

Hayden Communications Quarterly Client Update

Dear Friends and Investors:

The first quarter of 2006 showed continued market strength as both the S&P 500 and the Nasdaq Composite reached multi-year highs, fueled by sustained global macro economic growth and the attractive valuation of stocks relative to other investment vehicles. Specifically, the S&P 500 posted a 4.21 percent gain for the quarter with the Nasdaq showing a gain of 6.38 percent. We believe many of the same secular trends discussed in our last newsletter remain in place reinforcing what we feel will be a very favorable multi-year period for equity market participants.

Our underlying core bullish stance continues to rest on the prospect of low long term interest rates, a stable U.S. dollar and increases in productivity bolstered through technology and outsourcing to counter the long term deflationary threats present in our expanding global economy. Many may look at this view and point to the 15th consecutive increase in the Fed Funds rate to 4.75 percent and further jawboning by the new Fed Chairman Mr. Bernanke surrounding rising commodity prices and reduced available manufacturing capacity as evidence that we maybe missing the boat.

As China continues to establish itself as an economic superpower, we recognize that increased global demand for oil is here to stay. However, there is enough evidence to conclude that speculators have had their way in influencing the price of oil. To support our belief we point to the increase in crude inventories of more than 19 million barrels in the last five weeks, sitting at their highest level in almost seven years, further supported by the International Energy Agency (IEA) reducing its outlook for worldwide demand by 16 percent this year. Even with this news the price of oil remains resilient, failing to meaningfully break the psychological and technical trading level of \$59 per barrel. Fears surrounding Iran and Iraq impacting supply along with the ever-present threat of Venezuela acting as a rogue OPEC member are easy reasons to postulate as to why there has been a constant bid. While we don't expect any of these situations to change in the near term, what we do believe is that with the Fed tightening in March and the implied move of another tightening in May to 5.0 percent, we are getting to the point where monetary supply has been restricted enough to begin putting the brakes on the economy. Indications that the economy is slowing would actually be perceived as good news as we would likely finally see a crack in the price of oil, thus easing Fed inflationary fears and setting the stage for a more accommodative policy. As we have discussed in past newsletters, with the exception of the post-dot com bubble in 2000, the stock market has produced outstripped gains as aggressive rate increasing campaigns were on the cusp of ending.

Speaking to capital utilization and current manufacturing capacity, while the present indications are that available capacity maybe dwindling, the reality is that phenomenon may only hold true here in the U.S. and maybe indicative of the shift we are seeing as manufacturing capacity moves abroad to less expensive locales. I have recently returned from an extensive trip through China and it was an extremely eye opening experience. I had the opportunity

Coming to a City Near You



April 2006:

- **AMSWA** – Denver/Dallas – April 17-18
- **ITI** – Phoenix/Scottsdale – April 18
- **AOB** – Dallas/Boston/NYC – April 24-30

May 2006:

AeA Micro-Cap Conference in Monterrey, CA – May 7th-9th –

CADA	ITI
AMSWA	ERI

- **USHS** – Stern Agee – Minneapolis/Chicago/Milwaukee – Late May

Bear Stearns Global Credit Conference – NYC – May 16th-17th

RURL

Jefferies Conference – May 18th – NYC -

CBBT **COGO**

FBR Growth Investor Conference – May 31st – June 1st – New York

AMSWA

- **NMRX** – Minneapolis/Chicago – May 10-11
- **BSQR** – NYC – May 15th

June 2006:

Bear Stearns – June 12-13 –

IDWK

- **SDIX**—NYC—June 19th, 20th

Morgan Stanley Small Cap Conference – June 14-16 – NYC

COGO

Rodman & Renshaw 3rd Annual Security, Bio-defense & Connectivity Investor Conference – June 19th – The St. Regis Hotel – New York

AXO

Letter continued, next page

Letter Continued:

to visit several current clients while also touring many different parts of the country, including Shanghai, Hong Kong, Shenzhen, Dalian, the Shandong Province and Beijing. One of our client companies, China BAK Battery, operates an impressive facility in Shenzhen and serves as a further validation of this point. With the rapid increase in their available capacity, building costs substantially below those in the Western World, access to inexpensive labor and dedicated work ethic, the Company has several competitive advantages in place as compared to many overseas counterparts. Situations like this will make it extremely difficult for the U.S. to compete in manufacturing and will force us to refine our focus toward intellectual property development and further expansion of our service oriented economy as a means to differentiate and protect our margins. This is why we believe while available manufacturing capacity maybe drying up domestically, the reality is that much of this new international capacity has yet to be factored into the equation. With the status of the RMB continuing to be pegged to the U.S. Dollar, these cheap goods will begin flowing into the U.S. at an ever-increasing pace, serving to keep a lid on overall prices and over time putting to rest the near term concerns of increased pricing pressure. The real enemy of the new millennium, we believe, will be deflation.

China is still a relatively new player in the world economy and on this trip we had the opportunity to meet mayors in several cities, as well as those who are in charge of divesting or privatizing State Owned Enterprises (SOEs). The Chinese are proficient learners and the country is rich in entrepreneurs who are reaping the benefits of a truly market-driven economy, where consumers are becoming empowered and are starting to embrace both the purchase and enjoyment of many of the goods we take for granted each day. As money flows into this country, businesses are expanded, jobs are created and the proverbial wheel continues to turn at an ever-faster pace. Equally as important, the government continues to plan and implement infrastructure improvements to support this growth. The Chinese are very hard workers and I was often in offices at 9 p.m., which were just as busy as if were the middle of the day. The typical work week is six days and I found it easy to arrange meetings throughout the day on Sunday.

It has been gratifying to play a small part in this evolution by assisting several Chinese-based companies through the reverse merger process, facilitating the access to capital to further grow their business while also ensuring each client is adequately prepared to address the rigors of the US public markets. Once viewed as the backdoor way for substandard companies to become public, reverse mergers have gained significant credibility as both institutional and retail investors have experienced outpaced returns when compared to many traditional IPO's. The opportunity to purchase companies delivering 25, 30 or even 50 percent growth at low multiples is just too appealing to ignore. In fact, our four clients who have conducted reverses have raised a almost \$300 million in aggregate since entering the public markets, while recording on average a 100 percent gain since we were engaged. With a 12-hour time difference from the U.S. markets and an increase in the number of Chinese-listed companies, we are entering a new era where the markets truly don't sleep. I was lucky enough to spend time with several fund managers who are focused solely on China, while also meeting a few of the largest private equity funds in the region. The deal flow is amazing and the quality of deals has me extremely optimistic on the go forward prospects. However, one must remember there is still significant systematic risk, something I do not see being eliminated, but as part of a total diversification strategy, deploying a portion of one's assets to China is a must in our opinion.

Looking at our client portfolio, there were some notable highlights during the first quarter:

- American Oriental Bioengineering, (AMEX: AOB) posted record revenue and net income for their fourth quarter and full year 2005. Revenues for the fourth quarter 2005 increased 55.9 percent to \$19.8 million and 71.2 percent to \$54.7 million for the year. Net income increased 51.2 percent to \$4.2 million for the fourth quarter and 72.8 percent for the year to \$13.4 million. The Company made significant progress in not only growing their business organically but successfully integrating the acquisition of HSPL throughout the year.
- Comtech Group, (Nasdaq: COGO), a Shenzhen, China-based client, also reported record quarterly revenue and profit with increases of 73.0 percent and 55.0 percent respectively for the fourth quarter 2005. Full-year revenue increased 42.0 percent with net income up 43.0 percent driven by the Company's ability to offer new proprietary products and further penetrate their large existing customer base. The Company reiterated previous guidance for 2006 of \$135 to \$140 million or 26 percent to 30 percent growth versus 2005 and proforma earnings of at least \$0.50 for the year.

Letter Continued:

- U.S. Home Systems, Inc. (Nasdaq: USHS), a recent client addition, made significant improvements in their operations in the fourth quarter by reducing their net loss by \$716,000, generating \$382,000 in positive net income, or \$0.05 per diluted share, as compared to a net loss of \$334,000, or \$0.04 per share, in the fourth quarter of 2004. The Company also announced a further rollout of their products with The Home Depot solidifying an already strong and established relationship. Based on this recent announcement, the Company expects the number of locations they serve in kitchen and bath refacing installations to increase from 535 stores at the end of 2005 to 1,300 for kitchen refacing, with 615 of these also offering bathroom refacing products. This expansion is expected to be completed by the end of the third quarter of 2006.
- Numerex Corp. (Nasdaq: NMRX), which became a client early this year, recorded fourth quarter revenues of \$8.4 million up 33.0 percent versus last year and exceeded the previous guidance management had given for the quarter. Net income improved \$681,000 to a positive \$422,000, or \$0.04 per fully diluted share for the quarter. Late in 2005 Numerex announced the acquisition of Airdesk, expanding the Company's current product offering in wireless machine-to-machine (M2M) communications while providing the opportunity for Airdesk customers to utilize the Company's Cellular Network. This revenue would be highly recurring and incrementally beneficial to existing margins.
- We added several new clients during the first quarter including: ProLink Holdings Corp. (OTCBB: PLKH), Numerex Corp. (Nasdaq: NMRX) and China Security and Surveillance Technology (OTCBB: CSSTF)

In summary, we continue to remain optimistic about the prospects for many of our client companies and the overall market. We believe investors will continue to climb the "wall of worry" associated with rising short term rates, high oil prices and much predicted bursting of the housing bubble to name a few. While we may see a pullback in the overall market as we receive incremental data showing a slowing economy, we expect this selling to be met with buyers who can decipher the long term prospects of global economic growth and the subsequent benefit for U.S. investors.

Sincerely,

Matt Hayden

Alpha Pro Tech Announced Fourth Quarter and Full-Year Results



Alpha Pro Tech, Ltd.
(AMEX: APT)

Recent Price: \$2.46
Market Cap: \$58M
Shares Outstanding: 23.7M
52 Wk Range: \$1.87 - \$3.70

On March 22, 2006, APT announced its financial results for the fourth quarter and full-year (2005) period. Highlights included:

- Revenues for the quarter increased 9.4% to \$7.0M compared to \$6.4M in the fourth quarter of 2004.
 - ⇒ New sales of construction supply weatherization products, including the Engineered Products segment's building wrap and roof underlayment, totaled \$1.2M for the quarter.
- Gross profit decreased by 1.0% to \$3.1M (44.3% of sales) for Q4 vs. a gross profit of \$3.1M (48.9% of sales), for the same period in 2004.
 - ⇒ Excluding Engineered Products, gross profit margin was 51.7% for Q42005, up from gross profit margin of 48.9% for fiscal 2004.
- Selling, general and administrative expenses increased by 13.2% to \$2.5M, or 35.7% of sales, for the quarter from \$2.2M, or 34.5% of sales for the quarter ended December 31, 2004.
 - ⇒ This was primarily the result of increased Engineered Products expenses, increased rent and utilities expense, increased travel expenses and increased factory indirect expenses.
- Net income for the fourth quarter was \$309,000, or \$0.01 per fully diluted share, compared to net income of \$556,000, or \$0.02 per fully diluted share for the quarter ended December 31, 2004.

For the Year:

- Sales increased 25.2% to \$31.1M from \$24.8M reported for 2004.
- Gross profit margin decreased to 45.5% for the year from 49.5% for the same period in 2004.
 - ⇒ Excluding Engineered Products, gross profit margin was 49.1% for the year compared to 49.5% for last year.
- SG&A expenses increased by 9.8% to \$9.8M for the year, representing 31.5% of sales, compared to \$8.9M, or 35.9% of sales, for the year ended December 31, 2004.
 - ⇒ The increase was primarily related to increased expenses of \$802,000 for the Engineered Products segment.
- Net income for the year was up 32.6% to \$2.5 million, or \$0.10 per fully diluted share (based on 25.2M shares) vs. \$1.8M, or \$0.08 per fully diluted share (based on 24.6M shares) for fiscal 2004.

APT to Introduce Two New Product Lines

In 2006 the Company will introduce two new apparel product lines targeted to the industrial and clean room marketplace.

- Comfortech™, the first product, has been under development for two years and is a new technically superior and lower cost line of non-breathable material used in coveralls, gowns, lab coats and other apparel products for the pharmaceutical, medical device and lab animal research markets.
- The second is the Comfortech Certified™ product line which is targeted for manufacturing facilities and other applications where reducing bio-contamination is a priority.
- The Company has received beta orders for the Comfortech™ product during the first quarter of 2006 and expects to receive initial orders during the second quarter of 2006.

Logility, AMSWA Report Record Revenues and Earnings

AMSWA and Logility announced record financial results for Q3 FY06.

- Logility highlights include:
 - ⇒ Total revenues for the quarter ended January 31, 2006 were a record \$10.1M, an increase of 41% over the third quarter of fiscal 2005
 - ⇒ Operating earnings for the quarter ended January 31, 2006 were a record \$2.2M, compared to an operating loss of \$224,000 for the third quarter of fiscal 2005
 - ⇒ GAAP net earnings were \$1.9M or \$0.14 earnings per fully diluted share for the third quarter of fiscal 2006 compared to a net loss of \$174,000 or \$0.01 loss per basic share for Q32005.
- American Software Reports 298% Increase in Operating Earnings:
 - ⇒ Total revenues for the quarter ended January 31, 2006 were \$20.4 million, an increase of 17% over the third quarter of fiscal 2005
 - ⇒ Operating earnings for the quarter ended January 31, 2006 were \$2.1 million, an increase of 298% over the third quarter of fiscal 2005.
 - ⇒ GAAP net earnings were approximately \$2.0M or \$0.08 per fully diluted share for the Q3 FY06 compared to \$50,000 or negligible earnings per fully diluted share for the same period last year.
 - ⇒ Adjusted net earnings for the quarter ended January 31, 2006, which excludes acquisition related intangibles costs, were \$2.1M or \$0.08 per fully diluted share compared to \$129,000 or \$0.01 per fully diluted share for the same period last year.

Logility Named SAP® Business One Partner

On January 23, Logility was named a SAP® Business One Partner to provide supply chain solutions for the small and midsize business market in the U.S.

- Logility will integrate its Demand Solutions application suite with SAP Business One to drive supply chain improvements for small and midsize businesses (SMB).

AMSWA Subsidiaries, Logility and NGC Announce Wins

- The Associated Grocers of Florida successfully implemented Logility Voyager Solutions™ to reduce inventory, improve forecast accuracy, and increase productivity and customer service
- Ste. Michelle Wine Estates Selects selected Logility Voyager Transportation Planning and Management™ for its transportation planning and exe-

cution needs

- Klausner Furniture, Inc. selected Logility Voyager Solutions™ to help strengthen customer service through improved forecast accuracy, inventory management and demand visibility.
- VWR International, Inc. selected Logility Voyager Solutions™ to help improve planning and forecasting, reduce obsolete, overstock and field inventory, and decrease carrying costs.
- Cole-Parmer Instrument Company successfully implemented Logility Voyager Solutions™ to improve forecast accuracy, reduce inventory levels and strengthen customer service.
- New Breed Logistics, Inc. will expand its investment in Logility Voyager Solutions™ to include Life Cycle Planning.
- Wilsons The Leather Experts Inc. selected NGC's product lifecycle management technology e-PDM, Internet Product Development Manager.
- Blair Corporation has selected NGC's Web-based sourcing and production system, e-SPS to help streamline its global sourcing and production of apparel and home furnishings.

Demand Management Has Milestone Quarter

Demand Management, Inc. signed 13 new customers in the quarter ending January 31, one of the most successful quarters in the company's history.

Prudent Speculator Cites AMSWA for 2006 on Forbes.com

- The editor of the Prudent Speculator, the most successful investing newsletter over the past three years, cited American Software as a stock to watch for 2006 on an interview which can be seen http://www.forbes.com/video/?video_url=http://www.forbes.com/video/fvn/guru/jd_buck011906&id=jd_buck011906&title=Video%3A+Prudent+Speculations+For+2006&partner=yahootix



American Software, Inc.
(Nasdaq: AMSWA)
Recent Price: \$7.11
Yield: 3.9%
Market Cap: \$180M
Shares Outstanding: 25.3M
52 Wk Range: \$4.35 - \$7.31

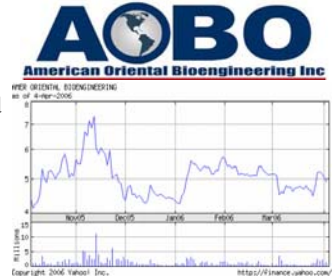
American Oriental Bioengineering Announces Record Fourth Quarter

On March 31, American Oriental Bioengineering, Inc. announced financial results for the fourth quarter and full-year period ended December 31, 2005.

- For the fourth quarter, the Company reported revenues of \$19.8M, an increase of 55.9% compared to the \$12.7M reported for the fourth quarter last year and up 47.5% compared to the \$13.4M reported in the third quarter of 2005. Excluding the acquisition of HSPL, organic revenue growth was 95.5% during the quarter.
- Gross margins improved to 65.2% for the fourth quarter compared to gross margins of 59.3% for the fourth quarter last year and 63.4% for the third quarter of 2005.
 - ⇒ The increase in gross margins was related to improved efficiencies in regards to the integration of HSPL and a higher contribution as percent of revenues from PBN products which carry a higher overall gross margin.
- Operating margins were 31.4% for the fourth quarter as compared to 31.2% last year, as improvements in gross margins were offset by increased spending to support revenue growth.
- Net income increased 51.2% to \$4.2M or \$0.08 per fully diluted share versus net income of \$2.8M or \$0.08 per fully diluted share for the fourth quarter last year.
- The Company successfully completes a private placement raising gross proceeds of \$56.4 million. Proceeds will be utilized for working capital and complementary accretive acquisitions.

For the year ended December 31, 2005:

- Revenue of \$54.7M, an increase of 71.2% compared to the \$32.0M reported for fiscal 2004. Excluding HSPL organic revenues grew 42.5 percent for 2005 as compared to 2004.
- Gross margin was 64.2% for the year, essentially flat compared to gross margin of 64.8% for the same period last year despite the inclusion of HSPL products which initially carried a lower gross margin than the Company's existing businesses.
- Operating margins were 33.5 percent compared to 31.4 percent as increases in revenue outpaced expense growth.
- Net income was \$13.4M compared to net income of \$7.8M, representing a 72.8% increase.
- Earnings were \$0.31 per weighted fully diluted share compared to \$0.23 per fully diluted share for 2004.



**AMERICAN ORIENTAL BIO
(AMEX:AOB)**

Recent Price: \$4.75
Market Cap: \$296M
Enterprise Value: \$217M
Shares Outstanding: 62.5m
52 Wk Range: \$1.02-\$7.68

AXS-One Announces Four Customer Wins for AXS-One Compliance Platform™

AXS-One Announces Major Customer Win in South Africa

On January 17, AXS-One announced a major customer win with a South African parastatal (government-owned) agency.

- AXS-One will implement a complete records compliance management (RCM) solution, including e-mail, SAP, and desktop archiving from key operational systems (report archiving) and records management.
- The deal, signed during December 2005, was reached through a channel partner in the region.

AXS-One Reports Financial Results for 2005 Q4 and Year End

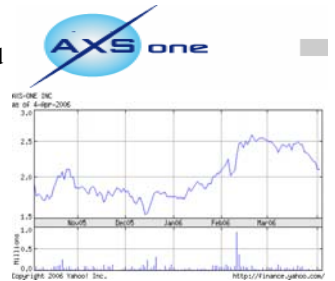
On February 9, AXS-One announced its financial results for the fourth quarter and fiscal year ended December 31, 2005.

- Total license revenues for Q4 decreased 27% to \$1.5M from \$2.0M in Q404 and 41% sequentially vs. the \$2.5M for Q305.
 - ⇒ Records Compliance Management (RCM) license revenues recognized in the quarter were \$1.3M, an increase of 58% vs. Q404.
- Total operating expenses for the quarter were \$9.4M, a decrease of 15% compared to the fourth quarter of 2004.
- The Company reported a net loss of \$1.6M for the fourth quarter, or \$(0.05) per diluted share compared to a net loss of \$1.7M in Q404, or \$(0.06) per diluted share.
- In December 2005 the Company received an RCM order from a major US health care provider for approximately \$750,000 which was not recognized as license revenue during the fourth quarter but payment was received during the first week of January 2006. This sale will be recorded as deferred revenue until all contract terms have been satisfied
- Revenues for fiscal 2005 were \$32.8 million, a decrease of 15% from the \$38.4 million reported in the prior year.
 - ⇒ License revenues for the year decreased 18% to \$5.5M from \$6.8M in 2004.
 - ⇒ RCM license revenue represented 74% of total license revenue in 2005, compared to 64% in 2004.
- Operating expenses decreased 6% to \$41.4M vs. \$44.0M for 2004 as the reorganized its cost structure during the third quarter.
- The company reported a net loss of \$9.0M or \$(0.28) per diluted share, compared to a net loss of \$5.2M, or \$(0.19) per diluted share in 2004.

AXS-One Teams With MailFrontier to Offer Comprehensive, Policy-Based Security and Electronic Archiving Solution

On February 13, MailFrontier™, the leader in e-mail security, and AXS-One announced a partnership to offer an integrated policy-based email security and archiving solution.

- MailFrontier and AXS-One have entered into a co-selling agreement, enabling them jointly to pursue this rapidly expanding market by combining their unique capabilities.
- Organizations running MailFrontier Gateway™ are able to identify sensitive content that violates a rule or regulation and specify an appropriate action, as well as monitor and report on compliance violations.
- This is a critical benefit for companies working under numerous regulations including HIPAA, GLBA, and Sarbanes-Oxley, as well as enterprises wanting to protect their intellectual property.



**AXS-One, Inc.
(AMEX:AXO)**

Recent Price: \$2.10
Market Cap: \$72M
Shares Outstanding: 34.25M
52 Wk Range: \$1.21-\$3.28

BSQUARE Launches SDIO Now! V2.2

On January 3, BSQUARE launched SDIO Now! V2.2

- Offers OEMs a cost-effective solution for adding two MultiMediaCard (MMC), Secure Digital (SD) or Secure Digital Input Output (SDIO) cards to converged mobile devices such as smartphones.
- OEMs can now economically add Wi-Fi capabilities to smartphones and other embedded devices by using an internal SDIO Wi-Fi card while adding a second external expansion slot for high-density memory cards or other SDIO peripherals.
- According to In-Stat, the market for Wi-Fi enabled mobile PCs, PDAs, and phones will continue to grow at 66.2 CAGR, reaching 226.0 million units shipped in 2008.

BSQUARE Distributes New Microsoft® Windows® Embedded Server Products

BSQUARE expanded its line of Microsoft Windows Embedded Server Products with the addition of SQL Server™ 2005 for Embedded Systems and Data Protection Manager 2006 for Embedded Systems.

- OEMs can now enjoy the benefits of reduced software licensing costs to improve competitive positioning.
- OEMs and their end customers also benefit from longer product support life cycles, reduced OS provisioning times with the elimination of the need for Windows Product Activation (WPA), and reduced downtime with the ability to create a single recovery image that includes the full OS image, embedded applications and third-party drivers.

BSQR Joins Intel® Storage Community

On January 12, BSQUARE announced it has joined the Intel® Storage Community (ISC).

- Announcement supports BSQUARE's SchemaBSP, a development tool that enables OEMs to use Microsoft® Windows® CE with Intel XScale® technology I/O processors to rapidly develop embedded disk storage prod-

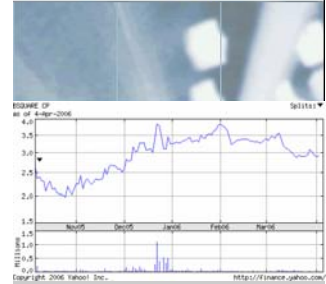
ucts such as Network Attached Storage (NAS) systems for home networks, and world-class Professional Engineering Services to OEMs developing storage solutions.

- According to IDC's Worldwide Disk Storage Systems Tracker, factory revenue in the external disk storage systems market segment grew a record 12.5% year over year to \$3.9 billion in the third quarter of 2005, the highest growth recorded since the inception of IDC's disk storage tracker in 2001. (source: www.idc.com)

BSQUARE Announces Fourth Quarter and Year End Results

- Total revenue for the quarter was \$12.7 million, an increase of 42% from the \$8.9 million reported last year, and \$42.9 million for 2005, an increase of 10.3% from 2004.
- The Company successfully divested their revenue stream by increasing revenues excluding Cardinal by 69.0% and 34.0% for the fourth quarter and the full year period.
- Net loss for the fourth quarter 2005 was \$246,000, or \$.03 as compared to positive net income of \$77,000, or \$.01 last year. Excluding a write down of \$399,000 for an aged receivable net income would have been improved from the year ago period.

BSQUARE
Trusted Solutions for Smart Devices



BSQUARE Corp.
(NasdaqNM:BSQR)

Recent Price: \$2.91
Market Cap: \$27M
Enterprise Value: \$16.3M
Shares Outstanding: 9.55M
52 Wk Range: \$1.52-\$4.06

CAM Reports 85% Increase in Net Earnings on 14% Revenue Increase for Q1

On February 14, CAM Commerce Solutions reported financial results for the first quarter of fiscal 2006. Highlights include:

- Revenues for the quarter increased 14% to \$7.0M, compared to \$6.2M for last year
 - ⇒ The increase was a result of an 85% increase in X-Charge payment processing revenues over the same quarter of last year.
- Pre-tax profit margins in the quarter were a record 17%, compared to 11% for the comparable quarter of fiscal 2005.
- The higher margins are primarily the result of a continuing change in revenue mix to higher margin, recurring X-Charge payment processing revenues, which represented 37% of total company revenues in the first quarter of fiscal 2006, as compared to 23% in the first quarter of fiscal 2005.
- Total recurring revenues (service plus payment processing) was 56% of total revenues in the quarter.
- Pre-tax profit was \$1.2 million, which was also a Company record.
- Net income for the quarter increased 85% to \$742,000 or \$0.18 per fully diluted share, as compared to \$402,000 or \$0.10 per share for the same quarter in the prior fiscal year.
- X-Charge Performance -- Record New Installations
 - ⇒ During the quarter, the Company installed a record 922 new X-Charge payment processing accounts, as compared to 707 for the same period of last year.
 - ⇒ As of December 31, 2005, the Company had between 5,500 and 6,000 live payment processing accounts.
 - ⇒ The Company's payment processing portfolio currently represents approximately \$1.9 billion in annual credit card transaction volume.
 - ⇒ The company's X-Charge reseller base grew during the quarter to 222 resellers who had earned residual income from their active X-Charge processing accounts during the quarter, as compared to 132 at the same

time last year, an increase of 90 resellers over the past 12 months.

- ⇒ The Company is actively marketing to these resellers to bring in new X-Charge processing accounts.
- Cash Dividend: In keeping with the Company's previously stated policy to pay out approximately 75% of net income as a dividend to shareholders each quarter, the Board of Directors has declared a dividend of \$0.14 per share for fiscal 2006 first quarter results, to be paid on April 14, 2006 to shareholders of record on April 4, 2006.

CAM
Commerce Solutions



CAM Commerce Solutions, Inc.
(Nasdaq: CADA)

Recent Price: \$24.03
Market Cap: \$98M
Shares Outstanding: 4.09M
52 Week Range: \$11.38-\$24.99

CSU and GE Healthcare Financial Services Form Joint Venture



Capital Senior Living Corp.
(NYSE: CSU)

Recent Price: \$11.02
Market Cap: \$285M
Shares Outstanding: 26.23M
52 Wk Range: \$5.05-\$11.44



On January 13, Capital Senior Living Corporation and GE Healthcare Financial Services announced the formation of a joint venture to acquire five senior housing communities from a third party.

- The new venture will be funded by Capital Senior Living and GE Healthcare Financial Services, demonstrating both companies' significant commitment to long-term care real estate.
- Capital Senior Living will earn management fees and may receive additional incentive distributions.
- The five communities will be purchased by the venture for \$46.85M.
 - ⇒ These communities comprise 293 assisted living units and will increase Capital Senior Living's resident capacity by 389.

⇒ Current combined occupancy at the five communities is approximately 92%.

CSU Announces \$126 Million in Sale/Leaseback Agreements

During the quarter, CSU executed on its sale/leaseback strategy designed to retire debt, and announced three separate agreements covering 10 total communities valued at \$126M in aggregate.

- On February 1, CSU announced that it has entered into an agreement with an affiliate of Ventas, Inc. (NYSE:VTR) for a single community sale/leaseback transaction valued at approximately \$29M.
 - ⇒ CSU will record a gain of approximately \$14.5M on the sale of a facility, which will be recognized equally over the initial lease term.
 - ⇒ The triple net operating lease between the Company and Ventas has an initial term of ten years, with two 5-year renewal options.
 - ⇒ The initial lease rate is 8% and is subject to conditional annual escalation provisions.
 - ⇒ The transaction is expected to close during the first quarter of 2006, pending approvals and other customary closing conditions.
 - ⇒ As a result of this sale/leaseback transaction, the Company will retire approximately \$16.2M of variable rate debt with an interest rate of LIBOR plus 350 basis points.
 - ⇒ This will effectively reduce interest expense by approximately \$1.3M per year.
 - ⇒ Net proceeds to the Company, after retirement of debt, are expected to be approximately \$12.4M, net of transaction costs.
- The second agreement covered three properties and totaled \$54M.
 - ⇒ The Company anticipates that it will record a gain of approximately \$13.0 million on the sale of these commu-

nities, with the gain to be recognized equally over the initial 10-year term of the lease.

- ⇒ The triple net operating lease will have two ten-year renewal options beyond the initial term.
- ⇒ The initial lease rate is 8% and is subject to CPI-based escalation provisions pursuant to the terms of the lease.
- ⇒ The transaction is expected to close in the next sixty days, pending approvals and other customary closing conditions.
- ⇒ Upon completion of this sale/leaseback transaction, the buyer will assume approximately \$29.6 million of debt with a fixed interest rate of 8.2%.
- ⇒ This will effectively reduce the Company's interest expense by approximately \$2.4 million per year.
- ⇒ Net proceeds to the Company, after the assumption of debt, are expected to be approximately \$23.5 million, net of transaction costs.
- The third agreement for six properties was valued at \$43 million
 - ⇒ The Company anticipates that it will record a gain of between \$3 and \$4 million on the sale of these six communities, with the gain to be recognized equally over the initial 10-year term of the lease.
 - ⇒ Net proceeds are expected to be approximately \$4.5 million, net of transaction costs.
 - ⇒ The triple net operating lease will have two ten-year renewal options beyond the initial term.
 - ⇒ The initial lease rate is 8% and is subject to CPI-based escalation provisions pursuant to the terms of the lease.
 - ⇒ The transaction is expected to close in the next sixty days, pending approvals and other customary closing conditions.

CSU Reports Fourth Quarter and Full Year 2005 Results

On March 7, CSU announced operating results for the fourth quarter and full year 2005. Company highlights for the fourth quarter and 2005 fiscal year include:

- Fourth quarter revenues increased 32% to \$31.5 million compared to the fourth quarter of 2004.
- Fourth quarter adjusted EBITDAR increased approximately 66% to \$8.4 million, versus the fourth quarter of 2004.
- Fourth quarter income from operations increased 59% to \$3.2 million from the year ago period.
- Full year revenues increased 13% from 2004 to \$105.2 million.
- Full year adjusted EBITDAR (income from operations plus depreciation and amortization and facility lease expense) increased 39% to \$26.1 million, versus the year ago period.
- Full year income from operations increased approximately 69% from 2004 to \$11.4 million.
- Fourth Quarter Operational Highlights
 - Average physical occupancy rate on stabilized communities of 92% compared to 90% in the fourth quarter of 2004.
 - Operating margins (before property taxes, insurance and management fees) of 47% in stabilized independent and assisted living communities.
 - All community revenues increased 7.5% and operating income increased 15.3% versus the comparable period of the prior year.

China BAK Battery Reports 110% Increase in Net Income for Q106



China BAK Battery
(OTCBB:CBBT)

Recent Price: \$9.20
Market Cap: \$453M
Shares Outstanding: 49M
52 Wk Range: \$5.00- \$8.50

On February 9, China BAK Battery, Inc. announced financial results for the first quarter of the Company's 2006 fiscal year which ended December 31, 2005. First Quarter Achievements:

- The Company increased its manufacturing capacity for cell phone battery cells from 15 million pieces monthly to 22 million pieces.
- The Company has successfully established volume production capability for lithium polymer battery cells. Lithium polymer batteries are small-format batteries which can be customized in size to a particular application. Typical applications for Lithium Polymer batteries include MP3 players and Bluetooth headsets. Current capacity is 1 million pieces per month.

Financial Results

- The Company reported revenue of \$26.1M, an increase of 3.9% vs. the \$25.1M reported for the first quarter of the prior fiscal year.
- Gross profits for Q1 was \$7.1M, or 27.1% of sales, compared to gross profit of \$4.4M million, or 17.4% of sales, last year as the Company improved product mix during the quarter.
- Total operating expenses for Q1 was \$3.1M, vs. \$2.0M last year. Operating margins improved 5.7% to 15.3% for the quarter as compared to last year due to improved gross margins.
- Net income for Q1 increased 110.2% to \$3.8M, or \$0.08 per basic and fully diluted share vs. net income of \$1.8M, or \$0.06 per basic and fully diluted share, for the first quarter of fiscal 2005.
- The Company's cash and restricted cash balances as of December 31, 2005 totaled \$36.3M, compared to cash and restricted cash of \$52.4M as of September 30, 2005. Cash was used to expand current capacity
 - ⇒ The Company completed the 2005 fiscal year with a current ratio of 1.2 to 1 and \$17.9 million in working capital.
 - ⇒ The Company commented that, "Based on our view of current conditions, the Company expects to report at least a 100% increase in net income for fiscal 2006 compared to fiscal 2005, which would equate to approximately \$24 million in total net income. In addition, depending upon the customer ramp related to the Company's growth initiatives, BAK may meet or exceed the previously disclosed \$27 million make-good provision."

CBBT Announces Agreements with Lenovo and A123 Systems

Additionally on February 9, China BAK Battery announced that it has signed manufacturing agreements with two OEMs:

- A Strategic Cooperation Agreement with Lenovo.
 - ⇒ This agreement calls for both companies to jointly contribute and share resources to further product development efforts.
 - ⇒ The Company has been a supplier of Lithium Ion battery cells for Lenovo cell phone applications since August 2005.
 - ⇒ The Strategic Cooperation Agreement was signed to expand the current relationship and facilitate the development of new battery solutions for Lenovo in the portable and notebook PC markets.
- China BAK Battery has also formed a contract manufacturing partnership with A123 Systems, an emerging supplier of Nano-Phosphate Li-ion batteries based on patented technology developed at MIT.
 - ⇒ Since early 2005, China BAK Battery and A123 have collaborated at their Shenzhen facilities to design, develop and imple-

ment an advanced mass production line to exclusively manufacture first products for A123.

- ⇒ High volume production has commenced and these products have been rigorously tested to meet the most stringent Tier 1 OEM quality requirements.
- ⇒ A123 high power batteries will be used in a variety of applications including power tools, medical devices and hybrid electric vehicles which are all respective growth areas for the Li-ion battery market.

China BAK Customer A123Systems' Completes \$30 Million Financing

An article in the March, 2006 issue of *Battery & EV Technology* stated that China BAK Battery client A123Systems has completed its third round of private equity funding totaling \$30 million. A123's CEO and President David Vieau commented,

- "New investors in the company are GE, Alliance Capital Management and FA Technology Ventures. Also participating in this round are existing investors Motorola, Qualcomm, North Bridge Venture Partners, Sequoia Capital, Massachusetts Institute of Technology, OnPoint, YankeeTek and Desh Deshpande, the Company's Chairman of the Board."
- According to the article, A123Systems will use its new capital infusion to increase manufacturing capacity, to continue support for its current customer base and revenue growth, to accelerate the development of batteries for HEV and to continue development of products for other markets demanding improved power technology.
 - ⇒ A123Systems is already supplying batteries manufactured by CBBT to the Black & Decker Corporation for use in a heavy-duty, 36-volt line of portable power tools.
 - ⇒ The Company is also working with the U.S. Department of Energy as part of a major undertaking to develop battery materials for future use in hybrid electric vehicles. Preliminary performance results show a technology with great promise for the future of electric and HEVs.

China BAK Battery Reports 83% Increase in Net Income for FY05

On January 3, China BAK Battery, Inc. announced financial results for the fourth quarter and fiscal year ended September 30, 2005. Highlights include:

- For the fourth quarter of its fiscal year, the Company reported revenue of \$26.8 million, an increase of 59.2% compared to the \$16.8 million reported for the fourth quarter of the 2004 fiscal year.
- Gross profits for the fourth quarter of the 2005 fiscal year were \$8.8 million, or 32.8% of sales, compared to gross profit of \$3.6 million, or 21.6% of sales for the fourth quarter of the 2004 fiscal year.
- Total operating expenses for the fourth quarter were \$3.2 million, compared to \$1.4 million, for the fourth quarter of the 2004 fiscal year. Operating margins improved to 21.0% compared to 13.1% last year due to improved leverage on a higher base of revenue.
- Net income for the fourth quarter of fiscal 2005 increased 188.8% to \$4.6 million, or \$0.11 per basic and diluted share, compared to net income of \$1.6 million, or \$0.05 per basic and diluted share, for the fourth quarter of fiscal 2004.
- For the full fiscal year, the Company reported revenue of \$101.9 million, an increase of 59.9% percent compared to the \$63.7 million reported for the 2004 fiscal year.
- Gross profits were \$25.7 million, or 25.2% of sales, for the fiscal year compared to \$13.8 million, or 21.7% of sales, for fiscal 2004.
- Total operating expenses for the 2005 fiscal year were \$10.4 million, compared to \$5.7 million, for the 2004 fiscal year.
- Net income for the 2005 fiscal year was \$12.4 million, or \$0.32 per fully diluted share, an increase of 83.4% compared to net income of \$6.7 million, or \$0.22 per share reported in the 2004 fiscal year.

Comtech's Revenues increase 73%, Net Income up 55% for Q4 2005

COMITECH



Comtech Group
(NASDAQ:COGO)
Recent Price: \$10.71
Market Cap: \$335M
Shares Outstanding: 32.9M
52 Wk Range: \$4.63-\$11.59

On March 23, Comtech Group, Inc. announced financial results for the fourth quarter and full-year period ended December 31, 2005. The results exceeded guidance and the Company's preliminary announcement for the fourth quarter.

Highlights include:

- The Company reported record revenue of \$33.6 million, up 73.3%, compared to \$19.4 million reported in the fourth quarter of 2004

⇒ The increase was due to growth in all three of the Company's businesses: mobile handset, telecommunications infrastructure equipment and digital consumer electronic products, which collectively the Company believes are among the fastest growing consumer markets in China.

- As a result of new proprietary product additions, gross margins increased 3.0% to 18.6% versus the fourth quarter of 2004.
- Net income for the quarter was \$3.5 million or \$0.11 per diluted share, up approximately 55.5 percent from the \$2.3 million reported in the fourth quarter of last year.
- Fourth quarter highlights include:
 - ⇒ The highest quarterly revenue in the Company's history
 - ⇒ The highest quarterly revenue growth since the second quarter 2004
 - ⇒ Gross margins improved for the fourth straight quarter to 18.6% as compared to 17.7% during the third quarter 2005 and 15.6% in the fourth quarter 2004.

COGO Acquires Controlling Interest in Huameng Engineering Services

On January 11, Comtech announced that it has acquired a 51% majority interest in Huameng Engineering Service Ltd., a provider of technology, engineering and business services to established telecom equipment vendors in China, with additional subsidiaries expected to be opened in Hong Kong, Thailand, and Malaysia during this calendar year.

- Huameng currently employs approximately 200 engineers and consultants to provide outsourced technology and business services, including high-end system testing, hardware and software installation, planning, training, deployment, maintenance and technical support for telecom vendors.
- Under terms of the agreement, Comtech paid \$2.5 million in cash to acquire a majority interest in Huameng Engineering Service Ltd with the potential to acquire the remaining interests at a future date.
- The total amount of US\$2.5 million will be invested solely into the Company for expansion of the business both in China as well as international markets.
- The seller is not receiving a cash payment as part of this agreement.
- Comtech expects Huameng to generate meaningful revenue in 2006, and more importantly through Huameng, Comtech will be receiving recurring service revenue with a gross margin over 40%, which is significantly higher than the company's current blended margin.
- The recurring service revenue should improve Comtech's overall margin, visibility and further diversify revenue streams.
- Huameng's primary customer, Huawei, is one of the world's leading networking and telecommunications equipment suppliers and the largest telecom equipment vendor in China.

Comtech Group, Inc. Expands Location-Based Wireless Search Service

On December 20, Comtech announced that it has successfully completed the model design and production of the location based kids phone to deliver to its partner China Telecom.

- Comtech's subsidiary Comtech Wireless Ltd. receives revenues from this relationship in two forms:
 - ⇒ Through the sale of the handsets which are embedded with its proprietary software which carry a retail price of approximately \$40 per unit, and
 - ⇒ Through a nearly even split of the subscription based service revenue which is offered to customers at a price point that varies depending upon region but averages approximately \$1.50 per month.
 - ⇒ The Company expects to book revenues for handset sales during the fourth quarter, which will contribute gross margins of approximately 25% to 30%, and expects to begin earning its share of the subscription revenue during the first quarter of fiscal 2006.
 - ⇒ Subscription revenue is anticipated to carry a higher gross margin than the original manufacturing of the phone.

Forbes.com Highlights Comtech

On January 25, Forbes.com columnist Samantha N. Wong highlighted Comtech as one of Nine Attractive Stocks Under \$10

- "Another notable is Shenzhen, China-based Comtech Group, which provides customized components for manufacturers of telecommunications equipment, cellular phones and consumer-electronic devices. The Company, which earned \$9.5 million on sales of \$93 million over the past 12 months, is now valued at just 17-times 2006 estimated earnings."

Comtech Enters Automobile Electronic Component Market with New Supply Relationship with Vishay Intertechnology, Inc.

On February 21, Comtech announced it has entered into a new relationship with Vishay Intertechnology, Inc. (NYSE: VSH - News), a global manufacturer of components, to provide a combined electronic component solution addressing the rapidly growing automobile electronics industry in China.

- As part of the agreement, Vishay will supply the key technology components with Comtech providing the customized design work to produce a complete module design offering for Chinese Original Equipment Manufacturers (OEMs) servicing the automobile electronics industry.
- This new product will allow OEMs access to industry leading technology with a reduced time to market.
- According to CCID, the market size for automotive electronic component products sold in China was roughly \$6 billion (USD) in 2005, growing at a projected 50% rate in 2006 to \$9 billion (USD).

Comtech Signs \$1 Million Business Services Contract With Huawei

On March 6, Comtech announced it has secured its first major service contract for its newly acquired business service offering with Huawei, a leading global telecommunications equipment provider.

- This is the first significant service contract secured since the announcement of its acquisition of Huameng in January and is initially valued at \$1 million (USD).
- Comtech will provide engineering, technical consulting and other business services to Huawei's carrier customer base in China's Hunan province.
- The contract will cover primarily Datacom and Broadband products, where Comtech will be responsible for in-field installation, integration and system testing within each of Huawei's respective customer sites.

eResearch Announces Record Q4 Bookings



eResearchTechnology, Inc.
(Nasdaq: ERES)

Recent Price: \$14.56
Market Cap: \$787M
Shares Outstanding: 54.08M
52 Wk Range: \$10.11-\$18.54

eResearchTechnology booked \$31.7M in total bookings for Cardiac Safety Monitoring Services and EDC/Clinical Data Technology during the fourth quarter. Highlights of the awards include:

- Five Thorough QT studies totaling approximately \$6.2M from two Top 10 global pharmaceutical companies, a leading biotechnology organization, the U.S. operation of a major Japanese pharmaceutical company, and an emerging U.S. drug developer.
- Two later phase program awards valued at more than \$3.3M from a Top 10 global pharmaceutical company and an emerging drug developer.

On January 4, eRT announced an additional \$8M in cardiac safety monitoring services since the update on December 20, 2005. Highlights include:

- Two Thorough QT studies totaling more than \$3M from two emerging biopharmaceutical organizations, bringing the number of Thorough QT studies for the quarter to 10, totaling approximately \$13.5M.
- A later phase program award valued at approximately \$1.8M from a Top 15 global pharmaceutical company. The number of program awards totals six valued at approximately \$13.7M for the quarter.

eRT Reports Revenue of \$25.4M for the Fourth Quarter

On 2/8/06, eRT announced results for the quarter ended December 31, 2005.

- Revenues for the quarter were \$25.4M compared to \$27.1M for Q404.
- eRT reported net income for the fourth quarter of 2005 of \$5.3M, or \$0.10 per diluted share, versus net income of \$7.0M, or \$0.13 per diluted share, for the fourth quarter of 2004.
- For the year ended December 31, 2005, the company reported revenues of \$86.8M, compared to \$109.4M in revenues last year.
- eRT reported net income of \$15.4M, or \$0.29 per diluted share, for the year ended December 31, 2005, compared to net income of \$29.7M, or

\$0.54 per diluted share, for the year ended December 31, 2004.

- eRT signed a record \$121.9M in new contracts and work orders for the full year and a record \$39.7M in the fourth quarter.
- The company issued the following update to guidance for 2006:
 - ⇒ For the first quarter of 2006, the company expects to report revenues of between \$21.0M and \$23.0M and net income of \$0.05 to \$0.07 per diluted share.
 - ⇒ For the full year 2006, eRT expects revenue of \$112M to \$118M and earnings per diluted share of \$0.42 to \$0.48.

Record Booking Trend Continues Into Q1

On February 8, eRT announced that it has been awarded more than \$7.1M in cardiac safety monitoring and services to date in 2006. Highlights of the awards include:

- A later phase program award from a growing European biopharmaceutical totaling more than \$3.2M.
- Thorough QT studies from two emerging U.S.-based drug developers totaling more than \$2.5M.

On April 3, eRT announced \$22.8M in additional Q1 bookings. The recent awards drive total bookings for the first quarter of 2006 to \$29.9M. Highlights of the recent awards include:

- Two program awards from a global top 20 pharmaceutical and an emerging U.S.-based biopharmaceutical company totaling approximately \$4.2M. The number of program awards for the quarter totals three for more than \$7.4M.
- Six Thorough QT studies from two top 20 global drug developers and four U.S.- and Europe-based growing biopharmaceutical organizations totaling approximately \$8.5M. This brings Thorough QT studies awarded for the quarter to eight, totaling approximately \$11.0M.

eRT Announces Pending Retirement of Its Chief Executive Officer

On February 8, eRT announced the intention of CEO Joseph Esposito to retire from his positions as President and Chief Executive Officer and Board Member of eRT before the end of 2006.

- Mr. Esposito will continue in his current position during the recruiting process and will assist eRT in the transition period.

EMRISE CORPORATION Announces Financial Results for Q4 and FY 2005



EMRISE Corporation
(NYSE Arca: ERI)

Recent Price: \$8.89
Market Cap: \$33M
Shares Outstanding: 37.4M
52 Wk Range: \$8.33-\$2.50

On March 31, EMRISE announced financial results for the three and 12 month periods ended December 31, 2005.

- For the quarter, net sales were \$12.6M, an increase of 28.6% vs. \$9.8M for Q4 2004.
- Gross profit increased by 12.5%, to \$5.4M from \$4.8M in the fourth quarter of 2004.
- Gross margin for the quarter was 43.2% as compared to 49.5% during the fourth quarter of 2004 which was negatively affected by a change in product mix due to acquisitions.
- Net income of \$801,000, a 9.3% decrease from the net income of \$883,000 in Q4 2004.
- Fully diluted earnings per share was \$0.02 for Q4 05 vs. \$0.03 for Q4 04.
- For the year, EMRISE recorded net sales of \$41.0M, an increase of 37.1%, compared to the \$29.9M reported for 2004.

- Gross profit increased by 27.0% to \$17.4M for 2005 vs. \$13.7M last year
- Gross margin declined to 42.4% for 2005 compared to 45.9% for 2004
- EMRISE recorded net income of \$1.3M, a 13.0% decline when compared to the net income of \$1.5M for 2004.
- Earnings per share was \$0.03 vs. \$0.06 for 2004.

EMRISE Books New Business

During the quarter, the Company continued to book new business in the telecommunications, defense and network infrastructure industries, including:

- Pascall received a contract from Thales for a range of RF products worth \$225,000. The order is to be delivered before the end of March 2006.
- CXR Larus Corporation, received a \$260,000 in additional follow-on orders for immediate delivery from the FAA as part of a multi-year program by the FAA to upgrade the communications systems of Tier 1 airports in the United States.
- In addition, EMRISE's U.K. subsidiaries, which are existing suppliers of power supplies and RF components and subsystems, are expected to benefit from the amended agreement signed in December 2005 by the Governments of the Kingdom of Saudi Arabia and the United Kingdom of Great Britain and Northern Ireland. Under this expanded military agreement, the Royal Saudi Air Force (RSAF) intends to acquire at least 24 Eurofighter Typhoon aircraft as replacements for its current air force fleet of Panavia Tornado air defence variant (ADV) fighters.
- A subsidiary of its newly formed EMRISE Electronics group received a \$1 million contract for delivery of electronic components and sub-systems to be installed in commercial passenger "In-Flight-Entertainment" and communications systems.

TheStreet.com Initiates Position in Hollywood Media

On March 29, TheStreet.com announced it was initiating a 1,000-share position in Hollywood Media. The article states:

- "Hollywood Media's recent fourth-quarter earnings results, while falling short of the expectations of the handful of analysts covering the stock, showed strong top-line growth and the potential for future positive earnings and cash flow."
- "For the quarter, the company posted revenue of \$28.5 million and lost 4 cents a share. This marked solid, 21% top-line growth from year-ago levels."
- "Earnings per share improved four cents, though profitability is still a few quarters away, in our estimation."
- "The Company has the potential to scale its Web operations into meaningful advertising revenue in 2006, and its equity stake in MovieTickets.com should begin to benefit from the wider distribution potential offered by Yahoo!"
- "Also, Hollywood Media could benefit from improved box office sales this year. Although 2005 was a negative year of total domestic box office sales relative to 2004, back-to-back negative years have occurred only three times since the 1970s."

Hollywood Media Corp. Reports 2005 Financial Results

On March 16, Hollywood announced financial results for the fourth quarter and 12 months ended December 31, 2005. Highlights include:

- Fourth quarter 2005 revenues increased 20.3% while net loss decreased 63.7% vs. Fourth Quarter 2004
- Hollywood Media's net revenues for the three months ended December 31, 2005 increased 20.3% to \$28.5 million compared to \$23.7 million for the fourth quarter of 2004
- Revenue increased 36.4% sequentially compared to \$20.9 million for the third quarter of 2005.
- The net loss for the fourth quarter of 2005 decreased by 63.7 percent to \$1.4 million, as compared to the net loss of \$3.9 million in the fourth quarter of 2004.
- The fourth quarter 2005 net loss was \$0.04 per fully diluted share vs. a net loss of \$0.13 per fully diluted share for the 2004 period.
- Full Year 2005 revenues increased 31.0% while net loss decreased 23.2% vs. 2004
- For the year ended December 31, 2005, net revenues increased 31.0% to \$95.6 million compared to \$73.0 million for 2004.
- The net loss for the year ended December 31, 2005 was \$0.28 per fully

diluted share based on 31.5 million weighted average shares outstanding during the year compared to a 2004 net loss of \$0.42 per fully diluted share, based on 27.8 million weighted average shares outstanding during 2004.

- Broadway Ticketing Deferred Revenue as of 12-31-05 up 53.5% over 12-31-04

Nielsen Entertainment and MovieTickets.com Partner to Launch Pioneering Research Service for Film Industry

On January 17, Nielsen Entertainment and MovieTickets.com (in which HOLL has a 26.2% stake) are partnering to launch a pioneering research service.

- Through the exclusive deal, MovieTickets.com and Nielsen will debut a new service to offer innovative research tools using information collected from their new panel of moviegoers, the Movie Advisory Board (MAB).
 - For the first time, the premier market research firm will be able to talk to moviegoers at the point of sale, and monitor their assessments as to why they chose the movie and how they liked it.
 - The partnership will enable clients to access moviegoers at key times in their decision making process, whether prior to ticket selection, or just after the transaction has been completed and do so through the research expertise of Nielsen Entertainment, including NRG (National Research Group), EDI and VideoScan.
- ### MovieTickets.com Signs New Online Ticketing Partnerships
- On March 14, MovieTickets.com announced it will be adding hundreds of new screens through multi-year, exclusive exhibitor agreements with Drexel Theatres Group, MJR Theatres and Sunrise Cinemas, which is one of the largest screen holders in South Florida.
- The new theater partners will also increase their reach through MovieTickets.com's prominent affiliate program which includes some of the most highly trafficked sites on the Web.



Hollywood Media Corp.
(Nasdaq: HOLL)

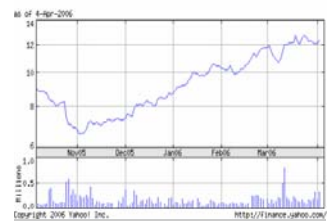
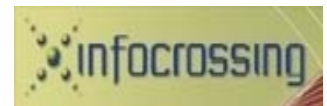
Recent Price: \$4.80
Market Cap: \$151M
Shares Outstanding: 31.4M
52 Wk Range: \$3.61-\$5.13

IFOX Announces Q4 and FY 2005 Financial Results

On March 9, Infocrossing announced financial results for the fourth quarter and full year ended December 31, 2005. Highlights include:

- Revenues of \$148.0 million for the full year ended December 31, 2005, an increase of 41%, compared with revenues of \$104.9 million for the prior year.
- Revenue growth for the year included \$52.3 million in revenue from acquisitions completed in 2004 and 2005.
- Excluding revenue from acquisitions, the decrease was attributed to fewer new sales in the first half of 2005, lower usage-based billing and an unusually high dollar value of contracts that came due for renewal during the year.
- EBITDA increased by 2.4%, to \$22.1 million for 2005, from \$21.6 million for the comparable period in 2004.
- Net income for the year was \$2.6 million, or \$0.12 per diluted share, compared with net income of \$20.0 million, or \$0.95 per diluted share for 2004.
- For the fourth quarter ended December 31, 2005, Infocrossing reported revenues of \$41.2 million, an increase of 6.4%, compared with revenues of \$38.7 million for the fourth quarter of 2004.
- Revenue growth includes \$7.2 million from the (i)Structure acquisition, which closed on November 30, 2005.

- EBITDA for the fourth quarter of 2005 was \$5.0 million, a decrease of \$4.2 million compared with \$9.2 million for the fourth quarter of 2004.
- Net loss for the current quarter was \$101,000, or (\$0.01) per diluted share, compared with net income of \$17.4 million, or \$0.68 per diluted share for the comparable quarter last year.
- Net income for the fourth quarter of 2004 included a tax benefit of \$12.5 million compared with a tax expense of \$136,000 for 2005.
- For the first quarter, Infocrossing forecasts revenues to be between \$55 and \$56 million and EBITDA to be between \$8 million and \$8.4 million, for the full year the Company reiterates revenue of \$239 to \$246 million, EBITDA of \$43.5 million to \$46.0 million, and net income of \$6.8 million and \$7.9 million.



Infocrossing, Inc.
(Nasdaq: IFOX)

Recent Price: \$12.71
Market Cap: \$257M
Enterprise Value: \$363M
Shares Outstanding: 20.2M

ITI Increases Presence in Truck and Bus LDW Market

During the quarter, Iteris announced several wins in the bus and large truck market for its Lane Departure Warning (LDW) system, further solidifying the Company's share of this market. Orders include:

- On March 30, Iteris announced that Prime Inc., one of North America's most successful refrigerated, flatbed, and tanker carriers with headquarters in Springfield, Mo., will offer Iteris' LDW system as standard equipment on its national fleet of 2,600 leased and company-owned trucks.
 - ⇒ Prime has already installed over 100 Iteris LDW systems and expects to have its company-owned trucks fully outfitted within the year.
 - ⇒ LDW systems will also be made available to drivers of leased trucks at no additional cost on their lease.
- On March 13, Iteris announced that MAN and NEOPLAN, which together are Europe's third-largest commercial vehicle manufacturer will offer Iteris' LDW system as optional equipment on its award-winning NEOPLAN Starliner luxury coaches and other coach models including the NEOPLAN Cityliner and MAN's Lion's Coach.
 - ⇒ MAN produces an estimated 1,000 long-haul coaches per year.
 - ⇒ On January 5, Iteris announced its LDW technology will be installed on new trucks purchased by five commercial truck fleets across the country.
 - ⇒ Two of the five fleets will also be retrofitting existing trucks in their fleets with LDW.
 - ⇒ These five fleets have over 1,100 trucks between them, increasing the total number of fleets specifying Iteris LDW systems to 24 with an estimated combined fleet size of 10,300 trucks.
 - ⇒ Additionally, another 47 fleets with an estimated combined fleet size of over 100,000 trucks are currently testing the Iteris LDW system.
- The five fleet wins include:
 - ⇒ Pohl Transportation, headquartered in Versailles, Ohio, has a current fleet of 115 trucks. Pohl purchased 24 new Freightliners with the Iteris LDW technology expected to be installed by April 2006. The company also plans to specify Iteris LDW on all new trucks the company orders.
 - ⇒ Woodfield, Inc., based in Camden, Arkansas, has a current fleet of 132 and has ordered 25 new Freightliner trucks with the Iteris LDW system. Woodfield plans to purchase additional Iteris LDW units in spring 2006 to retrofit trucks currently in their fleet.
 - ⇒ Alan Ritchie, Inc., based in Valley View, Texas, has a current fleet of approximately 275 trucks and has been transporting mail for the United States Postal Service since 1963. The Company has ordered 16 Iteris LDW units to retrofit some recently purchased Freightliner trucks with plans to specify Iteris LDW on all new trucks ordered.
 - ⇒ Overnight Express, a St. Paul, Minnesota-based national carrier with 300 trucks, has been testing LDW since August 2005 and with a recent order anticipates having 34 units deployed by the end of February 2006.
 - ⇒ O & S Trucking, a truckload carrier based in Springfield, Missouri with a current fleet of 350 trucks recently completed testing of the Iteris LDW system and has indicated they are now ordering it for all trucks assigned to new drivers as they complete an eight-week training program designed for "entry level drivers" and recent graduates of accredited truck driving schools estimated at approximately three per month.

Federal Highway Bill Stimulates Systems Orders for Iteris

During the quarter, the Company announced two systems orders for its Vantage™ Video Detection Systems, as the market for these products began to recover following the recent passage of the Federal Highway bill:

- On March 14, Iteris was selected by the Federal Highway Administration (FHWA), as part of the Booz Allen Hamilton team, to provide technical support and assistance in the area of Intelligent Transportation Systems.
 - ⇒ Booz Allen Hamilton is an internationally renowned strategy and technology consulting firm.
 - ⇒ The five-year FHWA contract covers support services for all six program areas that fall under FHWA's Office of Operations including: reducing non-recurring congestion, reducing recurring congestion, improving day-to-day operations, creating a foundation for 21st century operations, enhancing freight management and operations, and improving emergency transportation management.
- On February 14, Iteris announced was selected by the Georgia Department

of Transportation to complete the final phase of the Advanced Transportation Controller Implementation Program, a project designed to systematically replace all existing traffic signal controllers throughout the state over the next five years.

- ⇒ The contract value to Iteris is \$5 million and the company expects work to begin as early as April of 2006.
- ⇒ The program was designed to transition all 8,000 traffic signals in the state of Georgia from multiple traffic control systems to a uniform hardware and software platform with broad flexible capabilities and new industry standards.
- ⇒ When completed, every traffic signal in Georgia will have the same control system making it the only state to accomplish such an ambitious goal.
- On December 22, Iteris received an order from Georgia Department of Transportation for its Vantage™ Video Detection systems
 - ⇒ The order was for 100 of its Vantage Video Detection systems, extending its established relationship with the State.
 - ⇒ Iteris was awarded an Open Agency contract in March of this year which allows any public agency within the state of Georgia, in addition to GDOT, to readily procure Iteris' Vantage video detection systems using the state contract, which significantly simplifies the process.
 - ⇒ This new order for 100 cameras and sensors is equivalent to approximately 25 intersections.

Iteris, Inc. Reports Third Quarter Revenues of \$12.2 Million

On February 2, Iteris reported financial results for its third fiscal quarter ended December 31, 2005.

- For the third quarter net sales and contract revenues were \$12.2M, a 4.0% increase vs. net sales and contract revenues of \$11.7M for Q3 2004.
 - ⇒ The increase was a result of an 18.6% increase in Systems consulting revenues and a 6.2% increase in Automotive Sensor revenues.
 - ⇒ Automotive Sensor revenues benefited from increased sales of LDW units to the heavy truck market while the increase in consulting revenues was fueled by increased activity in the California market.
- The third quarter operating results included certain non-cash items related to stock-based compensation of \$103,000, amortization of intangible assets of \$37,000 and a \$90,000 benefit recorded as a result of changes in value of Company common stock held in the Company's deferred compensation savings plan.
- Including these non-cash items the Company reported operating income of \$263,000 for quarter ended December 31, 2005 compared to an operating loss of \$12.0 million in the third quarter of the prior fiscal year.
 - ⇒ Excluding these non-cash items the Company's operating activities resulted in \$313,000 of operating income for the quarter .
- Net income for the quarter was \$136,000, or \$0.00 per share compared to a net loss of \$12.2 million or \$0.44 per share in Q3 2004.
- For the nine-month period , net sales and contract revenues were \$37.0M, an increase of 5.9% compared to net sales and contract revenues of \$34.9M in the corresponding period of the prior fiscal year.
- The Company reported a net loss of \$745,000 or \$0.03 per share for the nine-month period compared to a net loss of \$11.3M or \$0.45 per share for the corresponding period in the prior fiscal year.
- During the quarter ended December 31, 2005, the Company finalized negotiations with its senior lender and amended its existing credit facility.
 - ⇒ The amendment provides for a \$5.0M line of credit and adjusts certain financial covenants.
 - ⇒ There were no significant changes made to the existing term note payable to the same lender.
 - ⇒ As of December 31, 2005, the Company had \$1.4 million borrowed on the line of credit with availability of \$1.9 million.



International Display Works Announces First Quarter Financial Results

On March 13, IDW announced financial results for the Company's first quarter of fiscal 2006, the period ended January 31, 2006. First Quarter Highlights:

- Net Sales were \$23.5M, a 30.0% increase over the same quarter last year
- Gross Profit increased by 15.4% to \$4.2M. Current quarter gross margins were 17.9% of net sales as compared to 20.1 percent last year.
- Operating expenses were \$3.4M or 14.3% of net sales versus \$2.6M or 14.3% of net sales one year ago.
 - ⇒ Included in the current quarter's operating expenses was \$278,000 in non-cash stock-based compensation expense due to the adoption of SFAS 123R or 1.2% of net sales.
- Net income for the first quarter was \$1.4M, or \$0.04 per fully diluted share.
 - ⇒ Exclusive of stock-based compensation expense of \$278,000 and income tax benefit of \$897,000, net income was \$785,000, or \$0.02 per fully diluted share.

IDW Appoints Joe Bedewi as Chief Financial Officer

On March 13, IDW announced that Mr. Joe Bedewi, a veteran financial controller from Intel Corporation, joined IDW as its new CFO.

- The appointment is consistent with the Company's previously announced goal of strengthening and broadening the management team, which included previous CFO Jeff Winzeler's transition to the newly created position of COO in December 2005 and CEO Tom Lacey's focus on the overall sales strategy.
- At Intel, Mr. Bedewi served in a variety of leadership positions during the last 18 years including roles in both Finance and Operations.
- He spent 12 years in the Intel finance organization with responsibilities ranging from Controller for the startup of Intel's largest 8" wafer fabrication facility to World-Wide Controller for all Logic Factories.
- Mr. Bedewi was responsible for manufacturing consolidations and strategic financial analysis across Intel's manufacturing network.
- Additionally, Mr. Bedewi has served in operational roles supporting strategy development, operations systems, supply chain management and materials support.
- He has managed globally diverse teams based in China, Malaysia, Philippines, Costa Rica, Ireland and the US.

IDW Announces Record Financial Results for Q4 and FY 2005

On January 10, IDW announced financial results for the Company's fourth fiscal quarter and fiscal year ended October 31, 2005. Fourth Quarter 2005/ Full-Year Highlights:

- For the fourth quarter, net sales were a record \$24.0M, an increase of 68.0% compared to the \$14.3M reported for Q4 2004.
- The Company's gross profit increased 20.0% to \$3.8M, or 15.7% of net sales, compared to a gross profit of \$3.1M, or 22.0% of net sales, last year
- Operating income was \$415,000 compared to operating income of \$549,000 for the fourth quarter last year.
- Net income was \$294,000, or \$0.01 per basic and fully diluted share, compared with net income of \$532,000, or \$0.02 per basic and fully diluted share last year.
- For the fiscal year period ended October 31, 2005, the Company reported net sales of \$88.3M, an increase of 90.9% compared to the \$46.2M reported for the same period last year.
- Gross profit margin was \$15.7M, or 17.7% of net sales, compared to gross profit margin of \$10.1M, or 21.9% of net sales last year.
- Operating income for the year was \$4.3 million compared to \$1.4 million for fiscal 2004.
- Net income was \$3.8M, or \$0.12 per basic and fully diluted share, compared with net income of \$1.1M, or \$0.04 per basic and fully diluted share last year.

International DisplayWorks Completes Offering

On February 1, IDW announced that it has completed a public offering of 10.8 million shares of its common stock at \$5.80 per share.

- The underwriters exercised the over allotment option for an additional 1.62 million shares incident to the closing.

- At the closing, 12.42 million shares in the aggregate were sold.
- Net proceeds from the offering were approximately \$67.9M.
- Upon completion of the offering, IDW had approximately 44,472,829 shares issued and outstanding.
- The sole book-running manager of the offering was Deutsche Bank Securities Inc. The co-lead manager was Needham & Company, LLC, and the co-managers were Oppenheimer & Co. and Roth Capital Partners.

IDW books new business

During the quarter, IDW continued to grow its revenue base. New orders included:

- On January 9, IDW announced today that it has been awarded MP3 player related display business with SanDisk (SNDK).
 - ⇒ IDW had commenced shipments of monochrome based displays and expects to commence color display shipments in the next few months.
 - ⇒ Forecasted revenue over the next 12 months is expected to exceed \$20 million.
- On January 31, IDW announced that it has received tooling orders from a leading global provider of secure transaction terminals headquartered in Europe.
 - ⇒ IDW estimates that the annual value of business resulting from these tooling orders could be up to \$3 million.
 - ⇒ The customer has an installed base of over 8.5 million terminals located in 90 countries and estimates shipping an additional 1.5 million new terminals globally each year.
 - ⇒ IDW was selected as a key supplier of displays for its customers' terminals based on the total value IDW offers as a result of its quality products, global technical support, and responsive supply chain.
 - ⇒ This initial order is expected to begin shipping in the first half of calendar 2006.
- On February 8, IDW announced that the Company has been named as the primary source by a major Taiwan consumer electronics manufacturer on a new MP3 product that was recently launched at the Consumer Electronics Show (CES) in Las Vegas.
 - ⇒ The MP3 player uses a TFT display from IDW, with volume production expected to begin in April of this year.
 - ⇒ The customer estimates this relationship will result in a minimum of \$5 million in annual purchases from IDW.

Motley Fool sees IDW as a "Jewel"

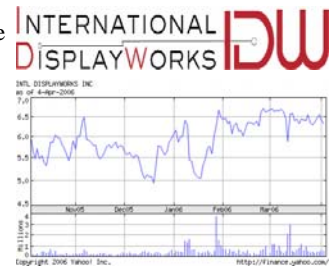
A February 16 article by M.D. Mitchell discussed the investment merits of IDW, and stated they were "one little jewel."

- "I like International DisplayWorks' prospects for the following reasons:
 - ⇒ The Company produces low-cost, high-quality products and is able to support customers at every step along the way, from product design to post-sales support.
 - ⇒ International DisplayWorks' model is attracting customers because it allows them to stay focused on their areas of expertise."

IDW Forms Strategic Alliance With Integrated Solutions Technology

On March 8, IDW announced that it has formed a long-term strategic alliance with Taiwan-based Integrated Solutions Technology, Inc. (IST).

- Through this alliance, IDW and IST will collaborate and share resources to create a portfolio of products aimed at optimizing cost-performance liquid crystal module (LCM) solutions for the small- to medium-sized liquid crystal display (LCD) panel market.
- This strategic alliance represents the initial steps toward executing a vertical integration strategy for IDW, and the joint development between IDW and IST is expected to result in cost savings for IDW over the next six months.



International Display Works
(NASDAQ:IDWK)

Recent Price: \$6.21
Market Cap: \$275.8M
Shares Outstanding: 44.5M
52 Wk Range: \$4.88-\$9.75

Numerex Acquires AIRDESK: Consolidates Wireless M2M Market Leadership

On January 5, Numerex Corp. announced the acquisition of AIRDESK™, an established leader in the wireless machine-to-machine (M2M) marketplace serving customers in the United States and Canada with wireless data solutions, network access and technical support.

- The acquisition solidifies Numerex's position as one of the market's most comprehensive wireless M2M networks and solutions provider.
- This event combines two experienced marketing and sales forces capable of reaching multiple market segments across the US, Canada and Latin America with both fixed and mobile solutions.
- The acquisition aligns Airdesk's digital M2M products and portfolio of industry-leading radio modules with Numerex's M2M network and services platform, including its CellemetryXG 'toolset' (a 'menu' of network services and customer support options).
- Numerex's market-leading position in developing OEM and custom M2M solutions for industry partners will be enhanced by Airdesk's presence in multiple vertical segments including utilities, fleet management and point-of-sale terminals.
- The Company anticipates that this combination will generate new and significant recurring high margin service revenue opportunities as Airdesk customers migrate to the Company's proprietary Cellemetry Network.

Numerex Reports Fourth Quarter and Full Year 2005 Results

On February 9, Numerex announced financial results for the fourth quarter and full-year period ended December 31, 2005. Highlights include:

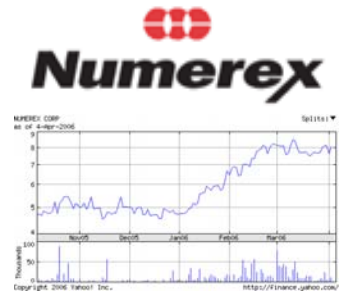
- Total revenues in the fourth quarter of \$8.4M for the quarter compared to \$6.3M last year
 - ⇒ Exceeded guidance of \$7.7M to \$8.2M issued in October
- Net income was \$422,000 for Q4 vs. a loss of \$259,000

- \$0.04 EPS vs. \$(0.02)
- For the year, revenue was \$29.9M vs. \$23.0M last year
- Net income was \$593,000 for the full year vs. a net loss of \$2.1M last year \$0.05 EPS vs. \$(0.19) last year
- The Company's balance sheet continues to strengthen:
 - ⇒ Cash balances at December 31, 2005 were \$4.4M, compared to \$4.2M at the end of the prior quarter, and \$1.7M at the beginning 2005.
 - ⇒ Total debt at year-end was just over \$1.2 million compared to over \$3.8 million at the beginning of 2005.

Numerex Launches Digital UPLINK™ Wireless Security Solution

On March 2, Numerex announced the release of Digital Uplink™, the next generation in wireless security monitoring.

- Digital Uplink has completed beta testing and is generally available through 4,500 security dealers throughout North America.
- Digital Uplink is a single-source solution for dedicated wireless security communications, with complete support for digital, legacy, and hybrid networks.



Numerex
(Nasdaq: NMRX)

Recent Price: \$7.89
Market Cap: \$93.6M
Shares Outstanding: 11.87M
52 Wk Range: \$4.00-\$8.71

ProLink Distributors Report Record Fourth Quarter

ProLink Holding's European and South African distributors, Elumina and On Course, respectively, reported solid results during their fourth fiscal quarter.

ProLink completes merger, changes name and ticker symbol

During the quarter, ProLink completed its transition to becoming a publicly traded company. Events include:

- ProLink completed its transaction with Amalgamated Technologies, Inc.
- In connection with the transaction, the members of ProLink exchanged their membership interests in ProLink for capital stock of AGMN.
- ProLink completed a private placement with accredited investors, raising \$3.2 million in net proceeds to be used for expanding operations.
- ProLink changed its name to ProLink Holdings Corp.
- The Company changed its ticker symbol to PLKH.OB.

ProLink Holdings Corp. Signs \$10 Million Financing Agreement

On February 28, ProLink Holdings Corp. announced that it has signed a letter of intent to provide customer lease financing to ProLink's golf course partners totaling up to \$10 million over the next 12 months with a private equity investment group.

- The proceeds of this financing agreement will be available to facilitate customer purchases of ProLink GPS systems and is expected to accelerate the roll-out of the Company's patent-pending Pay-for-Play Partners program.
- The Pay-for-Play program enables golf courses to lease the ProLink GPS systems without significant up-front expenditures, improving the sales cycle, charging golfers by the round to use the system and sharing revenues with ProLink.

ProLink Adds Two Industry Professionals to Enhance Its Technical Capabilities

On March 7, ProLink announced that it has added two industry pioneers to further extend the Company's core technical competencies thus further enhancing its position in the market.

- John Godshall has joined the Company as Chief Technology Officer, effective February 28, 2006.
 - ⇒ Mr. Godshall joins ProLink from The Development Works, a Day-

ton, Ohio-based company where he was President and Chief Engineer.

- ⇒ Prior to this position, he served as Director of Engineering for PinMark Inc., a Dallas-based company that designed and developed technology including GPS, wireless networking, and graphics processing for golf courses.

- Steven N. Tanis will become the Company's Vice President of Engineering, joining the Company after working with John at The Development Works as Senior Engineer.

- ⇒ Previously, he spent six years with PinMark and its subsidiaries ProShot and Parview, as Senior Systems Engineer and Project Manager, where he was instrumental in developing products for GPS Yardage systems in the golf industry, including the design, manufacturing, and field deployment of this complex system that crosses many technological boundaries, including RF communications; satellite communications; rugged, waterproof hardware

ProLink Holdings Corp. Adds Vice President of Marketing

On March 8, ProLink announced that Joanie Hollabaugh has joined ProLink as Vice President of Marketing.

- Ms. Hollabaugh joins ProLink from Labor Systems, Inc. where she served as Marketing Director and was responsible for the re-branding of the Company's core service.
- Previously, Ms. Hollabaugh initiated and executed the marketing for Arizona Tile.
- She brings more than a decade of leadership within all facets of marketing, including a proven track record in branding, product development, public relations, and channel development.



ProLink Holdings Corp.
(OTCBB: PLKH)

Recent Price: \$1.80
Market Cap: \$76M
Shares Outstanding: 42.1M

PRO-DEX Completes Key Strategic Acquisition

Pro-Dex acquired the of Astromec Inc., a developer and manufacturer of custom fractional horsepower DC motors designed for the environmental conditions found in the medical device, aerospace and military markets.

- The acquisition culminates an almost three-year search to acquire specialized motor manufacturing capability.
- The acquisition of Astromec allows Pro-Dex to more rapidly develop new electric motor technology for the ever-changing medical device market.
- Pro-Dex paid \$2.6 million in cash to close the transaction, plus an additional cash payment of \$100,000 to be paid six months after closing, subject to any adjustments made as a result of post-closing audits of the Astromec closing financial statements.
- The Company used \$1.6 million in cash on hand to fund the acquisition and paid the remainder of the purchase price with cash borrowed against a new \$1.0 million four-year term loan.

Pro-Dex Announces Second Quarter Financial Results

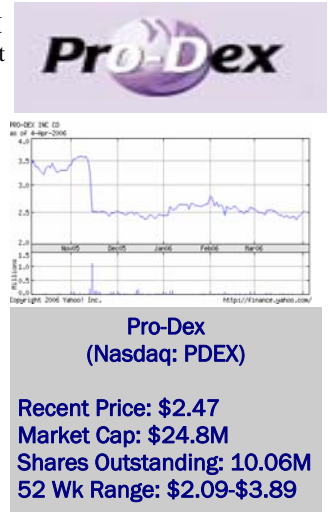
On February 9, Pro-Dex announced financial results for the fiscal second quarter ending December 31, 2005. Highlights include:

- Consolidated net sales for the second quarter were \$3.8M, up 30% compared to the \$2.9M reported for Q2 2004 and \$3.8M in the prior quarter.
- Gross profit as a percentage of sales decreased to 46.1% for the quarter compared to 55.8% for the second quarter last year and increased from a gross margin percentage of 44.8% for the previous quarter.
- Net income for the quarter increased 79% to \$327,000, or \$0.03 per basic and diluted share, as compared to a net income of \$183,000 or \$0.02 per basic and diluted share, for the three months ended December 31, 2004.
- Consolidated net sales for the six month period were \$7.5M, up 21% compared to the \$6.2M reported for the same period last year.

- Gross profit for the six months was \$3.4M compared to \$3.5M in the same period last year.

⇒ This decrease was directly related to the impact of approximately \$234,000 in unplanned warranty and accrued costs incurred during the first half of the fiscal year associated with faulty vendor-supplied components.

- Net income for the six months ending December 31, 2005 decreased 9% to \$589,000, or \$0.06 per basic and diluted share, as compared to a net income of \$646,000 or \$0.07 per basic and diluted share, for the six months ended December 31, 2004.



Pioneer Breaks Ground in on Psychiatric/Chemical Dependency Hospital

On March 15, Pioneer Behavioral Health broke ground for its Seven Hills Behavioral Institute, a 60-bed acute care psychiatric and chemical dependency hospital, located in Henderson, Nevada.

- The Seven Hills Behavioral Institute will be the first free-standing psychiatric hospital to open in the Las Vegas metro area in approximately two decades
- Operations are scheduled to begin in early 2007.
- It will provide inpatient and outpatient psychiatric care and chemical dependency treatment to various patient populations

Harmony Awarded EAP and Behavioral Health Services Contract With Three Major Las Vegas Properties

On March 23, Pioneer announced that its Harmony Healthcare subsidiary has been selected as the EAP and Behavioral Health provider for three major properties.

- The Mandalay Bay Resort & Casino, Luxor Hotel & Casino, Excalibur Hotel & Casino, and The Signature at MGM Grand were the clients.
- The new, multi-year contract is effective April 1, 2006, and will cover more than 6,500 total employees and more than 13,000 covered lives.
- The EAP contract and the fee-for-service Behavioral Healthcare contract are expected to generate in excess of \$200,000 in incremental business additions to the existing Harmony Healthcare base of business.

Pivotal Research Centers Initiates Large Phase 1 Clinical Trial for Global Pharmaceutical Company

On March 13, Pioneer Behavioral Health announced that its Pivotal Research Centers subsidiary recently initiated a large Phase I study with a Fortune 500 global pharmaceutical company.

- Largest contract in division's history, representing 25% of the total revenue base Pivotal reported during the prior 12 months
- The contract involves the evaluation of a compound for the treatment of patients with Type 2 (insulin resistant) Diabetes.
- The study is expected to last eight months in duration and, if successfully completed, is expected to generate in excess of \$1.1 million in revenue.

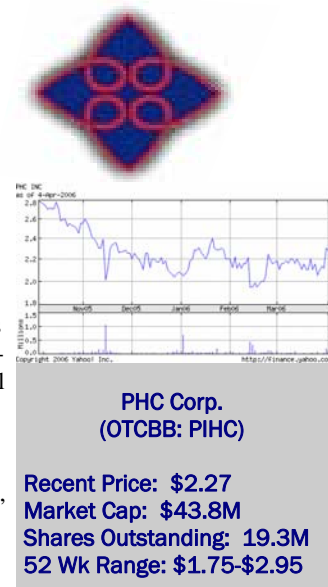
PHC, Inc. Announces Fiscal 2006 Second Quarter Financial Results

On February 14, Pioneer Behavioral Health announced its 2QFY06 financial results, for the quarter ended December 31, 2005. Highlights include:

- Total net revenue from operations increased 7.8% to \$8.7M for the quarter compared to \$8.1M for the second quarter of fiscal 2005.
- Total operating expenses for the quarter increased 10.3% to \$8.2M from \$7.4M during the second quarter of last year.
- Included in this increase was a 44.8% increase in the Company's bad debt expense to \$475,768 compared to the year-ago period related to the previously announced technical issue in the Company's billing software at its Harbor Oaks Hospital facility during the first quarter of fiscal 2006.

- Net income applicable to common shareholders for the three months was \$346,782, or \$0.02 per fully diluted share, compared to \$408,804, or \$0.02 per fully diluted share, for the second quarter of fiscal 2005.

- For the first six months of fiscal 2006, the Company reported revenue of \$17.6M, an increase of 10.1% compared to the \$16.0M last year.
- Total operating expenses were \$16.5M, an increase of 14.1% from the \$14.5M for the first six months of fiscal 2005
- Net income applicable to common shareholders for the six months was \$730,989 or \$0.04 per fully diluted share vs. net income of \$1.2 million or \$0.06 per fully diluted share for the same period last year.



Rural/Metro Reports 44.1% Growth in Operating Income For Q2 2006

On February 9, Rural/Metro Corporation, announced financial results for its fiscal 2006 second quarter ended December 31, 2005. Highlights include:

- Second-quarter net revenue of \$141.5M, an increase of 11.7% compared to net revenue of \$126.6M for Q2 FY05
- Operating income was up 44.1% to \$13.6M vs. \$9.4M last year and excluded the impact of discontinued operations.
- Net income was \$2.8M, or \$0.11 per fully diluted share (including a \$2.5M provision for taxes) vs. net income of \$3.1M, or \$0.13 per diluted share last year (which included a \$0.3 million income tax provision).
- For the six months, net revenue was \$280.2M, an increase of 11.0% compared to net revenue of \$252.5M for the first six months of the prior year.
- For the six-month period, operating income grew 39.0% to \$28.2M vs. \$20.3M last year, again excluding discontinued operations.
- For the six months, net income was \$6.3M million, or \$0.25 per fully diluted share (including a \$6.2 million tax provision) vs. net income of \$7.5M, or \$0.32 per diluted share (including a \$0.3 million income tax provision).

Rural/Metro Announces \$9 Million Unscheduled Debt Payment

On February 7, Rural/Metro announced that it has made an unscheduled principal payment of \$9.0M on its outstanding senior Term Loan B, representing annual cash interest savings of \$0.6M.

- In the past nine months, the company has reduced the balance of its senior Term Loan B to \$112.0M through a total of \$23M in voluntary principal payments, representing annual interest savings of \$1.6M based on current rates.

Rural/Metro Wins New Contracts

During the quarter, the Company won or renewed several municipalities, including:

- A three-year extension of its exclusive contract to provide 911 emergency medical transportation services in Knox County, Tennessee. The extension term begins July 1, 2007 and runs through June 30, 2010 and is expected to generate approximately \$43M in net revenue over the three-year period.
- A one-year contract renewal to continue as the exclusive provider of 911 emergency ambulance services in Youngstown, Ohio. The contract term began March 1, 2006 and is expected to generate an estimated \$2.3M in net revenue.
- A new five-year contract in a competitive bidding process to continue as the exclusive provider of emergency and non-emergency ambulance services in Loudon County, Tennessee. The contract began January 1, 2006 and is expected to contribute approximately \$10.5M in net revenue over its term.
- An exclusive licensing agreement to continue providing fire and first responder emergency medical services in the Town of Paradise Valley, Arizona.



Rural/Metro Corp.
(NASDAQ:RURL)
Recent Price: \$7.88
Market Cap: \$199M
Enterprise Value: \$500M
Shares Outstanding: 25.3M
52 Wk Range: \$4.05-\$10.25

Strategic Diagnostics Inc. Announces Positive Results for Its Genomic Antibodies™ Beta Trial Program

On January 4, Strategic Diagnostics Inc. announced a positive conclusion to initial customer trials involving the company's new proprietary Genomic Antibodies™ product.

- These "beta" tests have validated the high throughput, highly optimized production processes for mouse polyclonal antibody reagents for use in research and discovery.
- These antibody reagents are the first products to be released on this important new technology platform.
- The Company began commercialization through its Genomic Antibodies™ website, www.genomicantibodies.com.
- The tests demonstrated:
 - ⇒ The Company's website allows investigators to simply "cut-and-paste" genetic sequence information specific to their antibody targets.
 - ⇒ Each antibody project was delivered to the investigator in 76 days or less, far less than the 98 to 119 days which is the industry average.
 - ⇒ The Genomic Antibody™ technology platform is high throughput, highly optimized and imminently scalable to allow our customers the same speed and quality advantages when ordering hundreds of unique antibodies, or just one.
 - ⇒ Beta study results demonstrated that the SDI Genomic Antibody™ process is equally or more effective when producing antibodies for "difficult" antigen targets when compared with other, more time-consuming and expensive methods.
- The beta study also began to define the ability of Genomic Antibodies™ to produce a measurable ROI for SDIX customers. The Genomic Antibody process will lower the total cost of acquiring a unique or custom antibody by as much as 30% when all costs in the process taken into account. For large scale research and development, the ability to acquire full panels of custom antibodies facilitates rapid screening and evaluation of protein candidates and allows scientists to focus on higher value activities in their laboratories.

SDI's Microtox® Bioassay Technology Approved by Department of Homeland Security

On February 15, Strategic Diagnostics announced today that its Microtox® Bioassay technology was awarded the Designation and Certification as an

'Approved Product for Homeland Security' under the Support Anti-Terrorism by Fostering Effective Technologies Act of 2002 (the SAFETY ACT), by the Department of Homeland Security, or DHS. Accordingly, Microtox® has been placed on the "Approved Products List for Homeland Security."

Strategic Diagnostics Reports Fourth Quarter and Year 2005 Results

On March 23, Strategic Diagnostics reported financial results for the fourth quarter and year ended December 31, 2005. Highlights include:

- Revenues for the year increased 4.8% to \$24.85M, compared to \$23.71M for the same period in 2004.
- Gross profit was \$13.43M, as compared to \$12.93M for 2004. Gross margins were 54.1% for 2005 and 54.5% for 2004
- For the year, operating expenses increased 9.1% to \$24.17M, compared to \$22.15M million in 2004 due to increase R&D spending on product development and a one time software upgrade.
- Net income for the year was \$584,000, or \$0.03 per diluted share, compared to \$1.38M, or \$0.07 per diluted share, for 2004.
- Revenues for Q4 05 were \$5.90M, down 7.3% vs. the \$6.36M for Q404.
- For the fourth quarter of 2005, gross profit was \$2.96M, compared to \$3.47M for the same period in 2004, GM was 50.2%, compared to 54.5% last year.
- Operating expenses for the fourth quarter of 2005 increased 6.6% to \$6.26 M as the Company made strategic long term investments in the business.
- Net loss in the fourth quarter of 2005 was \$292,000 or \$0.01 per diluted share, compared \$584,000, or \$0.03 per diluted share the same period in 2004.



Strategic Diagnostics Inc.
(NASDAQ:SDIX)
Recent Price: \$3.36
Market Cap: \$66.8M
Shares Outstanding: 19.9M
52 Wk Range: \$2.33-\$4.31

U.S. Home Systems Reports Q4 and FY 2005 Financial Results



US Home Systems
(NASDAQ: USHS)
Recent Price: \$8.40
Market Cap: \$68M
Shares Outstanding: 8.1M
52 Wk Range: \$4.10-\$8.85

On March 15, U.S. Home Systems reported financial results for the fourth quarter and full-year period ended December 31, 2005. Highlights include:

- For the fourth quarter, consolidated revenues were \$26.7M, an increase of 12.5% vs. \$23.7M for Q4 2004.
- Operating expenses for the fourth quarter totaled \$26.1M, an increase of 8.4% percent from the \$24.1M last year due to increased revenue growth associated with the expansion of USHS' home improvement operations which serve The Home Depot.
- Income from continuing operations in the fourth quarter 2005 improved to \$382,000, or \$0.05 per diluted share, as compared to a loss from continuing operations of \$334,000, or \$0.04 per share, in the fourth quarter 2004. The Company benefited from overall revenue growth and reduced losses in its exterior product segment.

- For the year, consolidated revenues were a record \$104.4M, up 17.6%, compared to \$88.8M reported in the prior year driven by their expanding relationship with The Home Depot.
- Total operating expenses for fiscal 2005 were \$104.9M, an increase of 16.4% as compared to \$90.0M during 2004. Expenses increased due to the rollout of further markets with The Home Depot and a \$1.3m restructuring charge.
- Loss from continuing operations, which included a the restructuring charge, improved \$510,000 to a loss of \$436,000, or \$(0.05) per share, as

compared to a loss from continuing operations of \$946,000, or \$(0.13) per diluted share, for the year ended December 31, 2004.

First Consumer Credit Revises Credit Facility Agreement

On January 23, U.S. Home Systems announced that its consumer finance subsidiary, First Consumer Credit, Inc.'s (FCC) wholly owned subsidiary, FCC Acceptance Corporation, has revised its credit facility agreement with Autobahn Funding Company, L.L.C., an asset-backed commercial paper conduit sponsored by DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt.

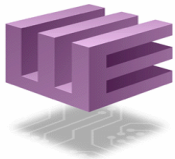
- The revised agreement reduces FCC's cost of funds under the facility enabling FCC to offer a lower and more competitive interest rate to qualified customers for financing home improvement projects.
- Currently, FCC purchases retail installment obligations (RIO's) from select home improvement contractors, including RIO's generated by USHS' U. S. Remodelers, Inc. subsidiary.
- The credit facility provides financing for 90% of the amount of eligible RIO's purchased, with FCC providing the remaining 10%.
- FCC currently has utilized approximately \$37M of the \$50M credit facility and has an outstanding loan portfolio of approximately \$42M. The facility may be increased up to \$75M under certain conditions.

USHS Completes the Reorganization of Its USA Deck Operations

On December 29, U.S. Home Systems announced that effective December 31, 2005 the Company's USA Deck subsidiary will be merged into its U.S. Remodelers, Inc. subsidiary.

- As a result of the merger, the corporate existence of USA Deck shall cease and U.S. Remodelers will continue as the surviving corporation.
- U.S. Remodelers will continue the business operations of USA Deck and will assume all liabilities, obligations and agreements of USA Deck.
- The administrative functions of USA Deck will be consolidated with U.S. Remodelers' operations.

Winland Announces New Three-Year Contract With Select Comfort



Winland Electronics, Inc.
(AMEX: WEX)
Recent Price: \$4.70
Market Cap: \$17M
Shares Outstanding: 3.64M
52 Wk Range: \$3.11-\$7.44

On March 22, Winland Electronics announced that it has signed a new three-year agreement with Select Comfort. The agreement will immediately replace the current agreement, which was scheduled to expire in August, 2006. Details include:

- Winland has revised its pricing of the products it manufactures for Select Comfort, and the new pricing represents a lower overall margin contribution to Winland.
- Winland will continue as the exclusive supplier of all products it manufactures for Select Comfort through at least June 30, 2006. Thereafter, the Company expects to receive approximately 50% of Select Comfort's total electronics assembly demand.
- The contract calls for periodic performance reviews for quality, delivery and price.

Winland Announces Record Revenue and Earnings for Fiscal 2005

On March 14, Winland Electronics announced record financial results for the fourth quarter and full-year ended December 31, 2005. Highlights include:

- Revenues for the fourth quarter were a record \$7.6M, an increase of 15.1% compared to the \$6.6M reported for Q4 2004

- Gross profit for the quarter was \$2.0M, or 25.9% of sales, an increase of 20.5% compared to the \$1.6M, or 24.7% of sales, reported for the fourth quarter last year.
- Total operating expenses increased 20.5% for the fourth quarter to \$1.1M compared to the \$0.9M for the fourth quarter of last year. Operating expenses grew to expand proprietary product offering and support revenue growth.
- Net income increased more than 61.0% to \$671,171, or \$0.19 per fully diluted share, from \$415,880, or \$0.12 per fully diluted share in the fourth quarter of 2004.
- For the full-year of fiscal 2005, revenues were \$29.1M, an increase of 20.3% compared to the \$24.2M reported for fiscal 2004.
- Gross profit for the year was \$7.2M, or 24.8% of sales, an increase of 30.1% compared to the \$5.6M, or 23.0% of sales, reported for last year.
- Total operating expenses increased 12.3% for the year to \$4.1M compared to the \$3.6M for last year.
- Net income increased 88.0% to \$2.0M, or \$0.57 per fully diluted share, from \$1.1M, or \$0.31 per fully diluted share for fiscal 2004.

Winland Electronics, Inc. Announces Promotion of Gregory Burneske to Vice President of Engineering

On January 3, Winland Electronics announced that Gregory (Greg) Burneske has been promoted from Director of Engineering Services to Vice President of Engineering.

- Mr. Burneske has more than 18 years of new product development experience and has been instrumental these past 20 months in new business development for both EMS and proprietary products at Winland.

THE HAYDEN INDEX

<u>Client:</u>	<u>Date Hayden Representation Started:</u>	<u>Stock Price Then</u>	<u>Stock Price March 31, 2006</u>	<u>% Change Since Representation</u>
AMSWA	02/14/2003	\$2.71	\$7.27	168%
APT	01/01/2003	\$0.87	\$2.53	191%
AOB	09/30/2005	\$4.55	\$5.16	13%
AXO	10/01/2002	\$0.41	\$2.19	434%
BSQR	09/01/2005	\$2.36	\$2.94	25%
CADA	02/26/1999	\$4.46	\$23.40	425%
CBBT	03/01/2005	\$5.75	\$10.00	74%
COGO	05/05/2005	\$5.41	\$10.00	85%
CSSTF	03/15/2006	\$4.00	\$4.00	---%
CSU	09/03/2002	\$2.55	\$11.20	339%
ERES	08/26/1999	\$0.81	\$14.39	1677%
ERI	11/10/2004	\$0.67	\$.95	42%
HOLL	08/15/2003	\$1.01	\$4.85	380%
IDWK	03/01/2004	\$4.42	\$6.55	48%
IFOX	05/27/2003	\$6.55	\$12.05	84%
ITI	01/21/2004	\$2.20	\$2.64	20%
ISWI	09/15/2000	\$1.09	\$2.28	109%
NMRX	01/06/2006	\$5.10	\$8.11	59%
PIHC	07/22/2002	\$0.65	\$2.30	254%
PDEX	02/02/2005	\$3.10	\$2.46	-21%
PLKH	12/19/2005	\$1.45	\$1.96	35%
RURL	10/03/2005	\$8.98	\$7.88	-12%
SDIX	01/01/2005	\$3.41	\$3.32	-3%
USHS	12/01/2005	\$6.39	\$8.62	35%
WEX	02/01/2003	\$1.45	\$4.84	234%

Average Increase In Client Stock Price Since Hayden Representation: 188%

Chart of Quarterly Return

January 1, 2003 - March 31, 2006

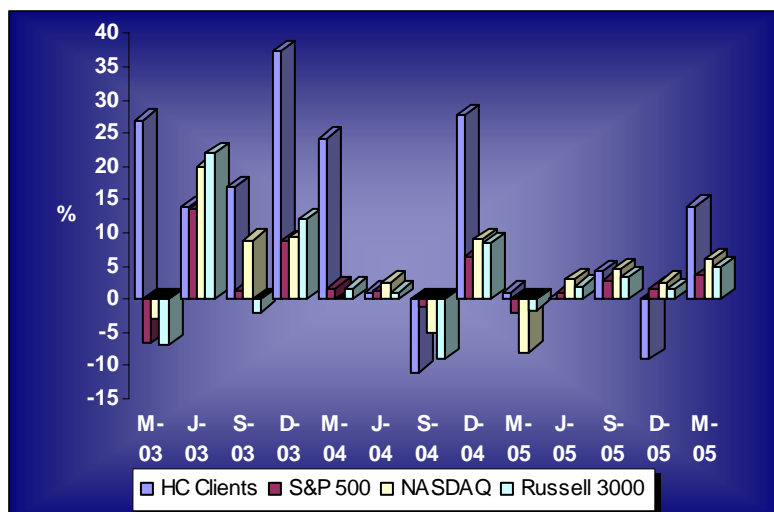
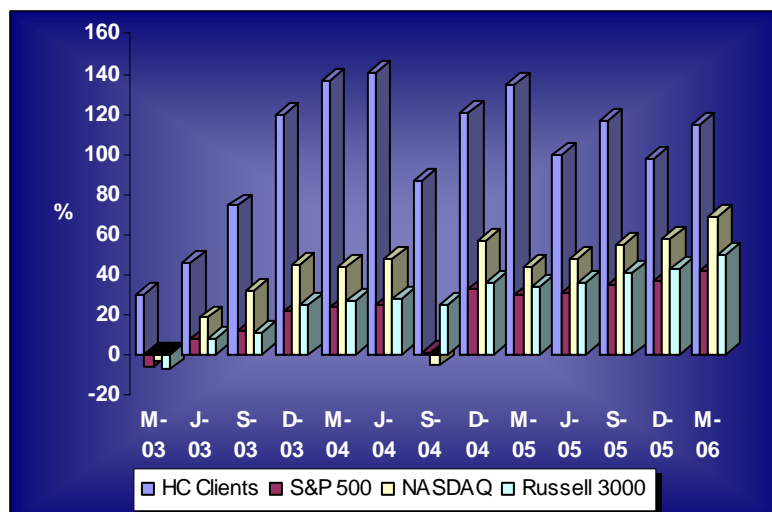


Chart of Cumulative Return

January 1, 2003 - March 31, 2006



Regional Offices:
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www.haydenir.com

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The following companies, featured in this newsletter, have compensated Hayden Communications: Compensation includes: AMSWA – HC receives \$5,000 per month on month to month basis and received warrants to purchase 12,000 shares of common stock priced at \$2.73 and 12,000 shares priced at \$5.59 during the original one year contract. HC received a stock certificate for 9,317 warrant shares on February 8, 2006. AOB – HC receives \$10,000 per month for one year effective September 30, 2005. APT – HC receives \$6,000 per month on a month to month basis. AXO – HC receives \$5,000 per month on a month to month basis and purchased 120,000 shares pursuant to a warrant agreement priced at \$.50/share. These shares are now freely tradable but none have been sold. BSQR – HC receives \$6,000 per month for one year effective September 1, 2005 and 75,000 of non-qualified stock options. CADA – HC receives \$2,500 per month on a month to month basis. CBBT – HC receives \$6,500 per month for one year effective March 1, 2005 and a warrant underlying 62,500 common shares at a price of \$5.75. COGO – HC receives \$8,500 a month for one year effective January 9, 2006. CSSTF – HC receives \$7,400 per month for one year effective March 15, 2006 and 50,000 shares of 144 restricted stock. CSU – HC receives \$5,000 per month on a month to month basis. ERI – One year term effective November 3, 2005. HC receives \$7,600 and 100,000 warrants to purchase common shares of ERI. ERES – HC receives \$5,000 per month on a month to month basis. HOLL – HC receives \$5,000 a month on a month to month basis and received 52,500 shares of common stock on December 11, 2003 for a one year agreement which began August 18, 2003. HC purchased 35,211 shares of common stock during the company's private placement in February of 2004. HTVL – HC receives \$8,000 a month for one year effective April 1, 2005 and a total of 200,000 warrants to purchase stock at a rate of 16,667 per month at \$.69/share. IFOX – HC receives \$6,000 per month on a month to month basis. Received options to purchase 18,000 shares of common stock on May 27, 2003 at \$6.40. IDWK – HC receives \$6,000 per month for one year effective February 24, 2004. HC has received a warrant to purchase 30,000 shares of common stock at a price of \$4.35. ITI – HC receives \$6,500 per month for six months effective January 21st, 2005 and received a warrant to purchase 35,000 share of common stock at \$3.00 and 15,000 at \$4.03. ISWI – HC receives \$2,000 per month on a month to month basis. HC received 40,000 warrants to purchase common stock at prices ranging from \$1.75 to \$2.75 for prior agreements. MANA – HC receives \$6,250 a month on a month to month basis. NMRX – HC receives \$7,500 per month for one year effective January 12, 2006 and 30,000 warrants of common stock priced at \$5.15 per share (per Board of Directors approval). PDEX – HC receives \$7,500 a month for six months effective February 2, 2005. PIHC – HC receives \$7,500 a month for one year effective January 1, 2004. HC received a total of 30,000 warrants issued through Dec. 31, 2003, effectively issued on July 22, 2003 at \$1.00. 30,000 additional would be issued at the rate of 7,500 warrants every three months, beginning Jan. 1, 2004 at \$2.00. RURL – HC receives \$7,200 per month for one year effective October 3, 2005. PLKH – HC receives \$8,000 per month for one year effective December 19, 2005 and 80,000 warrants priced at \$1.50. SDIX – One year term effective January 1st. HC receives \$7400 per month for the first six months increasing to \$9,400 for the last six months. USHS – Thirteen month term effective December 1, 2005 with compensation being paid over a twelve month period. HC will receive 12,000 restricted shares of common stock on February 1, 2006 and commencing July 1, 2006 HC will receive a monthly consulting fee of \$11,700 for the remaining six months of the agreement. WEX – HC received \$4,500 a month for two years effective Feb. 1, 2003. HC received a warrant to purchase 39,697 shares of common stock at \$1.85. HC has renewed its agreement with WEX effective February 1, 2005 for 12 months at a monthly fee of \$4,500 and a warrant to purchase 20,000 shares of common stock at \$3.96. If the engagement period has ended, our contract goes on a month-month basis at the same monthly rate.