



A Dynasil insider's perspective CEO Peter Sulick talks all things DYSL

After recommending **Dynasil Corporation of America (DYSL)** last month, Editor Thomas Rice had the opportunity to talk with the company's CEO, Peter Sulick, over the phone on July 1, 2014. Below is our discussion:

Thomas: What has been going on with Dynasil Corp over the past few years?

Peter: When *The Bowser Report* first looked at DYSL, we basically had three businesses: Optics, RMD Research Group and RMD Instruments. A few years ago, RMD Instruments got into trouble primarily because its products required refresh. The first product, the Lead Tracer, launched and was discontinued within a period of 18 months. The second product, the Lead Paint Analyzer, reached the end of its useful life, and it became hard to source components for it. The third product, the Navigator GPS™ probe, was reaching the end of its useful life, so we began refreshing that. For years, Dynasil spent millions on these refreshes, and neither product was launched within its timetable. They also cost significantly more than anticipated. Because of the sales reduction and high costs, Dynasil, as a whole, got in trouble.

T: What kind of trouble?

P: The company went into default under its Santander Bank credit agreement. In January 2013, we started trying to reduce bank debt and close down operations that we couldn't support. We put our optics companies and the RMD Instruments segment on the market. Fortunately, we were able to sell everything associated with the Lead Paint Analyzer, and the Navigator probe as well.

T: How did those sales help turn around the company?

P: We took the proceeds and paid down the bank debt, which we continued to pay down through this period. We tried to position the company to work its way through its problems. We were able pay off Santander Bank. We financed them out with what is essentially a working capital loan, and put the company back in good standing onto a path where it could grow again.

T: Does the funding environment of the national government affect RMD Research in a negative way?

P: A number of research companies have been hurt badly. In Dyanasil's case, we have been hurt a little bit. A year ago we had a backlog of \$38 million. This year we have a backlog of \$33 million. In response, we've scaled

back expenditures to maintain an 18 month backlog.

T: Why do you think DYSL hasn't been affected as much?

P: Dynasil has a world class research organization. The government almost always comes to us for our specific type of research. It's also a form of material science that the government needs, allowing for nuclear detection in a number of situations. They always need to improve the performance of these products.

T: What does the decreased backlog mean to Dynasil's bottom line?

P: There's a limitation on the amount of income we can derive from government contract research, about 6 or 7% of revenue. So even a \$3-4 million reduction in revenue doesn't amount to much on our bottom line.

T: You mentioned the government almost always comes to Dynasil for this type of research. Why?

P: Dynasil is regarded as an expert in our specific material science area. Because we have a long history of perfecting these materials and getting them to the market, we have a good record with the agencies that we do work for.

T: When you sold off essentially all of the instrumentation segment, Dynasil lost a revenue stream. How do you plan to offset the lost revenue?

P: We have made up virtually all of that revenue with our other commercial businesses. The instrumentation segment's revenue dropped from \$10 million to \$5 million to zero today. We have made up that \$5 million figure already.

T: Do you think that Dynasil can make up the \$10 million in revenue?

P: I do. We have a new focus on commercial operations. We recently increased operating capacity through the acquisition of DichroTec. That acquisition alone will add a couple million dollars in revenues per year. At first the acquisition adds an expense, so it won't be accretive immediately. But, the opportunity is tremendous.

T: Do you have a timeframe until its accretive?

P: It's going to take us about six months. We have one of the largest coating machines in the United States, a 108-inch coating chamber. This particular machine was completely booked for two years. Through this acquisition, we can offload some of that work, freeing up the big machine for more specialized, custom work.

This in turn allows the typical recurring coating work to go into some other chambers.

T: How long will it take to offload and free up the larger machine?

P: We're already offloading some work, and we'll continue to get a feel for the size of the new facility. I expect that it will take about six months to completely integrate the new facility.

T: Dynasil announced another deal with L-3 Communications. Could you explain that a little?

P: We are making gratings for L-3. We expect to make 600-700 gratings per day, bringing in an additional \$1.5-2 million a year in revenues. This project is not yet fully operational, but it should be this quarter. There are very few grating companies left in the U.S. (we are one of three), and we have a patent on this technology. So, it's a good deal for us and L-3.

T: Speaking of patents, what value do you think Dyansil's intellectual property portfolio adds to the company?

P: Within RMD alone, we've been granted about 50 patents over the past four to five years, and we have probably 50-55 more pending. Most of those patents are on material science work that we have done in conjunction with government projects. Monetizing our patent portfolio is something that we haven't focused on to the point where we've gone out and tried to license our patented technology. We have a couple of license deals, and the marketplace is looking good for materials that we have the patents for.

T: We haven't talk about Dynasil Biomedical yet.

P: We began Dynasil Biomedical by buying six technologies from a Dr. Dan Ericson. We also employed him to help develop the technologies. One of these is a tissue sealant, which closes up wounds, seals holes in organs, etc. We spun off this technology, forming Xcede Technologies, of which we currently own 90%. The market is very sizeable, over \$4 billion in the U.S., and above \$10 billion worldwide. We have a sealant that we have five patents on that has retained an interest although we are no longer funding it. Over time, the value of that technology is going to be significant. The challenge is holding on to as much of that technology as we can to ultimately realize value.

Market Overview

This month, there were no changes made to the Bowser Microcap Stock Index. Since the last newsletter, the Index jumped a rather considerable 18.41 points, or 2.9%, from 641.32 on June 6 to **659.73** on July 3.

Stocks in the newsletter, as a whole, did rather well over the last month, as the Beginner's Portfolio (on page 7) also stormed ahead.

Compared to other indexes, the Bowser Microcap Stock Index fared well. The smaller of the four indexes led the way with the NASDAQ Composite up top and the Russell 2000 right behind it. The Bowser Index gained the same as the Russell 2000 (both +2.9%).

•NASDAQ Composite:	UP 3.2%
•Russell 2000:	UP 2.9%
•S&P 500:	UP 1.3%
•Dow Jones Industrial Average:	UP 0.3%

For more frequent index updates, visit thebowserreport.com/blog

T: To finish off the interview, what do you think makes DYSL a worthwhile investment?

P: I think the company is undervalued. We have no cost for Xcede intellectual property, and we have no significant costs for the 50 going on 100 patents. We are also generating positive income and cash, with cash reaching \$3-3.5 million. The company just executed a creative acquisition, only paying \$500,000 in cash and 700,000 in shares. Management is doing things in a creative, entrepreneurial way so that we can begin to grow the operations of the company.

T: And you don't think any of this is reflected in the stock price?

P: Right. Over the past 12 months our stock has gone from \$0.50 to \$1.70, and we should be able to grow that price significantly. Once some revenue opportunities and the consolidation of our new acquisition kick in, we should significantly grow our top line. We will have more revenue a year from now than we do currently, and more revenue a year after that. Plus, I don't see a lot of growth in overhead costs, so as revenues grow a lot of that should drop through to the bottom line.

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

BUSINESS

FitLife Brands, Inc (FTLF) is a company that we stumbled upon on Ian Cassel's microcapclub.com. The company provides nutritional supplements that support athletic performance, weight loss and general health. The company sells its products under a variety of brand names: NDS Nutrition Products™, PMD™, SirenLabs™, and CoreActive™.

Through these brands, the company markets about 50 different products. These include NDS's Censor, Cardio Cuts and LipoRUSH DS; PMD's Amplify XL, Pump Fuel and Flex Stack; Siren Labs' Slimify, Shock'd and Ultra Karbs; and Core Active's GSpeed, Lean Core and Whey Active.

Currently, the company's products are sold through approximately 800 GNC franchise locations throughout the United States, and about 300 more locations in over 10 foreign countries. The products find their retail space through the company's own direct distribution system or through GNC's distribution system.

From time to time, the company introduces new products, including 28 during the fiscal year ended December 31, 2013. New products include entirely new formulations, reformulations and new flavors of existing products. During FY 2013, the company brought to market its SirenLabs product line.

The largest revenue stream is sales to GNC franchises, which represented 86% of the company's 2013 revenues. For these sales, FTLF works with GNC franchisees that own anywhere from one to 17 independently-owned franchises. Direct sales to GNC accounted for 11% of 2013 sales. All other sales were derived from other distribution channels, including direct sales through the company's website (www.ndsnutrition.com).

The company was previously known as Bond Laboratories, Inc until it changed its name in September 2013. Along with the name change, the company underwent a 10-for-1 reverse stock split that was effective on September 30, 2013.

FINANCIALS

Financially, FitLife is a growing company. Over the past four years, revenues have grown 140% from \$8.2 million in FY 2009 to \$19.7 million in FY 2013. Over that same

time period, earnings have gone from a loss of \$3.2 million to a gain of \$1.3 million. Earnings were down for fiscal 2013 compared to fiscal 2012 because of a 25% increase in SG&A costs, and a \$649,000 tax benefit in 2012 compared to a \$91,000 tax expense in 2013.

For the most recent quarter ended March 31, 2014, the company reported \$6,333,076 in revenues, 4.5% higher than the same period last year. Along with the higher revenues, FTLF reported a 14% reduction in operating expenses. As a result, the company reported a 52% increase in net income--from \$587,415 to \$893,346.

FitLife's balance sheet includes a current total assets-to-liabilities ratio of 3.9-to-1, and a great working capital of \$6.5 million. The company has over \$3 million in cash, or \$0.41/share.

FTLF does have a long-term debt of \$1,821,455, but this is not a cause for concern for two reasons:

(1) it represents less than 10% of the company's trailing twelve month revenues, and (2) that figure is going down.

There remains room for improvement in the company's book value, although it has been increasing.

MANAGEMENT

John S. Wilson is the company's CEO and President, bringing experience from over 18 years with The Coca-Cola Company and Coca-Cola Enterprises. He owns 547,409 shares of FTLF.

Officers and directors own 1,017,030 (12.2%) shares of common stock. There are three large beneficial owners: Jason Adelman (1,046,680 shares), Jeffrey Greenblatt (950,697 shares) and Michael Liss (438,578 shares).

THE BOTTOM LINE

FitLife is the #1 vendor in the GNC franchise system with plenty of room to expand. Most of the expansion potential comes internationally, which the company is looking to capitalize on (recently expanded into Vietnam). The company also is developing a new brand (ZYRI Labs) for GNC corporate stores, which represent over half of GNC's stores. Currently, FitLife isn't in any corporate locations.

So, in short, here is a company that has been growing at a considerable rate, but that hasn't fully realized its growth potential. Its brands are on a relatively small number of shelves, which should grow considerably.

Office: 4509 South 143rd St., Ste. 1, Omaha, NE 68137, Tel: 402/333-5260, www.fitlifebrands.com



OTC QB:FTLF
BOWSER RATING: 9
Last 12 Months:
\$1.20-3.28

	2012	2013	2014 (A)
REVENUES	\$18,093,202	\$19,684,030	\$6,333,076
INCOME(LOSS)	\$2,524,276	\$1,292,425	\$893,346
WORKING CAPITAL	\$4,526,816	\$5,659,176	\$6,482,529
BOOK VALUE	\$0.08	\$0.61	\$0.72
TOTAL SHARES	74,465,509	7,830,909	8,138,018
FLOAT	N/A	N/A	4,800,000
(A) THREE MONTHS ENDED 03/31/14			

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

Date of Recommend & Market	Issue/Trading Symbol	Principle Business	Price 07/03/14	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: OUR BEST PICKS								
11/13(A)	ALPHA PRO TECH (APT)	BUILDING/MEDICAL SUPPLIES	2.06	\$0.000	\$44.4	\$2.333	18.6	11
03/14(A)	COMMAND SECURITY (MOC)	SECURITY PERSONNEL/SERVICES	1.77	\$0.000	\$156.7	\$1.110	9.5	11
04/14(QB)	CPS TECHNOLOGIES (CPSH)	ADVANCED MATERIAL SOLUTIONS	2.80	\$0.000	\$22.4	\$1.213	13.1	9
09/13(QB)	CREATIVE LEARNING (CLCN)	EDUCATIONAL PROGRAMS FOR KIDS	2.38	\$0.000	\$6.8	\$1.507	11.8	11
01/14(CM)	DLH HOLDINGS (DLHC)	GOVERNMENT SERVICES SOLUTIONS	2.00	\$0.000	\$56.8	\$0.408	9.6	9
06/14(A)	DYNASIL CORP (DYSL)	OPTICAL COMPONENTS	1.72	\$3.674	\$42.8	\$0.624	15.1	8
07/14(QB)	FITLIFE BRANDS (FTLF)	NUTRITIONAL SUPPLEMENTS	2.25	\$1.821	\$20.0	\$1.598	8.1	9
# 10/09(CM)	LRAD CORP (LRAD)	SOUND ACOUSTIC TECHNOLOGY	2.08	\$0.000	\$20.2	\$2.481	33.1	9
# 02/10(CM)	MANHATTAN BRIDGE (LOAN)	NOW ABOVE \$3; SEE PAGE 5 (Follow-Through)						
# 08/12(CM)	NEWTEK BUSINESS (NEWT)	SMALL/MEDIUM BUSINESS SOLUTIONS	2.73	\$95.013	\$140.2	\$7.467	37.0	8
# 02/13(A)	WIRELESS TELECOM (WTT)	WIRELESS TELECOM SOLUTIONS	2.79	\$0.000	\$33.8	\$3.842	23.9	10
CATEGORY TWO: WORTHY OF CONSIDERATION								
# 12/11(A)	AMERICAN SHARED HSPT (AMS)	TURNKEY TECHNOLOGY SOLUTIONS	2.63	\$30.765	\$17.0	(\$0.433)	4.6	NR
# 05/13(A)	ENSERVCO CORP (ENSV)	OIL/GAS WELL SITE SERVICES	2.65	\$10.531	\$53.2	\$4.554	36.6	9
		Office: 501 South Cherry St., Ste. 320, Denver, CO 80246, Tel: 303/333-3678, www.enservco.com						
10/13(QB)	INNOVATIVE FOOD (IVFH)	SPECIALTY FOOD PROVIDER	1.25	\$0.543	\$23.9	(\$1.327)	8.0	8
# 12/06(A)	ITERIS (ITI)	OUTDOOR MACH VISION SYS/SENSORS	1.73	\$0.000	\$66.5	\$1.415	32.7	8
07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	1.34	\$0.008	\$11.9	(\$0.659)	14.3	NR
04/13(CM)	SPAR GROUP (SGRP)	MERCHANDISING AND MARKETING	1.55	\$3.679	\$115.0	\$2.937	20.7	7
# 12/13(CM)	XRS CORP (XRSC)	MOBILE SOLUTIONS FOR TRUCKERS	2.48	\$0.000	\$53.6	(\$0.269)	11.1	7
CATEGORY THREE: VERY SPECULATIVE								
# 03/13(GM)	ADVANTAGE TECH (AEY)	CABLE TV EQUIPMENT	2.74	\$1.319	\$33.1	(\$0.152)	10.0	NR
08/13(QB)	DIRECT INSITE CORP (DIRI)	E-INVOICING SOLUTIONS	0.70	\$0.029	\$8.6	(\$0.006)	12.8	NR
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	SPECIALTY CHEMICALS	0.85	\$0.922	\$15.1	\$1.600	13.2	7
# 06/12(A)	GOLDFIELD CORP (GV)	ELECTRICAL CONSTRUCTION	1.69	\$19.700	\$88.6	\$2.323	25.5	NR
08/11(A)	GSE SYSTEMS (GVP)	SERVICES NUCLEAR & PETRO IND	1.67	\$0.000	\$43.9	(\$11.380)	17.9	NR
# 03/11(A)	INTELLIGENT SYSTEMS (INS)	VENTURE CAPITAL FIRM	1.45	\$0.000	\$16.0	\$0.358	9.0	7
12/12(CM)	JOE'S JEANS INC (JOEZ)	WOMEN'S/MEN'S APPAREL	1.09	\$89.969	\$158.1	(\$3.104)	68.1	NR
12/13(QB)	KONARED CORP (KRED)	COFFEE FRUIT BEVERAGES	0.52	\$0.000	\$1.1	(\$5.486)	75.5	NR
07/10(QB)	REPRO-MED SYSTEMS (REPR)	DESIGN/PRODUCTION OF MED PROD	0.35	\$0.000	\$8.7	\$0.703	36.7	8
# 04/14(CM)	SMARTPROS INC (SPRO)	PROFESSIONAL LEARNING SERVICES	2.20	\$0.000	\$16.6	\$0.115	4.7	8
# 10/12(QB)	WHERE FOOD CMS FRM (WFCF)	FOOD VERIFICATION SERVICES	2.30	\$0.169	\$5.9	(\$0.109)	22.7	8

We recommend only purchasing companies rated 8 or higher. If a company's rating drops do not sell. For when to sell, refer to the Game Plan on page 2.

CATEGORY CHANGE: SmartPros Inc (SPRO) is moving from Category 2 to Category 3, see page 7 for more.

Dynasil acquires DichroTec Thin Films
Dynasil Corp (DYSL) acquired DichroTec Thin Films, LLC through its Evaporated Metal Films subsidiary. DichroTec was a Rochester, NY-based optical thin film coating manufacturer.

"Adding this heritage will provide Dynasil with additional know-how and facilities to meet the needs of the growing optical coatings market. In addition, DichroTec has proprietary coating processes for flexible substrates, power cell components, lighting and glass applications," commented CEO Peter Sulick.

As Mr. Sulick mentioned in this month's feature article, the additional facilities this acquisition provides will give Dynasil the opportunity to offload certain

projects, fulfill customer needs and a growing demand in a more efficient manner.

Arotech receives order; unveils new product
Arotech Corp (ARTX) announced an Engineering Change Order from the U.S. Army's Program Executive Office for Simulation, Training and Instrumentation. The order is valued at \$36 million, \$20.4 million of which is currently funded and the remaining \$15.6 million in options.

The order reconfigures the previously contracted 28 training sites to match the Army's current operational concept for Route Clearance companies.

Arotech also revealed its new Man Portable Hybrid Power Management System to the U.S. Department of Defense. The 3.5kW system is a prototype that satisfies an upcoming solicitation for the Mobile Electric Hybrid Power System Lite. It optimizes efficiency, reducing generator run time by up to 70%.

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 07/03/14 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)

<u>ISSUE/EXCHANGE SYMBOL</u>	<u>1</u>	<u>2</u>	<u>ISSUE/EXCHANGE SYMBOL</u>	<u>1</u>	<u>2</u>
AROTECH CORP (GM:ARTX)	\$4.52(11)	02/14 \$2.66(11)	INVENTURE FOODS (CM:SNAK)	\$11.54(11)	09/00 \$2.56(8)
ATLANTIC AMERICAN (GM:AAME)	\$3.96(9)	02/12 \$2.05(8)	KEY TRONIC CORPORATION (GM:KTCC)	\$10.66(7)	11/08 \$1.57(10)
AVALON HOLDINGS (A:AWX)	\$4.32(8)	05/11 \$2.90(9)	LIBERATOR MEDICAL HLDGS (N:LBMH)	\$3.71(10)	04/11 \$1.41(9)
CIMATRON LIMITED (CM:CIMT)	\$6.64(10)	02/08 \$2.75(8)	MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$3.48(9)	02/10 \$1.10(9)
ENSERVCO CORP (A:ENSV)	NOW \$2.65; SEE PAGE 4		RIVERVIEW BANCORP (GS:RVSB)	\$3.95(7)	06/13 \$2.30(9)
EVOLVING SYSTEMS (CM:EVOL)	\$9.85(NR)	05/09 \$3.68(8)	SIMULATIONS PLUS (CM:SLP)	\$5.62(8)	05/10 \$2.46(9)
*Price adjusted: 1-for-3 reverse split 07/09			TUCOWS INC (CM:TCX)	\$13.23(8)	01/13 \$6.00(8)
FIELDPOINT PETROLEUM (A:FPP)	\$5.49(8)	10/08 \$2.24(8)	*Price adjusted: 1-for-4 reverse split 12/13		
GOLDEN ENTERPRISES (GM:GLDC)	\$4.50(10)	02/09 \$2.35(9)	VERSAR INC (A:VSR)	\$3.35(7)	10/11 \$2.76(10)
IEC ELECTRONICS (A:IEC)	\$4.37(NR)	07/08 \$1.99(8)	VERTEX ENERGY (CM:VTNR)	\$9.90(9)	06/11 \$1.95(9)

THE FOLLOWING WE SAID SHOULD BE SOLD

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

SPINE PAIN MGMT (QB:SPIN)	\$0.33(NR)	\$0.24(04/14)	TENGASCO INC (A:TGC)	\$0.44(NR)	09/13 \$0.42(NR)
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BRIEFS

American Shared Hospital (AMS) sold 650,000 shares of newly issued common stock at a purchase price of \$2.43/share. The shares were sold to board members Raymond C. Stachowiak, John Ruffle and Stanley Trotman. The \$1.6 million raised through the private offering will be used to accelerate the company's proton therapy projects. . . . **ENSERVCO Corp (ENSV)** rang the New York Stock Exchange's closing bell on Friday, 06/20/14. CEO Rick Kasch noted that participating in the ceremony is a tribute to the company's progress. . . . **GSE Systems (GVP)** joined the Russell Microcap Index according to the final list of additions, which was posted on 06/27/14. . . . **Inventure Foods (SNAK)** expanded its licensed Vidalia Brands™ to include Vidalia® Kettle Potato Chips. The chips are now available in two flavors, sweet onion and sweet onion barbeque, and are offered at a suggested retail price of \$2.39-2.49 per 4.5-ounce bag. . . . **Liberator Medical Holdings (LBMH)** was selected to join the Russell Global, Russell 3000 and Russell Microcap Indexes based on a preliminary list that was posted on 06/13/14. The indexes were reconstituted on 06/27/14. . . . **Manhattan Bridge Capital (LOAN)** increased its annual dividend payment to \$0.28/share. The dividend will consist of four equal \$0.07/share cash payments on 07/15/14, 10/15/14, 01/15/15

and 04/15/15. The first payment will be on 07/15/14, to shareholders of record as of 07/10/14. . . . **Newtek Business Services (NEWT)** entered into a \$20 million credit agreement with Capital One. This agreement is an extension of the company's existing \$27 million financing line with Capital One. . . . **Repro-Med Systems (REPR)** announced a 41.1% increase in sales for the first quarter of fiscal year 2015. The company also appointed Rick McWhorter as the company's chief operating officer and Barry Short as the company's chief financial officer. . . . **Simulations Plus (SLP)** announced that the United States Environmental Protection Agency (EPA) purchased five licenses of GastroPlus™ and ADMET Predictor™ software programs. . . . **Versar Inc (VSR)** entered into a commercial note agreement with United Bank. The principal amount of the loan is \$5 million, which will be used to finance, in part, the company's acquisition of J.M. Waller. . . . **Wireless Telecom Group (WTT)** appointed Don C. Bell to the company's board of directors, also serving as a member of the board's compensation committee. . . . **XRS Corp (XRSC)** released its latest software, which debuted on June 22. It includes many valuable portal, mobile, web service and integration advancements to improve compliance readiness, performance measurement and overall effectiveness.

OPEN MARKET INSIDER TRANSACTIONS IN JUNE

<u>COMPANY</u>	<u>SHARES TRADED</u>	<u># OF TRADES</u>	<u>PRICE RANGE</u>
Alpha Pro Tech	OE-65,000	3	\$1.58
	S-40,000	3	\$2.16-2.22
American Shared	B-250,000	2	\$2.43
Arotech Corp	AS-11,500	2	\$4.20
KonaRed Corp	S-103,500	5	\$0.52-0.57
Liberator Medical	OE-110,000	2	\$1.10-1.20
	S-275,000	2	\$4.00-4.05
SPAR Group	B-1,000	1	\$1.42

AS-Automatic Sale, B-Bought, OE-Option Exercise, S-Sold, x-indirect holdings. Info from Yahoo! Finance

Vertex completes private placement

Vertex Energy (VTNR) closed its previously-announced private placement of the company's common stock. Under the offering, the company sold 2,200,000 shares of its stock at \$7.75/share.

Vertex plans to use the net proceeds from the offering to aid in its West Coast expansion.

BOWSER BUCKAROOS SPEAK

ED TAKES THE PLUNGE

*I studied over the info on warrants from The Bowser Report, including the article and picks Chuck Bostrom suggested. I ended up buying \$100 worth of each of the following warrants in the middle of June: **xG Technology (XGTIW)**, **Associated Banc-Corp (ASBCW)** and **SMG Indium Resources (SMGIW)**. So far, so good, but I am still anxious about them since this is all new to me.*

--Ed Kaulbars, Naples, FL

In recent issues, we have talked a lot about warrants, which typically get just one page of coverage in the newsletter. We have gotten a few questions about them, and in response, we decided to enlighten our subscribers on these types of securities in previous issues.

Ed has been particularly curious. In fact, he called us with a few questions, all with the goal of eventually purchasing some warrants. We couldn't have been happier when he announced to us that he had taken the dive into them.

For most, investing in anything is a scary undertaking. The reason for this fear is a lack of knowledge, or a lack of experience (which do go hand-in-hand). We, at *The Bowser Report*, believe that the best way to learn is to do it.

Now, we certainly do not want to push anyone into investing who is not ready. But, for those who have acquired all of the knowledge that they can (like Ed), the next step is for them to get their feet wet.

Starting small is a good idea, say 100 shares, or even \$100 per company (like Ed did). You have to start somewhere. If you follow the Game Plan, we have no doubt that you will succeed. Of course, it will take some time, but your efforts will pay off.

MANHATTAN BRIDGE RAISING DIVIDEND?

*I am just curious about your opinion of **Manhattan Bridge Capital (LOAN)** after they raised their dividend to \$0.28 a share annually. Do you think they have a big enough dividend ratio as compared to their earnings to keep growing, or do you think the company will be happy with a dividend around 10% and a stable stock-price. I am fortunate enough to own 2,000 shares of it.*

--Frank Champagne, Saginaw, MI

Frank asks a very good question. After all, when rating a company, we take into consideration whether the company has paid a dividend, not how much they have paid. According to Max Bowser, "A corporation's willingness and ability to authorize a dividend on its common stock indicates financial strength." So, just the mere fact that LOAN can pay a dividend is enough to award the company a point.

However, that is not the question. The question is, can LOAN afford to continue growing with such a large dividend?

The company's current trailing twelve month earnings per share is \$0.14. That's half of its newly announced dividend payment of \$0.28 per share.

Manhattan Bridge has done a great job of growing earnings, more than doubling them over the past two years. So, the company's dividend increase could be an indication of their confidence in continual growth moving forward. If that were the case, the company will continue to grow despite the high dividend. We tend to believe that this will happen, but only time will tell.

XG TECHNOLOGY WINS CONTRACT

Your subscribers should be singing The Bowser Report's praises this morning. I found the following article: "xG Technology Awarded Subcontractor Position on \$497 Million Multiple-Award Contract to Provide Communications and Networking Services to U.S. Army."

--Bose Agnew, Washington, DC

The article that Bose sent us detailed xG Technology's contract win as a subcontractor to provide communications and network services to the U.S. Army's Communications-Electronics Research, Development and Engineering Center Space and Terrestrial Communications Directorate. This contract has a ceiling value of \$497 million.

How will this affect the company's stock, and more importantly for our subscribers, the company's warrants? Since the last newsletter, the common stock rose 14%, while the warrants fell almost 27%.

Winning big contracts is a step in the right direction, but how they affect financial performance is the better indicator with regards to how the company is doing and will do in the future.

SUBSCRIBING ONLINE AND IN PRINT

Is there anyway to have online access through our current print subscription? If so, how do we get that started?

--Justin Bahr, Iowa Falls, IA

In order to receive both the online and print versions, you can either select the Online and Print option on a renewal card, or send payment of \$5 along with your request and a valid email address to PO Box 5156, Williamsburg, VA 23188. The \$5 covers added costs of both services.

Once we receive your request, we will set you up with an online account. You will continue to receive the newsletter via mail, but will also receive online access to the newsletter each month through our website. You can also opt-in to our email list, through which you will receive a PDF version of the newsletter each month.

Beginner's Portfolio Up 215%

BOUGHT: None this month

SOLD: LOAN (50 Shares) @ \$2.40 less \$10 commissions = \$230

	Cost	07/02/14	Cost	07/02/14	Cost	07/02/14	Proceeds		
*LOAN	120/Mar '10	174	NEWT	187/Sep/'12	273	SGRP	178/Apr '13	155	From Sales
GVP	210/Sep '11	168	WFCF	159/Nov '12	230	AEY	248/May '13	274	
AAME	280/Mar '12	396	LRAD	106/Dec '12	208	IVFH	134/Jan '14	125	11,069
AMS	308/June '12	263	JOEZ	117/Jan '13	109	APT	232/Mar '14	206	230
INS	179/June '12	137	*LBMH	83/Jan '13	186	MOC	209/May '14	177	11,299
ITI	162/Aug '12	173	WTT	189/Apr '13	279	DLHC	210/May '14	200	
							3,733		
Original cost for all stocks: \$4,766			*50 Shares		Proceeds from Sales:		11,299		
							Current Value of Portfolio:		15,032

Gain: 15,032 minus 4,766 = 10,266

Percentage of gain: 10,266 divided by 4,766 x 100 = 215.4

Comments: This is a simulated portfolio for those who would like to actively participate in the stock market... **They want an approach that will serve as a learning situation**... An investment of up 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

After two straight months of negative results, the Beginner's Portfolio surged ahead again this month. The sale of **Manhattan Bridge Capital (LOAN)** after it doubled at \$2.40/share led the Portfolio's rebound. This sale led to a 2.1% increase in Proceeds from Sales. The value of our current holdings also rose, gaining 1.1% since the last newsletter.

SmartPros announces changes

SmartPros Ltd. (SPRO) Chairman and CEO, Allen Greene, detailed upcoming operational changes:

"Over the last several months we have been reviewing the company's performance from both an operational perspective and the yields from customers. As a result of this review we have adopted what we are calling a 'Back to Basics' approach.

"We intend to reduce staffing, close, sell or reduce certain verticals that are not profitable and repurpose resources to areas of our business that we believe will contribute most towards profitability and future growth.

"These changes may result in a decrease in near-term revenue, but we believe that it will correspond with an increase in profitability and further potential for long-term growth."

Iteris wins contract; progresses weather business

Iteris, Inc. (ITI) received a \$1.4 million contract from the Orange County (CA) Transportation Authority. Under the contract, Iteris will provide traffic signal improvements, including updating and synchronizing traffic signals along Newport Boulevard.

Iteris also announced updates to its weather information solutions business. First, the company entered into an agreement with Agrian to provide actionable weather information for precision agronomy, which is the science of producing/using plants for food, fuel, fiber and land reclamation.

"By licensing ClearPath Ag™ technology to Agrian,

Iteris is able to provide actionable information enhancing decision-making for agribusinesses, crop consultants and producers to maximize crop yields, minimize risk and improve compliance reporting," remarked Abbas Mohaddes, president and CEO.

Second, Iteris debuted its ClearPath Ag technology, which was licensed to Agrian. This content system is a cloud-based software solution that provides weather information needed for data-driven decision making for efficient crop management, risk reduction and mitigation and resource allocation.

Creative Learning awards franchises

Creative Learning Corp. (CLCN) announced a number of new franchises over the past month, beginning with its 580th franchise. This mile-marking franchise is located in Manitoba, Canada.

On the company's progress, CEO Brian Pappas stated, "Creative Learning is now increasing its number of franchises awarded by the end of the year to 650."

Next, the company announced new franchises in Spain and New Zealand, as well as its second master franchise in Australia. With these new additions, the total number of countries with Bricks 4 Kidz® franchises is 28.

Flexible Solutions stock upgraded

Flexible Solutions (FSI) stock was upgraded by TheStreet from a sell to a hold. Highlights of TheStreet's report included a very low debt-to-equity ratio and a high gross profit margin. Our rating of the company still remains very speculative, as indicated by the company being in Category 3 on page 4.

NOTES BY THE EDITOR

Crumb's Bake Shop (CRMBW) closed down all of its stores. The company had about 65 stores in 12 states and Washington D.C., all of which shut their doors by the end of July 7.

The company was delisted by the Nasdaq Capital Market, now trading over-the-counter. Crumb's stock has been in a downfall since around September 2013.

We added Crumb's to the *Warrant Register* listing quite a few months ago, and the company has appeared in trouble ever since. Attempts to pick up license deals, open more stores, shift around the management team and strike up a relationship with BJ's Wholesale all failed. Now, with the company in shambles, the move to close its stores will cause the company to default on over \$14 million in loans.

Next month, Crumb's Bake Shop's warrants will disappear from the warrant list, and those holding them should sell all remaining holdings.

According to Brad Bickham, the valuations of small stocks are becoming stretched, essentially meaning that small stocks are getting expensive. How expensive? Well, in Bickham's analysis, small companies' valuations show them trading at a 20% premium when compared to larger corporations.

What does this mean for *The Bowser Report*? We don't think a thing. We deal in a sector of the market that is overlooked, even during bull markets such as the current one. So, we are able to find value and growth no matter what the general market is doing.

We have noticed that quite a few companies are higher-priced, but we will always seek to find our subscribers the best values with the highest likelihood of producing great returns.

On July 15, we will publish the third quarterly edition of the *Bowser Database*. For those who are unaware, the *Database* is a 15+ page, comb-bound document

that contains over 300 microcap companies. These are companies that we have recommended, or are following as possible recommendations. Each company has over ten fields of information including: ticker symbol, primary business, trading price, long-term debt, book value, trailing twelve month revenues and earnings, Bowser Rating and more.

A few months back we announced that the *Database* would be available quarterly. You can purchase a single issue, or subscribe for one or more years at a time. The pricing is in the gray box below.

For those looking to add to their Bowser portfolio beyond the newsletter, or who are looking to do some research of their own and would like a place to start, the *Database* is a great document to have in hand.

Don't forget about the Recommend A Friend program. Despite it not being advertised all over the place, the Recommend A Friend program is still on.

When you, as a subscriber, provide us with a friend's name and address, we will send him or her a sample copy of *The Bowser Report*, along with subscription information. If your friend chooses to subscribe, we will add a free month on to your subscription!

The best part is you can recommend as many friends as you would like and get as many free months as you can. So, start helping your friends successfully invest in minipriced stocks today.

On July 19, your editor will be getting married. My fiance, Kari Berg and I are both very excited about the approaching day. Because of the wedding and the honeymoon to follow, I will be out of the office from Friday, July 18 until Wednesday, July 30.

If you have any questions during that time, please contact us via email. We will not be checking the phones regularly here at the office. Thank you all for your understanding!



FIVE BOWSER STOCKS UP AND DOWN

MANHTTN BRIDGE	UP	52%	SMARTPROS INC	DOWN	25%
FLEXIBLE SOL	UP	42%	ENSERVCO CORP	DOWN	12%
REPRO-MED SYS	UP	40%	INNOVATIVE FD	DOWN	11%
DLH HOLDINGS	UP	33%	INTELLIGENT SYS	DOWN	9%
EVOLVING SYS	UP	22%	INVENTURE FDS	DOWN	9%

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WARRANT REGISTER

THIS MONTH'S
BIGGEST GAINER
IRIDIUM COMM
UP 47%

A quick update on MicroVision's warrants
Buckaroo Chuck Bostrom let us know that the offering bringing the **MicroVision (MVIS)** warrants to the market was not approved by stockholders. We confirmed this in the company's 8-K that was filed on June 4, 2014. This SEC filing detailed the results of the annual shareholders meeting that took place on June 3, 2014. We originally discussed this offering in last month's newsletter

BioAmber secures funding

BioAmber Inc. (BIOA-WT) secured a CDN \$20 million commercial senior secured loan from a financial consortium led by Export Development Canada. The loan has an initial interest rate of 8%, and its principal will be reimbursed over a six and a half year period.

BioAmber also secured a CDN \$7 million grant from Sustainable Development Technology Canada (SDTC). These funds will support the construction of the CDN \$135 million bio-succinic acid plant currently under construction.

BIOA's executive VP, Mike Hartmann, remarked, "Commercializing an innovative, clean technology that is cost disruptive to the petrochemical industry is a major undertaking, and it needs government support to become a reality."

Crumb's delisted from Nasdaq

Crumbs Bake Shop (CRMBW) was delisted from the Nasdaq Capital Market on July 1, after the company was unable to

comply with a couple of Nasdaq's listing requirements. Nasdaq notified Crumbs of its pending delisting on June 20, 2014. The company now trades over-the-counter under the same ticker symbols. See page 8, for more information regarding CRMBW.

FairPoint opens data center

FairPoint Communications (FRPZW) launched its retail customer data center services by opening a data center in Laconia, NH.

"As more organizations seek to reduce capital expenses and adapt to the ever-evolving technology and regulatory landscape, we see the need for data center services," said Chris Alberding, FRP's VP of product management.

Iridium and SpaceX complete tests

Iridium Communications (IRDMZ) and SpaceX completed dispenser qualification testing for the Iridium NEXT constellation.

Scott Smith, COO: "The launch of the satellites for Iridium NEXT is fairly complicated, given the sheer number of satellites that need to be placed into orbit. The dispenser passed its system level qualification tests with flying colors, and we're now moving forward with launch preparations."

Retail Opportunity closes acquisition

Retail Opportunity Investments (ROICW) completed the acquisition of the Fallbrook Shopping Center for \$210 million. We originally reported on Retail Opportunity's contract to acquire the shopping center in last month's newsletter.

Company	Market/Symbol	Principle Business	Warrant			Exer. Price	Expire Date	No. Wts	Bowser Rating
			Stock Price 07/03/14	Price 07/03/14	Conv. Ratio				
Associated Banc-Corp 1200 Hansen Road., Green Bay, WI 54304, Tel: (920) 491-700, www.associatedbank.com	GS:ASBCW	Bank holding company	18.90	2.48	1.00	19.77	11/21/18	4.0M	8
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	16.03	0.78	1.00	30.79	10/28/18	121.8M	10
BioAmber Inc 1250 Rene Lesvesque West, Ste. 4110, Montreal, QC H3B 4W8, Canada, Tel: 514/844-8000, www.bio-amber.com	N:BIOA-WT	Produces and sells bio-succinic acid	10.50	2.48	1.00	11.00	05/09/17	8.0M	7
Citigroup 399 Park Ave., New York, NY 10043, Tel: 212/559-1000, www.citigroup.com	N:C-WTA	Investment banking	48.24	0.61	0.10	106.10	01/04/19	2.6M	8
Crumbs Bake Shop, Inc 110 West 40th St., Ste. 2100, New York, NY 10018, Tel: 877/278-6270, www.crumbs.com	CM:CRMBW	Sale of baked goods	SELL; See page 8						
Dynegy, Inc 601 Travis St., Ste. 1400, Houston, TX 77002, Tel: 713/507-6400, www.dynegy.com	N:DYN-WT	Electric energy/related services	33.43	4.00	1.00	40.00	10/02/17	15.6M	9
FairPoint Communications 521 E. Morehead St., Ste. 250, Charlotte, NC 28202, Tel: 704/344-8180, www.fairpoint.com	OTC:FRPZW	Communications in New England	14.30	0.02	1.00	48.81	01/24/18	3.6M	8
FieldPoint Petroleum 1703 Edelweiss Dr., Cedar Park, TX 78613, Tel: 512/250-8692, www.fppcorp.com	N:FPP-WT	Oil/gas operations in the US	5.49	1.47	1.00	4.00	03/26/18	8.0M	7
Hennessy Capital Acquisition 10 South Wacker Dr., Ste. 3175, Chicago, IL 60606, Tel: 713/300-8242, No website	CM:HCACW	Acquisition company	9.72	0.45	0.50	5.75	01/23/19	11.5M	NR
Iridium Communications 1750 Tysons Blvd., Ste. 1400, McLean, VA 22102, Tel: 703/287-7400, www.iridium.com	GS:IRDMZ	Mobile voice/data communications	8.86	0.50	1.00	11.50	02/05/15	14.0M	8
Resolute Energy 1000 Crescent Ct., Ste. 1200, Dallas, TX 75201, Tel: 214/615-2300, no website	N:REN-WT	Petroleum/natural gas	8.46	0.03	1.00	13.00	09/25/14	1.7M	NR
Retail Opportunity Invest 3 Manhattanville Rd., 2nd Fl., Purchase, NY 10577, Tel: 914/272-8080, www.roireit.net	GS:ROICW	Commercial real estate investment	15.71	3.68	1.00	12.00	10/23/14	44.0M	NR
SMG Indium Resources 100 Park Ave., 16th Fl., New York, NY 10017, Tel: 212/984-0635, www.smg-indium.com	QB:SMGIW	Indium stockpiler/seller	2.05	0.05	1.00	5.75	05/04/16	6.8M	10
TCF Financial 200 Lake Street East, Wayzata, MN 55391, Tel: 952/745-2760, www.tcfbank.com	N:TCB-WT	Bank holding company	16.75	3.02	1.00	16.93	11/14/18	3.2M	8
Valley National Bancorp 1455 Valley Rd., Wayne, NJ 07470, Tel: 973/305-8800, www.valleynationalbank.com	N:VLY-WT	Bank holding company	10.04	0.42	1.2155	15.64	06/30/15	0.9M	8
xG Technology 240 South Pineapple Ave., Cte. 701, Sarasota, FL 34236, Tel: 941/953-9035, www.xgtechnology.com	CM:XGTIW	Wireless network communications	2.10	0.69	1.00	6.87	07/22/18	0.7M	8

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Command Security (MOC)	03/31/14	\$38,162,493	\$37,482,094	(\$137,428)	(\$417,874)	(A)
Spine Pain Management (SPIN)	03/31/14	\$334,688	\$1,043,201	(\$480,287)	\$45,969	(B)
Tengasco, Inc. (TGC)	03/31/14	\$3,505,000	\$4,314,000	\$424,000	\$937,000	

(A) *"This has been a very busy year of transition. The company's new corporate team worked diligently on several streamlining efforts, such as revamping and upgrading the enterprise system to improve operational tasks and increase visibility into Command's performance," Craig P. Coy, CEO of MOC, noted. "Although the company did not retain a large contract in the west, the strengthened sales team*

booked a total of approximately \$44 million of new business and renewals."

(B) *Dr. William Donovan, Spine Pain's CEO: "When I first decided to bring public SPIN's business model several years ago, it was at that time, and still is, unique in the public company sector; effectively meaning there were no other companies to learn from. Throughout this time we have had our ups and downs."*

Versar makes acquisition

Versar, Inc (VSR) acquired J.M. Waller Associates, Inc. J.M. Waller is a Service Disabled Veteran Owned Small Business that did over \$30 million in annual revenues and is headquartered in Fairfax, VA. The company provides consulting services in support of a wide range of government, industry, and commercial clients, including the U.S. Army Corps of Engineers, U.S. Air Force, U.S. Navy, Environmental Protection Agency and the General Services Administration.

"The acquisition of J.M. Waller is a great strategic fit for Versar, and will immediately strengthen VSR's environmental services and professional services businesses, as well as its engineering and construction management services. The addition of J.M. Waller's facilities expertise and customer base will allow Versar to expand its reach in terms of clients, technical capabilities and geography," explained CEO Tony Otten.

J.M. Waller brings a contracted backlog of \$25 million to Versar, and should be accretive to earnings in one year.

LRAD announces orders

LRAD Corp (LRAD) received two orders over the past month. The first order was a \$1.7 million order from an international navy in Southeast Asia. The order covers LRAD-RX systems and accessories, which will be mounted on vessels in the country's fleet.

The initial \$950,000 should ship by September 30, 2014, while the rest will be shipped as new vessels are built and commissioned.

The second order was a \$300,000 order from the United States Army. This order covers LRAD 500X systems and accessories that the Army will use for ongoing operations in Afghanistan. These systems will be mounted on Army vehicles, towers and checkpoints. They will also support the troops in communication efforts and

provide a safety zone for Army personnel. This order is also scheduled to ship by September 30, 2014.

Commenting on this order, CEO Tom Brown: "We are extremely pleased that the United States Army has once again chosen LRAD solutions to meet their requirements in Afghanistan. This purchase reaffirms the Army's interest in LRAD products, and we are pursuing several additional opportunities within the Army and the United States military."

KonaRed keeps marching forward

KonaRed Corp (KRED) made a couple of important announcements. First, the company announced increased retail coverage with its product availability in over 50 Fred Meyer Stores in Washington and Oregon. Fred Meyers is a part of The Kroger Family, which has over 2,500 stores in 32 states.

Second, the company announced a strategic alliance with Sparkling Drink Systems International. Through this alliance, KonaRed and Sparkling Drink Systems will launch a line of powdered beverage pods co-developed exclusively for use with Vibration, SDS's new generation of at-home carbonation appliances.

Describing the new partnership, SDS's founder, Serge Bueno, said, "The market is looking for healthy drinks enhanced with functional benefits such as antioxidants, and we are delighted that KonaRed has partnered with us to offer their wellness beverages to consumers using our new zero CO2 cylinder technology."

KRED CEO Shaun Roberts stated, "Strategic Drink Systems' unique technology fits right in with KonaRed's own cutting edge product line and is the type of innovation we feel will draw more consumers to KonaRed. This opportunity creates a new fun way for consumers to enjoy KonaRed products, and we expect it will drive incremental sales from the at-home carbonation market."