (802)
Identifiable assets	$ 20,155	$ 11,760	$ 11,391
Depreciation and amortization expense	$ 705	$ 779	$ 1,084

*Identifiable assets, as stated above
Assets of subsidiary held for sale
Corporate-level goodwill

Other corporate-level assets

Total assets

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

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14. BUSINESS SEGMENT DATA AND GEOGRAPHIC DATA, CONTINUED

	Ten Months Ended October 31, 2001		
	Trailer Manufacturing	Coach Leasing	Butyl Rubber Reclaiming
Sales:			
Domestic	$ 10,100	$ 4,165	$ 9,253
Foreign	550	--	621
Total	$ 10,650	$ 4,165	$ 9,874
Cost of goods sold	$ 8,955	$ 1,618	$ 8,884
Loss before taxes	$ (96)	$ (570)	$ (725)
Identifiable assets	$ 22,941	$ 13,330	$ 10,205
Depreciation and amortization expense	$ 365	$ 785	$ 905
*Identifiable assets, as stated above			
Assets of subsidiary held for sale			
Total assets			

For the calendar year ended December 31, 2000, the Company operated in only one segment (butyl rubber reclaiming), which was the segment of the accounting acquirer U.S. Rubber. U.S. Rubber had foreign sales of $943 for 2000.

Obsidian Enterprises, Inc. (legal parent) allocates selling, general and administrative expenses to the respective companies primarily based on a percentage of sales. For the year and ten months ended October 31, 2002 and 2001, respectively, allocated corporate expenses by segment were as follows:

	Year Ended	Ten Months Ended

	October 31, 2002	October 31, 2001
Trailer manufacturing	$ 934	$ 245
Coach leasing	146	96
Butyl rubber reclaiming	232	275
	$ 1,312	$ 616

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

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15. INCOME TAXES

The Company files a consolidated federal tax return. The parent and each subsidiary record their share of the consolidated federal tax expense on a separate-return basis. Any additional income tax expense on recovery realized as a result of filing a consolidated tax return is recorded in consolidation. The Company and each subsidiary file separate state income tax returns. The Company accounts for income taxes in compliance with SFAS No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred tax assets and liabilities are recorded for any temporary differences between the financial statement and tax bases of assets and liabilities, using the enacted tax rates and laws expected to be in effect when the taxes are actually paid or recovered.

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

	2002	2001	2000
Current:			
Federal	$ --	$ --	$ 152
State	(15)	(36)	14
	(15)	(36)	166
Deferred:			
Federal	41	350	(187)
State	7	58	(29)
	48	408	(216)
Total	$ 33	$ 372	$ (50)

A reconciliation of income tax benefit (expense) from continuing operations at U.S. statutory rates to actual income tax benefit (expense) is as follows:

	2002	2001	2000
Benefit (tax) at statutory rate (34%)	$ 1,125	$ 1,609	$ (33)
Effect of nontaxable combined entity	(18)	(166)	--
State income tax	(15)	(36)	(5)
Goodwill amortization	--	(26)	--
Non-deductible goodwill	(245)	--	--
Valuation reserve applied to equity	(1,267)*	--	--
(Increase) decrease in valuation reserve	380	(1,038)	--
Other	73	29	(12)
	$ 33	$ 372	$ (50)

15. INCOME TAXES, CONTINUED

*On November 1, 2001, 27 coaches owned by DW Leasing were transferred to Obsidian Leasing in a tax-free exchange, as further described in Note 1. DW Leasing recorded a charge to equity as a deemed distribution of $1,590 on the date of the transaction, representing the deferred tax liability associated with the coaches transferred. A reduction of deferred tax valuation reserve of $(1,267) was also recorded in the consolidated financial statements as an increase in equity, as the addition of the above deferred tax liability resulted in the Company's ability to realize additional deferred tax assets on a consolidated basis.

Deferred income taxes represent the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2002	2001	2000
Deferred tax assets (liabilities):			
Accounts receivable	$ 199	$ 32	$ --
Inventories	307	472	517
Accrued expenses	158	117	15
Intangibles	1,004	791	--
Operating loss carryforwards	2,961	1,474	--
Property and equipment	(4,497)	(2,267)	(171)
Other	80	(81)	--
	212	538	361

Less valuation reserves	(1,171)	(1,537)	--
Deferred tax assets (liabilities), net	$ (959)	$ (999)	$ 361

Included in the accompanying balance sheet under the following:

	2002	2001	2000
Deferred tax assets	$ 665	$ 673	$ 532
Deferred tax liabilities	(1,624)	(1,672)	(171)
	$ (959)	$ (999)	$ 361

The amount of federal tax net operating loss carryforwards available at October 31, 2002 was $8,100. Certain of these loss carryforwards were generated by certain subsidiaries prior to the reverse merger transaction in June 2001 and have expiration dates through the year 2021. The use of preacquisition operating losses is subject to limitations imposed by the Internal Revenue Code. Utilization of these loss carryforwards is impacted by such limitations. Accordingly, the deferred tax assets related to premerger operating losses have been reserved with a valuation allowance to the extent they are not offset by deferred liabilities.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

15. INCOME TAXES, CONTINUED

Federal tax net operating loss carryforwards and expiration dates as of October 31, 2002 are as follows:

Premerger	Expiration Dates	Postmerger
$ 3,105	2008 through 2021	$ 4,995

Cash payments of income taxes for the year ended October 31, 2002, ten months ended October 31, 2001 and for the year 2000 were $22, $44 and $8, respectively.

16. RELATED PARTIES

The Company makes advances, receives loans and conducts other business transactions with affiliates resulting in the following amounts for the periods ended:

	October 31, 2002
Balance sheets:	
Current assets:	
Accounts receivable, Obsidian Capital Partners	$ 181
Accounts receivable, Obsidian Capital Company	13
Accounts receivable, other affiliated entities	12
Long-term portion:	
Investment banking fees, purchase accounting*	--
Total assets	$ 206
Current liabilities:	
Accounts payable, Obsidian Capital Company	$ 279
Accounts payable, stockholders	338
Accounts payable, DC Investments and Fair Holdings	42
Accounts payable, other affiliated entities	9
Long-term portion:	
Accounts payable, Obsidian Capital Partners	--
Notes payable, DC Investments	700
Notes payable, Fair Holdings	3,020
Line of credit, Fair Holdings	1,798
Total liabilities	$ 6,186
Statements of Operations:	
Interest expense, DC Investments and Fair Holdings	$ 322
Interest expense, Obsidian Capital Partners	58
Rent expense, Obsidian Capital Company	56

16. RELATED PARTIES, CONTINUED

Related-party amounts classified as current reflect those portions of the total receivable or payable that were currently due in accordance with the terms, or were collected or paid subsequent to year end. Amounts classified as long term represent amounts not currently due or amounts that were converted to equity subsequent to year end as discussed in Note 18.

On February 13, 2002, DC Investments, LLC, a related party 50% owned by Mr. Durham (Chairman of the Company), purchased accounts receivable from DW Leasing,

recorded by DW Leasing as deposits on trailers, in the amount of $1,051. DW Leasing used the proceeds from the purchase of the accounts receivable to pay off the accounts payable due Obsidian Capital Company in the amount of $624 and the amount due shareholders and other related parties in the approximate amount of $300.

The Company was obligated to the stockholders and certain employees (that were formerly stockholders of subsidiary companies) under note payable agreements acquired as part of the acquisitions. In addition, the Company has entered into note payable agreements with other affiliated entities. The details of these notes payable are included in Note 9.

*Subsidiaries of the Company paid Obsidian Capital Company, an entity controlled by Mr. Durham (Chairman of the Company), investment banking fees associated with the acquisitions and related financing on the Danzer and U.S. Rubber merger and the United acquisition. Amounts paid by U.S. Rubber, United, and Danzer in 2001 were $760, $600, and $600, respectively. 17. COMMITMENTS AND CONTINGENCIES

On April 29, 2002, Markpoint Equity Fund J.V. ("Markpoint"), a Texas joint venture for which The Markpoint Company serves as Managing Venturer, filed an action in the Texas District Court, Dallas County seeking payment of $1,250 owed by Champion under the subordinated credit facility described in Note 9. On January 27, 2003, the Company reached an agreement to settle this liability for a cash payment in the amount of $675 and the issuance to Markpoint of 32,143 shares of the Company's Series D Preferred Stock. In addition, the agreement provides Markpoint the option to require the Company to repurchase these shares at a price of $21 per share. The repurchase option is available to Markpoint as follows: 16,072 shares during the period May 1, 2003 to June 1, 2003 and 16,071 shares during the period November 1, 2003 to December 1, 2003. The repurchase options expire if not exercised during the specified periods. The Company's repurchase obligation is guaranteed by Mr. Durham. The sale of Champion was completed on January 30, 2003.

It is customary practice for companies in the cargo trailer industry to enter into repurchase agreements with lending institutions which have provided wholesale floor-plan financing to dealers. A portion of the wholesale sales of United are made pursuant to these agreements, which generally provide for purchase of United's products from the lending institutions for the balance due them in the event of repossession upon a dealer's default. The contingent liability is spread over many dealers and financial institutions and is reduced by the resale value of the products, which are required to be repurchased. Expenses incurred in connection with these agreements have been immaterial. The maximum potential repurchase commitment at October 31, 2002 was approximately $2,000.

In the normal course of business, the Company is liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect the Company's financial position or results of operations.

18. SUBSEQUENT EVENTS

On October 30, 2002, the Company's Board of Directors agreed to sell the assets of Champion to an entity controlled by Messrs. Durham and Whitesell for the assumption of all liabilities of Champion. The sale of Champion was completed on January 30, 2003.

Subsequent to year end, United amended its credit agreement to provide additional working capital during the winter months. The amendment included a "temporary overline" line of credit with maximum borrowings not to exceed the lesser of $650 or the remainder of the borrowing base less the outstanding principal amount of the revolving line of credit. Interest is payable monthly at

a rate of prime plus 3/4%. The temporary overline line of credit matures on March 31, 2003.

During January 2003, Obsidian Leasing refinanced debt in the amount of $928 to former shareholders of Pyramid and related companies. Terms of the new note with Fair Holdings include monthly interest payments of 13% of the outstanding principal amount and a balloon principal payment in January 2006. Accordingly, this debt has been classified as long term at October 31, 2002.

On December 17, 2002, Obsidian Leasing sold four coaches to DC Investments Leasing, LLC ("DC Investments Leasing"), a newly created entity owned 50% by Mr. Durham (Chairman of the Company) in exchange for DC Investments Leasing's satisfaction of the debt outstanding on such coaches. In addition, DC Investments Leasing also acquired five additional coaches that were previously to be purchased by the Company thereby eliminating the Company's existing purchase commitment for such coaches. DC Investments Leasing also entered into a management agreement with Pyramid under which all nine coaches described above will be leased by Pyramid.

On January 2, 2003, Obsidian Enterprises, Inc.'s line of credit with Fair Holdings was amended. Maximum borrowings were increased from $3,000 to $5,000.

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED), AS RESTATED, SEE NOTE 3

(dollars in thousands, except per share amounts)

YEAR ENDED OCTOBER 31, 2002

	First Qtr. Ended 1/31/02	Second Qtr. Ended 4/30/02	Third Qtr. Ended 7/31/02
Net sales	$ 11,466	$ 15,598	$ 15,239
Gross profit	1,518	2,625	2,839
Income (loss) from continuing operations***	(1,207)	(570)	471
Income (loss) from continuing operations per basic common and common equivalent share***	(.03)	(.02)	.00

TEN MONTHS ENDED OCTOBER 31, 2001

	First Qtr.* Ended 1/31/01	Second Qtr. Ended 4/30/01	Third Qtr. Ended 7/31/01

Net sales	$ 3,626	$ 4,014	$ 4,685
Gross profit	408	911	1,260
Loss from continuing operations***	(218)	(408)	(196
Loss from continuing operations per common and common equivalent share***	(.01)	(.02)	(.01

OBSIDIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in thousands, except per share and share data)

YEAR ENDED DECEMBER 31, 2000

	First Qtr. Ended 3/31/00	Second Qtr. Ended 6/30/00	Third Qtr. Ended 9/30/00
Net sales	$ 3,059	$ 3,024	$ 3,233
Gross profit (loss)	301	372	373
Net income (loss)	86	(118)	146
Net income (loss) per common and common equivalent share	--	--	--

* The first quarter for U.S. Rubber includes the first and second month (November and December) of 2000.

** The fourth quarter includes the charge for the impairment of goodwill of $720 for October 31, 2002.

*** Income (loss) from continuing operations for the quarter ended October 31, 2001 and for the quarters ended January 31, 2002, April 30, 2002, and July 31, 2002 have been restated due to factors discussed in Note 3. Changes in the income (loss) in each of these quarters ranged from $33 to $42. Earnings per share have been restated for each of the quarters in the years ended October 31, 2002 and 2001 as a result of changes discussed in Note 3.

SCHEDULE II--VALUATION AND QUALIFYING OF ACCOUNTS

Year Ended October 31, 2002
(in thousands)

Column A--Description	Column B--Balance at Beginning of Period	Column C--Additions (1)--Charged to Costs and Expenses	Column C--Additions (2)--Charged to Other Accounts--Describe	Column D--Deductions
Allowance for doubtful accounts	$ 80	$ 415	$ --	$ --
Inventory valuation allowances	$ 833	$ 50	$ --	$ 417*
Deferred tax valuation reserve	$ 1,551	$ --	$ --	$ 380***

Ten Months Ended October 31, 2001
(in thousands)

Column A--Description	Column B--Balance at Beginning of Period	Column C--Additions (1)--Charged to Costs and Expenses	Column C--Additions (2)--Charged to Other Accounts--Describe	Column D--Deductions
Allowance for doubtful accounts	$ --	$ 80	$ --	$ --
Inventory valuation allowances	$ 1,338	$ 73	$ --	$ 578*
Deferred tax valuation reserve	$ --	$ 1,038	$ 513**	$ --

* Use of inventory previously reserved.
** Valuation reserve of acquired companies recorded in purchase accounting.
*** Realization of operating losses against deferred tax liabilities.

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL

DISCLOSURE

As previously reported in a Current Report Form 8-K filed on November 13, 2001, the Audit Committee of the Company's Board of Directors decided on November 7, 2001, to dismiss Linton, Shafer & Company, P.A. ("Linton Shafer") as the Company's independent auditors. The audit reports of Linton Shafer on the consolidated financial statements of the Company as of and for the years ended October 31, 2000 and 1999 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. During the fiscal years ended October 31, 2000 and 1999 and the period following October 31, 2000, there were no disagreements between the Company and Linton Shafer on any matter regarding accounting principles or practices, financial statement disclosure, or auditing scope or procedure. A letter from Linton Shafer confirming the statements set forth in this Item 9 was attached as Exhibit 16 to the Current Report on Form 8-K filed on November 13, 2001.

On November 7, 2001, the Board of Directors engaged McGladrey & Pullen, LLP ("McGladrey") as the Company's new independent auditors. During the fiscal years ended October 31, 2000 and 1999 and during the period following October 31, 2000, the Company did not consult McGladrey regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report was provided to the Company nor oral advice provided that McGladrey concluded was an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement or a reportable event.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information with respect to all Directors of the Company, including their ages, present principal occupations, other business experience during the last five years, membership on committees of the Board and directorships in other publicly held companies.

Name	Age	Position
Timothy S. Durham	40	Chief Executive Officer and Chairman of the Board
Terry G. Whitesell	63	President, Chief Operating Officer and Director
Jeffrey W. Osler	34	Executive Vice President, Secretary, Treasurer and Director
Goodhue W. Smith, III+	51	Director
John A. Schmit*+	33	Director
D. Scott McKain*	47	Vice Chairman and Director
Daniel S. Laikin+	40	Director
Barry S. Baer	59	Executive Vice President and Chief Financial Officer

*Members of the Compensation Committee
+Members of the Audit Committee

Mr. Durham has served as the Chief Executive Officer and Chairman of the Board and as a director of the Company since June 2001. He has served as a Managing

Member and Chief Executive Officer of Obsidian Capital Company LLC, which is the general partner of Obsidian Capital Partners LP, since April 2000. Beginning in 1998, Mr. Durham founded and maintained a controlling interest in several investment funds, including Durham Capital Corporation, Durham Hitchcock Whitesell and Company LLC, and Durham Whitesell & Associates LLC. From 1991 to 1998, Mr. Durham served in various capacities at Carpenter Industries, Inc., including as Vice Chairman, President and Chief Executive Officer. Mr. Durham also serves as a director of National Lampoon, Inc. Mr. Durham is Mr. Osler's brother-in-law.

Mr. Whitesell has served as the President and Chief Operating Officer and as a director of the Company since June 2001. Prior to that time he co-founded several entities with Mr. Durham, including Obsidian Capital Company, LLC, Durham Hitchcock Whitesell and Company LLC and Durham Whitesell & Associates LLC. Mr. Whitesell also is a Managing Member of Obsidian Capital Company LLC. From April 1992 until September 1998, Mr. Whitesell served as Executive Vice President of Carpenter Industries, Inc.

Mr. Osler has served as the Executive Vice President, Secretary and Treasurer and as a director of the Company since June 2001. He also is a Managing Member of Obsidian Capital Company LLC. and has served as Senior Vice President at Durham Whitesell & Associates LLC and Durham Capital Corporation since September 1998. Prior to that time, Mr. Osler served as the General Manager of Hilton Head National Golf Club. Mr. Osler is Mr. Durham's brother-in-law.

Mr. Smith has been a director of the Company since 1997. Mr. Smith founded Duncan-Smith Investments, Co., an investment banking firm in San Antonio, Texas, in 1978 and since that time has served as its Secretary and Treasurer. Mr. Smith also is a director of Citizens National Bank of Milam County, and Ray Ellison Mortgage Acceptance Co.

John A. Schmit has been a director since July 2001. Mr. Schmit joined Renaissance Capital Group, Inc. in 1997 and is a Vice President--Investments. Prior to joining Renaissance Capital Group, Mr. Schmit practiced law with the law firm of Gibson, Ochsner & Adkins in Amarillo, Texas from September 1992 to September 1994. Between August 1994 and May 1996, Mr. Schmit attended Georgetown University where he earned his L.L.M. in International and Comparative Law.

Mr. McKain has been a director of the Company since September 2001. He has served as the Chairman of McKain Performance Group since 1981. Mr. McKain also has been the Vice Chairman of Durham Capital Corporation since 1999. From 1983 to 1998, Mr. McKain was a broadcast journalist and television commentator. Mr. McKain has also authored several books and is a keynote speaker who presents high content workshops across the nation.

Mr. Laikin has served as a director of the Company since September 2001. Mr. Laikin is Chief Operating Officer and a director of National Lampoon, Inc., the owner of the "National Lampoon" trademark and engaged in the entertainment business. He has been a Managing Member of Fourleaf Management LLC, a management company of an investment fund that invests in technology related entities, since 1999. Mr. Laikin served as the Chairman of the Board of Biltmore Homes from 1993 to 1998.

Mr. Baer has served as the Executive Vice President and Chief Financial Officer of the Company since April 2002. From August 2000 to December 2001, he served as Executive Vice President and Chief Financial Officer of Apex Industries, Inc. Prior to August 2000, he had served as Vice President and Chief Operations Officer of Pharmaceutical Corporation of America.

EXECUTIVE OFFICERS

The Company's executive officers are appointed by the Board of Directors and hold office at the pleasure of the Board until successors are appointed and have qualified. Compliance with Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers, and persons who own more than ten percent of the Company's Common Stock ("10% Shareholders") to file reports of ownership and reports of changes in ownership of the Company's Common Stock with the Securities Exchange Commission ("SEC"). Officers, Directors and Shareholders are required by SEC regulation to furnish the Company with copies of all forms they file under Section 16 (a). Based solely on its review of the copies of such forms received by it with respect to its fiscal year ended October 31, 2002, and written representations from certain reporting persons that no other reports were required to those persons, the Company believes that its officers, directors and 10% Shareholders have complied with all Section 16(a) requirements, except that Mr. Smith was late in reporting the exercise of a warrant.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth certain information concerning the compensation paid or accrued by the Company for services rendered during the Company's past three fiscal years ended October 31, 2001 by the CEO and executive officers.

		Annual Compensation		Long-Term Compensation Awar
Name and Principal Position	Year	Salary	Bonus	Securities Underlying Options/SARs
Timothy S. Durham,	2002	$75,000	$0	$0
Chief Executive	2001	$27,404	$0	$0
Officer(1)	2000	N/A	N/A	N/A
M. E. Williams,	2002	N/A	N/A	$0
Chief Executive	2001	$110,000	$12,824	$0
Officer(2)	2000	$107,609	$9,375	$0

(1) Mr. Durham was elected Chief Executive Officer and Chairman of the Board on June 21, 2001.
(2) Mr. Williams resigned as Chief Executive Officer on June 21, 2001.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

No grants were made during fiscal 2002 pursuant to the Company's 1999 Stock Option Plan or the Company's 2002 Long Term Incentive Plan.

On December 13, 2002, the Company's Board of Directors approved the extension of options to acquire 200,000 shares of common stock from December 31, 2002 to December 31, 2003.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

The following table sets forth information for 2002 with respect to Option/SAR exercises by the executive officers named in the Summary Compensation Table and the value of unexercised options and SARs as of October 31, 2002.

Name	Shares Acquired on Exercise (#)	Value Realzed ($)	Number of Unexercised Options/SARs at Fiscal Year-End (#) Exercisable/ Unexercisable
M. E. Williams	-0-	-0-	725,000/0

COMPENSATION OF DIRECTORS

Directors who are not employees of the Company are entitled to a board meeting attendance fee of $750 plus reimbursement of expenses.

EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

The Company currently does not have any employment agreements with any of the Company's executive officers.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to beneficial ownership of common stock as of January 22, 2003, by (i) all persons known to the Company to be the beneficial owner of five percent or more of the common stock, (ii) each director of the Company, (iii) the chief executive officer and each of the Company's other most highly compensated executive officers whose total annual compensation for 2002 based on salary and bonus earned during 2002 exceeded $100,000 (the "named executive officers"); (iv) the current executive officers; and (v) all Company directors and executive officers as a group. This table does not include shares of common stock that may be purchased pursuant to options not exercisable within 60 days of the record date. All persons listed have sole voting and investment power with respect to their shares unless otherwise indicated.

	Common Stock		Series C Preferred Stock		Series
Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	Number o Shares Beneficia Owned

Executive Officers and Directors:					
Timothy S. Durham (1)	103,755,219 0	79.6%	3,942.193	90.2%	88,3
D. Scott McKain	810,10	2.2%	--	--	
Jeffrey W. Osler (2)	87,874,705 0	71.6%	3,755,869	86.0%	72,8
John A. Schmit (3)	5,000,00	13.9%	--	--	
Goodhue W. Smith, III (4)	298,334	*	5,000	*	
Terry G. Whitesell (5)	94,787,685 3	76.5%	3,755,869	86.0%	72,8
All current officers and directors as a group (8 persons)	117,576,69	90.2%	3,947,193	90.4%	88,3
Other 5% Owners:					
Fair Holdings, Inc.(6)	6,426,905	15.1%	186,324	4.3%	15,4
Huntington Capital Investment Company (7)	- -	--	386,206	8.8%	
Obsidian Capital Partners, L.P. (8)	87,874,70 7	70.9%	3,755,869	86.0%	72,8
Richard W. Snyder	1,946,66	5.4%	--	--	

The number of shares of common stock above also includes the preferred stock converted to common equivalents.

*less than one percent

(1) Includes 7,338,103 shares of common stock directly owned by Mr. Durham; 2,088,366 shares held by Diamond Investments, LLC, for which Mr. Durham serves as Managing Member and for which shares Mr. Durham may be deemed to share voting and dispositive power; 3,755,869 shares of Series C preferred stock and 72,899 shares of Series D preferred stock over which Mr. Durham shares voting and dispositive power and that may be deemed to be beneficially owned by Mr. Durham due to his position as a managing member of Obsidian Capital Company, LLC, which is the general partner of Obsidian Capital Partners, LP, which directly owns such shares; 186,324 shares of Series C preferred stock and 15,431 shares of Series D preferred stock over which Mr. Durham shares voting and dispositive power and that may be deemed to be beneficially owned by Mr. Durham due to his position as an executive officer and shareholder of Fair Holdings, Inc. which directly owns such shares; and 27,140 shares of common stock over which Mr. Durham shares voting and dispositive power and that may be deemed to be beneficially owned by Mr. Durham due to his position as a managing member of Durham Whitesell and Associates, LLC, which directly owns such shares. The address of Mr. Durham is 111 Monument Circle, Suite 4800, Indianapolis, Indiana 46204.

(2) Includes 827,200 shares of common stock directly owned by Mr. Osler; and 3,755,869 shares of Series C preferred stock and 72,899 shares of Series D preferred stock over which Mr. Osler shares voting and dispositive power and that may be deemed to be beneficially owned by Mr. Osler due to his position as a managing member of Obsidian Capital Company, LLC, which is the general partner of Obsidian Capital Partners, LP, which directly owns such shares. The address of Mr. Osler is 111 Monument Circle, Suite 4800, Indianapolis, Indiana 46204.

(3) Represents shares that may be acquired pursuant to convertible debentures issued by the Registrant on July 19, 2001, to Renaissance US Growth Investment Trust PLC ("RUSGIT") and BFSUS Special Opportunities Trust PLC ("BFS"). Mr. Schmit is Vice President of Renaissance Capital Group, Inc.,

the investment manager of RUSGIT and BFS. Mr. Schmit disclaims beneficial ownership as to the shares beneficially owned by RUSGIT and BFS. The address of Mr. Schmit is 8080 North Central Expressway, Suite 210, Dallas, Texas 75206.

(4) Includes 81,667 shares of common stock and 5,000 shares of Series C Preferred Stock directly owned by Mr. Smith. The address of Mr. Smith is 711 Navarro, San Antonio, Texas 78205.

(5) Includes 6,885,840 shares of common stock directly owned by Mr. Whitesell; 3,755,869 shares of Series C preferred stock and 72,899 shares of Series D preferred stock over which Mr. Whitesell shares voting and dispositive power and that may be deemed to be beneficially owned by Mr. Whitesell due to his position as a managing member of Obsidian Capital Company, LLC, which is the general partner of Obsidian Capital Partners, LP, which directly owns such shares; and 27,140 shares of common stock over which Mr. Whitesell shares voting and dispositive power and that may be deemed to be beneficially owned by Mr. Whitesell due to his position as a managing member of Durham Whitesell and Associates, LLC, which directly owns such shares. The address of Mr. Whitesell is 111 Monument Circle, Suite 4800, Indianapolis, Indiana 46204.

(6) Consists of 186,324 shares of Series C preferred stock and 15,431 shares of Series D preferred stock directly owned by Fair Holdings, Inc.

(7) Based on the information reported in a Schedule 13G filed with the SEC on August 6, 2001.

(8) Consists of 3,755,869 shares of Series C preferred stock and 72,899 shares of Series D preferred stock directly owned by Obsidian Capital Partners, L.P. Voting and dispositive power over the shares may be deemed to be held by Obsidian Capital Partners, LP, Obsidian Capital Company, LLC and the managing members of Obsidian Capital Company LLC, which include Messrs. Durham, Whitesell and Osler.

Equity Compensation Plan Information

The following table presents information regarding grants under all equity compensation plans of the Company through October 31, 2002.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Numb remai futu equity (exc refle
Equity compensation plans approved by security holders(1)	800,000	$0.09	
Equity compensation plans not approved by security holders	0	0	
Total	800,000	$0.09	

(1) The grants were made pursuant to the Company's 1990 Stock Option Plan and 1999 Stock Compensation Plan ("1999 Plan"). Shares remain available for grant under the 1999 Plan and the Company's 2001 Long Term Incentive Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

All dollar amounts in this Item 13 are in thousands (except for share and per share information).

A number of related party transactions occurred in connection with the change in control and reorganization of the Company in 2001. The reorganization transactions occurred in two parts:

- On June 21, 2001, the Company acquired from Obsidian Capital Partners, L.P., Mr. Durham and certain other shareholders all of the shares of Pyramid Coach, Inc.("Pyramid"); Champion Trailer, Inc. ("Champion") and U.S. Rubber Reclaiming, Inc. ("U.S. Rubber").

- On July 31, 2001, the Company acquired from Obsidian Capital Partners, L.P. and Mr. Durham substantially all of the assets of United Acquisition, Inc., which the Company now operates as United Expressline, Inc. ("United").

Prior to these transactions, DW Leasing, LLC ("DW Leasing"), a company owned by Messrs. Durham and Whitesell had entered into a number of transactions with Pyramid whereby coaches owned by DW Leasing were operated by Pyramid and the debt on these coaches were cross guaranteed by DW Leasing and Pyramid. Although the Company does not own any interest in DW Leasing, the accounts of DW Leasing are included in the financial statements of the Company (see Note 1 to the Company's Financial Statements).

The agreements entered into at the time of the Reorganization contemplated that the coaches and related debt would be promptly transferred by DW Leasing to the Company's subsidiary, Obsidian Leasing Co., Inc. ("Obsidian Leasing"). Twenty seven coaches were transferred by DW Leasing to Obsidian Leasing in November 2001 in consideration of the assumption of the related debt. Pyramid continues to operate the remaining seven coaches for DW Leasing pursuant to a management agreement. Prior to the Reorganization described above, DW Leasing and Pyramid were privately owned and structured in a tax-efficient manner. Because of the nature of this structure, transfer of the remaining seven coaches owned by DW Leasing would have adverse tax consequences to the owners of DW Leasing which were not contemplated in the Reorganization. Accordingly, the Company has agreed to continue to operate these coaches through DW Leasing. During 2002, the Company received gross revenue of $674 from the coaches operated by Pyramid for DW Leasing and paid fees of $538 to DW Leasing for the use of the coaches.

During 2002 and 2001, Obsidian Capital Partners, LP, the majority shareholder of the Company, advanced funds to the Company. These funds were advanced to fund losses of Champion and to fund the professional fees with respect to the filings with the Securities and Exchange Commission in connection with the reorganization in 2001, and closing costs in connection with the reorganization and the closing of the purchase of United. The maximum amount outstanding during 2002, related to funding of Champion losses and funding professional fees was $1,290 and $1,275, respectively. On April 25, 2002, $1,290 of the amounts advanced was converted to Series C Preferred Stock. On October 24, 2002, $1,275 of the amounts advanced was converted to Series D Preferred Stock. Advances during 2002 were as follows:

	Balance at October 31, 2001	Additional Advances and Interest Accrued	Amounts Converted to Equity for Preferred Stock
Advances to fund Champion	$ 1,222	$ 68	$ (1,290)
Advances to fund professional fees	$ 948	$ 327	$ (1,275)

During 2002, Fair Holdings, Inc. advanced funds to the Company to fund a debt reduction at Champion and to fund certain professional fees with respect to the filing with the Securities and Exchange Commission. The maximum amount outstanding in 2002 to Fair Holdings related to debt restructuring at Champion and funding certain professional fees was $596 and $270, respectively. On April 25, 2002, $596 of the amounts advanced was converted to Series C Preferred Stock. On October 24, 2002, $270 of the amounts advanced was converted to Series D Preferred Stock. Advances during 2002 were as follows:

	Balance at October 31, 2001	Additional Advances and Interest Accrued	Amounts Converted to Equity for Preferred Stock
Advances for debt reduction	$ --	$ 596	$ (596)
Advances for professional fees	$ --	$ 270	$ (270)

In addition to the advances, Fair Holdings, Inc. has provided a $5,000 line of credit to the Company. The maximum amount outstanding in 2002 was $1,798. The line of credit is unsecured, bears interest at 10% per annum and matures in January 2005.

Fair Holdings, Inc. has also leased certain computer equipment to the Company on a short-term basis commencing on August 1, 2002. The rental paid in 2002 was $1.

Fair Holdings, Inc. lent Obsidian Leasing an aggregate of $1,588 in connection with the refinancing of coaches. The maximum amount outstanding during 2002 for this refinancing was $1,588. The loans are ten year, interest only loans, subordinate to the bank debt on the coaches and bear interest at 14% per annum.

The Company subleases its headquarters space from Fair Holdings, Inc. under a sublease with a monthly rental of $3,675. Prior to the sublease with Fair, the Company sublet space from Obsidian Capital Company and paid $56 to Obsidian Capital Company for its space in 2002.

Fair Holdings, Inc. leased certain computer equipment to Danzer under a twelve month lease effective August 1, 2002. The aggregate rental due under the twelve month lease is $8.

DW Trailer, a company owned by Messrs. Durham and Whitesell, has leased a forklift to Danzer under a 38 month lease at $1 per month.

United advanced Obsidian Capital Company $216, as a part of the closing of the

purchase of the United transaction. The amount was paid back to United in 2002.

DC Investments, a company controlled by Mr. Durham, lent U.S. Rubber $700 pursuant to a subordinated note which bears interest at 15% per annum with the principal payable in March 2007. The loan was made to permit the Company to complete the elimination of the interest of SerVass, Inc. in U.S. Rubber.

During 2002 DC Investments purchased the senior secured loans to Champion from the bank which held them. The maximum amount outstanding to DC Investments in 2002 was $602. The loans bear interest at 5.5%.

On October 30, 2002, the Company entered into a Memorandum of Agreement with Messrs. Durham and Whitesell pursuant to which Champion agreed to sell all of its assets to an entity to be designated by Messrs. Durham and Whitesell subject to the payment by Messrs. Durham and Whitesell of $1.00 and the assumption by the entity acquiring the assets of all of the liabilities of Champion except for the liability of Champion to Markpoint Equity Growth Fund IV, which was settled by the Company. This transaction closed on January 30, 2003.

Management believes that the transactions described in this Item were on terms no less favorable to the Company and its subsidiaries than would have been the case for transactions with unrelated third parties.

PART IV

ITEM 14. CONTROLS AND PROCEDURES.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management recognizes that, because the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and also is subject to other inherent limitations, any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired objectives. The Company's management believes, however, that the Company's disclosure controls and procedures provide reasonable assurance that the disclosure controls and procedures are effective.

Within the 90 days prior to the filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) Documents filed as part of this Annual Report on Form 10-K:

(1) Financial Statements.

See the Financial Statements included in Item 8.

(2) Financial Statement Schedules Required to be Filed by Item 8 on this Form.

See Item 8

(3) Exhibits.

The exhibits filed as part of this Annual Report on Form 10-K are identified in the Exhibit Index, which Exhibit Index specifically identifies those exhibits that describe or evidence all management contracts and compensating plans or arrangements required to be filed as exhibits to this Report. Such Exhibit Index is incorporated herein by reference.

(b) Reports on Form 8-K

The following Reports on Form 8-K were filed during the last quarter of the fiscal year ended October 31, 2001:

(1) Report on Form 8-K regarding July 31, 2001 acquisition of substantially all of the assets of United Expressline, Inc. (filed August 15, 2001).

(2) Report on Form 8-K regarding change in independent auditors (filed November 13, 2001).

Signatures

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized.

Dated: August 25, 2003 OBSIDIAN ENTERPRISES, INC.

By: /s/ Timothy S. Durham

Timothy S. Durham
Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by
2.1	Acquisition Agreement and Plan of Reorganization, dated June 21, 2001, by and among Registrant, Danzer Industries, Inc., Pyramid Coach, Inc., Champion Trailer, Inc., United Acquisition, Inc., U.S. Rubber Reclaiming, Inc., Obsidian Capital Partners, L.P. and Timothy S. Durham	Incorporated by ref 2.1 to the Registra 8-K filed on August
2.2	Memorandum of Agreement between Champion Trailer, Inc. and Timothy S. Durham and Terry G. Whitesell	Incorporated by ref 2.1 to the Registra 8-K filed on Novemb
3.1	Certificate of Incorporation (filed with Delaware Secretary of State on October 4, 2001)	Incorporated by ref 3.1 to the Registra on Form 10-K for th October 31, 2001
3.2	Certificate of Designations, Preferences, Rights and Limitations of Series C Preferred Stock	Incorporated by ref 3.2 to the Registra on Form 10-K for th October 31, 2001
3.3	Bylaws of the Registrant (Restated Effective as of September 27, 2002)	Attached
3.4	Certificate of Designations, Preferences, Rights and Limitations of Series D Preferred Stock	Attached+
4.1	Registration Rights Agreement, dated June 21, 2001	Incorporated by ref 4.1 to the Registra on Form 10-K for th October 31, 2001
4.2	Amendment and Joinder to Registration Rights Agreement, dated July 27, 2001	Incorporated by ref 4.2 to the Registra on Form 10-K for th October 31, 2001
4.3	8.00% Convertible Debenture Issued by Registrant on July 19, 2001 to HSBC Global Custody Nominee Due July 19, 2008	Incorporated by ref to Schedule 13D fil 2001 by Russell Cle Capital Group, Inc.
4.4	8.00% Convertible Debenture Issued by Registrant on July 19, 2001 to Renaissance US Growth & Income Trust PLC Due July 19, 2008	Incorporated by ref to Schedule 13D fil 2001 by Russell Cle Capital Group, Inc.
4.5	Convertible Loan Agreement, dated July 19, 2001, Among Registrant, BFSUS Special Opportunities Trust PLC, Renaissance US Growth & Income Trust PLC and Renaissance Capital Group, Inc.	Incorporated by ref 4.5 to the Registra on Form 10-K for th October 31, 2001
10.1	2001 Long Term Incentive Plan*	Incorporated by ref E to the Registrant filed on September
10.2	Asset Purchase Agreement, dated April 20, 2000, between Champion Trailer Company, L.P. and Harold Peck, Mary Peck, Champion Trailer, Ltd. (f/k/a) Champion Trailer, LLC, Champion Collision, Ltd. (f/k/a) Champion Collision, L.L.C. and Brandonson, Inc.	Incorporated by ref 10.2 to the Registr on Form 10-K for th October 31, 2001
10.3	Stock and Asset Purchase Agreement, dated December 20, 1999, among Timothy S. Durham, Terry Whitesell, DW Leasing, LLC, Bobby Michael, Becky Michael, Jennifer George, Pyramid Coach, Inc., Precision Coach, Inc., American Coach Works, Inc., Transport Trailer Service, Inc., Rent-A-Box, Inc. and LBJ, LLC	Incorporated by ref 10.3 to the Registr on Form 10-K for th October 31, 2001

10.4	Assumption Agreement and Second Amendment to Credit Agreement, dated June 18, 2001, among Bank One, Indiana, N.A., Champion Trailer, Inc. and Champion Trailer Company, L.P.	Incorporated by ref 10.4 to the Registr on Form 10-K for th October 31, 2001
10.5	Credit Agreement, dated December 29, 2000, between USRR Acquisition Corp. and Bank One, Indiana, N.A.	Incorporated by ref 10.5 to the Registr on Form 10-K for th October 31, 2001
10.6	First Amendment to Credit Agreement, dated June 20, 2001, between U.S. Rubber Reclaiming, Inc. and Bank One, Indiana, N.A.	Incorporated by ref 10.6 to the Registr on Form 10-K for th October 31, 2001
10.7	Note Purchase Agreement, dated May 2, 2000, between Champion Trailer, Inc. and Markpoint Equity Growth Fund, J.V., and Related Documents	Incorporated by ref 10.7 to the Registr on Form 10-K for th October 31, 2001
10.8	Warrant, dated May 2, 2000, from Champion Trailer Company, LP to Markpoint Equity Growth Fund, J.V.	Incorporated by ref 10.8 to the Registr on Form 10-K for th October 31, 2001
10.9	Management Agreement, dated December 29, 2000, between Obsidian Capital Company, LLC and USRR Acquisition Corp.	Incorporated by ref 10.9 to the Registr on Form 10-K for th October 31, 2001
10.10	Management Agreement, dated June 16, 2001, between Pyramid, Inc. and D.W. Leasing	Incorporated by ref 10.10 to the Regist Report on Form 10-K October 31, 2001
10.11	Promissory Note, dated June 1, 2001, from Obsidian Capital Company, LLC to U.S. Rubber Reclaiming, Inc.	Incorporated by ref 10.11 to the Regist Report on Form 10-K October 31, 2001
10.12	Promissory Note, dated June 11, 2001, from Champion Trailer, Inc. to Obsidian Capital Partners, LP	Incorporated by ref 10.12 to the Regist Report on Form 10-K October 31, 2001
10.13	Purchase Agreement, dated June 5, 2001, between United Expressline, Inc., United Acquisition, Inc., J.J.M. Incorporated and the Shareholders of United Expressline, Inc. and J.J.M. Incorporated	Incorporated by ref 10.13 to the Regist Report on Form 10-K October 31, 2001
10.14	Promissory Note, dated July 27, 2001, from United Acquisition, Inc. to United Expressline, Inc.	Incorporated by ref 10.14 to the Regist Report on Form 10-K October 31, 2001
10.15	Credit Agreement, dated July 27, 2001, between United Acquisition, Inc. and First Indiana Bank	Incorporated by ref 10.15 to the Regist Report on Form 10-K October 31, 2001
10.16	Loan and Security Agreement, dated January 21, 2000, between Danzer Industries, Inc. and Banc of America Commercial Finance Corp.	Incorporated by ref 10.16 to the Regist Report on Form 10-K October 31, 2001

10.17	Warrant, dated August 1997, by Danzer Corp. to Duncan-Smith Co. and Letter Agreement, dated June 21, 2001, between Danzer Corp. and Duncan-Smith Co.	Incorporated by ref 10.17 to the Regist Report on Form 10-K October 31, 2001
10.18	Stock Purchase Agreement, dated December 29, 2000, between USRR Acquisition Corp. and SerVaas, Inc.	Incorporated by ref 10.18 to the Regist Report on Form 10-K October 31, 2001
10.19	Subordinated Secured Promissory Note, dated December 29, 2000, from USRR Acquisition Corp. to SerVaas, Inc.	Incorporated by ref 10.19 to the Regist
10.20	Supply and Consignment Agreement, dated December 29, 2000, between U.S.R.R. Acquisition and SerVaas, Inc.	Incorporated by ref 10.20 to the Regist Report on Form 10-K October 31, 2001
10.21	Form of Installment Loan from Edgar County Bank & Trust Co. to DW Leasing Company, LLC, Related Documents and Schedule Identifying Material Details	Incorporated by ref 10.21 to the Regist Report on Form 10-K October 31, 2001
10.22	Loan Agreement, dated December 10, 1999, between Old National Bank and DW Leasing Company, LLC, and Related Documents	Incorporated by ref 10.22 to the Regist Report on Form 10-K October 31, 2001
10.23	Form of Promissory Note from DW Leasing Company, LLC, to Former Shareholders of Pyramid Coach, Inc., Related Security Agreement, and Schedule Identifying Material Details	Incorporated by ref 10.23 to the Regist Report on Form 10-K October 31, 2001
10.24	Form of Promissory Note from DW Leasing Company, LLC to Star Financial Bank, Related Documents and Schedule Identifying Material Details	Incorporated by ref 10.24 to the Regist Report on Form 10-K October 31, 2001
10.25	Form of Lock-Up Agreement, dated July 19, 2001, and Schedule Identifying Material Details	Incorporated by ref 10.25 to the Regist Report on Form 10-K October 31, 2001
10.26	Master Lease Agreement, dated May 17, 2000, between Old National Bank and DW Leasing Company, LLC, and Related Documents	Incorporated by ref 10.26 to the Regist Report on Form 10-K October 31, 2001
10.27	Loan Agreement, dated June 1, 2000, between DW Leasing Company LLC and Regions Bank and Security Agreement	Incorporated by ref 10.27 to the Regist Report on Form 10-K October 31, 2001
10.28	Business Loan Agreement (Asset Based), dated August 15, 2001, between Danzer Industries, Inc. and Bank of America, N.A.	Incorporated by ref 10.28 to the Regist Report on Form 10-K October 31, 2001
10.29	1999 Stock Option Plan*	Incorporated by ref 10.29 to the Regist Report on Form 10-K October 31, 2001
10.30	Amendment to Acquisition Agreement and Plan of	Incorporated by ref

	Reorganization, dated December 28, 2001, between Registrant and Obsidian Leasing Company, Inc.	10.30 to the Regist Report on Form 10-K October 31, 2001
10.31	Agreement and Plan of Reorganization and Corporate Separation, dated December 28, 2001, between DW Leasing LLC and Obsidian Leasing Company, Inc.	Incorporated by ref 10.31 to the Regist Report on Form 10-K October 31, 2001
10.32	Assignment and Assumption Agreement, dated February 19, 2002, between Champion Trailer, Inc. and DW Leasing, LLC	Incorporated by ref 10.1 to the Registr Report on Form 10-Q Ended April 30, 200
10.33	Assignment and Assumption Agreement, dated February 20, 2002, between DW Leasing, LLC and Fair Holdings, Inc.	Incorporated by ref 10.2 to the Registr Report on Form 10-Q Ended April 30, 200
10.34	Agreement to Purchase Subordinated Secured Promissory Note and Supply and Consignment Agreement, dated February 26, 2002, among SerVaas, Inc., the Beurt SerVaas Revocable Trust, U.S. Rubber Reclaiming, Inc., Obsidian Enterprises, Inc. and DC Investments, LLC	Incorporated by ref 10.3 to the Registr Report on Form 10-Q Ended April 30, 200
10.35	Replacement Promissory Note, dated February 26, 2002, from Obsidian Enterprises, Inc. to Fair Holdings, Inc. in the principal amount of $700,000 due March 1, 2007	Attached+
10.36	Promissory Note from Obsidian Enterprises, Inc. in favor of Fair Holdings, Inc. in the principal amount of $570,000 due February 1, 2007	Incorporated by ref 10.5 to the Registr Report on Form 10-Q Ended April 30, 200
10.37	Subscription Agreement of Fair Holdings, Inc. for 186,324 shares of Series C Preferred Stock	Incorporated by ref 10.6 to the Registr Report on Form 10-Q Ended April 30, 200
10.38	Subscription Agreement of Obsidian Capital Partners, LP for 402,906 shares of Series C Preferred Stock	Incorporated by ref 10.7 to the Registr Report on Form 10-Q Ended April 30, 200
10.39	Second Amendment to Credit Agreement, dated August 28, 2002, between United Expressline, Inc. and First Indiana Bank, N.A.	Incorporated by ref 10.1 to the Registr Report on Form 10-Q Quarter Ended July
10.40	Promissory Note, dated January 17, 2002, from DW Leasing Company, LLC, to Fair Holdings, Inc.	Attached+
10.41	Promissory Note, dated September 3, 2002, from Obsidian Enterprises, Inc., to Fair Holdings, Inc.	Attached+
10.42	Promissory Note, dated January 9, 2002, from Obsidian Enterprises, Inc. to Fair Holdings, Inc.	Attached
10.43	Credit Agreement, dated October 31, 2002, between Obsidian Leasing Company, Inc. and Old National Bank, N.A. and Related Documents	Attached+
10.44	Stock Purchase Agreement, dated July 27, 2001, between Danzer Corporation and The Huntington Capital Investment Company.	Incorporated by ref to the Schedule 13G
10.45	Loan Agreement, dated September 24, 2002, between Edgar County Bank & Trust Co. and Obsidian Leasing Company, Inc.	Attached+
10.46	Term Promissory Note, dated September 26, 2002, from Obsidian Leasing Company, Inc. to Fair Holdings, Inc.	Attached+
10.47	Note Purchase Agreement, dated July 27, 2001, between United Acquisition, Inc. and The Huntington Capital	Attached+

	Investment Company.	
10.48	Limited Forbearance Agreement, dated October 14, 2002, among Danzer Industries, Inc., Obsidian Enterprises, Inc. and Bank of America, N.A.	Attached+
10.49	Revolving Credit, Term Loan and Security Agreement, dated October 25, 2002, between PNC Bank, N.A. and U.S. Rubber Reclaiming, Inc. and Related Documents	Attached+
10.50	Term Promissory Note, dated October 31, 2002, from DW Leasing Company, LLC to Fair Holdings, Inc.	Attached+
10.51	Rental Agreement, dated October 1, 2002, between DW Trailer, LLC and Danzer Industries, Inc.	Attached+
10.52	Commercial Equipment Lease Agreement, dated August 1, 2002, between Fair Holdings, Inc. and Danzer Industries, Inc.	Attached+
10.53	Commercial Equipment Lease Agreement, dated August 1, 2002, between Fair Holdings, Inc. and Obsidian Enterprises, Inc.	Attached+
21	List of Subsidiaries	Attached+
31.1	Sarbanes-Oxley Act Section 302 Certification	Attached
31.2	Sarbanes-Oxley Act Section 302 Certification	Attached
32.1	Sarbanes-Oxley Act Section 906 Certification	Attached
32.2	Sarbanes-Oxley Act Section 906 Certification	Attached

* Indicates Exhibits that describe or evidence management contracts or compensatory plans or arrangements required to be filed as Exhibits to this Annual Report on Form 10-K.

\+ Previously filed.