

Taglich Brothers, Inc.

The Standard of Excellence in the Microcap Market

Member: NASD, SIPC

Research Note

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

Lifeway Foods, Inc.

Rating: Neutral

Howard Halpern

July 14, 2005

LWAY \$16.13 - (NasdaqNM)

	FYE (12/03)A	FYE (12/04)A	FYE (12/05) E	FYE (12/06) E
Revenue (in millions)	\$14.9	\$16.32	\$20.63	\$26.73
Earnings per share (diluted)*	\$0.26	\$0.24	\$0.32	\$0.40
52week range	\$16.74 – \$7.11	Fiscal year ends:	December	
Shares outstanding <small>a/o 4/15/05</small>	8.41 million	Revenue/shares (TTM)	\$2.02	
Trading float	2.22 million	Price/Sales (TTM)	7.99X	
Insider and institutional ownership	73.6%	Price/Sales (2006)E	5.12X	
Tangible Book value/shr <small>a/o 03-31-05</small>	\$2.16	Price/Earnings (TTM)	67.2X	
Price/Book	7.47X	Price/Earnings (2006)E	40.3X	

* All per share figures reflect the 2-1 stock split effective March 9, 2004.

Lifeway Foods, Inc., is a manufacturer of cultured, probiotic and functional food products in the health food industry, and is America's leading supplier of the cultured dairy product known as Kefir. Their products are sold to health conscious consumers through health food stores and to the mass-market consumers through supermarkets. Web site address is: www.kefir.com

Key investment considerations:

We are lowering our rating on Lifeway Foods, Inc. (NasdaqNM: LWAY) to Neutral from Speculative Buy until we see if increased revenues for the second quarter of 2005 translates into increased bottom line results.

On July 5, 2005, the Company announced it expects to report second quarter 2005 revenue of approximately \$5.070 million, which is a 26.7% increase versus \$4.002 million reported in the same period last year. In the press release, LWAY did not provide bottom line expectations for the second quarter of 2005.

Management attributes sales growth to the continued acceptance and recognition of its Kefir beverages, and the probiotic markets as a whole, in both the health food segment and the mass market.

We also believe that positively impacting sales was the agreement with Target Corporation (NYSE: TGT) to provide four flavors of its low fat Kefir to select Target stores.

Based on first quarter results, the agreement with Target, and the pre-announced second quarter expectations, we are adjusting our revenue estimate for 2005 to \$20.63 million from \$20.26million. We are also adjusting our 2006 revenue forecast to \$26.73 million from our prior forecast of \$26.25 million.

Given our revenue estimate, statements made by Management in the Company's public releases, as well as the Target agreement, we are adjusting slightly our 2005 forecast for net income to \$2.661 million or \$0.32 per diluted share from \$2.596 million or \$0.31 per diluted share. Our revised 2006 net income estimate is \$3.370 million or \$0.40 per diluted share versus our prior estimate of \$3.265 million or \$0.39 per diluted share.

** Please view our disclaimer located on page 7.*

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Recent Developments

On July 5, 2005, Lifeway Foods pre-announced sales for its second quarter ended June 30, 2005. The Company expects second quarter 2005 revenue of approximately \$5.070 million, which is a 26.7% increase versus \$4.002 million reported in the second quarter of 2004. In the press release, LWAY did not provide bottom line expectations for the second quarter of 2005.

On June 23, 2005, Lifeway Foods announced that it joined the new Russell Microcap Index, effective June 24, 2005. The Russell Microcap Index is comprised of the smallest 1,000 securities in the small-cap Russell 2000 Index plus the next 1,000 companies based on a ranking of all U.S. equities by market capitalization.

On June 9, 2005, the Company announced the purchase of a 100,000-square-foot distribution and warehousing facility equipped with 40,000-square feet of refrigeration. The new facility, which is less than a mile away from its existing 50,000-square foot facility, will be used to store raw materials and finished goods in order to relieve space pressures. The new facility should allow for expansion of production capacity at the Company's existing facility with the potential to add production capacity in the future. According to Management, the new facility should provide the Company with the added space necessary to reduce costs on raw materials by providing the room to store goods in greater quantities, the ability to be a more efficient and reliable supplier to its customers, and an added level of flexibility.

Market Comment

It is estimated that Lifeway Foods' target market, the functional and probiotic foods segment of the Food Industry, generates annual revenue in excess of \$20 billion. Nutritionbusiness.com projects the U.S. Functional Food Market, reached \$23.4 billion in 2004. In addition, Marketresearch.com predicts that by the end of the decade, the U.S. Functional Food Market will approach \$30 billion. This would represent approximately 5.5% of the total Food Market. The Nutrition Business Journal estimates that the Functional Food Market currently represents 3.8% of the total U.S. Food Market.

Outlook/Projections

Management stated in the Company's first quarter earnings press release on May 16, 2005, that it was pleased with first quarter sales, especially considering that there were no sales in the current period to Sav-a-Lot, which in the same period of last year accounted for approximately \$0.362 million of sales. Excluding the sales to Sav-a-Lot in the first quarter of last year, the year-over-year growth would have been approximately 30%.

In addition, on July 5, 2005, Lifeway Foods pre-announced sales for its second quarter ended June 30, 2005. The Company expects second quarter 2005 revenue of approximately \$5.070 million, which is a 26.7% increase versus \$4.002 million reported in the second quarter of 2004. This translates into a weekly sales run rate of approximately \$0.390 million, which is at the upper end of our previous expected range of \$0.350 million to \$0.400 million. Our weekly sale run rate is based primarily on increased orders from existing customers, as well as expanded distribution opportunities such as the recent agreement with Target. In addition, Management believes the Company's new packaging has improved point-of-sale education, as well as heightened visibility among mainstream consumers. Lifeway has also undertaken a new national print campaign featuring its low fat Kefir product in the May issue of Health Magazine and the June issue of Vegetarian Times. Management has publicly stated that more ad placements will be forthcoming into 2006. Also, the Company's products were sampled at one of the largest club chains in the U.S. and Management has been in talks to expand the product line with other large retail and club outlets. In addition, the new warehouse give the Company added flexibility and the opportunity to expand its product line to include more nonperishable food items.

Based on first quarter results and recent developments, we are adjusting our 2005 net income forecast to \$2.661 million or \$0.32 per diluted share based on revenue of \$20.632 million. Our prior forecast was for net income of \$2.596 million or \$0.31 per diluted share based on revenue of \$20.26 million. Our forecast incorporates the following:

Lifeway Foods, Inc.

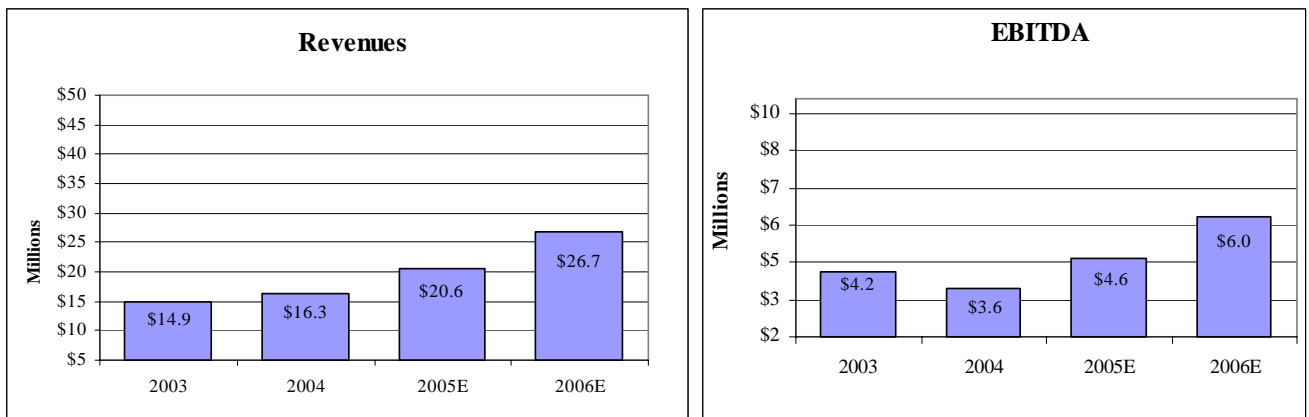
- The new distribution agreement with Target stores;
- Pre-announced revenue results for the second quarter of 2005;
- The average price of milk stabilizing over the remaining three quarter of the year. During the first quarter of 2005, milk prices increased by approximately 25% versus the first quarter of 2004; and
- The continued high cost of being a public company (i.e., insurance, legal, and regulatory compliance).

We have adjusted the following from our prior forecast:

- Gross margins to 44.61% from 44.46%; and
- SG&A expenses, as a percentage of revenues, to 25.83% from 25.89%.

Our 2006 forecasts, call for revenue growth of 29.53%, reaching \$26.725 million and net income of \$3.370 million or \$0.40 per diluted share. Our prior forecast called for revenue of \$26.25 million and net income of \$3.265 million or \$0.39 per diluted share.

The following chart shows our revenue and EBITDA projections:



Source: Company Filings and Taglich Brothers Estimates

Risks

Commodities

The Company's products use raw materials, such as milk, sugar, and fruit from unaffiliated suppliers. Lifeway is not limited or contractually bound to any supplier. The raw and packaging materials purchased by the Company are considered commodity items and are widely available on the open market. If the price of those commodity products were to unexpectedly rise, it could negatively impact margins.

Regulation

Lifeway is subject to regulation by federal, state and local governmental authorities regarding the distribution and sale of food products. Management believes that the Company is currently in compliance with all material government permits, licenses, qualifications, and approvals for its operations; however, there can be no assurance that it will be able to maintain its existing licenses and permits. In addition, the Company believes that it is currently in compliance with all applicable environmental laws.

Also, the products exported to Canada are subject to strict quotas imposed by the Trade Control Policy Division of the Department of Foreign Affairs and International Trade of Canada. Management believes that the Company is in compliance with all applicable Canadian regulations.

Groupe Danone SA Relationship

The Company has extended a previously agreed to Stockholders' Agreement with Danone until December 30, 2005. The agreement limits competition between the parties, as well as Groupe Danone not having more than a

20% ownership interest in Lifeway Foods common shares. The ability of Danone to sell, or the prospect of Danone being able to sell competing products could negatively impact future operations.

Legal Issue

On December 4, 2004, a former employee requested a motion for summary judgment on the issue of liability in a lawsuit filed against the Company by a former employee. The motion was granted on February 10, 2005 and on February 18, 2005 the case was referred to a Magistrate Judge for a settlement conference. The cause of action alleges non-payment of overtime wages in violation of federal employment laws, with an estimated amount between \$7,500 and \$15,000.

Corporate Governance

Corporate governance may be an issue facing Lifeway Foods in light of new rules and regulation being issued by government regulatory agencies. This could mean that the Company will eventually be required to hire additional management personnel in order to diversify various operational functions.

Growth Management

We estimate that the LWAY will return to growing revenues in excess of 20% annually. As a result, the Company will need to meet the challenges associated with growth, such as management of raw materials and increased production staff. If Lifeway Foods is not successful in meeting these challenges, revenue growth may slow in future periods.

Federal Reserve

Investors should be aware that if the Federal Reserve continues increasing interest rates (over the last nine meetings it has increased rates 25 basis points each time), it is likely to have a negative impact on valuation multiples.

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.

Trading Volume

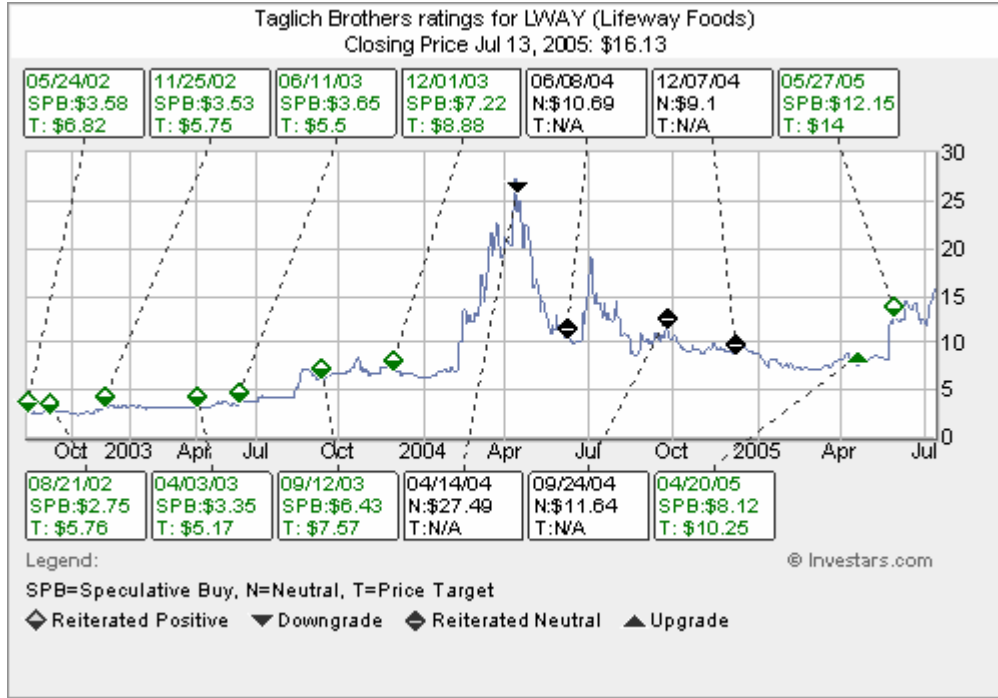
Liquidity has the potential to be a concern. Based on our calculations average daily-volume during 2003 increased to 4,451 shares from 1,943 shares in 2002. During 2004, average volume increased significantly to 154,399 shares traded a day. During the first four months of 2005, average volume declined to 21,642 shares traded a day. Average daily volume remains relatively low; therefore, investors need to be aware that by nature a thinly traded equity can have significant price volatility.

Conclusion

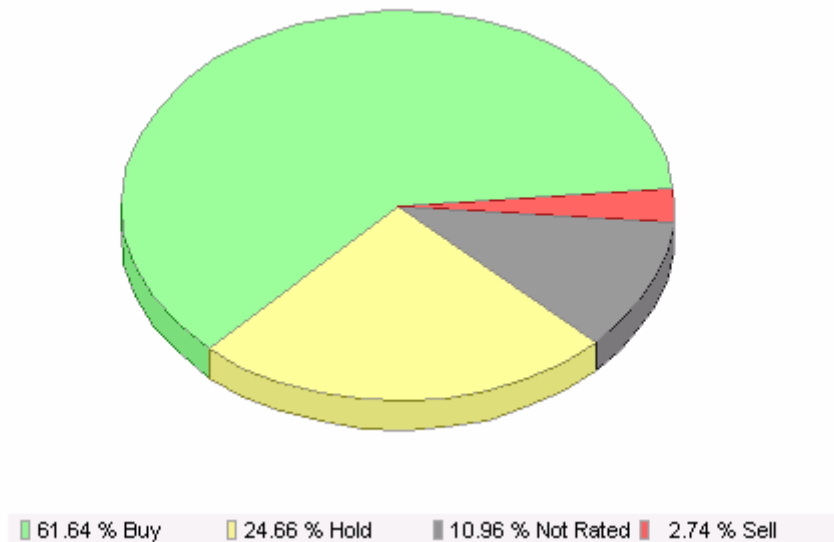
We are lowering our rating on Lifeway Foods, Inc. (NasdaqNM: LWAY) to Neutral from Speculative Buy until we see if increased revenues for the second quarter of 2005 translates into increased bottom line results.

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Lifeway Foods, Inc.



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.

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.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

Public Companies mentioned in this report:

Groupe Danone (NYSE: DA)

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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.

Lifeway Foods, Inc.
Consolidated Balance Sheets
(in thousands)

	Dec. 2002 Year End	Dec. 2003 Year End	Dec. 2004 Year End	Mar. 2005 1st Qtr End
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,732	\$ 4,598	\$ 5,773	\$ 5,434
Marketable securities	4,172	6,303	6,742	6,895
Accounts receivable, net	1,435	1,800	2,024	2,523
Other receivables	60	166	72	106
Inventories	721	812	906	996
Prepaid income taxes	-	306	259	103
Prepaid expenses and other assets	1	1	7	-
Deferred income taxes	692	27	-	90
Total current assets	<u>9,813</u>	<u>14,012</u>	<u>15,783</u>	<u>16,147</u>
Property, plant and equipment, net	4,472	3,733	3,420	3,432
Total assets	<u>\$ 14,285</u>	<u>\$ 17,745</u>	<u>\$ 19,688</u>	<u>\$ 20,048</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current maturities of notes payable	31	28	9	9
Accounts payable	639	795	642	789
Accrued expenses	184	184	196	125
Taxes payable	398	-	36	-
Total current liabilities	<u>1,252</u>	<u>1,007</u>	<u>882</u>	<u>923</u>
Long-term liabilities	500	473	464	461
Deferred income taxes	453	472	424	406
Stockholders' equity:				
Common stock, no par value; authorized 10,000,000 shares	6,509	6,509	6,509	6,509
Paid-in capital	-	-	64	72
Stock subscription receivable	(15)	(15)	-	-
Retained earnings	7,600	9,822	11,874	12,600
Accumulated other comprehensive income, net of tax	(1,335)	156	119	(53)
Treasury stock, at cost	(680)	(680)	(649)	(871)
Total stockholders' equity	<u>12,080</u>	<u>15,793</u>	<u>17,918</u>	<u>18,258</u>
Total liabilities and stockholders' equity	<u>\$ 14,285</u>	<u>\$ 17,745</u>	<u>\$ 19,688</u>	<u>\$ 20,048</u>
SHARES OUT	8,437	8,437	8,420	8,412

Lifeway Foods, Inc.
Quarterly Income Statement Model
For the Years Ended December 31,
(in thousands)

	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005E</u>	<u>FY2006E</u>
Revenue	\$ 12,212	\$ 14,878	\$ 16,319	\$ 20,632	\$ 26,725
Cost of goods sold	<u>6,744</u>	<u>7,841</u>	<u>9,035</u>	<u>11,428</u>	<u>14,735</u>
Gross Profit	5,468	7,037	7,284	9,204	11,990
<i>Gross Margins</i>	44.78%	47.30%	44.64%	44.61%	44.86%
Sales, general and administrative	<u>2,891</u>	<u>3,558</u>	<u>4,334</u>	<u>5,330</u>	<u>6,795</u>
EBITDA	3,385	4,167	3,620	4,615	6,045
Operating Income	2,578	3,479	2,950	3,874	5,195
<i>Operating Margin</i>	21.11%	23.38%	18.08%	18.78%	19.44%
Other Income (Expense)					
Interest income	187	97	186	280	350
Interest expense	(75)	(41)	(31)	(22)	(25)
Gain on sale of marketable securities	18	(1,294)	354	198	-
Other than temporary reduction of marketable securities	(236)	89	(16)	4	-
Gain on sale of assets	<u>-</u>	<u>1,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Income (Expense)	<u>(105)</u>	<u>98</u>	<u>492</u>	<u>459</u>	<u>325</u>
Pre-Tax Income	2,472	3,576	3,442	4,333	5,520
<i>Pre-Tax Margins</i>	20.24%	24.04%	21.09%	21.00%	20.65%
Income Tax Expense (Benefit)	<u>943</u>	<u>1,355</u>	<u>1,390</u>	<u>1,673</u>	<u>2,150</u>
<i>Tax Rate</i>	38.16%	37.89%	40.39%	38.60%	38.95%
Net Income	<u>\$ 1,529</u>	<u>\$ 2,221</u>	<u>\$ 2,052</u>	<u>\$ 2,661</u>	<u>\$ 3,370</u>
EPS -- Fully Diluted	<u>\$ 0.18</u>	<u>\$ 0.26</u>	<u>\$ 0.24</u>	<u>\$ 0.32</u>	<u>\$ 0.40</u>
Avg Shares Out-Fully Diluted *	<u>8,531</u>	<u>8,437</u>	<u>8,439</u>	<u>8,443</u>	<u>8,475</u>
Percent of Revenue					
Cost of Revenues	55.22%	52.70%	55.36%	55.39%	55.14%
Sales, General and Administrative expenses	23.67%	23.92%	26.56%	25.83%	25.43%
YEAR / YEAR GROWTH					
Total Revenues	14.30%	21.83%	9.69%	26.43%	29.53%
Operating Income	79.34%	34.96%	-15.18%	31.30%	33.92%
Pre-Tax Income	36.47%	44.67%	-3.75%	25.89%	33.68%
Net Income	25.21%	45.31%	-7.62%	29.65%	26.65%

* Adjusted for the 2-1 stock split effective March 9, 2004

Lifeway Foods, Inc.
Quarterly Income Statement Model
For the Years Ended December 31, 2004
(in thousands)

	Q1 (03/04)A	Q2 (06/04)A	Q3 (09/04)A	Q4 (12/04)A	FY2004A
Revenue	\$ 3,935	\$ 4,002	\$ 4,139	\$ 4,243	\$ 16,319
Cost of goods sold	<u>2,099</u>	<u>2,266</u>	<u>2,240</u>	<u>2,430</u>	<u>9,035</u>
Gross Profit	1,836	1,736	1,899	1,813	7,284
<i>Gross Margins</i>	46.65%	43.38%	45.89%	42.73%	44.64%
Operating Expenses:					
Sales, general and administrative	882	1,049	1,158	1,244	4,334
Total Operating Expenses	<u>882</u>	<u>1,049</u>	<u>1,158</u>	<u>1,244</u>	<u>4,334</u>
<i>EBITDA</i>	1,110	846	901	764	3,620
Operating Income	954	687	741	569	2,950
<i>Operating Margin</i>	24.24%	17.16%	17.91%	13.40%	18.08%
Other Income (Expense)					
Interest income	41	34	50	61	186
Interest expense	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(8)</u>	<u>(31)</u>
Total Other Income (Expense)	<u>302</u>	<u>39</u>	<u>70</u>	<u>80</u>	<u>492</u>
Pre-Tax Income	1,256	726	811	649	3,442
<i>Pre-Tax Margins</i>	31.91%	18.15%	19.60%	15.29%	21.09%
Income Tax Expense (Benefit)	<u>491</u>	<u>294</u>	<u>296</u>	<u>309</u>	<u>1,390</u>
<i>Tax Rate</i>	39.06%	40.50%	36.51%	47.66%	40.39%
Net Income	<u>\$ 765</u>	<u>\$ 432</u>	<u>\$ 515</u>	<u>\$ 340</u>	<u>\$ 2,052</u>
EPS -- Fully Diluted	<u>\$ 0.09</u>	<u>\$ 0.05</u>	<u>\$ 0.06</u>	<u>\$ 0.04</u>	<u>\$ 0.24</u>
Avg Shares Out-Fully Diluted	<u>8,437</u>	<u>8,438</u>	<u>8,440</u>	<u>8,440</u>	<u>8,439</u>
Percent of Revenue					
Cost of Revenues	53.35%	56.62%	54.11%	57.27%	55.36%
Sales, General and Administrative expenses	22.41%	26.22%	27.98%	29.33%	26.56%
YEAR / YEAR GROWTH					
Total Revenues	18.94%	5.99%	7.86%	7.26%	9.69%

Lifeway Foods, Inc.
Quarterly Income Statement Model
For the Years Ended December 31, 2005
(in thousands)

	<u>Q1(03/05)A</u>	<u>Q2 (06/05)E</u>	<u>Q3 (09/05)E</u>	<u>Q4 (12/05)E</u>	<u>FY2005E</u>
Revenue	\$ 4,657	\$ 5,070	\$ 5,380	\$ 5,525	\$ 20,632
Cost of goods sold	<u>2,578</u>	<u>2,850</u>	<u>2,840</u>	<u>3,160</u>	<u>11,428</u>
Gross Profit	2,079	2,220	2,540	2,365	9,204
<i>Gross Margins</i>	44.64%	43.79%	47.21%	42.80%	44.61%
Operating Expenses:					
Sales, general and administrative	1,155	1,310	1,380	1,485	5,330
Total Operating Expenses	<u>1,155</u>	<u>1,310</u>	<u>1,380</u>	<u>1,485</u>	<u>5,330</u>
<i>EBITDA</i>	1,064	1,110	1,360	1,080	4,615
Operating Income	924	910	1,160	880	3,874
<i>Operating Margin</i>	19.84%	17.95%	21.56%	15.93%	18.78%
Other Income (Expense)					
Interest income	65	70	70	75	280
Interest expense	<u>(7)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>(22)</u>
Total Other Income (Expense)	<u>259</u>	<u>65</u>	<u>65</u>	<u>70</u>	<u>459</u>
Pre-Tax Income	1,183	975	1,225	950	4,333
<i>Pre-Tax Margins</i>	25.41%	19.23%	22.77%	17.19%	21.00%
Income Tax Expense (Benefit)	<u>458</u>	<u>375</u>	<u>470</u>	<u>370</u>	<u>1,673</u>
<i>Tax Rate</i>	38.69%	38.46%	38.36%	38.95%	38.60%
Net Income	<u>\$ 725</u>	<u>\$ 600</u>	<u>\$ 755</u>	<u>\$ 580</u>	<u>\$ 2,661</u>
EPS -- Fully Diluted	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.32</u>
Avg Shares Out-Fully Diluted	<u>8,433</u>	<u>8,440</u>	<u>8,445</u>	<u>8,455</u>	<u>8,443</u>
Percent of Revenue					
Cost of Revenues	55.36%	56.21%	52.79%	57.20%	55.39%
Sales, General and Administrative expenses	24.81%	25.84%	25.65%	26.88%	25.83%
YEAR / YEAR GROWTH					
Total Revenues	18.34%	26.68%	30.00%	30.20%	26.43%

Lifeway Foods, Inc.
Cash Flow Statement
(in thousands)

	<u>FY2002A</u>	<u>FY2003A</u>	<u>FY2004A</u>	<u>Q1 2005A</u>
<i>Cash Flows from Operating Activities</i>				
Net Income	\$ 1,529	\$ 2,222	\$ 2,052	\$ 725
Depreciation and amortization	808	688	670	141
Gain on sale of marketable securities	(18)	1,294	(354)	(198)
Loss on marketable securities classified as trading	-	-	16	(4)
Gain on sale of assets	-	(1,246)	-	-
Other than temporary reductions of marketable securities	236	-	-	-
Issuance of common stock in exchange for services rendered	-	-	95	12
Deferred income taxes	(65)	9	46	(22)
	<u>2,490</u>	<u>2,967</u>	<u>2,525</u>	<u>654</u>
<i>Changes In:</i>				
Accounts receivable	(119)	(365)	(224)	(499)
Other receivables	(8)	(106)	94	(34)
Inventories	80	(91)	(94)	(91)
Prepaid income taxes	-	(306)	48	155
Prepaid expenses and other assets	32	0	(6)	7
Accounts payable	96	156	(154)	148
Accrued expenses	20	0	12	(71)
Taxes payable	253	(398)	-	-
Net Changes in Working Capital	<u>355</u>	<u>(1,109)</u>	<u>(325)</u>	<u>(384)</u>
Net cash Provided by Operations	<u>2,845</u>	<u>1,857</u>	<u>2,200</u>	<u>270</u>
<i>Cash Flows from Investing Activities</i>				
Purchase of marketable securities	(3,316)	(4,284)	(6,266)	(1,911)
Sale of marketable securities	4,025	3,025	6,097	1,666
Sales of Assets	-	1,713	-	-
Change in margin account	(432)	-	-	-
Acuisition of Ilya's Farms, Inc., net of assets acquired	-	-	(512)	-
Purchase of property, plant and equipment	(259)	(415)	(330)	(137)
Net cash used in Investing	<u>17</u>	<u>39</u>	<u>(1,011)</u>	<u>(381)</u>
<i>Cash Flows from Financing Activities</i>				
Repayment of notes payable	(675)	(31)	(28)	(2)
Proceeds from issuance of common stock	-	-	15	-
Purchase of treasury stock	(393)	-	-	(226)
Net cash provided by Financing	<u>(1,068)</u>	<u>(31)</u>	<u>(13)</u>	<u>(228)</u>
Net change in Cash	1,795	1,867	1,175	(339)
Cash Beginning of Period	<u>936</u>	<u>2,732</u>	<u>4,598</u>	<u>5,773</u>
Cash End of Period	<u>\$ 2,732</u>	<u>\$ 4,598</u>	<u>\$ 5,773</u>	<u>\$ 5,434</u>