ARTHUR ANDERSEN LLP

LOUISIANA GROWTH FUND, L.L.C.

Financial Statements
As of December 31, 1998, and 1997
Together with Auditor's Report

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Member of
Louisiana Growth Fund, L.L.C.

We have audited the accompanying statements of financial position of Louisiana Growth Fund, L.L.C. (the "Fund") as of December 31, 1998 and 1997, including the schedule of investments as of December 31, 1998, and the related statements of operations, changes in member's equity and cash flows for the year ended December 31, 1998 and the period November 1, 1997 (inception) to December 31, 1997. These financial statements are the responsibility of the Fund'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 and with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included count or confirmation by correspondence with the custodian of securities owned at December 31, 1998. 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.

As discussed in Note 3, the investment securities included in the financial statements and the accompanying schedule of investments have been valued by the Manager using valuation criteria applicable to the Company. Such investment securities have been valued at December 31, 1998 and 1997 at $1,558,506 and $0 (31% and 0% of net assets), respectively. These values have been estimated by the Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Manager in preparing the valuations of the investment securities and have inspected the underlying documentation as appropriate. However, in the case of those securities with no readily ascertainable market values, because of inherent uncertainty of valuation, the Manager's estimate of values may differ significantly from the values that would have been used had a ready market existed for the securities, and the differences could be material.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Growth Fund, L.L.C. as of December 31, 1998 and 1997, including the schedule of investments as of December 31, 1998, and the results of its operations and its cash flows for the year ended December 31, 1998 and the period November 1, 1997 (inception) to December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Chicago, Illinois
March 19, 1999

LOUISIANA GROWTH FUND, L.L.C.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 1998 and 1997

ASSETS	1998	1997
Investments at fair value (cost of $1,558,506 and $0 respectively) (Note 3)	$ 1,558,506	$ -
Cash and cash equivalents	3,461,505	5,000,366
Dividends receivable	19,640	-
Accrued interest receivable	14,883	-
Total assets	$ 5,054,534	$ 5,000,366

LIABILITIES AND MEMBER'S EQUITY	1998	1997
Accrued expenses and other liabilities	$ -	$ 24,091
Member's equity	5,054,534	4,976,275
Total liabilities and member's equity	$ 5,054,534	$ 5,000,366

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

LOUISIANA GROWTH FUND, L.L.C.

SCHEDULE OF INVESTMENTS

As of December 31, 1998

Company/Description of Security	Number of Shares or Face Value	Cost	Valuation by Manager
Glass Masters, LLC:			
14% promissory note, due 10/31/2005	500,000	$ 500,000	$ 500,000
P.J.'s Coffee and Tea Company, Inc.:			
12% promissory note, due 8/3/2003	200,000	203,378	203,378
H.B. Rentals, LC:			
12% promissory note, due 8/3/2003	138,461	138,461	138,461
Professional Employer Services, Inc.:			
Series D Convertible preferred stock	60	666,667	666,667
Series E Convertible preferred stock	73.2	50,000	50,000
Total investments		$ 1,558,506	$ 1,558,506

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

LOUISIANA GROWTH FUND, L.L.C.

STATEMENTS OF OPERATIONS

For the Year Ended December 31, 1998 and
the Period November 1, 1997 (inception) to December 31, 1997

	1998	1997
INVESTMENT INCOME:		
Interest-bearing deposits	$ 161,775	$ 366
Dividend income	51,971	-
Total investment income	213,746	366
EXPENSES:		
Management fees (Note 6)	125,000	20,834
Professional fees	6,500	3,257
Other expenses	3,987	-
Total expenses	135,487	24,091
Net profit (loss) from operations	$ 78,259	$ (23,725)

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

LOUISIANA GROWTH FUND, L.L.C.

STATEMENTS OF CHANGES IN MEMBER'S EQUITY

For the Year Ended December 31, 1998 and

the Period November 1, 1997 (inception) to December 31, 1997

	Louisiana Economic Development Corporation
Initial capital contribution- November 1, 1997	$ 5,000,000
Net loss from operations	(23,725)
BALANCE, December 31, 1997	$ 4,976,275
Net profit from operations	78,259
BALANCE, December 31, 1998	$ 5,054,534

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

LOUISIANA GROWTH FUND, L.L.C.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 1998 and the Period November 1, 1997 (inception) to December 31, 1997

	1998	1997
OPERATING ACTIVITIES:		
Net profit (loss) from operations	$ 78,259	$ (23,725)
Adjustments to reconcile net profit (loss) to cash (used in) provided by operating activities -		
Increase in dividends receivable	(19,640)	-
Increase in interest receivable	(14,883)	-
Increase (decrease) in accrued expenses and other liabilities	(24,091)	24,091
Funding of investments	(1,558,506)	-
Net cash (used in) provided by operating activities	(1,538,861)	366
FINANCING ACTIVITIES:		
Capital contributions	-	5,000,000
Net cash provided by financing activities	-	5,000,000
Increase (decrease) in cash and cash	(1,538,861)	5,000,366
Cash and cash equivalents, beginning of period	5,000,366	-
Cash and cash equivalents, end of period	$ 3,461,505	$ 5,000,366

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

LOUISIANA GROWTH FUND, L.L.C.

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1997

1. NATURE AND ORGANIZATION:

Louisiana Growth Fund, L.L.C. (the "Fund") was formed under the laws of the State of Louisiana on November 1, 1997 to provide venture capital financing through debt or equity investments in small business enterprises maintaining headquarters and production facilities in Louisiana. The Fund is comprised of one member, Louisiana Economic Development Corporation ("LEDC"), a public authority created pursuant to Title 51 of the Louisiana Revised Statutes of 1950.

Pursuant to an Investment and Management Services Agreement dated November 1, 1997 (the "Agreement"), the Fund is managed by Banc One Capital Markets, Inc. ("BOCM"or the "Manager"), formerly known as Banc One Capital Corporation. BOCM provides the Fund with administrative services and is reponsible for identifying, investigating, evaluating and making investments in small business enterprises. Profits, losses and cash flows are allocated to LEDC and BOCM as set forth in the Agreement.

The Fund will continue until November 1, 2007, unless terminated prior to that date due to complete liquidation of investments. The Fund may be extended for up to two years to allow for liquidation of assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the Fund conform with generally accepted accounting principles and general practices within the venture capital industry. The accounting policies that significantly affect the determination of financial position, cash flows or results of operations are presented below.

a. **Basis of Presentation and Use of Estimates:** The Fund uses the accrual basis of accounting and uses estimates determined by the Manager for the fair value of its portfolio investments. 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a material change in estimated fair value of investment securities could occur in the near term.

b. **Cash and Cash Equivalents:** For purposes of the statement of cash flows, the Fund considers amounts due from depository institutions to be cash and cash equivalents.

c. **Investments:** The Fund records its debt and equity investments at estimated fair value using criteria established by the Manager. In preparing the financial statements, the Manager is required to make significant judgments that affect the reported amounts of investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. The process of valuing investments requires significant judgments that are susceptible to change. The Manager believes that investment values are appropriate. While they use available information to determine the estimate of fair values of investments, future adjustments may be necessary based on changes in economic conditions.

   Fair value, as determined by the Manager, generally is considered to be the amount that the Fund might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuation as of any particular date, however, is not necessarily indicative of an amount that the Fund ultimately may realize as a result of a future sale or other disposition of the investments.

   The valuation policies of the Manager in determining the fair value of the Fund's investments include the following:

   - Securities, listed on exchanges that are not restricted as to salability or transferability are valued at the average of the closing price as of the valuation date and the preceding two days. If any listed security does not trade on such date, then the average of the closing high bid and low asked prices is used.

   - Unlisted securities that are readily marketable are valued at the average of the bid prices at the close for the valuation date and the preceding two days.

   - Securities, whether listed or unlisted, for which market quotations are available, but which are restricted as to salability or transferability, are valued as provided in the above subsections, less a discount from the value thereof as determined in good faith by the Manager. In determining the amount of such discount, the Manager considers the nature and term of such restriction and relative volatility of the market price for such security.

   - Securities for which market quotations are not readily available are valued at fair value as determined by the Manager. In making its valuations, the Manager considers the cost of the investments and developments since the acquisition of the investments. Generally, these securities are carried at cost, which in the Manager's view approximates fair value, unless significant events have occurred to change this value. Portfolio companies that raise significant additional financing from a group, including new institutional investors, are typically valued using the per share price of this new financing. Portfolio companies that experience significant operating problems may be reduced in value if the Manager determines that these problems have caused a fundamental reduction in company value. Where a company has been self-financing and has had positive cash flow from operations for at least the past two fiscal years asset value may be increased based on a financial measure regarding price/earnings ratios or cash flow multiples, or other appropriate financial measures of similar publicly traded companies, discounted for illiquidity.

d. **Income Recognition:** Interest income earned by the Fund is recognized on the accrual basis of accounting. Dividend income is recognized on the ex-dividend date. Gains and losses on sales of securities are determined on an identified security basis and are reported as a component of realized gains (losses). Purchases and sales of investments are recorded on a trade-date basis.

Interest income on loans which are classified in investments is generally accrued on the principal balance outstanding. The accrual of interest income on loans is discontinued when the receipt of principal and interest on a timely basis becomes doubtful. Any accrued interest is reversed when a loan is placed on nonaccrual.

3. INVESTMENTS:

Investments valued at $1,558,506 as of December 31, 1998 represent securities for which market quotations are not readily available and, consistent with the Fund's policy, are reflected at fair value as determined by the Manager. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed. Such securities are restricted as to salability or transferability.

4. INCOME TAXES:

The Fund makes no provision for federal income taxes as taxable income and loss is allocated to LEDC, the equity member.

5. RELATED PARTY TRANSACTIONS:

Under the Agreement, BOCM will receive an annual fee of 2.5% of the initial $5,000,000 capital contribution less any funds returned to the Fund from the sale or liquidation of investments, adjusted quarterly. In addition to the annual fee, BOCM is entitled to receive 20% of net profits of the Fund after the initial $5,000,000 capital contribution is recovered by the Fund in cash or publicly marketable securities. The Fund incurred management fee expenses of $125,000 and $20,834 to BOCM in 1998 and 1997, respectively.

At December 31, 1998 and 1997, the Fund held $3,461,505 and $5,000,366 respectively, of cash with an affiliate of BOCM, Bank One, Louisiana, NA ("BOLA"). As required by terms of the Agreement and in compliance with state regulations, BOLA pledges securities, whose value must be equal to at least 100% of the amount on deposit with national banking associations in excess of Federal Deposit Insurance Corporation insurance. As of December 31, 1998 and 1997, U.S. Government or Government Agency Securities with a market value of approximately $4,066,880 and $5,771,000, respectively, were pledged for the Fund by BOLA.

ARTHUR ANDERSEN LLP

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Member of
Louisiana Growth Fund, L.L.C.

We have audited the financial statements of Louisiana Growth Fund, L.L.C. (the "Fund") as of December 31, 1998 and 1997 and for the year ended December 31, 1998 and the period November 1, 1997 (inception) to December 31, 1997, and have issued our report thereon dated March 19, 1999. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the member, Manager, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

Chicago, Illinois
March 19, 1999