Zacks Small-Cap Research

August 18, 2014
Grant Zeng, CFA
312-265-9466
gzeng@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Pressure Biosciences (PBIO-OTCQB)

PBIO: Another strong quarter financials for 2Q14, expecting continued revenue growth in fiscal 2014; valuation very attractive---Outperform.

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	11/15/2012
Current Price (05/15/14)	$0.47
Twelve- Month Target Price	**$2.00**

OUTLOOK

PBIO is a research products and services provider for the life science industry. We are impressed with and optimistic about the Company's novel, enabling platform technology PCT which has competitive advantages over existing technologies in the sample preparation market. PCT is increasingly gaining recognition by research labs.

PBIO just reported another strong financial performance for 2Q14, and we expect to see continued revenue growth in the remainder of 2014 and beyond.

We continue to be bullish on PBIO shares.

SUMMARY DATA

52-Week High	**$0.70**
52-Week Low	**$0.17**
One-Year Return (%)	**29.63**
Beta	**1.13**
Average Daily Volume (sh)	**48,179**
Shares Outstanding (mil)	**14**
Market Capitalization ($mil)	**$5**
Short Interest Ratio (days)	**3.01**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**41**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**37.0**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2011 Estimate	**N/A**
P/E using 2012 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**Small-Value**
Industry	**Med Instruments**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	0.37 A	0.36 A	0.42 A	0.35 A	1.50 A
2014	0.40 A	0.31 A	0.40 E	0.50 E	1.61 E
2015					4.50 E
2016					8.00 E

Earnings per Share
(EPS is operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	-$0.11 A	-$0.10 A	-$0.06 A	-$0.16 A	-$0.44 A
2014	-$0.19 A	-$0.05 A	-$0.09 E	-$0.07 E	-$0.39 E
2015					-$0.14 E
2016					-$0.06 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

© Copyright 2014, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

- **Product and services revenue continued to grow in 2Q14;**
- **Continued revenue growth expected for the remainder of fiscal 2014 and beyond;**
- **The launch of Barozyme HT48 will accelerate revenue growth;**
- **We continue to be bullish on PBIO shares;**

Product and Services Revenue for 2Q14 Continued to Grow

On August 14, 2014, Pressure BioSciences (PBIO) reported strong financials for the second quarter ended June 30, 2014.

Product and services revenue for 2Q14 was $307,464, compared to $196,522 for the same period in 2013, an increase of 56.5%.

Sales of consumables were $48,417 for 2Q14, compared to $26,034 for the same period in 2013, an increase of 86%.

No grant revenue for the second quarter of 2014 compared to $161,214 for the comparable period in 2013.

Total revenue for 2Q14 was $307,464, compared to $357,736 for the same period in 2013, a 14% decrease. This decrease was due solely to the loss of $161,214 in grant revenue in the second quarter of 2014, offset almost entirely by a 56% increase in products and services revenue.

Operating loss for 2Q14 was $846,757, compared to $858,026 for the same period in 2013.

Loss per common share was $0.05 for the second quarter of 2014 compared to $0.10 for the same period in 2013.

Revenue from the sale of products and services was $711,611 for the six months ended June 30, 2014 compared to $418,092 for the same period in 2013, a 70% increase.

Sales of consumables were $103,029 for the six months ended June 30, 2014 compared to $53,258 for the same period in 2013, a 93% increase.

Grant revenue for the six month period ended June 30, 2014 was $0 compared to $310,382 for the same period in 2013.

Total revenue for the six months ended June 30, 2014 was $711,611 compared to $728,474 for the same period in 2013, a 2% decrease. This decrease was due solely to the loss of $310,382 in grant revenue in the six month period ended June 30, 2014, offset almost entirely by a 70% increase in products and services revenue, as stated.

Operating loss for the six months ended June 30, 2014 was $1,629,123 compared to $1,583,049 for the same period in 2013. This small increase in operating loss was attributable solely to the 100% loss in grant revenue in the first six months of 2014.

Loss per common share was $0.30 for the six months ended June 30, 2014 compared to $0.22 for the same six-month period of 2013.

As of June 30, 2014, PBIO held cash of $9,369.

This is another strong quarter for PBIO. Product and service revenue increased 56.6% year over year.

We are especially impressed by the strong sales of consumables in 2Q14. Sales of consumables in 2Q14 were $48,417, compared to $26,034 for 2Q13, an increase of 86%. As we stated in our previous report, this is important for the long term revenue growth. As we discussed before, consumables are recurring revenue, which should increase when more and more instruments are installed. This revenue may account for a large portion of total revenue in the future.

Although total revenue was down for the three months ended June 30, 2014, attributable solely to the loss in grant revenue, the company was able to offset the lost margin through continued increases in products and services revenue and strict control of operating costs.

We Expect Continued Revenue Growth In The Remainder of 2014 and Beyond

PBIO has set a series of goals for the second half of 2014, which include:

- Continue to increase products and services revenue over 2013 levels;
- Be in a position to decide on the possible spin-off of selective PCT applications into new, stand-alone businesses designed to generate a revenue stream and favorable visibility for PBIO;
- Secure a strategic marketing and distribution partner for the new Barozyme HT48 high throughput system;
- Complete the manufacture of 25 Barozyme HT48 and HUB880 instruments and ready them for sale;
- Develop and implement a successful marketing campaign for the recently released, patent-pending micro-Pestle that has the potential to significantly add to products revenue during the second half of 2014;
- Continue the company's measureable progress in developing a sound financial roadmap for future growth;

Based on these efforts and the strong financial performance for 1H14, as well as the two new products launch and continued marketing efforts by management, we estimate that revenue will continue to grow in the remainder of 2014.

Specifically, we model product sales will reach $1.61 million in fiscal 2014, an increase of 54% over $1.05 million product sales for fiscal 2013.

We think revenue ramp in 2015 will be driven by sales from both existing and new products (instruments and consumables), from the Company's expanding distribution network, and from grants currently being reviewed.

PBIO launched the new High Throughput (HT) PCT-based Platform in June, which will help foster discussions with large, multi-national sales, marketing, and distribution partners. Management indicated that these discussions will lead to at least one major strategic partnership before years' end.

The Launch of Barozyme HT48 will Accelerate Revenue Growth

PBIO officially launched its much anticipated High Throughput PCT-based **Barozyme HT48** for the enhanced preparation of proteins for mass spectrometry analysis at the American Society for Mass Spectrometry (ASMS) Annual Conference on Mass Spectrometry and Allied Topics held June 15-19, 2014 in Baltimore, Maryland.

The bench-top Barozyme HT48 is a first-in-class, high throughput PCT-based instrument. It is capable of processing up to 48 samples simultaneously using the Company's new and proprietary BaroFlex 8-well processing strips.

The high throughput system is a **breakthrough technology** for PBIO. PBIO announced in June 2013 that they have achieved and passed proof-of-principle objectives in their multi-year investment into the development of a high throughput (HT) system for their patented pressure cycling technology (PCT) platform. The High Throughput (HT) Barozyme HT48 uses the disposable microwell strips that are universally used by labs worldwide. PBIO's ability to perform PCT with these strips will allow the Company to directly integrate its PCT instruments with the current automated robotically-driven microwell templates used by thousands of labs worldwide.

This breakthrough also has the potential to significantly accelerate its growth in existing and new PCT-based applications and products, and its ability to attract and form new strategic partnerships.

Many research laboratories working with biological samples worldwide use automated, HT sample preparation and analytical systems in their studies. HT systems generally use sample handling robotics and "multiwell" test plates in standardized formats (e.g., 24, 96, or 384 wells per plate) for processing and testing large numbers of samples simultaneously. The multiwell plate is often processed in an automated fashion, allowing scientists to perform other important tasks while samples are being processed unattended.

Although a number of studies have shown significant advantages of the PCT platform in preparing biomolecules (e.g., DNA, proteins, and lipids) for analysis, the PCT platform continues to be used primarily in small but important research studies. Unlike today's popular HT multiwell plates that use an automated, unattended approach, the PCT Platform uses individual test tubes that require a lot of manual sample handling. These manual sample handling requirements have prevented the PCT platform from being better accepted by the research community. To that end, PBIO's new HT multiwell format will substantially enhance and accelerate the acceptance of the PCT platform in the life sciences R&D marketplace. This technology breakthrough is a game-changer for PBIO in our view.

From a financial perspective, we believe the new Barozyme HT48 has the potential to significantly fuel growth and increase revenue for both existing and new PCT-based applications and products, as soon as in the second half of 2014. We also believe that the new Barozyme HT48 high throughput system can greatly facilitate the commencement of new strategic partnerships.

With product sales increasing, two new instruments released in the first half of 2014 (PBIO released the Barocycler **HUB880** in March 2014),

Based on the strong financial performance in 1Q14, as well as the two new products launch in 1H14 and continued marketing efforts by management, we estimate that revenue will continue to grow in the remainder of 2014.

We think revenue ramp in 2014 will be driven by sales from both existing and new products (instruments and consumables), and from the Company's expanding distribution network. Specifically, we model product sales will reach $1.65 million in fiscal 2014, an increase of 58% over $1.05 million product sales for fiscal 2013.

PCT Platform Highlighted at ASMS Annual Conference throughout Week

In addition to the successful launch of **Barozyme HT48** at the 2014 ASMS meeting, PBIO's PCT platform has also received a lot of publicity with eight presentations by six separate research groups on the uses and advantages of PCT. Study results indicated that utilizing the Company's patented PCT platform in the preparation of samples for analysis resulted in critically enabling quality and/or improved time or cost efficiency of test results.

ETH Zurich and the University of Zurich

Dr. Tiannan Guo from laboratory of Dr. Ruedi Aebersold, internationally acclaimed protein chemist and Professor of Molecular Systems Biology at ETH Zurich and the University of Zurich, presented on PCT SWATH, a method they developed that combines the many advantages of PCT with SWATH, a revolutionary mass spectrometry method from AB SCIEX. Dr. Guo's and Professor Aebersold's results indicate that PCT SWATH could significantly **reduce overall processing times** for protein analysis and biomarker discovery by mass spectrometry while concomitantly **decreasing test cost and increasing test quality**. AB SCIEX is a global leader in life science and analytical technologies, including mass spectrometry.

Lab Corp

Dr. Christopher Shuford and colleagues presented data on the development of a mass spectrometry-based **thyroid cancer test**. A major step in the potential test workflow is the rapid digestion of the thyroglobulin protein and its subsequent identification by mass spectrometry. PCT was shown to digest thyroglobulin significantly faster than all three comparative methods, including two microwave systems (current competitive alternatives to PCT for protein digestion) and the Lab Corp standard heat-based method.

FDA

Dr. Melinda McFarland and colleagues presented data on the development of a mass spectrometry-based method to improve the identification of bacteria involved in food-borne outbreaks by testing contaminated food samples. Thirty-six Salmonella isolates originating from food-borne outbreaks were studied. **PCT was the method of choice** for extracting the pathogen from the samples. Current methods to determine the causative agent of food-borne outbreaks primarily use DNA detection. The authors showed that bacterial protein expression profiles could potentially enhance pathogen identification in food-borne outbreaks.

University of Minnesota and Others

Dr. Brian Sandi and colleagues reported in their presentation on the discovery of target pathways and promising biomarkers of COPD-associated lung cancer. PCT was the sample preparation method of choice, as the authors had previously shown that PCT could extract substantially more proteins from lung tissue than other extraction methods.

Northeastern University and Others

Peganum harmala (P. harmala) is a perennial plant. The seed has been used for medicinal purposes and as a condiment. The seed contains the hallucinogenic and narcotic compounds harmine and harmaline.

Dr. Adam Hall and colleagues reported that PCT followed by the rapid separation and analysis by DMS mass spectrometry enhanced the detection of harmine and harmaline, as compared to standard GC mass spectrometry.

The purpose of the study was to evaluate DMS mass spectrometry as a potentially better analysis method for the characterization of suspected P. harmala seeds, as compared to GC mass spectrometry. ***PCT was the method of choice*** for a faster and more efficient extraction method.

The Baltimore VA Medical Center

Formalin fixation followed by paraffin embedding (FFPE) is the most commonly used method worldwide for the preservation of tissues for pathology evaluation. Archival repositories that contain millions upon millions of FFPE tissue samples represent an invaluable resource for retrospective studies of disease progression and response to therapy. Unfortunately, the analysis of FFPE samples is highly problematic because molecules (including proteins) of interest are chemically trapped in the tissue samples by formalin fixation.

In two different presentations, Dr. Carol Fowler, Dr. Jeffrey Mason, and colleagues reported substantial improvements in protein recovery from paraffin embedding (FFPE) tissue samples of four-fold (4x) when extraction was performed by PCT.

We believe the data presented at the 2014 ASMS meeting will encourage and accelerate new researchers to try PCT.

We think PBIO is more like a development stage biotech company. We have a price target of $2.00 per share, which values the company at $26 million in market cap based on 13 million outstanding shares. This valuation is still very conservative in our view. As long as the Company can execute its growth strategy correctly, we believe this goal is achievable. Patient investors will get rewarded.

The HUB880 Launched

PBIO released the Barocycler **HUB880** in March 2014, the newest addition to the Company's growing line of high-pressure instrument systems. The Company also announced the sale (and shipment) of its first HUB880 system to Dr. Wayne Hubbell of the University of California Los Angeles (UCLA). PBIO plans to showcase the HUB880 at the upcoming U.S. Human Proteome Organization's 10th Annual Conference to be held at the Westin-Seattle (WA), April 6-9, 2014.

The **HUB880** is a first-in-kind instrument. It is an automated, computer-controlled, bench-top, ultra-high pressure instrument. The HUB880 can generate pressures up to 100,000 psi. This is the type of pressure that will be very helpful to scientists making **vaccines,** to researchers in the **food industry** (pathogen inactivation studies), **material science** applications (quality control of petroleum, hydraulic fluid, plastics, valves, etc.). And it will play an important role in life sciences research, as these pressures will unravel the secrets of many biological substances that are not extracted/inactivated/recovered/etc. at “lower” pressures.

PBIO’s HUB880 targets the large market of vaccines, food industry and material science. The HUB880 costs about $75,000 per unit.

There are approximately 500,000 scientists worldwide working with biological samples, such as animal, plant, microbial, and human cells. These cells, and the biomolecules that constitute them (e.g., proteins, lipids, DNA) have historically been controlled using temperature and chemicals. However, studies have shown that cells/biomolecules also respond to specific levels of pressure in unique and reproducible ways. Thus, with its ability to reach ultra-high pressure levels significantly beyond any automated bench-top pressure instrument commercially available today, **the Barocycler HUB880** can potentially offer scientists the unique ability to control certain cells and biomolecules in ways never before achievable.

We Continue to be Bullish On PBIO shares

We maintain our **Outperform** rating on PBIO shares and reiterate our twelve-month **price target of $2.00** per share.

Below are the reasons for the call.

PBIO reported record product sales for the first half of 2014, and we expect continued revenue growth in the remainder of 2014 and beyond due to two new products launch and continued marketing efforts from management.

In terms of valuation, we think PBIO shares are undervalued based on the Company's fundaments. Currently, the Company trades around $0.35 per share with a market cap of $4.8 million based on 13.7 million outstanding shares. We believe this deeply undervalues the Company based on the current fundamentals we discussed above. We understand that market discounts the value of the Company because the Company has only limited revenue base and has been losing money since its inception. We also understand that the Company has a relatively weak balance sheet, and further financing will be needed. However, when we look at the Company and the industry in which it operates in detail, we realize that PBIO is a company with huge opportunity and one that can grow its revenue and earnings at a tremendous rate in the next few years.

PBIO operates in the rather large, but underserved research services market. The Company has developed a unique and superior pressure cycling technology (PCT) for the preparation of biological laboratory samples. The Company's PCT platform holds competitive advantages over incumbent technologies in many important aspects related to sample preparation.

Currently, the Company is in the early stage of commercialization of its platform technology. We have realized that sales have not been stellar so far, but this is understandable. Pressure cycling technology is quite new to most customers in the sample preparation market, and the costs for PCT are also higher than those for most existing technologies. Therefore, rollout of the PCT platform will take time. However, once customers become familiar with the new PCT platform, and realize its advantages over existing technologies, uptake of PCT and its consumable products by the industry will increase dramatically in our view.

We are now optimistic about the Company's prospect. With a rapidly growing market worldwide, combined with its unique technology and broad range of product offering, the Company is well positioned to boost its top line and bottom line in the coming years. According to our long term financial model, the Company's revenue will grow at a compound annual growth rate (CAGR) of 66% in the next six fiscal years from 2014 to 2019. PBIO will become profitable in fiscal 2018 with an EPS of $0.03.

We think PBIO is more like a development stage biotech company. Our price target of $2.00 per share values the company at 28 million in market cap based on 14 million outstanding shares. This valuation is still very conservative in our view. As long as the Company can execute its growth strategy correctly, we believe this goal is achievable. Patient investors will get rewarded.

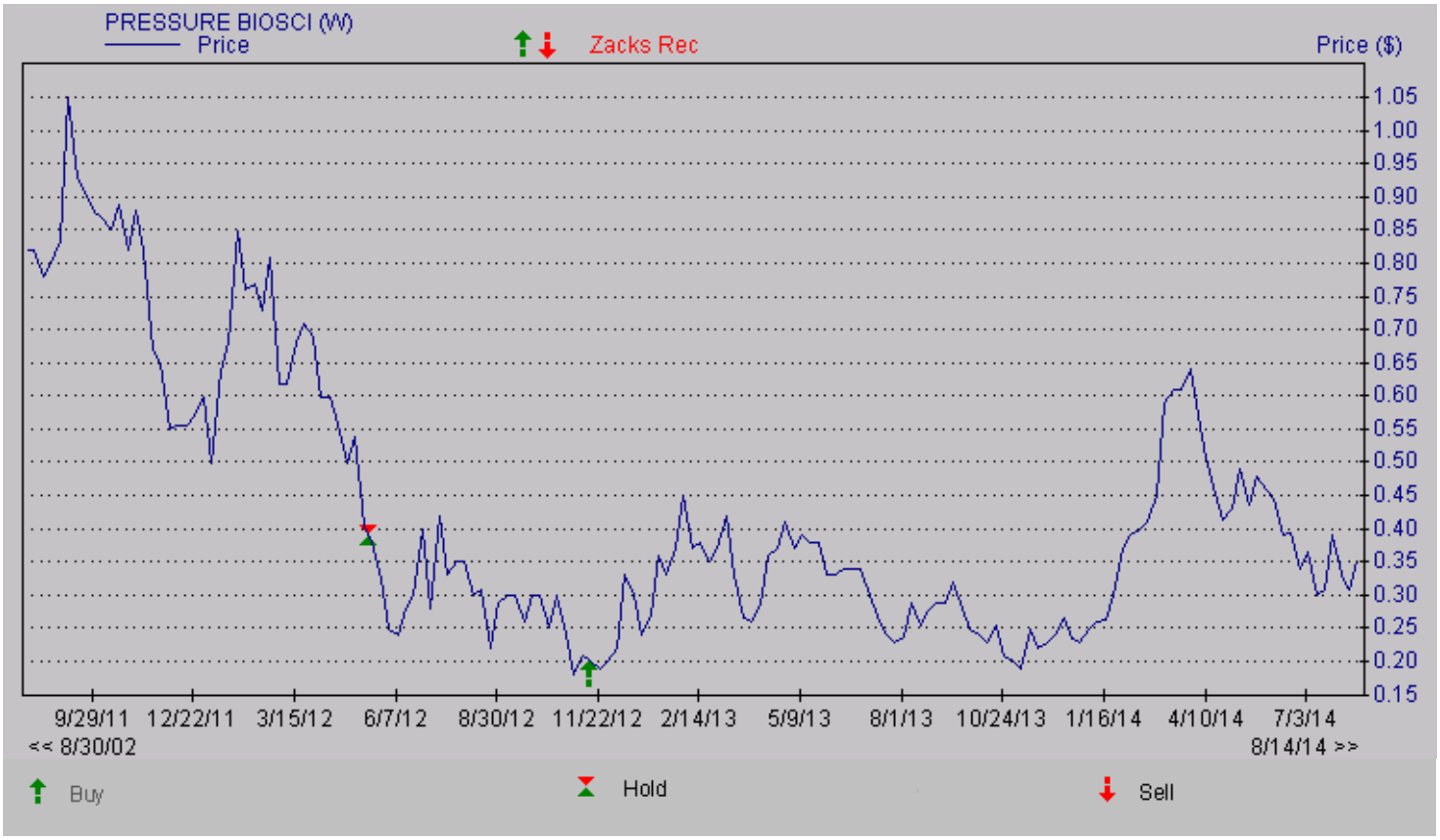
PROJECTED INCOME STATEMENT

$ in million except per share data	Q1	Q2	Q3	Q4	12/13A	Q1	Q2	Q3	Q4	12/14E	12/15E	12/16E	12/17E	12/18E	12/19E
Product/Service Revenue	$0.22	$0.20	$0.33	$0.30	$1.05	$0.40	$0.31	$0.40	$0.50	$1.61	$4.50	$8.00	$12.00	$15.00	$22.00
YOY Growth	*34.5%*	*-12.4%*	*10.1%*	*145.8%*	*29.3%*	*82.4%*	*56.5%*	*22.0%*	*66.3%*	*54.0%*	*179.2%*	*77.8%*	*50.0%*	*25.0%*	*46.7%*
Grant Revenue	$0.15	$0.16	$0.09	$0.05	$0.46	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Revenues	**$0.37**	**$0.36**	**$0.42**	**$0.35**	**$1.50**	**$0.40**	**$0.31**	**$0.40**	**$0.50**	**$1.61**	**$4.50**	**$8.00**	**$12.00**	**$15.00**	**$22.00**
YOY Growth	*21.3%*	*10.1%*	*7.4%*	*63.9%*	*21.4%*	*9.0%*	*-14.1%*	*-4.9%*	*41.2%*	*7.2%*	*179.2%*	*77.8%*	*50.0%*	*25.0%*	*46.7%*
CoGS	$0.1	$0.1	$0.2	$0.2	$0.6	$0.2	$0.1	$0.2	$0.3	$0.8	$2.3	$4.0	$6.0	$7.5	$11.0
Gross Income	**$0.27**	**$0.27**	**$0.24**	**$0.15**	**$0.94**	**$0.23**	**$0.17**	**$0.18**	**$0.23**	**$0.80**	**$2.25**	**$3.99**	**$5.99**	**$7.49**	**$10.98**
Gross Margin	*71.8%*	*76.6%*	*58.2%*	*42.5%*	*62.2%*	*56.1%*	*56.3%*	*45.0%*	*45.0%*	*49.9%*	*49.9%*	*49.9%*	*49.9%*	*49.9%*	*49.9%*
Gross Margin for PCT revenue	*52.8%*	*57.3%*	*46.3%*	*32.3%*	*45.7%*	*56.1%*	*56.3%*	*45.0%*	*45.0%*	*49.9%*	*49.9%*	*49.9%*	*49.9%*	*49.9%*	*49.9%*
R&D	$0.2	$0.3	$0.3	$0.2	$1.0	$0.2	$0.3	$0.3	$0.3	$1.1	$1.2	$1.4	$1.6	$1.8	$2.0
% R&D	*66.5%*	*72.8%*	*66.6%*	*70.1%*	*68.9%*	*57.2%*	*82.4%*	*75.0%*	*60.0%*	*67.3%*	*26.7%*	*17.5%*	*13.3%*	*12.0%*	*9.1%*
SG&A	$0.7	$0.9	$0.8	$0.8	$3.2	$0.8	$0.8	$0.9	$0.9	$3.3	$3.6	$4.0	$4.2	$4.8	$5.2
% SG&A	*200.9%*	*243.6%*	*192.2%*	*226.6%*	*214.7%*	*192.5%*	*249.3%*	*225.0%*	*180.0%*	*207.5%*	*80.0%*	*50.0%*	*35.0%*	*32.0%*	*23.6%*
Other	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
% Other	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income	**($0.7)**	**($0.9)**	**($0.8)**	**($0.9)**	**($3.3)**	**($0.8)**	**($0.8)**	**($1.0)**	**($1.0)**	**($3.6)**	**($2.6)**	**($1.4)**	**$0.2**	**$0.9**	**$3.8**
Operating Margin	*-195.6%*	*-239.8%*	*-200.6%*	*-254.2%*	*-221.3%*	*-193.6%*	*-275.4%*	*-255.0%*	*-195.0%*	*-224.9%*	*-56.7%*	*-17.6%*	*1.6%*	*5.9%*	*17.2%*
Other Net	($0.05)	($0.21)	$0.17	($0.67)	($0.76)	($0.98)	$0.24	$0.00	$0.00	($0.73)	$0.00	$0.00	$0.00	$0.00	$0.00
Pre-Tax Income	**($0.8)**	**($1.1)**	**($0.7)**	**($1.6)**	**($4.1)**	**($1.8)**	**($0.6)**	**($1.0)**	**($1.0)**	**($4.4)**	**($2.6)**	**($1.4)**	**$0.2**	**$0.9**	**$3.8**
Pref. stk Div	$0.61	$0.11	$0.04	$0.40	$1.16	$1.33	$0.12	$0.20	$0.20	$1.84	$0.00	$0.00	$0.00	$0.00	$0.00
Taxes (Benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Reported Net Income	**($1.4)**	**($1.2)**	**($0.7)**	**($2.0)**	**($5.2)**	**($3.1)**	**($0.7)**	**($1.2)**	**($1.2)**	**($6.2)**	**($2.6)**	**($1.4)**	**$0.2**	**$0.9**	**$3.8**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Margin	*-376.0%*	*-328.2%*	*-170.2%*	*-554.5%*	*-349.1%*	*-763.3%*	*-234.4%*	*-305.0%*	*-235.0%*	*-384.7%*	*-56.7%*	*-17.6%*	*1.6%*	*5.9%*	*17.2%*
Shares Out	*12.1*	*11.5*	*11.7*	*12.0*	*11.8*	*12.1*	*13.6*	*14.0*	*16.0*	*13.9*	*18.0*	*22.0*	*25.0*	*30.0*	*35.0*
Reported EPS	**($0.11)**	**($0.10)**	**($0.06)**	**($0.16)**	**($0.44)**	**($0.25)**	**($0.05)**	**($0.09)**	**($0.07)**	**($0.45)**	**($0.14)**	**($0.06)**	**$0.01**	**$0.03**	**$0.11**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One time charge	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.73*	*$0.00*	*$0.00*	*$0.00*	*$0.73*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($1.4)**	**($1.2)**	**($0.7)**	**($2.0)**	**($5.2)**	**($2.4)**	**($0.7)**	**($1.2)**	**($1.2)**	**($5.5)**	**($2.6)**	**($1.4)**	**$0.2**	**$0.9**	**$3.8**
Non GAAP EPS	**($0.11)**	**($0.10)**	**($0.06)**	**($0.16)**	**($0.44)**	**($0.19)**	**($0.05)**	**($0.09)**	**($0.07)**	**($0.39)**	**($0.14)**	**($0.06)**	**$0.01**	**$0.03**	**$0.11**

Source: Company filings and Zacks Investment Research Inc. estimates

© Copyright 2014, Zacks Investment Research. All Rights Reserved.

HISTORICAL ZACKS RECOMMENDATIONS



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Grant Zeng, CFA, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESMENT BANKING, REFERRALS, AND FEES FOR SERVICE

Zacks SCR does not provide nor has received compensation for investment banking services on the securities covered in this report. Zacks SCR does not expect to receive compensation for investment banking services on the Small-Cap Universe. Zacks SCR may seek to provide referrals for a fee to investment banks. Zacks & Co., a separate legal entity from ZIR, is, among others, one of these investment banks. Referrals may include securities and issuers noted in this report. Zacks & Co. may have paid referral fees to Zacks SCR related to some of the securities and issuers noted in this report. From time to time, Zacks SCR pays investment banks, including Zacks & Co., a referral fee for research coverage.

Zacks SCR has received compensation for non-investment banking services on the Small-Cap Universe, and expects to receive additional compensation for non-investment banking services on the Small-Cap Universe, paid by issuers of securities covered by Zacks SCR Analysts. Non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, equity research, investment management, non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per client basis and are subject to the number of services contracted. Fees typically range between ten thousand and fifty thousand USD per annum.

© Copyright 2014, Zacks Investment Research. All Rights Reserved.

POLICY DISCLOSURES

Zacks SCR Analysts are restricted from holding or trading securities placed on the ZIR, SCR, or Zacks & Co. restricted list, which may include issuers in the Small-Cap Universe. ZIR and Zacks SCR do not make a market in any security nor do they act as dealers in securities. Each Zacks SCR Analyst has full discretion on the rating and price target based on his or her own due diligence. Analysts are paid in part based on the overall profitability of Zacks SCR. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by Zacks SCR for services described above. No part of analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports are based on data obtained from sources we believe to be reliable, but are not guaranteed as to be accurate nor do we purport to be complete. Because of individual objectives, this report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

ZACKS RATING & RECOMMENDATION

ZIR uses the following rating system for the 1072 companies whose securities it covers, including securities covered by Zacks SCR:
Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters.
Hold/Neutral: The analyst expects that the company will perform in line with the broader U.S. equity market over the next one to two quarters.
Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution is as follows: Buy/Outperform- 16.7%, Hold/Neutral- 76.0%, Sell/Underperform – 6.3%. Data is as of midnight on the business day immediately prior to this publication.