FORM 8-K/A

Current report filing [amend]

Filing Date: **1999-09-10** | Period of Report: **1999-09-10**
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FILER

ALPNET INC

CIK:**712425**| IRS No.: **870356708** | State of Incorp.:**UT** | Fiscal Year End: **1231**
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SIC: **7389** Business services, nec

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

September 10, 1999 (June 30, 1999)

Date of Report (Date of earliest event reported)

ALPNET, Inc.

(Exact name of registrant as specified in its charter)

<TABLE>

<S>	<C>	<C>
Utah	0-15512	87-0356708
(State or other jurisdiction of Incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

</TABLE>

4460 South Highland Drive,
Suite #100
Salt Lake City, Utah 84124-3543

(Address of principal executive offices including zip code)

(801) 273-6600

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address if changed since last report)

The Current Report on Form 8-K/A amends and supplements the Current Report on Form 8-K dated July 14, 1999.

ITEM 2: ACQUISITION OR DISPOSITION OF ASSETS.

On June 30, 1999, the Registrant acquired all of the outstanding share capital of EP Publishing Partners GmbH ("EP"), a German corporation based in Nuremberg, Germany. In connection therewith, Registrant hereby files (i) EP's audited financial statements and notes thereto for the years ended December 31, 1998 and 1997, and (ii) Registrant's unaudited pro forma consolidated statements of operations for the year ended December 31, 1998; and for the six months ended June 30, 1999.

ITEM 7: FINANCIAL STATEMENTS.

(a) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED.
(i) EP audited financial statements and notes thereto for the years ended December 31, 1998 and 1997.

(b) PRO FORMA CONSOLIDATED FINANCIAL INFORMATION.
(i) ALPNET, Inc. unaudited pro forma consolidated statements of operations for the year ended December 31, 1998; and
(ii) ALPNET, Inc. unaudited pro forma consolidated statements of operations for the six months ended June 30, 1999;
(iii) Notes to the unaudited pro forma consolidated financial information.

(c) EXHIBITS.
The following Exhibits are filed with this Current Report on Form 8-K:

Exhibit No:	Description
2.1	Stock Purchase Agreement, dated June 30, 1999 (previously filed).
99.1	EP audited financial statements and notes thereto for the years ended December 31, 1998 and 1997.
99.2	ALPNET, Inc. unaudited pro forma consolidated statements of operations and notes thereto for the year ended December 31, 1998 and for the six months ended June 30, 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALPNET, Inc.

By: /s/ John W. Wittwer

Name: John W. Wittwer
Title: Chief Financial Officer

Date: September 10, 1999

EXHIBIT 99.1

Report of Independent Auditors

To the Shareholders,
EP Electronic Publishing Partners GmbH

We have audited the accompanying balance sheets of EP Electronic Publishing Partners GmbH (EPP GmbH) as of December 31, 1998 and 1997, and the related statements of income, shareholders' 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EPP GmbH at December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Nurnberg, April 23, 1999
Federal Republic of Germany

Schitag Ernst & Young Deutsche Allgemeine Treuhand AG
Wirtschaftsprufungsgesellschaft

EP ELECTRONIC PUBLISHING PARTNERS GMBH

BALANCE SHEETS

<TABLE>
<CAPTION>

Thousands of dollars	December 31 1998	1997
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	$ 30	$ 29
Trade accounts receivable, less allowance of $6 in 1998 and $3 in 1997	319	89
Costs of uncompleted contracts in excess of related billings (Note 3)	-	59
Due from shareholders (Note 10)	120	112
Prepaid expenses and other	28	49
Total current assets	497	338

Property, equipment and leasehold improvements:		
Furniture and fixtures	152	140
Purchased software	99	89
	251	229
Less accumulated depreciation and amortization	228	175
Net property, equipment and leasehold improvements	23	54
Capitalized software, less accumulated amortization of $ 0 in 1998 (Note 2)	142	-
Total assets	$ 662	$ 392

</TABLE>

See accompanying notes to financial statements.

EP ELECTRONIC PUBLISHING PARTNERS GMBH

BALANCE SHEETS

<TABLE>
<CAPTION>

Thousands of dollars	December 31 1998	1997
<S>	<C>	<C>
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable to banks (Note 4)	$ 197	$ 179
Accounts payable	141	142
Billings on uncompleted contracts in excess of related costs	31	-
Accrued payroll and related benefits	138	99
Other accrued expenses	131	125
Current portion of long-term notes payable to shareholders	432	221
Total current liabilities	1,070	766
Long-term notes payable to shareholders, less current portion (Note 5)	242	-
Silent partnership debt (Note 6)	23	22
Shareholders' equity:		
Registered capital	173	146
Accumulated deficit	-851	-590
Accumulated other comprehensive income	5	48
Total shareholders' equity	-673	-396
Total liabilities and shareholders' equity	$ 662	$ 392

</TABLE>

See accompanying notes to financial statements.

EP ELECTRONIC PUBLISHING PARTNERS GMBH

STATEMENTS OF INCOME

<TABLE>
<CAPTION>

Thousands of dollars	Year Ended December 31 1998	1997
<S>	<C>	<C>
Sales of services	$ 1,226	$ 610
Operating expenses:		
Cost of services sold	503	145
Selling, general and administrative expenses	235	255
Development costs	693	384
Total operating expenses	1,431	784
Operating loss	-205	-174
Interest expense, net	56	29
Loss before income taxes	-261	-203
Income tax expense	-	-
Net loss	$ -261	$ -203

</TABLE>

See accompanying notes to financial statements.

EP ELECTRONIC PUBLISHING PARTNERS GMBH

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

Thousands of dollars	Registered Capital	Accumulated Deficit	Cumulative Other Comprehensive Income	Total
<S>	<C>	<C>	<C>	<C>
Balances at December 31, 1996	$146	$-387	$ 8	$-233
Net loss		-203		-203
Foreign currency translation adjustment			40	40
Balances at December 31, 1997	146	-590	48	-396
Net loss		-261		-261
Foreign currency translation adjustment			-43	-43
Forgiveness of shareholder debt	27			27
Balances at December 31, 1998	$173	$-851	$ 5	$-673

</TABLE>

See accompanying notes to financial statements.

EP ELECTRONIC PUBLISHING PARTNERS GMBH

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

Thousands of dollars	Year Ended December 31 1998	1997
<S>	<C>	<C>
Operating activities:		
Net loss	$-261	$-203
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and leasehold improvemnts	30	68
Loss on disposal of assets	10	-
Changes in operating assets and liabilities:		
Trade accounts receivable	-213	13
Uncompleted contracts	90	199
Accounts payable and other current liabilities	16	-78
Other	-112	-96
Net cash provided (used) by operating activities	-440	-97
Investing activities:		
Purchase of property, equipment and leasehold improvements	-6	-65
Net cash used in investing activities	-6	-65
Financing activities:		
Increase (decrease) in notes payable to banks	5	-18
Principal payments on long-term shareholder debt	-14	-
Proceeds from long-term shareholder debt	455	179
Net cash provided by financing activities	446	161
Effect of exchange rate changes on cash	1	-5
Net (decrease) increase in cash and cash equivalents	1	-6
Cash and cash equivalents at beginning of year	29	35
Cash and cash equivalents at end of year	$ 30	$ 29

</TABLE>

See accompanying notes to financial statements.

EP ELECTRONIC PUBLISHING PARTNERS GMBH

Notes to Financial Statements December 31, 1998 and 1997

1. Description of Company

EP Electronic Publishing Partners GmbH (the Company) develops and sells software products principally for the translation and publishing industries. The principal market for the Company's services is Europe. The Company is a limited liability company in the Federal Republic of Germany.

Although the Company has incurred operating losses in recent years and has a deficit in Shareholders' equity of $ 673 at December 31, 1998, the purchasing parent company has agreed to fund working capital requirements as needed through January 1, 2000 to avoid any going concern issues under German law.

The accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). The Company maintains its financial records in accordance with the German Commercial Code, which represents generally accepted accounting principles in Germany ("German GAAP"). Generally accepted accounting principles in Germany vary in certain significant respects from U.S. GAAP. Accordingly, the Company has recorded certain adjustments in order that these financial statements be in accordance with U.S. GAAP.

All amounts in the footnotes are reported in thousands of dollars.

2. Significant Accounting Policies

Cash and Cash Equivalents

The Company considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased. Cash equivalents are stated at cost, which approximates fair value.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are recorded at cost. Depreciation and amortisation are calculated using the straight-line method over estimated useful lives of 3 to 5 years.

2. Significant Accounting Policies (Continued)

Capitalized Software

Certain computer software costs are capitalized in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed," and are reported at the lower of unamortized cost or net realizable value.

Revenue Recognition

Revenue from services is recognised as work is performed. Clients are billed according to the terms of purchase orders and contracts. Uncompleted contracts represent costs on incomplete and unbilled projects as well as revenues recognised in excess of amounts billed. Provisions for estimated losses on contracts are recorded when such losses become evident.

Concentration of Credit Risk

Sales to a single customer accounted for 53% in 1998 and 71% in 1997 of net sales. Accounts receivable from this customer represent 85% and 0% of the accounts receivable balance as of December 31, 1998 and 1997, respectively. No other customer accounted for more than 10% of revenue in any year.

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, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. Uncompleted Contracts

A summary of uncompleted contracts at December 31, 1998 and 1997 follows:

<TABLE>

<CAPTION>

<S>	1998 <C>	1997 <C>
Contract costs	$ 24	$ 427
Billings	55	203
Net contract costs	-31	224
Provision for losses on open contracts	-	165
Uncompleted contracts	$ -31	$ 59

</TABLE>

4. Notes Payable to Banks

Credit facilities with financial institutions consisted of the following:

<TABLE>
<CAPTION>

<S>	December 31 1998 <C>	1997 <C>
Credit facilities with financial institutions		
Revolving credit facility A, interest at 9.50% on borrowings up to $87 and $59 as of December 31, 1998 and 1997, respectively, 13,50% on borrowings exceeding above limits	$ 96	$ 66
Revolving credit facility B, interest at 8.75% on borrowings up to $90 and $184 as of December 31, 1998 and 1997, respectively, 12.75% on borrowings exceeding above limits	101	113
	$ 197	$ 179

</TABLE>

To provide a portion of the financing of operating activities, the Company entered into two revolving credit facilities with separate financial institutions.

The revolving credit facility A expires in June 1999. The Company had $ 0 available borrowing under revolving credit facility A at December 31, 1998. The balance of trade accounts receivable has been pledged as collateral under revolving credit facility A.

4. Notes Payable to Banks (Continued)

The revolving credit facility B expires in April 1999. The Company had $ 0 available borrowing under revolving credit facility B at December 31, 1998. The revolving credit facility B requires the company to maintain certain cash balances. As of December 31, 1998 and 1997 cash balances have been pledged as collateral.

5. Notes Payable to Shareholders

Notes payable to shareholders consist of the following:

<TABLE>

<CAPTION>

	December 31 1998	1997
<S>	<C>	<C>
Notes payable to shareholders		
Interest at 8.00%, payable upon demand	$ 28	$ 28
Interest at 8.00%, payable in full at May 31, 1999	63	84
Interest at 8.00%, payable upon demand	27	25
Interest at 8.00%, payable in full at June 30, 1999	18	-
Interest at 8.00%, payable in full at March 30, 1999	120	-
Interest at 8.00%, payable in full at May 31, 1999	30	-
Interest at 8.00%, payable upon demand	9	-
Interest at 7.50%, payable in thirty-six monthly instalments beginning June 1999	300	-
Interest at 8.00%, payable in full at June 30, 1999	75	84
Interest at 8.00%, payable upon demand	4	-
	674	221
Less current portion	432	221
	$ 242	$ -

</TABLE>

The Company has entered into various financing agreements with shareholders of the Company. Interest expense on related party notes amounted to $ 30 and $ 9 in fiscal 1998 and 1997, respectively.

The note payable in full at May 31, 1999 is due to a former shareholder who sold his interest in the Company on October 8, 1998.

The Company paid interest of $ 29 and $ 20 in fiscal 1998 and 1997, respectively.

5. Notes Payable to Shareholders (Continued)

Aggregate principal payments due on notes payable to shareholders are as follows:

1999	$432
2000	100
2001	100
2002	42
	$674

6. Silent Partnership Debt

On August 2, 1993 the Company entered into a silent partnership agreement with three employees of the Company. The employees provided funds to the Company in the amount of $ 23 in exchange for a combined 7.79 % share in profits earned. The silent partners do not share in losses of the Company. The Company may cancel the agreement with a six-month-advance notice rendered six months prior to year end. The employees may cancel the agreement based upon various contractual restrictions.

7. Registered Capital

The Company is a limited liability company (hereafter "GmbH") under German law. Shareholders are generally not liable for the Company's obligations except to the extent of their capital investment. Registered capital of a GmbH is not in the form of shares and does not represent negotiable securities. The minimum registered capital requirement for a GmbH is TDM 50.

During 1998, approximately $ 27 of debt was forgiven by Verlag Beleke Kommanditgesellschaft in exchange for an equity stake in the Company.

8. Income Taxes

There were no income taxes paid by the Company in 1998 or 1997.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1998 and 1997 are as follows:

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards	$ 532	$ 222
Valuation differences between U.S. and German GAAP	60	70
Other	30	23
Total deferred tax assets	622	315
Deferred tax liabilities:		
Other	2	-
Total deferred tax liability	2	-
Valuation allowance	-620	-315
Net deferred taxes	$ -	$ -

</TABLE>

The Company files tax returns in the Federal Republic of Germany which includes all domestic operations. At December 31, 1998, the Company had net operating loss carryforwards of approximately $ 1,270. Under German law net operating losses do not expire.

Due to the historical losses experienced by the Company, a full valuation allowance has been established against the Company's net deferred tax assets at December 31, 1998 and 1997.

9. Commitments and Contingencies

The Company has commitments under operating leases for office space and equipment which extend to 2003. The lease for the office building contains renewal options and rent escalations. Total rental expense charged to operations in 1998 and 1997 was approximately $ 36 and $ 30, respectively. Aggregate future minimum lease payments related to operating lease commitments with initial or remaining noncancelable lease terms in excess of one year at December 31, 1998 are as follows:

<TABLE>

<S>	<C>
1999	$ 41
2000	42
2001	43
2002	29
2003	1

Future minimum lease payments	$ 156
	===========

</TABLE>

10. Other Related Party Transactions

The Company received a grant from the German government in fiscal 1997 which was used to fund research and development activities. The utilization of the grant funds for research and development is shown as a reduction of development costs in the amount of $ 50 in 1998 and $ 392 in 1997.

The German government required a guarantee for the term of the grant project which was given by a shareholder of the Company. The shareholder in turn required a security deposit from the Company of $ 120 and $ 112 at December 31, 1998 and 1997, respectively.

The Company recognised interest income on these amounts due from this shareholder of $ 3 in 1998 and $ 1 in 1997.

11. Year 2000 (Unaudited)

The Year 2000 issue is the result of computer programs written using two digits rather than four to define the applicable year. Any of the Company's programs that have date-sensitive software may recognise a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculation causing disruption of operation, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

Based on a preliminary assessment, the Company believes that the Year 2000 issue will not have a material impact on the operations of the Company. The Company will upgrade all hardware and software before the Year 2000 that is not Year 2000 compliant. The cost to upgrade the hardware or software is not expected to be material.

The Year 2000 issue may also affect the systems and applications of the Company's customers or suppliers. Although the Company does not anticipate any material impact on its operations as a result of Year 2000 issues of its customers or suppliers, at this stage, no assurance can be given that the failure by one or more of its major suppliers or customers to become Year 2000 compliant will not have a material adverse impact on its operations.

The Company does not have a contingency plan and has not estimated a worst case scenario.

EXHIBIT 99.2

ALPNET, INC. AND SUBSIDIARIES

Pro Forma Consolidated Statements of Operations for the Year Ended December 31, 1998 (Unaudited)

<TABLE>
<CAPTION>

Thousands of dollars and shares	ALPNET, Inc.	EP	Pro Forma Adjustments (Note 2)	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>
Sales of services	$ 48,545	$1,226	$	$ 49,771
Operating expenses:				
Cost of services sold	38,058	503		38,561
Selling, general, and administrative expenses	8,060	235	105 (a)	8,400
Development costs	730	693		1,423
Amortization of goodwill	391	-	26 (b)	417
Restructuring expenses	1,291	-		1,291
Total operating expenses	48,530	1,431	131	50,092
Operating income (loss)	15	(205)	(131)	(321)
Interest expense, net	287	56		343
Loss before income taxes	(272)	(261)	(131)	(664)
Income taxes	546	-		546
Net loss	$ (818)	$ (261)	$ (131)	$ (1,210)
Loss per share - basic	$ (0.03)			$ (0.05)
Loss per share - assuming dilution	$ (0.03)			$ (0.05)
Shares used in loss per share calculations:				
Basic	23,838		50	23,888
Assuming Dilution	23,838		50	23,888

</TABLE>

See accompanying notes.

ALPNET, INC. AND SUBSIDIARIES

Pro Forma Consolidated Statements of Operations for the Six Months Ended June 30, 1999 (Unaudited)

<TABLE>
<CAPTION>

Thousands of dollars and shares	ALPNET, Inc.	EP	Pro Forma Adjustments (Note 2)	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>
Sales of services	$ 24,978	$ 388	$	$ 25,366
Operating expenses:				
Cost of services sold	19,392	161		19,553
Selling, general, and administrative expenses	4,452	120	53 (a)	4,625
Development costs	78	233		311
Amortization of goodwill	191	-	13 (b)	204
Total operating expenses	24,113	514	66	24,693

Operating income (loss)	865	(126)	(66)	673
Interest expense, net	188	25		213
Income (loss) before income taxes	677	(151)	(66)	460
Income taxes	216	-		216
Net income (loss)	$ 461	$ (151)	$ (66)	$ 244
Income per share - basic	$ 0.02			$ 0.01
Income per share - assuming dilution	$ 0.02			$ 0.01
Shares used in income per share calculations:				
Basic	24,372		50	24,422
Assuming dilution	26,029		127	26,156

</TABLE>

See accompanying notes

ALPNET, INC. AND SUBSIDIARIES

Notes to Unaudited Pro Forma Consolidated Statements of Operations

1. Basis of Presentation

On June 30, 1999, the Registrant entered into a Stock Purchase Agreement to acquire the entire outstanding share capital of EP Publishing Partners GmbH ("EP"), a German corporation based in Nuremburg, Germany. The purchase price approximated $937,000.

The pro forma consolidated statements of operations assume that the acquisition took place as of the beginning of 1998 and then carried forward into fiscal 1999. They combine:

1. ALPNET's consolidated statement of operations for the year ended December 31, 1998 and EP's statement of operations for the year ended December 31, 1998, and

2. ALPNET's consolidated statement of operations for the six months ended June 30, 1999 and EP's statement of operations for the six months ended June 30, 1999.

A pro forma consolidated balance sheet has not been included in this filing as the acquisition became effective June 30, 1999 and EP accounts were included in the 10Q filed for the period ended June 30, 1999.

There were no material transactions between ALPNET and EP during the periods presented.

There are no material differences between the accounting policies of ALPNET and EP.

The pro forma consolidated provision for income taxes may not represent the amounts that would have resulted had ALPNET and EP filed consolidated income tax returns during the periods presented.

2. Pro Forma Adjustments

The pro forma adjustments are based on ALPNET management's estimates. In addition, management is in the process of assessing and formulating its integration plans and does not foresee any material charges or credits against income during the 12 months succeeding the acquisition.

The purchase price of approximately $937,000, including assumption of net liabilities and acquisition costs, was allocated to software ($630,000) and goodwill ($307,000).

2. Pro Forma Adjustments (continued)

(a) The annual amortization charge to income related to purchased software is $105,000. This charge is reflected in the pro forma consolidated statement of operations and is recalculated below:

	Amount	Estimated Useful Life in years	Calculated Amortization for the year ended December 31, 1998	Calculated Amortization for the six months ended June 30, 1999
Purchased Software	$ 630,000	6	$ 105,000	$ 53,000

(b) The annual amortization charge to income related to goodwill approximates $26,000. This charge is reflected in the pro forma consolidated statement of operations and is recalculated below:

	Amount	Estimated Useful Life in years	Calculated Amortization for the year ended December 31, 1998	Calculated Amortization for the six months ended June 30, 1999
Goodwill	$ 307,000	12	$ 26,000	$ 13,000

3. Pro Forma Income (Loss) Per Common Share

Pro forma income (loss) per share - basic was calculated based on the issuance of approximately 50,000 shares of ALPNET common stock. Pro forma loss per share-assuming dilution at December 31, 1998 does not include any common stock equivalents as their effect would be anti-dilutive. Pro forma income per share-assuming dilution at June 30, 1999 includes 127,000 ALPNET common shares of which approximately 77,000 are attributable to shares of ALPNET common stock issuable upon the conversion of Convertible Notes which were issued to former EP shareholders as part of the acquisition.