

Third quarter earnings disappoint

Highlights and lowlights of a particularly poor earnings season

This month, 25 companies reported their earnings. Of those 25, just six posted increases in both revenues and earnings. Meanwhile, three companies showed revenue decreases, six companies showed earnings decreases and ten companies showed decreases in both. Overall, those statistics are enough to say that the most recent wave of earnings reports was disappointing.

Companies that reported exceptional earnings deserve praise, while those that reported significant declines deserve an explanation. So, we'll first review the companies that had great quarters. Then, we'll discuss those that did not perform so well.

GOOD REPORTS

FLEXIBLE SOLUTIONS (FSI)

- Revenues: **+29%**
- Earnings: **+126%**

Flexible Solutions experienced an increase in both the polyaspartate and WaterSavr sales for the quarter. Historically, the company's revenues have been weighted towards the first half of the year due to the agricultural product sales cycle.

The growth of FSI's net income from a \$681,900 loss in the third quarter of 2013 to a \$177,228 profit in this year's third quarter was the result of higher revenues, a \$91,779 decrease in operating expenses and just a 4% (or \$93,836) increase in cost of sales.

The company's balance sheet strengthened, as current liabilities rose to \$6,525,448, and current assets fell to \$1,801,484. This led to an increase in working capital, as well as an increased total current assets-to-liabilities ratio of 3.6-to-1.

Daniel B. O'Brien, CEO: "We feel that the general direction of Flexible Solutions is upward for the next several quarters, at least."

DIRECT INSITE (DIRI)

- Revenues: **-1%**
- Earnings: **+2,700%**

Really the only negative on Direct Insite's most recent earnings report was its very slight 1% decrease in sales. This minor decrease stemmed from a customer dividing its operations, and subsequently suspending DIRI services in one of its divisions. Despite the decrease in recurring

revenues, non-recurring revenues were up slightly, but not enough to completely offset the lost sales.

Despite the small decrease in sales, Direct Insite shrunk its operating expenses by a substantial 8%, which contributed in large part to the company's bottom line growth—from \$4,000 in the third quarter of 2013, to \$112,000 in 2014's third quarter.

Re the balance sheet, DIRI raised its total current assets, to \$3,605,000, and decreased its total current liabilities, to \$1,601,000. This led to increased working capital, and an improved total current assets-to-liabilities ratio of 2.3-to-1.

"Direct Insite returned to profitability in the third quarter, and announced the re-signing of eight of its customers to long-term contracts," remarked Chairman and CEO Matthew E. Oakes. "With the successful launch of the PAYBOX™ working capital management platform, and the immediate positive responses from existing and potential customers, DIRI continues to build significant momentum as the company enters the fourth quarter of 2014 and fiscal 2015."

NEWTEK BUSINESS SERVICES (NEWT)

- Revenues: **+10%**
- Earnings: **+43%**

Newtek's revenues increased in two thirds (six of nine) of its revenue streams. Those that decreased were the web hosting and design, income from tax credits and other income categories. These sectors only decreased very slightly, as the company grew its sales by double digits for the quarter.

NEWT was able to post an improved bottom line despite a 2% hike in operating expenses, which included a 1,312% rise in income taxes, from \$137,000 in 3Q 2013 to \$1,934,000 in 3Q 2014.

In line with its income statement, the company's balance sheet also improved. Total assets rose 2% to \$203.2 million, and total liabilities fell 1% to \$120 million.

BAD REPORTS

INFOSONICS (IFON)

- Revenues: **-18%**
- Earnings: **-1,962%**

The third quarter was a rough one for InfoSonics, a rather

recent Company of the Month.

IFON's revenues decreased 18% overall, with 50% and 16% declines in South American and Central American markets, respectively. On a positive note, revenues increased by 31% in Mexico, and grew by \$806,000 in the United States.

Despite a 43% cut in research and development costs, operating expenses as a whole jumped 7%. Contributing to the overall rise, selling, general and administrative expenses rose 14% as a result of higher personnel, marketing and insurance costs. The smaller revenues and larger costs generated the substantial loss.

Management notes that the fluctuation in financials is a result of a changing business strategy to mirror changes in the mobile industry as a whole (i.e. decreased feature phones, increased smart phones). While we made note of this transition in our write-up, the company cannot sustain multiple quarters of shrinking sales and net losses. For now, we'll move the company to Category 3, and keep it under close watch.

LIGHTPATH TECHNOLOGIES (LPTH)

- Revenues: **-7%**
- Earnings: **-621%**

LightPath's revenues took a hit because a U.S. defense contractor delayed a \$230,000 order, according to management. With that order, revenues would have been only slightly higher for the third quarter of 2013 than they were for the third quarter of 2014.

In any case, smaller revenues and increased expenses led to a considerably greater loss. The higher costs were associated with the company's transition from its Shanghai factory to its new Zhenjiang factory, as well as the expenses associated with ramping up production.

In spite of this poor quarter, management expects these expenses to phase out as the transition moves along, eventually leading to higher, profitable margins. For now, we'll slide the company in Category 3, as we keep a close eye on its operations.

VERTEX ENERGY (VTNR)

- Revenues: **+64%**
- Earnings: **-183%**

Once trading above \$8, Vertex Energy has come a long way down. While the company's revenues cannot be

Market Overview

This month there were no changes to the Bowser Microcap Index. Last month, the Index rose 2%. This month, however, the Index fell 25.64 points, or 4.6%, from November 7's close of 558.25 to December 5's close of **532.61**. The small stocks throughout our newsletter had a tough month, in part because earnings were less than impressive.

Larger indexes continued their trend upwards over the past month. The NASDAQ Composite posted the largest gain, climbing 3.2%. While the Bowser Microcap Index was the only index turning in a loss, the Russell 2000 finished behind the three larger indexes. This shows small stocks dragging behind larger stocks as we head into the final month of 2014.

•NASDAQ Composite:	UP 3.2%
•Dow Jones Industrial Average:	UP 2.2%
•S&P 500:	UP 2.1%
•Russell 2000:	UP 0.8%

blamed for the decrease, its earnings certainly have something to do with the drop.

While VTNR's revenues rose 64%, the cost of those revenues grew 74%. Operating expenses, which included \$259,235 in acquisition related expenses, soared 183%. Also contributing to the much worse bottom line was a \$947,325 interest expense, compared to just a \$95,488 interest expense for the same period last year.

"Results were impacted by both strategic internal decisions, as well as the decline in the market. Vertex took an important step to complete some long-term maintenance work on its TCEP plant. This turnaround affected third quarter production at that plant," explained Benjamin P. Cowart, CEO.

With the company's recent and drastic drop in share price, which fell over 60% over the past three months, all of our subscribers following the Game Plan should be out of the stock. As a result, we are removing it from the newsletter.

FOR MORE EARNINGS INFORMATION, SEE THE EARNINGS PAGE.

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

International Baler Corp. (IBAL) is a company that we have followed in the *Bowser Database* for some time. IBAL is a small, thinly traded company, with only 5.2 million shares outstanding and a three month average daily trading volume of 2,133 shares.

International Baler operates a very unique niche within the machinery industry. The company manufactures baling equipment that compresses a variety of materials. Common materials include scrap metal, corrugated boxes, newsprint, aluminum cans, plastic bottles and other solid waste. Other more specialized materials include textiles, fibers and synthetic rubber. Compressing these materials makes them easier to handle, ship, dispose, store and recycle.

The company manufactures general purpose balers, specialty balers and accessory equipment in its facility in Jacksonville, FL.

GENERAL PURPOSE BALERS

General purpose balers constitute the largest portion of International Baler's sales, accounting for 50% in the 2013 fiscal year. These balers, available in horizontal or vertical loading models, are used to compact waste materials including paper, corrugated boxes and other solid waste materials. Ranging in size from 300 to 2,000 pounds, these machines cost \$5,000 to \$500,000.

SPECIALTY BALERS

Specialty balers constitute the next largest portion of IBAL's sales, representing 35% of fiscal 2013's revenues. These balers are designed for specific applications, requiring modifications of the general purpose baler. Common specialty balers are the scrap metal baler, the rubber baler, the drum crusher baler and the textile baler. These more specified machines range in price from \$5,000 to \$550,000.

ACCESSORY EQUIPMENT

While accessory equipment did not account for a significant portion of 2013 company sales, these products are necessary to market a "complete waste handling system." Accessory products include conveyors, hoppers, rufflers, electronic start/stop controls and hydraulic oil coolers and cleaners.

FINANCIALS

International Baler's financial statement took a hit in

2013, as revenues slid 10%, and earnings, 43%. However, fueled by a tremendous third quarter, the company is back on track for higher sales and net income in 2014.

Speaking of the third quarter, which ended July 31, 2014, sales jumped \$2,894,119, or 92%, from the same period last year. Meanwhile, earnings rose \$511,792, or 1,926%, over the same period. Driving the improved results was the timing of shipments from the company's backlog, as IBAL shipped eight synthetic rubber balers in fiscal 2014's third quarter, compared to just two in fiscal 2013's third quarter.

As of July 31, 2014, International Baler's backlog was \$11.8 million, compared to \$8.7 million as of July 31, 2013.

The company's balance sheet improved in large part due to 97% and 10% increases in accounts receivable and inventories, respectively. IBAL's

total current assets-to-liabilities ratio is 2.1-to-1, with \$6.7 million in working capital.

IBAL has just \$31,523 in long-term debt, and a decent book value of around \$1.50 a share.



OTC QB:IBAL
BOWSER RATING: 10
Last 12 Months:
\$1.26-2.48

INSIDERS

D. Roger Griffin leads International Baler as the company's president and CEO. William E. Nielsen is the company's CFO.

Insiders own a very considerable 3,345,342 of the 5,183,895 shares outstanding.

Since October 1, 2014, insiders have purchased a total of 61,300 shares between \$2 and \$2.10 a share through 9 different transactions.

IBAL's largest shareholder is Leland E. Boren, who owned 2,413,853 shares indirectly through the estate of his wife, LaRita R. Boren, and 220,043 shares directly as of March 10, 2014.

BOTTOM LINE

As previously stated, IBAL is a small, thinly traded company, making it subject to volatility. However, with a growing, profitable business and a solid balance sheet, we think this machine company will yield some profits in the market. Currently, the company is undervalued compared to the rest of the machinery industry, with a price-to-earnings ratio of just 9 (compared to the industry average of 18).

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	2012	2013	2014 (A)
REVENUES	\$17,819,945	\$16,082,938	\$12,790,741
INCOME(LOSS)	\$1,207,430	\$683,194	\$629,492
WORKING CAPITAL	\$5,465,455	\$6,048,952	\$6,680,874
BOOK VALUE	\$1.25	\$1.39	\$1.51
TOTAL SHARES	5,183,895	5,183,895	5,183,895
FLOAT	N/A	N/A	775,820
(A) NINE MONTHS ENDED 07/31/14			

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 12/05/14	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: OUR BEST PICKS								
09/13(QB)	CREATIVE LEARNING (CLCN)	EDUCATIONAL PROGRAMS FOR KIDS	1.64	\$0.005	\$7.3	\$1.260	11.8	8
01/14(CM)	DLH HOLDINGS (DLHC)	GOVERNMENT SERVICES SOLUTIONS	2.54	\$0.000	\$59.0	\$0.591	9.6	9
06/14(A)	DYNASIL CORP. (DYSL)	OPTICAL COMPONENTS	1.44	\$4.196	\$42.2	\$1.064	16.3	8
07/14(QB)	FITLIFE BRANDS (FTLF)	NUTRITIONAL SUPPLEMENTS	2.80	\$1.568	\$21.5	\$1.931	8.2	10
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	2.02	\$0.032	\$18.9	\$1.155	5.2	10
# 04/11(A)	LIBERATOR MEDICAL (LBMH)	MEDICAL SUPPLIES FOR SENIORS	2.79	\$1.500	\$72.2	\$8.008	53.0	9
# 10/09(CM)	LRAD CORP. (LRAD)	SOUND ACOUSTIC TECHNOLOGY	2.70	\$0.000	\$24.6	\$3.328	33.2	7
# 02/10(CM)	MANHATTAN BRIDGE (LOAN)	NOW ABOVE \$3/SHARE; SEE PAGE 5						
11/14(QB)	NOBLE ROMAN'S (NROM)	PIZZA FRANCHISES AND LICENSES	2.06	\$1.723	\$7.8	\$0.231	19.9	8
10/14(GM)	ROYAL BANCSHARES (RBPA)	BANK HOLDING COMPANY	1.70	\$123.743	\$28.9	\$7.326	25.4	9
08/14(QB)	SONO-TEK CORP. (SOTK)	ULTRASONIC NOZZLES	1.10	\$1.389	\$10.4	\$0.487	14.7	9
# 02/13(A)	WIRELESS TELECOM (WTT)	WIRELESS TELECOM SOLUTIONS	2.68	\$0.051	\$40.5	\$3.487	19.4	8
CATEGORY TWO: WORTHY OF CONSIDERATION								
03/14(A)	COMMAND SECURITY (MOC)	SECURITY PERSONNEL/SERVICES	1.93	\$0.000	\$150.6	\$1.494	9.7	9
# 05/14(QB)	CPS TECHNOLOGIES (CPSH)	ADVANCED MATERIAL SOLUTIONS	2.50	\$0.000	\$22.3	\$0.660	13.1	8
08/13(QB)	DIRECT INSITE CORP. (DIRI)	E-INOICING SOLUTIONS	0.65	\$0.016	\$8.3	(\$0.064)	12.8	10
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	SPECIALTY CHEMICALS	1.12	\$0.967	\$15.4	\$2.789	13.2	10
# 06/12(A)	GOLDFIELD CORP. (GV)	ELECTRICAL CONSTRUCTION	2.04	\$16.282	\$92.7	\$2.695	25.5	NR
10/13(QB)	INNOVATIVE FOOD (IVFH)	SPECIALTY FOOD PROVIDER	1.49	\$1.883	\$28.0	(\$1.124)	20.7	NR
07/10(QB)	REPRO-MED SYSTEMS (REPR)	DESIGN/PRODUCTION OF MED PROD	0.39	\$0.000	\$10.0	\$0.900	38.1	10
04/13(CM)	SPAR GROUP (SGRP)	MERCHANDISING AND MARKETING	1.45	\$4.120	\$121.7	\$3.696	20.6	10
# 10/12(QB)	WHERE FOOD CMS FRM (WFCF)	NOW ABOVE \$3/SHARE; SEE PAGE 5						
CATEGORY THREE: VERY SPECULATIVE								
# 03/13(GM)	ADVANTAGE TECH (AEY)	CABLE TV EQUIPMENT	2.55	\$5.437	\$36.1	(\$0.286)	10.0	8
# 12/11(A)	AMERICAN SHARED HSPT (AMS)	TURNKEY TECHNOLOGY SOLUTIONS	2.40	\$17.865	\$15.4	(\$1.092)	5.4	7
# 05/13(A)	ENSERVCO CORP. (ENSV)	OIL/GAS WELL SITE SERVICES	1.64	\$14.574	\$53.5	\$2.583	37.1	8
08/11(A)	GSE SYSTEMS (GVP)	SELL; SEE PAGE 7						
# 03/11(A)	INTELLIGENT SYSTEMS (INS)	SELL; SEE PAGE 7						
09/14(CM)	INFOSONICS CORP. (IFON)	MOBILE DEVICES PROVIDER	1.22	\$0.000	\$42.1	(\$0.344)	14.4	8
# 12/06(A)	ITERIS (ITI)	OUTDOOR MACH VISION SYS/SENSORS	1.85	\$0.000	\$70.9	\$0.082	32.6	8
12/12(CM)	JOE'S JEANS INC. (JOEZ)	WOMEN'S/MEN'S APPAREL	0.43	\$83.023	\$198.7	(\$1.375)	68.5	10
07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	1.18	\$0.106	\$11.6	(\$0.812)	14.3	NR

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 CHANGES

This month we have quite the shuffle taking place. There are a number of companies moving down, and one company moving up. Those going south due to earnings are:

- **Command Security (MOC)** from 1 to 2;
- **InfoSonics (IFON)** from 1 to 3;
- **Innovative Food Holdings (IVFH)** from 1 to 2;
- **ENSERVCO (ENSV)** from 2 to 3; and
- **LightPath Technologies (LPTH)** from 2 to 3.

Joe's Jeans (JOEZ) is moving from Category 1 to Category 3. JOEZ recently defaulted on a loan agreement, and received a delisting notification from the NASDAQ Capital Market.

The one company moving up this month is **Direct Insite (DIRI)**, as a result of its exceptional earnings growth

and return to profitability.

See sell recommendations on page 7.

Joe's Jeans defaults on loans

Joe's Jeans (JOEZ) received a notification of default and a demand for payment of default interest. The company received the notification as a result of its inability to meet an earnings before interest, taxes, depreciation and amortization (EBITDA) financial covenant for the twelve month period ended September 30, 2014. The default interest rate raises the rate from 12% to 14%. The company is in discussions to resolve the current default situation.

JOEZ received more bad news: it has until May 26, 2015 to raise its share price to over \$1 for ten consecutive trading days. Otherwise, the company will be delisted from the NASDAQ Capital Market.

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 12/05/14 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>
ALPHA PRO TECH (A:APT)	NOW IN BOWSER DATABASE		MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$3.15(8)	02/10 \$1.10(9)
ATLANTIC AMERICAN (GM:AAME)	\$3.88(7)	02/12 \$2.05(8)	NEWTEK BUSINESS SERVICES (CM:NEWT)	\$14.18(11)	08/12 \$8.50(8)
AVALON HOLDINGS (A:AWX)	\$3.34(8)	05/11 \$2.90(9)	*Price adjusted: 1-for-5 reverse split 10/14		
CIMATRON LIMITED (CM:CIMT)	\$8.73(9)	02/08 \$2.75(8)	RIVERVIEW BANCORP (GS:RVSB)	\$4.28(9)	06/13 \$2.30(9)
EVOLVING SYSTEMS (CM:EVOL)	\$10.56(10)	05/09 \$3.68(8)	SIMULATIONS PLUS (CM:SLP)	\$6.35(7)	05/10 \$2.46(9)
*Price adjusted: 1-for-3 reverse split 07/09			TUCOWS INC. (CM:TCX)	\$17.45(10)	01/13 \$6.00(8)
GOLDEN ENTERPRISES (GM:GLDC)	\$3.94(7)	02/09 \$2.35(9)	*Price adjusted: 1-for-4 reverse split 12/13		
IEC ELECTRONICS (A:IEC)	\$5.32(9)	07/08 \$1.99(8)	VERSAR INC. (A:VSR)	\$3.02(11)	10/11 \$2.76(10)
INVENTURE FOODS (CM:SNAK)	\$13.84(9)	09/00 \$2.56(8)	VERTEX ENERGY (CM:VTNR)	NOW IN BOWSER DATABASE	
KEY TRONIC CORPORATION (GM:KTCC)	\$7.95(8)	11/08 \$1.57(10)	WHERE FOOD COMES FROM (QB:WFCF)	\$3.00(10)	10/12 \$1.45(8)

THE FOLLOWING WE SAID SHOULD BE SOLD

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

SMARTPROS INC (SPRO)	\$1.85(NR)	\$1.85(11/14)	SPINE PAIN MGMT (QB:SPIN)	\$0.54(NR)	\$0.24(04/14)
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BRIEFS

Atlantic American Corp. (AAME) had its "bbb-" issuer credit rating affirmed by A.M. Best. . . . **Avalon Holdings Corp. (AWX)** announced the hiring of Bryan P. Saks as the company's treasurer and chief financial officer, replacing Timothy C. Coxson. . . . **Cimatron Ltd. (CIMT)** donated \$1.7 million in software to Southeastern Community College in Iowa. . . . **Creative Learning Corp. (CLCN)** announced its 643rd franchise, located in Tegucigalpa, Honduras. Not included in the franchise total are 29 international subfranchises. . . . **DLH Holdings Corp. (DLHC)** elected Dr. Elder Granger, MD to its board of directors. Dr. Granger is a retired U.S. Army Major General and the president and CEO of The 5Ps LLC. . . . **ENSERVCO Corp. (ENSV)** CEO Rick Kasch was appointed as the company's chairman of the board, replacing Michael Herman. . . . **Evolving Systems Inc. (EVOL)** received a Canadian patent for elements of its Dynamic SIM Allocation™. . . . **Golden**

Enterprises Inc. (GLDC) was downgraded from a buy to a hold by TheStreet. . . . **GSE Systems Inc. (GVP)** acquired staff augmentation, training and development and plant operations support services company, Hyperspring, LLC. GVP also acquired a 50% stake in IntelliQlik, LLC, a company developing a software platform for online learning and learning management for the energy market. . . . **IEC Electronics Corp. (IEC)** locations in Newark, NY, Albuquerque, NM and Bell Gardens, CA received the first IPC/WHMA-A-620 Qualified Manufacturers Listing by IPC's Validation Services Program, ensuring that these three locations meet the most rigorous classification for high-performance electronics assemblies. . . . **Inventure Foods, Inc. (SNAK)** was ranked number 33 out of 100 companies on *Forbes* magazine's "America's Best Small Companies" list for 2014. The company was 41st on last year's list. . . . **Liberator Medical Holdings (LBMH)** declared a \$0.0325 per share cash dividend payable on

INSIDER TRANSACTIONS IN SEPTEMBER

<u>COMPANY</u>	<u>SHARES TRADED</u>	<u># OF TRADES</u>	<u>PRICE RANGE</u>
Creative Learning	B-2,000	1	\$1.57
	B-1,000x	1	\$1.85
Direct Insite	B-41,750	2	\$0.55-0.60
	B-268,586x	2	\$0.45-0.55
DLH Holdings	A-66,250	5	\$0
Dynasil	A-41,820	6	\$0
Goldfield	B-3,505	2	\$2.11-2.12
	S-491,870x	4	\$2.21-2.31
IEC Electronics	D-5,886	1	\$5.25
Iteris	B-15,000	1	\$1.77-1.78
Key Tronic	A-3,426x	1	\$8.76
Sono-Tek	D-69,790	3	\$1.20-1.29
	OE-143,627	3	\$0.48-0.61
	S-5,000	1	\$1.10
Versar	B-7,300	2	\$2.97-3.19
Where Fd Cms From	S-125,000	1	\$1.90

A-Acquisition (Non Open Market), AS-Automatic Sale, B-Bought, D-Disposition (Non Open Market), OE-Option Exercise, S-Sold, x-indirect holdings. Information obtained from Yahoo! Finance.

January 9, 2015 to shareholders of record as of close of business on December 26, 2014. . . . **Newtek Business Services (NEWT)** closed its offering of 2.53 million shares at \$12.50 per share for total proceeds of \$31,625,000. . . . **Noble Roman's (NROM)** shifted management to include Paul Mobley as executive chairman and CFO, and Scott Mobley as CEO. . . . **Simulations Plus, Inc. (SLP)** reported unofficial first quarter results for fiscal 2015. The company posted sales of \$3.96 million for the quarter, which ended November 30, 2014, up 50% from the \$2.64 million reported for the same period last year. . . . **Tucows Inc. (TCX)**, along with Radix and Namecheap, formed a new entity, which won the auction to operate the ".online registry" for an undisclosed amount.

BOWSER BUCKAROOS SPEAK

COMPANY OF THE MONTH RECORDING

Is the stock pick recording available on the Friday morning after the second Thursday of the month?

Louis Marks, Jr., Hurst, TX

Each month, we disclose the most recent Company of the Month via recorded message. We announce the date of the next recording in each newsletter on the top right hand corner of the front page.

To answer Louis's question, the recording goes live after the market closes on that Friday. So, it is not available during the morning hours. The recording runs from 4 PM EST until we open the following Monday.

You'll note on the front page that next month's recording will be live Friday, January 9 at 4PM EST.

WARRANTS IN THE DATABASE

Does The Bowser Database also include warrants?

--David Lengenfelder, Arlington, WA

The Bowser Database covers around 300 different small, publicly-traded companies. However, the Database does not cover warrants. The only place that we publish information on these securities is in the monthly *Warrant Register*, which comes with every copy of *The Bowser Report*.

FINDING A BROKER

What brokerage can I go to in order to purchase/sell the Bowser Companies of the Month? I was a subscriber in the past and had a hard time finding a brokerage that would make those transactions for me.

--Raymond Nations, Hampton, VA

Nowadays, online brokerages make everything easier and cheaper (most charging commissions less than \$10 a trade). However, many of our subscribers prefer the comfort of speaking to a familiar voice, or seeing a familiar face.

Luckily, there are a few services that feature both an online brokerage and local offices. Two of these brokerages that we have dealt with are Scottrade and TD Ameritrade.

We have had accounts with both and have found no major complaints with either of the two. Scottrade's national phone number is 1-844-292-7709, and TD Ameritrade's is 1-800-454-9272.

If you are looking for a brokerage, we would also suggest checking out our blog post, "Choosing the Right Penny Stock Brokerage for You." Type the following URL into your address bar: <http://thebowserreport.com/financial-news/choosing-right-penny-stock-brokerage/>.

CHINESE COMPANIES

The statistics in the Database for Exceed Company Ltd. (EDS) indicate it is a good buy, but I have horrible luck on Chinese issues that also had great numbers. Are Hong

Kong issues different?

--Elmer Mulhausen, Clifton, TX

In the past, we have recommended a few Chinese companies. However, we have recently approached them with a more speculative outlook. This speculative approach also applies to Hong Kong issues.

In general, we try to stick to American companies. On occasion, we'll recommend a Canadian company. Our reason for doing this is the same as Elmer's, we have been burned by Chinese companies in the past, and would not want to subject our subscribers to that.

WIRELESS TELECOM CONTINUES GROWING

I hope you noticed Wireless Telecom Group's (WTT) impressive quarterly statement. They are raking in the cash.

--John Wagner, Torrance, CA

We did notice WTT's quarter. The company posted a 29% increase in quarterly revenues, but slightly smaller earnings. Cash grew \$1.9 million since last quarter.

Newtek subsidiary forms partnership

Newtek Business Services (NEWT) subsidiary, The Secure Gateway, entered into a three-year agreement with mobile payment solution SEQR, by Seamless.

Under the partnership, The Secure Gateway will support SEQR's advance into the U.S. market. SEQR's entrance into the U.S. market will provide Newtek merchants with a seamless and secure payment platform and solution, eliminating interchange fees typically charged by credit card companies.

Tucows to commence Dutch tender offer

Tucows Inc. (TCX) expects to commence a "modified Dutch auction" within 30 days of November 12, 2014. Under the modified auction, the company will repurchase a number of its common shares up to an aggregate price of \$8 million. TCX expects the range at which it will repurchase each share to be between \$16 and \$18.

TCX suspended its normal course issuer bid, which began in March 2014, and has led to the repurchase of 79,392 of the company's shares.

Versar awarded \$800,000 contract

Versar, Inc. (VSR) received an additional \$800,000 contract through its VersarPPS wholly-owned subsidiary. Under the contract, VersarPPS will provide the United Kingdom's Department for International Development with chemical splash protective suits. This contract is in addition to the previously announced \$5.1 million contract, bringing the total value of the two contracts to approximately \$6 million. Versar should complete the delivery of these suits by March 2015.

Beginner's Portfolio Up 217%

BOUGHT: DIRI @ \$0.65 plus \$10 commissions = \$75
 FSI @ \$1.12 plus \$10 commissions = \$122
 NROM @ \$2.06 plus \$10 commissions = \$216

SOLD: GVP (100 Shares) @ \$1.36 less \$10 commissions = \$126
 INS (100 Shares) @ \$1.22 less \$10 commissions = \$112
 JOEZ (100 Shares) @ \$0.57 less \$10 commissions = \$47

Cost		12/05/14	Cost		12/05/14	Cost		12/05/14	Proceeds
AAME	280/Mar '12	388	SGRP	178/Apr '13	145	DYSL	185/Aug '14	144	From Sales
AMS	308/June '12	240	AEY	248/May '13	255	IFON	190/Oct '14	122	11,587
ITI	162/Aug '12	185	IVFH	134/Jan '14	149	RBPAA	188/Nov '14	170	126
†NEWT	187/Sep/'12	284	MOC	209/May '14	193	DIRI	75/Dec '14	65	112
WFCF	159/Nov '12	300	DLHC	210/May '14	254	FSI	122/Dec '14	112	47
WTT	189/Apr '13	268	CLCN	224/Aug '14	164	NROM	216/Dec '14	206	(75)
Original cost for all stocks: \$4,766			*50 Shares			Proceeds from Sales:		11,459	(216)
Gain: 15,103 minus 4,766 = 10,337			†20 Shares			Current Value of Portfolio:		15,103	11,459
Percentage of gain: 10,337 divided by 4,766 x 100 = 216.9					Compound Annual Growth Rate: 9.09%				

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

This month we sold GVP and INS based on sell recommendations and JOEZ, which dropped 50%.

SELL RECOMMENDATIONS

This month, we have two sell recommendations:

GSE Systems (GVP) has been in the newsletter since August 2011, when it was trading for \$2.22 a share. GVP made it to a high of around \$3 a share in the spring of 2012, but despite a jump in early 2013 has trended down since our recommendation.

Since December 2011, earnings have declined significantly--from a \$2.8 million profit for fiscal 2011, to a \$10.5 million loss for fiscal 2013. This year the company has posted a \$5.9 million loss for the first nine months of 2014, including a \$1.9 million loss in the most recent quarter.

Profitability is alluding this nuclear and petroleum industry service company. So, after holding and hoping this company could turn it around for over three years, we think it is finally time to part ways with GVP.

Intelligent Systems (INS) is another seasoned Company of the Month, making its debut in March 2011 while trading for \$1.62 a share. INS hit its high very shortly after recommendation, climbing to around \$2.80 a share in mid-March, 2011. But, after a price of \$2.70 in early 2014, this stock price has stumbled back down to just \$1.20.

Unlike GVP, Intelligent Systems remained profitable from fiscal 2011 to fiscal 2013 despite experiencing a drop in earnings in fiscal 2012. However, fiscal 2014 has proven to be difficult for INS, as the venture capital firm has reported a \$929,000 loss for the nine months ended September 30, 2014.

With profits turning to losses, and a sinking share

price, we think it is time to let go of INS. While some subscribers may have profited from its recent climb in share price, a future jump seems unlikely with the company's current financial situation.

Cimatron to be acquired for \$97m

Cimatron Ltd. (CIMT) entered a definitive agreement with 3D Systems Corp. (DDD) under which 3D Systems will acquire all of CIMT's outstanding shares for \$8.97. The total purchase price of the acquisition will be approximately \$97 million.

The transaction is still subject to customary closing conditions, but it is expected to be executed in the first quarter of 2015.

DIRI begins PAYBOX™ live production

Direct Insite (DIRI) announced that a global bank has begun live production with the company's PAYBOX™ working capital management platform. The bank is using the solution to provide white-label accounts receivable automation to a leading consumer goods provider.

"PAYBOX uniquely positions banks to address an increasingly common treasury requirement, while strengthening customer relationships and driving non-interest fee income," stated Matthew E. Oakes, DIRI's chairman and CEO.

Dynasil awarded \$3.5m in grants

Dynasil Corp. (DYSL) announced that its RMD Inc. subsidiary was awarded three grants totaling \$3.5 million. The National Institute of Health awarded the grants under its Small Business Innovation Research Program. The grants will fund research on RMD's cutting edge radiation detection and predictive technologies.

NOTES BY THE EDITOR

The December issue marks the 36th issue that I have written/co-edited. I must say that stepping into Max Bowser's shoes was and is no easy task. He certainly was a brilliant man!

In any case, the amount of support I have received has been overwhelming, and our subscribers are truly the best around. So, now in the holiday season, I want to say thank you all! And, of course, Happy Holidays!

Don't forget that next month, we will publish our quarterly publication, *The Bowser Database*. For those



unfamiliar with the *Database*, this 10+ page, comb-bound booklet contains over ten fields of information on around 300 companies. Some of these companies are former Companies of the Month, while others are prospective stock picks. For those looking to add to their Bowser portfolios, this is the perfect publication to supplement with your monthly issue of *The Bowser Report*.

As you have now noticed, the design of the newsletter has changed just a bit. We made this change in order to more efficiently mail the newsletter.

Starting with the January issue, the Supplement will be integrated into the regular newsletter. That means that the *Warrant Register* and Earnings pages will be incorporated into the newsletter, rather than standing alone as a supplement. We are conscientiously working on the design to ensure minimal content loss!

FIVE BOWSER STOCKS UP AND DOWN

CIMATRON LTD.	UP	51%	JOE'S JEANS	DOWN	55%
NOBLE ROMAN'S	UP	30%	INFOSONICS	DOWN	36%
DIRECT INSITE	UP	28%	ENSERVCO CORP.	DOWN	34%
TUCOWS INC.	UP	11%	COMMAND SEC.	DOWN	12%
FITLIFE BRANDS	UP	11%	CREATIVE LEARN	DOWN	11%

THIS MONTH'S
BIGGEST GAINER
FAIRPOINT COMM.
UP 100%

WARRANT REGISTER

Bank of America announces partnership

Bank of America (BAC-WTB) announced a partnership with the Global Alliance for Clean Cookstoves. Through this partnership, BAC will help raise \$100 million to provide clean cooking solutions to millions of households in the developing world.

"There is a critical need for clean cooking solutions for families and communities throughout the developing world," explained Bank of America's global chief strategy and marketing officer, Anne Finucane. "This initiative will improve health, protect the environment and spur economic growth."

BioAmber signs agreement

BioAmber Inc. (BIOA-WT) signed an agreement to exclusively supply Oleon, a leading European producer of oil-derived chemicals, with bio-based succinic acid. The contract's terms run for a period of five years, from 2014 to the end of 2018.

"Oleon's new line of succinic acid based lubricants is a great example of the value and differentiation that bio-based succinic acid can bring in technically challenging applications," stated BIOA CEO Jean-Francois Huc.

Citi enters into settlements

Citigroup (C-WTA) entered into settlements with the U.K. Financial Conduct Authority (FCA), the Office of the U.S. Comptroller of the Currency (OCC) and the U.S.

Commodity Futures Trading Commission (CFTC). In doing so, Citi will settle ongoing investigations into its foreign exchange business.

Under the settlement terms, Citi will pay \$358 million to the FCA, \$350 million to the OCC and \$310 million to the CFTC. Citigroup will also further enhance the control framework that governs its foreign exchange business.

Iridium OpenPort® on Bristow Helicopters

Iridium Communications (IRDMZ) announced that Bristow Helicopters will use its OpenPort® broadband service via LiveAero on Sikorsky S-92 helicopters for search and rescue applications. OpenPort will enable high-speed connectivity on the helicopters.

NXT-ID closes Wocket™ pre-orders

NXT-ID, Inc. (NXTDW) closed pre-orders of its Wocket™ smart wallet on November 14, 2014. The company closed the pre-order to prepare for the first shipments of the product. The general release of NXT-ID's smart wallet will take place in January 2015.

SMG Indium announces tender offer results

SMG Indium Resources (SMGIW) accepted for purchase 6,678,358 shares of its common stock at \$2.41 per share, for an aggregate cost of about \$16.1 million. The 6.7 million shares purchased represent 78% of the company's total shares, leaving 1.9 million outstanding after the offer. **Get rid of these warrants if you have them.**

Company	Market/Symbol	Principle Business	Stock Price 12/05/14	Warrant Price 12/05/14	Conv. Ratio	Exer. Price	Expire Date	No. Wts	Bowser Rating
Associated Banc-Corp 1200 Hansen Road., Green Bay, WI 54304, Tel: (920) 491-700, www.associatedbank.com	GS:ASBCV	Bank holding company	18.81	2.70	1.00	19.77	11/21/18	4.0M	8
CALL TERMS: Not callable									
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	17.68	0.83	1.00	30.79	10/28/18	121.8M	10
CALL TERMS: Not callable									
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	10.16	1.70	1.00	11.00	05/09/17	8.0M	7
CALL TERMS: Not callable									
Citigroup 399 Park Ave., New York, NY 10043, Tel: 212/559-1000, www.citigroup.com	N:C-WTA	Investment banking	56.08	0.92	0.10	106.10	01/04/19	2.6M	8
CALL TERMS: Not callable; exercise price adj. for dividends above \$.01									
Dynegy, Inc. 601 Travis St., Ste. 1400, Houston, TX 77002, Tel: 713/507-6400, www.dynegy.com	N:DYN-WT	Electric energy/related services	30.43	4.51	1.00	40.00	10/02/17	15.6M	9
CALL TERMS: Not callable									
FairPoint Communications 521 E. Morehead St., Ste. 250, Charlotte, NC 28202, Tel: 704/344-8180, www.fairpoint.com	OTC:FRPZW	Communications in New England	14.19	0.04	1.00	48.81	01/24/18	3.6M	8
CALL TERMS: Not callable									
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	2.06	0.36	1.00	4.00	03/26/18	8.0M	7
CALL TERMS: 150% of strike price									
Hennessy Capital Acquisition 10 South Wacker Dr., Ste. 3175, Chicago, IL 60606, Tel: 713/300-8242, No website	CM:NXCACW	Acquisition company	9.85	0.45	0.50	5.75	01/23/19	11.5M	NR
CALL TERMS: N/A									
Iridium Communications 1750 Tysons Blvd., Ste. 1400, McLean, VA 22102, Tel: 703/287-7400, www.iridium.com	GS:IRDMZ	Mobile voice/data communications	9.12	0.40	1.00	11.50	02/05/15	14.0M	8
CALL TERMS: \$18.00 for 20 out of 30 days									
Nxt-ID, Inc. One Reservoir Corporate Centre, Ste. 402, Shelton, CT 06484, Tel: 203/242-3076, www.nxt-id.com	CM:NXTDW	Biometric solutions	2.24	0.75	1.00	3.00	01/13/19	1.4M	6
CALL TERMS: Not callable									
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	2.33	0.02	1.00	5.75	05/04/16	6.8M	10
CALL TERMS: \$8.00 for 20 out of 30 days									
TCF Financial 200 Lake Street East, Wayzata, MN 55391, Tel: 952/745-2760, www.tcfbank.com	N:TCB-WT	Bank holding company	15.75	2.45	1.00	16.93	11/14/18	3.2M	8
CALL TERMS: Not callable									
Valley National Bancorp 1455 Valley Rd., Wayne, NJ 07470, Tel: 973/305-8800, www.valleynationalbank.com	N:VLY-WT	Bank holding company	9.81	0.30	1.2155	15.64	06/30/15	0.9M	8
CALL TERMS: Not callable									
xG Technology 240 South Pineapple Ave., Cte. 701, Sarasota, FL 34236, Tel: 941/953-9035, www.xgtechnology.com	CM:XGTIW	Wireless network communications	1.16	0.54	1.00	6.87	07/22/18	0.7M	8
CALL TERMS: \$13.75 for 20 consecutive days									

	<u>Quarter Ended</u>	<u>Current Sales</u>	<u>Same Period Last Year</u>	<u>Current Earnings</u>	<u>Same Period Last Year</u>	<u>Comments</u>
American Shared Hospital (AMS)	09/30/14	\$3,982,000	\$4,396,000	\$252,000	(\$133,000)	
Atlantic American (AAME)	09/30/14	\$42,656,000	\$43,247,000	\$1,451,000	\$2,680,000	
Avalon Holdings (AWX)	09/30/14	\$14,437,000	\$16,386,000	\$134,000	\$415,000	
Cimatron Limited (CIMT)	09/30/14	\$11,160,000	\$10,301,000	\$970,000	\$964,000	
Command Security (MOC)	09/30/14	\$34,374,020	\$40,147,092	\$358,966	\$633,221	
Direct Insite (DIRI)	09/30/14	\$2,054,000	\$2,078,000	\$112,000	\$4,000	
ENSERVCO Corp. (ENSV)	09/30/14	\$5,748,754	\$4,803,503	(\$1,848,026)	(\$919,420)	(A)
FitLife Brands (FTLF)	09/30/14	\$5,492,334	\$4,892,256	\$564,079	\$485,591	
Flexible Solutions (FSI)	09/30/14	\$3,850,514	\$2,980,999	\$177,228	(\$681,900)	
Goldfield Corp. (GV)	09/30/14	\$22,659,351	\$23,310,292	\$1,185,725	\$1,281,657	
GSE Systems (GVP)	09/30/14	\$7,823,000	\$11,883,000	(\$1,895,000)	(\$995,000)	(B)
IEC Electronics (IEC)	09/30/14	\$35,687,000	\$39,122,000	(\$446,000)	(\$8,667,000)	
InfoSonics Corp. (IFON)	09/30/14	\$8,757,934	\$9,867,000	(\$633,000)	\$34,000	(C)
Innovative Food Holdings (IVFH)	09/30/14	\$8,757,934	\$5,840,283	(\$614,061)	(\$337,758)	(D)
Intelligent Systems (INS)	09/30/14	\$3,787,000	\$4,574,000	(\$46,000)	\$457,000	(E)
Iteris, Inc. (ITI)	09/30/14	\$18,550,000	\$17,027,000	(\$187,000)	\$661,000	(F)
LightPath Technologies (LPTH)	09/30/14	\$2,603,309	\$2,809,712	(\$579,050)	(\$80,345)	(G)
LRAD Corp. (LRAD)	09/30/14	\$8,300,000	\$9,533,000	\$727,000	\$2,931,000	
Newtek Business Services (NEWT)	09/30/14	\$38,166,000	\$34,774,000	\$2,589,000	\$1,816,000	
Simulations Plus (SLP)	08/31/14	\$1,997,821	\$1,567,776	\$222,923	\$244,807	
SPAR Group (SGRP)	09/30/14	\$31,009,000	\$27,753,000	\$571,000	\$523,000	
Spine Pain Management (SPIN)	09/30/14	\$540,519	\$1,006,569	(\$394,030)	\$131,237	
Tucows Inc. (TCX)	09/30/14	\$38,874,183	\$35,637,085	\$2,690,905	\$2,593,360	
Vertex Energy (VTNR)	09/30/14	\$76,903,516	\$46,830,647	(\$1,929,370)	\$2,329,794	(H)
Wireless Telecom (WTT)	09/30/14	\$11,372,000	\$8,791,000	\$983,000	\$1,090,000	

(A) "During the third quarter, which historically has been the slowest of the year, ENSV achieved record revenue as demand for less seasonal services increased significantly," explained President Rick Kasch. "Continued investments in the company's expansion had a greater impact on profitability than anticipated."

(B) SEE SELL RECOMMENDATION FOR GVP ON PAGE 7.

(C) IFON's president and CEO, Joseph Ram: "During the quarter, InfoSonics transitioned its product portfolio to eliminate many of the feature phones and expand the smart phone offering. Because of production, certification and delivery cycles, some major customers could not receive the new products until the next quarter. In addition, the company experienced cyclically slow sales and a \$97,000 inventory charge for a discontinued product."

(D) Innovative Food's loss for the quarter was related to a large increase in selling, general and administrative (SG&A) costs, which are attributed in part to the company's acquisition of The Fresh Diet.

(E) SEE SELL RECOMMENDATION FOR INS ON PAGE 7.

(F) Iteris's decrease in net income is a result of an increase

in operating expenses. The company attributes the higher costs to higher audit and consultation fees, as well as an increased sales staff and marketing expenses.

(G) "This quarter is best summarized as one of mixed results. Bookings were \$3.45 million, the highest level in the last ten quarters. Revenue was less than LPTH's projections, as a \$230,000 order from a U.S. defense contractor was delayed," noted Jim Gaynor, LightPath's president and CEO. "The company planned for lower margins due to expected impacts from the continued transition of manufacturing processes from Shanghai to the new Zhenjiang factory. In the long-term, margins should surpass prior levels as production at the new factory reaches an optimal rate."

(H) While VTNR's revenues increased a considerable 64%, the company experienced tremendous increases in both cost of revenues and operating expenses. Cost of revenues jumped 74%, and operating expenses, 183%. Together, these higher costs and expenses offset Vertex's revenues and resulted in the company's \$1.9 million loss for the quarter.