

Helpful financial metrics

Looking beyond the Bowser Rating System using important ratios

A number of subscribers have been asking about the Bowser Rating System, as well as what other additional ratios and metrics are useful.

While the Bowser Rating System highlights the most important factors of a long-term investment, there are many other measures not included that are still helpful when analyzing financial statements.

The Bowser Rating System

To briefly review the Bowser Rating System, it is a thirteen-point system created by Max Bowser that rates a company based primarily on its financial strength. Below is a short recap of the financial factors:

- **Sales:** A company's revenue is its ability to sell its products or services. Without sales, a company is reliant upon other means of generating capital, which aren't necessarily sustainable. A minimum of \$5 million on a trailing twelve month basis is ideal, showing the company can generate business.
- **Quarterly Sales:** Growth is important, and a company should have growing quarterly sales year-over-year. This is one of the two short-term indications that we use to evaluate stocks. Top and bottom line results fuel a bullish or bearish move on a quarterly basis. Since these are usually the biggest price swings we see from penny stocks, it's important that the company is not missing expectations frequently.
- **Earnings Trend:** A long-term upward earnings trend is important, focusing on long-term profitability. A company with steadily increasing earnings over a long period of time (we use three years) shows continued improvement and growth.
- **Quarterly Earnings:** This is the most important factor and gives a company 2 points if it has year-over-year increasing quarterly earnings. This is a short-term catalyst that usually sparks buying pressure immediately.
- **Long-term Debt:** Long-term debt negatively impacts the liquidity of a company and also scares away institutional investors. This is an important

factor for value investors but can be overlooked at times if the company has a rapid growth rate.

- **Current Assets/Liabilities:** We like a company to have a current assets-to-liabilities ratio of at least 1.8:1. Having substantially higher current assets compared to current liabilities shows financial health and liquidity.
- **Book Value:** Value investment recommendations usually have a book value that is greater than or equal to the current price per share. This indicates that the stock is undervalued.

The goal of the Rating System is to identify companies that are performing well, both in the long- and short-term to minimize any chance of unforeseeable risks coming into play.

Value Metrics

The Bowser Rating System is just the beginning of our analysis in all cases. While it provides a strong starting point, much more needs to be considered when analyzing a company's potential growth and/or value.

Three value metrics are important for any investor:

- **Price-to-book ratio:** To calculate the price-to-book ratio, divide the price per share by the book value. Anything equal to or less than one shows value.
- **Price-to-earnings (P/E) ratio:** This common ratio is used to analyze a company's value by comparing a it to others within the same industry or sector. To calculate the P/E ratio, divide the current price per share by the trailing twelve month earnings per share.

The interpretation of this ratio can be tricky. A higher P/E ratio means that the stock is in high demand, and investors have a positive outlook on earnings growth. A lower P/E ratio could indicate that the stock is undervalued, but usually is not good for earnings growth outlook.

For growth companies, the P/E ratio should be higher than industry peers but not overwhelmingly

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high. This shows that investors are bullish and are willing to pay a premium to take advantage of the potential growth.

• **PEG ratio:** This ratio is calculated by dividing the P/E ratio by the earnings growth rate. A good PEG ratio is over 1, illustrating that the stock has a high P/E ratio and/or growth rate.

Other Metrics

Beyond the value metrics described above, we generally use four other financial metrics to analyze long-term investments: debt/equity ratio, sales per share, cash per share and dividend yield.

Debt/equity ratio is calculated by dividing the total liabilities by total shareholder equity. This is a measurement of risk that should be as low as possible. It's a simple ratio that is vital for value investments, but not as important for growth stocks that may need to take on debt.

Sales per share and cash per share give a good representation of how much money a company is bringing in. Both of these metrics are good to compare with earnings per share to create a complete picture of a company's assets and growth.

One last noteworthy metric is the dividend yield, calculated by dividing the dividend by the price per share. If a company offers a dividend, it's most useful to compare its yield to others within the same

Market Overview

BWSR AVG ↑ 1.6%	NASDAQ ↑ 3.8%	DJIA ↑ 2.7%	S&P 500 ↑ 1.9%	RUS 2000 ↓ 1.5%
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Markets continued to hit all-time highs with the Nasdaq rallying once again. Smaller stocks dropped for the month, but Bowser stocks managed to close in the black. **Broadway Financial (BYFC)** gained 19% for the month, the result of an outstanding second quarterly earnings release. Overall, July was a very quiet month for smaller stocks as press releases and price movement were minimal.

industry or sector.

Conclusion

The Bowser Rating System provides a unique foundation for analysis, while financial metrics generate an understanding of how a company may compare to others within the same industry.

To conduct the best analysis, one must consider all angles of a company's books. Doing so maximizes gains by unearthing unrealized value and growth potential and minimizes risks by uncovering potential red flags. Using the Bowser Rating System, along with the metrics described above, provides a comprehensive approach to picking winners.

BYFC gains 19% on earnings release

Broadway Financial (BYFC) shares gained nearly 20% over the past month as a result of its second quarter earnings release. BYFC originated ~\$40 million in new multi-family loans during the second quarter, bringing total originations for the first half of 2017 to \$90 million.

Broadway reported net income of \$533,000, compared to net income of \$319,000, for the same period one year ago. **Positive earnings releases are the best way to ensure sustainable price increases.** BYFC's gains should hold if the company is able to continue growing its bottom line.

MEET slides despite stellar earnings

The Meet Group (MEET) took a hit despite a great earnings release. Total revenue for the second quarter of 2017 was \$31.3 million, up 91% year-over-year, and net income was \$6.6 million, up 37% year-over-year.

The company provided revenue outlook for the third quarter of \$32-\$34 million, representing 86-98% growth. For the full year, MEET is expected to report revenue in the range of \$121-\$126 million, representing 50-66% growth.

With no negative catalyst, The Meet Group's price per share losses will likely be short-lived.

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

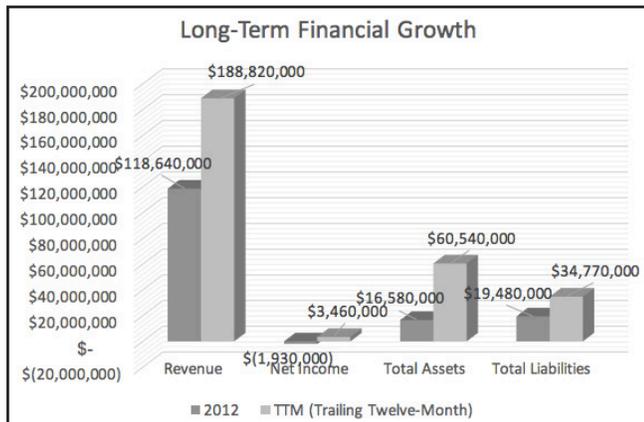
National Holdings (NHLD) offers retail brokerage services, including the purchase and sale of stocks, options, bonds, mutual funds, annuities and various other securities for individual, corporate and institutional clients. It also trades securities that include making markets in micro and small-cap NASDAQ and other exchange-listed stocks. NHLD even provides investment banking and asset management advisory services to retail clients. The company is a subsidiary of FBIO Acquisition, Inc. and is headquartered in New York, NY.

Financial Stability

National Holdings is an undervalued stock with a strong financial foundation. The company currently has total cash of \$24,698,000, which compared to its market capitalization of \$34,826,000, is a large sum of cash for such a small company. This large amount equates to \$2.23 per share in cash, just under NHLD's current price per share of \$2.80. This adds liquidity and minimizes risk, providing a more appealing long-term investment opportunity.

NHLD currently has an assets-to-liabilities ratio of 2.25:1. Cash represents about 40% of its total assets; a large portion of the company's assets are liquid. Total liabilities have been reduced by 17% over the past six months and total assets have increased 5%.

Below is a table with the short-term and long-term growth rates of NHLD's income statement:



The company has done an outstanding job of growing. Over the past 5 years, NHLD has also managed to grow while becoming more profitable. Fiscal 2016's net loss due to lower sales and greater SG&A expense was not a good representation of the 5-year sales growth rate of 59%.

Valuation

Most of our recommendations are either value or growth investments. National Holdings not only possesses underlying value, but also tremendous growth. The chart showed long term growth of revenue, net income and improvement of the company's balance sheet. However, quarterly revenue for the most recent three-month period

was up 23.4% year-over-year.

NHLD has a book value of \$2.80, which has grown 35% from \$2.07 in 2016. This short-term value increase has been the result of a 166% increase in investment banking revenues. Although expenses are growing with the company's growth rate, it isn't alarming due to the strong balance sheet.

This value creation usually attracts long-term investors as the current price-to-book ratio is 1.0:1. With share price dropping below \$2.80 many times within the past few months, there have been buying opportunities for value investors.

NATIONAL
HOLDINGS CORPORATION

NASDAQ CM:NHLD
BOWSER RATING: 10
Last 12 Months: \$2.11-3.88

Most analysts would see this as a fairly-valued stock. However, the market price has just been chasing the book value over the past few years. If its book value keeps growing, the stock price is set to increase rapidly and outperform the markets year-over-year.

One risk is that the expectations of NHLD are getting higher, and a lack of continued growth may dissatisfy current holders, leading to a sell off.

Ownership

Insiders hold about 22% of the shares outstanding, but there has not been a lot of insider activity over the past year. RMB Capital Management holds a substantial number of shares (1.3 million), while others hold 108,000 or less. Notably, RMB Capital has increased its position size by 41.99% since its initial purchase.

Moving forward, it would be ideal for more institutional investors to discover the stock. With arguments to be made for NHLD's value and growth prospects, it would provide a safe investment opportunity for smart money. Currently, total institutions own 1,441,488 shares, or ~12% of the shares outstanding.

One unique aspect of NHLD's ownership situation is its strategic relationship with Fortress Biotech (FBIO). FBIO made a tender offer of \$3.25 per share for a majority stake in NHLD, resulting in 54% ownership of the company's shares. FBIO has a huge amount of cash to invest in biotech companies.

FBIO's CEO, Michael A. Mullen, co-founded and ran multiple successful biotech companies such as TG Therapeutics (TGTX) and Keryx Biopharmaceuticals

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	2015	2016	2017(A)
REVENUES	\$163,033,000	\$174,025,000	\$48,499,000
INCOME (LOSS)	\$285,000	(\$5,559,000)	\$8,934,000
WORKING CAPITAL	\$15,742,000	\$12,613,000	\$12,867,000
BOOK VALUE	\$3.62	\$2.07	\$2.80
TOTAL SHARES	12,500,000	12,440,000	12,437,916
FLOAT	N/A	N/A	2,690,000
(A) SIX MONTHS ENDED 03/31/17			

MINIPRICED STOCKS IN BUYING RANGE

SYMBOLS: (A) NYSE MKT; (CM) NASDAQ CAPITAL MARKET, WAS THE SMALL CAP MARKET; (GM) NASDAQ GLOBAL MARKET, WAS NATIONAL MARKET; (N) NEW YORK STOCK EXCHANGE; (NR) NOT RATED; (QB) OTC QB MARKET; (QX) OTC QX MARKET; # PREVIOUSLY APPEARED ON LIST, BUT WAS REMOVED BECAUSE IT HAD RISEN ABOVE \$3.00/SHARE; FIGURES IN PARENTHESIS ARE LOSSES.

Date of Recommend & Market	Issue/Trading Symbol	Principal Business	Price 08/04/17	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
03/17(CM)	CENTRAL FEDERAL (CFBK)	BANK HOLDING COMPANY	2.18	\$0.000	\$11.8	\$3.810	16.3	11
12/16(QB)	FRANKLIN WIRELESS (FKWL)	WIRELESS SOLUTIONS	2.39	\$0.000	\$60.6	\$1.856	10.5	12
06/17(QB)	MIKROS SYSTEMS (MKRS)	ADVANCED MAINTENANCE PRODUCTS	0.50	\$0.000	\$5.8	\$0.171	35.5	10
08/17(CM)	NATIONAL HOLDINGS (NHLD)	INVESTMENT BANKING	2.80	\$0.000	\$188.8	\$3.457	12.4	10
11/15(QX)	OURPET'S COMPANY (OPCO)	PET SUPPLIES	1.55	\$0.612	\$28.2	\$2.354	15.2	10
02/17(QX)	PRECISION AUTO CARE (PACI)	AUTOMOBILE MAINTENANCE CENTERS	1.74	\$1.093	\$28.4	\$1.189	22.7	10
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
# 03/13(GM)	ADVANTAGE TECH (AEY)	CABLE TV EQUIPMENT	1.54	\$3.466	\$38.7	\$0.294	10.1	9
03/16(CM)	BROADWAY FINANCIAL (BYFC)	BANK HOLDING COMPANY	2.50	\$0.000	\$13.1	\$4.293	18.7	8
11/16(N)	CHINA NEW BORUN (BORN)	CORN PRODUCTS IN CHINA	1.31	\$0.000	\$350.4	\$16.960	25.7	9
07/17(GS)	EMMIS COMMUNICATIONS (EMMS)	DIVERSIFIED MEDIA	2.75	\$228.027	\$214.6	\$13.119	11.4	8
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	2.02	\$0.000	\$18.5	\$0.901	5.2	9
10/16(CM)	KOSS CORPORATION (KOSS)	STEREO ACCESSORIES	1.76	\$0.000	\$26.3	\$1.328	7.4	8
04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	1.01	\$1.812	\$18.1	(\$0.289)	27.6	8
01/15(N)	NEVADA GOLD & CASINOS (UWN)	GAMING OPERATIONS	2.39	\$16.231	\$72.7	\$0.744	17.8	8
11/14(QB)	NOBLE ROMAN'S (NROM)	PIZZA FRANCHISES AND LICENSES	0.46	\$2.497	\$8.3	\$0.632	20.8	8
02/15(GM)	NOVA LIFESTYLE INC. (NVFY)	FURNITURE MANUFACTURING/SALES	1.43	\$0.000	\$110.4	(\$0.857)	26.6	8
01/17(CM)	ONE GROUP HOSPITALITY (STKS)	GLOBAL RESTAURANT OPERATIONS	1.95	\$12.031	\$70.6	\$1.103	25.1	8
07/10(QB)	REPRO MED SYSTEMS (REPR)	DESIGN/PRODUCE MED PRODUCTS	0.49	\$0.000	\$13.8	\$0.491	37.8	9
04/15(QB)	SCOTT'S LIQUID GOLD (SLGD)	HOUSEHOLD AND BEAUTY PRODUCTS	2.39	\$0.944	\$37.8	\$2.179	11.9	9
08/14(QB)	SONO-TEK CORP. (SOTK)	ULTRASONIC NOZZLES	1.19	\$1.002	\$10.0	\$0.056	15.0	7
04/13(CM)	SPAR GROUP (SGRP)	MERCHANDISING AND MARKETING	1.03	\$0.004	\$152.1	\$0.818	20.7	8
# 10/12(QB)	WHERE FD CMS FROM (WFCF)	FOOD VERIFICATION SERVICES	2.39	\$0.153	\$12.9	\$0.230	24.7	8
CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)								
# 05/14(CM)	CPS TECHNOLOGIES (CPSH)	ADVANCED MATERIAL SOLUTIONS	1.30	\$0.000	\$12.8	(\$1.329)	13.2	NR
06/14(A)	DYNASIL CORP. (DYSL)	OPTICAL COMPONENTS	1.15	\$1.507	\$40.2	\$3.366	17.0	NR
07/14(QB)	FITLIFE BRANDS (FTLF)	NUTRITIONAL SUPPLEMENTS	0.50	\$0.230	\$23.0	(\$0.779)	10.5	7
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	SPECIALTY CHEMICALS	1.96	\$0.402	\$15.9	\$1.834	11.5	7
08/16(CM)	FULL HOUSE RESORTS (FLL)	CASINO OPERATIONS	2.58	\$99.110	\$153.6	(\$5.366)	22.9	8
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	0.72	\$9.692	\$12.9	\$1.499	39.4	NR
# 12/15(A)	INFUSYSTEM HOLDINGS (INFU)	MEDICAL INFUSION PUMPS	1.85	\$26.577	\$70.5	(\$0.222)	22.6	NR
07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	2.64	\$10.167	\$24.1	\$1.670	24.1	7
07/16(CM)	LRAD CORP (LRAD)	ACOUSTIC SYSTEMS	1.58	\$0.000	\$18.5	(\$0.752)	31.8	10
# 06/16(A)	SUNWORKS, INC. (SUNW)	SOLAR ENERGY SYSTEMS	1.78	\$0.822	\$81.3	(\$11.907)	22.4	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, there was only one category change: **Repro-Med Systems (REPR)** is moving from Category 3 to Category 2. Its Bowser Rating rose from a 7 to a 9 based on its most recent earnings report.

REPR gains on solid earnings

Repro Med Systems (REPR) shares pushed higher following the company's announcement of a 31% increase in net sales.

REPR also reported net income of \$360,833 compared to a net loss of \$205,882 for the same period last year. This was primarily due to the increase in net sales and a 5.6% decrease in expenses. Overall, it was a very successful quarter

in almost every aspect.

REPR is now trading near its five year high. The stock should continue to gain over time if its financial metrics continue to grow.

ELMD launches new product

Electromed (ELMD) launched its SmartVest® SQL® with SmartVest Connect™ wireless technology. The product is a personalized high frequency chest wall oscillation therapy management portal for patients with compromised pulmonary function.

The SmartVest SQL with wireless technology features built-in cellular connectivity, offering healthcare teams and patients access to treatment information.

ELMD shares gained 16% over the past month following the product launch.

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 08/04/17 PLUS THE CURRENT BOWSER RATING. COLUMN 2 IN THE FIRST LIST BELOW INCLUDES THE MONTH/YEAR WE ORIGINALLY RECOMMENDED THE ISSUE, THE PRICE PER SHARE THEN AND THE BOWSER RATING. (NR=not rated)

ISSUE/EXCHANGE SYMBOL	1	2	ISSUE/EXCHANGE SYMBOL	1	2
ATLANTIC AMERICAN (GM:AAME)	\$3.60(7)	02/12 \$2.05(8)	NETWORK-1 TECHNOLOGIES (A:NTIP)	\$4.15(7)	03/15 \$2.29(10)
CEMTREX, INC. (CM:CETX)	\$3.14(NR)	05/16 \$1.96(8)	PLANET PAYMENT (CM:PLPM)	\$3.25(NR)	07/15 \$2.42(10)
COMMAND SECURITY (A:MOC)	\$3.17(7)	03/14 \$1.92(11)	RIVERVIEW BANCORP (GS:RVSB)	\$8.02(9)	06/13 \$2.30(9)
DLH HOLDINGS (CM:DLHC)	\$5.79(8)	01/14 \$1.53(9)	ROYAL BANCSHARES OF PA (GM:RBPA)	\$4.29(9)	10/14 \$1.65(9)
ELECTROMED (A:ELMD)	\$6.26(10)	09/15 \$1.64(10)	SIMULATIONS PLUS (CM:SLP)	\$14.60(10)	05/10 \$2.46(9)
GOLDFIELD CORP. (A:GV)	\$5.15(9)	06/12 \$1.58(8)	SMITH-MIDLAND (QX:SMID)	\$7.61(10)	02/16 \$2.38(10)
ITERIS (A:ITI)	\$6.80(9)	12/06 \$2.21(8)	SOCKET MOBILE (CM:SCKT)	\$4.20(8)	09/16 \$2.59(10)
MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$5.40(8)	02/10 \$1.10(9)	VIRCO MANUFACTURING (GM:VIRC)	\$5.45(10)	06/15 \$2.51(11)
MEET GROUP (CM:MEET)	\$4.34(8)	10/15 \$1.62(10)			

THE FOLLOWING WE SAID SHOULD BE SOLD

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

INFOSONICS (CM:IFON)	\$0.42	12/16 \$0.39(8)	PAYBOX CORP. (PBOX)	\$30.05	04/17 \$0.27(7)
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BRIEFS

Cemtrex (CETX) established a new subsidiary, Cemtrex Advanced Technologies to pursue both organic and inorganic growth opportunities in the Internet of Things and wearables markets. CETX also is moving forward with the development of an advanced "smart desk," which will reinvent the workstation. . . . **Command Security (MOC)** will no longer provide security services in the northeastern U.S. for a major transportation company beginning September 1, 2017. . . . **DLH Holdings (DLHC)** announced the appointment of James P. Allen to its board of directors. . . . **Dynasil Corp. of America (DYSL)** received three Phase II grants totaling \$3.5 million under the Department of Energy's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. . . . **Galaxy Gaming (GLXZ)** announced that Todd P. Cravens, the Company's vice president of business development, has succeeded Galaxy's founder, Robert B. Saucier, as president and chief executive officer. . . . **InfoSonics (IFON)** entered into a definitive merger to acquire Cooltech Holding Corp. . . . **Iteris (ITI)** announced ClearAg's EvapoSmart™ and IMFocus™ application programming interfaces (APIs) to provide environmental content in support of precision irrigation for irrigation hardware manufacturers, allied agricultural data providers, turf management providers

and municipalities. ITI also announced that the USDOT's Intelligent Transportation Systems (ITS) Joint Program Office has released the Iteris-led updated version of the ITS National Reference Architecture. . . . **LRAD Corp. (LRAD)** received LRAD ONE VOICE mass notification orders totaling \$575,000. LRAD also announced that Katherine H. McDermott has resigned from her position as chief financial officer effective 08/10/17. Later in the month, LRAD announced two new systems to its award winning ONE VOICE product line, the LRAD 360XL and the LRAD SoundSaber-X. . . . **Network-1 Technologies (NTIP)** declared a semi-annual cash dividend of \$0.05 per common share, payable on 09/20/17 to all common stockholders of record as of 09/01/17. . . . **Riverview Bancorp (RVSB)** announced that Ron Wysaske will be retiring as president, chief operating officer and director on 07/26/17 and will continue as an employee, to assist in the transition through 09/30/17. . . . **Riverview Bancorp (RVSB)** promoted a number of senior managers. . . . **Simulations Plus (SLP)** declared its next ongoing quarterly cash dividend of \$0.05 per share distributed on 08/04/17, to shareholders of record as of 07/28/17. . . . **Smith-Midland (SMID)** will be providing SlenderWall precast concrete building panels for two luxury towers in Long Beach, NJ. SMID was also awarded a contract by The Lane Construction Corporation to supply over

124,000 LF of J-J Hooks precast concrete safety barrier for the I-395 Express Lane VDOT project in Northern Virginia. . . . **Sunworks (SUNW)** will install a new 665 kW solar power construction project for Togninali Farms, a 3rd generation tomato farm in Stockton, California. SUNW also announced a new agreement to install a 370 kilowatt (kW) solar system for The Wiseman Company, a leading commercial real estate holdings firm. . . . **Where Food Comes From (WFCF)** launched *Where Food Comes From Magazine*.

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Dynasil	A-1,146,301x	2	\$0
	A-31,503	2	\$1.23
	D-1,146,301	2	\$0
Electromed	A-30,000	2	\$0
LightPath Tech.	A-2,020	3	\$2.43
Socket Mobile	A-500	1	\$3.04
	S-500x	1	\$4.50
Simulations Plus	S-20,178x	2	\$0
	S-18,500	1	\$15.07
Smith-Midland	S-25,600x	10	\$7.59-\$7.78
Sunworks	S-176,249x	11	\$1.75-\$2.08

A-Acquisition (Non Open Market), B-Bought, D-Disposition (Non Open Market), OE-Option Exercise, S-Sold, x-indirect holdings. Information obtained from Nasdaq.com.

BUCKAROOS SPEAK

What to do with Precision Auto (PACI)?

Do I sell Precision Auto (PACI)?

-John Powers, Middleton, WI

When it comes to acquisitions, it's always up to the investor whether or not to hold for the payout or cash in early.

With specific regard to PACI, it's tough to say because the exact terms of the agreement have not been declared. However, given the tight range, we can assume it's somewhere around the current trading price.

That said, selling now would be okay. Otherwise, holding through the acquisition could result in shares of another company or a simple cash payout.

What happened to Galaxy Gaming (GLXZ)?

I noticed that the Bower Rating for Galaxy Gaming (GLXZ) dropped from 8 to NR. It was featured as

Company of the Month just a couple issues ago. What's the reason for the downgrade? Especially so soon after having been introduced as a recommendation?

-John Vrab, Allen, TX

Using the Bowser Game Plan, we look for stocks with long-term potential. The Rating System is a snapshot in time. Unfortunately, right after recommending GLXZ, the company's earnings slid slightly, resulting in the lower rating.

The hardest part about picking stocks is not being able to see the next earnings release, or the one after that.

But, in most situations, our recommendations will bounce back and regain their financial footing. In the rare case that a stock doesn't find its way back to a solid Bowser Rating, the Bowser Game Plan (details on page two) will protect you from the losses of any one company.

COMPANY OF THE MONTH... CONTINUED

(KERX). Mullen, along with four other designees from FBIO, sits on the NHLD board of directors. Overall, the agreement with FBIO resulted in improved finances and more experience on the board.

Risks

The main risk is National Holding's 5-year warrants (NHLDW) that were issued in January of 2017 at an exercise price of \$3.25 per share. This is a short-term risk, but the possible dilution and increased volatility could slow the stock down.

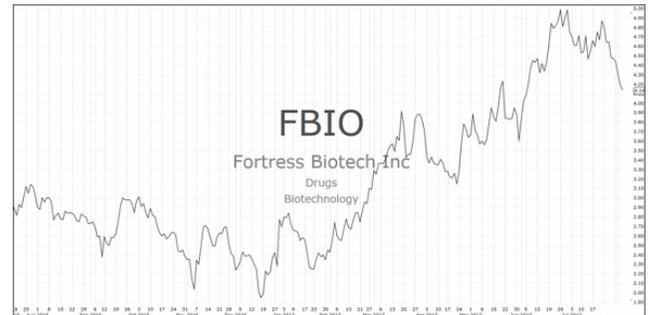
The other risk is that financial companies suffer during any major economic recession. Since NHLD is a financial services company, it would hypothetically take a larger hit as the number of individuals opening accounts and investing money would drop dramatically.

Lastly, National Holdings has stated it would not pay a dividend because it would rather invest in itself or a new revenue channel to maintain an edge in the financial sector. This is a good sign for the company long-term, but has likely dried up some buying pressure as dividend investors have shied away.

Outlook

Outlook for the financial sector is bullish due to the recent rate hikes and forecasts over the next two years. However, the outlook for NHLD and FBIO specifically is exciting. NHLD has been growing its investment banking subsidiary and network of financial advisors over the past year. This type of growth might be concerning to investors who question its sustainability, but NHLD does not have any long-term debt and its strong balance sheet makes it unlikely to take any on down the road.

Many subscribers have inquired about biotechnology stocks. With the FBIO agreement, subscribers now get some exposure to the biotechnology industry without the usual instability and higher risk. FBIO is up over 100% from its 52-week low and is still sitting just under its 52-week high (see the chart below).



Since FBIO has an impressive financial foundation and plenty of bullish price movement, this exposure through NHLD is a great long-term investment opportunity.

Conclusion

National Holdings is both a value and growth investment that is thriving in multiple fields. Although the numerous revenue channels minimize risk of slowing growth, the potential dilution is worrisome. However, the new board members and strong financial foundation are setting up NHLD for success. As long as the financial growth and outlook remain constant, this investment opportunity should continue to outperform its competitors.

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Beginner's Portfolio Up 252%

BOUGHT: EMMS (200 Shares) @ \$2.75 plus \$10 commissions = \$560

SOLD: SLGD (50 Shares) @ \$2.21 less \$10 commissions = \$101

<u>Cost</u>		<u>08/04/17</u>	<u>Cost</u>		<u>08/04/17</u>	<u>Cost</u>		<u>04/04/17</u>	Proceeds
AAME	280/Mar '12	360	RBPA*	188/Nov '14	215	SUNW†	482/Jul '16	356	From Sales
ITI*	162/Aug '12	340	UWN	180/Jul '15	239	FLL†	384/Sep '16	516	11,086
SGRP	178/Apr '13	103	OPCO†	196/Dec '15	310	PACI†	198/Apr '17	348	101
AEY	248/May '13	154	PLPM†	590/Jan '16	650	MMMB†	200/Jun '17	202	(560)
MOC	209/May '14	317	SMID†*	540/Mar '16	761	MKRS†	114/Jul '17	100	10,627
DYSL	185/Aug '14	115	BYFC†	398/Apr '16	500	EMMS†	560/Aug '17	550	
						Current Holdings Value:		6,136	
Original cost for all stocks: \$4,766				*Half of original holdings		Proceeds from Sales:		10,627	
				†Bought 200 Shares		Total Value of Portfolio:		16,763	

Gain: 16,763 minus 4,766 = 11,997

Percentage of gain: 11,997 divided by 4,766 x 100 = 251.7

Compound Annual Growth Rate: 8.22%

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

Scott's Liquid Gold (NTIP) fell 25% from it's most recent high of \$2.95, prompting us to sell the remaining 50 shares in the Beginner's Portfolio. Other subscribers whose SLGD shares doubled should have followed suit. Replacing SLGD is **Emmis Communications (EMMS)**, July 2017's Company of the Month.

EARNINGS

	<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>
Broadway Financial (BYFC)	06/30/17	\$4,458,000	\$3,972,000	\$533,000	\$319,000	
Command Security (MOC)	06/30/17	\$43,802,721	\$36,336,208	\$71,351	\$160,971	
CPS Technologies (CPSH)	07/01/17	\$3,723,914	\$3,934,995	(\$333,216)	(\$258,738)	
Manhattan Bridge Capital (LOAN)	06/30/17	\$1,400,901	\$1,165,893	\$840,066	\$710,065	
Meet Group, The (MEET)	06/30/17	\$31,329,468	\$16,388,991	\$856,595	\$29,618,389	(A)
OurPet's Company (OPCO)	06/30/17	\$6,183,800	\$5,436,902	\$246,619	\$154,634	
Repro-Med Systems (REPR)	06/30/17	\$5,338,076	\$4,072,193	\$360,833	(\$205,882)	
Riverview Bancorp (RVSB)	06/30/17	\$13,761,000	\$10,776,000	\$2,654,000	\$1,697,000	
Royal Bancshares of PA (RBPA)	06/30/17	\$10,405,000	\$9,245,000	\$3,164,000	\$2,187,000	
Simulations Plus (SLP)	05/31/17	\$6,748,518	\$6,012,193	\$2,080,029	\$1,909,339	
Socket Mobile (SCKT)	06/30/17	\$5,806,000	\$5,212,000	\$490,000	\$517,000	
Sono-Tek (SOTK)	05/31/17	\$2,512,134	\$2,240,211	\$15,869	\$55,791	
Where Food Comes From (WFCF)	06/30/17	\$3,502,082	\$2,799,602	(\$61,016)	\$169,644	(B)

(A) "We are excited to have closed the acquisition of Ifwe Inc. during the quarter, adding the Tagged and Hi5 mobile apps to our portfolio. We are also thrilled to have completed the launch of livestreaming video on MeetMe," commented David Clark, MEET's CFO. "Our mobile revenue growth of 55% year-over-year reflects increases in our mobile impressions through the acquisitions of Ifwe Inc. and Skout, Inc."

(B) John Saunders, WFCF's chairman and

CEO: "On the organic side, we continue to drive growth in our verification business through our expanded solutions portfolio and unique ability to bundle multiple audits. On the M&A side, our highly strategic year-end acquisition of SureHarvest resulted in a further diversification of our service mix and opportunities for cross selling that are now beginning to pay off in terms of new customer acquisition."

NOTES BY THE EDITOR

Earnings season is off to a great start for Bowser recommendations. Almost every company that has reported financial results has had year-over-year increases in net income and/or revenue.

Out of the top five gainers for the month of July, every one issued a press release that positively impacted the stock



price. The top gainers and losers are now covered at the bottom of pages two and four in order to give you more in-depth analysis.

We have been receiving many emails lately regarding potential stocks to recommend to our subscribers. Please keep the ideas coming. If you do have any stocks that you feel should be recommended, email me at faris@thebowserreport.com.

The latest issue of *The Bowser Database* published August 1. This latest issue features 11 new highly-rated companies.

FIVE BOWSER STOCKS UP AND DOWN

Broadway Financial	UP	19%	The Meet Group	DOWN	14%
Repro Med Systems	UP	17%	LRAD Corp.	DOWN	12%
Electromed	UP	16%	Scott's Liquid Gold	DOWN	11%
Riverview Bancorp	UP	16%	Cemtrex	DOWN	10%
Simulations Plus	UP	13%	Galaxy Gaming	DOWN	7%