Taglich Brothers, Inc.
The Standard of Excellence in the Microcap Market

Member: NASD, SIPC

Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

AeroCentury Corp.

Rating: Speculative Buy

Howard Halpern

ACY $3.18- (AMEX)

May 12, 2003

	FYE 12/01	FYE 12/02	**FYE 12/03 E**	**FYE 12/04 E**
Revenues (millions)	$10.91*	$8.81	**$9.9**	**$10.3**
Earnings per share (diluted)	$0.95*	$0.65	**$0.61**	**$0.71**

52week range	$4.91 – $2.57	Fiscal year ends:	December
Shares outstanding	1.54 million	Revenue/shares (ttm)	$5.87
Trading float	1.0 million	Price/Sales (ttm)	0.54X
Insiders and Institutional ownership	0.54 million	Price/Sales (2003)	0.50X
Est. Book value/share a/o 03/31/03	$12.48	Price/Earnings (ttm)	5.6X
Price/Book	0.25X	Price/Earnings (2003)	5.2X

* Excludes a $0.35 million pre-tax or $0.15 per share post-tax insurance settlement gain in Q3 2001

AeroCentury Corp., is engaged in the business of ownership, management, leasing and acquisition of aircraft. The primary focus is on used commercial turboprop aircraft equipment for lease to foreign and domestic regional air carriers. Web site address is: www.aerocentury.com

Key investment considerations:

We are maintaining our Speculative Buy rating and setting a twelve-month price target of $4.10 per share based on a relative price-to-book analysis and our earnings forecast for the next four quarters.

Our rating and outlook is based on the tough operating environment within the Aviation and Travel Industries, which is likely to persist throughout the remainder of 2003.

AeroCentury reported first quarter revenues of $2.48 million versus $2.23 million in the same period last year. Net income was $0.175 million or $0.11 per diluted share versus $0.300 million or $0.19 per diluted share in the same period last year.

During April 2003, the Company completed the re-lease of its Fairchild Metro III aircraft to a new customer in Canada.

Based on first quarter 2003 results, we are estimating revenues of $9.9 million and net income of $0.940 million or $0.61 per diluted share in 2003. Our prior estimates called for revenues of $8.98 million and net income of $0.919 million or $0.60 per diluted share. Our initial forecast for 2004 calls for revenues of $10.3 million and net income of $1.1 million or $0.71 per diluted share.

**** Please view our disclaimer located on page 8***

Recent Financials

AeroCentury reported 2003 first quarter revenues of $2.476 million versus $2.225 million in the first quarter of 2002. Net income was $0.175 million or $0.11 per diluted share, versus $0.300 million or $0.19 per diluted share in the same period last year.

Year-over-year revenue growth was primarily due to increases in operating lease revenue from aircraft purchased during the second half of 2002 and from the re-lease of several aircraft that were off lease during the first quarter of last year. However, the decrease in net income compared to last year was the result of increased operating expenses, which included higher general and administration expenses.

In comparison, the Company's results were ahead of expectations. Taglich Brothers estimated called for first quarter revenues of $2.2 million and net income of $0.137 million or $0.09 per diluted share.

Estimated Balance Sheet as of March 31, 2003

We estimate that cash and cash equivalents stood at approximately $1.75 million versus $1.71 million at December 31, 2002. The Company is operating under an amended $50 million revolving line of credit, which allows them to lease aircraft for shorter lease terms. The term of the credit facility expires on June 28, 2003. As long as management is able to keep its assets on leases and interest rates remain stable, cash flow should be sufficient to cover management fees, professional fees, and interest expense.

Recent Developments

On April 14, 2003, the Company announced the successful re-lease of its Fairchild Metro III aircraft to a new Canadian customer. The lease term is for one year with options to extend the lease for two one-year periods.

Competitive Environment

The Company targets regional commercial aircraft operators that are seeking to lease aircraft under an operating lease. The competition in this market, which is primarily based on price and lease terms, comes from companies that offer financing, including leasing companies, banks and other financial institutions, and aircraft leasing partnerships. The large participants in the aircraft leasing industry include International Lease Finance Corp., a subsidiary of American International Group (NYSE: AIG), the CIT Group (NYSE: CIT), which was recently spun-off from Tyco Inc. (NYSE: TYC) and GE Capital Aviation Services, a subsidiary of General Electric Commercial Finance.

The operating environment in the Aviation and Travel Industries over the past three years has been tough. The Aviation Industry has experienced numerous bankruptcies in 2002 and may experience a few more in 2003. This in turn increases the supply of aircraft on the market and lessens demand. According to the Travel Industry Association of America (TIA), travel volume has declined for three straight years (9.0% between 2002 and 2000). The TIA forecast, which calls for a 2.5% decline in business travel during the spring of 2003, believes that if consumer confidence starts to show improvement, air travel during the second half of the year will show improvement. Also, impacting the leasing of aircraft for all industry participants is the relatively low interest rate environment that causes lease rates to decline upon the re-leasing of an aircraft.

We believe that the Company's competitive advantages in this industry are due primarily to Management's experience and ability to generate operational efficiency in financing the transaction sizes that are most desired by the regional air carrier market, especially the overseas market.

Outlook and Projections

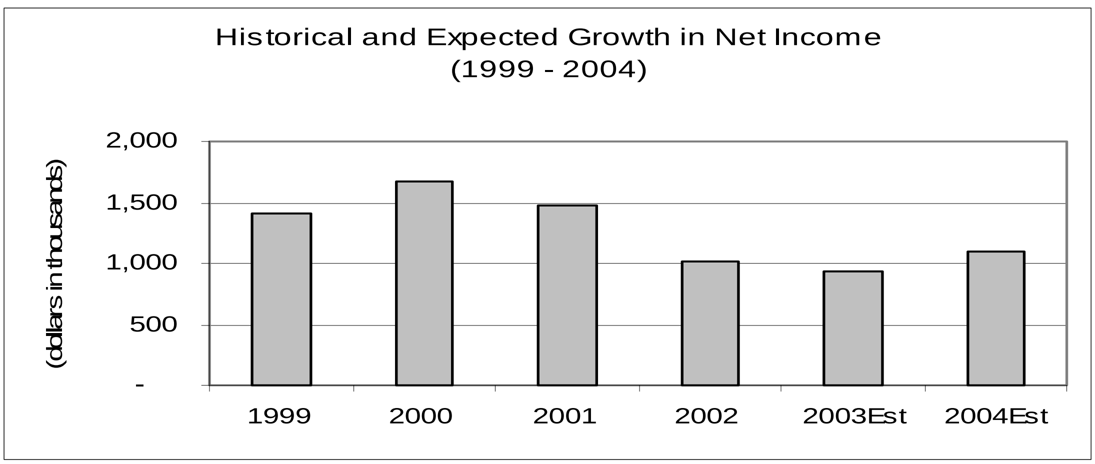
Based on first quarter results, we are revising our revenue and earnings forecasts for fiscal 2003. Revenues should approximate $9.91 million with net income of approximately $0.940 million or $0.61 per diluted share.

Our prior forecasts called for revenues of $8.98 million with net income of $0.919 million or $0.60 per diluted share. For 2004, our initial forecasts call for revenues of $10.3 million or $1.095 million or $0.71 per diluted share.

Our revenue estimates are based on a continued slow recovery from the prolonged economic downturn in the U.S. and abroad, which has created the current tough operating environment for companies involved in the Aviation and Travel Industries. Also, impacting revenues is the relatively low interest rate environment, which has resulted in lower lease rates.

We estimate that the Company has at least two aircraft available for re-lease and/or sale during the second quarter of 2003. Several other aircrafts are likely to come off lease over the next six months. The timing of when aircraft(s) will be returned to the Company remains unclear; however, until an aircraft is returned, rent will be paid by the lessor even if the lease term has expired. In order to obtain re-lease agreements, management continues to focus its efforts on marketing. Therefore, we believe it is prudent to estimate that selling, general, and administrative expenses will increase by approximately $0.225 million versus last year. In addition, the Company acquired and leased-back two aircrafts during the fourth quarter and re-leased an aircraft during April 2003, which has increased our estimates for management fees and depreciation.

We estimate that the Company should have cash earnings of approximately $2.67 per share in 2003 (net income plus depreciation, divided by average number of shares) versus cash earnings of $2.50 in 2002.



Source: Company financials; Taglich Brothers estimates, 2001 excludes the insurance settlement gain recorded in Q3 2001

Risks

Economic Factors

The Company's business is dependent on the strength of the Travel and Transportation Industries and on the general level of economic activity in the United States and internationally. As a result of the weak economic environment experienced over the last two years, there was a reduction in the number of aircraft being used by major air carriers, particularly those serving the United States market. AeroCentury's current leases and remarketing efforts are primarily focused outside of the U.S., therefore, the impact should be somewhat muted. However, if the slight economic recovery that is underway (Gross Domestic Product of 1.6% for the first quarter of 2002) does not gain momentum, the Company's operations could be negatively impacted.

Debt Financing

The Company uses its revolving credit facility and special purpose financing to acquire aircraft in order to lease it to a customer. If a customer is unable to make its lease payments, AeroCentury may not have the ability to repay the debt secured by the aircraft acquired, which means that title to the aircraft would likely be lost in a foreclosure proceeding. It should be noted that money drawn under the revolving credit facility is secured by the Company's existing assets as well as the assets acquired with each financing. A reduction in the number of aircraft in AeroCentury's portfolio would negatively impact operations.

Leasing

Crucial to the Company's ability to remain profitable and grow revenues is its ability to successfully negotiate lease extensions and re-lease/remarket aircraft. However, the following factors may negatively impact the Company's leasing operations:

- Demand for leasing aircraft and/or the sale of an aircraft;
- Acceptable rates that an aircraft can be leased for; and
- The cyclic nature of the Air Transportation and Travel Industries.

Reliance on JetFleet Management

AeroCentury relies on JetFleet Management Corp (JMC) to perform management functions under a management agreement. Currently, the agreement is in its fifth year of a 20-year term. Under this agreement, the Company pays an asset-based management fee to JMC. JMC is not a fiduciary to the Company or its stockholders. The Board of Directors, however, has ultimate control and supervisory responsibility over all aspects of the Company and owes fiduciary duties to the Company and its stockholders. It is important to note that the officers of JMC are also officers of the Company; therefore, if a dispute over obligations between the Company and JMC, occurs a conflict of interest may exist.

Insurance

The Company may be named in a suit claiming damages for injuries or damage to property caused by its assets. As a triple net lessor, the Company is generally protected against such claims. Additionally, the Company should have some protection through the United States Aviation Act with respect to its aircraft assets. The Company may carry insurance or require a lessee to insure against a risk, there may be certain cases where the loss is not entirely covered by the lessee or its insurance.

Interest Rates

If interest rates were to increase sharply the Company's near-term operations would likely be negatively impacted in terms of the borrowing required to finance the purchase of assets (i.e. aircraft, engines, etc.).

Miscellaneous

The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Liquidity

An equity specific concern relates to liquidity. Based on our calculations, average daily-volume for the first three months of 2003 declined to approximately 1,400 shares from 1,816 shares traded a day in 2001. On a relative basis, volume for this equity is very small. Investors need to be aware that by nature, an equity that lacks liquidity can have significant price volatility.

Valuation and Conclusion

We are maintaining our Speculative Buy rating and setting a twelve-month price target of $4.10 per share. Our previous twelve-month price target was $4.47 per share. Based on current price levels and the Company's ability to remain profitable, we still believe that AeroCentury is undervalued, especially in comparison to its peer(s) that lease aircraft and to the Rental and Leasing Industry. However, price appreciation may be slow to occur since the operating environment will likely remain tough within the Aviation and Travel Industries throughout the remainder of 2003.

ACY is trading at a 5.6X multiple based on its trailing twelve month earning per share. In comparison, the Company's peer(s) trade at a trailing twelve-month price to earnings ratio of 12.8X; while, the Rental and Leasing Industry, trades at a trailing twelve-month P/E ratio of 14.3X.

<u>Peer Chart Comparison</u>

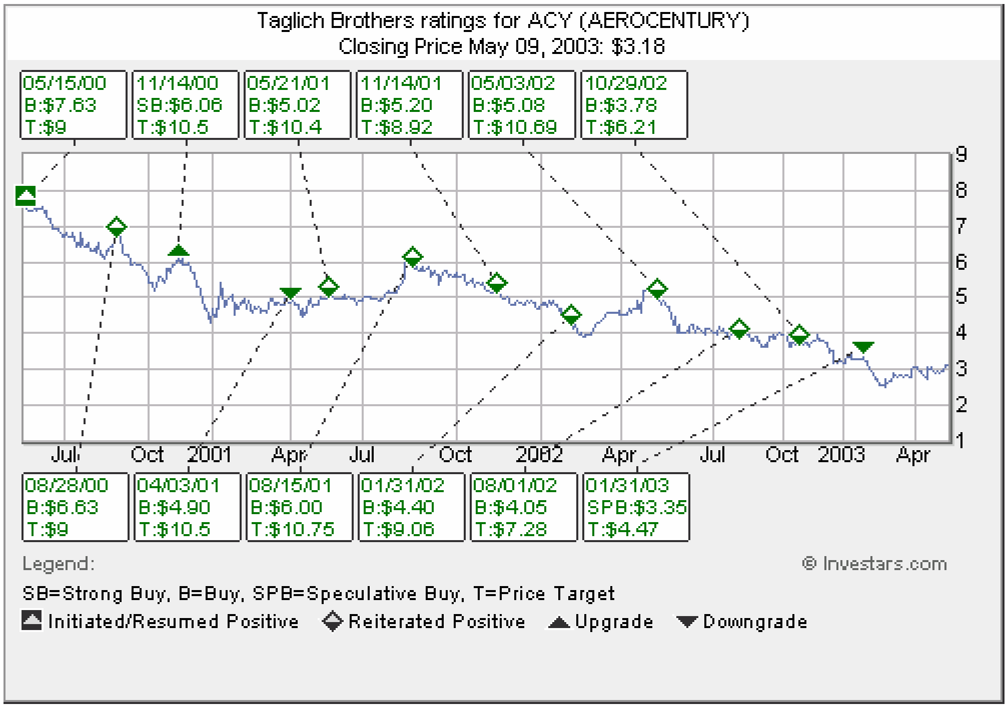
Company Name	Symbol	Current Price	Shrs Out (M)	Market Cap. (Mil)	P/E (TTM)	Price / Sales (TTM)	Book Value / Share	Price / Book
Airlease Ltd.	AIRL	0.80	4.62	3.70	NMF	1.23	5.71	0.14
Willis Lease Finance Corp.	WLFC	5.20	8.84	45.97	12.8	0.77	11.95	0.44
Peer Group Average					12.8	1.00		0.29
AreoCentury Inc.	ACY	3.18	1.54	4.9	5.6	0.54	12.48	0.25

Our price target is based on the average of the following valuation models and a 30% discount factor to account for microcap risk, the current stock market environment*, and Company specific risks discussed earlier.

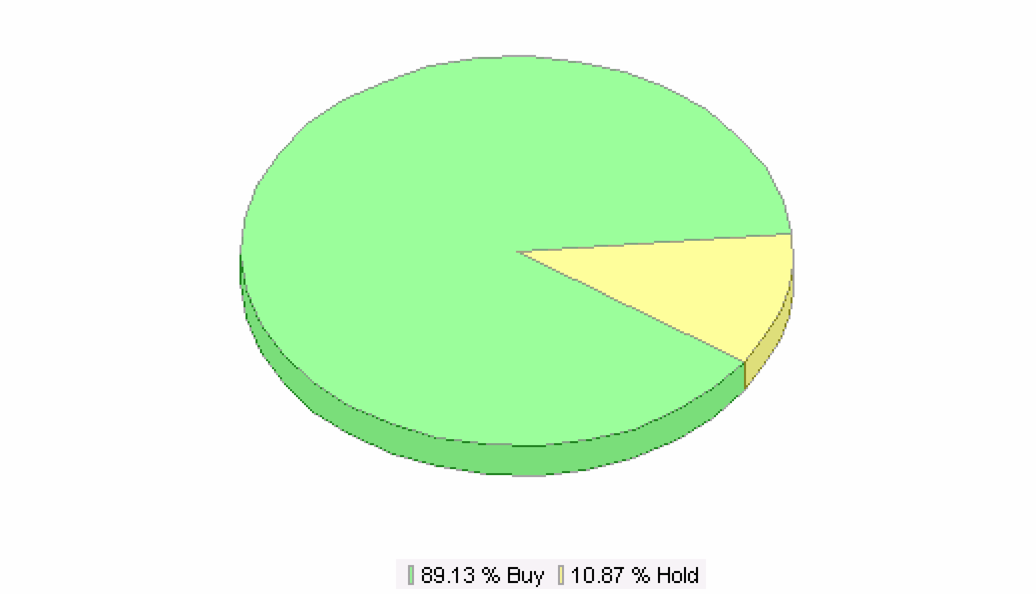
- An earnings per share multiple of 12.8X, which is the current trailing twelve month peer earnings multiple applied to our earnings estimate for the next four quarters of $0.63 per share;

- A book value multiple of 0.29X (see peer chart above), applied to the Company's current book value of $12.48.

* The broad based Russell 3000 index had declined by approximately 3.5% during the first quarter of 2003 and by approximately 26.0% on a year-over-year basis (March 31, 2003 vs. March 31, 2002).



Taglich Brothers Current Ratings Distribution



Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Not rated

There is too much uncertainty in the Company's finances or business model for us to currently form an investment conclusion.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

Public Companies mentioned in this report:

Airlease Ltd.	(OTC BB: AIRL)
Willis Lease Finance Corp.	(NasdaqNM: WLFC)
American International Group	(NYSE: AIG)
CIT Group	(NYSE: CIT)
Tyco Inc.	(NYSE: TYC)

I, Howard Halpern, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

AeroCentury Inc.
Consolidated Balance Sheets *
(in thousands)

	Dec. '00 Full Year	Dec. '01 Full Year	Dec. '02 Full Year	March '03 1st Qtr*
ASSETS				
Current assets:				
Cash & Equivalents	$ 3,184	$ 2,680	$ 1,708	$ 1,750
Deposits	6,864	6,987	7,088	7,140
Accounts Receivable	571	596	1,801	1,500
Note receivable	118	69	18	30
Prepaid Expense & Other	617	651	483	500
Total current assets	**11,353**	**10,983**	**11,097**	**10,920**
Deferred Tax Asset	-	-	-	-
Aircraft & engines, net of depreciation	60,111	56,527	65,502	65,550
Total assets	**$ 71,465**	**$ 67,510**	**$ 76,599**	**$ 76,470**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts Payable and accrued expenses	$ 1,885	$ 1,642	$ 530	$ 775
Notes Payable and accrued interest	41,221	36,510	44,223	44,250
Maintenance deposits and accrued costs	6,310	5,209	5,771	5,400
Security deposits	1,814	1,718	2,254	1,925
Prepaid rent	355	213	186	274
Total current liabilities	**51,585**	**45,292**	**52,965**	**52,624**
Long-Term debt-net of current	-	-	-	-
Deferred Income Taxes	2,716	3,356	3,763	3,800
Total Liabilities	**54,301**	**48,648**	**56,728**	**56,424**
Stockholders' equity:				
Common stock, par value $0.01; authorized 10,000,000 shares;	2	2	2	2
Paid-in capital	13,821	13,821	13,821	13,821
Retained earnings	3,844	5,543	6,552	6,727
Accumulated deficit	-	-	-	-
Treasury Stock, at cost	(504)	(504)	(504)	(504)
Total stockholders' equity	**17,163**	**18,862**	**19,871**	**20,046**
Total liabilities and stockholders' equity	**$ 71,464**	**$ 67,510**	**$ 76,599**	**$ 76,470**
SHARES OUT	1,607	1,607	1,607	1,607

* Full Year ended December 31, 2002 numbers are Taglich Brothers estimates, except for Total Assets, Total Liabilities and Shareholders' equity, which were reported by AeroCentury Corp.

AeroCentury Inc.
Annual Income Statement
For the Years Ended December 31,
(in thousands)

	FY2000*	FY2001**	FY2002	**FY2003E**	**FY2004E**
Revenues:					
Rent Income	$ 10,880	$ 10,238	$ 8,691	**$ 9,760**	**$ 10,225**
Gain(loss) on disposal of assets	747	327	-	**-**	**-**
Other Income	481	667	123	**151**	**100**
Total Revenues	12,108	11,232	8,814	**9,911**	**10,325**
Expenses:					
Management Fees	1,725	1,750	1,725	**1,870**	**1,945**
Depreciation	2,674	2,776	2,852	**3,175**	**3,220**
Interest	3,471	2,866	1,969	**2,295**	**2,400**
SG&A	494	434	543	**770**	**740**
Maintenance	763	859	242	**386**	**350**
Provision for impairment in value of aircraft	463	-	-	**-**	**-**
Total Expenses	9,590	8,684	7,331	**8,496**	**8,655**
Operating Income	2,517	2,548	1,483	**1,415**	**1,670**
Operating Margin	20.79%	22.68%	16.82%	14.28%	16.17%
Taxes(Benefit)	846	849	473	**475**	**575**
Tax Rate	*33.61%*	33.32%	*31.93%*	*33.57%*	*34.43%*
Net Income	$ 1,671	$ 1,699	$ 1,009	**$ 940**	**$ 1,095**
EPS-fully diluted includes insurance settlement	$ 1.08	$ 1.10	$ 0.65	**$ 0.61**	**$ 0.71**
Avg Shares Out-fully diluted	1,543	1,543	1,543	**1,543**	**1,543**
Margin Analysis					
Gross Profit	10,383	9,482	7,089	**8,041**	**8,380**
GPM	85.8%	84.4%	80.4%	**81.1%**	**81.2%**
NI/Rev	13.8%	15.1%	11.5%	**9.5%**	**10.6%**
NI/Rent Income	15.4%	16.6%	11.6%	**9.6%**	**10.7%**
Total Exp/Rev	79.2%	77.3%	83.2%	**85.7%**	**83.8%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	15.86%	17.09%	19.85%	**19.16%**	**19.02%**
Depreciation	24.58%	27.12%	32.82%	**32.53%**	**31.49%**
Interest	31.91%	27.99%	22.65%	**23.51%**	**23.47%**
SG&A	4.54%	4.24%	6.25%	**7.89%**	**7.24%**
Total Expenses	88.15%	84.83%	84.35%	**87.05%**	**84.65%**
Percent Change Year/Year					
Rent Income	52.62%	-5.91%	-14.38%	**12.29%**	**4.76%**
Operating Income	23.34%	1.21%	-41.27%	**-4.57%**	**18.02%**
Net Income	18.92%	1.64%	-40.59%	**-6.87%**	**16.49%**

* Includes a write-down of two aircraft to market value
** Included in other income is an insurance settlement gain of $0.35 million or $0.15 per share. Excluding the gain full year 2001 EPS was 0.95.
*** Total revenues, net income and EPS are reported numbers from AeroCentury. All other numbers are Taglich Brothers estimates.

AeroCentury Inc.
Quarterly Income Statement
For the Year Ended December 31, 2002
(in thousands)

	(3/02)Q1A	(6/02)Q2 A	(9/02)Q3A	(12/02)Q4A	**FY2002A**
Revenues:					
Rent Income	$ 2,194	$ 2,230	$ 1,938	$ 2,330	**$ 8,691**
Gain(loss) on disposal of assets	-	-		-	-
Other Income **	31	27	38	26	**123**
Total Revenues	2,225	2,257	1,976	2,356	**8,814**
Expenses:					
Management Fees	421	417	420	468	**1,725**
Depreciation	681	685	703	783	**2,852**
Interest	468	470	480	551	**1,969**
SG&A	129	130	156	129	**543**
Maintenance	76	149	(185)	202	**242**
Total Expenses	1,774	1,851	1,574	2,133	**7,331**
Operating Income	451	406	402	223	**1,483**
Operating Margin	20.29%	17.99%	20.34%	9.47%	16.82%
Taxes(Benefit)	152	141	116	65	**473**
Tax Rate	*33.62%*	*34.75%*	*28.73%*	*29.12%*	*31.93%*
Net Income	$ 300	$ 265	$ 286	$ 158	**$ 1,009**
EPS-fully diluted -- Includes insurance settlement	$ 0.19	$ 0.17	$ 0.19	$ 0.10	**$ 0.65**
Avg Shares Out-fully diluted	1,543	1,543	1,543	1,543	**1,543**
Margin Analysis					
Gross Profit	1,804	1,840	1,556	1,888	**7,089**
GPM	81.1%	81.5%	78.8%	80.1%	**80.4%**
NI/Rev	13.5%	11.7%	14.5%	6.7%	**11.5%**
NI/Rent Income	13.7%	11.9%	14.8%	6.8%	**11.6%**
Total Exp/Rev	79.7%	82.0%	79.7%	90.5%	**83.2%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	19.18%	18.70%	21.67%	20.08%	**19.85%**
Depreciation	31.03%	30.73%	36.29%	33.60%	**32.82%**
Interest	21.31%	21.07%	24.79%	23.65%	**22.65%**
SG&A	5.87%	5.81%	8.05%	5.51%	**6.25%**
Total Expenses	80.85%	83.01%	81.23%	91.52%	**84.35%**
Percent Change Year/Year					
Rent Income	-20.49%	-15.29%	-21.10%	1.15%	**-14.38%**
Operating Income	-41.59%	-45.37%	-49.89%	8.20%	**-41.27%**
Net Income	-41.16%	-47.50%	-45.98%	-29.22%	**-40.59%**

AeroCentury Inc.
Quarterly Income Statement
For the Year Ended December 31, 2003
(in thousands)

	(3/03)Q1E*	(6/03)Q2E	(9/03)Q3E	(12/03)Q4E	**FY2003E**
Revenues:					
Rent Income	$ 2,400	$ 2,435	$ 2,450	$ 2,475	**$ 9,760**
Other Income	76	25	25	25	**151**
Total Revenues	2,476	2,460	2,475	2,500	**9,911**
Expenses:					
Management Fees	470	475	465	460	**1,870**
Depreciation	785	800	790	800	**3,175**
Interest	560	585	575	575	**2,295**
SG&A	200	220	175	175	**770**
Maintenance	186	150	25	25	**386**
Total Expenses	2,201	2,230	2,030	2,035	**8,496**
Operating Income	275	230	445	465	**1,415**
Operating Margin	11.11%	9.35%	17.98%	18.60%	14.28%
Taxes(Benefit)	100	85	143	147	**475**
Tax Rate	*36.36%*	*36.96%*	*32.13%*	*31.61%*	*33.57%*
Net Income	$ 175	$ 145	$ 302	$ 318	**$ 940**
EPS-fully diluted	$ 0.11	$ 0.09	$ 0.20	$ 0.21	**$ 0.61**
Avg Shares Out-fully diluted	1,543	1,543	1,543	1,543	**1,543**
Margin Analysis					
Gross Profit	2,006	1,985	2,010	2,040	**8,041**
GPM	81.0%	80.7%	81.2%	81.6%	**81.1%**
NI/Rev	7.1%	5.9%	12.2%	12.7%	**9.5%**
NI/Rent Income	7.3%	6.0%	12.3%	12.8%	**9.6%**
Total Exp/Rev	88.9%	90.7%	82.0%	81.4%	**85.7%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	19.58%	19.51%	18.98%	18.59%	**19.16%**
Depreciation	32.71%	32.85%	32.24%	32.32%	**32.53%**
Interest	23.33%	24.02%	23.47%	23.23%	**23.51%**
SG&A	8.33%	9.03%	7.14%	7.07%	**7.89%**
Total Expenses	91.71%	91.58%	82.86%	82.22%	**87.05%**
Percent Change Year/Year					
Rent Income	9.41%	9.20%	26.45%	6.21%	**12.29%**
Operating Income	-39.09%	-43.36%	10.71%	108.34%	**-4.57%**
Net Income	-41.61%	-45.28%	5.43%	101.02%	**-6.87%**

* Total revenues, net income and EPS are reported numbers from AeroCentury. All other numbers are Taglich Brothers estimates.

AeroCentury Inc.
Quarterly Income Statement
For the Year Ended December 31, 2004
(in thousands)

	(3/04)Q1E	(6/04)Q2E	(9/04)Q3E	(12/04)Q4E	**FY2004E**
Revenues:					
Rent Income	$ 2,500	$ 2,525	$ 2,575	$ 2,625	**$ 10,225**
Other Income	25	25	25	25	**100**
Total Revenues	2,525	2,550	2,600	2,650	**10,325**
Expenses:					
Management Fees	475	485	490	495	**1,945**
Depreciation	805	810	800	805	**3,220**
Interest	600	600	600	600	**2,400**
SG&A	185	190	180	185	**740**
Total Expenses	2,215	2,235	2,095	2,110	**8,655**
Operating Income	310	315	505	540	**1,670**
Operating Margin	12.28%	12.35%	19.42%	20.38%	16.17%
Taxes(Benefit)	110	115	170	180	**575**
Tax Rate	*35.48%*	*36.51%*	*33.66%*	*33.33%*	*34.43%*
Net Income	$ 200	$ 200	$ 335	$ 360	**$ 1,095**
EPS-fully diluted	$ 0.13	$ 0.13	$ 0.22	$ 0.23	**$ 0.71**
Avg Shares Out-fully diluted	1,543	1,543	1,543	1,543	**1,543**
Margin Analysis					
Gross Profit	2,050	2,065	2,110	2,155	**8,380**
GPM	81.2%	81.0%	81.2%	81.3%	**81.2%**
NI/Rev	7.9%	7.8%	12.9%	13.6%	**10.6%**
NI/Rent Income	8.0%	7.9%	13.0%	13.7%	**10.7%**
Total Exp/Rev	87.7%	87.6%	80.6%	79.6%	**83.8%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	19.00%	19.21%	19.03%	18.86%	**19.02%**
Depreciation	32.20%	32.08%	31.07%	30.67%	**31.49%**
Interest	24.00%	23.76%	23.30%	22.86%	**23.47%**
SG&A	7.40%	7.52%	6.99%	7.05%	**7.24%**
Total Expenses	88.60%	88.51%	81.36%	80.38%	**84.65%**
Percent Change Year/Year					
Rent Income	4.17%	3.70%	5.10%	6.06%	**4.76%**
Operating Income	12.73%	36.96%	13.48%	16.13%	**18.02%**
Net Income	14.29%	37.93%	10.93%	13.21%	**16.49%**