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DANZER CORP
Form 10-K
January 22, 2001

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-17430

DANZER CORPORATION

(Exact name of registrant as specified in its charter)

New York	13-3431486
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

17500 York Road	21740
Hagerstown, Maryland	(Zip Code)
(Address of principal executive offices)	
(301) 582-2000	
(Registrant's telephone number, including area code)	

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

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 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.

As of October 31, 2000, 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, was approximately \$1,500,000.00.

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As of December 31, 2000, the registrant had 17,760,015 shares of common stock outstanding.

PART I

ITEM 1. BUSINESS.

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 2001. 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.

General:

In fiscal 1998, the shareholders of Global Environmental Corp. ("Global") authorized Global to change its name to Danzer Corporation ("Danzer" or the "Company"), which name change was effected in fiscal 1999. In November 1999, the Company also changed its trading symbol on the Over The Counter Bulletin Board from "GLEN" to "DNZR". Danzer, through its wholly owned subsidiary, Danzer Industries, Inc. ("DII"), fabricates metal parts and truck bodies for the service and utility markets.

History and Development of Business:

Danzer, formerly named Affiliated National, Inc., was incorporated in New York in 1987 under the name Global Environmental Corp. In January 1988, Danzer completed an initial underwritten public offering of 400,000 units for an offering price of \$1.00 per unit. Each unit consisted of one share of common stock, three Class A Warrants and three Class B Warrants.

In August 1988, Danzer acquired all of the outstanding capital stock of Global Holdings. In June 1988, Global Holdings purchased all of the outstanding capital stock of DII from its sole shareholder. DII is located in Hagerstown, Maryland and has the ability to produce and install a wide range of custom designed and engineered fabricated metal products.

In November 1988, Global Holdings' newly incorporated subsidiary, Texcon, purchased certain assets from a manufacturing concern (Texcon Inc., a South Carolina corporation), located in Greenville, SC. The assets acquired consisted of contracts to produce engineering and design services for pollution control systems as well as assets used in air monitoring and testing.

In December 1988, Global Holdings' newly incorporated subsidiary, Rage, acquired substantially all of the assets of Rage Engineering, Inc., located in Plumsteadville, PA. Rage designed and assembled pneumatic handling systems used in the processing of bulk materials in manufacturing and pollution control processes.

In August 1993, the Company acquired the assets of Morrison Industries L.P., a manufacturer of specialized utility truck bodies and moved these assets to its manufacturing facilities. The Company began production of the Morrison bodies in

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December 1993. Prior to this date, the Company produced its own proprietary truck bodies.

In October 1994, the Company's Texcon subsidiary was closed. All Texcon products and systems were then marketed under Rage and/or Global Environmental Corp.

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In June 1996, the Company sold Rage Inc. to William V. Rice in exchange for 517,000 shares of Danzer and cancellation of his employment agreement and a cash payment by the Company.

In August 1997, the Company decided that the future of Danzer was in the metal fabrication business as it related to the manufacture and distribution of truck bodies for the service and utility market. A strategic direction was established that called for the phase out of all business that was not associated with truck bodies by the end of the first quarter of fiscal year 1998.

In November 1997, the Company sold the Airline product line to Rage, Inc. for \$413,000, with \$150,000 paid at closing and the remaining \$263,000 taken in the form of a 6% promissory note secured by the Airline assets and maturing May 19, 2001. At December 31, 1999, Rage had made \$85,000 in principle payments pursuant to the Note, but is in default on its obligations, failing to make the November 15, 1999 payment on time.

In the fiscal second quarter of 1998, Danzer shipped the last orders for Schindler Elevator, an elevator manufacturer. For the year ended October 31, 1998, the Company booked approximately \$304,000, or 4% of sales, to Schindler, and further recorded sales of approximately \$1.1 million, or 13% of sales, in fiscal year 1997. Despite this loss of revenue, the Company believes the benefits of eliminating this relationship will far outweigh the costs, as it will allow the Company to focus on its core business, thereby allowing it to better compete through a higher level of service and increased manufacturing efficiencies.

Effective December 16, 1998, the Company agreed to pay \$200,000 to repurchase an outstanding 5% gross royalty interest on all Morrison truck bodies sold. The royalty was originally retained by the entity that sold Morrison Industries, L.P. to Danzer in August 1993. Included in the total consideration of the transaction was approximately \$65,000 in amounts owed by Danzer for past due royalty payments. Danzer paid \$50,000 up front and became obligated on the balance pursuant to a \$150,000 promissory note bearing interest at 7.75% and due on or before December 15, 1999. In December 1999, Danzer paid off the balance of the note.

Substantial business developments:

- o During the first quarter of fiscal 1994, the Company entered into a joint venture agreement with Cadema Corporation. During the term of the joint venture terminating December 31, 1998 (unless otherwise extended), the joint venture has the right to contract for the design and installation of air pollution control equipment in the Company's name in all areas of the world outside the United States and its territories. The joint venture has expired and no future operations are expected.
- o In September 1994, Danzer completed a private offering of 7,550 shares of 10% Cumulative Convertible Senior Preferred Stock (the '10% Preferred') at \$100 per share. Each share of the 10% Preferred was converted into 200 shares of common stock.
- o On December 31, 1994, Renaissance Capital Partners, Ltd. ('Renaissance')

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exchanged \$1,600,000 principal amount of the Company's 12.5% Convertible Debentures for 16,000 shares of the Company's Series B Cumulative Convertible Senior Preferred Stock ("Series B Preferred") at \$100 per share. The Company also issued Renaissance a 10% Term Note in the principal amount of \$211,635 due December 31, 1997 representing interest accrued on the Convertible Debentures through September 30, 1994. Each Series B Preferred share was convertible into 200 shares of common stock.

- o In August 1995, the Company issued 1,200,000 shares through a private placement for \$300,000. 1,000,000 shares were issued to R. W. Snyder and 200,000 shares were issued to Renaissance.
- o During fiscal 1996 and 1997, the holders of the 10% Preferred and the Series B Preferred converted their shares and accrued dividends to common stock at a conversion rate of \$0.25 per share.

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- o In March 1997, Renaissance loaned the Company \$150,000 in the form of a 10% Convertible Promissory Note ("Note"), convertible into common stock at \$0.25 per share. The note provided that Renaissance would convert the entire principal into 600,000 shares of common stock upon the Company obtaining a loan secured by a lien on the land and improvements owned by Danzer under terms acceptable to Renaissance.
- o Effective August 1997, Duncan-Smith Co. ("DSC") loaned DII \$650,000 pursuant to an 11% Promissory Note ("DSC Note") secured by a lien on all real property and improvements owned by DII, including the manufacturing facility in Hagerstown, MD. To effectuate the DSC Note, Fremont Financial Corporation (now known and hereafter referred to as "Finova"), the Company's working capital lender, agreed to subordinate its previously senior position in the Company's real property and improvements, including the manufacturing facility in Hagerstown, Maryland, to the DSC Note.
- o Contemporaneous with the closing of the DSC Note, Renaissance, in accordance with the provisions of its Note, converted the entire note into 600,000 shares of common stock.
- o In August 1997, the Company made a strategic decision to focus solely on the manufacturing of truck bodies and accessories for the service and utility markets. Management believes this renewed focus will allow the Company to maximize shareholder value by eliminating non-synergistic operations, increasing manufacturing efficiencies, streamlining capital resources, reducing overall cost structure and enabling the Company to better compete in its core business.
- o In November 1997, the Airline product line was sold to Rage Inc. By the end of the 1998 fiscal second quarter, the Company had ceased fulfilling the Schindler account. Schindler made up approximately 13% of the Company's sales in fiscal 1997, or about \$1.1 million, and approximately 4% of the Company's sales in fiscal 1998, or about \$304,000. The Company believes the loss of revenue from Airline and Schindler will be more than offset by the Company's ability to compete better by providing a higher level of service, and from production efficiencies gained by concentrating on a single product line.
- o At the annual Shareholder's meeting held December 1997, the Company elected a new Board of Directors consisting of Goodhue W. Smith, III, Chairman of the Board, Stephen C. Davis, Russell G. Cleveland and William L. Pryor, III.
- o In December 1997, R.W. Schuster retired as President and CEO of the

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Company. Stephen C. Davis, a member of the Company's Board of Directors, took over as interim CEO and agreed to lead the search for a new President and CEO.

- o In December 1997, Renaissance agreed to loan the Company \$150,000 pursuant to a 10% promissory note secured by substantially all of the assets of the Company. All interest and principal due under the note was payable on or before September 30, 1998. At October 31, 1998, the Company was in default on the obligation. In February 1999, Renaissance converted the entire \$150,000 principal balance owed on the Note, plus \$17,531.80 in accrued interest owed at the date of conversion, into 1,675,318 shares of the Company's common stock, a rate of \$0.10 per share.
- o In March 1998, the Company hired Mr. M.E. Williams as President and CEO. Mr. Williams has over 30 years of experience in manufacturing and 7 years of truck body manufacturing experience. Mr. Williams became a director of the Company in April 1999. Also in fiscal 1999, William L. Pryor, III resigned from the Board.
- o In January 1999, due to a change in timing of purchase orders from the Company's major customer, as well as a decrease in overall orders to be shipped pursuant to those purchase orders, the Company sought to renegotiate with its mortgage holders and also obtain additional financing. On January 25, 1999, the owners of the DSC Note agreed to defer receipt of the principal portion of quarterly payments due on the DSC Note for the

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quarters ending February 15, 1999 and May 15, 1999. In exchange for this agreement, the Company increased the interest rate on the DSC Note to 13% until such time as the Company could catch up with the normal principal repayment schedule. In addition, the Company secured a \$25,000 loan from its majority shareholder, Renaissance Capital Partners, Ltd., in exchange for a 13% promissory note due on or before December 31, 1999. All funds loaned by Renaissance were repaid by February, 2000.

- o Effective January 21, 2000, the Company and Bank of America Commercial Finance Corporation ("BOACFC") entered into a loan agreement whereby BOACFC agreed to lend the Company \$600,000 pursuant to a 7 year term loan and arrange a \$1.75 million working capital credit facility (the "BOACFC Loan"). Upon closing, the BOACFC Loan replaced the Company's facility with Finova and paid off the DSC Note in full. Simultaneously with this re-financing DSC secured certain over advances on the revolver portion for a period of one year. The security took the form of a \$150,000 cash deposit. DSC was paid a commitment fee, received interest on the cash deposit and earn interest when the cash deposit is at risk. Effective October 2, 2000 the loan agreement with BOACFC was purchased by Wells Fargo Business Credit, Inc. ("Wells Fargo").

Proposed Transaction:

In October 2000 Danzer announced it was in discussions with Canron Corporation ("Canron") about entering into an agreement in which Danzer would acquire Canron. The transaction, as currently proposed, would result in Canron shareholders owning approximately 91% of the fully diluted equity interests of Danzer if all Canron shareholders accepted the offer. Notwithstanding continuing discussions between the parties with regard to the proposed transaction, the parties have not executed or delivered definitive documentation. Although Danzer, Canron and certain of the principal securityholders of Canron expect to continue to discuss the possibility of combining the businesses of Danzer and

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Canron, no assurance can be given regarding the ultimate likelihood that a definitive agreement with regard to such a transaction will be executed and delivered, what the material terms of such an agreement might be, or if the transactions contemplated in any such agreement will ever be consummated. It is likely that any definitive agreement relating to the combination of the businesses of Canron and Danzer will be subject to the satisfaction of conditions precedent, including the obtaining of necessary consents, including consents of third party lenders and the like, the truthfulness of representations and warranties by the parties to any such definitive agreement, the absence of material litigation or claims and other conditions precedent common in such transactions. Canron, headquartered in Oak Brook, Illinois, is a leading steel fabricator and erection company with approximately \$220 million in gross revenues. Canron is controlled by Robert F. Smith, former Vice Chairman of USA Waste Services, Inc. (now Waste Management, Inc.).

Description of the Business:

Danzer is a holding company and through DII, its sole operating subsidiary, engages in the manufacturing and marketing of specialized truck bodies, platform/stake bodies, and toolboxes for the service and utility markets. The DII business can be broken down into two general categories: private label products which are sold directly to the Company's largest customer; and proprietary products which are marketed under the Company's Morrison brand, which are sold through the Company's internal sales force to a network of value-added distributors throughout the United States. Sales of the private label products to the Company's primary customer represent the largest portion of the Company's business, accounting for 56.7% of sales in fiscal 2000.

Management believes the service and utility portion of the commercial truck body market may be growing at a faster rate based on information from the American Institute of Service Body Manufacturers. In addition, management believes downstream users such as cable, utility and media service providers are making and will continue to make large capital investments in their own infrastructures to ensure their ability to compete in newly deregulated markets. These factors are the primary reasons why the Company shifted its strategy in 1997 to focus solely on the service and utility truck body market.

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Manufacturing Capabilities:

The Company's manufacturing activities are located at DII's operating 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 standard body sizes are 96, 108 and 132 inches in length and are painted with a finish paint or primer depending on customer requirements. The Company outsources certain small parts such as door cables, door gaskets, hinges and locks. The equipment used at the DII facility enables the Company to fabricate certain metal products up to 1/2 inches thick. Materials used include aluminum, stainless steel, and mild steel in both sheet and plate. The finished bodies are shipped to customers for installation on truck body chassis. DII offers heliarc and MIG welding, brazing, CNC, forming, assembly, and painting services to its customers, and also maintains in-house CAD/CAM design and engineering capabilities.

Government Regulation:

The Company is subject to regulation by federal, state, and local agencies that

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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. 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.

Competition:

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 in its industry through price and service, with price being the most important factor, and offers truck bodies made to the individually specified requirements of its customers.

Marketing:

The Company's manufacturing operation generally markets to customers throughout the United States. The Company sells its private label products direct and markets its proprietary Morrison products to a network of value-added distributors who in turn sell to municipalities, utility companies, cable companies, phone companies and contractors. In fiscal 2000, the Company sold its products to over 300 different distributors. The Company's internal sales force consists of two individuals who have exclusive territories and are paid commissions based on sales achieved by them in their respective selling areas. Company representatives attend regional and national trade shows on a consistent basis, and the Company also advertises regularly in trade journals and other related publications.

Principal Customers:

During the fiscal year ended October 31, 2000, the Company had one customer that represented 10% or more of total net sales: Mobile Tool International, a truck body supplier. In the year ended October 31, 2000, the Company had sales of \$4.4 million to Mobile Tool, or approximately 56.7% of total revenue booked for the year.

Manufacturing and Facilities:

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The Company purchases its raw materials from numerous suppliers and has not had any difficulty in obtaining components or raw materials. DII purchases domestically produced and imported sheet metal from a number of distributors and is not dependent upon any particular source of supply. The Company bears the risks of its products and systems not conforming to customer specifications, but in most cases, defects and deficiencies are correctable. Management believes that the Company's existing manufacturing and office facilities are adequate to meet its present needs and anticipated growth.

Employees:

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As of October 31, 2000, Danzer had approximately 90 employees. Of these employees, 21 are involved in sales, administration and engineering, and 69 are in manufacturing of Danzer's products. Danzer has a contract through January 2003 with United Brotherhood of Carpenters and Joiners of America and 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 brand name does have brand recognition in our served markets. The Company's position in its industry depends mainly on its ability to offer competitive pricing. The Company did not incur, during any of its last three fiscal years, and does not contemplate incurring, any material research and development expenses.

Insurance:

The Company carries a broad range of insurance coverage which management considers sufficient to provide acceptable levels of financial resources to protect the employees, assets, and operations of the Company that may be negatively affected in the event of a loss. The Company does not currently maintain, and in the future may not choose to or may not be able to obtain, coverage for liabilities arising from environmental damage, professional design deficiencies or other circumstances which could arise as a result of the type of business in which the Company engages. To date, the Company has not had difficulty in obtaining insurance. However, if the Company should be unable to obtain adequate insurance or should decide to operate without insurance, a partially or completely uninsured claim against the Company, if successful and of sufficient magnitude, could have a material adverse affect upon the Company's business or its financial condition.

Seasonality:

The Company's business has not generally been seasonal in the past. However, the Company has historically experienced a reduced flow of orders during late November, December and early January. No seasonal modification of the Company's production schedule or staffing is required under normal business circumstances. The Company is also impacted when its customer base has difficulty obtaining truck chassis. In the Company's October 31, 2000, fiscal year this problem was more pronounced due to the tire shortage caused by Firestone's recall of certain large size tires.

Warranties:

In connection with most contracts for manufacture the Company 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.

Backlog:

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At October 31, 2000, the Company's backlog was approximately \$1,034,200 versus \$567,000 at October 31,1999. The October 31, 2000 backlog is expected to be filled within the 2001 fiscal year.

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Export Sales:

No sales of goods were exported to foreign countries during the fiscal years ended October 31, 2000 or 1999.

ITEM 2. PROPERTIES

DII owns its principal manufacturing facility that is located in an 80,000 square foot plant on an eleven acre site in Hagerstown, Maryland, near the intersection of two major interstate highways. Approximately 75,000 square feet are used in manufacturing and 5,000 square feet are used as office space. This property secures the Wells Fargo Loan.

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

None

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

None.

PART II

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

Danzer's common stock was listed on the National Association of Security Dealers Automated Quotations System (NASDAQ) under the symbol "GLEN" until September 29, 1993 at which time the Company was "delisted". Danzer's common stock is currently traded on the Over-the-Counter Electronic Bulletin Board under the symbol "DNZR". The following table sets forth the high and low bid quotations for the common stock for the fiscal quarters indicated.

Fiscal 1999

	High	Low
	-----	-----
First Quarter	\$ 0.1600	\$ 0.0850
Second Quarter	\$ 0.1000	\$ 0.0850
Third Quarter	\$ 0.1600	\$ 0.0850
Fourth Quarter	\$ 0.0938	\$ 0.0600

Fiscal 2000

	High	Low
	-----	-----
First Quarter	\$ 0.2000	\$ 0.0300
Second Quarter	\$ 1.1000	\$ 0.0900
Third Quarter	\$ 0.0900	\$ 0.0300
Fourth Quarter	\$ 0.4000	\$ 0.0400

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.

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At October 31, 2000, there were approximately 826 holders of record of Danzer's common stock excluding the shares of its largest shareholder. Most of the shares of the common stock are held in street name for an unknown number of beneficial owners. To date Danzer 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 lender 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 Danzer Corporation and subsidiary for the years ended October 31, 2000, 1999, 1998, 1997 and 1996, 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 following information is a summary of the consolidated financial statements of the Company included elsewhere and should be read in connection with such consolidated financial statements.

Operating Data: -----	Year Ended October 31, -----				
	(Amounts in thousands, except per share data)				
	2000 ----	1999 ----	1998 ----	1997 ----	1996 ----
Net sales	\$7,706	\$6,580	\$7,605	\$8,762	\$8,154
Income (loss) from operations	313	478	391	(226)	(420)
Income (loss) from continuing operations	210	294	175	(323)	(502)
Income (loss) from discontinued operations	-	-	-	-	(210)
Income (loss) from sale of Rage Inc.	-	-	-	-	(215)
Net Income (loss)	210	294	175	(323)	(928)
Net income (loss) per share and fully-diluted					
Net income (loss) per share attributable to common shareholders					
Continuing Operations	.01	.02	.01	(.02)	(.32)
Discontinued Operations	-	-	-	-	(.09)
Loss on Disposal	-	-	-	-	(.09)
Total	.01	.02	.01	(.02)	(.50)
Weighted average number of shares outstanding	17,334	16,754	15,775	13,601	2,340

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Balance Sheet Data:	As of October 31, _____		
	2000	1999	1998
Working capital (deficiency)	\$ 58,017	\$ (383,606)	\$ (263,665)
Total assets	3,385,866	3,300,996	3,558,497
Long-term debt, including current portion	1,549,457	1,768,003	2,065,149
Stockholders' equity (deficiency)	935,568	714,567	247,055

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

The following discussion and analysis of the financial condition and results of operations of the Company should be read in conjunction with the audited financial statements and related notes of the Company included elsewhere in this report. This Management's Discussion and Analysis of Financial Condition and Results of Operations and other parts of this Annual Report on Form 10-K contain forward-looking statements that involve risks and uncertainties. The Company's ability to increase sales depends on many factors not within the Company's control including planned capital expenditures by end users, general economic conditions and pricing policies by competitors. Additionally, the Company is dependent on sales to one purchaser that represented 56.7% of total sales in the twelve month period ending October 31, 2000. The Company's decision to focus exclusively on truck body sales also increases the risk of selling to only one industry segment.

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affected the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As a result, the actual results realized by the Company could differ materially from the results discussed in or contemplated by the forward-looking statements made herein. Words or phrases such as "will," "expect," "believe," "intend," "estimates," "project," "plan" or similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on the forward-looking statements made in this Annual Report on Form 10-K.

Results of Operations

Fiscal 2000 Compared to Fiscal 1999

For the twelve-month period ending October 31, 2000 the Company reported sales of \$7,706,000. This represented a \$1,126,000 increase or 17.1% higher than the \$6,580,000 in sales recorded for the 1999 fiscal year. The primary increase was an increase on the company's proprietary line of Morrison products by \$915,000 or 37.8% increase to \$3,337,000 for the 2000 fiscal year, versus Morrison sales of \$2,422,000 for the 12 month period ended October 31, 1999. This increase was a growth in served markets and a change in personnel calling on our clients. Additionally, platform/stake body/topper assemblies and a line of tool boxes introduced as new products during fiscal 1999 were available to customers for all of fiscal 2000. Sales of these items totaled \$360,000 in fiscal 2000 and

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\$156,000 in fiscal year 1999. Management continues to try to improve its field personnel responsible for calling on its customer base. Sales to our largest customer increased \$390,000 or 9.8% over 1999 results due to further integration in the customer's product lines.

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The fourth quarter generated adjusting entries to the financial statements of approximately \$182,000. These adjustments were due to the Company's reduction in accounting accruals resulting from control policies and a better overall understanding of the Company's need in markets it serves. Management will continue to implement programs to reduce costs and enhance operating efficiency in the 2001 fiscal year.

As the company began operating for fiscal year 2000 our most important goals continued to be improved plant manufacturing controls and to increase our Morrison sales volume. These objectives were achieved in fiscal 2000 by the hiring of key operating personnel who understand material control and proper productions planning systems.

The Morrison sales volumes did increase by \$915,000 over fiscal 1999 which represents a 37.8% overall increase in the product line through the combined efforts of the CEO and the replacement of a sales person in our central division. Today the company is still operating with a sales force of three commission sales agents. The Company has completed its new product literature and has expanded its advertising campaign. In Fiscal 2001 the company will continue to pursue larger accounts to reduce Danzer's dependence on its largest customer.

Gross profits for the twelve months ended October 2000 totaled \$1,687,461 a 14.6% increase in comparison to the gross profit of \$1,471,912 realized for the 1999 fiscal year. Gross profit margins were flat at 22% in fiscal 1999 and in fiscal 2000. Management expected to experience an increase in gross profit margin, but higher material costs, labor cost and production problems kept this from occurring. The company increased prices on some of the Morrison line items twice in fiscal 2000. The company did not increase prices on the majority of the product sent to its largest customers for fiscal 2000, but has put in place an increase for product shipped after December 31, 2000. The Company is also focusing on certain manufacturing processes in an effort to improve gross profit margins.

The Company dramatically increased its selling, general and administrative expenses in fiscal year 2000. In comparison to the Company's 1999 results, selling, general and administrative expenses were \$1,374,513 a 38% increase from the \$993,495 in like expense for the twelve months ended October 31, 1999. This increase resulted from the increase in sales volume, an unusual high rate of bad debt expense which included a major distributor filing bankruptcy, and additional recruitment expense incurred due to turnover of professional employees. Interest expense decreased by \$31,369 to \$196,434 a reduction of 13.8% for the twelve months ended October 31, 2000 in comparison to fiscal year 1999. This reduction was the direct result of the conversion of the Fremont Financial Corporation Loan to Bank of America/Wells Fargo.

Fiscal 1999 Compared to Fiscal 1998

For the twelve month period ending October 31, 1999 the Company reported sales of \$6,580,000. This represented a \$1,026,000 decrease, or 13.5%, from the \$7,605,000 in sales recorded for the 1998 fiscal year. The primary reason for this decrease was a reduction in the number of truck bodies sold to the Company's largest customer. The Company believes that sales to its largest

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customer will increase in fiscal 2000 from fiscal 1999 levels.

Truck body sales on the Company's proprietary line of Morrison products increased \$822,000, or 29.8%, to \$2,422,000 for the 1999 fiscal year, versus Morrison sales of \$1,600,000 for the twelve month period ended October 31, 1998. This increase was a result of continued growth in our served markets, a more focused marketing approach that expanded the number of distributors carrying our products from 530 to 575 and an expansion of the Morrison product line. A platform/stake body and a line of toolboxes were introduced as new Morrison products during the 1999 fiscal year that generated \$156,000 in sales. Management believes it can obtain substantial sales growth in fiscal 2000 from the growth inherent in the Company's served market, as well as from additional product offerings.

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The fourth quarter generated adjusting entries to the financial statements of approximately \$422,000. These adjustments are partially due to the Company's reduction in its bad debt reserve and other accounting accruals which were reduced as a result of internal control policies and a better overall understanding of the Company's needs in the markets it serves. Management will continue to implement programs to reduce costs and enhance operating efficiency in the 2000 fiscal year.

As the Company began operating for fiscal year 1999, management had as two of its most important goals to improve manufacturing controls within the plant and build Morrison sales volumes by \$1 million in an effort to reduce Danzer's dependence on its largest customer. The manufacturing objective was achieved through the hiring of Mr. Rudy Temple, the Company's new Director of Operations. Mr. Temple brings over 20 years of manufacturing experience and executive management skills to the Company.

Although Morrison sales volume did not increase by \$1 million, additional efforts spent by CEO Mel Williams to sell to large accounts, together with new products and a new incentive program for marketing personnel allowed the Company to increase its Morrison volume from \$1.6 million to \$2.4 million. Although the Company had hired a national sales manager in 1998 and anticipated expanding its sales force in fiscal 1999, the national sales manager was ultimately dismissed and the slowdown in units sold to the Company's largest customer caused Danzer to put its plan to expand the sales force on hold. Today, the Company maintains its force of three commissioned sales agents. In fiscal 2000, the Company plans to publish all new product literature, expand its advertising, participate in the major NTEA trade show in February 2000 and refine the positioning and makeup of its sales force. We are also planning to implement a price increase early in fiscal year ending October 31, 2000.

Gross profits for the twelve months ended October 31, 1999 totaled \$1,471,912, a 24% decrease in comparison to the gross profit of \$1,941,020 achieved for the 1998 fiscal year. Gross profit margins also declined from approximately 25% in fiscal 1998 to 22% in fiscal 1999 primarily as a result of the lost revenue from our biggest customer plus slightly higher material and labor content on the Morrison product line.

The Company dramatically decreased its selling, general and administrative expenses in fiscal year 1999. In comparison to the Company's 1998 results, selling, general and administrative expenses were \$993,495, a 36% decrease from the \$1,550,205 in like expense experienced for the twelve months ended October 31, 1998. This reduction resulted primarily from the elimination of a portion of the Company's administrative work force in response to the change in timing of

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purchase orders from Danzer's largest customer, together with reduced volumes of units ordered from that customer, in the first two quarters of 1999. In addition to streamlining the administrative work force and operations in general, the Company was more efficient in the second two quarters of 1999, once production became more in line with historical results.

Interest expense increased by \$27,277 to \$227,803, a rise of over 14%, for the twelve months ended October 31, 1999 in comparison to fiscal year 1998. This increase was the result of a negotiated change to the DSC Note, together with a \$25,000 loan advanced by Renaissance, the Company's majority shareholder, in an effort to help the Company's cash flow during the second quarter.

In the period ending October 31, 1998 the Company reported a loss from discontinued operations of \$30,380 due to the sale of the Airline product line and winding down of the Schindler Elevator business, while no such losses were taken in fiscal 1999. For the twelve-month period ending October 31, 1999 the Company reported net income of \$294,170 versus net income of \$175,240 in the twelve months ending October 31, 1998, which profit increases were largely attributable to the Company's improving efficiency in reducing selling, general and administrative expenses.

Liquidity and Capital Resources

During the twelve-month period ending October 31, 2000, the Company increased its working capital significantly. At October 31, 1999 the Company had a working

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capital deficiency of \$201,954. Working capital improved to a positive \$259,971 at October 31, 2000. The increase in working capital of \$441,623 was primarily a result of the reduction of the current portion of long term debt by \$273,915. This reduction was a result of securing a new lender and utilizing a portion of the Company's cash flow to fund operations.

The Company continues to make good strides, in fiscal 2000 the debt to equity ratio ended the year at approximately 262%. This is a reduction from a debt to equity ratio of over 362% in fiscal 1999. Even with this improvement the Company still relies heavily on its working capital line of credit and insider financing to support its operations. This condition is representative of operations which have a weakened financial condition due to the high presence of debt relative to its shareholders' equity. Management believes, however, if its operations continue on a normal basis, the Company will have adequate cash resources to meet its operating needs and financial obligations as they come due.

Investing activities utilized \$78,187 in cash in fiscal 2000. Capital expenditures were made to purchase paint booth, computers and CAD software.

The Company and Banc of America Commercial Finance Corporation ("B of A") entered into a financing agreement effective January 21, 2000 whereby B of A loaned the Company \$600,000 pursuant to a 7-year term loan secured with mortgage on its plant and a \$1.5 million working capital facility secured with a pledge of the Company's accounts receivable and inventory. These loans were sold to Wells Fargo Business Credit, Inc. by B of A effective October 2, 2000. At October 31, 2000 the availability under the working capital facility was \$168,687. The Company believes it was in compliance with all loan covenants since the inception of the January 21, 2000 loan agreement.

In light of the Company's backlog at October 31, 2000, its projected cash flow from operations, the market for the Company's products, its reliance on a single customer for approximately 56% of its sales, and the amount of debt on the

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balance sheet, it is anticipated that the Company may need increased sales, and increase in its profit margin in order to sustain its operations. The Company's ability to meet certain interest and principal payments, as well as its working capital needs to execute its backlog and generate sales volume during fiscal 2001, will be dependent upon the success of the Company's efforts to increase sales volume and improve its gross profit margin.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Index to Consolidated Financial Statements on page F- below.

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

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information with respect to all of the directors of the Company.

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Name ----	Age ---	Position with Company -----	Director Since -----
Goodhue W. Smith, III	51	Director	1997
Russell Cleveland	62	Director	1991
M.E. Williams	61	Director	1999

Russell Cleveland, a chartered financial analyst, became director of the Company on April 26, 1991. Mr. Cleveland has for the past eight years been a director, officer and shareholder of Renaissance Capital Group, Inc., which was the managing general partner of Renaissance, formerly a business development company pursuant to the Investment Company Act of 1940. Mr. Cleveland currently serves on the Board of Directors of Bentley Pharmaceuticals, Inc., Renaissance Capital Growth & Income Fund III, Inc., Renaissance U.S. Growth & Income Trust, PLC and Tutogen Medical, Inc. See "Item 13- Certain Relationships and Related Transactions" herein.

M.E. Williams is the President and Chief Executive Officer of Danzer. Mr. Williams has over 30 years of experience in manufacturing and 7 years of truck body manufacturing experience. He was hired as President and Chief Executive Officer in March 1998 and replaced Mr. William L. Pryor, III as a member of the Company's Board of Directors in 1999.

Goodhue W. Smith III founded Duncan-Smith Co., an investment banking firm in San

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Antonio, Texas, in 1978 and has since such time served as its Secretary and Treasurer. Mr. Smith is also Director of Citizens National Bank of Milam County, and Ray Ellison Mortgage Acceptance Co.

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
 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, 2000 and written representations from certain reporting persons that no other reports were required to those persons, the Company believes that all Section 16 (a) filing requirements applicable to its officers, directors and 10% Shareholders were complied with.

ITEM 11. EXECUTIVE COMPENSATION

Summary and 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 fiscal year ended October 31, 2000 and 1999 by the named officers.

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SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual (\$) Compensation			Common Stock Op (Sha
		Salary (\$)	Other Annual Compensation (1)	All Other Compensation (2)	
M.E. (Mel) Williams (3) CEO	1999	\$105,000	\$8,386	0	125,000
	2000	107,609	9,375	3,125	
Terry Moore CFO	1999	\$ 69,000	\$7,667	0	
	2000	54,464	6,750	2,250	
Kirby McLaughlin (4) Vice President of Engineering	1999	\$ 65,000	\$7,188	0	75,000
	2000	66,910	5,212	1,625	
Mark McLaughlin CFO	2000	\$ 18,250	0	0	0

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- (1) Represents cash bonuses paid for fiscal 1999 and 2000.
- (2) Represents bonus paid in stock at \$0.05 per share.
- (3) 125,000 of Mr. William's options are exercisable at \$0.05 per share at any time on or before December 2002.
- (4) Mr. McLaughlin's options are exercisable at \$0.05 per share at any time on or before December 2002.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal year end Option/SAR Values

The Company had 1,137,500 options outstanding at October 31, 2000. 337,500 options are exercisable at \$0.10 per share and expire in October and November 2001 and 600,000 options are exercisable at \$0.10 per share and expire April 2004, and 200,000 options are exercisable at \$0.05 per share and expire December 2002.

The Company maintains a Stock Option Plan (the "Plan") under which options of purchase 800,000 shares of the Company's Common Stock, par value \$.0001 per share, have been reserved. Pursuant to the Plan, the Company is permitted to issue incentive stock options ("Incentive Stock Options") and non-qualified stock options ("Non-Qualified Stock Options") to employees or directors of the Company; provided, however, that no incentive Stock Options shall be granted to a non-employee director. Incentive Stock Options under the Plan are intended to qualify for the tax treatment accord under Section 422A of the Internal Code of 1986, as amended (the "Code). Non-Qualified Options under the plan are intended to be options which do not qualify for the tax treatment accorded under Section 422A of the Code.

All directors and key employees of the Company and its subsidiaries are eligible to participate in the Plan. The Plan is administered by the Board of Directors of the Company which, to the extent it determines, may delegate its power with respect to the administration of the Plan to a compensation advisory committee consisting of not less than three members, at least of whom two shall be directors for the Company.

Under the Plan, Incentive Stock Options to purchase shares of the Company's Common Stock may not be granted for less than 100 percent of fair market value of the Common Stock on the date the Incentive Stock Option is granted; provided, however, that in the case of an Incentive Stock Option granted to any person then owning 10 percent of the voting power of all classes of the Company's stock, the Purchase Price per share of all classes of the Company's stock, the Purchase Price per share subject to the Incentive Stock Option may not be less than 110 percent of the fair market value of the stock on the date of the grant of the option. The option price per share with respect to each Non-Qualified Stock Option granted under the Plan is to be determined by the Board of Directors, but may not be less than 85% of the fair market value of the Common Stock on the date the Non-Qualified Stock Option is granted.

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Options under the Plan may not have a term of more than 10 years; provided, however, that an Incentive Stock Option granted to a person then owing more than 10 percent of the voting power of all classes of the Company's stock may not be exercised more than 5 years after the date such option is granted. In addition, the aggregate fair market value, determined at the time the options granted, of the stock with respect to which Incentive Stock Options are exercised for the first time by an employee in any calendar year under the Plan may not exceed \$100.00.

Compensation of Directors

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Directors who are not employees of the Company are entitled to a board meeting attendance fee of \$750 plus reimbursement of expenses. The directors waived all of these fees for the years ending October 31, 1999 and October 31, 2000.

Goodhue W. Smith, III who was elected as Chairman of the Board at the Company's December 15, 1997 Board meeting as a requirement under financing provided by Duncan-Smith Co., of which Mr. Smith is an officer and director, is to be paid \$1,500 per month as compensation.

Employment Agreements

None.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of October 31, 2000 information concerning the shares of the Company's Common Stock beneficially owned by (a) each person or group known to the Company to be the beneficial owner of more than 5% of the outstanding shares of the Common Stock, (b) each director and nominee, and (c) all directors and officers as a group. The outstanding voting securities of the Company as of the record date consisted of 17,588,348 shares of common stock. Except as otherwise indicated, each person named or included in a group has sole voting and investment power with respect to his or its shares of Common Stock.

Name and Address of Beneficial Owner or Identity of Group -----	Amount and Nature of Beneficial Ownership -----	Percent of Class (1) -----
Renaissance Capital Partners, Ltd. 8080 N. Central Expressway, Suite 210, LB 59 Dallas, TX 75206-1857	11,719,110	62.0%
Richard W. Snyder c/o Snyder Capital Corporation 3219 McKinney Ave. Dallas, TX 75204	1,946,667	10.3%
Melvin E. Williams 17500 York Road Hagerstown, MD 21740	971,206 (2)	5.1%
Russell G. Cleveland c/o Renaissance Capital Group, Inc. 8080 N. Central Expressway, Suite 210, LB 59 Dallas, TX 75206-1857	11,807,110 (3)	62.5%

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Goodhue W. Smith, III c/o Duncan-Smith Co. 311 Third San Antonio, Texas 78205	813,334 (4)	4.3%
--	-------------	------

(1) Common Stock which is not outstanding but which a person has a right to

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acquire within 60 days of the record date are considered as Common stock outstanding for purposes of computing the percentage of Common Stock owned by such person, but such Common stock is not deemed outstanding for purposes of computing the percentage of Common Stock owned by any other person. The number of shares used to compute percentage ownership were the shares outstanding at December 31, 2000, which shares equaled 18,897,515.

(2) Includes 882,500 options to purchase common stock at prices ranging from \$0.05 to \$0.10 per share.

(3) Mr. Cleveland owns 88,000 shares individually. Mr. Cleveland is a director, officer and principal shareholder of Renaissance Capital Group Inc. which was formerly the managing general partner of Renaissance Capital Partners, Ltd., and through the Irrevocable Proxy Agreement (described below in the section entitled "Changes in Control") temporarily has voting control over such shares.

(4) Duncan-Smith Co. owns warrants to purchase 650,000 shares of the Company's common stock at \$0.25 per share on or before August 2002. Duncan-Smith Co. owns 116,667 shares of common stock. Mr. Smith is a principal of Duncan-Smith Co. and may be deemed to share voting and investment control over such shares.

Changes in Control

Renaissance Capital Partners, Ltd. acquired control of the company on December 31, 1994, pursuant to a Purchase Agreement with the Company (the "Purchase Agreement") under which Renaissance exchanged \$1,600,000 principal amount of the Company's 12.5% Convertible Debentures (the "Debentures") for 16,000 shares of the Company's Series B Preferred Stock. The Company also issued Renaissance a 10% Term Note originally due December 31, 1997 in the principal amount of \$211,635.40 (representing interest on the Debentures accrued through September 30, 1994) and paid Renaissance \$50,000 (representing interest on the Debentures from October 1, 1994 through December 31, 1994). At October 31, 1996, Renaissance converted all of its Preferred Stock, accumulated dividends, accumulated interest and note payable to common stock at a conversion rate of \$0.25 per share.

As described in Item I above, the Company has received a proposal from Canron to enter into an agreement pursuant to which the Company would acquire not less than a majority of the issued and outstanding equity securities of Canron in exchange for convertible preferred stock of the Company. Although no definitive agreement between Canron and Danzer has been executed or delivered, it is expected that any such agreement will contemplate, among other things, that a shareholders meeting of Danzer will be called to approve a reverse split (the "Reverse Split") of the Common Shares. In order to facilitate such approval, Canron, in connection with its continuing discussions with Danzer, has required that Mr. Cleveland serve as the proxy for the Common Shares formerly owned by Renaissance Capital Partners, Ltd. ("Renaissance"). Accordingly, an Irrevocable Proxy Agreement was entered into among Mr. Cleveland, Renaissance and the Company, which granted an irrevocable proxy (the "Proxy") to Mr. Cleveland to vote 11,719,110 shares. Although Mr. Cleveland is not contractually obligated to do so, he currently expects to vote all shares subject to the Proxy in favor of any transaction approved by the Company's Board of Directors and submitted to the Company's shareholders.

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Under the terms of the Proxy dated December 22, 2000 among the Company, Renaissance and Mr. Cleveland, Mr. Cleveland will vote the Common Shares subject to the Proxy as he shall determine to be in the best interest of the Company in connection with any regular or special meeting of shareholders of the Company or

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in connection with any solicitation of consents or proxies from shareholders of the Company occurring during the term of the Proxy. Specifically, Mr. Cleveland will vote all shares subject to the Proxy in favor of the approval or ratification of any amendment or amendments to the Articles of Incorporation of the Company proposed by the Company or its Board of Directors at any time prior to the first anniversary of the Proxy and relating to (i) any change in the capital stock of the Company, including, but not limited to, the Reverse Split or any similar transaction, (ii) any increase or decrease in the authorized capital stock of the Company, including, but not limited to, any increase in the authorized shares of Common Shares issuable by the Company, (iii) any change in the name of the Company or (iv) any other matter recommended by the Board of Directors of the Company. In the event of the death or incapacity of Mr. Cleveland, the powers vested in him pursuant to the Proxy shall be vested in his executor.

The Proxy shall end on the first to occur of (i) the second business day following the final adjournment of the next regular or special meeting of the shareholders of the Company; (ii) the consummation of the Reverse Split as a result of the filing of Articles of Amendment to the Articles of Incorporation of the Company; (iii) the first anniversary of the Proxy or (iv) the second business day following delivery of written notice by Mr. Cleveland to the Company of such termination, if such notice is delivered following June 1, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On December 31, 1994, Renaissance exchanged its Convertible Debenture for 16,000 shares of the Company's Series B Preferred Stock. The Company also issued Renaissance a 10% Term Note due December 31, 1996 in the principal amount of approximately \$211,635 for unpaid accrued interest on the Debentures and paid Renaissance \$50,000 (representing interest on the Debentures from October 1, 1994 through December 31, 1994). See Item 12 - "PRINCIPAL SHAREHOLDERS - Changes in Control".

On October 31, 1996, Renaissance converted all of its Preferred Stock, accumulated dividends, accumulated interest and note payable to common stock at a conversion rate of \$0.25 per share.

On August 1, 1997, the Company entered into a loan agreement with Duncan-Smith Co., Trustee, for purposes of executing the DSC Note. Terms of the \$650,000 loan included an interest rate of 11% with payments due quarterly and a final maturity on June 15, 2002. Duncan-Smith Co. received a cash fee of \$32,500 and a warrant to purchase 650,000 shares of common stock at \$0.25 per share with an expiration date of August 2002. Subsequently, Goodhue W. Smith, III, a director and officer of Duncan-Smith Co., was elected Chairman of the Board. In February 1999, Duncan-Smith Co. agreed to temporarily defer principal repayments on the DSC Note for February and May 1999. In consideration, the Company agreed to increase the interest rate to 13% until the Company could catch up on the original payment schedule. Effective January 21, 2000, the Company entered into the BOACFC Loan and paid down the DSC Note in full.

In December 1997, Renaissance agreed to loan the Company \$150,000 pursuant to a 10% promissory note secured by substantially all of the assets of the Company. In February 1999, Renaissance converted the entire \$150,000 principal balance on the note, plus \$17,532 in accrued interest, into 1,675,318 shares of the Company's common stock, a rate of \$0.10 per share.

In February 1999, and in conjunction with the agreement by the DSC Note Holders to defer principal repayments to the Company, Renaissance lent Danzer \$25,000 pursuant to a 13% promissory note maturing December 31, 1999. All principal and interest were paid to Renaissance as of February, 2000.

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PART IV

ITEM 14. 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 "Index to Consolidated Financial Statements and Financial Statement Schedules" on page F-1 herein.

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

None

(3) Exhibits.

Exhibit No. -----	Description -----	Incorporated by Reference or Filed Herewith -----
3(i)(a)	Certificate of Incorporation as amended through August 18, 1994	Incorporated by reference Exhibit 3(i) to Registrant's 10-Q for the period ended
3(i)(b)	Certificate of Amendment to Certificate of Incorporation filed December 30, 1994	Incorporated by reference Exhibit 4.1 to Registrant's 10-Q dated December 31, 1994
3(ii)	By Laws	Incorporated by reference Exhibit 3.3 to the Registrant's Statement on Form S-18 (N-14) (the "Registration Statement")
4(a)	Stock Certificate	Incorporated by reference Exhibit 4.1 to the Registrant's 10-Q
4(b)	Certificate of Amendment to Certificate of Incorporation filed August 18, 1994 (with terms of 10% Senior Preferred Stock)	Incorporated by reference Exhibit 4 of Registrant's 10-Q for the period ended July 31, 1994.
4(c)	Certificate of Amendment to Certificate of Incorporation filed December 30, 1994 (with terms of Series B Senior Preferred Stock)	Incorporated by reference Exhibit 4.1 to Registrant's 10-K dated December 31, 1994
10(a)	Employment	Incorporated by reference

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Agreement dated
April 16, 1991, between
Global Environmental Corp.
and William V. Rice

Exhibit 10(c) to Form 10-
Report dated January 28,

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10(b)	Global Environmental Corp. Stock Option Plan	Incorporated by reference Exhibit 10(j) to the Octo 31, 1990 Form 10-K.
10(c)	Mortgage Note and Mortgage Agreement dated April 3, 1990 of Global Environmental Corp. with Continental Bank	Incorporated by reference Exhibit 10(k) to the Octo 31, 1990 Form 10-K.
10(d)	Convertible Debenture Agreement in the amount of \$1,250,000 dated April 25, 1991 between Global Environmental Corp. and Renaissance Capital Partners, Ltd.	Incorporated by reference Exhibit 10(c) to Form 10- Report dated January 28,
10(e)	First Amendment dated December 30, 1992 to Convertible Debenture Agreement in the amount of \$1,250,000 dated April 25, 1991 between Gobal Environmental Corp. and Renaissance Capital Partners, Ltd.	Incorporated by reference Exhibit (10j) to Form 10- Report dated January 28,
10(f)	Convertible Debenture Agreement in the amount of \$350,000 dated December 30, 1992 between Global Environmental Corp. and Renaissance Capital Partners, Ltd. II	Incorporated by reference Exhibit (10k) to Form 10- Report dated January 28,
10(g)	Loan and Security Agreement dated May 28, 1993 between Danzer Metal Works Co. and Fremont Financial Corporation	Incorporated by reference Exhibit 10(h) to Form 10- dated January 28, 1994.
10(h)	Asset purchase agreement dated August 25, 1993 between Morrison Industries L.P. and Global Environmental Corp.	Incorporated by reference Exhibit 10() to Form 10-K dated January 28, 1994.
10(I)	Joint Venture Agreement dated December 31, 1993 between Global Environmental Corp. and Cadema Corporation.	Incorporated by reference Exhibit 10(j) to Form 10- dated January 28, 1994.

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10(j)	Equipment Purchase and Security Agreement dated September 17, 1993 between U.S. Amada, Ltd. and The Danzer Metal Works Co.	Incorporated by reference Exhibit 10(k) to Form 10-K dated January 28, 1994.
10(k)	Equipment Purchase and Security Agreement dated September 17, 1993 between U.S. Amada, Ltd. and The Danzer Metal Works Co.	Incorporated by reference Exhibit 10(l) to Form 10-K dated January 28, 1994.
10(l)	Equipment Purchase and Security Agreement dated September 17, 1993 between U.S. Amada, Ltd. and The Danzer Metal Works Co.	Incorporated by reference Exhibit 10(m) to Form 10-K Report dated January 28,
10(m)	Purchase Agreement dated December 31, 1994 between Global Environmental Corp. and Renaissance Capital Partners, Ltd. to exchange \$1,600,000 of Convertible Debentures for 16,000 Series B Cumulative Convertible Senior Preferred Stock.	Incorporated by reference Exhibit 99.1 to Registran 8-K dated December 31, 19
10(n)	10% Term Note in principal amount of \$211,635 due December 31, 1997.	Incorporated by reference Exhibit 10(n) to Registra 8-K dated December 31, 19
10(o)	Loan and Security Agreement dated June 23, 1995 between Danzer Metal Works Co. and Fremont Financial Corporation	Incorporated by reference Exhibit 10(o) to Form 10-K dated April 1, 1996
10(p)	Mortgage Note and Mortgage Agreement dated January 25, 1996 of Global Environmental Corp. with Midlantic Bank	Incorporated by reference Exhibit 10(p) to Form 10-K dated April 1, 1996
10(q)	Loan and Security Agreement dated May 1, 1996, between Danzer Industries, Inc and Fremont Financial Corporation	Incorporated by reference Exhibit 10(q) to Form 10-K dated July 7, 1997
10(r)	Common Stock Purchase Agreement between William V. Rice and the Company dated May 21, 1996	Incorporated by reference Exhibit 10(r) Form 10-K d dated July 7, 1997
10(s)	Asset Purchase Agreement dated November 14, 1997	Filed here herewith as Ex 10(s)

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21	List of Subsidiaries	Incorporated by reference Exhibit 22 to the October 31, 1989 Form 10-K.
(b)	Reports on Form 8-K Change of Auditors Form 8-K was filed during the last quarter of the fiscal year ended October 31, 1999	

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Report of Independent Certified Public Accountants

Board of Directors
Danzer Corporation

We have audited the accompanying consolidated balance sheets of Danzer Corporation and subsidiaries as of October 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Danzer Corporation as of October 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ Linton, Shafer & Company, P.A.
Frederick, Maryland
December 13, 2000

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Danzer Corporation and Subsidiaries
 Consolidated Balance Sheets
 October 31, 2000 and 1999

	2000
Assets	
Current assets	
Accounts receivable, net of allowances	\$
Inventories	
Prepaid expenses and other current assets	
Total current assets	1,
Property, plant and equipment, at cost, net	1,
Other assets, including intangibles	
Total assets	\$3, =====
Liabilities and stockholders' equity	
Current liabilities	
Current portion of long-term debt	\$
Accounts payable	
Accrued salaries and wages	
Accrued expenses, other	
Total current liabilities	1,
Long-term debt, net of current portion	
Total liabilities	2,
Commitments and contingencies, see accompanying notes	
Stockholders' equity	
Common stock, par value \$.0001 per share; 20,000,000 Shares authorized, 17,760,015 shares outstanding in 2000 And 17,618,218 shares outstanding in 1999	
Preferred stock, \$.001 par value, 5,000,000 shares authorized; Class of 10% Cumulative Convertible Senior Preferred Stock, 10,500 shares authorized, no shares issued or outstanding Series B Cumulative Convertible Senior Preferred Stock, 16,000 shares authorized, no shares issued or outstanding	
Additional paid-in capital	5,
Accumulated deficit	(4,
Less: Treasury stock, at cost, 95,579 shares in 2000 and 1999	
Total stockholders' equity	
Total liabilities and stockholders' equity	\$3, =====

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

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Danzer Corporation and Subsidiaries Consolidated Statements of Stockholders' Equity For the Years Ended October 31, 2000, 1999 and 1998

	2000	1999
Common shares:		
Balance, beginning of year	\$ 1,761	\$
Conversion of Renaissance note and accrued interest into common stock (0 in 2000; 1,675,318 in 1999; 0 in 1998)	-	
Shares issued under stock incentive plan (150,000 in 2000; 72,628 in 1999; 0 in 1998)	15	
Balance, October 31	\$ 1,776	\$
Preferred shares:		
Balance, beginning of year	\$-	\$-
Balance, October 31	\$-	\$-
Treasury shares:		
Balance, beginning of year	\$-	\$-
Balance, October 31	\$-	\$-
Additional paid-in capital:		
Balance, beginning of year	\$ 5,220,971	\$ 5,
Collection of Rage Note	3,885	
Conversion of Renaissance note and accrued interest into common stock	-	
Shares issued under stock incentive plan	7,485	
Balance, October 31	\$ 5,232,341	\$ 5,
Accumulated deficit:		
Balance, beginning of year	\$ (4,508,165)	\$ (4,
Net income	209,616	
Balance, October 31	\$ (4,298,549)	\$ (4,

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

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Danzer Corporation and Subsidiaries
 Consolidated Statements of Operations
 For the Years Ended October 31, 2000, 1999 and 1998

	2000	1999
	-----	-----
Net sales	\$ 7,705,833	\$ 6,5
Cost of goods sold	6,018,372	5,1
Gross profit	1,687,461	1,4
Selling, general and administrative expenses	1,374,513	9
Income from operations	312,948	4
	-----	-----
Other income (expense)		
Interest expense	(196,434)	(2
Interest income	2,070	
Other income (expense)	91,032	
	-----	-----
Total other income (expense)	(103,332)	(1
	-----	-----
Net income	\$ 209,616	\$ 2
	=====	=====
Basic earnings per share	\$ 0.01	\$
	=====	=====
Shares used in computation of earnings per share	17,733,603	16,7
	=====	=====

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

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Danzer Corporation and Subsidiaries
 Consolidated Statements of Cash Flows
 For the Years Ended October 31, 2000, 1999 and 1998

	2000	1999
	-----	-----
Cash flows from operating activities:		
Net Income	\$ 209,616	\$ 294
Adjustments to reconcile net income to net		
Cash provided by operating activities:		
Depreciation and amortization	339,283	305
Provision for bad debts	64,570	(34
Gain on disposition of equipment	125	

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Changes in operating assets and liabilities:		
Accounts receivable	(223,952)	148
Inventories	(104,826)	(112)
Prepaid expenses	14,199	(34)
Other assets, net	(114)	72
Accounts payable	260,825	(267)
Accrued salaries and wages	(92,321)	12
Accrued expenses, other	(86,089)	(123)
	-----	-----
Net cash provided by operating activities	381,316	259
Cash flows from investing activities:		
Purchase of property, plant and equipment	(78,187)	(57)
Proceeds from sale of equipment	-	-
	-----	-----
Net cash used in investing activities	(78,187)	(57)
Cash flows from financing activities:		
Deferred financing costs	(61,578)	(10)
Net borrowings (payments) on revolving loan	(107,592)	(105)
Proceeds from issuance of long-term debt	607,143	150
Payments of long-term debt	(600,494)	(134)
Principal payments under capital lease obligations	(140,608)	(101)
	-----	-----
Net cash used in financing activities	(303,129)	(201)
	-----	-----
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
	-----	-----
Cash, end of year	\$ -	\$ -
	=====	=====

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

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Danzer Corporation and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Years Ended October 31, 2000, 1999 and 1998

Supplemental disclosures of cash flows information:

Cash paid for interest	\$ 192,874	\$ 223
Cash paid for taxes	\$ -	\$ -
Non-cash financing activities:		
Long-term debt incurred for the purchase of property, Plant and equipment	\$ (34,390)	\$ (19)
Conversion of note payable and accrued interest to Renaissance to common stock	-	167
Issuance of common stock as part of stock incentive		

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program	7,500	5
Non-cash investing activities:		
Purchase of property, plant and equipment via financing arrangements	34,390	19
Non-cash operating activities:		
Conversion of account receivable to note receivable	-	8

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

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 1. Description of Business and Change of Name

Danzer Corporation (the "Company"), formerly named 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 Industries, Inc. ("DII"), a wholly owned subsidiary of Global Holdings, fabricates metal parts and truck bodies for the service and utility markets. In 1997 and early 1998 DII also designed, manufactured and installed other types of fabricated metal products. DII's revenues represent virtually 100% of the Company's revenues and are generated throughout the Eastern and Midwestern United States. DII owns a manufacturing facility located in Hagerstown, Maryland.

In a strategic plan developed in 1997, the Company determined that its future was in the metal fabrication business as it related to the manufacture and distribution of truck bodies. A strategic direction was established that called for the phase out of all business that was not associated with truck bodies. That change in focus was completed on October 7, 1999 with the change in the Company's name from Global Environmental Corp. to Danzer Corporation.

Note 2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements present the accounts of Danzer Corporation and its wholly owned subsidiaries. The entities are collectively referred to herein as the "Company." All significant intercompany transactions and balances have been eliminated in consolidation.

The Company uses the equity method of accounting for a 49% owned interest in a joint venture. The original investment is recorded at cost, adjusted for the Company's share of undistributed earnings or losses. The operations of the joint venture are presently immaterial.

Revenue Recognition

Revenues from the manufacture of utility truck bodies and sheet metal products

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and fabrications are generally recognized when products are shipped to the customer.

Fair Value of Financial Investments

The Company believes that the carrying value of its financial instruments, such as long-term debt (all of which are held for purposes other than trading) are approximately equal to their fair values.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 2. 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. The Company performs an ongoing credit evaluation of its customers' financial condition, and credit is extended to customers on an unsecured basis. Estimated credit losses are provided for currently through the allowance for doubtful accounts and actual credit losses are charged to the allowance when incurred.

Use of Estimates

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

Accounts Receivable

Accounts receivables are earned in the normal course of business and are unsecured.

The allowance for doubtful accounts is established through charges to earnings in the form of a charge to bad debt expense. Accounts that are determined to be uncollectible are charged against the allowance account. Management makes periodic assessments of the adequacy of the allowance that requires the Company to recognize additions or reductions to the allowance. It is reasonably possible that factors may change significantly and, therefore, affect management's determination of the allowance for doubtful accounts in the near term. The following schedule details the changes in the accounts receivable reserve account:

	2000	1999	1998
Accounts receivable reserve, beginning	\$ 75,000	\$ 168,266	\$ 346,000
Write-offs during the fiscal year	(112,730)	(58,823)	(221,894)
Provision estimate for uncollectable accounts	99,872	35,600	44,160
Adjustment of reserve	(39,921)	(70,043)	-
Accounts receivable reserve, ending	\$ 22,221	\$ 75,000	\$ 168,266

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market. Work-in-process and finished goods include purchased materials, direct labor and allocated overhead. At October 31, 2000 and 1999 inventory is comprised of the following components:

	2000	1999
Raw materials, supplies and component parts	----- \$ 335,037	----- \$ 364,397
Work-in-process	234,447	39,548
Finished goods	130,040	190,753
	-----	-----
	\$ 699,524	\$ 594,698
	=====	=====

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated on the straight-line method over the following estimated useful lives:

Building and improvements	10 to 30 years
Equipment	3 to 20 years

Depreciation expense of property, plant and equipment for the years ended October 31, 2000, 1999 and 1998 included in continuing operations was \$258,569, \$254,647 and \$244,452 respectively.

Intangible Assets

During 1999, DII completed the purchase of the rights to the Morrison line of truck bodies as more fully explained in Note 8. The purchase was recorded as an intangible asset included in Other, non-current, assets on the balance sheet. The Company is amortizing the rights using the straight-line method over a 4-year period. Accumulated amortization at October 31, 2000 and 1999 was \$80,000 and \$40,000, respectively.

Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards Number 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of," 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 net future cash flows resulting from the use of the assets. Management believes that no impairment of long-lived assets has occurred.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

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Major Customers

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

	2000	1999	1998
	-----	-----	-----
Truck body manufacturer	57%	63%	55%

As of October 31, 2000 and 1999, the amounts due from the truck body manufacturer, which were collected subsequent to October 31, 2000 and 1999, were approximately \$335,000 and \$332,000, respectively.

Earnings Per Share

The Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share", beginning the fourth quarter of 1998. All prior period earnings per common share were recomputed to conform to the provisions of SFAS 128. The recomputations did not result in any restatements of earnings per share previously reported.

Basic earnings per share amounts are computed based on net income (loss), reduced by dividends earned on preferred stock outstanding and divided by the weighted average number of shares outstanding. The weighted-average number of shares used in the computation were approximately 17,734,000 in 2000, 16,754,000 in 1999, and 15,775,000 in 1998.

Diluted earnings per share amounts are based on the weighted average number of shares calculated for basic earnings per share purposes increased by the number of shares that would be outstanding assuming exercise of outstanding stock options and warrants (Note 7). Since the exercise of outstanding stock options and warrants would be anti-dilutive and would result in a similar calculation as basic earnings per share, diluted earnings per share have not been presented.

Recently Issued Accounting and SEC Standards

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting and Reporting for Derivative Instruments." This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. This Statement was amended by SFAS No. 137 in June 1999. The adoption of these Statements is not expected to have a material effect on the Company.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting and SEC Standards (continued)

In December 1999, the Securities and Exchange Commission (SEC) adopted a rule that requires a company's independent auditor to review the company's interim financial information prior to the company filing its quarterly report on Form

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10-Q or Form 10-QSB. The rule was effective for all fiscal quarters ending on or after March 15, 2000. The Company fully complied with all aspects of this rule during the fiscal year.

Note 3. Financing Arrangements

During the first quarter of fiscal 1994, the Company entered into a Joint Venture agreement (the "Agreement") with Cadema Corporation ("Cadema"). The Agreement was capitalized by Cadema with \$350,000 in cash and by the Company with \$1,000 in cash. The Agreement's principal objective is to provide the partners with current income by contracting for the design and installation of air pollution control equipment in its name in all areas of the world outside the United States and its territories. The term of the Agreement expired December 31, 1998. Income or loss from the Agreement is allocated 51% to Cadema and 49% to the Company. The Agreement allows the Company, subject to certain conditions, to acquire Cadema's interest in the joint venture for 875,000 shares of the Company's common stock or \$350,000 in cash or an amount equal to Cadema's capital account, whichever is greater, subject to certain antidilution provisions. The Agreement also allows for quarterly distributions of income and capital to the joint venture partners. The Company had borrowed approximately \$350,000 from the joint venture as of October 31, 1998 (Note 5). Due to the strategic focus of the Company towards the fabrication and production of truck bodies and accessories, and not air pollution equipment, it is not anticipated that the Agreement will provide significant revenue or earnings for the Company in the future. In addition, management is presently negotiating with the other party to the Agreement with respect to payment by the Company of the loan due to the other party.

In September 1994, the Company completed a 10% Cumulative Convertible Senior Preferred Stock offering whereby 7,550 shares were issued. The Company realized \$662,150 of net proceeds, after placement fees and expenses of approximately \$93,000. The funds were used to expand the Company's Morrison product line and provide working capital for overall business activity. During 1996 and 1997, these shares and related accrued dividends were converted to common stock.

In March 1997, the Company received \$150,000 from Renaissance Capital Group, Inc. ("Renaissance") in the form of convertible debt. During 1997, this debt was converted into 600,000 shares of common stock.

On August 1, 1997, DII borrowed \$650,000 from a private company. A portion of the net proceeds of \$603,000 was used to pay-off certain term debt (\$174,000) owed to Fremont Financial Corporation ("Fremont"), with the remainder (\$429,000) available for working capital

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 3. Financing Arrangements (continued)

purposes. The Company also entered into an agreement with Fremont redefining the method of determining the Company's borrowings from Fremont and extending the term of its agreement with Fremont (Notes 3 and 4).

In November 1997, the Company completed the sale of an operating division and its associated assets (inventory, property and equipment and customer lists) for proceeds of \$413,000. The Company did not realize a significant gain or loss on this transaction. In addition, sales attributed to this division in fiscal 1997

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approximated \$2.6 million.

In December 1997, the Company received \$150,000 from Renaissance in the form of a promissory note (the "Note"). The Note bears interest at 10% per annum and was payable at maturity (September 30, 1998) along with the principal balance. In April 1999, \$150,000 of this Note and the related accrued interest was converted to approximately 1,675,000 shares of Company common stock.

Note 4. Note Payable

Effective May 28, 1993, DII entered into a loan and security agreement (the "Agreement") with Fremont comprised of a revolving credit facility (the "Facility") and an equipment term loan (the "Term Loan"). The Agreement was amended on May 1, 1997, extending the term of the loan to January 31, 1999 and from year to year thereafter. In 1999, the due date of the loan was extended to January 31, 2000. The amount available under the Facility is based on a defined percentage of eligible accounts receivable and inventory. The Company had drawn \$285,965 at October 31, 1999. The maximum amount available under the Facility was \$1,400,000. The Term Loan was repaid in full in 1997. Borrowings under the Facility accrue interest at prime plus 3.5% (12.0% at October 31, 1999).

Under the terms of the Agreement, borrowings were collateralized by DII's accounts receivable, inventory and equipment and a junior lien on DII's real estate. The Agreement provided for certain restrictions including, but not limited to, the Company's ability to: a) sell, lease, transfer, exchange or otherwise dispose of any assets except in the ordinary course of business; b) enter into any merger, consolidation, or acquisition of any other business organization; c) guaranty or otherwise become in any way liable with respect to the obligations of any third party; or d) change its ownership by greater than 10%. The Agreement also restricted: payment of compensation and loans and advances to executives, officers, directors and certain others; capital expenditures to a specified level; and distributions to DII's Parent.

During fiscal year October 31, 2000, the Company received notification from Fremont that the Agreement will not be extended at the expiration of the current term. Therefore, the Agreement terminated on January 31, 2000 at which time the entire loan amount was due and payable.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 4. Note Payable (continued)

On January 21, 2000, the DII entered into a refinancing agreement with Banc of America Commercial Finance Corporation ("BACFC") effective January 21, 2000. As part of the agreement, the DII fully repaid the Fremont Facility and Term loans as well as the Duncan-Smith Co. note payable.

Under the terms and conditions of this agreement, DII has a "Revolving Loan" available with a maximum facility amount of \$1,750,000, however, not to exceed 85% of eligible accounts receivable. Additionally, the agreement includes an "equipment advance" and a "real property advance" that are collectively referred to as the "Term Loan". The Term Loan provides a maximum real property advance of \$600,000, but the agreement does not have an equipment advance provision.

At October 31, 2000, the Company had \$178,373 outstanding on the Revolving Loan. This entire amount was classified as a current liability at year-end. The

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Company had an outstanding balance of \$542,857 on the Term Loan at October 31, 2000. This amount is payable in equal monthly installments amortized over 84 months payable on the first day of each calendar month commencing March 1, 2000. The initial maturity date is January 21, 2005. However, the agreement provides for successive additional terms of three years each unless one party gives written notice to the other, not less than sixty days prior to the maturity date, that such party elects not to extend the maturity date. Borrowings under both the Revolving and Term Loans accrue interest at prime plus 2.25% (11.75% at October 31, 2000). All obligations are secured by a first and only perfected security interest in all of the Company's tangible and intangible personal property as well as a first priority perfected mortgage on the Company's real property in Hagerstown, Maryland.

The BACFC agreement provides for certain restrictions including, but not limited to, the Company's ability to: a) merge or consolidate with another person, form any new subsidiary or acquire any interest in any person; b) acquire any assets except in the ordinary course of business; c) enter into any transaction outside the ordinary course of business; d) sell or transfer any collateral or other assets; e) make any loans, or investments in, any affiliates or other person; f) incur any debt outside the ordinary course of business; g) pay or declare any dividends; h) redeem, retire, purchase or otherwise acquire any of the Company's capital stock or other equity interest; (i) dissolve or elect to dissolve; or (j) enter into any transaction with an affiliate other than on arms-length terms.

The BACFC agreement provides only one financial covenant. The Company's cumulative net cash losses since the January 21, 2000 note inception may not exceed \$200,000. A cash loss is defined as "net income plus depreciation and amortization less principal payments on debt and non-financed capital expenditures." The Company was within this limitation through October 31, 2000.

On October 2, 2000, BACFC sold the loan to Wells Fargo. All provisions of the original loan signed on January 21, 2000 have remained unchanged.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 5. Long-term Debt

At October 31, 2000 and 1999, consolidated long-term debt consists of the following:

	2000
Revolving note payable to Fremont Financial, due January 31, 2000 (see Note 4)	\$ -
Note payable to joint venture; interest-free, principal was due on December 31, 1998 (See Note 3)	\$ 345,000
Equipment loans payable; monthly payments currently aggregating \$2,339 through March 2004, including interest 7.86% to 11.25%; collateralized by certain equipment	\$ 82,604
Terms loans payable to US Amada, Ltd.; monthly payments currently aggregating \$12,668 including interest at 10%; loans due January 2005; collateralized by equipment	\$ 400,623

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Promissory note payable to Duncan-Smith Co., Trustee in the original amount of \$650,000; original note stated quarterly payments of 41,903 including interest at 11.0% through May 2002; principal payments were suspended in 1999 due to a lack of cash availability; interest rate revised to 13.0% with varying principal payments; collateralized by Deed of Trust on land of DII; a principal of Duncan-Smith is also a shareholder and director of the Company. Principal was fully repaid on January 21, 2000 in conjunction with BOFA refinancing.	-
Promissory note payable to Renaissance; including interest at 13%; principal and accrued interest due in full on December 31, 1999	-
Morrison Liquidation buyout of royalty agreement (Note 8); entire principal becomes due December 31, 1999; interest rate on the buyout is 7.75%	-
Revolving and Term loans payable to Wells Fargo, due January 21, 2005 (see Note 4)	\$ 721,230

	\$1,549,457
Less: current portion of long-term debt	(767,015)

Total long-term debt	\$ 782,442
	=====

Danzer Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Note 5. Long-term Debt (continued)

Maturities on long-term debt as of October 31, 2000 are as follows:

2001	\$767,015
2002	238,122
2003	239,699
2004	104,749
2005	85,714

The President of Renaissance is also a Director of the Company. Interest expense incurred with respect to certain Renaissance convertible debt (Note 2) was approximately \$0, \$15,000 and \$12,000 in 2000, 1999 and 1998, respectively.

A principal of Duncan-Smith Co. is also a shareholder in and Director of the Company. Interest expense incurred with respect to the \$650,000 promissory note was approximately \$602, \$61,000 and \$61,000 in 2000, 1999 and 1998.

Note 6. Income Taxes

The Company files a consolidated income tax return for Federal tax purposes. The Company, Global Holdings and DII each 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.

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Total income tax expense (benefit) from continuing operations amounted to \$0 in each of 2000, 1999 and 1998 (effective tax rates of 0%, in each of the three years) compared to an income tax expense of \$71,000, \$100,000 and \$60,000 respectively, computed by applying the statutory rate of 34.0% to income from continuing operations. These differences are accounted for as follows (in 000's, except percentages):

	2000	1999	1998	Percent of Pretax
Computed "expected" tax	\$ 71	\$ 100	\$ 60	34%
Decrease in tax due to valuation allowance provided for deferred tax	(71)	(100)	(60)	-34%
	\$ -	\$ -	\$ -	0%

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 6. Income Taxes (continued)

Deferred income tax assets (liabilities) result from differences in the recognition of revenues and expenses for income tax and financial reporting purposes.

The net deferred tax assets at October 31, 2000 and 1999 include the following:

	2000	1999
Deferred tax assets	\$ 1,077,000	\$ 1,494,000
Deferred tax liability	(200,000)	(200,000)
Valuation allowance for net deferred tax assets	(877,000)	(1,294,000)
	\$ -	\$ -

The Company has recorded a valuation allowance for its entire net deferred tax asset at October 31, 2000 and 1999 since management believes that it is more likely than not that the deferred tax asset will not be fully realized.

The tax effect of major temporary differences that gave rise to the Company's net deferred tax assets at October 31, 2000 and 1999 are as follows:

	2000	1999
Net operating loss carry forwards	\$ 1,050,000	\$ 1,440,000
Allowance for doubtful accounts	9,000	30,000
Accrued expenses	18,000	24,000
Depreciation	(200,000)	(200,000)
	\$ 877,000	\$ 1,294,000

As of October 31, 2000, the Company has available Federal net operating loss carryforwards of approximately \$2,639,775 that may be applied against future

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Federal taxable income. These carryforwards expire at various dates through fiscal 2017.

Note 7. Stockholders' Equity

On May 7, 1990, the Company's stockholders approved a stock option plan to issue both "qualified" and "non-qualified" 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.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 7. Stockholders' Equity (continued)

In April 1998, the Company granted 600,000 stock options, exercisable at \$.10 per share, to its President. The options vest over two years and expire in April 2004. No options have been exercised as of October 31, 2000.

In September 1998, the Company 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, the Company granted a total of 604,500 stock options, exercisable at \$.10 per share, to certain employees. The options expire November 2001. As a result of voluntary termination, 75,000 options expired in 1999 and 192,000 options expired in 2000. No options were exercised as of October 31, 2000.

Compensation expense that would have been recorded with respect to stock options and warrants issued in accordance with the basis of fair value pursuant to SFAS No. 123, if the Company had so elected, would have been approximately \$22,500 in 2000 (\$.05 per share), \$0 in 1999, and \$45,000 (less than \$.01 per share) in 1998.

As of and for the year ended October 31, 2000, 450,000 stock options were issued; 1,137,500 options were outstanding and 342,000 were terminated. As of October 31, 1999, there were no stock options issued; 1,129,500 options were outstanding and 75,000 options terminated. As of October 31, 1998, there were 1,204,500 options issued and outstanding and 25,000 options were terminated.

During 1994, the Company completed a private placement offering by selling 7,550 shares of its 10,500 authorized shares of 10% Cumulative Convertible Senior Preferred Stock (the "10% Senior Preferred Stock") at a stated value of \$100 per share. The Company raised \$662,150, net of placement fees of \$92,850 as a result of the offering. Commencing September 30, 1994, dividends were cumulative, payable quarterly in arrears at an annual rate of \$10 per share. Total dividends declared and/or accrued were \$75,504 in 1996. The 10% Senior Preferred Stock was voting and convertible into the Company's Common Stock. Effective April 30, 1995, the Company registered the shares of common stock issuable upon conversion of the Senior Preferred Stock under the Securities Act of 1933. During 1997 and

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1996, all such preferred shares and related accrued dividends were converted to common stock at a conversion rate of \$.25 per share.

In 1997, the Company converted \$150,000 of convertible debt issued in 1997 and payable to Renaissance into 600,000 shares of common stock. In April 1999, the Company converted \$150,000 of the Renaissance note payable (Notes 3 and 5) and related accrued interest into approximately 1,675,000 shares of Company common stock.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 7. Stockholders' Equity (continued)

The Company issued warrants to purchase common stock to several parties. The following table summarizes the outstanding warrants for the year ended October 31, 2000 and 1999:

	Outstanding Warrants October 31 1999 -----	Exercise Price -----	Warrants Expired in Fiscal Year -----	Outstanding Warrants October 31, 2000 -----
Consulting agreement, effective November 2, 1994 expiring November 1, 1999	100,000	\$.50 subject to adjustment	100,000	-
Financing agreement, effective August 1997, expiring in August 2002	650,000	\$.25 subject to adjustment	-	650,000
Former President, upon resignation in March 1998 expiring in March 2001	100,000	\$.25 subject to adjustment	-	100,000

Note 8. Commitments and Contingencies

The Company leases certain equipment under operating leases expiring at various times through July 2001. Rent expense was approximately \$24,000, \$65,000 and \$85,000 for the years ended October 31, 2000, 1999 and 1998, respectively. The following is a schedule of future minimum rental payments under operating leases as of October 31, 2000:

2001	\$12,211
------	----------

Certain of the Company's employees are currently represented by the United Brotherhood of Carpenters and Joiners of America, Local Union No. 340 whose contract is in effect to February 2003. The contract contains provisions that affect compensation to be paid to employees included in the Union.

During 1998, the Company implemented an incentive bonus plan (the "plan") for certain members of management. The plan provides for annual incentives calculated as a percentage of the individual employee's salary. The expense for 2000, 1999 and 1998 amounted to approximately \$22,500, \$33,000 and \$28,000, respectively.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 8. Commitments and Contingencies (continued)

Danzer has a contributory defined benefit pension plan covering all eligible employees who have elected to participate in the Plan. It is the Company's policy to fund pension costs as determined by the Plan's actuary. The weighted average discount rate and expected rate of return on long-term assets used in determining the actuarial present value of the projected benefit obligation were 7% each for the Plan's year ended December 31, 1999. The actuarial information included below, which is as of January 1, 2000, is for the Plan's fiscal year ended December 31, 1999, and is the most recent available information.

Pension expense for the year ended December 31, 1999, was as follows:

Benefits earned (service cost)	\$ 2,254
Actual return on plan assets	(22,399)
Other items	(177)
Interest expense	22,858

Total pension expense	\$ 2,536
	=====

A summary of the status of the Plan as of December 31, 1999 is as follows:

Projected benefit obligation:	
Vested	\$ (351,656)
Non-vested	-

	(351,656)
Plan assets at fair value	344,998

Funded status	(6,658)
Unrecognized net actuarial loss	(26,380)
Deferred transition gain	51,439

Accrued pension cost	\$ (18,401)
	=====

The Company also has a defined contribution 401(k) plan which permits voluntary employee contributions up to 15% of compensation and which provides Company matching contributions of 25% to 50% of employee contributions not to exceed 6% of employee compensation. 401(k) plan expense for each of the years ended October 31, 2000, 1999 and 1998 was approximately \$11,000, \$7,000 and \$6,000, respectively

On August 25, 1993, the Company entered into a royalty agreement structured as an asset sale and purchase agreement (the "Agreement") with Morrison Industries, L.P., DIP, a Delaware Limited Partnership, (the "Seller"), to buy certain "Intangible" and "Tangible" assets of the Seller, as defined. In consideration of the sale, the Company was required to pay monthly to the Seller, 5% of "Qualified Revenues" as defined, during years 1 through 5 of the Agreement and 2 1/2% of Qualified Revenues, up to \$2,000,000 and 5% of Qualified Revenues in excess of \$2,000,000 during years 6 through 10 of the Agreement. In addition, the Agreement stipulated certain annual and quarterly minimum sales levels and requires the Seller to enter into a non-

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 8. Commitments and Contingencies (continued)

compete agreement indefinitely. During 1998, the Company entered into an agreement to buyout the remaining obligations of the original agreement. This buyout agreement releases the Company from the payment of any future royalties and other requirements. The Company is required to pay \$200,000 in consideration for the buyout, to be paid \$50,000 in March 1999, monthly installments of \$11,111 from April 1999 through November 1999 and the remaining unpaid balance in December 1999. The \$200,000 will be amortized over the remaining five years of the original agreement through 2003. At October 31, 2000, the \$80,000 unamortized portion is included in "other assets" in the accompanying balance sheets. Royalty expense for 2000, 1999 and 1998 was \$40,000, \$40,000 and \$54,000, respectively.

Note 9. Related Parties

During 2000, 1999 and 1998, the Company paid a total of \$23,000, \$39,000 and \$54,000, respectively, in management fees to two companies, principals of which are Directors of the Company.

Note 10. Material End of Year Adjustments

Operating results in the fourth quarter of fiscal year 1999 include material end of year adjustments that result in \$(5,127) of Selling, General and Administrative expenses in the fourth quarter. The significant changes causing the material adjustment include Management's assessment of the collectibility of accounts receivable in relation to the recorded allowance, revisions of certain estimates related to legal fees and other costs and adjustments of recorded balances based on more complete information.

Note 11. Parent Company Financial Statements

The financial statements of the Parent Company (Danzer Corporation) include assets comprised of investments in and advances to subsidiaries. All of the Company's common and preferred stock and certain amounts of long-term debt and accrued expenses are also recorded on the Company's balance sheet. Substantially all of the Company's equity relates to its investment in its subsidiary.

The Company's only significant source of revenue and cash available to pay interest and principal on debt and corporate overhead results from management fees charged to its subsidiary. Such management fees are limited due to the lack of profitability and positive cash flow of its subsidiary as well as certain restrictions on the ability of its subsidiary to pay distributions or dividends to the Company. Therefore, available cash to pay interest and principal on debt and/or dividends on common stock is severely constrained.

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Danzer Corporation and Subsidiaries Notes to Consolidated Financial Statements

Note 12. Subsequent Event

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In October 2000, the Company announced it was in discussions with Canron Corporation ("Canron") about entering into an agreement in which the Company would acquire Canron. The transactions would result in Canron shareholders owning approximately 91% of the fully diluted equity interests of Danzer if all Canron shareholders accepted the offer. Canron, headquartered in Oak Brook, Illinois, is a leading steel fabricator and erection company with approximately \$220 million in gross revenue. An agreement is expected to be complete in the first quarter of fiscal year 2001.

Note 13. Reclassifications

Certain immaterial reclassifications have been made to the 1999 and 1998 financial statements in order to enhance the comparability to the 2000 presentation.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant had duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DANZER CORP.

By: /s/ M. E. Williams

M. E. Williams
President, Chief Executive Officer and Director

January 19, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

January 19, 2001

By: /s/ Mark McGlaughlin

Mark McGlaughlin
Chief Financial Officer

January 19, 2001

By: /s/ Goodhue W. Smith III

Goodhue W. Smith III, Director

January 19, 2001

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By: /s/ G. Russell Cleveland

G. Russell Cleveland, Director

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