

Taglich Brothers, Inc.

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Research Report-Update

CTI Industries Corp.

Rating: Speculative Buy

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CTIB \$1.70 (NasdaqSC)

	<u>FYE (10/99)</u>	<u>FYE (12/00)*</u>	<u>FYE (12/01)E</u>	<u>FYE (12/02)</u>
Revenues (millions)	\$18.6	\$23.0**	\$24.2	\$29.1
Earnings per share (diluted)	\$(0.86)	\$(0.73)**	\$(0.08)	\$0.35

52week range	\$2.50 - \$0.75	Fiscal year ends:	December*
Shares outstanding	1.21 million	Revenue/shares (TTM)	\$18.13
Trading float	100 thousand	Price/Sales (TTM)	0.09X
Insider ownership	92%	Price/Sales (02)	0.07X
Tangible Book value/share	\$2.84	Price/Earnings (TTM)	NM
Price/Book	0.60X	Price/Earnings (02)	4.6X

**CTI changed its fiscal year from October to December during fiscal 2000. ** Quarterly numbers are estimated Pro Forma numbers*

CTI Industries manufactures and sells mylar and latex balloons. Mylar balloons are the popular helium balloons with a metallized coating which usually have printed messages and designs often with characters such as Garfield, Peanuts and Precious Moments, which CTIB maintains licenses to. In addition, CTIB also sells toy products and produces laminated and specialty films for food packaging and other commercial uses.

Key Investment Considerations:

- *We are reiterating our Speculative Buy rating for shares of CTI Industries Corp and have set an 18 month target price of \$3.00.*
- *CTI recently obtained the financing necessary to upgrade its Mexican facilities and expand its laminates and printed films and mylar segments in the US;*
- *We expect CTI to be profitable on an operating basis but post a loss of \$(0.08) in 2001 and earn \$0.35 per share in 2002. The recently obtained financing should enable CTI to bring its US and Mexican operations to profitability, a feat that has been difficult in the past;*
- *Once the upgrade in Mexico is complete, CTI plans to increase its portion of the latex market in both the US and Mexico. The Company is currently running three eight-hour shifts in its Mexican facilities to keep up with demand for latex balloons. The upgrade is expected to double capacity.*

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

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Fiscal 2000 Financials

Revenues for the year increased by 23% to \$23 million versus \$18.7 million in fiscal 1999, which ended on October 31, 1999. The Company changed its fiscal year end to December in 2000. The net loss for fiscal 2000 was \$876,960 or \$(0.73) per share versus a loss of \$1.8 million or \$(1.40) per share in fiscal 1999.

According to the Company, the increase in revenues can be attributed to the consolidation of results for CTI Industries and CTI Mexico in addition to increases in laminated and printed films. However, Mylar balloon sales were down for the year.

Revenue Breakdown:

Product	2000 Revenues (% of rev)	Gross Margins	1999 Revenues (% of rev)
Mylar Balloons	\$11.5 million (50%)	30.2%	\$12.5 million (67%)
Latex Balloons	\$5.75 million (25%)	15.4%	\$2.25 million (12%)
Laminated and Printed Films	\$5.75 million (25%)	28.9%	\$3.93 million (21%)

Administrative expenses increased to \$3.59 million or 15.6% of revenue compared to \$2.35 million or 12.6% of revenue last year. The main reason for the increase was the acquisition of CTI Mexico and the consolidation of administrative expenses.

CTI was cash flow positive in 2000 and generated \$1.5 million in cash flow from operations. In January 2001, CTI Industries announced that it had completed a financing agreement for a line of credit in the amount of \$9.5 million. Equipment, inventory, receivables and other assets of the Company will secure the line of credit. According to the Company, the line includes a term loan for \$1.4 million based on the appraised value of equipment of the Company and a revolver which is based on advances of up to 85% of eligible receivables and 50% of the value of the Company's inventory. The term of the agreement is for 3 years.

Also in January, the Company secured a loan from Banco Popular, North America. The loan was comprised of two notes for approximately \$2.9 million, which have terms of three and five years. They are secured by the Company's building and property located in Illinois. The note for \$2.7 million carries an interest rate of 9.75% per year and has a term of 5 years with a 25-year amortization. The note for \$173,000 has a term of 3 years and an annual interest rate of 10%. According to the Company, approximately \$7.5 million of the proceeds from these loans was used to pay off existing debts of the Company. All of CTI's notes were paid off, as was its line of credit.

First Quarter 2001 Financials

Revenues for the first quarter were \$6.1 million, a decrease of nearly 15% from the \$7.16 million in the same period of the prior year. The Company reported a net loss of \$133,269 or \$(0.11) per share versus net income of \$176,210 or \$0.15 per share in the pro forma first quarter of last year. According to the Company, the decrease in revenues was attributed to a \$1.4 million decline in mylar balloons sales. That decline was partially offset by an increase of \$350,000 in printed films and laminates. We suspect that the Company reported a loss in the quarter partly due to the delay in financing and the related postponement of the maintenance of the Mexican facilities. Lack of capital may have also prohibited the Company from adequately meeting demand in both the U.S. and Mexican segments.

As of March 31, 2001, CTI had cash and equivalents of \$431,000, negative working capital of \$1.2 million and a total debt to equity ratio of 4.1. Under the new agreement, CTI's line of credit allows for borrowing up to \$9.5

million based on inventory and receivables levels. The Company estimates that it has borrowed approximately \$5.0 million and based on inventory and receivable levels, has close to half a million left. Historically, CTI has maintained a minimal cash balance and has relied on its revolver for liquidity. CTI is profitable on an operating basis and generated over \$500,000 in EBITDA for the first quarter. We believe its current financing agreements and future cash flows will be sufficient to sustain operations for the remainder of the year.

International Business and Product Segment Update

CTI Mexico

CTI Mexico has two manufacturing facilities in Guadalajara, Mexico with approximately 60,000 square feet of manufacturing, office and warehouse space. According to the Company, CTI Mexico generated between \$4 million and \$5 million in sales in 1999. Approximately 60% of the subsidiary's sales were made to CTI Industries and after inter-company adjustments, it contributed approximately \$1.64 million to consolidated sales in 2000. This subsidiary is running at approximately 50% of capacity and we believe this is a result of:

- capacity constraints due to a dire need for equipment maintenance which will require an investment of approximately \$1 million;
- labor problems stemming from a lack of skilled labor
- lack of capital for raw material and expansion

CTI Mexico secured financing and is in the midst of an overhaul. We expect the maintenance and equipment upgrades to be completed by the summer. This segment lost approximately \$95,000 in 2000 and we expect to see continued losses until the upgrades are completed. In an attempt to offset those losses, CTI hired a new salesperson who is dedicated to sales of mylar balloons in Mexico. However, helium is very difficult to get outside of the U.S. and therefore very expensive. The Company is pursuing alternatives to helium for that market. After the equipment upgrades, CTI will look to procure a larger share of the latex market there. CTI Mexico is currently running three eight-hour shifts per day, seven days a week to keep up with latex balloon demand.

CTI Balloons

The Company also has its CTI Balloons subsidiary located in Rugby, England. Sales from this subsidiary were approximately 9% of consolidated revenues or \$2.031 million in 2000. CTI Balloons sales are mainly mylar driven and this was the only profitable segment of CTI in 2000, with net margins of over 7%. This subsidiary supplies all of the UK, Europe and the Middle East.

Product Segments

Printed Films and Laminates

The printed films and laminates segment is the fastest growing portion of CTI's business, excluding acquired business lines. This segment grew to 25% of sales in 2000 from 21% of sales in 1999. Sales have been driven by the Space Bag business, which represents approximately 80% of revenues in this segment. Another 5% of revenue comes from dunnage bags, which are used in the packaging of goods. The remaining 15% comes from the production of laminates and printed films for food, coffee and other miscellaneous items. CTI believes that this segment will continue to grow faster than their balloon segments because the opportunities are more plentiful. According to the Company, this market has annual sales of approximately \$1 billion. The Company continues to look into other areas of this market for new applications.

Mylar and Latex Balloons

Mylar balloon sales are highly cyclical and typically revolve around the major holidays in addition to Valentines Day, Mothers Day and Graduations. According to CTI, historically, 20% to 30% of mylar sales have taken place in the months of December and January and 11% to 13% have taken place in June and July. Latex sales are generally not cyclical because they are not as specialized. In fiscal 2000, Mylar balloon sales decreased by nearly 9% from 1999 levels. While CTI has lost some ground in this segment over the past year, they are working to increase market share. The Company sees this segment comprising less as a percentage of overall revenues over the next few years because of the vast opportunities for latex, printed films and laminates. We expect the increases in these segments to offset some of the cyclical effects of the mylar business. In 2000, mylar and latex sales comprised 50% and 25% of total sales, respectively. In 1999, mylar and latex sales comprised 67% and 12% of total sales, respectively.

Outlook

Now that the Company has obtained some much needed financing, it will be free to expand into other areas of specialty film and laminates, increase mylar and latex sales, gain more of a presence in Mexico and it is possible that eventually, CTI may pursue an acquisition or two.

The maintenance of CTI Mexico should increase efficiency in those facilities and help bring that segment to profitability in 2001. We expect the maintenance to be completed by the summer and for the subsidiary to be in the black on an annual basis by year-end. We believe that when the facilities are profitable, this segment will be poised for further expansion into the latex market in Mexico, the US and the UK. Currently all latex operations are located in Mexico and all shipments are made from there. CTI Industries will benefit from direct shipping and cheaper warehousing.

In fiscal 2001, we expect to see less seasonality due to a larger portion of revenues coming from latex and printed films and laminates. Our forecasts call for mylar balloons to comprise approximately 40% of revenues in 2001 while latex and printed films and laminates increase to 28% and 31% of revenues, respectively. Despite the decrease in mylar as a percentage of overall sales, we expect mylar sales to increase slightly, year over year. We also expect to see an increase in gross margins and better operating efficiencies due to the upgrade of equipment in the CTI Mexico facilities. Unfortunately the maintenance on CTI Mexico was not completed in time for the Company to benefit from the summer season, which historically has been its most profitable season, and we expect that they will be running at full capacity for the peak season of 2002. However, the increase in overall margins may be offset by lower mylar sales as a percentage of total revenues. Generally, mylar balloons command higher margins than latex and printed films and laminates. Overall, we expect CTI to show an operating profit in 2001. However, due to interest expense we expect CTI to post a loss of \$(0.08) per share in 2001.

In 2002, we expect CTI to be profitable. Although we do not expect to see significant growth in mylar sales, we expect printed films and laminates to continue to grow in the mid-40% range while latex growth increases to approximately 40%. We anticipate that the growth in mylar sales will come from the CTI Balloons subsidiary in the UK and improved sales and marketing efforts in the US. We believe CTI Mexico's increased capacity will drive latex growth and enable them to meet demand while penetrating new markets. Perhaps the most promise for growth comes from the printed and laminated films segment. We believe growth will come from increased Space Bag business and additional contracts in the food, coffee and miscellaneous item areas.

Other Considerations

Seasonality

The balloon business is highly seasonal and a considerable portion of sales occur in the winter and spring months resulting in profitability while the summer and fall months usually reap a short fall in sales that can negatively effect operations. CTI has been trying to combat this problem with its printed and specialty films business and believes that an increase in business in Mexico will also help.

Liquidity

CTI has approximately 1.2 million shares outstanding. Therefore, a small change in earnings can have a big impact on earnings per share. In addition, the public float consists of roughly 100,000 shares and the average daily volume is approximately 1,200 shares. Some days the stock does not trade at all and this suggests that shares of CTI are very illiquid and can potentially be subject to extreme price volatility. According to the Company, certain parties in management may consider exercising warrants if additional funds are needed. In addition to increasing working capital, this would also increase the float.

Competition

The balloon manufacturing business is highly fragmented and it is difficult to quantify the size and competitive position of CTI's competition because they are privately held and are usually segments of large corporations that do not publish that information. However, CTI estimates that 7 companies in the U.S. control the majority of the market and CTI believes that they are somewhere in the top three in terms of market share. Unfortunately, this information is difficult to verify. Despite its current market position, CTI's competition has access to larger resources and capital, which puts CTI at a competitive disadvantage.

Profitability

Although we expect CTI to return to profitability in 2002, the Company currently generates negative returns on equity and assets. We believe these factors contribute to CTI's trading at a discount to its industry.

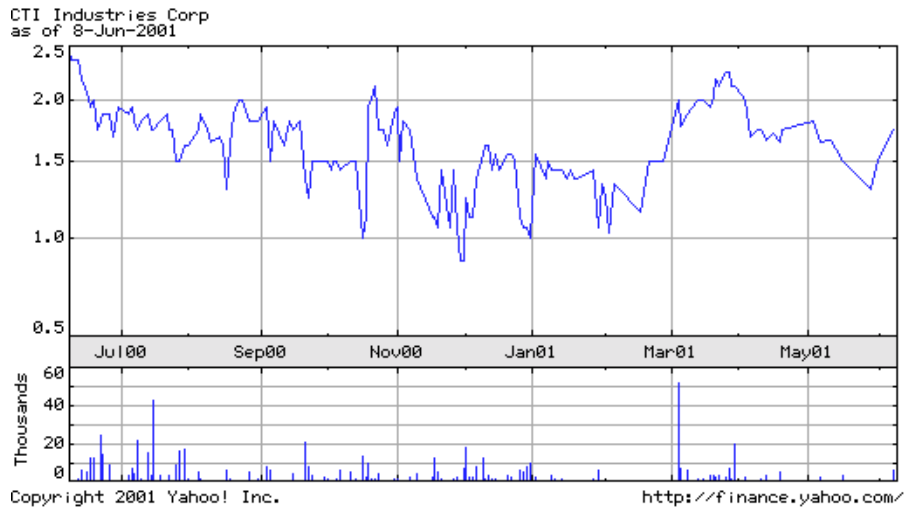
Conclusion

Based on our expectations, we believe CTI will post revenues of \$24.3 million and a net loss of \$(0.08) per share in 2001 and revenues of \$29.1million and earnings of \$0.35 per share in 2002. Because it is difficult to get reliable information about the Balloon Industry, we have chosen to value CTI in comparison to the Fabricated Plastic and Rubber industry. The average company in the industry is trading at 16.4X TTM earnings and 0.95X sales. CTI is currently trading at 4.6X estimated fiscal 2002 earnings, 0.07X estimated fiscal 2002 sales and at a 40% discount to its tangible book value. We believe that the risks inherent in the common stock of CTI warrant a discounted valuation but we do believe that there is upside potential for these shares if CTI can

- Create better efficiencies in the Mexican facilities
- Increase mylar sales in the US and expand in the UK
- Expand the laminates and printed films business
- Obtain profitability quarterly run rate by the end of 2001

We are reiterating our Speculative Buy recommendation for shares of CTI Industries (CTIB) and have set our 12 month target price at \$3.00, which is approximately 1X is current tangible book value.

CTI Industries Corp.



(chart courtesy of Yahoo! Inc)

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CTI Industries Corp
Consolidated Balance Sheet
(in thousands)

	March 31, 2001	December 31, 2000	<u>October 31, 1999</u>
Assets			
Current Assets			
Cash	\$ 435	\$ 393	\$ 337
Accounts Receivable	4,151	2,574	3,226
Inventories	6,930	7,061	5,426
Deferred tax assets	66	66	209
Other	728	659	754
Total Current Assets	12,309	10,752	9,952
Property and equipment			
Machinery and equipment	13,483	13,472	9,752
Building	2,384	2,371	3,644
Office furniture and equipment	1,672	1,653	1,588
Land	250	250	535
Leasehold improvements	162	162	162
Fixtures and equipment at customer locations	2,203	2,203	2,032
Projects under construction	495	406	392
PP&E	20,648	20,516	18,105
less accum depreciation	(11,720)	(11,343)	(9,048)
Total property and equipment, net	8,928	9,173	9,056
Other assets			
Deferred financing costs, net	126	11	29
Investment in joint venture			-
Goodwill	1,179	1,200	-
Investment in subsidiary			810
Note receivable			715
Deferred tax assets	811	813	766
Other assets	361	270	111
Total other assets	2,477	2,293	2,431
Total Assets	\$ 23,715	\$ 22,219	\$ 21,439
Liabilities and Stockholders Equity			
Current liabilities			
Accounts payable	\$ 5,124	\$ 5,046	\$ 2,981
Line of credit	4,520	3,610	3,574
Notes payable- current portion	1,716	4,177	1,367
Accrued liabilities	2,129	1,782	1,400
Total current liabilities	13,489	14,614	9,321
Long-term liabilities			
Non-current liabilities	825	803	16
Notes payable	4,091	1,301	5,535
Subordinated debt	487	497	865
Total long-term liabilities	5,403	2,600	6,416
Redeemable common stock		-	413
Minority interest	215	239	
Stockholders' equity			
Common stock	188	188	188
Class B common stock	1,000	1,000	1,000
Paid-in capital	5,554	5,554	5,554
Warrants issued in connection with sub debt	228	228	
Retained earnings (Accum. Deficit)	(1,660)	(1,527)	(481)
Accumulated other comprehensive earnings	(67)	(42)	
Foreign currency translation			15
less:			
Treasury stock	(575)	(575)	(513)
Redeemable common stock		-	(413)
Stock subscription receivable	(5)	(5)	(5)
Notes receivable from stockholders	(56)	(56)	(56)
Total stockholders' equity	4,607	4,766	5,288
Total Liabilities and Stockholders' Equity	\$ 23,715	\$ 22,219	\$ 21,439

Taglich Brothers, Inc.

CTI Industries Corp
Annual Income Statement
For the Years Ended
December 31, **

	FYE (10/98)	FYE (10/99)	FYE (12/00)	FYE (12/01)E	FYE (12/02)E
Net sales	\$ 19,953	\$ 18,565	\$ 22,978	\$ 24,270	\$ 29,124
Cost of sales	<u>12,707</u>	<u>13,447</u>	<u>17,066</u>	<u>17,190</u>	<u>20,387</u>
Gross profit	7,246	5,117	5,912	7,080	8,737
<i>Gross margin</i>	36.32%	27.56%	25.73%	29.17%	30.00%
Operating expenses					
General and administrative	2,353	2,224	3,413	3,273	3,786
Selling	2,587	2,527	2,041	1,666	1,893
Advertising and marketing	<u>1,805</u>	<u>1,584</u>	<u>1,327</u>	<u>878</u>	<u>1,000</u>
Total operating expenses	<u>6,745</u>	<u>6,335</u>	<u>6,781</u>	<u>5,817</u>	<u>6,679</u>
Operating income	501	(1,218)	(869)	1,262	2,058
<i>Operating margins</i>	2.51%	-6.56%	-3.78%	2.53%	7.07%
Other income (expense)					
Interest expense	(765)	(933)	(1,309)	(1,400)	(1,400)
Interest income	161	88	34	-	-
Other	<u>285</u>	<u>250</u>	<u>130</u>	<u>-</u>	<u>-</u>
Total other expense	<u>(319)</u>	<u>(595)</u>	<u>(844)</u>	<u>(1,400)</u>	<u>-</u>
Pretax income (loss)	182	(1,813)	94	(138)	658
<i>Pretax margins</i>	0.91%	-9.76%	0.41%	-0.57%	2.26%
Income tax expense (benefit)	<u>60</u>	<u>(707)</u>	<u>107</u>	<u>64</u>	<u>230</u>
<i>Tax rate</i>	32.99%	39.02%	-12.49%	46.33%	35.00%
Net income (loss)	122	(1,105)	(963)	(202)	428
Minority interest	-	-	(87)	(103)	-
Net income (loss) for common	<u>\$ 122</u>	<u>\$ (1,105)</u>	<u>\$ (876)</u>	<u>\$ (98)</u>	<u>\$ 428</u>
EPS basic	<u>\$ 0.10</u>	<u>\$ (0.87)</u>	<u>\$ (0.73)</u>	<u>\$ (0.08)</u>	<u>\$ 0.35</u>
EPS diluted	<u>\$ 0.09</u>	<u>\$ (0.86)</u>	<u>\$ (0.73)</u>	<u>\$ (0.08)</u>	<u>\$ 0.35</u>
Weighted average shares (basic)	1,266	1,269	1,208	1,210	1,210
Weighted average shares (diluted)	<u>1,374</u>	<u>1,283</u>	<u>1,208</u>	<u>1,210</u>	<u>1,210</u>
<i>% of revenue</i>					
Cost of sales	63.68%	72.44%	74.27%	70.83%	0.00%
General and administrative	11.79%	11.98%	14.85%	13.48%	0.00%
Selling	12.97%	13.61%	8.88%	6.87%	0.00%
Advertising and marketing	9.05%	8.53%	5.77%	3.62%	0.00%
<i>year / year growth</i>					
revenues	21.44%	-6.96%	23.77%	5.62%	20.00%
net margin	-88.30%	-1007.04%	-20.74%	-88.80%	-535.92%
EPS (diluted)	-82.68%	-1071.41%	-15.83%	-88.85%	1.00%

CTI Industries Corp
Quarterly Income Statement
For the Year Ended
December 31, 2000

	<u>Q1 (3/00)A</u>	<u>Q2 (6/00)E</u>	<u>Q3 (9/00)E</u>	<u>Q4 (12/00)E</u>	<u>FYE(12/00)A</u>
Net sales	\$ 7,162	\$ 5,384	\$ 4,857	\$ 5,576	\$ 22,978
Cost of sales	<u>5,014</u>	<u>3,843</u>	<u>3,543</u>	<u>3,975</u>	<u>16,375</u>
Gross profit	2,149	1,541	1,314	1,601	6,603
Gross margin	30.00%	28.62%	27.05%	28.72%	28.74%
Operating expenses					
General and administrative	902	896	883	904	3,585
Selling	481	473	496	390	1,840
Advertising and marketing	<u>255</u>	<u>246</u>	<u>251</u>	<u>214</u>	<u>966</u>
Total operating expenses	1,638	1,615	1,630	1,508	6,390
Operating income	511	(74)	(316)	94	214
Operating margins	7.13%	-1.38%	-6.51%	1.68%	3.24%
Other income (expense)					
Interest expense	(275)	(275)	(275)	(275)	(1,099)
Interest income	4	4	3	3	14
Gain on sale of assets	30	-	-	-	30
Other	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
Total other expense	(256)	(271)	(272)	(272)	(1,070)
Pretax income (loss)	255	(345)	(588)	(178)	(856)
Pretax margins	3.56%	-6.41%	-12.11%	-3.20%	-3.73%
Income tax expense (benefit)	64	(14)	(14)	(15)	107
Tax rate	25.00%	4.06%	2.38%	8.41%	-12.49%
Net income (loss) before minority interest	191	(359)	(602)	(193)	(963)
Minority interest	15	(34)	(34)	(34)	(87)
Net income (loss) for common	<u>\$ 176</u>	<u>\$ (325)</u>	<u>\$ (568)</u>	<u>\$ (159)</u>	<u>\$ (876)</u>
EPS basic	<u>\$ 0.15</u>	<u>\$ (0.27)</u>	<u>\$ (0.47)</u>	<u>\$ (0.13)</u>	<u>\$ (0.73)</u>
EPS diluted	<u>\$ 0.15</u>	<u>\$ (0.27)</u>	<u>\$ (0.47)</u>	<u>\$ (0.13)</u>	<u>\$ (0.73)</u>
Weighted average shares (basic)	1,208	1,208	1,208	1,208	1,208
Weighted average shares (diluted)	1,208	1,208	1,208	1,208	1,208
% of revenue					
Cost of sales	70.00%	71.38%	72.95%	71.28%	71.26%
General and administrative	12.59%	16.64%	18.17%	16.22%	15.60%
Selling	6.72%	8.79%	10.21%	6.99%	8.01%
Advertising and marketing	3.56%	4.57%	5.17%	3.83%	4.20%

* Note Fiscal 2000- Estimated Pro Forma

CTI Industries Corp
Quarterly Income Statement
For the Years Ended
December 31, 2001, 2002

	Q1 (3/01)A	Q2 (6/01)E	Q3 (9/01)E	Q4 (12/01)E	FYE (12/01)E	FYE (12/02)E
Net sales	\$ 6,081	\$ 5,833	\$ 5,833	\$ 6,524	\$ 24,270	\$ 29,124
Cost of sales	4,458	4,083	4,083	4,567	17,190	20,387
Gross profit	1,623	1,750	1,750	1,957	7,080	8,737
Gross margin	26.69%	30.00%	30.00%	30.00%	29.17%	30.00%
Operating expenses						
General and administrative	747	834	846	846	3,273	3,786
Selling	426	408	408	424	1,666	1,893
Advertising and marketing	271	204	204	199	878	1,000
Total operating expenses	1,444	1,447	1,458	1,469	5,817	6,679
Operating income	179	303	292	488	1,262	2,058
Operating margins	2.95%	5.20%	5.00%	7.48%	5.20%	7.07%
Other income (expense)						
Interest expense	(300)	(358)	(358)	(358)	(1,400)	(1,400)
Interest income	1	-	-	-	-	-
Gain on sale of assets	8	-	-	-	-	-
Other	(35)	-	-	-	-	-
Total other expense	(327)	(358)	(358)	(358)	(1,400)	(1,400)
Pretax income (loss)	(148)	(54)	(66)	131	(138)	658
Pretax margins	-2.43%	-0.93%	-1.13%	2.00%	-0.57%	2.26%
Income tax expense (benefit)	9	5	4	46	64	230
Tax rate	-6.18%	-9.21%	-6.06%	35.00%	46.33%	35.00%
Net income (loss) before minority interest	(157)	(59)	(70)	85	(202)	428
Minority interest	(23)	(40)	(40)		(103)	-
Net income (loss) for common	\$ (133)	\$ (19)	\$ (30)	\$ 85	\$ (98)	\$ 428
EPS basic	\$ (0.11)	\$ (0.02)	\$ (0.02)	\$ 0.07	\$ (0.08)	\$ 0.35
EPS diluted	\$ (0.11)	\$ (0.02)	\$ (0.02)	\$ 0.07	\$ (0.08)	\$ 0.35
Weighted average shares (basic)	1,208	1,210	1,210	1,210	1,210	1,210
Weighted average shares (diluted)	1,208	1,210	1,210	1,210	1,210	1,210
<u>% of revenue</u>						
Cost of sales	73.31%	70.00%	70.00%	70.00%	70.83%	70.00%
General and administrative	12.28%	14.30%	14.50%	12.97%	13.48%	13.00%
Selling	7.00%	7.00%	7.00%	6.50%	6.87%	6.50%
Advertising and marketing	4.46%	3.50%	3.50%	3.05%	3.62%	3.43%
<u>year / year growth</u>						
revenues	-15.10%	8.33%	20.09%	17.00%	5.62%	20.00%
net margin	-175.75%	-94.07%	-94.73%	-153.29%	-88.80%	-535.92%
EPS (diluted)	-175.76%	-94.08%	-94.74%	-153.20%	-88.85%	-537.03%

Taglich Brothers, Inc.