

Buybacks— a shareholder rip-off?

Management of publicly-traded companies incessantly claim they love their shareholders. One way they think to show that love is to buy the firm's shares.

However, buybacks may not be the best club in the corporate bag. That is the theme of an article on the front page of the July 9 *Investor's Digest of Canada*. Now in its 42nd year, this is a leading financial publication for our neighbor to the north.

This even-tempered article was written by T. Edward Gardner, an MBA, and a Bell Canada retiree, who lives in Ottawa. Following are excerpts from Mr. Gardner's thoughts, entitled "Share-buyback stocks--who are they trying to fool?"

Occasionally a bad management practice becomes so widespread that I feel compelled to speak out against it. One infuriating example of such a practice is share buybacks. Under such plans, management buys up to a certain number of shares on the open market and cancels them.

Their Purpose

Conventional wisdom says that these plans are good for shareholders. They reduce the number of shares outstanding, thereby increasing future earnings per share for the remaining shares. They also supposedly demonstrate management's commitment to the the company by it's willingness to invest in the company's own shares. Furthermore, they support and provide stability to the share price.

While the last point may be true, the first two are simply nonsense. The money spent to buy back the shares could have just as easily been given to the existing shareholders in the form of an extra dividend. Better yet, why not reinvest it in profitable business opportunities and grow future earnings that way?

I don't mean just buy things for the sake of spending money--that rarely ends well. But surely, part of management's role is to identify and pursue profitable new ventures. What a share buyback really demonstrates is that management can't see any good investment opportunities and can't think of anything else to do with the shareholders' money.

I can understand a share buyback if management genuinely believes that the shares are undervalued by the market. Such plans might have made sense when the market hit bottom a little over a year ago. But few, if any companies took advantage of the steep price discount to introduce new share-buyback plans. To make things worse, most existing plans suspended purchases, as companies decided to "conserve cash"--so much for the management's confidence in the company.

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Buyback Results

What these plans really do is threefold. First, they sop up the excess shares that are floating around from executive stock-option plans. Second, they prop up share prices to make sure that new options remain "in the money." Finally, the higher share prices ensure that executive compensation--which is usually tied to some extent to share prices--continues to be excessive.

If stock-option plans result in too many shares floating around, the solution is quite simple. Eliminate the plans.

If the market on its own can't keep share prices high enough for the options to be in the strike zone, that suggests that management isn't doing a good enough job. The options should expire worthless. The theoretical justification for options is to reward management for making the company successful, as measured by its share price. Artificially propping up the price to make the options valuable defeats the whole purpose of the options.

In the long run, I don't believe it is healthy to have share prices artificially inflated by buyback plans.

Editor's Note

One other incentive for CEOs to push buybacks is that they worry if they acquire too much cash, someone might buy the company to get their hands on that money. And, there goes the CEO's job and the reserved parking space in front of the office.

There is a reluctance to institute a quarterly dividend-paying program, because if it has to be stopped that becomes a blow to the share price. However, one-time cash awards to holders is a great reward to stockholders.

As Mr. Gardner points out, buybacks are the handmaidens of stock options, which are designed to reward CEOs for magnificent performance.

Stock options are a comparatively recent development. Prior to their existence, firms managed to grow with the CEO being compensated with his salary and the gain from price of the stock he purchased with his own money.

Henry Ford created a great corporation and thousands upon thousands of jobs without the inspiration that comes from stock options.

Bowers Afflicted with the Buyback Disease

Among our stocks that have participated in repurchasing their own shares are:

Fieldpoint Petroleum
NEI (was Network Engines)
Leading Brands

-- continued on next page



"I must tell Martha how virtuous I am because I have a stock buy-back plan."

BUYBACKS--A SHAREHOLDER RIP-OFF?

Alpha Pro Technologies
Manhattan Bridge Capital
Simulations Plus
Bullion Monarch Mining

We haven't observed any bounce in the price of these shares due to their capital expenditure on stock repurchases.

Simulations is an interesting case. In the latest quarterly report, the buyback details were outlined:

"Cash increased to \$8.6 million as of May 31 in spite of spending approximately \$603,000, including brokerage fees, used to repurchase 275,000 shares in the open market.

"Since May 31, we have repurchased 52,000 additional shares at an average price of \$2.39. We are authorized to repurchase a little over 690,000 remaining shares between now and next February."

Some of these repurchased shares will be gobbled up by the stock being issued in support of their "incentive stock option" program.

When we first recommended SLP on 5/05/10, the shares were trading at \$2.46. By 7/23/10, they were \$2.44.

Fortunately, the company is producing good performance figures, which will encourage investors to buy Simulations, not repurchases that are trying to pull the wool over the eyes of SLP holders.

Buybacks Becoming Unpopular

USA Today 1/29/10: Passion dims for stock buybacks. Some investors might prefer innovation.

Wall Street Journal 4/3/10: Some consider repurchases a bullish sign, but the indicator can be misleading.

Smart Money 3/10: More companies are buying back their shares, but it's not always the best move for investors.

USA Today 3/26/10: All stock buybacks aren't created equal. Companies' motivation varies; shareholders don't always benefit.

Wall Street Journal 5/10/10: Buybacks--companies should hold on to their cash stashes.

Big Corporations' Foolish Buybacks

General Motors spent \$20.4 billion buying back its own stock in 1986 through 2002. Had the company just earned 2.5% a year on that cash, it would have had \$35 billion in 2009 to help ward off its bankruptcy filing.

Eight of the largest banks that received bailout funds spent \$182 billion buying their own stock in 2000 through 2007. That money could have helped them stay afloat during the credit crunch.

Five top tech firms spent more buying stock in 2008 through 2009 than on research/development.

General Electric said it bought back \$13.9 billion of its stock in 2007. In Dec '07, it announced a new buyback plan of \$15 billion, but just 10 months later it suffered a huge financial downturn. It had to turn to Berkshire Hathaway for a \$3 billion cash infusion at a steep annual 10% dividend for three years.

Sears Roebuck/Kmart's godfather, Edward Lambert, owner of 53.1% of the stock of these two institutions, bought \$5.43 billion of their common stock, while at the same time starving the stores of capital spending.

Editor's Note

The above items regarding the big corporations are from USA Today and Bloomberg Businessweek. And, admittedly they involve hindsight. We wonder if the executives involved wish they had done otherwise. But, it does demonstrate how the buyback fever is sweeping through the corporate ranks.

DYNASIL ACQUIRING HILGER CRYSTALS

DYSL purchased Hilger Crystals Ltd., a manufacturer of synthetic crystals applicable to a wide range of industrial, medical and homeland security applications. Hilger's parent company was Newport Corp.

Hilger Crystals, located in Kent, England, has a long history of supplying reliable and high-quality synthetic crystals for infrared spectroscopy, X-ray and gamma ray detection.

The purchase price is \$4 million, with an additional payment of \$0.75 million after 18 months, which may be reduced or eliminated, contingent upon revenues for the first 18 months. The entire \$4 million was funded using the existing acquisition line of credit with Sovereign/Santander Bank.

CVD EQUIPMENT SEES ORDERS JUMP 70%

CVV received \$9.3 million in new orders for the six months ended June 30. This surpasses \$5.5 million of new orders received during the same period in 2009. These new orders exceed all January through June periods in the the history of CVD.

Most of the new work with the FirstNano division is designed to accelerate the commercialization of tomorrow's technologies in solar energy generation.

The company introduced the EasyTube 101, a new chemical vapor deposition research and development tool. This platform is designed to address the budget limitations and growing safety concerns for the university nanotechnology researcher.

BRIDGELINE BUYS TWO INTELLIGENCE GROUPS

BLIN purchased selective assets of eMagination Network LLC and eMagination Intelligence Group, further expanding Bridgeline Digital's presence into the Baltimore region and into the U.S. government markets.

Founded in 1992, eMagination was acquired in 2003 by Dan Roche, its current CEO. The company is a Microsoft Gold Certified Partner that provides web application development, content management solutions, plus many other applications.

BLIN paid \$4.3 million, including the purchase of \$250 thousand of e-Magination's working capital (assumed accounts receivable, less assumed liabilities). The \$4.3 million was a combination of cash, common stock and earn out. The stock and earn out will be paid when certain quarterly financial objectives are achieved over the next three years.

PIZZA INN opened its newest buffet-style restaurant in Lumberton, NC. The new location offers carryout and serves as the company's first traditional drive-thru in North Carolina. PZZI has 37 units in North Carolina. The Lumberton store is owned by Scottish Food Systems, who have 7 Pizza Inns in North and South Carolina.

COMPANY OF THE MONTH

OurPet's Company was mugged on the road to success by a lawsuit.

In May'07, OPCO was our Company of the Month at \$1.20 a share. It quickly shot up 50%. And then, in Oct'07, the company was sued by Applica Consumer Products--a subsidiary of the-then Salton Inc.

Applica contended that OPCO's self scooping cat litter, marketed under the SmartScoop brand, had violated the patent for its similar product--the Lit-termaid.

So began a legal fight with Our-Pet's facing an opponent with deep pockets. And, to finance the litigation, OPCO was forced into losses and its stock price collapsed.

Applica's nine claims of patent infringement involved the U.S. International Trade Commission (ITC) because the SmartScoop is made overseas. ITC found in favor of OurPet's on eight of the nine claims, with the one remaining claim being in appeal.

In Dec'09, a U.S. patent was granted for OPCO's self scooper that was the center of the litigation.

In addition to the self scooper involved in the lawsuit, the company has another version that it has continued to sell--retailing at \$99 to \$149 each. It is part of a market segment worth \$80 million.

As management emphasizes, it "develops and markets products for improving the health, safety, comfort and enjoyment of pets."

The product line thru the years has evolved from the initial "Big Dog Feeder" to some 400 products for dogs, cats, domestic and wild birds. Trade names include OurPet's, Flappy, Pet Zone, SmartScoop, Ecopure Naturals, Play-N-Squeak, Durapet, Go! Cat Go, and DockDogs.

The manufacturing of these items are subcontracted to other equities, both domestic and foreign.

The American Pet Products Manufacturers Assn. estimates that 71.4 million of U.S. households reported owning a pet in 2008, with a pet population of 77.5 million dogs, 93.6 million cats and 15.9 million birds. And, there is the "humanization" of pets.

Management in June entered into an asset purchase agreement with Cosmic Pet Products, a supplier of catnip, whose products have twice the brand awareness and three times the quality rating as its next closest competitor, according to research.

Cosmic will contribute \$2.25 to \$2.75 million in profitable sales. Its operations will continue in Hagerstown, MD. Leon Seidman, founder of Cosmic, will continue with the operation.

Marketing



Bulletin Board: OPCO

BOWSER RATING: 8

Last 24 Months--
\$0.15 to \$1.01

OurPet's sells to mass retailers such as Wal-Mart and Kmart. To pet superstores--PetsMart, Petco. Regional pet chains--Pet Supplies Plus, Pet Supermarket. Thru catalogs--Drs. Foster & Smith, Caremarket. A-Let, J-B Wholesale.

Marketing is conducted through ten company employees and 80 independent sales agents. And, with the exception of PetsMart and Wal-Mart, no one customer accounts for 10% or more of their sales.

OurPet's products are intellectually driven, with the result that they are unique, even with pet toys displaying

this. Their unique mouse toy is an example of this tweaking.

Pets are living longer, with 40% being considered "seniors." The pet industry is estimated to be worth \$45 billion and growing at an annual rate of 5-6%.

Finances

This company has shown remarkable growth. In 2004, annual sales were \$5.4 million. Since then, they've grown at a 19% yearly clip.

In the latest quarter, ending June 30, compared to the previous year, revenue was up 16% and net income zoomed 103%.

Long-term debt in the last six months has decreased to \$855,850 from \$1,254,080. There is, however, current debt that was taken on during the litigation crisis.

Also, because of the crisis, the number of shares outstanding jumped from around 15 million to 19 million. But, on the positive side, the downturn resulted in \$1,479,718 in operating loss carryforwards,

which don't expire until 2028 and will help shield future net income.

Earlier this year, 123,616 shares of Series 2009 Preferred, paying 6% interest, were sold in a private placement to 15 investors at \$7 each. They can be converted into common at 70¢ each. The company leases warehouse and office facilities from a related entity--Senk Properties--at a current monthly rental of \$28,417, plus real estate taxes.

Management

Dr. Steven Tsengas, 72, is chairman, president and CEO. He's been with the company during various periods when it was under other names. He has a Ph.D. in Natural Health from the Clayton College. He is the largest shareholder with 4,182,828 shares. In fact, insiders own about 60% of the stock, which makes for a small float. His son--Konstantine--45, is v-p of operations and secretary.

As of 3/15/10, there were 30 full-time employees. All of the employees own stock or participate in the stock option plan.

Dr. Tsengas' goal is for revenue growth of 25% a year and profits before taxes of 12%-15% a year. Office: 1300 East St., Fairport Harbor, OH, 44077, 440/354-6500, www.ourpets.com.

	2008	2009	2010(A)
REVENUE	\$12,410,000	\$14,252,000	\$8,121,796
NET INCOME(LOSS)	\$(1,728,000)	\$ 776,000	\$ 555,137
WORKING CAPITAL	\$ 1,213,070	\$ 1,799,000	\$2,438,295
BOOK VALUE	\$0.14	\$0.19	\$0.23
TOTAL SHARES(B)	15,257,050	16,005,237	19,051,602
FLOAT	N/A	N/A	6,490,000
(A) 6 MONTHS ENDING 6/30/10; (B) CONVERTIBLE PREFERRED.		123,616 SHARES	

MINIPRICED STOCKS IN BUYING RANGE

SYMBOLS: (N) NEW YORK STOCK EXCHANGE; (A) NYSE AMEX; (GM) NASDAQ GLOBAL MARKET, WAS NATIONAL MARKET; (CM) NASDAQ CAPITAL MARKET, WAS THE SMALLCAP MARKET; (GS) GLOBAL SELECT MARKET; (OP) PINK SHEETS; (OB) BULLETIN BOARD; (ADR) AMERICAN DEPOSITORY RECEIPTS; (NR) NOT RATED. #- PREVIOUSLY APPEARED ON THIS LIST, BUT WAS REMOVED BECAUSE IT HAS RISEN ABOVE \$3.00 A SHARE; @- FROM CONTINUOUS OPERATIONS; FIGURES IN PARENTHESIS ARE LOSSES. C- CANADIAN DOLLARS.

DATE STOCK MADE ORIGINAL APPEARANCE ON LIST & MARKET	ISSUE/TRADING SYMBOL	PRINCIPAL BUSINESS	PRICE 8/04/10	LONG-TERM DEBT (MILLIONS)	ANNUAL SALES UPDATED QUARTERLY (MILLIONS)	ANNUAL NET INCOME/LOSS UPDATED QUARTERLY (MILLIONS)	SHARES OUT-STANDING (MILLIONS)	BOWSER RATING
CATEGORY ONE: OUR BEST PICKS								
07/07(CM)	ALLIANCE FIBER OPT(AFOP)	OPTIC COMPONENTS/INTEGRATED MOD	1.75	\$0.791	\$34.3	\$2.737	42.7	8
1/10(CM)	BRIDGELINE DIGITAL(BLIN)*	WEB APPLICATION MANAGEMENT	1.05	\$0.000	\$22.2	\$0.614	11.8	8
		*Was Bridgeline Software						
06/10(OB)	BULLION MONARCH(BULM)	ROYALTIES ON GOLD MINING	0.63	\$0.000	\$5.2	\$1.020	38.7	8
08/09(OB)	DYNASIL CORP (DYSL)	NOW ABOVE \$3 A SHARE; SEE PAGE 5 (FOLLOW-THROUGH)						
03/10(CM)	LML PAYMENT SYS(LMLP)	ELECTRONIC FINANCIAL CLEARANCING	1.89	\$0.000	\$14.8	\$(0.126)	30.6	NR
02/10(CM)	MANHATTAN BRIDGE(LOAN)	SHORT-TERM COMMERCIAL LOANS	1.50	\$0.000	\$1.1	\$0.291	3.3	9
08/10(OB)	OUR PET'S CO(OPCO)	ACCESSORY & CONSUMABLE PET ITEMS	0.83	\$0.856	\$15.6	\$1.240	19.1	8
# 12/09 (A)	RELM WIRELESS CORP(RWC)	WIRELESS COMMUNICATIONS EQUIPMENT	2.55	\$0.000	\$30.4	\$1.497	13.4	9
07/10(CM)	R.F. MONOLITHICS(RFMI)	WIRELESS SOLUTIONS/COMPONENTS	1.36	\$0.790	\$33.1	\$(0.572)	10.1	8
05/10(CM)	SIMULATIONS PLUS (SLP)	SOFTWARE FOR MEDICAL RESEARCH	2.42	\$0.000	\$10.6	\$2.092	16.1	9
CATEGORY TWO: WORTHY OF CONSIDERATION								
04/06(A)	BOOTS & COOTS INT'(LWEL)	OIL WELL CONTROL	2.98	\$34.924	\$217.8	\$10.233	82.1	8
# 02/08(CM)	CIMATRON LTD(CIMT)	SOFTWARE FOR MACHINE TOOLS	1.41	\$0.190	\$32.9	\$(0.130)	9.2	NR
04/09(OB)	COVER-ALL TECH(COVR)	PROPERTY/CASUALTY INSURANCE SOLU	1.40	\$0.000	\$45.3	\$4.212	24.7	9
09/06(A)	EXPRESS-1(XPO)	EXPEDITED TRANSPORTATION	1.37	\$1.202	\$111.6	\$2.534	32.2	8
# 10/08(A)	FIELDPOINT PETROLEUM(FPP)	NOW ABOVE \$3 A SHARE; SEE PAGE 5 (FOLLOW-THROUGH)						
# 08/06(A)	FLEXIBLE SOLUTIONS(FSI)	SPECIALTY CHEMICALS	1.45	\$0.449	\$10.5	\$(0.227)	14.1	8
# 01/07(CM)	FOOD TECH SERVICE(VIFL)	COMMERCIAL FOOD IRRADIATION	2.13	\$0.000	\$2.5	\$0.605	2.6	8
# 02/05(CM)	GIGA-TRONICS INC(GIGA)	INSTRUMENTS, DEFENSE; TELECOMM	2.36	\$0.000	\$19.1	\$1.300	4.8	8
# 02/09(GM)	GOLDEN ENTER(GLDC)	NOW ABOVE \$3 A SHARE; SEE PAGE 5 (FOLLOW-THROUGH)						
# 12/06(A)	ITERIS INC(ITI)	OUTDOOR MACH VISION SYS/SENSORS	1.48	\$0.000	\$60.7	\$2.856	34.4	8
10/09(CM)	LRAD CORP(LRAD)	DIRECTED SOUND PRODUCTS	1.05	\$0.000	\$16.4	\$0.061	30.6	NR
		*Was American Technology Corp						
06/07(CM)	PIZZA INN(PZZI)	PIZZA INN RESTAURANTS	1.87	\$0.220	\$40.9	\$1.497	8.0	8
# 02/04(CM)	TII NETWORK TECH(TIII)	OVERVOLTAGE PROTECTION DEVICES	1.61	\$0.000	\$29.4	\$0.390	13.5	NR
# 03/03(A)	WELLS GARDNER ELEC(WGA)	ELECTRONIC VIDEO PRODUCTS	2.23	\$1.500	\$52.5	\$0.751	10.9	8
# 09/07(A)	XFONE INC (XFN)	COMMUNICATIONS SERVICE PROVIDER	1.10	\$28.050	\$85.1	\$(5.157)	18.6	NR
CATEGORY THREE: VERY SPECULATIVE								
# 08/00(A)	ALPHA PRO TECH(APT)	PROTECTIVE APPAREL/ROOF PRODUCTS	1.88	\$0.000	\$62.0	\$9.214	22.4	9
# 01/09(A)	COMMUNITY BANKERS (BTC)	BANK/FINANCIAL HOLDING COMPANY	1.76	\$0.000	\$39.1	\$(18.763)	21.5	NR
07/09(OB)	DAC TECH(DAAT)	SPORTING GOODS/GUN ACCESSORIES	0.44	\$0.000	\$13.2	\$0.444	6.3	8
# 12/03(A)	DGSE COMPANIES(DGSE)	PRECIOUS METALS/JEWELRY	2.90	\$13.568	\$77.9	\$(0.047)	9.7	NR
		Office: 11311 Reeder Rd., Dallas, TX 75229 Tel: 972/484-3662, www.dgse.com						
# 11/06(OB)	ENCISION INC(ECIA)	MEDICAL DEVICE COMPANY	1.55	\$0.000	\$12.8	\$0.265	6.5	NR
# 11/03(A)	ENVIROSTAR INC(EVI)	DRY CLEANING STORES/EQUIPMENT	1.14	\$0.000	\$18.9	\$0.225	7.1	NR
07/10(OB)	REPRO-MED SYSTEMS(REPR)	PRODUCES MEDICAL DEVICES	0.14	\$0.514	\$4.0	\$0.905	35.6	NR
# 10/04(A)	PINNACLE DATA SYS(PNS)	TECHNOLOGY SOLUTIONS TO OEMS	1.20	\$0.000	\$32.5	\$(3.150)	7.8	NR
11/09(OB)	TURBSONIC TECH(TSTA)	AIR POLLUTION CONTROL EQUIP	0.28	\$0.000	\$18.4	\$(0.167)	15.0	NR
06/08(A)	TENGASCO INC (TGC)	DOMESTIC OIL/GAS OPERATIONS	0.47	\$4.321	\$10.7	\$(2.440)	59.2	8

NOTE: We've assembled, in a bound booklet, a reproduction of the original company of the month write-up for each of the above stocks. This *Company of the Month* booklet is available for \$10.00 a copy.

CATEGORY CHANGE

COMMUNITY BANKERS TRUST: Move from Cat 2 to Cat 3. BTC has been reporting losses for the last year, with interest income being fairly constant, although it was down slightly in the June 30 quarter. (See Earnings in Supplement.)

Total impaired loans increased from \$78.5 million March 31 to \$125.2 million in the latest quarter. Allowance for loan losses on nonperforming assets increased from 68.9% on March 31 to 93.03% June 30.

CEO George M. Longest Jr.'s solution to the firm's downturn is to abandon the aggressive acquisition program and to concentrate on improving the profitability of the branches and to cut expenses. The goal is to return to positive net income in the next 60 days.

FIELD-POINT ENTHUSIASTIC ABOUT FUTURE

FPP, as previously announced, and Cimarex Energy (NYSE:XEC) are partnering in drilling two wells that will target the Bone Spring formation in Lea County, NM. Drilling of the first of these wells is expected to begin this fall. FieldPoint has a 43.75% working interest, Cimarex 37.5% and other partners, 18.5%.

CEO Ray Reaves: "The remainder of 2010 will be an exciting and highly important time for FPP. Participation in our first horizontal drilling operation, with such a stellar partner as Cimarex, will be a milestone in itself. If market conditions continue to be favorable, as it appears they might, this could be a banner year for us in terms of both financial performance and growth." . . . The market has recognized this improvement by pushing the shares above \$3.

WE ENCOURAGE SUBSCRIBERS TO BUY OUR STOCKS WHEN THEY ARE \$3 OR LESS. HOWEVER, WHEN THEY GO ABOVE \$3, WE FOLLOW THEM IN THE FIRST GROUP BELOW. IN BOTH OF THE FOLLOWING LISTS, COLUMN 1 GIVES THE SHARE PRICE AS OF 8/04/10 PLUS THE CURRENT BOWSER RATING. COLUMN 2 IN THE FIRST LIST BELOW INCLUDES THE MONTH/YEAR WE ORIGINALLY RECOMMENDED THE ISSUE, THE PRICE PER SHARE THEN AND THE BOWSER RATING. (NR=NOT RATED)

FOLLOW-THROUGH

ISSUE/EXCHANGE/SYMBOL	1	2	ISSUE/EXCHANGE/SYMBOL	1	2
BALLANTYNE STRONG(A:BTN)	\$8.26(8)	09/08 \$2.64(8)	GOLDEN ENTERPRISES(GM:GLDC)	\$3.11(9)	02/09 \$2.35(9)
CVD EQUIPMENT(CM:CVV)	\$3.47(8)	07/05 \$2.03(9)	IEC ELECTRONICS(A:IEC)	\$5.07(8)	07/08 \$1.99(8)
DGSE COMPANIES(A:DGSE)	NOW \$2.90 SEE PAGE 4		INVENTURE FOODS(CM:SNAK)	\$3.55(8)	09/00 \$2.56(8)
DYNASIL CORP(DYSL .OB)	\$3.15(8)	08/09 \$1.35(8)	KEY TRONIC(GM:KTCC)	\$5.16(8)	11/08 \$1.57(10)
EVOLVING SYSTEMS(CM:EVOL)	\$6.90(8)	05/09 \$3.68(8)*	MEDICAL NUTRITION USA(CM:MDNU)	ACQUIRED BY DANONE	
*Price adjusted: 1-for-2 rev. split 7/09			METROPOLITAN HEALTH(A:MDF)	\$3.73(8)	01/08 \$2.36(9)
FEMALE HEALTH CO(CM:FHCO)	\$5.14(9)	10/07 \$2.32(9)	RICHMONT MINES(A:RIC)	\$4.36(8)	10/98 \$2.56(8)
FIELDPOINT PETROLEUM(A:FPP)	\$3.27(8)	10/08 \$2.24(8)	ROCK OF AGES(GM:ROAC)	\$4.05(8)	03/09 \$1.72(9)
FULL HOUSE RESORTS(A:FLL)	\$3.20(8)	12/07 \$2.80(8)	XETA TECHNOLOGIES(GM:XETA)	\$3.20(8)	12/08 \$1.92(8)

THE FOLLOWING WE SAID SHOULD BE SOLD:

(COLUMN 2 SHOWS THE DATE, PRICE AND BOWSER RATING WHEN WE RECOMMENDED THE STOCK BE SOLD)

ADVANCED PHOTONIX(A:API)	\$0.57(NR)	12/09 \$0.65(NR)	ORSUS XELEN(A:ORS)	\$0.24(NR)	03/10 \$0.45(NR)
AMERICAN ELEC. TECH(CM:AETI)	\$2.09(NR)	09/09 \$2.08(NR)	TEAMSTAFF INC(CM:TSTF)	\$0.62(NR)	07/10 \$0.50(NR)
HUDSON TECH(CM:HDSN)	\$1.75(NR)	10/09 \$1.22(NR)	WINLAND ELECTRONICS(A:WEX)	\$0.76(NR)	06/10 \$0.89(NR)

BRIEFS

RF MONOLITHICS entered into a modification of its existing loan agreement with ViewPoint Bank. The deadline has been extended for raising \$700,000 in new capital until Sept. 30. RFMI confirmed that it is currently in compliance with the loan agreement. . . . Michael R. Bernique, chairman/director, intends to retire. Mr. Bernique will be 67 when his term expires in January.

XETA TECHNOLOGIES has closed its previously announced acquisition of Pyramid Communication Services, which was privately held. The acquisition of Pyramid, with annual revenues in excess of \$10 million, is expected to be accretive to XETA earnings in fiscal 2011. The deal increases the depth of XETA's sales and service presence in a number of geographic markets and enables XETA and Pyramid to expand product and service offerings to existing and new customers.

LRAD CORP. has been awarded a multi-year \$6.2 million integrated LRAD-RX systems and services order from the U.S. Navy. Per the Navy's schedule, the initial delivery from this order is scheduled to ship before the end of the calendar year. Also, it has been awarded a new \$700,000+ Long Range Acoustic Device 100X/300X order from the U.S. Military for immediate shipment and scheduled deployment to Afghanistan.

GOLDEN ENTERPRISES(GLDC) declared a quarterly dividend of \$.03125 per share payable April 28 to holders of record April 16. . . . **MEDICAL NUTRITION USA(MDNU)** completed its merger with a subsidiary of Danone North America Inc. The closing of the merger occurred July 22. All of the outstanding common of MDNU has been converted into the right to receive \$4 per share in cash. . . . **MANHATTAN BRIDGE CAPITAL(LOAN)** engaged Avalon Group Ltd., a New York City-based investment banking firm, as a financial advisor to explore strategic initiatives, including capital formation, business development and growth aimed at enhancing shareholder value. . . . **EVOLVING SYSTEMS(EVOL)**: A cable operator has selected the company's Dynamic SIM Allocation solution in preparation for launching a next generation wireless service. . . . **WELLS-GARDNER(WGA)** has been appointed sales distributor by Nanoptix of New Brunswick, Canada, for North and South America. "Nanoptix is a global manufacturer of printers for the gaming industry," said Wells Gardner CEO Anthony Spier. . . . **TURBOSONIC TECH(TSTA)** settled a patent infringement case brought by EnviroCare International related to the TurboSorb Spray-Dry Absorption technology(SDA). TurboSonic is licensed to pursue SDA opportunities in the U.S. and Canada and continues to seek opportunities in all international markets. The settlement will not have a material effect on TSTA's finances. . . . **GIBA-TRONICS(GIGA)** received an order valued at \$1.2 million from a major aircraft manufacturer for microwave components. The award is based on GIGA's fast-switching YIG technology. . . . **RELM WIRELESS CORP.(RWC)**: With its newest P25 digital mobile radio, the company has received equipment authorization from the FCC for use in the U.S. . . . **EXPRESS-1 EXPEDITED SOLUTIONS(XPO)** appointed Dan Para as CEO of its Concert Group Logistics Freight Forwarding Company.

<u>INSIDER TRADING</u>		<u>NAME</u>	<u>BUY/SELL</u>	<u>DATE</u>	<u>PRICE</u>	<u>HOLDINGS</u>
Alliance Fiber Optic Prods Inc	David A. Hubbard (VP)		S-30,000	7/27/10	\$1.77	279,236
Community Bankers Trust Corp	Gary A. Simanson (D)		AS-1,700	7/02/10	\$2.28	733,617
DGSE Companies Inc	NTR Metals, LLC (B/O)		B-500	7/06/10	\$3.25	3,009,300
	"		B-700	7/08/10	\$3.20-3.22	3,010,000
	"		B-1,000	7/13/10	\$3.05-3.09	3,011,000
	"		B-500	7/19/10	\$3.00	3,011,500
Express-1 Expedited Solutions	Jennifer F. Dorris (D)		S-93,831	6/23/10	\$1.35-1.41	56,169
	"		S-14,476	6/24/10	\$1.34-1.35	41,693
	"		S-41,693	6/28/10	\$1.34-1.39	0
	Jay N. Taylor (D)		S-9,200	6/28/10	\$1.31	165,800
	Calvin R. Whitehead (D)		S-16,888	6/30/10	\$1.27	27,500
Food Technology Services Inc	MDS Canada Inc (B/O)		S-3,349	6/25/10	\$2.01-2.02	463,317
Iteris Inc	Joel Slutzky (D)		AS-4,000	7/13/10	\$1.40	1,576,922
	"		AS-2,000	7/14/10	\$1.54	1,574,922
	"		AS-1,000	7/15/10	\$1.78	1,573,922
Pizza Inn Inc	Amer. Hallmark Insurance Co. of TX (CB)		B-20,800	6/14/10	\$1.80	526,984
	"		B-15,000	7/13/10	\$1.80	541,984
Simulations Plus Inc	Momoko A. Beran (CFO)		S-700	7/20/10	\$2.49	254,052
	"		S-6,769	7/21/10	\$2.50	247,283
	"		S-1,900	7/22/10	\$2.49	245,383
	"		S-5,631	7/26/10	\$2.41	239,752
	"		S-1,215	7/27/10	\$2.41	238,537
Xeta Technologies	Robert D. Hisrich (D)		B-5,000	7/09/10	\$3.25	49,189

B/O=Large shareholder; CFO = Chief financial officer; D=Director; VP = Vice president; CB=Chairman of the Board; AS=Automatic Sale

BOWSER BUCKAROOS SPEAK

INVESTING FROM PRISON

I have a little problem with getting information on some of the stocks that are in the Database. Is there a web site I can go to that looks at Bulletin Board stocks?

I have a discount broker who doesn't do over-the-counter stocks. So, I'm asking for the name of a brokerage that deals in these types of stocks.

I really like the information you provide to your subscribers.

--Name withheld, Edgefield, SC

The gentleman who wrote the above is incarcerated. And, as a matter of fact, we have quite a few subscribers who are in prison.

What is unusual in this instance, is that the writer has access to a computer. We know that is not always the case with inmates.

What is fascinating is where do the prisoners get money to buy stocks? In some cases, their crime did not result in their losing all of their personal funds.

With others, members of their family finance them. And, the Federal Prison Industries, which was established by Congress in 1934, provides jobs making furniture, cable and electronics assemblies, etc.

According to USA Today (July 19), there are 16,115 inmates working in these prison factory jobs, which pay \$1.15 an hour. But, that income, in many cases, can go to child support, paying fines and other court-related obligations.

We wrote to our correspondent and suggested that he deal with Scottrade.com (800/619-7283) since they sell/buy Bulletin Board stocks.

LIFETIME SUBSCRIPTIONS

Why don't you start doing lifetime subscriptions? Pretty soon I'll be too old to remember to mail in my money yearly.

--Harvey Olson, Champlin, MN

Harvey, your question embodies a wonderful compliment. Thanks very much.

Previously, we've been asked about lifetime subscriptions, but then we stumbled over whether we're talking about our lifetime or that of the Buckaroo.

SOUTH OF THE BORDER

After reading the article in the April issue about Jim Wortham's purchase of Telefonos de Mexico, I thought it was time to brag a bit about my own experience with Telefonos:

11/87 Original purchase 4,000 @ 25¢/share.
02/88 Stock dividend 250 shares
08/91 Converted TFONY to TMEX 212 shares
Through the years, sold or donated shares worth \$37,676. Through the years, spinoffs and splits resulted in present holdings:

TMX 1,120 shares; AMX, 1,480 shares; TII 1,120 shares. As stated in Jim's article, cash dividends from TMX/AMX have been significant over the course of time.

--Richard A. Chyinski, Salem, CT

We are glad that Rich--a 26-year Buckaroo--shared his TFONY experience with us.

APT NUMBERS ON PAGE 4

I'm having trouble understanding the huge change in Alpha Pro Tech's numbers as shown on page 4 between the June and July newsletters.

--Elmer Mulhausen, Clifton, TX

We made a serious error in posting APT's numbers last month. The correct figures: Total sales for the last 4 quarters: \$62 million; net income for the same period, \$9,214,000.

This is very embarrassing. We can not figure out how the mistake was made. But, Elmer, you are the only one who called our attention to it.

The caricature of Mr. Mulhausen was lifted from the cover of his book, "Something Funny Happened on the Way to My 80th Birthday." A fascinating memoir that we reviewed last March. A talented guy, Elmer is also a poet. There are 81 of his poems in the book.



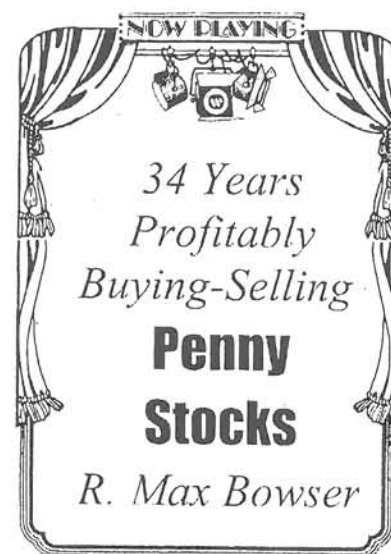
WARRANT SYMBOLS IN BOWSER

I tried to get three quotes for warrants shown in *The Warrant Register* in the newsletter. The only response I received was, "Sorry, I cannot find this symbol."

--David Young, Farber, MO

Warrants on the Nasdaq and Bulletin Board (with 4 letters), just have a "W" added to the symbol. With NYSE and AMEX (3 letters), you need to tell your broker that you want to buy the warrants associated with the common stock symbol. Each service is different.

A new 53-page book



BUCKAROO SPECIAL: Listed by the publisher at \$19.95 a copy. It is available to Bowser Report subscribers for only \$9.95 a copy. FREE shipping.

Beginner's Portfolio Up 138%

BOUGHT: 100 shares RFMI @ \$1.17 + \$10 commission = \$127

SOLD: 100 shares MDNU @ \$4.00 = \$400

	Cost	8/2/10		Cost	8/2/10		Cost	8/2/10	
WEL	177/May '06	298	MDF	239/Mar '08	387	GIGA	192/Nov '09	238	Proceeds from Sales
XPO	130/Oct '06	140	TGC	163/Aug '08	49	TSTA	80/Dec '09	34	
VIFL	286/Feb '07	209	COVR	108/May '09	140	LRAD	140/Jan '10	100	7,573
TIII	252/Feb '07	163	ROAC	185/Jun '09	410	LOAN	120/Mar'10	150	400
XFN	285/Oct '07	110	DYSL	168/Sep '09	315	LMLP	240/Apr '10	195	MDNU (127)
PZZI	281/Dec '07	187	* KTCC	220/Oct '09	262	RFMI	127/Aug'10	130	RFMI (127)
								3,517	7,846
	Cost for all stocks: \$4,766			* 50 shares			Proceeds from sales:	7,846	
	Gain: 11,363	minus \$4,766 =	\$6,597				Current Value of Portfolio:	11,363	
	Percentage of gain:	6,597	divided by \$4,766	X 100=138.4					

Comments: This is a simulated portfolio for those who would like to actively participate in the stock market... They want an approach that will serve as a learning situation... An investment of only \$200 to \$300 a monthly is required... With each new Company of the Month, 100 shares were purchased until we had 18... We use an internet broker... We follow the Bowser Game Plan. Portfolio started Sep. '01.

Bullion Monarch Mining scores record revenue

BULM recorded its best revenue year ever, with record revenue of \$5,214,603 in fiscal 2010. This increase of \$1,414,713 from 2009 is due to increased production and an increase in the average price of gold.

Net income totaled \$1,019,906 in the fiscal year ended April 30, compared to \$1,766,949 for the year ended April 30, 2009.

Net income decreased during the year largely due to a \$500,000 buy down relating to capping attorney contingency pay on the Newmont and Barrick litigation and an increase in legal/accounting expense relating to a one-time succession accounting revision.

Due to increased revenue, Bullion was able to accelerate exploration payment on its Brazil properties, which involves a \$2 million commitment. Bullion has the right to convert its 33.3% interest to a 4.5% Net Smelter Royalty (NSR). Also, during the fiscal year ending April 30, total assets increased to \$5,033,169, up from \$3,993,026 on April 30, 2009.

EnShale Energy, a subsidiary, has completed the international patent application process that will protect its proprietary method of producing oil from an abundant, high kerogen content rock known as oil shale. EnShale filed patents in Canada, Australia, China, Brazil and Estonia, which are known to have large deposits of oil shale.

The next technological milestone for the EnShale pilot plant will be to achieve a sustained processing run as opposed to the current less efficient batch processing.

AFOP CONTEMPLATING REVERSE SPLIT

Alliance Fiber Optic Products will hold a special stockholder meeting to consider and vote upon a 1-for-5, 1-for-8 or 1-for-10 reverse stock split. A proxy statement has been sent to stockholders of record as of July 16.

In additional news, management said that UBS redeemed all of the firm's remaining auction rate securities at the original cash value.

Ed's Note: Management thinks that it is not

Editor's Note

Since we recommended BULM June 2, the stock price has dropped. We credit the drop to two factors: (1) There has been a skid in the per ounce price of gold. There may be some dissatisfaction that net income this year was lower than in 2009.

However, long term the company is involved in three explosive situations:

Brazil: The company is stepping up its investment in a gold mine there, which should eventually produce a strong royalty stream.

Shale: Unlike some other shale extraction methods, the Bullion Monarch method does not involve water and the resultant contamination of that water. Plus, most important, if the EnShale process produces oil under \$30 a barrel, that will put it at a great competitive advantage.

Litigation: As we noted in our June 2 writeup, lawyers pursuing this case are so confident of winning, that they are handling it on a contingency basis.

Although the company does now receive royalties from Newmont Mining, there are other Newmont properties that contractually should be producing additional royalties. If the court rules in favor of BULM, the accumulated amount will be considerable and the lawyers will receive a percentage of that.

However, due to a misunderstanding, the attorneys wanted a percentage of future royalties. But, the payment to them as reported in the earnings report is in lieu of them getting a future cut.

getting any respect for its stock. But, if they can get the stock price higher, the institutions and the penny-stock haters will flock to it.

Evolving Systems bought this scenario. On July 21, 2009, it had a 1-for-2 reverse. Now, the stock is stuck at around \$7 a share.

On 6/12/09 the Editor bought 400 EVOL shares at \$2.16--cost, \$908. After the reverse we had only 200 shares but still had the \$908 cost. To get a double, they would have to climb to \$9.08 (\$1,816).

Where are all the institutions?

NOTES BY THE EDITOR

With this issue we are introducing our new book-- **34 YEARS PROFITABLY BUYING- SELLING PENNY STOCKS**. . . . The long name identifies the contents.

It is a living document in that we will follow up with Addendums, which will be automatically mailed free to each purchaser of the book. Thus, even though now it's only a small book page-wise, over time, it will grow.

The first purchaser was Joel Florian, Wasilla, AK. Joel is a clever chap. How he found out about the tome so early is interesting. The release date was not until August 1.

We are greatly honored that Paul Kamke, noted accountant and money manager, wrote the Foreword. Paul has walked in our footsteps ever since we started the newsletter.

Our book publisher, Jim Wortham of Marathon Int'l Book Co., Madison, IN, was very helpful in putting the book together. Jim has guided us through all of the "masterpieces" we've written.

Last month we were selected for the 2010 Best of Newport News Award in the Financial Advisory Services category by the US Commerce Assn. of New York City.

This organization tells us that it identifies companies it believes have achieved exceptional marketing success. And, with us, specifically, in the business category.

This is our second award. They don't come along frequently. In 1998, the North American Bookdealers Exchange voted our "Making Dollars With Pennies," as the Best Book of the Year in the "How To" category.

Rachel Nuell, our researcher, is enlivening our Facebook page by adding new information and increasing the number of "fans." There is a link on our web site. Hopefully, our Buckaroos will join up.

Twice a year, Dick Davis Digest, the 29-year-old chronicler of investment newsletter recommendations, asks market letters to identify one stock they think will do well in the next six months or year.

Frankly, we haven't set the world on fire with the

FIVE BOWSER STOCKS UP OR DOWN LAST MONTH

PINNACLE DATA	UP 26.3%	TURBSONIC	DOWN 30.0%
ALLIANCE FIBER	UP 25.9%	COMM BANK	DOWN 21.4%
FIELDPOINT PET	UP 20.7%	ENCISION	DOWN 16.7%
WELLS GARDNER	UP 19.9%	LRAD	DOWN 16.0%
INVENTURE FOOD	UP 17.2%	FLEX SOLU	DOWN 14.2%

past picks. Ask us for a diversified portfolio of 12 gems and their performance over time will be rewarding. Just picking one isn't as rewarding.

For their July 21 issue, we nominated RF Monolithics --predicting it will be a winner during the next six months. It was our Company of the Month pick in the last issue of The Bowser Report. Since then, it has appreciated 16%.

A challenge to Female Health Company, is developing with the announcement last month that researchers have found a gel that can be applied before and after sex that cuts the chance of acquiring the AIDS virus by 39% and genital herpes virus by 51%.

About a third of the women in the study said their partners didn't know they were using the clear, odorless gel. Although FHC's female condoms provide greater protection, there is the matter of choosing between convenience and a better defense.

Did you notice the roundup recently of billionaires who are giving half or more of their fortunes to charity? Did you observe that R. Max Bowser's name wasn't on the list? But, the

relationships with our Buckaroos are worth a billion.

This was evidenced recently with the arrival of an elaborate handmade greeting card that came in four sections, including colored photos. From Hollis R. Carver, Garland, TX.

There is the photo of Hollis and his better half, Melanie, taken at the Dallas Arboretum. . . . Then there is the colorful field of bluebonnets that abound in the Texas hill country. . . . And, there was a gusher of kind words.

We've been keeping an eye on Dan O'Brien's Flexible Solutions. Dan and his staff are doing some ground-breaking work in converting sugar beet juice into aspartic acid, which in turn produces TPA that is used in laundry detergents and many other products. Currently, TPA is petroleum-based.

At their plant in Calgary, there was a glitch. According to CEO O'Brien: "We are pioneering a new biologic chemistry process and did not foresee that the final stage of scale-up to production would require one additional piece of equipment needed to maximize production efficiency.

"The needed equipment will arrive in eight weeks. Installation and inspection will take additional weeks, followed by several batch runs. The FSI plant should be up and running during the fourth quarter."

The Bowser Report

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WARRANT REGISTER

**BIG WARRANT
GAINER
LAST MONTH
VAUGHAN FOODS
UP 150%**

Texas bank offers warrants

Sterling Bancshares is a Houston-based bank holding company that operates 58 banks in the greater metropolitan areas of Houston, Dallas, Fort Worth and San Antonio.

"We continue to see incremental improvement in key economic indicators that lead us to believe the worst of the recession is behind us," commented CEO J. Downey Bridgwater, when the June 30 quarterly results were issued.

"As anticipated during the quarter, we experienced a migration of certain commercial real estate loans to nonperforming status. But, apart from the increase in nonperforming loans, we began to see improvement in our credit quality with past-due loans decreasing \$27 million and a reduction of \$30 million in potential problem loans.

"On average, total deposits were \$4.2 billion for the second quarter of 2010, an increase of \$96.7 million compared to the second quarter of 2009. Deposit growth was due to an increase in non-interest-bearing deposits of \$52.6 million."

As of June 30, Sterling had assets of \$5.1 billion, loans of \$3 billion and deposits of \$4.2 billion. Shareholders' equity of \$624 million was 12.3% of assets. Book value per common share was \$6.13.

In the last four quarters, interest income was \$106,645,000 on which there was a loss of \$5,652,000. A year earlier, interest income was \$123,886,000, with earnings of \$672,000.

Although there are only 2,620,000 warrants, SBIB has 100 million of common. However, there is a comparatively small float as insiders own 9.5% and institutions have over three-quarters ownership.

MILLENIUM INDIA ACQUISITION decided not to extend its warrants. They have been removed from our listing and those of Sterling Bancshares have been added.

CHINA HYDROELECTRIC has consummated the acquisition of 100% of the Minrui projects in Yunnan province. The purchase price was \$59.3 million in the form of \$17.1 million in cash and the rest in a seller note.

NEO-STEM has been busy expanding its network of adult stem cell collection centers in the U.S. and is now preparing to launch commercial activities for at least two highly profitable adult stem-cell therapies in China and Taiwan. Also, it got \$700,000 from the U.S. Army's Medical Research and Material Command to advance adult stem-cell therapies in treating traumatic wounds.

SEANERGY MARITIME HOLDINGS's CEO, Dale Ploughman, purchased 50,000 shares of Seanergy's common for \$1.2399 per share in the open market.

VANTAGE DRILLING will buy the remaining stake of Mandarin Drilling it doesn't already own for \$140 million from F3 Capital. Mandarin's only asset is a construction contract for an ultra-deepwater drill ship, which is being built in Korea. Vantage will be required to make further construction and other payments totaling \$650 million. F3 Capital is owned by Hsin-Chi Su, a major shareholder of Vantage.

Company	Market/Symbol	Principle Business	Stock Price 8/2/10	Warrant Price 8/2/10	Conv. Ratio	Exer. Price	Expire Date	No. Wts	Bowser Rating
AdCare Health Systems	A: ADK-WT	Long-term care facilities	3.52	1.40	1.00	2.50	12/11	1.40M	8
5057 Troy Rd., Springfield, OH 45502, Tel: 937/964-8974, www.adcarehealth.com			CALL TERMS: \$6.00 for 10 days/\$0.10						
BioTime Inc	A:BTIM-WT	Artificial blood products	5.78	3.90	1.00	2.00	10/31/10	7.57M	7
1301 Harbor Bay Pkwy, Ste. 100, Alameda, CA 94502, Tel: 510/521-3390, www.biotimeinc.com			CALL TERMS: 200% of exercise price for 20 days						
Caliper Life Sciences	GM: CALPW	Biotech/medical equipment	3.96	0.08	1.00	6.79	08/09/11	5.13M	7
Elm St., Hopkinton, MA 01748, Tel: 508/435-9500, www.caliperis.com			CALL TERMS: Not callable						
China Hydroelectric	N:CHC-WS	Hydroelectric power in China	6.06	0.70	1.00	15.00	01/25/14	6.0M	7
420 Lexington Ave., Ste. 860, New York, NY 10170, Tel: 646/467-9800, www.chinahydroelectric.com			CALL TERMS: \$23.00 for 20 out of 30 days						
Combimatrix	GM: CBMXW	Biotech development	2.63	0.21	1.00	9.00	05/01/14	1.1M	6
6500 Harbour Heights Parkway, Ste. 303, Mukilteo, WA 98275, Tel: 425/493-2000, www.combimatrix.com			CALL TERMS: 250% of exercise price for 20 days						
Community Bankers Trust	A: BTC-WT	Bank holding company	1.85	0.04	1.00	5.00	06/08/11	7.50M	NR
4235 Inslake Dr., Glen Allen, VA 23060, Tel: 804/934-9999, www.cbtrustcorp.com			CALL TERMS: \$11.50 for 20 out of 30 days						
Energy Services of America	A: ESA-WT	Contacting energy services	3.45	0.50	1.00	5.00	08/29/11	20.70M	8
2450 1st Ave., Huntington, WV 25703, Tel: 304/528-2791, www.energyservicesofamerica.com			CALL TERMS: \$8.50 for 20 out of 30 days						
Free Seas Inc.	GM: FREEZ	Shipping/dry bulk carriers	1.19	0.09	1.00	5.00	07/01/11	1.5M	8
89 Akti Miaoli & 4 Maurokordatou St. Piraeus, 185-38, Greece, Tel: 30-210-45-28-770, www.freeseas.gr			CALL TERMS: \$7.50/20 out of 30 days						
Healthy Fast Food, Inc	OB:HFFIV	U-Swirl frozen yogurt	0.50	0.13	1.00	5.10	03/19/13	1.0M	7
1075 American Pacific, Ste. C, Henderson, NV 89074, Tel: 702/448-5301, www.healthyfastfood.com			CALL TERMS: 120% of exercise price/5 days/\$0.25						
Microvision Inc	CM:MVISW	Miniature images and displays	2.83	0.79	1.00	3.60	07/23/13	6.7M	6
6222 185th Ave. N.E., Richmond, WA 98052, Tel: 425/415-6847, www.mvis.com			CALL TERMS: If common averages \$7.20 for 20 days						
NeoStem Inc	A:NBS-WT	Stem cell distribution	1.98	0.25	1.00	6.00	07/16/12	.6M	6
420 Lexington Ave., Ste. 450, New York, NY 10170, Tel: 212/584-4180, www.neostem.com			CALL TERMS: \$8.00 for 20 days						
Seanergy Maritime Hldgs	GM:SHIPW	Shipping/dry bulk carriers	1.17	0.05	1.00	6.50	09/24/11	38.00M	8
1-3 Patriarchou, Glyfada, Athens 166-74, Greece, Tel: 30-210-96-38-461, www.seanergymaritime.com			CALL TERMS: \$14.25/20 out of 30 trading days						
Sterling Bancshares	GM:SBIBW	Texas bank holding company	5.20	1.22	1.00	7.18	12/12/18	2.62M	6
10260 Westheimer, Ste 100, Houston, TX 77042, Tel: 713/466-8300, www.banksterling.com			CALL TERMS: Not callable						
Stream Global	A:SGS-WT	Business process outsourcing	4.50	0.25	1.00	6.00	10/17/11	20.1M	7
20 Williams St., Suite 310, Wellesly, MA 02481, Tel: 781/304-1800, www.stream.com			CALL TERMS: \$11.50 FOR 20 of 30 days						
United Insurance Holdings	OB: UIHCW	Homeowners/small bus. Insurance	2.20	0.16	1.00	6.00	10/04/11	5.63M	6
360 Central Ave., Ste. 900, St. Petersburg, FL 33701, Tel: 727/895-7737			CALL TERMS: \$11.50 for 20 out of 30 days						
USA Technologies	CG:USATW	Cashless remote management	0.57	0.04	1.00	2.20	12/31/11	7.28M	7
100 Deerfield Lane, Ste. 140, Malvern, PA 19355, 610/989-0340, www.usatech.com			CALL TERMS: Not callable						
Vantage Drilling Company	A: VTG-WT	Offshore drilling contractor	1.42	0.03	1.00	6.00	05/01/11	37.9M	7
777 Post Oak Blvd., Ste. 610, Houston, TX 77056, Tel: 281/404-4700, www.vantagedrilling.com			CALL TERMS: \$11.50 for 20 out of 30 days						
Vaughan Foods	OB: FOODW	Fresh vgs/fruits/prepared food	0.60	0.05	1.00	9.75	06/27/12	2.15M	7
			0.60	0.05	1.00	13.00	06/27/12	2.15M	7
216 N.E. 12th St., Moore, OK 73160, Tel: 405/794-2530, www.vaughanfoods.com			CALL TERMS: "A" 200% of exp/5 trade days/\$0.25 "B" Sales \$100 mil+ for 12 mo./\$0.25						

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Advanced Photonix(API)	3/31/10	5,129,000	6,111,000	(846,000)	(1,497,000)	
Alliance Fiber Optics(AFOP)	6/30/10	12,086,000	8,406,000	1,606,000	641,000	(A)
Boots & Coots Inc(WEL)	6/30/10	70,872,000	47,048,000	6,203,000	719,000	(B)
Bullion Monarch Mining(BULM)	4/30/10	1,479,184	859,201	(227,875)	392,942	
Community Bankers Trust(BTC)	6/30/10	8,478,000	8,959,000	(19,616,000)	(23,352,000)	
Encision Inc(ECIA)	3/31/10	3,186,000	3,078,000	(94,000)	16,000	(C)
Golden Enterprises Inc(GLDC)	2/26/10	31,348,255	30,162,920	1,014,232	734,759	
IEC Electronics Corporation(IEC)	6/25/10	26,095,000	17,346,000	1,238,000	903,000	(D)
Inventure Foods Inc(SNAK)	6/26/10	34,912,985	33,419,531	1,375,653	1,037,378	(E)
Iteris Inc(ITI)	6/30/10	9,462,000	6,933,000	797,000	144,000	
Pinnacle Data Systems(PNS)	6/30/10	7,968,000	9,038,000	300,000	(270,000)	(F)
Repro-Med Systems(REPR)	5/31/10	982,942	813,129	88,420	64,053	
Simulations Plus(SLP)	5/31/10	3,118,936	2,713,524	740,113	569,133	(G)

(A) - Peter Chang, president: "With strong customer demand and improved operational efficiency, AFOP delivered record quarterly sales and higher margins, and generated record profits in the quarter. On July 1, 2010, our cash and short-term investments were about \$41.5 million."

(B) - As previously announced, on April 9, 2010, WEL entered into a definitive merger agreement with Halliburton pursuant to which Halliburton will acquire all of the outstanding Boots & Coots stock in a stock and cash transaction. The Boards of Directors of both companies have approved the merger agreement. Completion of the transaction is subject to the approval of the stockholders of WEL, regulatory approvals and other customary conditions.

(C) - "Our fourth quarter of fiscal year 2010 was a disappointment. During the quarter, we found that, after conducting tests on a product, the product did not meet our standards. This led to our decision to remove selected lots of the product from our and our customers' inventory, which resulted in a \$96 thousand charge," said ECIA President Jack Serino.

(D) - W. Barry Gilbert, CEO: "Operating profit of over 8.5% of sales is unique in our industry. Sales growth of more than 50% and operating profit growth of more than 70% as compared to the third quarter of fiscal 2009 were especially gratifying. Excluding the contribution from IEC's acquisition of GTC, our sales growth from IEC Contract Manufacturing and IEC Wire and Cable was over 15% as compared to the same period of fiscal 2009."

(E) - SNAK division net revenue was up 6.3% from the prior year driven by a 56.6% net revenue increase for Boulder Canyon Natural Foods.

Net revenue from T.G.I. Friday's increased by 2.5% for the quarter. Snack division net revenue gains were partially offset by a decline in Burger King of 9.7% from the prior year.

(F) - CEO John D. Bair: "In the first half of 2010 we have returned to profitability, grown PNS' service business, substantially paid down our debt, and dramatically reduced our overhead cost structure."

(G) - CEO Walt Woltosz: "GastroPlus Version 7.0 will be released during the fourth quarter. It will add important market-expanding capabilities for SLP's drug-drug interaction, ocular drug & nasal/pulmonary drug delivery."

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