



Economic leaders ready to take action

Europe and United States officials stand at the ready

The month of July brought about extreme price volatility, once again reminding each of us that there are worries circling around the globe. These worries might drop indexes one day, with promises fueling hopes and raising indexes the next day. This month, since the world economy is on everyone's mind, we will give an overview of the mixed messages from financial leaders.

EUROPE

Europe has been in the world's spotlight for quite some time. The number of economically struggling countries in the euro zone has left many wondering whether their currency can survive. However, on July 27, the Dow Jones Industrial Average closed above 13,000 points for the first time since May 7 on European hopes.

What fueled this 1.5% rally? A pledge from the European Central Bank's President, Mario Draghi. In a vague message, President Draghi vowed to do "whatever it takes to preserve the euro." Meanwhile, Germany and France's leaders issued a joint statement that pledged to do "everything possible to protect the euro zone." While neither statement promised a course of action, leaving skeptics to shake their heads, investors found hope in Europe's leaders standing at the ready to halt the region's recession.

UNITED STATES

It should come as no surprise that the United States' economic recovery has slowed down. The reports of this slowing have flooded news outlets for longer than most of us even want to remember. On August 1, the Federal Reserve (Fed) reported an economic growth rate of just 1.5%. Halting the growth during the second quarter were low consumer spending and a disappointing jobs number. Added jobs in the second quarter averaged a mere 75,000 per month, versus the average of 226,000 per month in the first quarter.

After its meeting, the Fed issued a statement saying, "The Committee will closely monitor incoming information on economic and financial developments and will provide additional accommodation as needed." Instead of acting on the poor economic data, the Fed described its willingness to act. How did investors respond? Poorly. The Dow saw a slight 0.3% drop on August 1 as it appeared that investors wanted something more than a promise to examine the economy further.

What do investors want to see? Right now, that is the million dollar question. Many theories about what the Fed could do to support the economy have begun to circulate. Two of the main candidates are listed below:

1. QE3 (an installment of quantitative easing) stands as a sort of last resort that will be employed only if absolutely necessary. *For an explanation of quantitative easing, see below.*
2. Funding for Lending has been offered as a possibility by a number of analysts, including CNBC's senior market writer, Jeff Cox. Through this program, which the Bank of England has used, the Fed would provide banks with short-term bills that are then used to borrow money from the central bank. The borrowed money is offered at an ultra-low rate of 0.25% and would be used by the banks to make loans. The goal is for these banks to increase their lending.

All in all, policies remain up in the air in both economic spheres. The positive take on the meetings is that the central banks stand at the ready. The negative take is that no major action has taken place in either region to boost the economies.

What does this mean for our beloved microcaps? The short of it is *increased volatility*. Typically, when investors lose confidence, the first stocks to drop are the smaller issues. This showed in August 1's closing values as larger markets (the Dow Jones, for example) fell slightly, while smaller markets (i.e. the Russell 2000) fell sharply.

The last thing that microcap investors should do, however, is run. Our track record shows that those who are patient, win. Even though we took a hit in 2008, our Beginner's Portfolio has climbed to new highs since. Our goal is to bring you valuable stocks with business plans and financials in place that will weather tough climates and flourish in favorable ones.

(Brief) Bowser 101: **Quantitative Easing**

Lately, there has been a lot of talk about QE3. While many of us know that this is a method that the Fed can employ to theoretically boost the economy, how many of us know what it actually means?

QE3 is a proposed method of *quantitative easing*. In quantitative easing, the central bank (in the U.S.'s case, the Fed) stimulates the economy by purchasing private assets, such as bank assets. This results in an increase in cash flow, theoretically resulting in increased spending and lending.

With quantitative easing, however, is the risk of increased inflation as the Fed prints money to fund its asset purchases.

Possible rise in small cap trading increments

Currently, trading increments for small cap stocks are set at a penny, meaning that the price of an individual share is rounded to the nearest cent. This could change, however, as the Securities and Exchange Commission might raise the increments on smaller stocks from a penny to a nickel or even a dime.

The theory behind this change is that the larger increments will increase liquidity in small caps among the

larger brokerage firms. As Reuters reporter Olivia Oran notes, a broker who buys 200,000 shares and sells them at a penny higher yields \$2,000 in profits. Had the increments been at a nickel the profit would have been \$10,000 and \$20,000 at a dime. The latter numbers are large enough to catch the bigger firms' attention. The higher profits would likely bring in the big boys, who would invest more into the research of these small companies, increasing their visibility.

As Peter Chapman in *Traders Magazine* remarks, however, there are quite a few downsides to increasing trading increments. First, there is no guarantee that higher increments would increase volume in small caps. This is mainly because many of the market makers that were around are not any more. "Extremely efficient high-frequency and medium-frequency trading houses" have taken over. Second, the cost of trading will go up once the spread between trades goes up.

An increase could also destroy the smaller investor as this legislation would favor the bigger financial institutions. Think of it the way Buckaroo Ian Cassel illustrates: trades would change from 1.00 (bid) x 1.01 (ask) to 1.00 (bid) x 1.10 (ask). The effects would greatly alter the small and microcap trading places.

Market Overview

This month there were no replacement changes to the Bowser Microcap Index. As noted on the front page, there were a lot of meetings in both Europe and the United States that resulted in no major action by the central banks. The result was a volatile month all around.

The Bowser Index slid 2.4% from 675.63 to **659.32**. Major indexes on the rise this month included the Dow Jones Industrial Average and the S&P 500—both up 0.6%. Major indexes that went down included the NASDAQ Composite (down 1.9%) and the Russell 2000 (down 5.6%).

A comparison between the Russell 2000 (smaller stocks) and the Russell 1000 (bigger stocks) shows smaller stocks taking the hit this month. The Russell 1000 was up a mere 0.04%, while the Russell 2000 fell significantly.

Majesco's new game demos at camps

Majesco Entertainment's (CM:COOL) new game, *NBA Baller Beats*, will be featured at ProCamps' summer 2012 basketball programs across America. Through the camps, COOL's innovative basketball game will have the chance to show potential customers what it's got.

COOL's CEO, Jesse Sutton: "Each summer, ProCamps gives thousands of new players a unique learning experience from some of the best in the NBA and WNBA, and we're excited to give these youths an opportunity for early hands-on time with *NBA Baller Beats*." The game will allow camp participants to hone their ball control skills in a new interactive and fun way, according to Sutton.

The senior vice president of camp operations for ProCamps, Eric Liebler, remarked, "We see *NBA Baller Beats* as an exciting new step in motion-controlled video games. The fact that it places an actual basketball into the hands of our campers sets it apart from any other video game to date. When it launches in September, the game will be a fun way for kids to continue building the baller skills they learn here at camp."

Majesco will release *NBA Baller Beats* in September.

GlobalSCAPE's TappIn partners with ESET

GlobalSCAPE's (A:GSB) wholly-owned subsidiary, TappIn, and ESET, a company specializing in proactive cyber-threat protection, have joined in an affiliate partnership. Through the partnership, ESET will offer TappIn's secure content mobility solution to customers who wish to achieve remote access and file sharing without sacrificing ESET's antivirus protection.

"This partnership puts secure mobility at the fingertips of ESET's consumer and business clients, leveraging ESET's virus and malware protection to safeguard data where it is stored, and TappIn by GlobalSCAPE's secure content mobility technology to enable anywhere, anytime access to that data, without requiring it to be moved from the client's ESET-protected storage repository," said TappIn President Chris Hopen.

TappIn works by encrypting data that is stored on a cloud pathway that makes uploading files to remote devices unnecessary. By encrypting the data, users are able to access and share information without compromising its integrity. The system is available on multiple operating systems, including Apple iOS, Android and Windows 7.

The Bowser Game Plan

1. **DO NOT PAY** more than \$3/share for a stock.
2. **CREATE A PORTFOLIO** of 12 to 18 stocks.
3. **DO NOT SELL** when a stock goes above \$3/share and is moved to page 5.
4. **DO NOT SELL** when a stock moves to a lower category.
5. **SELLING PLAN:** Sell half of your holdings when the stock doubles from your purchase price. Sell the remainder after the stock drops 25% from its most recent high. If the stock drops 50% before it has doubled, sell all shares.
6. **RECORD** proceeds from sales.
7. **PORTFOLIO EVALUATION** = Current value of portfolio + Proceeds from sale.

COMPANY OF THE MONTH

Business

Small businesses have been in the news a lot lately. According to the U.S. Small Business Administration, these companies produced 46% of private nonfarm gross domestic product (GDP) in 2008 (the latest statistics available). Newtek Business Services, operating as The Small Business Authority, targets the small business market, providing a number of products and services. The following is a list of major segments The Small Business Authority (Newtek) operates under:

- **Newtek Merchant Solutions** provides *electronic payment processing* services that include credit card, debit card, check conversion and automated clearing house (ACH) processing. The processing gateway facility for this particular segment is Secure Gateway Services LLC, in which NEWT has an investment.
- **Newtek Technology Services** (CrystalTech Web Hosting) provides *managed technology solutions* that include web hosting, domain registration, online shopping cart tools, cloud computing plans and web design and development services to help businesses create a profound Internet presence. Newtek Technology Services provides web solutions to over 144,000 small business customers in over 115 countries.
- **Newtek Small Business Finance, Inc.** provides *small business finance services* including business lending and accounts receivable finances. Loans range from \$50,000 to \$5,000,000 and go towards a number of different needs. **Newtek Business Credit** (CDS Business Services, Inc.) handles the accounts receivable financing.
- **Newtek Insurance Agency** provides personal, commercial and health/benefits lines of *insurance products* to customers of all affiliated companies and alliance partners. NIA is licensed in all 50 states.
- **Newtek Payroll Services** provides *payroll* list management and employee tax filing services to approximately 72 customers in 25 states.

The company's main goal is to serve the small to medium business market by providing low-cost, but effective business solutions. In all, the company operates under 36 subsidiaries (as of December 31, 2011) to manage and sell its products. By maintaining so many various subsidiaries, Newtek is able to maintain its goal of being a "one-stop shop" for the small and medium business market.

Financials

In 2011, NEWT had over 100,000 business accounts for which it provided products and/or services. Since the fiscal year ended in 2010, Newtek has grown considerably. From revenues of \$112.7 million and a net loss of \$429,000, the company has posted trailing twelve month (ttm) June 2012 revenues of \$125.6 million and a net income of \$5,827,000, representing significant increases in both categories. Profit margins rose from 2.8% (12/31/11) to 4.6% (ttm 6/30/12). The company is forecasting revenues between \$129.1 million and \$132.2 million and a pretax income of \$6.5 million to \$8.5 million for the fiscal year ending 12/31/12.

NEWT also maintains a solid balance sheet. The company trades just above its book value of \$1.68/share and has long-term debt of \$11,552,000, representing less than 10% of its ttm sales. Long-term debt has decreased from \$51.9 million in December 2009 to its current level of \$11.6 million. The company's current assets-to-current liabilities ratio is an acceptable 1.7. NEWT currently trades right around its intraday 52-week high of \$1.83 (set on August 6, 2012).

This company has been able to grow throughout a tough economic climate, especially in the small business sector. If it can find growth in an otherwise down time, hopefully when the small business market turns up, Newtek will be able to capitalize on the opportunity.

Management

Newtek Business Services is headed by president and chief executive officer, Barry Sloane. Mr. Sloane has been a director of the company since 1999. He currently owns 4,727,464 shares of common stock. His most recent purchase was 6,000 shares on June 6, 2012.

Jennifer Eddelson is the company's principal financial officer and chief accounting officer. Ms. Eddelson has been an employee since 2004 and currently holds 13,370 shares of common stock.

Craig J. Brunet is the chief information officer and executive vice president. He has been an employee since 2001 and currently holds 86,734 shares of common stock.

Director Sam Kirschner has purchased 35,825 shares of common stock since May 14, 2012 for 44,825 shares total.

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Recent News

Newtek purchased 721,280 shares of common stock in the open market at a price of \$1.14/share on June 29, 2012. The company is authorized to purchase up to 1 million common shares. So far, 794,339 shares have been purchased.

NEWTEK

BUSINESS SERVICES INC.

NASDAQ: NEWT
BOWSER RATING: 8
Last 12 Months—
\$1.00-1.83

	2010	2011	2012(A)
REVENUES	\$112,719,000	\$125,339,000	\$63,067,000
INCOME(LOSS)	(\$429,000)	\$1,439,000	\$2,513,000
WORKING CAPITAL	\$9,352,000	\$42,862,000	\$44,606,000
BOOK VALUE	\$1.52	\$1.63	\$1.68
TOTAL SHARES	35,655,000	35,706,000	36,681,000
FLOAT	N/A	N/A	25,750,000
(A) SIX MONTHS ENDING 6/30/12			

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) AMER. DEPOSITORY RECEIPTS; (NR) NOT RATED; #-PREVIOUSLY APPEARED ON LIST, BUT WAS REMOVED BECAUSE IT HAD RISEN ABOVE \$3.00/SHARE; @-FROM CONTINUOUS OPERATIONS; FIGURES IN PARENTHESIS ARE LOSSES; C-CANADIAN DOLLARS

Made Original Appearance on List & Market	Issue/Trading Symbol	Principal Business	Price 08/01/12	Long-Term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: OUR EBST PICKS								
	02/12(GM)	ATLANTIC AMERICAN (AAME)	2.70	\$0.000	\$124.8	\$4.478	23.7	8
	06/10(OB)	BULLION MONARCH (BULM)	0.85	\$0.000	\$6.2	(\$0.057)	39.2	8
#	02/11(CM)	CENTURY CASINOS (CNTY)	2.75	\$0.000	\$79.5	\$3.790	22.7	8
#	05/11(N)	DOVER DOWNS (DDE)	2.80	\$64.500	\$248.8	\$10.756	31.7	8
		Office: 1131 N. DuPont Highway, Dover, DE 19901, Tel: 302/674-4600, Fax: 302/857-3253, www.doverdowns.com						
#	06/08(A)	FLEXIBLE SOLUTIONS (FSI)	1.35	\$1.654	\$16.3	\$0.048	13.2	8
#	12/07(A)	FULL HOUSE RESORTS (FLH)	2.70	\$0.000	\$130.5	\$28.767	18.7	8
	06/12(N)	GOLDFIELD CORP (GV)	2.00	\$4.875	\$41.6	\$3.535	25.5	8
#	12/06(A)	ITERIS INC (ITI)	1.52	\$0.000	\$28.1	\$3.093	33.9	8
	04/11(CM)	MAJESCO ENTERTAIN (COOL)	1.78	\$0.000	\$143.0	\$7.796	39.7	8
	08/12(CM)	NEWTEK BUSINESS (NEWT)	1.70	\$11.552	\$125.6	\$5.827	36.7	8
	07/12(OB)	SPINE PAIN MGMT (SPIN)	1.17	\$0.378	\$5.7	\$1.498	17.3	8
#	06/11(OB)	VERTEX ENERGY (VTNR)	1.76	\$0.000	\$124.2	\$6.132	9.4	9
CATEGORY TWO: WORTHY OF CONSIDERATION								
	12/10(A)	DIGITAL POWER (DPW)	1.27	\$0.000	\$10.4	\$1.029	6.8	8
	08/11(A)	GSE SYSTEMS (GVP)	2.30	\$0.000	\$52.2	\$2.318	18.4	8
	11/11(A)	GLOBALSCAPE (GSB)	2.22	\$0.000	\$21.7	\$0.323	18.3	8
#	03/11(A)	INTELLIGENT SYSTEMS (INS)	1.67	\$0.000	\$16.9	\$0.755	9.0	8
	04/11(OB)	LIBERATOR MEDICAL (LBMH)	0.70	\$0.000	\$57.3	\$1.271	48.1	8
	01/12(CM)	PERMA-FIX ENVIRON(PESI)	1.07	\$3.487	\$133.1	\$13.413	56.1	8
#	06/08(A)	TENGASCO INC (TGC)	0.80	\$13.741	\$18.5	\$5.199	60.7	8
CATEGORY THREE: VERY SPECULATIVE								
	04/09(A)	COVER-ALL TECH (COVR)	1.55	\$0.000	\$16.0	(\$1.481)	25.9	NR
#	10/09(CM)	LRAD CORP (LRAD)	1.17	\$0.000	\$14.8	(\$0.304)	32.4	NR
#	02/10(CM)	MANHATTAN BRIDGE (LOAN)	0.98	\$0.500	\$1.5	\$0.291	3.9	8
#	08/10(OB)	OUR PET'S CO (OPCO)						
	07/10(OP)	REPRO-MED SYSTEMS (REPR)	0.20	\$0.003	\$6.6	\$0.708	35.2	NR
#	11/10(OP)	SONO-TEK CORP (SOTK)	0.84	\$0.000	\$11.9	\$1.204	14.4	NR
#	02/04(CM)	TII NETWORK TECH (TIII)						

NOTE: We've assembled, in a bound booklet, a reproduction of the original company of the month write-ups for each of the above stocks. This *Company of the Month* booklet is available for \$10.

SELL RECOMMENDATION

This month marks two years since we recommended OurPet's Company (OB:OPCO) at a price of \$1.20/share. At that time, the company was profitable and growing. However, since then, OPCO has become unprofitable with a trailing twelve month (ttm) loss of \$501,000. The main cause for the consistent negative earnings is rising costs resulting in lower margins. In a competitive pet accessory industry, we don't see OPCO drastically improving margins to benefit investors anytime soon. *For more on OPCO see the Earnings Page.*

CATEGORY CHANGES

As the result of a struggling earnings report (*see Earnings page*), **Sono-Tek Corp** (OP:SOTK) has been moved from Category 1 to Category 3. We have also changed the company's rating to NR, reflecting the drop in profits.

Liberator Medical (OB:LBMH) moved from Category 1 to Category 2 because of poor share performance. While the company has been retaining profits, investor interest has fallen short, resulting in a price plummet.

TII Network and Kelta close deal

On page 8 in the June 2012 *Bowser Report*, we discussed an agreement between TII Network Tech (CM:TIII) and Kelta, Inc., whereby Kelta would acquire TIII through a \$33 million deal. TII Network shareholders approved the deal on July 31,

resulting in completion of the merger later that day. TII Network Tech is now a wholly-owned subsidiary of Kelta.

TIII shareholders are advised to hold their share certificates until Broadridge Corporate Issuer Solutions contacts them with instructions on how to receive their cash payout. If the shares were purchased and held through a bank or a broker, the bank or broker will handle the conversion.

Brian J. Kelley, TIII's president and CEO, stated, "Not only does the merger provide a significant premium for TIII's stockholders to the market at the time we announced the proposed merger, but Kelta's financial strength, resources and capabilities will enable TIII to accelerate the development of new and innovative products for our customers."

Iteris gets big contract win in CA

The City of Anaheim awarded Iteris (A:ITI) with a Traffic Signal Synchronization Services contract to deploy Intelligent Transportation System (ITS) upgrades and optimized signal timing services. The project will take place along Lincoln Avenue/Nohl Ranch Road through Anaheim and Orange.

ITI is responsible for equipment procurement, integration and signal timing decision implementation and support services at 46 intersections along the aforementioned location. The project has an initial value of \$928,000, but a total value of \$974,000 with exercisable options. Work began on the project immediately.

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 08/01/12 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

<u>ISSUE/EXCHANGE SYMBOL</u>	<u>1</u>	<u>2</u>
AMER SHARED HOSP (A:AMS)	\$3.00(8)	12/11 \$2.45(8)
AVALON HOLDINGS (A:AWX)	\$3.61(8)	05/11 \$2.90(9)
CIMATRON LTD(CM:CIMT)	\$3.87(8)	02/08 \$2.75(8)
CVD EQUIPMENT(CM:CVV)	\$10.99(8)	07/05 \$2.03(9)
DGSE COMPANIES(A:DGSE)	\$7.43(8)	12/03 \$2.05(8)
DOVER DOWNS (N:DDE)	NOW \$2.80; SEE PAGE 4	
EVOLVING SYSTEMS(CM:EVOL)	\$5.69(8)	05/09 \$3.68(8)
*Price adjusted: 1-for-2 rev. split 07/09		
FEMALE HEALTH CO(CM:FHCO)	\$6.04(9)	10/07 \$2.32(9)
FIELDPOINT PETROLEUM(A:FPP)	\$4.05(8)	10/08 \$2.24(8)
FONAR CORP (CM:FONR)	\$3.47(8)	03/12 \$1.97(8)

<u>ISSUE/EXCHANGE SYMBOL</u>	<u>1</u>	<u>2</u>
FOOD TECH SERVICE(CM:VIFL)	\$6.75(8)	01/07 \$2.50(8)
GOLDEN ENTERPRISES(GM:GLDC)	\$3.47(9)	02/09 \$2.35(9)
IEC ELECTRONICS(A:IEC)	\$6.29(8)	07/08 \$1.99(8)
INVENTURE FOODS(CM:SNAC)	\$7.25(8)	09/00 \$2.56(8)
KEY TRONIC(GM:KTCC)	\$7.29(8)	11/08 \$1.57(10)
METROPOLITAN HEALTH(N:MDF)	\$8.24(8)	01/08 \$2.36(9)
PARAMETRIC SOUND (CM:PAMT)	\$9.99(8)	06/07 \$4.30(NR)
*Price adjusted: 1-for-5 rev. split 03/12; spin-off from LRAD Corp.		
SIMULATIONS PLUS(CM:SLP)	\$4.19(9)	05/10 \$2.46(9)
VERSAR INC (A:VSR)	\$3.04(10)	10/11 \$2.76(10)

THE FOLLOWING WE SAID SHOULD BE SOLD

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

BRIDGELINE DIGITAL(CM:BLIN)	\$1.10(NR)	12/11 \$0.59(NR)	GIGA-TRONICS INC (CM:GIGA)	\$1.40(NR)	03/11 \$1.28(NR)
CHINA PHARMA HOLDINGS(A:CPhi)	\$0.35(NR)	11/11 \$0.90(NR)	RELM WIRELESS CORP(A:RWC)	\$1.57(NR)	05/11 \$1.45(NR)
ENVIROSTAR INC(A:EVI)	\$1.35(NR)	07/11 \$1.25(NR)	WELLS GARDNER(A:WGA)	\$2.32(NR)	06/11 \$2.10(NR)
FORTUNE INDUSTRIES (A:FFI)	\$0.15(NR)	04/11 \$0.27(NR)			

BRIEFS

CIMATRON (CM:CIMT) had a warm reception of its CimatronE and GibbsCAM products at the ACMEE trade show in Chennai, India. . . . **COVER-ALL TECH** (A:COVR) launched its new Business Intelligence Application for the iPad, making it faster and easier for COVR customers to access and share their business information "on the go." Universal Group, Inc., located in Puerto Rico, upgraded to Cover-All's new Policy Administration platform and its Commercial Lines products. . . . **DGSE COMPANIES** (A:DGSE) entered into a loan agreement with NTR Metals, LLC through which NTR will provide DGSE with a guidance line of revolving credit in an amount of up to \$7.5 million. . . . **DOVER DOWNS** (N:DDE) announced a quarterly dividend of \$0.03/share that is payable on 9/10/12 to shareholders of record as of 8/10/12. . . . **FEMALE HEALTH COMPANY** (CM:FHCO) announced a quarterly dividend of \$0.06/share that is payable on 8/8/12 to shareholders of record as of 8/1/12. This marks the company's tenth straight quarterly dividend. FHCO also announced a \$23 million commitment to the London Summit on Family Planning's goal

of getting contraceptive products, information, services and supplies to 120 million women and girls in the world's poorest countries by 2020. . . . **GLOBALSCAPE** (A:GSB) announced James Albrecht as the company's new chief financial officer (CFO). . . . **ITERIS** (A:ITI) announced Tom Blair as the senior vice president of ITI's recently established iPerform™ group. . . . **LRAD CORP** (CM:LRAD) received a LRAD 2000X systems order for foreign border trial installation. If the trial installation is successful, LRAD expects larger follow-on orders. . . . **MAJESCO ENTERTAINMENT** (CM:COOL) announced the full song lists for *NBA Baller Beats* and *Zumba® Fitness Core* video games. . . . **PARAMETRIC SOUND CORP** (CM:PAMT) announced a license agreement with Epsilon Electronics for the development and introduction of consumer products that utilize PAMT's HyperSound technology. . . . **SIMULATIONS PLUS** (CM:SLP) announced a quarterly dividend of \$0.05/share that is payable on 8/10/12 to shareholders of record as of 8/7/12. . . . **VERSAR, INC** (A:VSR) was awarded a contract by Tetra Tech, Inc. for support services at Joint Base Lewis-McChord, Washington.

GlobalSCAPE receives Army contract

The United States Army and GlobalSCAPE (A:GSB) have agreed on their fourth contract since 2005. The newest contract will continue support of the Standard Army Maintenance System-Enhanced (SAMS-E) logistics program.

The contract will extend at least through July 2013, but there are two one-year option agreements that the parties could exercise. The first year will result in equal installments throughout the year totaling \$1.35 million. If both option years are exercised, the company will receive a total of \$4.4 million over the next three years. This could potentially be the largest single contract win in the GSB's history.

<u>INSIDER TRADING</u>	<u>NAME</u>	<u>BUY/SELL</u>	<u>DATE</u>	<u>PRICE</u>	<u>HOLDINGS</u>	
Female Health Co	Richard Wenninger(D)	AS-10,000x	7/02/12	\$5.86	1,111,778x	
	" "	AS-10,000x	7/03/12	\$6.02	1,101,778x	
	" "	AS-10,000x	7/05/12	\$6.04	1,091,778x	
	" "	AS-10,000x	7/06/12	\$6.18	1,081,778x	
	" "	AS-10,000x	7/09/12	\$6.45	1,071,778x	
	" "	AS-10,000x	7/10/12	\$6.37	1,061,778x	
	" "	AS-10,000x	7/11/12	\$6.09	1,051,778x	
	" "	AS-10,000x	7/12/12	\$6.05	1,041,778x	
	" "	AS-10,000x	7/13/12	\$6.10	1,031,778x	
	" "	AS-10,000x	7/16/12	\$5.94	1,021,778x	
	" "	AS-10,000x	7/17/12	\$5.82	1,011,778x	
	" "	AS-10,000x	7/18/12	\$5.85	1,001,778x	
	Full House Resorts	Mark J. Miller(CFO)	B-2,000x	7/12/12	\$2.80	450,296x
		" "	B-2,000x	7/13/12	\$2.70	452,296x
Sono-Tek Corp	Stephen J. Bagley(CFO)	B-650	7/25/12	\$0.74	1,750,00	
	Joseph Riemer(P)	B-26,750	7/25/12	\$0.74	80,225	

AS- Automatic sale; CFO – Chief financial officer; D- Director; P- President. x- indirect holdings.

BOWSER BUCKAROOS SPEAK

BANK OF AMERICA WARRANTS

Hi guys. . . . A question about Bank of America warrants. You list their B warrants but not the A warrants, which are trading for about 4X the price of the B warrants. Could you explain why that is the case? All things being equal, the cheaper warrants make more sense for obvious reasons. (I can buy 4X as many warrants for the same money.) BUT, are all things equal? Just curious about the difference in the two. Thanks!

--Steve Erickson, Concord, CA

Thanks, Steve, for the good question. There were a few reasons why we recommended the B warrants over the A warrants:

1) Trading price. The B warrants trade for less than a dollar. The A warrants trade for just above \$3. For warrants, we recommend buying them under a dollar if possible.

2) Expiration date. B will expire 10/28/18 and A will expire 1/16/19. Usually, we like to see an expiration date with a lot of room to go. While A has a longer time, B's expiration date is still very acceptable.

3) Number of warrants outstanding. The fewer the better. B has 121.8 million vs. A's 150.3 million.

4) Strike price. This drives the warrant's price and is the biggest difference between the two. A is exercisable at \$13.30 and B at \$30.79. What this means is that if you own either the A or B warrants, you could purchase one share of Bank of America common for the difference between the strike price and the warrant's current trading price. (A warrant - \$13.30 - \$3.20 = \$10.10; B warrant - \$30.79 - \$0.65 = \$30.14).

Right now, neither of these give the warrant holder a great incentive to buy the stock (currently at \$7.22), but because the A warrant's strike price is closer to what the common is trading at, the warrant price is higher. When and if the common gets closer to B's strike price, that warrant should also go up in price.

However, none of this should concern our Buckaroos. We do not recommend trading warrants based on exercise price and trading options. Instead follow the Bowser Game Plan, just as you would with any of our recommendations.

SPINE PAIN MANAGEMENT

I am confused about your write-up on SPIN. You say the company has no actual brick-and-mortar overhead. You also say that new centers are funded by existing cash flow. Is this SPIN's or the affiliates? Are the centers separate corporate subs? If they are, their operations would be taken into account in SPIN's financial statements. Correct? Also, the article only refers to matters involving at-fault drivers. I assume we are talking about auto insurance companies. Are these medical procedures only available to those who suffer because of auto accidents? Are the procedures covered by any medical insurance?

--Don McAuley, Port St. Lucie, FL

Sorry for the confusion, Don. By funding, we meant the down payment that SPIN makes to the affiliate doctor, which, as our write-up noted, is about 20% of the procedures' total cost. When SPIN affiliates itself with a new center, it provides these down payments through cash flow to get the new center's services going. This typically takes 12-18 months. After which time, the center begins receiving settlement payments and becomes self-funding.

The affiliate centers are not owned by SPIN and, so, they are not subsidiaries. What happens is that SPIN and the centers develop a working relationship to expedite the patients' treatments. This money shows up in SPIN's financial statements as cash flow.

Lastly, SPIN in general just deals in at-fault cases that are not limited to auto accidents. We used auto accidents in our write-up because we felt they would be easiest to understand. SPIN has to wait for settlements to clear before they receive any payment. No matter which party in a case is declared at-fault, a settlement is eventually reached and the procedure is paid.

BUCKAROOS KEEPING US STRAIGHT

Please verify the \$36 million of income for FLL on page 4 of the July Bowser Report. Still profiting from and enjoying your newsletter. I like the new computer print.

--Elmer Mulhausen, Clifton, TX

Elmer is absolutely correct. The income figure should read "\$28.767," and now it does.

Was Repr-Med ever on page 5 as being over \$3.00, which is what the "#" stands for to the left of the date on page 4?

--David Mittleman, Brooklyn, NY

No, REPR has never been above \$3.00 or on page 5. Nor has it doubled. Thanks for your keen eye, Mr. Mittleman.

I have two comments for you: 1) You should not "front run" Companies of the Month into your Microcap Index; and 2) better protect "COM" information because COOL and SPIN both had big jumps prior to publication.

--Mark Linder, Phoenix, AZ

We will continue to be very secretive (online as well) about the upcoming Companies of the Month, as we have been for the last 35 years. Sometimes, as with SPIN, they put out an exciting press release right before our recommendation.

I do not think you should make the blog public and give access to non-Buckaroos about Company of the Month information. Is there a way to alert me when the newsletter is being published so I will know when to check online?

--Marq Apel, Bruce Township, MI

First, the blog will deal mostly with general information on microcaps and the market in general. Company of the Month information will not be discussed. Second, we do plan to send out a blast e-mail before publication for a "heads-up."

Beginner's Portfolio Up 174%

BOUGHT: FSI @ \$1.35/share plus \$10 commissions = \$145
BOUGHT: ITI @ \$1.52/share plus \$10 commissions = \$162

BUYOUT: TIII @ \$2.15/share = \$215
SOLD: LBMH @ \$0.70/share less \$10 commissions = \$60

	Cost	08/01/12		Cost	08/01/12		Cost	08/01/12	
*VIFL	286/Feb '07	343	GSB	181/Nov '11	222	VTNR	175/June '12	176	Proceeds
*MDF	239/Mar '08	412	PESI	180/Mar '12	107	AMS	308/June '12	300	From Sales
LOAN	120/Mar '10	98	AAME	280/Mar '12	270	INS	179/June '12	167	9,354
BULM	75/Sep '10	85	COOL	258/Apr '12	178	SPIN	125/July '12	117	215
CNTY	270/Mar '11	275	DDE	289/May '12	280	FSI	145/Aug '12	135	60
GVP	210/Sep '11	230	GV	168/June '12	200	ITI	162/Aug '12	152	(145)
									3,747
									(162)
									Proceeds from Sales:
									9,322
									Current Value of Portfolio:
									13,069

Cost for all stocks: \$4,766 *50 shares

Gain: 13,069 minus \$4,766 = 8,303

Percentage of gain: 8,303 divided by \$4,766 x 100 = 174.2

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 \$200 to \$300 a month 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.**

BEGINNER'S PORTFOLIO EXPLANATION

This month, some of the changes to the Beginner's Portfolio may seem unclear. As a result, we are dedicating this space to a brief but thorough explanation of what happened above. First, TII Network Tech (CM:TIII) merged with Kelta (see page 4). The acquisition agreement stated a \$2.15/share cash payout, which is reflected above. In this type of situation, there are usually no brokerage charges.

Liberator Medical (OB:LBMH) also made its way out of the portfolio because of the 50% rule. We purchased LBMH at \$1.41/share in April 2011. The stock never doubled but dropped to \$0.70/share, resulting in a 50% loss and the consequent sale in keeping with the Bowser Game Plan.

Replacing TIII and LBMH are two companies from Category 1 of page 4, Flexible Solutions (A:FSI) and Iteris Inc (A:ITI).

Spine Pain expanding in FL

In the last month, Spine Pain Management (OB:SPIN) opened two affiliate diagnostic centers in Florida. The new locations in Brandon and Lakeland mark the fifth and sixth centers in the state and the seventh and eighth centers overall. (The company's two flagship centers are based in Texas.) The six centers in Florida cover a population of 8 million, representing roughly 40% of the state's total population. Both centers have referral sources in place to begin seeing patients immediately.

SPIN prefunds these centers' spine diagnostic injections and also provides the centers with the Quad Video Halo System™ that allows for complete transparency throughout the procedures. The company estimates that the new centers can treat about 50 patients a month at full capacity. Spine Pain projects that 25% of full capacity will be reached within the first 6 months, 50% within the first 12 months and 100% within the first 24 months.

Looking forward, SPIN president and CEO Dr. William Donovan commented, "With the proceeds from the \$500,000 non-brokered private placement announced on June 29, 2012, not only do we have the funding for these two new locations, but we also have sufficient cash on hand to accelerate Spine Pain's footprint in Florida and are already investigating several additional location possibilities

outside of Florida and Texas." Dr. Donovan also observed that he expects the company's Florida accounts receivable are entering into a maturation phase that will be realized during the third quarter of 2012.

FieldPoint drilling update

Last month we discussed FieldPoint Petroleum's (A:FPP) plans to begin drilling on the East Lusk 15 Federal #2 well in Lea County, NM. The drilling, which will be done by Cimarex Energy Co. through an operating agreement, has begun and will target the Bone Spring formation. FPP has pre-paid its expected share of the drilling costs—\$1.3 million (additional costs will be necessary). The drilling should be completed within 60 to 90 days from its start date of July 16.

FPP's president and CEO, Ray Reaves, made the following comments, "As I have mentioned before, there are two highly important aspects of this drilling program. First, Cimarex Energy is one of the best in the industry at completing wells in the Bone Springs formation. This is very important for well success and optimal well production. And second, if successful, this could lead to drilling a third well on this lease, which could serve to significantly increase our daily production and proved producing reserve base."

We had our own talk with Mr. Reaves this month. He called us at the request of one of our subscribers. The reason for the call was to ensure that our readers knew that the hedging we discussed in last month's issue was based on *existing* production, and not the potential production of the new well. FieldPoint will not hedge the price of a well's production until they know exactly what that well will produce.

Therefore, only the existing well that is currently producing oil is hedged at 200 barrels a day at \$95/barrel. While Mr. Reaves is hopeful that the well currently being drilled will produce at least as much as the existing well, there is no way to be sure.

We would like to thank Mr. Reaves for taking the time to call us and make sure that we are abundantly clear in our writing.

Also, many thanks to the Buckaroo, who owns quite a few FPP shares by the way, that had Mr. Reaves get in touch with us!

NOTES BY THE EDITOR

This month, **Chuck Bostrom**, a long time Buckaroo, sent us a very thought-out report on each warrant that we include on our Warrant Register (remember Chuck did an article for us on warrants in the April 2012 *Bowser Report*). Work like Chuck's shouldn't go unnoticed, so we included his favorites (or what we think to be his favorites). The following is a sample of Chuck's words:

Dear Editors,

This is a further reflection about the warrant page in The Bowser Report. The page offers the best opportunity for capital appreciation (making money) within the confines of the publication. The review of the warrants is simply a set of thoughts regarding each one on the list.

ASBCW – *The stock price has to rise about 50% in order for this warrant to be in-the-money (above the exercise/strike price). The stock has been above the strike price in the previous year, which proves the stock can and has moved. With some 6 years to run, these warrants have plenty of time to reward an investor quite richly. The company has a Bowser Rating of 9, which characterizes a very strong company. I bought this one.*

HCIW – *This warrant was in my portfolio and I applied the Bowser Selling Plan and am now out of it with a fine profit (something like tripled my money). The warrants have another year to run and are currently well in-the-money. These warrants are a little unique in that they trade on a 2 warrants for 1 share of stock. This means if the stock goes up a dollar, the warrant will go up 50 cents. You make the decision. The company's Bowser Rating is 8.*

REN-WT – *This company has no rating. The warrants expire some 26 months from now, plenty of time for good things to happen. The share price only has to rise 30% to be in-the-money, a far shorter distance than many of the other warrants. With the assets the company owns (i.e. one barrel of oil/share of stock) and over two years to go on the warrants, this looks like a good buy. This investor owns several thousand warrants. The share price has been above the exercise price in the last year.*

As is evident above, Mr. Bostrom knows warrants. If you would like our take on any of the warrants in the publication, or would like to talk warrants, you can call us (757/877-5979)

FIVE BOWSER STOCKS UP OR DOWN LAST MONTH

VERTEX ENERGY	UP	30%	REPRO-MED	DOWN	23%
COVER-ALL	UP	21%	LIBERATOR MED	DOWN	22%
INVENTURE	UP	15%	GOLDFIELD	DOWN	19%
PARAMETRIC	UP	13%	SONO-TEK	DOWN	18%
GLOBALSCAPE	UP	9%	METRO HEALTH	DOWN	16%

or email us (ministocks@aol.com). Another option is purchasing the \$5 warrant booklet. Thank you, Chuck, for sharing your research and insight with us!

As we discussed on page 6, sometimes there are factors other than our publication that can influence a Company of the Month's price. In order to make the second Thursday's publication, we have to have the newsletter to the printers the Monday before hand. We take extra precautions each month to ensure that the Company of the Month does not leak out, so if the price jumps prior to publication, there is likely some news or other developments out there.

All Buckaroos who decided to switch their service to the online version will also receive the print version this month. This is to ensure that they do not miss the release of the information should there be an unforeseen online error. Next month, however, their print service will stop.

The Bowser Report online member benefits:

- Fast access to our newsletter
- A growing database of archived newsletters
- Company of the Month profiles for the companies in the most current newsletter



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WARRANT REGISTER

NO WARRANTS
WERE UP
THIS MONTH

FlatWorld details merger

On July 26, 2012, FlatWorld Acquisition Corp. (warrants OB:FVLWF) and Orchid Island Capital, Inc. agreed to bring the latter to the public market. Under this agreement, Orchid Island will merge with and into FTWA Orchid Merger Sub. The Merger Sub will change its name to Orchid Island Capital LLC and FlatWorld will change its name to Orchid Island Holding, Inc.

FlatWorld president, Jeffrey A. Valenty: "FlatWorld is very pleased to be partnering with Orchid Island on this business transaction at what we believe is an ideal entry-point into a differentiated mortgage REIT investment strategy that presents a compelling investment opportunity for our public shareholders with future growth in assets, protection of shareholder value and the ability to achieve attractive risk-adjusted returns."

FlatWorld also announced that it will commence its tender offer to purchase up to 825,000 of the company's common shares at the price of \$10.18 per share. The offer expires August 24, 2012 at 11:59 EST.

FairPoint to extend broadband

In an effort to bring high-speed internet to those who do not yet have access, FairPoint Communications (warrants OB:FRPZW) will extend its coverage to 53 towns in Vermont. In order to facilitate the expansion, FairPoint will leverage \$2 million from the Federal Communication Commission's Connect America Fund, which was established to bring high speed Internet to 18 million rural Americans who currently do

not have service.

FairPoint will complete its project over the next three years, bringing one-third of the new communities online each year. This project also enables the company to extend broadband service to South China, ME.

FairPoint's Vermont services president, Mike Smith, noted, "This is another crucial step in getting fast reliable broadband to all Vermonters. With this latest project, FairPoint will have invested almost \$100 million for broadband across Vermont since 2008. That's unprecedented."

S & W SEED COMPANY (warrants CM:SANWW) closed the purchase agreement through which it acquired 640 acres of high quality farmland in Calipatria, CA. The company also finalized the lease agreement on an adjacent 1,240 acres of land. We initially reported on these deals in the June 2012 *Bowser Report*.

The purchase deal totaled \$5.5 million, \$2.625 million of which the company financed through a long-term loan with Wells Fargo and the remainder of which the company paid for with proceeds from its recent share offering. The lease will extend over 5 years. 920 acres will be available for production in the first year with all 1,240 acres available in years 2 through 5.

TCF FINANCIAL's (warrants N:TCB-WT) indirect subsidiary, TCF Inventory Finance, Inc., entered into an agreement with Independent Boat Builders, Inc. to provide IBB's 22 boat manufacturers with wholesale floorplan financing. The deal represents TCFIF's dedication to the marine industry.

Company	Market/Symbol	Principle Business	Stock Price 08/01/12	Warrant Price 08/01/12	Conv. Ratio	Exer. Price	Expire Date	No. Wts	Bowser Rating
Associated Banc-Corp 1200 Hansen Rd., Green Bay, WI 54304, Tel: 920/491-7000, www.associatedbank.com	GS:ASBCW	Bank holding company	12.49	1.32	1.00	19.77	11/21/18	4.0M	9
Bank of America Bank of Amer. Corp. Center, 100 N Tryon St., Charlotte, NC 28255, Tel: 704/386-5681, www.bankofamerica.com	N:BAC-WTB	Banking and financial services	7.22	0.65	1.00	30.79	10/28/18	121.8M	9
China Hydroelectric 420 Lexington Ave., Ste. 860, New York, NY 10170, Tel: 646/467-9800, www.chinahydroelectric.com	N:CHC-WT	Hydroelectric power in China	0.76	0.02	1.00	3.45	12/31/13	6.0M	7
Citigroup 399 Park Ave., New York, NY 10043, Tel: 212/559-1000, www.citigroup.com	N:C-WTA	Investment Banking	26.78	0.32	1.00	106.10	01/04/19	2.6M	8
Combimatrix 6500 Harbour Heights Pkwy, Ste. 303, Mukilteo, WA 98275, Tel: 425/493-2000, www.combimatrix.com	CM:CBMXW	Biotech development	0.71	0.06	1.00	9.00	05/01/14	1.1M	6
FairPoint Comm 521 E. Morehead St., Ste. 250, Charlotte, NC 28202, Tel: 704/344-8180, www.fairpoint.com	OB:FRPZW	Communications in New England	6.19	0.11	1.00	48.81	01/24/18	3.6M	7
Flatworld Acquisition Palm Grove House, Road Town, Tortola VG1110, BVI, Tel: +1(284) 545-6127, www.flatworldcapital.com	OB:FVLWF	Seeking to buy another company	10.09	0.10	1.00	11.00	12/15/15	67.0M	NR
Ford Motor Co. One American Rd., Dearborn, MI 48126, Tel: 313/322-3000, www.ford.com	N:F-WT	Motor vehicles	9.04	0.67	1.00	9.20	01/01/13	362.0M	8
Homeowner's Choice 145 NW Central Park Plaza, Ste. 115, Port St. Lucie, FL 34986, Tel: 772/204-9394, www.hcpci.com	GM:HCIW	Property/casualty insurance in FL	18.13	4.40	0.50	9.10	07/31/13	6.7M	8
Microvision Inc 6222 185 th Ave. N.E., Richmond, WA 98052, Tel: 425/415-6847, www.mvis.com	CM:MVISW	Miniature images and displays	1.60	0.09	1.00	3.60	07/23/13	0.6M	6
NeoStem Inc 420 Lexington Ave., Ste. 450, New York, NY 10170, Tel: 212/584-4180, www.neostem.com	A:NBS-WT	EXPIRED							
Owens Corning One Owens Corning Pkwy, Toledo, OH 43659, Tel: 419/248-8000, www.owenscorning.com	N:OC-WTB	Building materials worldwide	27.49	0.77	1.00	45.25	10/31/13	7.8M	8
Resolute Energy 1000 Crescent Ct., Ste. 1200, Dallas, TX 75201, Tel: 214/615-2300, no website	N:REN-WT	Petroleum/natural gas	8.47	0.72	1.00	13.00	09/25/14	1.7M	NR
Retail Opportunity Invest 3 Manhattanville Rd., 2 nd Fl., Purchase, NY 10577, Tel: 914/272-8080, www.roireit.net	GS:ROICW	Commercial real estate investment	12.11	0.84	1.00	12.00	10/23/14	44.0M	8
S&W Seed Company 2552 S. Butte Ave., Five Points, CA 93624, Tel: 599/884-2535, www.sweedco.com	CM:SANWW	Agricultural products	4.84	0.65	1.00	7.15	05/03/15	1.0M	8
TCF Financial 200 Lake Street East, Wayzata, MN 55391, Tel: 952/745-2760, www.tcfbank.com	N:TCB-WT	Bank holding company	10.34	1.46	1.00	16.93	11/14/18	3.2M	6
U-Swirl Inc. 1075 American Pacific, Ste. C, Henderson, NV 89074, Tel: 702/448-5301, www.healthfastfood.com	PK:SWRLW	U-Swirl frozen yogurt	0.24	0.003	1.00	5.10	03/19/13	5.6M	7

EARNINGS

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Dover Downs Gaming & Ent(DDE)	6/30/12	58,355,000	58,815,000	1,817,000	1,238,000	(A)
Female Health Company(FHCO)	6/30/12	8,656,390	3,517,439	2,549,743	416,667	(B)
Golden Enterprises(GLDC)	6/01/12	35,280,087	34,095,509	463,007	977,993	(C)
IEC Electronics Corporation(IEC)	6/29/12	36,022,000	34,626,000	2,203,000	1,333,000	(D)
Inventure Foods(SNAK)	6/30/12	48,015,732	43,609,336	1,623,325	859,884	(E)
Iteris Inc(ITI)	6/30/12	16,304,000	13,892,000	676,000	97,000	(F)
OurPet's Company(OPCO)	6/30/12	4,747,049	5,179,580	8,322	322,129	(G)
Repro-Med Systems(REPR)	5/31/12	1,744,165	1,493,970	90,339	197,959	
Simulations Plus(SLP)	5/31/12	2,771,500	2,639,508	869,333	1,054,143	(H)
Sono-Tek Group(SOTK)	5/31/12	2,839,702	2,989,070	11,100	238,595	(I)

(A) - Denis McGlynn, CEO: "In the second quarter we saw several more casinos added to an already-crowded market. While it's far too early to understand the long-term impact these new properties will have on DDE's business levels, we believe the quality of our property and amenities will allow us to compete effectively." Because of the lower G&A expenses and lower depreciation and interest expenses, net earnings improved 46%.

(B) - "We are delighted with the strong revenue gains posted during the third quarter and first nine months. This reflects increasing demand for the FC2 Female Condom," noted FHCO CEO O.B. Parrish.

(C) - SG&A (Selling, General & Administrative) expenses for the year ending June 1, 2012 increased \$3.2 million compared to the prior year. Much of this increase was attributed to selling related expenses including advertising, fuel costs, and other vehicle-related expenditures, as well as outlays associated with the implementation of GLDC's new enterprise resource planning system.

(D) - W. Barry Gilbert, CEO: "For the second quarter in a row, we have achieved financial results well beyond our historic metrics, specifically gross margins of 20.6% and operating margins of 9.8%. During the third quarter, cost containment and product mix were important drivers of IEC's higher margins."

(E) - The Snack segment's second quarter net revenues were flat. T.G.I. Fridays® and Boulder Canyon Natural Foods™ net revenues were down 1.7% and 1.8% respectively, offset by an increase of 10.8% in premium private label sales. During the second quarter of the prior year, T.G.I. Fridays® sales benefited from higher volume in anticipation of a planned price increase, which affected comparative sales growth in the current quarter. Boulder Canyon's™ sales were affected by competitive pricing pressure, the timing of promotional events and planned transitions in package size during the quarter.

(F) - "The momentum we established in 2012 has carried into the first quarter of fiscal 2013 as demonstrated by ITI's year-over-year, double-digit revenue growth and

strong sequential growth," said CEO Abbas Mohaddes. "These results support our belief that we are focusing on the right segments within the Intelligent Traffic Management market and our strategy to address these fast growing segments is sound."

(G) - Dr. Steven Tsengas, CEO: "We are acutely aware of the need to improve OPCO's gross profit margin, particularly as product margin differences alone accounted for approximately 5% of the overall 7.7% decrease in gross profit margin. Steps taken to improve our margins include increased prices of selected items as of July 1, re-engineering of certain products to reduce cost and consolidation of operating overhead costs." **For more on OPCO see page 4.**

(H) - Ms. Momoko Beran, CFO: "Nonrecurring charges and other elements of increased SG&A had an impact on gross profit and pretax earnings for the first nine months. SG&A increases over last year's first nine months included a one-time charge for our M&A consultants for the sale of our former Words+ subsidiary, increases in overhead staff and salaries, increased marketing and sales expenses, increased year-end bonuses and the fact that SLP now accrues 100% of the building lease and facility-related expenses to SG&A, which includes the 50% that had previously been paid by Words+."

(I) - Dr. Christopher L. Coccio, CEO: "We recognize that this year is one in which customers in some of SOTK's global locations are slower to place orders, due to uncertainty in their home economies. We also are seeing a shake-out in the solar energy industry worldwide, as governments are withdrawing support for some R&D programs aimed at capturing future markets in this industry. We expect that next quarter could also be below our growth targets and sales levels due to these factors, but we also believe we will see a number of new initiatives take hold later in the year and next year." **For more on SOTK see page 4.**

"Some cause happiness wherever they go; others, whenever they go."

-Oscar Wilde