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.

UFP Technologies, Inc.

Rating: Buy

John Nobile

December 8, 2005

UFPT $2.31 — (NASDAQ SC)

	FY (2003)A*	FY (2004)A	FY (2005)E	FY (2006)E
Revenues (millions)	$60.9	$68.6	$82.8	$92.7
Earnings per share (diluted)	$(0.34)	$0.17	$0.09	$0.53

52-Week range	$2.31 – $6.39	Fiscal year ends:	December
Shares outstanding (millions)	4.8	Revenue per share (TTM)	$15.46
Trading float (millions)	2.3	Price/Sales (TTM)	0.1X
Insider + 5% ownership	52%	Price/Sales (2006)E	0.1X
Tangible book value/share	$1.63	Price/Earnings (TTM)	17.8X
Price/tangible book	1.4X	Price/Earnings (2006)E	4.4X

*Includes a $1.4 million restructuring charge.

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 reiterating our Buy rating for shares of UFP Technologies (UFPT) and setting a twelve-month price target of $6.00. Our price target has been lowered since our last report ($8.00) primarily due to lowered estimates.

For the third quarter ended September 30, 2005, versus the same period in 2004: net sales increased 23% to $21.6 million from $17.7 million. The net loss was $0.1 million or $(0.03) per share versus net income of $0.2 million or $0.04 per diluted share.

Although third quarter revenue exceeded our expectations, the significant decrease in gross margins resulted in a net loss. The Company said that significant start-up costs due to high scrap rates and extra personnel-combined with the difficult climate in the automotive industry and escalating raw material costs-resulted in a substantial loss at its Detroit automotive operation.

UFP Technologies expects further losses from its Michigan automotive business in at least the next two quarters. However, the Company expects gross margins to improve on these automotive programs in the fourth quarter of 2005.

We believe the better outlook for gross margins going forward is the result of UFP Technologies satisfying an earlier commitment to acquire $3.8 million of equipment necessary for its large automotive contract.

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

Business

The Company operates in two segments: Packaging Products and Component Products.

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 packaging-technology.com, the packaging industry is worth an estimated $600 billion and continues to experience above average growth of between 10 and 15 percent, with some sectors achieving growth rates of 20 percent. Currently, the packaging industry has been thrust into the spotlight with increasing consumer demand for packaged goods making the industry one of the strongest in the economy. New stringent legislation, increasing competition and dynamic new markets are forcing packaging executives to develop and manufacture innovative packaging more quickly, effectively and profitably than before.

Recent Financial Results

For the third quarter ended September 30, 2005, versus the same period in 2004:

- Net sales increased 23% to $21.6 million from $17.7 million.
- Gross margins decreased to 14.3% from 18.2%.
- SG&A expenses increased to $3.1 million from $3.0 million.
- The net loss was $0.1 million or $(0.03) per share versus net income of $0.2 million or $0.04 per diluted share.

In comparison, Taglich Brothers' estimates called for third quarter net sales of $21.0 million and net income of $0.3 million or $0.06 per diluted share.

The Company attributed the increase in net sales primarily to increased sales from the new automotive contract in the southeast; sales from three newly launched sunshade automotive programs in Michigan and increased sales of case inserts designed primarily for military applications. The decrease in gross margins was primarily due to higher material and labor costs associated with both the phase-in of the new automotive program in the Southeast, as well as the launch of new sunshade automotive programs in Michigan.

Balance Sheet as of September 30, 2005

Cash and cash equivalents was approximately $0.3 million. The Company had working capital of $1.5 million, a tangible book value of $1.63 per share and a long-term debt-to-equity ratio of 0.4X. Cash provided by operations during the nine months ended September 30, 2005 was approximately $1.6 million. UFPT had an available balance under its line of credit of approximately $4.0 million.

Subsequent to the end of the third quarter, UFP Technologies secured a new $23 million, three year credit facility with Bank of America. The credit facility includes a $17 million revolving line of credit, subject to available collateral, and $6 million in term loans secured by the Company's equipment and real estate. 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 and Analysis

Over the past several years, the Company has downsized its operations in response to a general downturn in the economy and the loss of a large automotive program. In 2004, the Company completed its consolidation efforts and throughout 2004 and the first three quarters of 2005, has shifted its attention to sales growth initiatives by strengthening its sales and marketing team, implementing a new sales compensation system, and investing in customer relations management software.

Late in 2004, the Company launched a portion of its new large eight-year, $95 million automotive program in the Southeast. The total program, which has grown in potential scope from $77 million to $95 million due to design enhancements, will be implemented in phases. Phase-in costs on this and other automotive programs were significant in the first three quarters of 2005 and the Company expects further costs to be incurred throughout the remainder of 2005 and 2006. The Company expects that sales from this program should continue to grow over the next couple of years. The Company has met every milestone in this program to date and is now focusing on fulfilling increasing production demand.

The balance of the Company's automotive business in Michigan is currently facing challenging market conditions as customers are ordering fewer products than they previously forecasted which they have informed the Company is due to reduced consumer demand for the vehicles.

Although third quarter revenue exceeded our expectations, the significant decrease in gross margins resulted in a net loss. In its earnings release, the Company said that significant start-up costs due to high scrap rates and extra personnel-combined with the difficult climate in the automotive industry and escalating raw material costs-resulted in a substantial loss at its Detroit automotive operation. UFP Technologies expects further losses from its Michigan automotive business in at least the next two quarters. However, the Company expects gross margins to improve on these automotive programs in the fourth quarter of 2005.

We believe the better outlook for gross margins going forward is the result of UFP Technologies satisfying an earlier commitment to acquire $3.8 million of equipment necessary for its large automotive contract. These capital expenditures were spread out over a year and a half period with the final expenditures satisfied by the end of the third quarter.

Projections

For fiscal 2005, we estimate UFPT's sales will increase by 21% to $82.8 million and the Company will report net income of $0.5 million or $0.09 per diluted share. Previous estimates for fiscal 2005 called for sales of $82.1 million and net income of $1.2 million or $0.22 per diluted share.

For fiscal 2006, we estimate UFPT's sales will increase by 12% to $92.7 million and the Company will report net income of $2.8 million or $0.53 per diluted share. Previous estimates for fiscal 2006 called for sales of $92.7 million and net income of $3.9 million or $0.75 per diluted share.

We have decreased our earnings estimates primarily due to expected continued pressure on gross margins in fiscal 2005 and 2006. We are assuming that the $95 million contract discussed earlier will be operating at approximately 50% of full rate production in 2005 and 100% thereafter.

Risks

Large Contract

The Company has a large automotive contract that could be worth as much as $95 million. 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.

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.

Federal Reserve

Over the past year and a half, the Federal Reserve has raised short-term interest rates 12 times. Investors need to be aware that such a monetary policy is theoretically bad news for equity prices and valuations.

Liquidity

With only 4.8 million shares outstanding and 2.3 million in the float, liquidity issues must be considered. Average daily volume is approximately 10,000 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 reiterating our **Buy** rating for shares of UFP Technologies (UFPT).

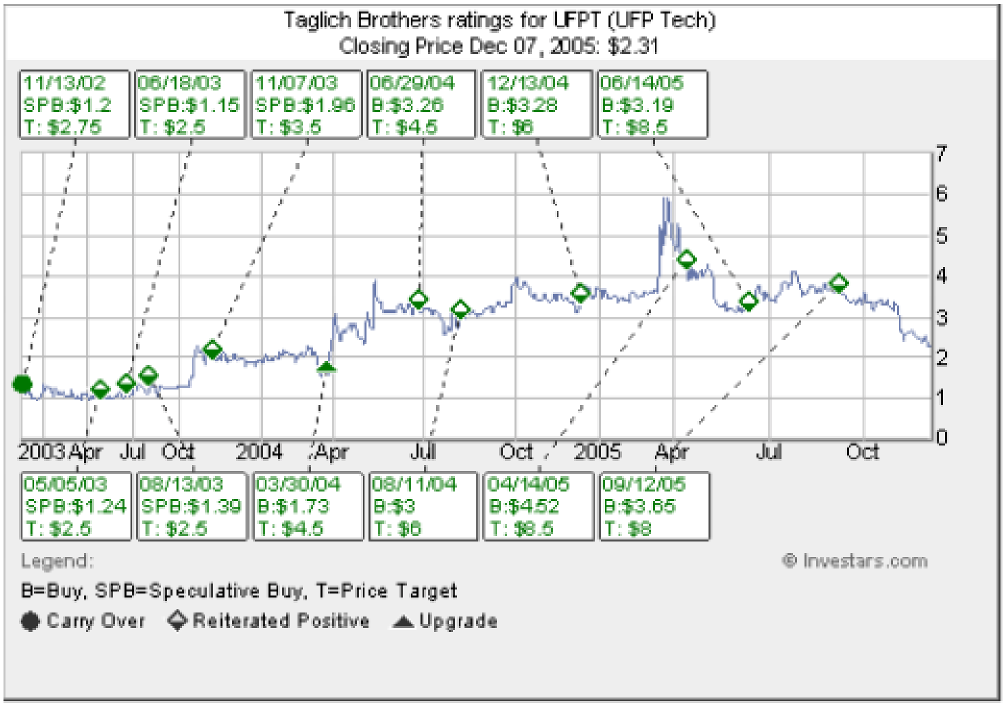
UFPT continues to trade at a large discount to the industry (packaging and containers) averages. The TTM price to earnings multiple for shares of UFPT is currently 18X vs. 21X for the industry. UFPT’s price to sales multiple is currently 0.1X vs. 0.6X for the industry. UFPT’s price to book multiple is currently 0.8X vs. 2.6X for the industry. While we believe that a continual improvement of the Company’s operating results should help to firm UFPT’s multiples in regard to the industry, in an effort to be conservative, we are applying a price to earnings multiple of approximately 11X our forecasted earnings of $0.53 per diluted share in fiscal 2006. With this model, we arrive at a **twelve-month price target of approximately $6.00 per share.**

For the third quarter ended September 30, 2005, versus the same period in 2004: net sales increased 23% to $21.6 million from $17.7 million. The net loss was $0.1 million or $(0.03) per share versus net income of $0.2 million or $0.04 per diluted share.

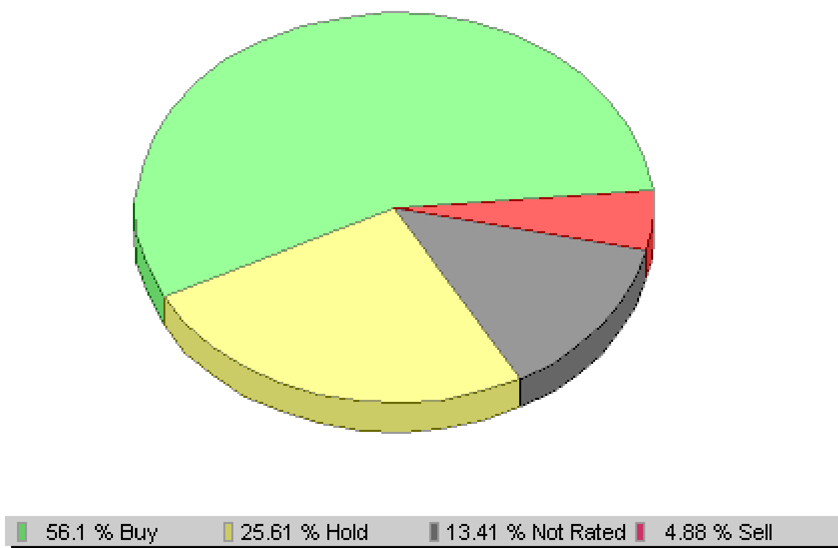
Although third quarter revenue exceeded our expectations, the significant decrease in gross margins resulted in a net loss. The Company said that significant start-up costs due to high scrap rates and extra personnel-combined with the difficult climate in the automotive industry and escalating raw material costs-resulted in a substantial loss at its Detroit automotive operation.

UFP Technologies expects further losses from its Michigan automotive business in at least the next two quarters. However, the Company expects gross margins to improve on these automotive programs in the fourth quarter of 2005. We believe the better outlook for gross margins going forward is the result of UFP Technologies satisfying an earlier commitment to acquire $3.8 million of equipment necessary for its large automotive contract.

For fiscal 2005, we estimate UFPT’s sales will increase by 21% to $82.8 million and the Company will report net income of $0.5 million or $0.09 per diluted share. For fiscal 2006, we estimate UFPT’s sales will increase by 12% to $92.7 million and the Company will report net income of $2.8 million or $0.53 per diluted share.



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.

* 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 changes in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Pershing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. 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. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. 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. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an Analyst or member of the Research Department may sell such securities after obtaining expressed written permission from the Director of Research. As of the date of this report, Robert Taglich, Managing Director, owns 1,000 shares of UFPT common stock. All research issued by Taglich Brothers, Inc. is based on public information. Taglich Brothers, Inc. does not currently have an Investment Banking relationship with the company mentioned in this report 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.

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)

	September 30, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 344	$ 318
Receivables	14,031	11,819
Inventories	5,835	5,236
Prepaid expenses and other	933	1,192
Total current assets	21,143	18,565
Net property, plant and equipment	11,380	11,384
Goodwill	6,481	6,481
Other assets	3,165	3,202
Total Assets	**$ 42,169**	**$ 39,632**
Liabilities & stockholders' equity		
Current liabilities:		
Notes payable	$ 7,981	$ 7,924
Current portion of long-term debt	1,349	1,159
Current portion of capital lease obligations	403	401
Accounts payable	5,869	3,666
Accrued restructuring charge	-	36
Accrued taxes and other expenses	4,022	3,948
Total current liabilities	19,624	17,134
Long-term debt	5,545	5,850
Capital lease obligations	1,345	1,647
Minority interest	585	434
Other liabilities	721	781
Total liabilities	**27,820**	**25,846**
Total stockholder's equity	**14,349**	**13,786**
Total liabilities & stockholder's equity	**$ 42,169**	**$ 39,632**

Annual Income Statements for the Years Ended
(in thousands)

	FY(12/02)A	FY(12/03)A	FY(12/04)A	FY(12/05)E	FY(12/06)E
Net sales	**$ 61,189**	**$ 60,902**	**$ 68,624**	**$ 82,759**	**$ 92,700**
Cost of sales	49,084	50,178	54,653	68,183	73,278
Gross profit	12,105	10,724	13,971	14,576	19,422
Gross Margin	*19.78%*	*17.61%*	*20.36%*	*17.61%*	*20.95%*
Restructuring charge	-	1,405	(280)	-	-
SG&A	11,639	10,827	12,106	12,617	13,900
Operating income	466	(1,508)	2,145	1,959	5,522
Operating Margin	*0.76%*	*-2.48%*	*3.13%*	*2.37%*	*5.96%*
Interest expense, other income and expenses	(843)	(847)	(786)	(1,190)	(1,000)
Income before taxes	(377)	(2,355)	1,359	769	4,522
Income tax	(143)	(839)	488	293	1,718
Tax rate	*37.93%*	*35.63%*	*35.91%*	*38.10%*	*37.99%*
Net Income / (Loss)	**$ (234)**	**$ (1,516)**	**$ 871**	**$ 476**	**$ 2,803**
Basic EPS	**$ (0.05)**	**$ (0.34)**	**$ 0.19**	**$ 0.10**	**$ 0.58**
Diluted EPS	**$ (0.05)**	**$ (0.34)**	**$ 0.17**	**$ 0.09**	**$ 0.53**
Basic Shares Outstanding	4,343	4,490	4,617	4,796	4,820
Diluted Shares Outstanding	4,343	4,490	4,995	5,152	5,295
Percent of Revenue					
Cost of goods sold	80.22%	82.39%	79.64%	82.39%	79.05%
SG&A	19.02%	17.78%	17.64%	15.25%	14.99%
Year / Year Growth					
Total Revenues	-0.63%	-0.47%	12.68%	20.60%	12.01%
Net Income	NA	NA	157.45%	-45.35%	488.87%
EPS	NA	NA	151.65%	-47.02%	472.96%

Quarterly Income Statement for the Year Ended 2004
(in thousands)

	Q1(3/04)A	Q2(6/04)A	Q3(9/04)A	Q4(12/04)A	FY(12/04)A
Net sales	**$ 15,934**	**$ 16,827**	**$ 17,658**	**$ 18,205**	**$ 68,624**
Cost of sales	12,692	13,166	14,440	14,355	54,653
Gross profit	3,242	3,661	3,218	3,850	13,971
Gross Margin	*20.35%*	*21.76%*	*18.22%*	*21.15%*	*20.36%*
Restructuring charge	-	-	(280)	-	(280)
SG&A	2,981	3,118	2,990	3,017	12,106
Operating income	261	543	508	833	2,145
Operating Margin	*1.64%*	*3.23%*	*2.88%*	*4.58%*	*3.13%*
Interest expense, other income & expenses	(174)	(198)	(201)	(213)	(786)
Income before taxes	87	345	307	620	1,359
Income tax	33	129	117	209	488
Tax rate	*37.93%*	*37.39%*	*38.11%*	*33.71%*	*35.91%*
Net Income / (Loss)	**$ 54**	**$ 216**	**$ 190**	**$ 411**	**$ 871**
Basic EPS	**$ 0.01**	**$ 0.04**	**$ 0.04**	**$ 0.09**	**$ 0.19**
Diluted EPS	**$ 0.01**	**$ 0.04**	**$ 0.04**	**$ 0.08**	**$ 0.17**
Basic Shares Outstanding	4,574	5,006	4,627	4,653	4,617
Diluted Shares Outstanding	4,821	5,006	5,049	5,113	4,995
Percent of Revenue					
Cost of goods sold	79.65%	78.24%	81.78%	78.85%	79.64%
SG&A	18.71%	18.53%	16.93%	16.57%	17.64%
Year / Year Growth					
Total Revenues	11.86%	9.60%	9.98%	19.39%	12.68%
Net Income	114.67%	325.00%	-363.41%	-137.53%	157.45%
EPS	114.21%	301.90%	-322.30%	-133.18%	151.65%

Quarterly Income Statement for the Year Ending 2005
(in thousands)

	Q1(3/05)A	Q2(6/05)A	Q3(9/05)A	Q4(12/05)E	FY(12/05)E
Net sales	**$ 18,192**	**$ 20,918**	**$ 21,649**	**$ 22,000**	**$ 82,759**
Cost of sales	14,569	16,792	18,562	18,260	68,183
Gross profit	3,623	4,126	3,087	3,740	14,576
Gross Margin	*19.92%*	*19.72%*	*14.26%*	*17.00%*	*17.61%*
SG&A	3,050	3,373	3,069	3,125	12,617
Operating income	573	753	18	615	1,959
Operating Margin	*3.15%*	*3.60%*	*0.08%*	*2.80%*	*2.37%*
Interest expense, other income & expenses	(436)	(246)	(258)	(250)	(1,190)
Income before taxes	137	507	(240)	365	769
Income tax (benefit)	52	193	(91)	139	293
Tax rate	*37.96%*	*38.07%*	*37.92%*	*38.00%*	*38.06%*
Net Income / (Loss)	**$ 85**	**$ 314**	**$ (149)**	**$ 226**	**$ 476**
Basic EPS	**$ 0.02**	**$ 0.07**	**$ (0.03)**	**$ 0.05**	**$ 0.10**
Diluted EPS	**$ 0.02**	**$ 0.06**	**$ (0.03)**	**$ 0.04**	**$ 0.09**
Basic Shares Outstanding	4,731	4,814	4,820	4,820	4,796
Diluted Shares Outstanding	5,257	5,235	4,820	5,295	5,152
Percent of Revenue					
Cost of goods sold	80.08%	80.28%	85.74%	83.00%	82.39%
SG&A	16.77%	16.12%	14.18%	14.20%	15.25%
Year / Year Growth					
Total Revenues	14.17%	24.31%	22.60%	20.85%	20.60%
Net Income	57.41%	45.37%	-178.42%	-44.94%	-45.32%
EPS	52.18%	51.17%	-175.28%	-46.85%	-47.36%

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

	Q1(3/06)E	Q2(6/06)E	Q3(9/06)E	Q4(12/06)E	FY(12/06)E
Net sales	**$ 22,950**	**$ 23,100**	**$ 23,250**	**$ 23,400**	**$ 92,700**
Cost of sales	19,049	18,018	18,077	18,135	73,278
Gross profit	3,902	5,082	5,173	5,265	19,422
Gross Margin	*17.00%*	*22.00%*	*22.25%*	*22.50%*	*20.95%*
SG&A	3,400	3,450	3,500	3,550	13,900
Operating income	502	1,632	1,673	1,715	5,522
Operating Margin	*2.19%*	*7.06%*	*7.20%*	*7.33%*	*5.96%*
Interest expense, other income & expenses	(250)	(250)	(250)	(250)	(1,000)
Income before taxes	252	1,382	1,423	1,465	4,522
Income tax (benefit)	96	525	541	557	1,718
Tax rate	*38.00%*	*38.00%*	*38.00%*	*38.00%*	*38.00%*
Net Income / (Loss)	**$ 156**	**$ 857**	**$ 882**	**$ 908**	**$ 2,803**
Basic EPS	**$ 0.03**	**$ 0.18**	**$ 0.18**	**$ 0.19**	**$ 0.58**
Diluted EPS	**$ 0.03**	**$ 0.16**	**$ 0.17**	**$ 0.17**	**$ 0.53**
Basic Shares Outstanding	4,820	4,820	4,820	4,820	4,820
Diluted Shares Outstanding	5,295	5,295	5,295	5,295	5,295
Percent of Revenue					
Cost of goods sold	83.00%	78.00%	77.75%	77.50%	79.05%
SG&A	14.81%	14.94%	15.05%	15.17%	14.99%
Year / Year Growth					
Total Revenues	26.15%	10.43%	7.40%	6.36%	12.01%
Net Income	83.45%	172.88%	692.17%	301.37%	488.58%
EPS	80.06%	172.54%	692.17%	301.37%	485.68%

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

	September 30, 2005	September 30, 2004
Cash Flows from Operating Activities		
Net income	$ 251	$ 461
Depreciation & amortization	2,122	1,803
Minority interest	256	65
Equity in income of uncons. affiliate and partnership	(13)	(12)
Stock issued in lieu of compensation	240	132
Changes in assets and liabilities		
Receivables	(2,212)	(1,728)
Inventories	(599)	(687)
Prepaid expenses and other	105	305
Deferred income tax	154	-
Accounts payable	1,287	901
Accrued restructuring charge, net	(36)	(733)
Accrued expenses and payroll withholdings	73	548
Retirement and other liabilites	(60)	-
Other assets	11	50
Net Cash Provided by Operations	**1,579**	**1,105**
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(2,092)	(1,096)
Payments received on affiliated partnership	13	12
Net Cash Used in Investing	**(2,079)**	**(1,084)**
Cash Flows from Financing Activities		
Borrowings of notes payable	58	309
Change in book overdrafts	917	335
Principal repayments of long-term debt	(846)	(773)
Principle repayments of capital lease obligations	(300)	(368)
Proceeds from long-term borrowings	731	512
Distribution to United Development Company partners	(105)	(105)
Proceeds from sale of common stock	71	48
Net cash Provided Financing	**526**	**(42)**
Net change in Cash	**26**	**(21)**
Cash - Beginning of Period	**318**	**310**
Cash - End of Period	**$ 344**	**$ 289**