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Research Report – Update

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

UFP Technologies, Inc.

Rating: Speculative Buy

John Nobile
June 4, 2007

UFPT $5.57 — (NASDAQ CM)

	FY (2005)A	FY (2006)A	FY (2007)E	FY (2008)E
Revenues (millions)	$84.0	$93.7	$94.0	$98.7
Earnings per share (diluted)	$0.13	$0.45	$0.55	$0.69

52-Week range	$7.99 – $4.15	Fiscal year ends:	December
Shares outstanding as of 4/25/07	5.3 million	Revenue per share (TTM)	$16.13
Approximate float	2.9 million	Price/Sales (TTM)	0.3X
Market capitalization	$32 million	Price/Sales (2008)E	0.3X
Tangible book value/share	$2.49	Price/Earnings (TTM)	13.0X
Price/tangible book	2.2X	Price/Earnings (2008)E	8.1X

UFP Technologies is a designer and manufacturer of a broad range of high performance cushion packaging and molded fiber products and specialty foam and plastic products. 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, automotive, medical/pharmaceutical and industrial markets. (www.ufpt.com)

Key investment considerations:

We are downgrading our rating for shares of UFP Technologies (NASDAQ CM: UFPT) to Speculative Buy from Buy while maintaining our twelve-month price target of $9.00 which is based on a valuation on our newly introduced 2008 estimates. Due to a softening of UFPT's business and weak market forecasts, we have lowered our estimates and are less confident of future growth. However, we believe shares of UFPT still offer significant price appreciation at the current level, albeit with a higher degree of investment risk.

On May 8, 2007, UFPT reported that net sales in the first quarter of 2007 decreased 9% to $22.0 million from $24.1 million in the same period in 2006. Net income was $0.5 million or $0.09 per diluted share versus net income of $0.6 million or $0.11 per diluted share. UFPT said the decline in sales was primarily due to lower sales to the automotive market caused by extended holiday shut-downs, as well as generally soft demand in this market.

As the Company's Component Product sales are largely affected by the automotive market, we believe the outlook for that market could play an important role in forecasting UFPT's Component Product rate of growth. In a recent U.S. Department of Commerce report, it was mentioned that market analysts are forecasting U.S. vehicle sales volume in 2007 to be slightly lower than in 2006.

For fiscal 2007, we estimate UFPT's sales will be approximately $94.0 million and the Company will report net income of $3.2 million or $0.55 per diluted share. Previous estimates for fiscal 2007 called for sales of $98.4 million and net income of $3.4 million or $0.60 per diluted share. We are introducing estimates for fiscal 2008 calling for UFPT's revenue to grow by 5% to $98.7 million and net income of $4.0 million or $0.69 per diluted share.

****Please view our disclaimer located on page 9.***

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Business

The Company operates in two segments: Packaging Products and Component Products. Packaging Products made up 41% of UFPT's total sales in the first quarter of fiscal 2007, while Component Products made up 59%.

UFP Technologies' packaging products are used to contain, display and/or protect manufactured goods during shipment, handling, storage, marketing and use. The interior cushion packaging market is characterized by three primary sectors: (1) custom fabricated or molded products for low volume, high fragility products; (2) molded or die-cut products for high volume, industrial and consumer goods; and (3) loose fill and commodity packaging materials for products which do not require custom-designed packaging. Examples of the Company's packaging products include end-cap packs for computers, corner blocks for telecommunications consoles, anti-static foam packs for printed circuit boards, die-cut inserts for attaché cases and plastic trays for medical devices and components.

The Company's component products segment features specialty foam and plastic products that are sold primarily to customers in the automotive, sporting goods, medical, beauty, leisure and footwear industries. These products include components for automobiles and medical diagnostic equipment, abrasive nail files and anti-fatigue mats, and shock absorbing inserts used in athletic and leisure footwear.

Industry

According to the packaging industry Website, packaging-gateway.com, the global packaging industry was worth an estimated $424 billion in 2004 and is projected to grow to almost $600 billion by 2014 for a compound annual growth rate of 3.5%. Driving this growth is stringent legislation, increasing competition and dynamic new markets that are forcing packaging executives to develop and manufacture innovative packaging more quickly, effectively and profitability than before.

Freedonia Group (a publisher of industry market research) forecasted demand for certain markets that UFP Technologies operates in. In May 2006, Freedonia forecasted the U.S. protective packaging market to grow by 4.7% annually to $4 billion by 2010. Freedonia said that advances will be driven by specialized packaging applications in the electronic, medical and other industries, as well as growing Internet-based sales. Molded foam is estimated to remain dominant as a result of its shock and vibration dampening characteristics and ability to be custom molded to protect sensitive electronic and other equipment.

1st Quarter Financial Results

For the first quarter ended March 31, 2007, versus the same period in 2006:

- Net sales decreased 9% to $22.0 million from $24.1 million.
- Gross margins increased to 20.9% from 20.2%.
- SG&A expenses remained relatively flat at $3.6 million.
- Net income was $0.5 million or $0.09 per diluted share versus net income of $0.6 million or $0.11 per diluted share.

In comparison, Taglich Brothers' estimates called for first quarter net sales of $23.9 million and net income of $0.7 million or $0.13 per diluted share.

Component Product sales decreased 12% to $13.0 million from $14.9 million. Packaging sales decreased 3% to $9.0 million from $9.3 million. The decline in sales was primarily due to lower sales to the automotive market caused by holiday plant shut-down extended well into January, as well as generally soft demand in this market.

The increase in gross margins was primarily due to improved material yield and a more favorable product mix.

Balance Sheet as of March 31, 2007

Cash and cash equivalents was approximately $1.5 million. The Company had working capital of $9.4 million, long-term debt of $6.6 million, current portion of long-term debt of $1.7 million, and a tangible book value of $2.49 per share. Cash provided by operations in the first quarter was approximately $1.9 million. We define cash from operations as net income plus non-cash charges. UFPT had an available balance under its line of credit of approximately $12.3 million. We believe that UFPT's current line of credit and future expected cash flows from operations will be sufficient to fund operations for the next twelve months.

Discussion

During 2005, the Company absorbed costs associated with the launch of several new programs in its automotive operations in Michigan, as well as in its large, estimated $95 million program in the Southeast that caused significant losses in its automotive business unit. These costs (associated with higher than anticipated scrap rates and additional direct labor requirements) caused significant losses in this business unit. In 2006, the Company enjoyed materially better results in its automotive business unit.

During 2006, demand remained strong from customers in the aerospace and defense and medical industries. Military efforts in Iraq and elsewhere have created demand for molded uniform and gear components from the Company's Component Products division. The aging population needing more medical care has kept demand high for medical packaging products, medical device components, dental products and orthopedic components. The strong demand from customers in these markets, coupled with increased sales from the large automotive contract, generated record sales for the Company in 2006.

In its latest 10-Q filing, UFPT said that the business climate softened in early 2007, particularly within the automotive market where December holiday plant shutdowns extended well into January and customer orders continued to often be below forecast. The Company mentioned that it invested in sales resources to target opportunities in the automotive market and that currently, the pipeline of pending quotes is very strong.

As the Company's Component Product sales are largely affected by the automotive market, we believe the outlook for that market could play an important role in forecasting UFPT's Component Product rate of growth. In a recent U.S. Department of Commerce report (The Road Ahead for the U.S. Auto Market, March 2007), it was mentioned that market analysts are forecasting U.S. vehicle sales volume in 2007 to be slightly lower than in 2006.

We continue to believe that UFP Technologies is in a position to grow by acquisition. In its latest earnings release, R. Jeffrey Bailly, President and CEO of UFP Technologies, said that the Company's strong balance sheet has positioned UFPT to pursue both acquisition and organic growth opportunities.

Projections

Due to the Company's first quarter results and customer orders continuing to be below forecast, we are lowering our revenue expectations. We believe that negative growth in the automotive market will offset the moderate growth we believe the Packaging Products segment will see resulting in relatively flat revenue for 2007.

We are forecasting moderate growth in the Company's packaging Products Segment based on slow economic growth. In May 2007, The Conference Board said that the recent behavior of the composite indexes suggests that economic growth is likely to continue to be slow in the near-term.

For fiscal 2007, we estimate UFPT's sales will be approximately $94.0 million and the Company will report net income of $3.2 million or $0.55 per diluted share. Previous estimates for fiscal 2007 called for sales of $98.4 million and net income of $3.4 million or $0.60 per diluted share. The decrease in our estimates is primarily due to first quarter results coming in below our expectations combined with the weak outlook for the U.S. automotive market in 2007.

Although we are projecting relatively flat revenue for fiscal 2007, we believe that margins will increase as automotive sales, with typically lower margins, will make up a smaller percentage of total revenue. We are also assuming lower interest expense due to lower levels of debt and a 38% tax rate which is in line with the first quarter. These items should result in a significant increase to the bottom line.

We are introducing estimates for fiscal 2008 with the assumption that UFPT will begin to return to its historic rate of revenue growth (average of 9% over the past five years). For fiscal 2008, we estimate UFPT's revenue will grow by 5% to $98.7 million and the Company will report net income of $4.0 million or $0.69 per diluted share. Our assumptions include the following:

- slightly higher gross margins as a result of higher levels of revenue,
- continued SG&A expenses of approximately 15%,
- lower interest expense as the Company continues to pay down its debt, and
- a 38% tax rate.

It is important to note that the current softening of UFPT's business combined with weak market forecasts have lowered our level of confidence in the Company's future growth.

Risks

Large Contract

The Company has a large automotive contract that could be worth as much as $95 million over a period of eight years starting from late 2004. The $95 million revenue value is an estimate, based on the automotive supplier's projected needs. UFP Technologies cannot guarantee that it will fully benefit from this contract, which is terminable by the automotive supplier for any reason. The Company's revenues from this contract are directly dependent on the ability of the automotive supplier to develop, market, and sell its products in a timely, cost-effective manner. If the automotive supplier's needs decrease over the course of the contract, UFP Technologies' estimated revenues from this contract may also decrease. Even if the Company generates revenue from the project, it cannot guarantee that the project will be profitable, particularly if revenues from the contract are less than expected.

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.

Significant insider ownership

To the best of our knowledge, insiders hold over 50% of the Company's total shares outstanding. As a result, insiders may control or exert substantial influence over actions requiring shareholders' approval, including elections of Directors, amendments to the Company's certificate of incorporation, mergers, sales of assets or other business acquisitions or dispositions.

Customer mix

A limited number of customers typically represent a significant percentage of the Company's revenues in any given year. UFPT's top ten customers based on revenues represented, in the aggregate, approximately 44% and 46% in 2006 and 2005, respectively, of total revenues. The loss of a significant portion of expected future sales to any of the Company's large customers could have a material adverse effect on the Company's business, financial condition and financial results.

Patents and other proprietary rights

The Company relies upon trade secret, patent protection and trademarks to protect its technology and proprietary rights. UFP Technologies has three U.S. patents relating to its molded fiber technology (including certain proprietary machine designs), and has patent applications pending with respect to such technology in certain foreign countries and international patent offices. The Company also has a total of twelve U.S. patents relating to technologies including foam and packaging, rubber mat, patterned nail file, and superforming process technologies. In addition, UFP Technologies has patent applications pending in the United States with respect to superforming products and processes. There can be no assurance that any of the Company's patent applications will be granted, or that any patent or patent application will provide significant protection for the Company's products and technology, or will not be challenged or circumvented by others.

Environmental Considerations

In addition to offering molded fiber packaging products made from recycled paper derived primarily from post-consumer newspaper waste, UFP Technologies actively promotes its philosophy of reducing product volume and resulting post-user product waste. The Company designs products to provide optimum performance with minimum material. In addition, UFP Technologies actively participates in a recovery and reuse program for certain of its plastic packaging products. The Company is aware of public support for environmentally responsible packaging and other products. Future government action may impose restrictions affecting the industry in which the Company operates. There can be no assurance that any such action will not adversely impact UFP Technologies' products and business.

Other risks include:

i. economic conditions that affect sales of the products of the Company's packaging customers,
ii. actions taken by the Company's competitors and the ability of the Company to respond to such actions,
iii. the ability of the Company to obtain new customers, and
iv. the ability of the Company to execute and integrate favorable acquisitions.

Share-based compensation

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R) "Share-Based Payment". SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values at the date of grant. Pro forma disclosure is no longer an alternative. SFAS 123(R) is effective for public companies at the beginning of the first fiscal year beginning after June 15, 2005.

UFP Technologies adopted SFAS 123(R) in the first quarter of fiscal 2006 and believes the effect will be comparable to the pro forma effect it has shown in the past. For fiscal 2005, UFP Technologies' pro forma stock-based compensation expense was $0.553 million or $0.11 per diluted share. UFP Technologies recorded stock-based compensation expense of $0.459 million or $0.05 per diluted share in fiscal 2006 and $0.117 million or $0.01 per diluted share in the first quarter of fiscal 2007.

Liquidity

With only 5.3 million shares outstanding and 2.9 million in the float, liquidity issues must be considered. Average daily volume has been approximately 70,000 shares. Any significant trading in shares of UFPT could result in large swings in the price of the stock.

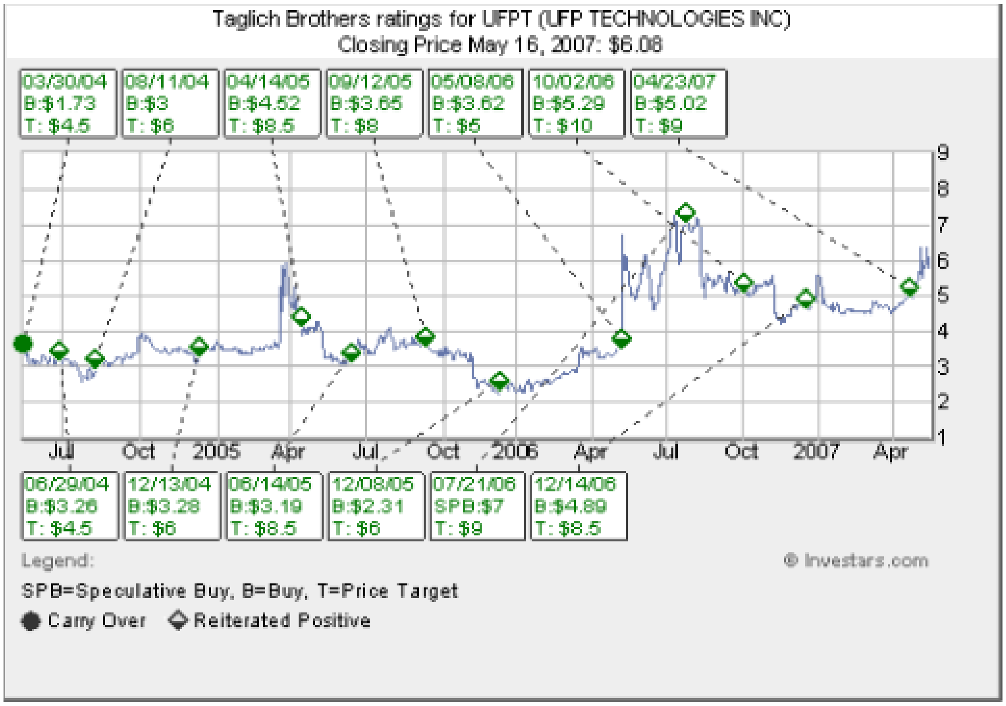
Miscellaneous risks

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

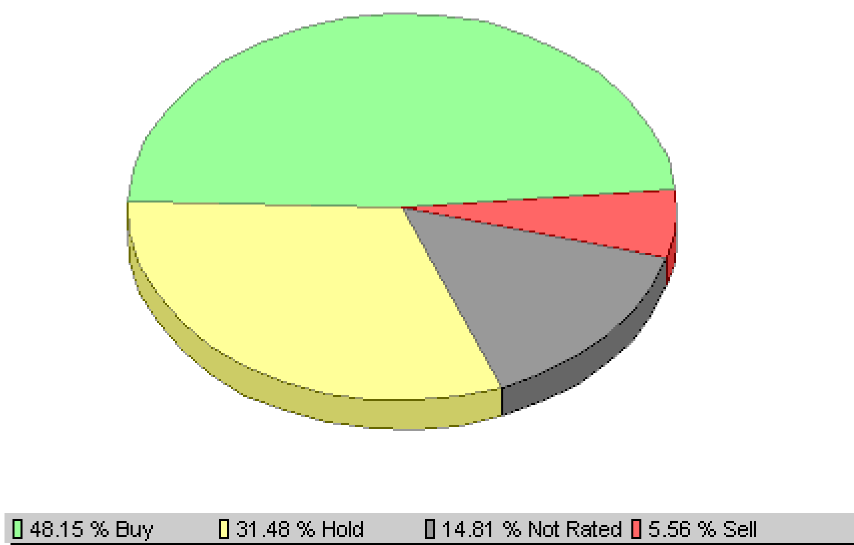
Conclusion and Valuation

We are downgrading our rating for shares of UFP Technologies (NASDAQ CM: UFPT) to Speculative Buy from Buy. Due to a softening of UFPT's business and weak market forecasts, we have lowered our estimates and are less confident of future growth. However, we believe shares of UFPT still offer significant price appreciation at the current level, albeit with a higher degree of investment risk.

We chose to value shares of UFPT using its historic multiple of 15X earnings applied to the present value ($0.60) of our fiscal 2008 earnings per diluted share estimate ($0.69). With this model we arrive at a **twelve-month price target of $9.00 per share.**



Taglich Brothers' Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	1	3.57%
Hold	0	0.00%
Sell	0	0.00%
Not Rated	0	0.00%

<u>Meaning of Ratings</u>

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.

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I, John Nobile, 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.

Consolidated Balance Sheets
(in thousands)

	December 31, 2005	December 31, 2006	March 31, 2007
Assets			
Current assets:			
Cash and cash equivalents	$ 265	$ 1,017	$ 1,481
Receivables	15,300	11,629	11,123
Inventories	6,441	5,930	6,074
Prepaid expenses	792	766	1,309
Deferred income taxes	782	1,032	1,032
Total current assets	23,580	20,374	21,019
Net property, plant and equipment	10,973	10,137	9,951
Cash surrender value of officers life insurance	140	158	158
Deferred income taxes	2,494	1,388	1,050
Goodwill	6,481	6,481	6,481
Other assets	332	499	576
Total Assets	**$ 44,000**	**$ 39,037**	**$ 39,235**
Liabilities & stockholders' equity			
Current liabilities:			
Notes payable	$ 7,991	$ -	$ -
Current portion of long-term debt	1,087	1,078	1,078
Current portion of capital lease obligations	639	689	668
Accounts payable	6,063	4,620	5,121
Accrued taxes and other expenses	4,480	5,750	4,794
Total current liabilities	20,260	12,137	11,661
Long-term debt	5,286	4,604	4,433
Capital lease obligations	2,363	2,317	2,146
Minority interest	634	616	642
Other liabilities	696	738	813
Total liabilities	**29,239**	**20,412**	**19,695**
Total stockholders' equity	**14,761**	**18,625**	**19,540**
Total liabilities & stockholders' equity	**$ 44,000**	**$ 39,037**	**$ 39,235**

Annual Income Statements for the Years Ended
(in thousands)

	FY(12/04)A	FY(12/05)A	FY(12/06)A	FY(12/07)E	FY(12/08)E
Net sales	**$ 68,624**	**$ 83,962**	**$ 93,749**	**$ 94,013**	**$ 98,700**
Cost of sales	54,653	69,361	74,512	73,977	77,183
Gross profit	13,971	14,601	19,237	20,036	21,517
Gross Margin	*20.36%*	*17.39%*	*20.52%*	*21.31%*	*21.80%*
Restructuring charge	(280)	-	-	-	-
SG&A	12,106	12,431	14,183	14,413	14,800
Operating income	2,145	2,170	5,054	5,623	6,717
Operating Margin	*3.13%*	*2.58%*	*5.39%*	*5.98%*	*6.81%*
Interest expense, other income and expenses	(786)	(1,303)	(1,046)	(491)	(250)
Income before taxes	1,359	867	4,008	5,132	6,467
Income tax	488	208	1,493	1,951	2,457
Tax rate	*35.91%*	*23.99%*	*37.25%*	*38.02%*	*37.99%*
Net Income / (Loss)	**$ 871**	**$ 659**	**$ 2,515**	**$ 3,182**	**$ 4,010**
Basic EPS	**$ 0.19**	**$ 0.14**	**$ 0.50**	**$ 0.61**	**$ 0.76**
Diluted EPS	**$ 0.17**	**$ 0.13**	**$ 0.45**	**$ 0.55**	**$ 0.69**
Basic Shares Outstanding	4,617	4,798	5,023	5,250	5,300
Diluted Shares Outstanding	4,995	5,261	5,571	5,791	5,800
Percent of Revenue					
Cost of goods sold	79.64%	82.61%	79.48%	78.69%	78.20%
SG&A	17.64%	14.81%	15.13%	15.33%	14.99%
Year / Year Growth					
Total Revenues	12.68%	22.35%	11.66%	0.28%	4.99%
Net Income	157.45%	-24.34%	281.64%	26.52%	26.02%
EPS	151.65%	-28.17%	260.40%	21.71%	25.83%

Quarterly Income Statement for the Year Ended 2006
(in thousands)

	Q1(3/06)A	Q2(6/06)A	Q3(9/06)A	Q4(12/06)A	FY(12/06)A
Net sales	**$ 24,141**	**$ 24,534**	**$ 21,737**	**$ 23,337**	**$ 93,749**
Cost of sales	19,262	19,245	17,561	18,445	74,513
Gross profit	4,879	5,289	4,176	4,892	19,236
Gross Margin	*20.21%*	*21.56%*	*19.21%*	*20.96%*	*20.52%*
SG&A	3,657	3,872	3,293	3,360	14,182
Operating income	1,222	1,417	883	1,532	5,054
Operating Margin	*5.06%*	*5.78%*	*4.06%*	*6.56%*	*5.39%*
Interest expense, other income & expenses	(295)	(289)	(245)	(217)	(1,046)
Income before taxes	927	1,128	638	1,315	4,008
Income tax (benefit)	353	428	242	470	1,493
Tax rate	*38.08%*	*37.94%*	*37.93%*	*35.74%*	*37.25%*
Net Income / (Loss)	**$ 574**	**$ 700**	**$ 396**	**$ 845**	**$ 2,515**
Basic EPS	**$ 0.12**	**$ 0.14**	**$ 0.08**	**$ 0.16**	**$ 0.50**
Diluted EPS	**$ 0.11**	**$ 0.13**	**$ 0.07**	**$ 0.15**	**$ 0.45**
Basic Shares Outstanding	4,874	4,974	5,098	5,151	5,023
Diluted Shares Outstanding	5,233	5,568	5,722	5,686	5,571
Percent of Revenue					
Cost of goods sold	79.79%	78.44%	80.79%	79.04%	79.48%
SG&A	15.15%	15.78%	15.15%	14.40%	15.13%
Year / Year Growth					
Total Revenues	32.70%	17.29%	0.41%	0.58%	11.66%
Net Income	575.29%	122.93%	365.77%	107.11%	281.64%
EPS	555.48%	115.76%	351.28%	93.96%	264.54%

Quarterly Income Statement for the Year Ending 2007
(in thousands)

	Q1(3/07)A	Q2(6/07)E	Q3(9/07)E	Q4(12/07)E	FY(12/07)E
Net sales	**$ 22,013**	**$ 25,500**	**$ 22,000**	**$ 24,500**	**$ 94,013**
Cost of sales	17,413	19,954	17,402	19,208	73,977
Gross profit	4,600	5,546	4,598	5,292	20,036
Gross Margin	*20.90%*	*21.75%*	*20.90%*	*21.60%*	*21.31%*
SG&A	3,613	3,825	3,300	3,675	14,413
Operating income	987	1,721	1,298	1,617	5,623
Operating Margin	*4.48%*	*6.75%*	*5.90%*	*6.60%*	*5.98%*
Interest expense, other income & expenses	(146)	(130)	(115)	(100)	(491)
Income before taxes	841	1,591	1,183	1,517	5,132
Income tax (benefit)	320	605	450	576	1,951
Tax rate	*38.05%*	*38.00%*	*38.00%*	*38.00%*	*38.01%*
Net Income / (Loss)	**$ 521**	**$ 987**	**$ 733**	**$ 941**	**$ 3,182**
Basic EPS	**$ 0.10**	**$ 0.19**	**$ 0.14**	**$ 0.18**	**$ 0.61**
Diluted EPS	**$ 0.09**	**$ 0.17**	**$ 0.13**	**$ 0.16**	**$ 0.55**
Basic Shares Outstanding	5,206	5,264	5,264	5,264	5,250
Diluted Shares Outstanding	5,747	5,805	5,805	5,805	5,791
Percent of Revenue					
Cost of goods sold	79.10%	78.25%	79.10%	78.40%	78.69%
SG&A	16.41%	15.00%	15.00%	15.00%	15.33%
Year / Year Growth					
Total Revenues	-8.81%	3.94%	1.21%	4.98%	0.28%
Net Income	-9.23%	40.94%	85.22%	11.31%	26.50%
EPS	-15.02%	33.17%	79.38%	8.92%	21.05%

Statement of Cash Flows for the Periods Ended
(in thousands)

	FY2005	FY2006	3mos2007
Cash Flows from Operating Activities			
Net income	$ 659	$ 2,515	$ 521
Depreciation & amortization	2,937	3,060	703
Equity in net income of unconsolidated affiliate	(13)	(15)	-
Minority interest	305	87	25
(Gain) loss on disposal of property, plant and equipment	-	10	(33)
Share-based compensation	-	459	117
Stock issued in lieu of compensation	240	144	256
Deferred income taxes	(98)	857	337
Changes in assets and liabilities			
Receivables	(3,481)	3,768	505
Inventories	(1,205)	598	(144)
Prepaid expenses	(81)	25	(542)
Accounts payable	1,336	(647)	276
Accrued taxes and other	495	1,270	(956)
Retirement and other liabilites	(85)	42	76
Cash surrender value of officers' life insurance	(14)	(18)	-
Other assets	13	(61)	(94)
Net Cash Provided by Operations	**1,008**	**12,094**	**1,047**
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(1,110)	(1,516)	(499)
Payments from affiliated company	13	15	-
Proceeds from sale of property, plant and equipment	-	30	33
Acquisition of assets of Stephens Packaging	-	(309)	-
Net Cash Used in Investing	**(1,097)**	**(1,780)**	**(466)**
Cash Flows from Financing Activities			
Borrowings (payments) of notes payable	67	(7,991)	-
Change in book overdrafts	1,062	(832)	225
Proceeds from long-term borrowings	731	-	-
Distribution to United Development Company partners	(105)	(105)	-
Proceeds from exercise of stock options	-	-	6
Tax benefit from exercise of non-qualified stock options	-	177	3
Net proceeds from sale of common stock	75	568	12
Principal repayments of long-term debt	(1,367)	(691)	(171)
Principle repayments of capital lease obligations	(427)	(2,047)	(193)
Proceeds from refinancing capital leases	-	1,359	-
Net cash Provided Financing	**36**	**(9,562)**	**(118)**
Net change in Cash	**(53)**	**752**	**463**
Cash - Beginning of Period	**318**	**265**	**1,017**
Cash - End of Period	**$ 265**	**$ 1,017**	**$ 1,480**