



# Remembering Fred Astman

## Renowned stock picker, inspiration and friend of The Bowser Report

In mid-April, we received an email from one of our subscribers that read:

*In case you have not heard, I wanted to let you know that Fred Astman, Founder of First Wilshire Securities in Pasadena, CA, passed away recently.*

*I worked at First Wilshire as a stock broker in the '90s and got to see first-hand Fred's prodigious stock picking skills, especially in the small cap arena. Self-effacing and low key, Fred never sought the limelight. Yet I recall many "high profile" money managers making the trek to Pasadena to seek his council and run ideas by him. I remember that he was always generous with his time.*

*Fred was interviewed several times for The Bowser Report. Max and Fred were contemporaries and kindred spirits. Their passing truly marks the end of an era.*

*--Ed Kutch*

Shortly following Ed's email, we received another email from Scott W. Hood of First Wilshire, which included a remembrance of Fred. Scott noted:

*Max and The Bowser Report were always special to Fred. Although he was almost 91, he always retained that love of finding the next great stock. Our team at First Wilshire was drawn to that when we started here and each team member was able to learn from him and bring his or her own perspective. I will miss most the wisdom and steadiness during difficult times as he has been through it all.*

Bowser Report World Headquarters was saddened to hear of Fred's passing. He truly was a friend of *The Bowser Report*. Max interviewed Fred twice, in the May 1998 issue and the February 2010 issue.

### BIOGRAPHY

Born in Hartford, Connecticut, Fred began his working career as a newspaper boy. In 1942, he joined the Air Force as a navigator on B-24s and B-26s during World War II. His career in stocks began when a friend joined a stock brokerage in 1961. Fred became interested and asked about a second opening, which redirected his career path.

For the next 16 years, Fred worked as a stock broker, doing his own research and picking his own stocks. Then, in 1977, he founded First Wilshire Securities Management in LA.

First Wilshire was founded on Fred's deep love for investing and for making money for his clients. Scott Hood named him "one of the best stock pickers that ever lived." Fred was a magnet for other investment professionals with like-minded investment philosophies. He was a mentor to many,

inspiring investors to pursue their passions.

Fred was a generous man, establishing the Georgina Frederick Children's Foundation with his wife, Georgina Lee Astman. The Children's Foundation sought to help children locally and globally, supporting organizations like the Pasadena Community Asthma Program, the Healthy Eating and Lifestyle Program and others.

### FRIEND OF THE BOWSER REPORT

Reading this biography may conjure up memories of *The Bowser Report's* founder, R. Max Bowser. The two were not only contemporaries, but also very similar individuals. It wasn't only their early jobs with newspapers or their dedication to military service. Max and Fred dedicated most of their professional lives to helping others grow their money in small companies. Both acted on their passion, inspiring many and doing what they loved each and every day into their 90s.

As previously stated, Max interviewed Fred in the May 1998 edition of *The Bowser Report* in an article titled, "Microcaps win big time." This article followed a *Wall Street Journal* report that tracked 928 money managers' returns. At the top of the list was Fred, showing an 854% return.

At the time of this interview, Astman had been in business for 20 years, but had a 30-year relationship with microcap stocks. He defined "true microcaps" as having a market capitalization of \$100 million or less, preferring companies with share prices between \$5 and \$15.

Microcaps attracted Astman because of their value. With less recognition, these companies, flying under the radar, don't have big institutions holding them so they are often undervalued. Eventually, the goal is to get them recognized by the big boys so they appreciate considerably.

*The Bowser Directory of Small Stocks* (now *The Bowser Database*) was a great source of ideas to Fred. He would say that before there was the Internet, there was no other good source that focused on small, underfollowed companies.

The next time *The Bowser Report* featured Fred was in a much more recent interview that was published in the February 2010 edition. From the 1998 interview to this interview, First Wilshire's managed funds had grown from \$85 million to \$500 million, illustrating Fred and his team's success.

At the time of the 2010 interview, First Wilshire's hedge fund was up 30% compounded annually, and its managed funds were up 20% in a 10-year period.

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With that amount of growth, First Wilshire ranked first among small cap money managers and second for money managers overall (by Nelson). Astman, speaking of the 2008-2009 slide, stated, "They say when you are in a consolidation period that you go into big caps. But, we've always stayed with the small caps. We have consistently outperformed whether it was a big cap or a small cap year." Without advertising, Astman's company grew through mentions in publications and word of mouth.

An advocate for small stocks and a wise and successful investor, Astman's professional accomplishments are no secret. His legacy will carry beyond First Wilshire. Great inspirers live on through those who they inspired.

Our thoughts and prayers go out to Fred's family, friends and acquaintances.

## What's the deal with Joe's?

After recommending **Joe's Jeans (CM:JOEZ)** in the December 2012 issue, the company took off. JOEZ soared from \$0.92/share at the time of our recommendation to its 52-week high of \$2.04. Since then, it's been a bumpy ride.

In the March 2013 issue, we announced JOEZ's purchase of founder Joe Dahan's earn-out agreement. Under the initial agreement, Dahan was paid a portion of the company's gross profits. The percentages were laid out as follows:

- 11.33% between \$11,251,000 and \$22,500,000;
- 3% between \$22,501,000 and \$31,500,000;
- 2% between \$31,501,000 and \$40,500,000; and
- 1% above \$40,501,000.

Under the recent purchase, however, Joe's paid Dahan a flat amount to settle the earn-out agreement.

The company's common stock shot downward after JOEZ's most recent quarterly report showed a \$6,388,000 loss compared to a \$794,000 income for the same quarter last year. At first glance, that loss is enormous. But, looking closer reveals that \$8,732,000 of that loss is related to the buyout.

So, the company took a considerable loss this quarter. However, no longer paying Dahan a percentage of the gross profits should increase the company's earnings per share by \$0.03 in the current fiscal year. And, JOEZ expects further accretion from fiscal 2014 through fiscal 2017 (when Dahan's initial agreement was scheduled to end).

What does this mean? The company took an immediate hit to its financials in order to better position itself for future growth. **FOR MORE, SEE THE EARNINGS PAGE.**

# Market Overview

This month, there were no changes made to the **Bowser Microcap Stock Index**. The Index rose from April 5's close of 495.27 to May 3's close of **509.35**--a gain of 2.8%. April was a turbulent month for the Index, which fell two weeks and rose two weeks. The closing low for April was 486.70, which came after the second big sell off in a single week. However, the final week of April/first week of May, saw the Index rise 1.7%, solidifying the considerable gain since last month's newsletter.

Compared to the major indexes, the Bowser Microcap Stock Index finished tied with the Dow Jones Industrial Average in last place. The NASDAQ Composite gained the most since our last publication; although all indexes posted great gains. Results for the major indexes were as follows:

•NASDAQ Composite:	<b>UP 5.5%</b>
•S&P 500:	<b>UP 3.9%</b>
•Russell 2000:	<b>UP 3.4%</b>
•Dow Jones Industrial Average:	<b>UP 2.8%</b>

For weekly index updates, visit [thebowserreport.com/blog/](http://thebowserreport.com/blog/)

## AMS to reduce its cash outflow

**American Shared Hospital (A:AMS)** took a hit when recent legislation reduced the amount of Medicare reimbursement for Gamme Knife® treatments. Chairman and CEO Ernest A. Bates, M.D. commented, "We expect the sudden and unprecedented reduction in Medicare reimbursement for Gamma Knife procedures to have a significant impact on AMS, at least in the short term."

To compensate for expected reductions, the company has recently laid out a program that will reduce its cash outlays (money spent on operating expenses). The program will take effect over the next few months and should result in about \$1,000,000 in annual savings.

In order to facilitate this cut in outlays, the company has cut pay for senior executives, reduced its fees through negotiations with its vendors, sublet a portion of its office space and refinanced current equipment loans and leases.

We moved American Shared Hospital to Category 3 because of poor financial results and a glum outlook. Despite the adversity, management has continued to seek solutions. "AMS and other affected parties are working vigorously to mitigate the impact of Provision 634," continued Dr. Bates. "I am pleased by the spirit of cooperation shown by all parties, and confident in AMS's future."

## The Bowser Game Plan

1. **DO NOT PAY** more than \$3/share for a stock.
2. **CREATE A PORTFOLIO** of 12 to 18 stocks. *Diversification is important.*
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% without doubling, sell all shares.
6. **RECORD** proceeds from sales.
7. **PORTFOLIO EVALUATION** = current value of portfolio + proceeds from sales

# COMPANY OF THE MONTH

Buckaroo Geoff High alerted Max to ENSERVCO a number of years ago, but the company had two weak points: lack of profitability and poor working capital. Recently, Geoff recalled ENSV to our attention, citing recent developments that are taking the company to all-new levels.

We took a deeper look into ENSERVCO and found the following:

## BUSINESS

ENSERVCO operates as a well site services and fluid management solutions company. The company is divided into four primary segments: hot oiling, frac water heating, acidizing and hauling of production and fresh water. The company's two main subsidiaries carry out these operations:

- Dillco Fluid Service, Inc (owned 100% by ENSERVCO): provides water hauling, disposal and storage, well site construction and frac tank rental services. Dillco generates the majority of its revenues through water hauling and disposal.
- Heat Waves Hot Oil Service LLC (owned 100% by Dillco): provides well stimulation and maintenance services by helping in the fracturing process of newly-drilled wells and helping to maintain and enhance production of existing wells.

Recently, the company reported drastically-improved financial results. These financials were the result of three factors:

1. Expansion of working territory;
2. Increase in frac heating capacity; and
3. Normal weather conditions.

## EXPANSION

ENSERVCO's expansion has taken place both geographically (see map below) and within existing territories. For example, In December 2012, the company added five new master service agreements (MSAs) in the Ohio Utica Shale formation. These MSAs cover services such as frac heating, hot oiling, pressure testing and water hauling.

ENSERVCO currently has over 100 MSAs, with a high quality list, providing services for some of the biggest names in the oil and gas industry operating in the United States.



From ENSV's 10-K. See the filing for larger map

## CAPACITY INCREASE

ENSV's frac heating capacity recently increased 50% as the company commissioned the fabrication of several next-generation, double-burner heating units. As is, the company has very high utilization of its equipment (85-90% cited on its most recent conference call).

Because of this high utilization, ENSV has demand for more work than it can actually carry out. As a result, the company has plans to fabricate more equipment as its financial resources allow. To obtain these funds, it plans on divesting old equipment and using current cash.

## WEATHER CONDITIONS

Because of the seasonality of ENSERVCO's frac water heating business (its primary segment), revenues depend on the weather. One year ago, the company faced warmer-than-normal weather conditions in its service areas. This year, however, the company believes the conditions have been more normal, resulting in increased demand for its services.

ENSV's business will, by nature, always be seasonal. In order to mitigate some of the seasonal effects, the company has expanded into areas with longer heating cycles. It is also working to expand some of the non-seasonal operations, such

as acidizing.

## FINANCIALS

ENSERVCO has been increasing revenues considerably. Most recently, the company reported a 95% increase in first quarter revenues year-over-year. The largest revenue quarters are the first and fourth quarters (the colder months). ENSV also reported its

second straight quarter of profitability. This time it was a \$3,934,031 gain--a 1,316% increase year-over-year.

The balance sheet has also improved dramatically, with a current assets-to-liabilities ratio of 1.9. Stockholders' equity in the first quarter was up 59%.

Shares outstanding remain a slight issue with 31.8 million basic shares. Another issue is the company's long-term debt, but that number has been dropping for the past couple quarters.

## MANAGEMENT

Mike Herman, chairman and CEO, heads the company along with President Rick Kasch. Austin Peitz is the company's VP of field operations, and Robert Devers was recently appointed CFO. ENSV has large insider ownership with a float of just 9.5 million shares.

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**\*For more info, see our interview with ENSV's management at <http://seekingalpha.com/article/1247321-the-bowser-report-interviews-enservco-management>**

**OTC QB:ENSV**  
**BOWSER RATING: 8**  
**Last 12 Months:**  
**\$0.30-1.36**

	2011	2012	2013(A)
REVENUES	\$23,904,384	\$31,497,787	\$18,567,166
INCOME(LOSS)	(\$1,967,256)	(\$85,070)	\$3,934,031
WORKING CAPITAL	(\$2,682,627)	\$1,556,330	\$7,412,176
BOOK VALUE	\$0.14	\$0.29	\$0.34
TOTAL SHARES	19,209,000	23,389,151	31,825,294
FLOAT	N/A	N/A	9,500,000
(A) FIRST QUARTER ENDING 03/31/13			

# 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 Small cap MARKET; (GS) GLOBAL SELECT MARKET; (OB) BULLETIN BOARD; (QB) OTC QB MARKET; (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

Date of Recommend & Market	Issue/Trading Symbol	Principle Business	Price 05/03/13	Long- term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
<b>CATEGORY ONE: OUR BEST PICKS</b>								
03/13(GM)	ADDVANTAGE TECH (AEY)	CABLE TV EQUIPMENT	2.38	\$1.496	\$35.8	\$1.601	10.2	10
# 02/08(CM)	CENTURY CASINOS (CNTY)	INT'L CASINO ENTERTAINMENT	2.90	\$3.192	\$80.2	\$4.091	24.1	10
05/13(QB)	ENSERVCO CORP (ENSV)	OIL/GAS WELL SITE SERVICES	1.28	\$9.910	\$40.6	\$3.621	31.8	8
# 12/06(A)	ITERIS (ITI)	OUTDOOR MACH VISION SYS/SENSORS	1.69	\$0.000	\$28.3	\$2.683	33.5	10
04/11(QB)	LIBERATOR MEDICAL (LBMH)	MEDICAL SUPPLIES FOR SENIORS	1.04	\$0.000	\$63.7	\$3.399	48.2	10
# 02/10(CM)	MANHATTAN BRIDGE (LOAN)	SHORT-TERM COMMERCIAL LOANS	1.46	\$0.500	\$1.9	\$0.447	4.3	9
04/13(CM)	SPAR GROUP (SGRP)	MERCHANDISING AND MARKETING	1.99	\$0.268	\$107.8	\$3.451	20.4	9
02/13(A)	WIRELESS TELECOM GRP (WTT)	WIRELESS TELECOM SOLUTIONS	1.86	\$0.000	\$28.5	\$2.882	24.2	10
<b>CATEGORY TWO: WORTHY OF CONSIDERATION</b>								
08/11(A)	GSE SYSTEMS (GVP)	SERVICES NUCLEAR & PETRO IND	1.88	\$0.000	\$52.3	\$1.174	18.4	8
12/12(CM)	JOE'S JEANS INC (JOEZ)	WOMEN'S/MEN'S APPAREL	1.78	\$0.000	\$122.0	(\$1.617)	66.7	NR
08/12(CM)	NEWTEK BUSINESS (NEWT)	SMALL/MEDIUM BUSINESS SOLUTIONS	2.05	\$61.862	\$131.1	\$5.557	35.5	NR
01/13(A)	TUCOWS INC (TCX)	VARIOUS INTERNET SERVICES	2.08	\$0.146	114.7	\$4.468	44.3	NR
# 06/11(CM)	VERTEX ENERGY (VTNR)	RECYCLING USED MOTOR OIL	2.98	\$13.031	\$134.6	\$3.658	17.2	8
<b>CATEGORY THREE: VERY SPECULATIVE</b>								
# 12/11(A)	AMER SHARED HOSP (AMS)	TURNKEY TECHNOLOGY SOLUTIONS	1.61	\$0.000	\$17.1	\$0.813	4.6	8
# 05/11(N)	DOVER DOWNS (DDE)	SELL RECOMMENDATION; See below						
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	SPECIALTY CHEMICALS	0.77	\$1.407	\$16.4	(\$1.085)	13.2	8
# 03/11(A)	INTELLIGENT SYSTEMS (INS)	VENTURE CAPITAL FIRM	1.30	\$0.000	\$16.5	(\$0.217)	9.0	10
# 10/09(CM)	LRAD CORP (LRAD)	SOUND ACOUSTIC TECHNOLOGY	0.95	\$0.000	\$14.2	\$1.048	32.4	8
07/10(QB)	REPRO-MED SYSTEMS (REPR)	DESIGN/PRODUCTION OF MED PROD	0.20	\$0.000	\$7.8	\$0.815	36.6	7
07/12(QB)	SPINE PAIN MGMT (SPIN)	SPINE INJURY FINANCING SOLUTIONS	0.50	\$1.322	\$3.5	(\$0.403)	18.0	NR
# 06/08(A)	TENGASCO INC (TGC)	DOMESTIC OIL/GAS OPERATIONS	0.57	\$10.246	\$20.6	(\$0.067)	60.8	7
10/12(QB)	WHERE FOOD CMS FRM (WFCF)	FOOD VERIFICATION SERVICES	0.91	\$0.185	\$5.3	\$0.449	21.4	7

**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

**Dover Downs Gaming & Entertainment (N:DDE)** has fallen quickly out of favor with us. Increased pressure from the growing gaming scenes in neighboring states has caused DDE to report reduction after reduction in sales and net income. For the most recent quarter, ended 03/31/13, the company reported a 21.2% decrease in net sales, and a 111.9% decrease in net income.

Management continues to work with the lottery and the government to devise a sustainable gaming tax structure and regulatory environment. Also, DDE continues to develop its iGaming front. Despite these pending developments, the company continues to see loss after loss, resulting in decreased value for shareholders.

As a result of the above, we recommend selling Dover Downs. *FOR MORE, SEE THE EARNINGS PAGE.*

## CATEGORY CHANGES

This month, we are moving **Joe's Jeans (CM:JOEZ)** from Category 1 to Category 2. While we commend the positive outlook of the company's decision to buyout founder Joe Dahan's earn-out agreement, the results of this decision remain to be seen.

JOEZ has set itself up for greater financial strength in the future, but is currently operating with a trailing twelve month loss. As a result, the company is Worthy of Consideration,

but not longer one of our Best Picks, according to the categories shown above.

## LRAD signs agreement

**LRAD Corp (CM:LRAD)** entered into a reseller and manufacturing agreement with Beijing Paier Technologies, Inc. Under the agreement, Paier has exclusive rights to manufacture LRAD devices for the Chinese market and to resell the manufactured devices to China's government organizations.

Also included in the agreement is a non-exclusive right to resell LRAD devices to other customers in China. Further, Paier will set up an exhibition center in Beijing to promote, market, demonstrate and sell LRAD systems.

"In Paier, we have a highly-regarded manufacturing partner with strong ties to the Chinese government that can supply the local content required to fulfill large government contracts," noted President and CEO Tom Brown. "We will be supplying components and subassemblies as well as providing training on our quality control procedures to enable Paier to perform final assembly."

Brown continued: "Paier has the capability to manufacture to LRAD standards and a salesforce and management team with the experience to help realize LRAD's vast sales potential in China."

# FOLLOW-THROUGH AND STOCKS TO SELL

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 05/03/13 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)

ISSUE/EXCHANGE SYMBOL	1	2	ISSUE/EXCHANGE SYMBOL	1	2
ATLANTIC AMERICAN (GM:AAME)	\$3.55(8)	02/12 \$2.05(8)	FOOD TECHNOLOGY SERVICE (CM:VIFL)	\$5.09(7)	01/07 \$2.50(8)
AVALON HOLDINGS (A:AWX)	\$3.39(9)	05/11 \$2.90(9)	GOLDEN ENTERPRISES (GM:GLDC)	\$3.44(7)	02/09 \$2.35(9)
CAMCO FINANCIAL (GM:CAFI)	\$3.53(9)	11/12 \$1.80(8)	GOLDFIELD CORPORATION (N:GV)	\$3.15(9)	05/12 \$1.58(8)
CIMATRON LIMITED (CM:CIMT)	\$7.64(8)	02/08 \$2.75(8)	IEC ELECTRONICS (A:IEC)	\$4.98(7)	07/08 \$1.99(8)
CVD EQUIPMENT (CM:CVV)	\$10.16(NR)	07/05 \$2.03(9)	INNORTRAC CORP (CM:INOC)	\$3.97(9)	09/12 \$1.71(8)
DGSE COMPANIES (A:DGSE)	\$4.97(8)	12/03 \$2.05(8)	INVENTURE FOODS (CM:SNAK)	\$7.46(8)	09/00 \$2.56(8)
EVOLVING SYSTEMS (CM:EVOL)	\$5.68(8)	05/09 \$3.68(8)	KEY TRONIC CORPORATION (GM:KTCC)	\$10.70(8)	11/08 \$1.57(10)
*Price adjusted: 1-for-3 reverse split 07/09			PARAMETRIC SOUND (CM:PAMT)	\$17.55(NR)	06/07 \$4.30(NR)
FEMALE HEALTH COMPANY (CM:FHCO)	\$7.88(10)	10/07 \$2.32(9)	*Price adjusted: 1-for-5 reverse split 03/12; spin-off from LRAD Corp		
FIELDPOINT PETROLEUM (A:FPP)	\$4.00(7)	10/08 \$2.24(8)	SIMULATIONS PLUS (CM:SLP)	\$4.00(10)	05/10 \$2.46(9)
FONAR CORPORATION (CM:FONR)	\$7.00(7)	03/12 \$1.97(8)	VERSAR INC (A:VSR)	\$4.44(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)

COVER-ALL TECHNOLOGY (A: COVR)	\$1.30(NR)	12/12 \$1.10(NR)	NEW CONCEPT ENERGY (A:GBR)	\$1.05(NR)	06/12 \$1.30(NR)
DIGITAL POWER CORP (A:DPW)	\$0.60(NR)	04/13 \$0.60(NR)	OUR PET'S COMPANY (QB:OPCO)	\$0.54(NR)	08/12 \$0.46(NR)
FORTUNE INDUSTRIES (A:FFI)	NOW IN BOWSER DATABASE		PERMA-FIX ENVIRONMENTAL (CM:PESI)	\$0.80(7)	12/12 \$0.76(7)
GLOBALSCAPE (A:GSB)	\$1.57(7)	12/12 \$1.57(NR)	SONO-TEK CORP (QB:SOTK)	\$0.58(7)	02/13 \$0.68(7)
MAJESCO ENTERTAINMENT (CM:COOL)	\$0.72(NR)	04/13 \$0.72(NR)			

## BRIEFS

**ADDvantage Technologies (GM:AEY)** appointed Rick Anderson as AEY's new vice president of sales. . . . **Century Casinos (CM:CNTY)** completed the purchase of an additional 33.3% ownership in Casinos Poland LTD, now owning 66.6%. We first mentioned this deal in the November 2012 issue. . . . **CVD Equipment (CM:CVV)** completed the sale of its former headquarters. The 50,000 square-foot facility sold for \$3,875,000, and resulted in approximately a \$900,000 profit to CVV. . . . **DGSE Companies (A:DGSE)** relocated and consolidated its corporate operations. Now, DGSE is located at one national headquarters, located at 15850 Dallas Pkwy, Suite 140, Dallas, TX 75248. . . . **Flexible Solutions (A:FSI)** will report a 13% decrease in year-over-year sales in Q1 2013. The full results will be available on May 15, 2013. . . . **IEC Electronics (A:IEC)** reported an accounting error for the fiscal year ended 09/30/12 (which includes all quarters in FY2012) and the first quarter 2013, ended 12/28/12. As a result, IEC will restate its financial results for the said quarters. The error resulted in an understatement of costs of sales and an overstatement of gross profits. . . . **Inventure Foods (CM:SNAK)**

signed a non-binding letter of intent to acquire the berry processing business of Willamette Valley Fruit Co (WVFC), including building and ground leases. . . . **Manhattan Bridge Capital (CM:LOAN)** will pay four \$0.01 quarterly dividends to shareholders of record as of May 15, 2013, August 15, 2013, November 15, 2013 and February 14, 2014. The payout dates are May 20, 2013, August 20, 2013, November 20, 2013 and February 20, 2014, respectively. . . . **Newtek Business Services (CM:NEWT)** released the results of its annual survey of small business owners. Questions included whether or not business owners planned on hiring in the next 6 to 12 months, whether or not they hire recent college graduates and if they think the unemployment rate will be higher, lower or the same by the end of 2013. . . . **Simulations Plus (CM:SLP)** announced a 50% increase in its quarterly cash dividend. Shareholders will now receive \$0.03/share compared to \$0.02/share. The payout will take place on May 10, 2013 for shareholders of record as of May 7, 2013.

## EVOL supporting LTE growth

**Evolving Systems (CM:EVOL)** announced that mobile operators are investing in the company's Tertio® Service Activation to support the growth in mobile data and LTE roll-outs.

"A successful roll-out depends on many factors, and the OSS systems form a central pillar in every launch," explained Bill Chard, Evolving Systems' vice president of product management. "The company's investment in Tertio to support LTE has ensured that it can perform this vital role in our customers' continued business growth."

Tertio allows customers to instantly fulfill their real-time activation needs.

## OPEN MARKET INSIDER TRANSACTIONS

COMPANY	INSIDER	BUY/SELL	DATE	PRICE
Camco Financial Corp	Norman G Cook (D)	B-1,689x	04/29/13	\$3.61
	Edward D Goodyear (D)	B-844x	04/29/13	\$3.61
	James Paul Spragg (D)	B-1,606x	04/29/13	\$3.61
	Jeffrey T Tucker (D)	B-533x	04/29/13	\$3.61
	John Timothy Young (D)	B-211x	04/29/13	\$3.61
Joe's Jeans Inc	Samuel J Furrow (D)	S-9,303	04/25/13	\$1.88
	" "	S-1,700	04/28/13	\$1.84
Liberator Medical Hldgs	Mark A Libratoro (O)	OE-3,921,009	04/07/13	\$0.00
	Robert Joseph Davis (O)	OE-100,000	04/11/13	\$0.75
	Jeannette Maria Corbett (D)	B-20,000	04/21/13	\$1.04-1.05
Manhattan Bridge Capital	Michael Jackson (D)	OE-7,000	04/01/13	\$0.85
	Phillip Michals (D)	B-10,000	04/02/13	\$1.26
	Remo Spagnoli (D)	B-10,000	04/15/13	\$0.22
Repro-Med Systems	Erez Gissin (D)	OE-20,000	04/02/13	\$0.60
Tucows Inc	Lloyd N Morrisett	OE-20,000	04/09/13	\$0.60

B-Bought, D-Director, O-Officer, OE-Option exercise, S-Sale, x-indirect holdings. Info from Yahoo!Finance

# BOWSER BUCKAROOS SPEAK

## HOW MICAH USES THE BOWSER REPORT

*I agree with taking previous listings and making them the Company of the Month again. I have made a lot of money by purchasing COMs after they have gone out of favor, or even quite some time after they have been given the "sell" recommendation. I made money off of HDSN when it had its ups and downs. I even repurchased NTKW last year and have seen it more than double. Repurchasing these kinds of stocks reveals how companies have their ups and downs and can regain a favorable status. Looking at the "Category Changes" is another indication that companies can rebound.*

*I have been using the Rating System that Max developed to keep me away from buying into speculative stocks. They always sound so good, but I have found that it is like going to Vegas. In the past six months, I have used the Rating System as a very good tool for snapping me back into reality. I am restructuring my portfolios to make better use of a more sound investment strategy (one that doesn't involve so much gambling).*

*--Micah Allen, El Paso, TX*

What our newsletter does is call attention to noteworthy stocks trading under \$3/share. Sometimes we recommend these companies and they soar! Other times, they do well and then fall back, resulting in their exit from the newsletter. Then there are those that never do well in the newsletter.

However, as Micah alludes to, just because these companies hit hard times does not mean that they are destined to always remain out of favor. That is why when a Company of the Month exits the newsletter, it remains in the Database. That way, if the company turns around, it's right there for us to re-recommend--like [Wireless Telecomm \(A:WTT\)](#) or [SPAR Group \(CM:SGRP\)](#), recently.

Going off that topic, the Bowser Rating System is the foundation for everything we do here. It keeps us from getting too excited about a company's story, and instead forces us to see actual results. That way, like Micah says, we are limited in how much we speculate. Way to go, Micah, for wisely using the Rating System!

## MORE FRED ASTMAN AND COMPLIMENTS

*In 1998, I opened a discretionary account with Fred for \$50,000. Fred only charged commissions, and in one year the account returned a profit of 40%.*

*Had I been smart, I would have given him all my money!*

*By the way, I think The Bowser Report is doing a great job carrying on Max's tradition.*

*--Ed Kutch, Pasadena, CA*

We can't say enough about how special individuals like Max and Fred are. Each day, they did what they loved, cared most about their customers and found tremendous success!

Max inspired us here at *The Bowser Report* to continue doing what he loved: analyzing penny stocks and reporting them

to his subscribers so that they could make money. The passion that he had for making his Buckaroos money is something that he has passed on to those who are still here, and that passion will never fade.

Fred had much the same effect on his colleagues, as indicated by Ed and Scott's kind words. Keeping alive the visions and passion that individuals like Max and Fred had is essential!

*I like the changes you've made to the newsletter. Keep up the good work.*

*--Phil Richardson, Gilbert, AZ*

Compliments like this from Phil are always reassuring. In keeping alive Max's vision, we also want to enhance the experience that every subscriber has, whether online or in print.

**If there is something that we can do to make your personal experience better, please let us know!**

## PENNY STOCKS AND INFLATION

*Do you think that owning stocks under \$3.00/share would be the best way to fight inflation since these companies do business in today's dollars? Do gold and blue chip stocks see a bigger effect from inflation?*

*--Ed Kaulbars, Naples, FL*

Ed's question this month is certainly a thinker. A book could be written on this topic, and probably has been several times over. Here is our go at the subject:

Inflation affects everything in the economy. As the value of the dollar goes down, costs go up for companies, resulting in either reduced margins (if product prices are kept the same) or higher prices to compensate for the higher costs.

Some would say that stocks, in general, are good protection against inflation because ideally the rises in costs will be offset by rises in prices. So, doubling the costs results in a doubling of the profits. But, that's in an ideal sense.

In that idealistic view, increased costs are passed off to the consumers. However, this is only effective if inflation is creeping up. Sudden jumps can cause companies to take part in the increased costs themselves so as not to drastically increase prices suddenly. As a result, margins are decreased.

When it comes to borrowing (loans), companies with fixed-rates will benefit. Because they are borrowing on yesterday's more valuable dollar, rather than today's less valuable dollar. So, in a sense they are getting more than they are paying without interest rates taking off on existing loans.

There are many varying opinions on what to invest in during times of quickly rising inflation. Generally, experts advise that holding stocks (large or small) is not a way to hedge against inflation. Instead, they recommend bonds and certain commodities (depending on what commodities are in highest demand).

**INFLATION FACTS:** Since the beginning of *The Bowser Report* (1976), the highest US inflation rate was 14.8% in April 1980. Since 1976, inflation has risen above 5% six times.

## Beginner's Portfolio Up 185%

**BOUGHT:** AEY @ \$2.38 plus \$10 commissions = \$248

**SOLD:** DDE @ \$1.87 less \$10 commissions = \$177

	Cost	04/05/13		Cost	04/05/13		Cost	04/05/13	Proceeds
LOAN	120/Mar '10	146	FSI	145/Aug '12	77	LRAD	106/Dec '12	95	From Sales
CNTY	270/Mar '11	290	ITI	162/Aug '12	169	JOEZ	117/Jan '13	178	10,100
GVP	210/Sep '11	188	NEWT	187/Sep '12	205	LBMH	83/Jan '13	104	177
AAME	280/Mar '12	355	INOC	233/Oct '12	397	WTT	189/Apr '13	186	(248)
AMS	308/June '12	161	WFCF	159/Nov '12	91	SGRP	178/Apr '13	199	10,029
INS	179/June '12	130	CAFI	218/Dec '12	353	AEY	248/May '13	238	
								3,562	
	Original cost for all stocks: \$4,766		*50 Shares					<b>Proceeds from Sales:</b>	10,029
								<b>Current Value of Portfolio:</b>	13,591

Gain: 13,591 minus 4,766 = 8,825

Percentage of gain: 8,825 divided by 4,766 x 100 = 185.2

**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 we made just one change to the Beginner's Portfolio. As recommended on Page 4, we sold **Dover Downs Gaming (DDE)**. We replaced DDE with March's Company of the Month: **ADDvantage Tech (AEY)**.

As a result of these changes, the Proceeds from Sales fell \$71, but the overall portfolio value only dropped \$2. So, despite the changes and a month of price fluctuations, the Beginner's Portfolio is still up an unchanged 185.2% since it was started in 2001.

### Versar receives contract option

The United States Army Corps of Engineers, Los Angeles District, issued **Versar, Inc (A:VSR)** a fourth task order that provides funding for the third option year of the ongoing Range Maintenance Contract at Fort Irwin/National Training Center, CA.

This option year adds \$4.3 million to the initial contract, which was awarded on March 23, 2010. The total value of the contract is now \$18.6 million with more option years possible.

Under the terms of the contract, Versar is responsible for locating, identifying, marking and disposing of munitions and explosives that are expended on the range each month. Versar's work ensures that the National Training Center's operations can continue safely and efficiently.

"This significant task order award continues Versar's history of providing munitions cleanup and related demilitarization services at Ft. Irwin," commented Versar President Jeff Wagonhurst. He continued, "We are very pleased to be selected by the Army Corps of Engineers to support the NTC in its vital mission of training America's soldiers."

### FSI announces Watersvr results

**Flexible Solutions Int'l (A:FSI)** recently tested its Watersvr technology--which limits evaporation of reservoirs--on Lake Sahara in Las Vegas. The Southern Nevada Water Authority carried out the trial.

Results from the trial included a 31% reduction in evaporation from the lake and no water quality difference when compared to 10 years of data.

Daniel O'Brien, FSI's chief executive officer, stated, "We are extremely pleased to see the results from the trial done by the South Nevada Water Authority. Their results closely match the data reported by previous government trials of Watersavr in Singapore (31% reduced), Coliban, Australia (37%), California (30%) and Turkey (33%)."

O'Brien talked about the cost effectiveness of Watersavr, noting that it was able to safely reduce evaporation at one third the cost of desalination in coastal communities. He continued, "I hope the pioneering work done by the South Nevada Water Authority will encourage many cities, states and countries to contact us and learn how easy it is to save water."

### Cimatron donates software

**Cimatron Ltd (CM:CIMT)** donated 25 sets of its CAD/CAM software to the North Iowa Area Community College. The purpose for this donation is to address the need for skilled workers in the manufacturing industry. To fulfill this need, CIMT's software will be used in educational courses to give students the skills necessary for success.

"We are pleased to be able to give back to the community in such a way that directly impacts the manufacturing industry," remarked Cimatron's North American president, Bill Gibbs.

CIMT also announced that its CimatronE software was being used by Sharon Tuvia in its Additive Manufacturing production process. This process is essentially 3D printing.

Ronen Sharon, CEO of Sharon Tuvia: "We receive from our customers CAD files of their products, and use CimatronE CAD functionality to perform the necessary modifications and preparations of the model in order to make it 'printable.' Once 3D printing of the part is complete, we use CimatronE NC to finish off the product by drilling holes and threads, and CNC milling of certain faces to achieve the desired surface."

# NOTES BY THE EDITOR

**Buckaroo David Mittelman always poses great questions this time of year.** The reason: the Historical Review. Not only does he look over the entire document closely, but he takes the document a step further.

His big question: If you invested \$1,000 in each of the 597 companies (\$597,000) would you now have \$785,783,340 with a simple buy-and-hold strategy? That's a 131,622% gain on \$597,000. The answer to this question is no.

Adding the plusses and minuses in an actual portfolio only gives you a piece of the equation. In order to calculate the actual gain, you need to average the figure. To do so, we hypothetically invested \$1,000 in each company in the 2013 Historical Review and held each issue. So, the total invested was \$597,000. The current value of these 597 companies is \$1,915,130. To find the gain, subtract the \$597,000 and then divide that number by 597,000 and multiply by 100. Doing so yields a gain of 220.79%.

That's considerably less than the 131,622%. Mr. Mittelman's next question: why even show the 131,622% gain. Isn't this misleading? We admit it could be misleading. However, it gives a very simple illustration of the performance of all Bowser recommendations.

You may say, after over 36 years, a portfolio would only be up 220.79%? That's an average of 6% a year (before brokerage fees). There is a lesson to be learned here: *following the Game Plan is ESSENTIAL!* Buying and holding yields decent results over a long period of time, but by limiting your losses and taking your profits, you can earn MUCH more. For example, we recommended Actrade Financial in June 1993, when it was trading at \$2.31. The company then went bankrupt, but not before rising to a high of \$30.00/share. The company now has no value. But, if you would have bought and sold using the Bowser Game Plan, it would have yielded tremendous profits.

**On a related note, the *Investor's Digest of Canada* reprinted an article by Larry Swedroe titled "To invest like Warren Buffet, let your head rule your heart."** This article brought up a number of good points:



1. "Surprises are a major determinant of stock performance." Surprises are a root of predictions. When an analyst forecasts a company to earn \$0.25/share, and then the company earns \$0.20/share, uh oh! The stock slides, even if the company only earned \$0.15/share last year. Instead, invest on fact. The company grew despite being overforecasted. So, ask what is the company's true value.

2. *Don't sell when the market is undervalued and buy when it's overvalued.* This ties back into last month's front page article on Benjamin Graham's concept of value investing. The higher the amount invested (stock price), the more risk there is. As Swedroe states, "If you decide to sell [when the market slides], you're virtually doomed to fail while you wait for the next green flag (the market to go up)."

3. "You must have a 'system.'" Systems keep your emotions in check, and are extremely important. That's why we preach the Bowser Game Plan. Following it gives you a finite set of rules. You know when to buy, how much to buy (equal amounts), when to sell and how much to sell. It doesn't take into account for market swings or investor sentiment. It only accounts for facts (the Bowser Rating, market price, etc).

4. Swedroe quotes Buffet as saying, "Investing is simple, but not easy." Sticking to a plan is simple. However, keeping your gut in check is difficult. Your investments hinder on your ability to stick to a plan.

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### FIVE BOWSER STOCKS UP AND DOWN

CIMATRON LTD	UP	19%	FLEXIBLE SOL	DOWN	28%
SPAR GROUP	UP	19%	REPRO-MED SYS	DOWN	13%
TUCOWS INC	UP	16%	AVALON HLDGS	DOWN	12%
MNHTTN BRDG LN	UP	14%	SPINE PAIN MGMT	DOWN	11%
INNOTRAC CORP	UP	14%	DGSE COMPANIES	DOWN	9%

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LAST MONTH'S  
BIGGEST GAINER  
OWENS CORNING  
UP 100%

# WARRANT REGISTER

## Dynegy's warrants added

**Dynegy, Inc. (N:DYN)** issued 15.6 million warrants out of bankruptcy proceedings in which former holders of the company's common stock received common stock and these warrants. With over four years before their expiration, DYN's common stock is \$16.09 below the warrants' exercise price of \$40.00. So, these warrants have considerable time value, but no real value as of now, meaning that there is plenty of time for the common to reach its exercise price.

Dynegy holds twelve different power plants in six states, which produce electrical energy. So, the company sells electric energy, capacity and ancillary services on a wholesale basis. The twelve plants generate about 9,800 MW. Currently, the company has deconsolidated its DNE operating facilities, which are under an agreement to be sold.

In the most recent quarter, ended 03/31/13, the company reported \$318,000,000 in sales compared to \$268,000,000 for the same period last year. Over the past twelve months, the company has generated over \$1.3 billion in sales. On that \$1.3 billion, DYN has earned \$801 million. For the most recent quarter, the company lost \$142 million, compared to a \$1.1 billion loss during the same period last year.

The company has a good balance sheet with a current assets-to-liabilities ratio of 2.6 (well over the recommended 1.8). DYN's book value is \$23.63, which is right around its current trading price. With over \$1.3 billion in long-term debt, the company could improve in this category.

Coming out of bankruptcy, this company could see

some warrant appreciation. The warrants are a little over \$1.00/share now. As said above, there is plenty of time for the company's common to appreciate, bringing up the warrants with it.

## Crumbs' Stanley Cup(cakes)

**Crumbs Bake Shop (CM:CRMB)** formed a partnership with NBC Sports Group and the National Hockey League to promote the start of the 2013 Stanley Cup Playoffs. As part of the partnership, Crumbs created limited edition Stanley Cup(cakes) that were delivered to local sports radio stations, television networks and media and business partners.

Also, CRMB is selling these limited edition cupcakes in each of its 69 retail locations. The cupcakes feature the Stanley Cup logo or NHL team logos.

Julian R. Geiger, Crumbs' CEO, stated, "Priding ourselves on our creativity, exclusivity and design expertise, this chance to innovate while celebrating the Stanley Cup Playoffs is as exciting as scoring a shorthanded goal for us."

**China Hydroelectric Corp (N:CHC)** completed the sale of its Yuheng hydroelectric power project. The project, located in the Fujian province of China, sold for \$44.3 million and resulted in \$20.8 million in net proceeds to CHC. We originally discussed this sale in the November 2012 *Warrant Register*.

**TCF Financial (N:TCB)** is sponsoring its local *Stamp Out Hunger* campaign by matching each dollar donated online between May 1 and May 14 for up to \$25,000. *Stamp Out Hunger* is the largest single-day food drive in the United States.

Company	Market/Symbol	Principle Business	Stock Price 05/03/13	Warrant Price 05/03/13	Conv. Ratio	Exer. Price	Expire Date	No. Wts	Bowser Rating
<b>Associated Banc-Corp</b> 1200 Hansen Road., Green Bay, WI 54304, Tel: (920) 491-700, www.associatedbank.com	GS:ASBCW	Bank holding company	14.27	1.29	1.00	19.77	11/21/18	4.0M	8
CALL TERMS: Not callable									
<b>Bank of America</b> 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	12.24	0.69	1.00	30.79	10/28/18	121.8M	NR
CALL TERMS: Not callable									
<b>China Hydroelectric</b> 420 Lexington Ave., Ste. 860, New York, NY 10170, Tel: 646/467-9800, www.chinahydroelectric.com	N:CHC-WT	Hydroelectric power in China	2.81	0.03	1.00	3.45	12/31/13	6.0M	9
CALL TERMS: \$23.00 for 20 out of 30 days									
<b>Citigroup</b> 399 Park Ave., New York, NY 10043, Tel: 212/559-1000, www.citigroup.com	N:C-WTA	Investment banking	46.97	0.51	1.00	106.10	01/04/19	2.6M	7
CALL TERMS: Not callable; exercise price adj. for dividends above \$.01									
<b>Combimatrix</b> 6500 Harbour Heights Pkwy, Ste. 303, Mukilteo, WA 98275, Tel: 425/493-2000, www.combimatrix.com	CM:CBMXW	Biotech development	3.45	0.39	1.00	9.00	05/01/14	1.1M	7
CALL TERMS: 250% of exercise price for 20 days									
<b>Crumbs Bake Shop, Inc</b> 110 West 40th St., Ste. 2100, New York, NY 10018, Tel: 877/278-6270, www.crumbs.com	CM:CRMBW	Sale of baked goods	1.40	0.06	1.00	11.50	05/05/16	5.5M	7
CALL TERMS: \$17.50 for 20 out of 30 days									
<b>Dynegy, Inc</b> 601 Travis St., Ste. 1400, Houston, TX 77002, Tel: 713/507-6400, www.dynegy.com	N:DYN-WT	Electric energy/related services	23.91	1.85	1.00	40.00	10/02/17	15.6M	9
CALL TERMS: Not callable									
<b>FairPoint Communications</b> 521 E. Morehead St., Ste. 250, Charlotte, NC 28202, Tel: 704/344-8180, www.fairpoint.com	OTC:FRPZW	Communications in New England	8.29	0.05	1.00	48.81	01/24/18	3.6M	8
CALL TERMS: Not callable									
<b>FieldPoint Petroleum</b> 1703 Edelweiss Dr., Cedar Park, TX 78613, Tel: 512/250-8692, www.fppcorp.com	N:FPP-WT	Oil/gas operations in the US	4.00	0.72	1.00	4.00	03/26/18	8.0	7
CALL TERMS: 150% of strike price									
<b>Iridium Communications</b> 1750 Tysons Blvd., Ste. 1400, McLean, VA 22102, Tel: 703/287-7400, www.iridium.com	GS:IRDMZ	Mobile voice/data communications	7.06	1.27	1.00	11.50	02/05/15	14.0M	9
CALL TERMS: \$18.00 for 20 out of 30 days									
<b>Microvision Inc</b> 6222 185th Ave. N.E., Richmond, WA 98052, Tel: 425/415-6847, www.mvis.com	CM:MVISW	Miniature images and displays	2.20	0.05	1.00	3.60	07/23/13	0.6M	10
CALL TERMS: If common averages \$7.20 for 20 days									
<b>Owens Corning</b> One Owens Corning Pkwy, Toledo, OH 43659, Tel: 419/248-8000, www.owenscorning.com	N:OC-WTB	Building materials worldwide	42.82	1.88	1.00	45.25	10/31/13	7.8M	6
CALL TERMS: Not callable									
<b>Resolute Energy</b> 1000 Crescent Ct., Ste. 1200, Dallas, TX 75201, Tel: 214/615-2300, no website	N:REN-WT	Petroleum/natural gas	9.41	0.73	1.00	13.00	09/25/14	1.7M	6
CALL TERMS: \$18.00 for 20 out of 30 days. Was Hicks Acquisition									
<b>Retail Opportunity Invest</b> 3 Manhattanville Rd., 2nd Fl., Purchase, NY 10577, Tel: 914/272-8080, www.roireit.net	GS:ROICW	Commerical real estate investment	15.00	3.00	1.00	12.00	10/23/14	44.0M	9
CALL TERMS: \$18.75 for 20 out of 30 days									
<b>TCF Financial</b> 200 Lake Street East, Wayzata, MN 55391, Tel: 952/745-2760, www.tcfbank.com	N:TCB-WT	Bank holding company	14.68	2.13	1.00	16.93	11/14/18	3.2M	7
CALL TERMS: Not callable									

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Camco Financial Corp (CAFI)	03/31/13	\$6,858,000	\$8,413,000	\$499,000	\$413,000	(A)
Dover Downs Gaming & Ent (DDE)	03/31/13	\$50,518,000	\$64,084,000	(\$283,000)	\$2,371,000	
Female Health Company (FHCO)	03/31/13	\$9,476,866	\$7,831,364	\$3,491,669	\$1,904,429	(B)
Golden Enterprises (GLDC)	03/01/13	\$33,641,238	\$34,429,717	\$472,388	\$592,960	(C)
Inventure Foods (SNAK)	03/30/13	\$48,537,000	\$47,020,000	\$1,056,000	\$1,722,000	(D)
Joe's Jeans Inc (JOEZ)	02/28/13	\$29,430,000	\$25,962,000	(\$6,388,000)	\$794,000	(E)
Key Tronic Corp (KTCC)	03/30/13	\$84,343,000	\$95,527,000	\$2,863,000	\$3,394,000	(F)
Manhattan Bridge Capital (LOAN)	03/31/13	\$534,361	\$391,826	\$173,139	\$114,967	(G)
Parametric Sound Corp (PAMT)	03/31/13	\$155,000	\$60,000	(\$1,956,000)	(\$961,000)	(H)
Simulations Plus (SLP)	02/28/13	\$3,118,121	\$2,789,226	\$1,061,575	\$838,577	(I)
Where Food Comes From (WFCF)	03/31/13	\$1,025,503	\$1,029,284	(\$63,737)	\$359,702	(J)

(A) "Our results particularly benefited from further improvement in credit quality, which continued to strengthen key credit measures and enabled us to record a lower provision for losses on loans for the quarter versus the same period in 2012," commented James E. Huston, CAFI's president and chief executive officer. "Specific initiatives are being implemented in this challenging rate environment to mitigate net interest margin pressures. They are being pursued through programs to increase core deposits; grow the total loan portfolio, especially through commercial loans; plus ongoing efforts to lower our cost of funds. We anticipate these efforts will especially benefit our performance later this year."

(B) O.B. Parrish, chairman and CEO of FHCO: "The 20% increase in second quarter unit sales reflects increasing global demand for the FC2 Female Condom. In Fiscal 2012, we expanded our FC2 production capacity in Malaysia by approximately 20% in anticipation of continued growth in demand. We currently have the capability to manufacture approximately 100 million FC2 Female Condoms annually." In the second quarter, profit margins increased to 37%, up from 24% last year. The rise was the result of a \$280,720 increase in net interest and other income along with a 49% decrease in income tax expense.

(C) GLDC made a strategic decision to invest research and development (R&D) dollars into the development of Crinkle Fries. The company also discontinued several partner brands that were not reaching sales and margins expectations. These measures were taken to increase brand business, while driving efficiencies and productivity throughout the company.

(D) Despite the 3% increase in revenues, the cost of revenues increased 5%, accounting for the 39% decrease in net income. Commenting on the quarter, Terry McDaniel, the company's CEO, stated, "SNAK experienced some disappointments in its first quarter results, largely driven by a slowing in the T.G.I. Friday's brand and increased brand investment. The company continues to see growth in our healthy/natural portfolio of products, which now makes up 68% of total net revenues." He continued, "With SNAK's newly restructured debt agreement, the company is well positioned to fund new acquisitions and future growth.

This includes our recently announced plan to purchase the Oregon-based berry processing business, Willamette Valley Fruit Company."

(E) JOEZ's massive loss is attributable to a one-time contingent consideration buy-out expense of \$8,732,000. FOR MORE ON THIS, SEE PAGE 2. "Both JOEZ's wholesale and retail segments posted healthy double digit growth for the quarter, which translated into strong consolidated revenue and earnings growth, excluding the one-time charge," noted CEO Marc Crossman. "Joe's Jeans' new stores continue to perform well and management is pleased that its strategy to target smaller footprint stores in top locations is paying off. The recently opened Tysons Galleria store (in DC), at just under 1,000 sq ft, is currently our 4th best performing full price retail store."

(F) "Revenue in the third quarter was primarily impacted by the anticipated and previously-disclosed slowdown from the large customer that began to reduce production levels in the second quarter," stated KTCC President and CEO Craig Gates. "Although we saw a continued ramp up of new programs, those increases did not offset the decreased demand from this one customer."

(G) LOAN CEO Assaf Ran: "During the first quarter, LOAN's line of credit increased to \$5,000,000, an increase that will secure further growth."

(H) PAMT's operating expenses rose 105%, which offset the 158% increase in revenues.

(I) "SLP added 18 new customers, had 93% renewals and increased its collaboration funding by over \$111,000," commented the company's chairman and CEO, Walt Woltoz.

(J) "As anticipated, Japan's decision to ease import regulations affected our source and age verification activity and this, in turn, impacted revenue and profitability," noted John Saunders, WFCF's CEO.

## The Bowser Database

- ◆ Single copy only.
- ◆ Updated monthly with quarterly results and new companies.
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