

Taglich Brothers, Inc.

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Research Report - Update

UFP Technologies, Inc.

Rating: Speculative Buy

UFPT \$1.35 — (NASDAQ SC)

John Nobile
May 24, 2002

	FY (2000)	FY (2001)*	FY (2002)E	FY (2003)E
Revenues (millions)	\$74.5	\$61.6	\$65.8	\$72.5
Earnings per share (diluted)	\$0.25	\$(0.72)	\$0.03	\$0.28

52week range	\$0.21 – \$1.75	Fiscal year ends:	December
Shares outstanding (millions)	4.3	Revenue per share (TTM)	\$14.21
Trading float (millions)	2.2	Price/Sales (TTM)	0.10X
Insider + 5% ownership	48%	Price/Sales (2003)	0.08X
Tangible book value/share	\$1.74	Price/Earnings (TTM)	NA
Price/Tangible book	0.76X	Price/Earnings (2003)	4.82X

*Includes a \$1 million restructuring charge.

UFP Technologies is a designer and manufacturer of a broad range of high performance cushion foam and molded fiber products, and specialty foam and plastic products for the industrial and consumer markets. These products are custom designed and fabricated or molded to provide protection for fragile and valuable items, and are sold primarily to original equipment manufacturers in the computer, electronics, telecommunications, industrial, medical and pharmaceutical markets. (www.ufpt.com)

Key investment considerations:

- We are maintaining our speculative buy rating for shares of UFP Technologies (UFPT) and setting a 21-month price target of \$3.61 per diluted share.*
- For the first quarter ended March 31, 2002, UFP Technologies' net sales decreased 8% to \$15.5 million from \$17.0 million in 2001. The net loss was \$0.3 million or \$(0.07) per share versus a net loss of \$0.4 million or \$(0.08) per share in 2001.*
- Recent forecasts support a rebound in IT spending in 2002. According to IDC, worldwide IT spending is projected to grow by 4.7% in 2002 and 9.6% in 2003. This should result in improved sales of computer/electronics equipment and strong demand for the materials used to package these products.*
- UFP Technologies has positioned itself to benefit from an upturn in business conditions. In the first quarter of fiscal 2002, UFPT's reduced cost structure resulted in a 31% improvement in operating results despite an 8% reduction in sales. We believe this should help the Company return to profitability in fiscal 2002.*
- For 2002, we estimate sales will increase 7% to \$65.8 million and UFP Technologies will post earnings of \$125,000 or \$0.03 per diluted share. For 2003, we estimate sales will increase 10% to \$72.5 million and net earnings will increase to \$1.2 million or \$0.28 per diluted share.*

**Please view our disclaimer located at the end of the text portion of this report.*

1370 Avenue of the Americas, 31st Floor, New York, N.Y. 10019
(800) 456-1220 • Fax (212) 265-4744
www.taglichbrothers.com

Recent Financial Results

For the first quarter ended March 31, 2002, versus the same period in 2001:

- Net sales decreased 8% to \$15.5 million from \$17.0 million. The decrease in sales was primarily due to lower sales of protective packaging to the electronics components industry and the beauty components industry. Sales to the automotive industry increased during the quarter due to new programs that were launched in late 2001.
- Gross margins decreased to 18.5% from 20.0%. The decrease in gross margins can be primarily attributed to fixed costs measured against the decrease in sales.
- SG&A expenses decreased by \$700,000 or 17.1% to \$3.2 million from \$3.8 million. The lower SG&A expenses were primarily due to cost cutting measures (workforce reductions and plant consolidations) that were taken during 2001 and the application of SFAS 142, which ceased the amortization of goodwill.
- The net loss was \$0.3 million or \$(0.07) per share versus a net loss of \$0.4 million or \$(0.08) per share.

In comparison, Taglich Brothers' estimates called for net sales of \$15.0 million and a net loss of \$0.5 million or \$(0.13) per share.

As of March 31, 2002, cash was \$22,000. The Company has working capital of \$0.5 million, a tangible book value of \$1.74 per share and a long-term debt-to-equity ratio of 0.5X. UFPT has a \$10 million revolving line of credit with an available balance of \$2.1 million as of March 31, 2002. EBITDA for the first quarter of 2002 was \$0.4 million. We believe that the current line of credit and future expected cash flows from operations will be sufficient to fund operations for the next twelve months. However, if market conditions keep sales and future cash flows at depressed levels, we believe it is likely that UFPT will need to secure additional financing in the next twelve months in order to maintain their current level of operations.

Outlook

The first quarter of fiscal 2002 is the second straight quarter of revenue improvement. Since the third quarter of fiscal 2001, revenue has increased by \$1.6 million. Although this is no guarantee that the worst is over for UFPT in regard to depressed sales, we believe that revenue will continue to ramp up throughout the rest of the year.

UFP Technologies sales are closely correlated with the level of sales in the computer/electronics industries. Recent data supports an improving market in these areas for 2002 and 2003. IDC recently raised its forecast for worldwide PC shipment growth in 2002 to 3% from 1.8% citing improved retail sales in the United States and growing demand in Western Europe. For 2003, IDC forecasts worldwide PC shipments to grow by 10.9% over 2002 levels. Also, the overall IT market is set for a rebound in 2002. In May 2002, IDC said that worldwide IT spending would grow by 4.7% in 2002 and 9.6% in 2003. This should result in improved sales of computer/electronics products and strong demand for the materials used to package these products.

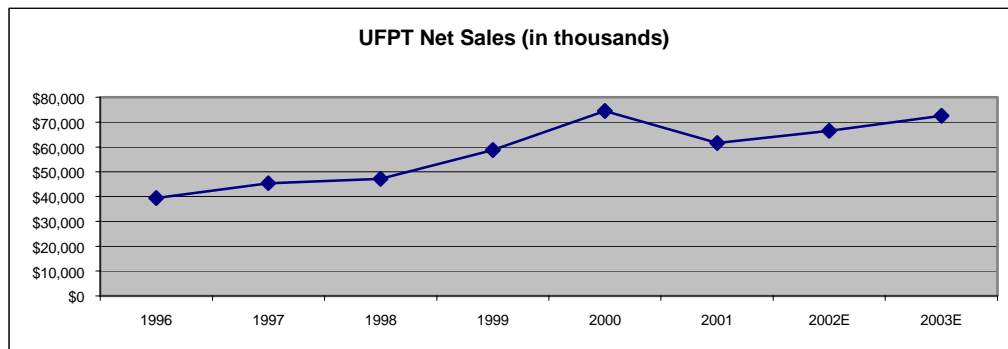
The U.S. economic downturn was a primary factor in the reduction in demand (-5.2%) for computer/electronics equipment in 2001. However, recent data supports an improving U.S. economy in 2002 and 2003. The latest release from the Conference Board shows that the U.S. leading economic indicators decreased by 0.4 percent in April 2002. This is the first decline in the economic indicators since September 2001. However, according to the Conference Board, the overall signal from the leading index remains one of moderate economic growth. Other reports also suggest that the U.S. economy is headed for improvement. In May 2002, Treasury Secretary Paul O'Neill said the U.S. economy has fully recovered from last year's downturn and that the United States has regained its economic footing. This comes one week after the Federal Reserve said the U.S. economy is improving after falling into a recession last year, but concerns remain about the pace of recovery. The Federal

Reserve said that almost all of its districts reported signs of improvement in economic activity however, a few districts expressed concern about the pace of the recovery.

Further support for an improving economy came from the U.S. gross domestic product which surged 5.8 percent in the first quarter of 2002. This is the fastest pace in more than two years and was supported by consumer spending and an improvement in business inventories.

UFP Technologies has positioned itself to benefit from an upturn in business conditions. In the first quarter of fiscal 2002, UFPT's reduced cost structure resulted in a 31% improvement in operating results despite an 8% reduction in sales. We believe this should help the Company return to profitability in fiscal 2002. Also, the Company expects fiscal 2002 will show a significant improvement over 2001 citing the improved cost structure and the launching of various programs over the next few months. Throughout fiscal 2002, UFP Technologies plans to launch more automotive programs. The automotive programs that were launched late last year are expected to generate over \$5 million annually. We expect the new automotive program launches to moderately add to revenue throughout the year.

According to First Call, average industry (containers and packaging) earnings are expected to increase by 47% in 2002, 38% in 2003 and exhibit a long-term growth rate of 9%. We believe this shows that demand for packaging products is expected to improve over the next couple of years. Taking into account the industry and economic projections, along with the Company's outlook for 2002, we estimate UFPT's sales will increase 7% to \$65.8 million in 2002 and the Company will report net income of \$125,000 or \$0.03 per diluted share. For 2003, we estimate sales will increase 10% to \$72.5 million and net income will increase to \$1.2 million or \$0.28 per diluted share.



Source: UFPT reports and Taglich Brothers' estimates

Our fiscal 2002 revenue estimates are reduced when compared to our last report due to our expectations for delayed growth in the PC market. In a recent report by IDC, growth in the PC market is not expected until the second half of the year. This delay in growth also reduced our revenue estimates for 2003. Although our revenue estimates are reduced from our last report, we have slightly increased our bottom line estimates due to lower SG&A expenses stemming from the Company's adoption of SFAS 142 (accounting for goodwill and other intangible assets). Under SFAS 142, goodwill will no longer be amortized but will be reviewed annually for impairment. We believe this will reduce SG&A expenses by approximately \$434,000 a year.

Applying the historic price/earnings multiple of 13X to our projected earnings per share of \$0.28 for 2003, we arrive at a 21-month price target of \$3.64 per share.

In addition, we used a discounted cash flow model using EBITDA as a proxy for cash flow and derived a discount rate of 6.12% using the Capital Asset Pricing Model. This model values shares of UFPT at a price of \$3.58. Averaging these two valuation models puts our anticipated **21-month price target for shares of UFPT at \$3.61.**

Comparable Company Analysis

Company Name	Symbol	Price	Market Cap (\$M)	Price/Earnings	Price/Sales	Price/Book
Graphic Packaging	GPK	\$7.05	228.4	NA	0.3	0.6
Peak International	PEAK	\$7.82	99.3	NA	2.2	1.1
Polyair Inter Pack	PPK	\$4.91	30.5	13.8	0.3	1.6
Carmel Container Systems	KML	\$5.45	13.7	NA	0.2	NA
Air Packaging Tech.	AIRP	\$0.52	6.3	NA	3.7	NA
RADVA Corporation	RDVA	\$0.27	1.1	22	0.1	0.2
Average			63.2	17.9	1.1	0.9
UFP Technologies	UFPT	\$1.35	5.8	NA	0.1	0.4

Risks*Competition*

The packaging and specialty foam products industry is highly competitive. The Company's foam and fiber packaging products compete against other alternative products made from materials such as expanded polystyrene foams, die-cut corrugated, plastic peanuts, plastic bubbles and foam-in-place urethane. UFP Technologies also faces competition in the specialty foam products area from smaller companies that typically concentrate on production for specific industries.

IT spending forecasts

Although recent forecasts support an increase in IT spending for 2002 and 2003, there can be no assurance that this will actually happen. Should IT spending remain at depressed levels, the operating results of UFP Technologies are likely to be adversely affected.

Cash concerns

Although we believe that the Company will have adequate resources to fund operations for the next twelve months, future cash flows may be less than we anticipate due to depressed market conditions. If market conditions remain at weak levels, we believe UFP Technologies will need to secure additional financing in order to maintain its current level of operations. As there can be no assurance of the Company's success in obtaining additional capital, shares of UFPT should only be purchased by those who are comfortable taking on above average risk.

Liquidity

With only 4.3 million shares outstanding and 2.2 million in the float, liquidity issues must be considered. Average daily volume is less than 3,000 shares and there are many days when the stock does not trade at all. Any significant trading in shares of UFPT could result in large swings in the price of the stock.

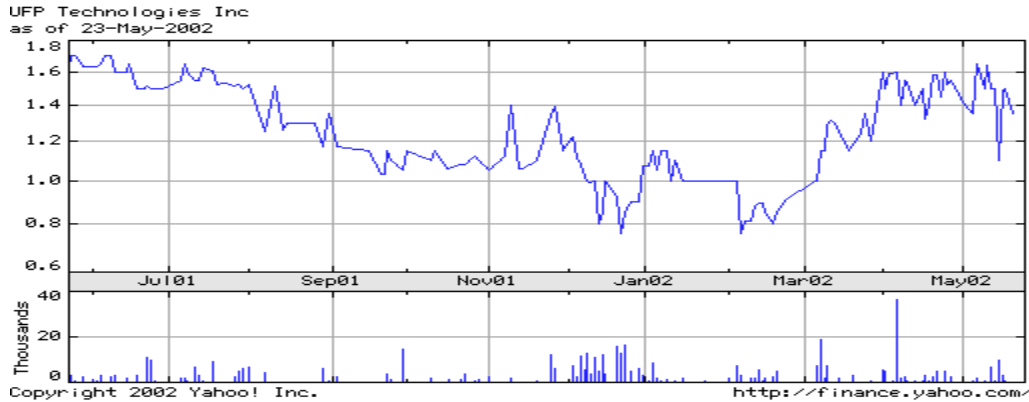
Miscellaneous risks

The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competitive, operating, financial market, governmental, country, and event risks. These risks may cause actual results to differ from expected results.

Conclusion

We reiterate our **speculative buy** rating for shares of UFP Technologies (UFPT) and have set a **21-month price target of \$3.61 per diluted share**. Recent forecasts support increased IT spending and an improving economy. This should result in improved sales of computer/electronics equipment and strong demand for the materials used to package these products. We believe UFPT's reduced cost structure will enable the Company to return to profitability in fiscal 2002. For fiscal 2002, we estimate UFPT's sales will increase 7% to \$65.8 million and the Company will report net income of \$125,000 or \$0.03 per diluted share. For fiscal 2003, we estimate sales will increase 10% to \$72.5 million and net income will increase to \$1.2 million or \$0.28 per diluted share.

Price Performance of UFP Technologies



Public companies mentioned in this report:

- Graphic Packaging (NYSE: GPK)
- Peak International (NASDAQ NM: PEAK)
- Polyair Inter Pack (AMEX: PPK)
- Carmel Container Systems (AMEX: KML)
- Air Packaging Tech. (OTC BB: AIRP)
- RADVA Corp. (OTC BB: RDVA)

* The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to change in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is not a market maker and does not sell to or buy from customers on a principal basis. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families have a position in the stock of the company mentioned in this report. Taglich Brothers, Inc., does not currently have an Investment Banking relationship with the company and was not a manager or co-manager of any offering for the company within the last three years. Since February 2000, the company pays a monthly monetary fee of \$1,000 (USD) to Taglich Brothers, Inc. for the creation and dissemination of research reports.

UFP Technologies, Inc.

Consolidated Balance Sheets
(in thousands)

	<u>March 31, 2002</u>	<u>December 31, 2001</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 22	\$ 27
Receivables, net	10,672	9,453
Inventories	5,191	5,203
Prepaid expenses and other current assets	2,798	2,516
Total current assets	18,683	17,199
Property, plant and equipment, net	12,062	12,045
Goodwill, net	6,481	6,406
Other assets	<u>2,485</u>	<u>2,452</u>
Total Assets	<u>\$ 39,711</u>	<u>\$ 38,102</u>
Liabilities & stockholders' equity		
Current liabilities:		
Notes payable	\$ 7,875	\$ 5,854
Current portion of long-term debt	1,467	1,467
Current portion of capital lease obligations	110	74
Accounts payable	4,002	3,807
Accrued restructuring charge	817	1,016
Accrued expenses	3,931	4,003
Total current liabilities	18,202	16,221
Long-term debt	6,311	6,678
Capital lease obligations	350	149
Other liabilities	<u>899</u>	<u>899</u>
Total liabilities	25,762	23,947
Total stockholder's equity	<u>13,949</u>	<u>14,155</u>
Total liabilities & stockholder's equity	<u>\$ 39,711</u>	<u>\$ 38,102</u>

UFP Technologies, Inc.

Annual Income Statements for the Years Ended
(in thousands)

	<u>FY(12/99)</u>	<u>FY(12/00)</u>	<u>FY(12/01)</u>	<u>FY(12/02)E</u>	<u>FY(12/03)E</u>
Net sales	\$ 58,801	\$ 74,491	\$ 61,574	\$ 65,781	\$ 72,500
Cost of sales	<u>43,939</u>	<u>56,870</u>	<u>50,649</u>	<u>51,673</u>	<u>55,250</u>
Gross profit	14,862	17,621	10,925	14,108	17,250
<i>Gross Margin</i>	25.28%	23.66%	17.74%	21.45%	23.79%
Restructuring charge	-	-	1,016	-	-
SG&A	<u>11,582</u>	<u>14,236</u>	<u>13,649</u>	<u>12,904</u>	<u>14,200</u>
Operating income	3,280	3,385	(3,740)	1,204	3,050
<i>Operating Margin</i>	5.58%	4.54%	-6.07%	1.83%	4.21%
Interest expense	(641)	(1,221)	(1,030)	(977)	(1,000)
Other income (expense)	<u>191</u>	<u>(162)</u>	<u>16</u>	<u>-</u>	<u>-</u>
Income before taxes	2,830	2,002	(4,754)	227	2,050
Income tax	<u>1,136</u>	<u>921</u>	<u>(1,711)</u>	<u>102</u>	<u>820</u>
<i>Tax rate</i>	40.14%	46.00%	35.99%	44.93%	40.00%
Net Income / (Loss)	<u>\$ 1,694</u>	<u>\$ 1,081</u>	<u>\$ (3,043)</u>	<u>\$ 125</u>	<u>\$ 1,230</u>
Basic EPS	<u>\$ 0.35</u>	<u>\$ 0.25</u>	<u>\$ (0.72)</u>	<u>\$ 0.03</u>	<u>\$ 0.28</u>
Diluted EPS	<u>\$ 0.35</u>	<u>\$ 0.25</u>	<u>\$ (0.72)</u>	<u>\$ 0.03</u>	<u>\$ 0.28</u>
Basic Shares Outstanding	4,809	4,374	4,248	4,335	4,346
Diluted Shares Outstanding	4,896	4,386	4,248	4,335	4,346
<u>Percent of Revenue</u>					
Cost of goods sold	74.72%	76.34%	82.26%	78.55%	76.21%
SG&A	19.70%	19.11%	22.17%	19.62%	19.59%
<u>Year / Year Growth</u>					
Total Revenues	24.53%	26.68%	-17.34%	6.83%	10.21%
Net Income	2.85%	-36.19%	-381.50%	104.17%	868.50%
EPS	1.47%	-28.77%	-390.64%	104.17%	833.33%

Taglich Brothers, Inc.

UFP Technologies, Inc.

Quarterly Income Statement for the Year Ending 2001
(in thousands)

	<u>Q1(3/01)</u>	<u>Q2(6/01)</u>	<u>Q3(9/01)</u>	<u>Q4(12/01)</u>	<u>FY(12/01)</u>
Net sales	\$ 16,966	\$ 15,481	\$ 13,935	\$ 15,192	\$ 61,574
Cost of sales	<u>13,568</u>	<u>12,460</u>	<u>12,123</u>	<u>12,498</u>	<u>50,649</u>
Gross profit	3,398	3,021	1,812	2,694	10,925
<i>Gross Margin</i>	20.03%	19.51%	13.00%	17.50%	17.74%
Restructuring charge	-	-	-	1,016	1,016
SG&A	<u>3,805</u>	<u>3,237</u>	<u>3,303</u>	<u>3,304</u>	<u>13,649</u>
Operating income	(407)	(216)	(1,491)	(1,626)	(3,740)
<i>Operating Margin</i>	-2.40%	-1.40%	-10.70%	-10.70%	-6.07%
Interest expense	(275)	(284)	(223)	(248)	(1,030)
Other income (expense)	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>
Income before taxes	(682)	(484)	(1,714)	(1,874)	(4,754)
Income tax	<u>(314)</u>	<u>(216)</u>	<u>(771)</u>	<u>(410)</u>	<u>(1,711)</u>
<i>Tax rate</i>	46.04%	44.63%	44.98%	21.88%	35.99%
Net Income / (Loss)	<u>\$ (368)</u>	<u>\$ (268)</u>	<u>\$ (943)</u>	<u>\$ (1,464)</u>	<u>\$ (3,043)</u>
Basic EPS	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.22)</u>	<u>\$ (0.35)</u>	<u>\$ (0.72)</u>
Diluted EPS	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.22)</u>	<u>\$ (0.35)</u>	<u>\$ (0.72)</u>
Basic Shares Outstanding	4,375	4,193	4,214	4,222	4,248
Diluted Shares Outstanding	4,375	4,193	4,214	4,222	4,248
<u>Percent of Revenue</u>					
Cost of sales	79.97%	80.49%	87.00%	82.27%	82.26%
SG&A	22.43%	20.91%	23.70%	21.75%	22.17%
<u>Year / Year Growth</u>					
Total Revenues	-7.20%	-20.27%	-26.26%	-15.10%	-17.30%
Net Income	NMF	NMF	NMF	NMF	NMF
EPS	NMF	NMF	NMF	NMF	NMF

UFP Technologies, Inc.

Quarterly Income Statement for the Year Ending 2002
(in thousands)

	<u>Q1(3/02)</u>	<u>Q2(6/02)E</u>	<u>Q3(9/02)E</u>	<u>Q4(12/02)E</u>	<u>FY(12/02)E</u>
Net sales	\$ 15,531	\$ 16,250	\$ 16,500	\$ 17,500	\$ 65,781
Cost of sales	<u>12,659</u>	<u>12,756</u>	<u>12,870</u>	<u>13,388</u>	<u>51,673</u>
Gross profit	2,872	3,494	3,630	4,113	14,108
<i>Gross Margin</i>	19.75%	21.50%	22.00%	23.50%	21.45%
SG&A	<u>3,154</u>	<u>3,200</u>	<u>3,250</u>	<u>3,300</u>	<u>12,904</u>
Operating income	(282)	294	380	813	1,204
<i>Operating Margin</i>	-1.82%	1.81%	2.30%	4.64%	1.83%
Interest expense	(227)	(250)	(250)	(250)	(977)
Other income (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before taxes	(509)	44	130	563	227
Income tax	<u>(193)</u>	<u>18</u>	<u>52</u>	<u>225</u>	<u>102</u>
<i>Tax rate</i>	37.92%	40.00%	40.00%	40.00%	44.66%
Net Income / (Loss)	<u>\$ (316)</u>	<u>\$ 26</u>	<u>\$ 78</u>	<u>\$ 338</u>	<u>\$ 126</u>
Basic EPS	<u>\$ (0.07)</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Diluted EPS	<u>\$ (0.07)</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Basic Shares Outstanding	4,302	4,346	4,346	4,346	4,335
Diluted Shares Outstanding	4,302	4,346	4,346	4,346	4,335
<u>Percent of Revenue</u>					
Cost of goods sold	81.51%	78.50%	78.00%	76.50%	78.55%
SG&A	20.31%	19.69%	19.70%	18.86%	19.62%
<u>Year / Year Growth</u>					
Total Revenues	-8.46%	4.97%	18.41%	15.19%	6.83%
Net Income	NA	109.70%	108.27%	123.09%	104.17%
EPS	NA	116.67%	109.09%	122.86%	104.17%

UFP Technologies, Inc.

Quarterly Income Statement for the Year Ending 2003
(in thousands)

	<u>Q1(3/03)E</u>	<u>Q2(6/03)E</u>	<u>Q3(9/03)E</u>	<u>Q4(12/03)E</u>	<u>FY(12/03)E</u>
Net sales	\$ 17,000	\$ 18,000	\$ 18,000	\$ 19,500	\$ 72,500
Cost of sales	<u>13,175</u>	<u>13,725</u>	<u>13,725</u>	<u>14,625</u>	<u>55,250</u>
Gross profit	3,825	4,275	4,275	4,875	17,250
<i>Gross Margin</i>	22.50%	23.75%	23.75%	25.00%	23.79%
SG&A	<u>3,400</u>	<u>3,500</u>	<u>3,600</u>	<u>3,700</u>	<u>14,200</u>
Operating income	425	775	675	1,175	3,050
<i>Operating Margin</i>	2.50%	4.31%	3.75%	6.03%	4.21%
Interest expense	(250)	(250)	(250)	(250)	(1,000)
Other income (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before taxes	175	525	425	925	2,050
Income tax	<u>70</u>	<u>210</u>	<u>170</u>	<u>370</u>	<u>820</u>
<i>Tax rate</i>	40.00%	40.00%	40.00%	40.00%	40.00%
Net Income / (Loss)	<u>\$ 105</u>	<u>\$ 315</u>	<u>\$ 255</u>	<u>\$ 555</u>	<u>\$ 1,230</u>
Basic EPS	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.28</u>
Diluted EPS	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.28</u>
Basic Shares Outstanding	4,346	4,346	4,346	4,346	4,346
Diluted Shares Outstanding	4,346	4,346	4,346	4,346	4,346
<u>Percent of Revenue</u>					
Cost of goods sold	77.50%	76.25%	76.25%	75.00%	76.21%
SG&A	20.00%	19.44%	20.00%	18.97%	19.59%
<u>Year / Year Growth</u>					
Total Revenues	9.46%	10.77%	9.09%	11.43%	10.21%
Net Income	130.38%	NMF	226.92%	64.20%	868.50%
EPS	128.57%	NMF	200.00%	62.50%	833.33%

Statement of Cash Flows for the Three Months Ended
(in thousands)

	<u>March 31, 2002</u>	<u>March 31, 2001</u>
<i>Cash Flows from Operating Activities</i>		
Net loss	\$ (316)	\$ (368)
Depreciation & amortization	667	796
Stock issued in lieu of compensation	81	141
<i>Changes in assets and liabilities</i>		
Receivables	(1,218)	(397)
Inventories	12	175
Prepaid expenses	(256)	(388)
Accounts payable	194	(1,075)
Accrued expenses and other	(271)	(502)
Retirement and other liabilities	-	35
Decrease (increase) in other assets	(46)	37
Net Cash Provided by Operations	(1,153)	(1,546)
<i>Cash Flows from Investing Activities</i>		
Additions to property, plant and equipment	(627)	(771)
Payments from affiliated company	5	5
Acquisition of Excel	(150)	-
Net Cash Used in Investing	(772)	(766)
<i>Cash Flows from Financing Activities</i>		
Net borrowings under notes payable	2,022	2,867
Principal repayments of long-term debt	(367)	(9)
Principle repayments of capital lease obligations	(27)	(89)
Proceeds from capital lease obligations	264	-
Net proceeds from sale of common stock	29	37
Capital stock repurchase	-	(525)
Net cash Provided Financing	1,921	2,281
Net change in Cash	(4)	(30)
Cash - Beginning of Period	26	94
Cash - End of Period	<u>\$ 22</u>	<u>\$ 64</u>