Zacks Small-Cap Research

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Steven Ralston, CFA
312-265-9426
sralston@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Cemtrex Inc. (CETX-NASDAQ)

CETX: Cemtrex uplisted to NASDAQ CM and now trades under a new ticker symbol

Current Recommendation	**Buy**
Prior Recommendation	N/A
Date of Last Change	05/25/2015
Current Price (07/24/15)	$2.83
Six- Month Target Price	**$5.60**

OUTLOOK

Cemtrex has achieved remarkable sales growth over the last five years by targeting markets poised for growth and through astute acquisitions. The company is well-positioned to benefit from the trends of outsourcing in the electronic contract manufacturing industry (ROB Cemtrex GmbH) and of enforcing regulations designed to reduce air pollution (Environmental Products & Systems segment). In 2013, management opportunistically acquired a company twice its size at an extremely attractive valuation, and today continues to aggressively pursue further opportunities for growth. We maintain our Buy rating.

SUMMARY DATA

52-Week High	**$6.30**
52-Week Low	**$2.10**
One-Year Return (%)	**-52.83**
Beta	**2.02**
Average Daily Volume (shrs.)	**25,684**
Shares Outstanding (million)	**6.78**
Market Capitalization ($ mil.)	**$19.20**
Short Interest Ratio (days)	**0.10**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**72.8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**46.9**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**6.4**
P/E using 2015 Estimate	**6.0**
P/E using 2016 Estimate	**4.7**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Pollution Control**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2013	2.19 A	3.62 A	5.33 A	2.53 A	13.67 A
2014	8.96 A	11.55 A	13.45 A	13.69 A	47.65 A
2015	13.84 A	14.33 A	16.82 E	17.26 E	62.25 E
2016					80.00 E

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

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2013	$0.02 A	$0.01 A	$0.00 A	$0.01 A	$0.04 A
2014	$0.06 A	$0.11 A	$0.11 A	$0.11 A	$0.39 A
2015	$0.06 A	$0.16 A	$0.11 E	$0.14 E	$0.47 E
2016					$0.60 E

Zacks Projected EPS Growth Rate - Next 5 Years % **25**

Quarterly EPS may not equal annual EPS total due to rounding.

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KEY POINTS

- Cemtrex Inc. is a **diversified industrial equipment** company that manufactures a range of engineered products and systems.
- The company operates two business segments: Electronic Manufacturing Services and Environmental Products & Systems.
  - The **Electronic Manufacturing Services** (63% of revenues in fiscal 2014) segment is composed of **ROB Cemtrex GmbH**, which offers contract electronic manufacturing services to original equipment manufacturers (OEMs).
  - The **Environmental Products & Systems** (37%) sells air filtration and environmental control products through **Griffin Filters** and designs, assembles and sells emission monitors and systems for measurement of emissions of regulated air pollutants and also markets monitoring and analysis equipment for gas and liquid measurement for the oil & gas industry.
- Management is committed to growing Cemtrex, both organically and through acquisitions. The company has achieved 5-year top-line growth at a 46.9% CAGR. Cemtrex's impressive top-line growth has been achieved primarily through acquisitions.
- CEO Saagar Govil constantly evaluates potential acquisition candidates, both bolt on and new market candidates.
- The company's extremely robust revenue growth has been recognized by inclusion into **Deloitte's Technology Fast 500**™ in 2012 and more recently, in the **Richmond Club Index**.
- Cemtrex **achieved profitability in mid-2010**, and since has remained profitable every quarter.
- Initially (from 2004 to 2012), management concentrated on environmental control systems and technologies that directly benefit from governmental pollution control regulations.
- In 2013, management opportunistically acquired the ROB Group (subsequently renamed **ROB Cemtrex GmbH**), an electronics design and manufacturing company in Germany. The acquisition increased the company's sales base by approximately 200%.
- Over the last five years, **very few new shares have been issued**, which is rare in the small cap universe. Shares outstanding have only increased 154,878 shares (or 2.2%) from 6,620,477 to 6,774,855 shares since September 2009. Capital has been raised primarily through the issuance of notes, and more recently though bank loans, mortgages and convertible notes in order to acquire and support ROB Cemtrex GmbH. However, the most recent convertible offerings have the potential to increase the share count by approximately 280,000 shares.
- Approximately 70% of outstanding voting equity is beneficially held by Arun Govil (the company's prior CEO) and Saagar Govil (the current CEO).
- On June 25, 2015, Cemtrex began trading on the NASDAQ Capital Markets Exchange. The up-listing should benefit the company through better institutional investor awareness and increased share liquidity.
- We maintain our Buy rating.

RECENT NEWS

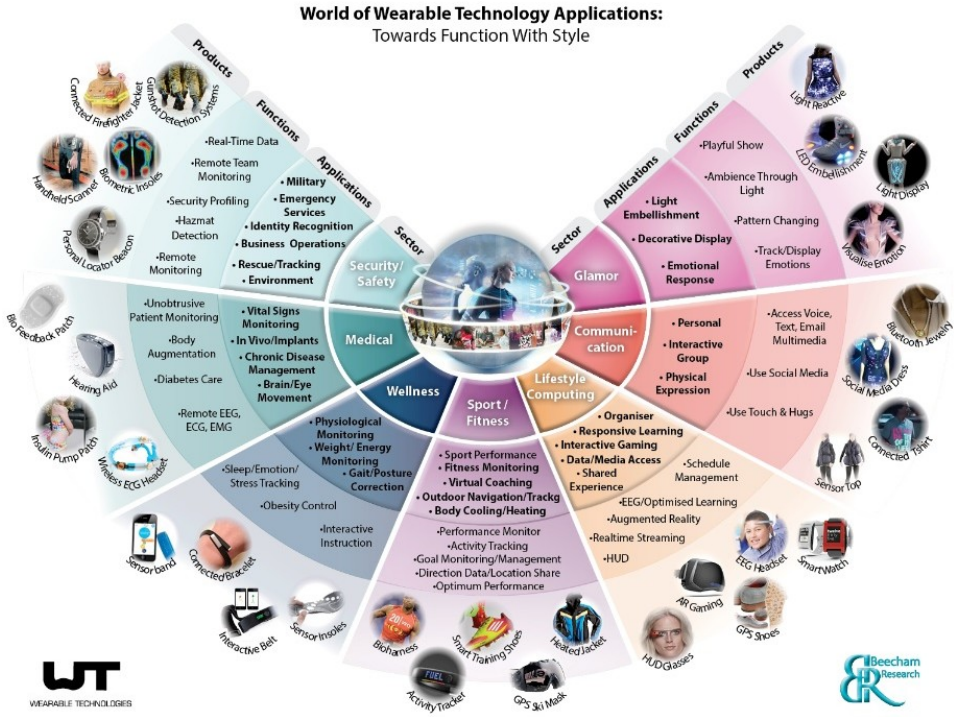
Cemtrex Uplisted to NASDAQ Capital Markets

On June 25, 2015, common shares of Cemtrex began trading on the NASDAQ Capital Markets under a new symbol: CETX. In honor of the milestone achievement, management rang the NASDAQ Stock Market's closing bell. The up-listing to NASDAQ CM should benefit the company through broadening the investor base to include additional institutional investors and hence increase share liquidity. The uplisting was achieved through both top-line and bottom-line growth, along with a 1 for 6 reverse stock split, which was effective April 15, 2015.

2015 New Order Announcements

On July 16, 2014, Cemtrex announced the receipt of **new orders in excess of $4.2 million** across both business groups. The **Environmental Products & Systems group** received approximately $2.5 million in order for environmental products with deliveries expected over the next 12 months, primarily for projects located in Southeast Asia. The **Electronics Manufacturing Services group** received approximately $1.7 million in orders for a diverse set of existing European customers in medical, industrial, and automation industries, also with deliveries expected over the next 12 months.

On April 1, 2015, Cemtrex announced the receipt of **approximately $1,000,000 in new orders** to manufacture electronic components for **wearable devices**. The wearable electronics industry includes electronic devices or products which are worn by people in order to integrate computing into daily activities or work. Examples of wearable devices include watches (like Apple's iWatch), glasses (Google's Glass), contact lenses, e-textiles, smart fabrics, headbands, beanies, caps and jewelry. The wearable electronics is a high growth market which is experiencing short product cycles with quick deployment after product development. According to MarketsandMarkets, the global wearable electronics products market is expected to grow at a 24.56% CAGR from 2014 to 2020.



Cemtrex's order for wearable devices is specifically for a fast-growing European customer in the automotive industry. Deliveries are expected to begin later in 2015 and continue for six to 12 months.

On January 20, 2015, Cemtrex announced that **over $5.0 million in new orders** had been received by its electronics manufacturing business. Deliveries to original equipment manufacturers (OEMs) are expected to start in early 2015 and continue for 12 months. Approximately half of the orders are related to the **medical devices** industry with other orders fulfilling demand from various industries including the **wearable electronics**, industrial and automotive industries.

New Partnership with Prozess Technologie

On June 10, 2015, Cemtrex announced the signing of a distribution partner agreement with Prozess Technologie, privately-held company based in St. Louis that offers i**n-line process measurement solutions**. The agreement allows Cemtrex to deploy Prozess Technologie's Reveal™ process analyser product lines, which utilize spectroscopy (a precision light technology) for real-time process measurement

and manufacturing control resulting in reduced cycle time, improved yield and increased profitability. Reveal technology can measure solids, liquids and gases in real-time in both batch and continuous manufacturing systems, and can be customized for harsh environments, including certified enclosures for hazardous areas.

Second Quarter of Fiscal 2015

On May 7, 2015, Cemtrex reported financial results for the second quarter of fiscal 2015 ending March 31, 2015. Total revenue increased 24.1% from $11,548,572 to $14,330,940. Revenues of the Environmental Products and Systems segment increased 78.3% from $4,008,429 to $7,145,244, primarily due to an increased demand for environmental products and services in foreign Asian markets. Revenues of the Electronics Manufacturing Services segment declined 4.7% from $7,540,143 to $7,185,696 as the exchange rate of Euro vs US Dollar declined. Additionally, the sales were impacted by the timing of in-house shipments. The gross profit margin compressed 541 basis points (bps) from 35.0% to 29.6% due to lower margin jobs being shipped during this year's quarter. Operating expenses increased 7.3% to $3,446,935, less than the rate of the top-line increase, indicating that the company's cost structure may be benefiting from economies of scale. Interest expense increased 113% reflecting the loans utilized to acquire ROB Group (now named ROB Cemtrex GmbH), the mortgage assumed on ROB's building in Neulingen, Germany and the issuance of short-term convertible notes. The company recorded an income tax benefit of $21,400. The majority of the company's operations are conducted by its foreign subsidiaries which are in lower tax jurisdictions and not subject to US taxation. For example, ROB Cemtrex GmbH located in Germany is owned by the company's Hong Kong subsidiary. Net income increased 40.5% to $1,081,573 from $769,615 in the comparable quarter last year. EPS rose 40.1% from $0.11 to $0.16 per diluted share.

ISO 9001 Certifications

On July 7, 2015, Cemtrex announced that the company recently completed **ISO 9001:2008 certification** for its **monitoring and instrumentation business**. Many customers require the ISO 9001 certification, which helps ensure that products should consistently meet the technical requirements and quality specifications desired from a contract manufacturer. In addition, on March 2, 2015, Cemtrex announced that its **Romanian manufacturing center** received **ISO 9001:2008 certification**. The accreditation of the facility's quality management systems includes documentation of adhering to certain internal quality standards. ISO certification is often a pre-requisite before a manufacturer can be contracted to be a supplier.

Recognition of Growth Potential

On April 1, 2015, Cemtrex was included in the **Richmond Club Index**, an index of public companies that pass a rigorous, three-step process of top-down analysis, bottom-up analysis and a CEO interview that attempts to identify undervalued companies with excellent growth potential. The Richmond Club Index has achieved 17%+ annualized performance since its inception in 2005. Cemtrex's CEO, Saagar Govil, made a presentation to the members of the Richmond Club in Toronto on March 25, 2015.

Recent Financings

During the first quarter of fiscal 2015, the company issued **$358,000** in 9-month, 8% convertible notes to KBM Worldwide Inc. On February 6, 2015, Cemtrex issued a **$150,000** 1-year 8% convertible note to Tangiers Investment Group Inc. Both notes are delayed convertible securities where the conversion option may not be exercised until six months from the date of issuance. The conversion price is to be determined on the conversion date and will equal 65% of the market price of the common stock on that date. Another **$150,000** in 9-month, 8% convertible notes were issued March 24, 2015, followed by the issuance of **$200,000** in 1-year 8% convertible notes on March 26, 2015. The net proceeds are targeted for growth capital and planned acquisitions

RECENT ORDER ANNOUNCEMENTS

New orders are the lifeblood of most industrial companies. Orders are not only an indicator of the competitiveness of a company's products and/or services, but also a precursor to future revenues. Periodically, Cemtrex announces the receipt of major orders or the accumulation of orders received.

Order Announcements - Last 18 Months

- February 12, 2014 - ROB Cemtrex GmbH receives $3.4 million order for advanced surgical device components to be used by a large European medical device manufacturer.
- March 26, 2014 - ROB Cemtrex GmbH receives $2.8 million order for electronic controllers used by a German industrial original equipment manufacturer.
- May 14, 2014 - Cemtrex receives over $4.0 million in new orders across three business divisions: Monitoring Instruments & Products, ROB Cemtrex and Environmental Systems.
- July 17, 2014 – Cemtrex receives over $7.0 million in new orders across two business divisions: Environmental Monitoring & Systems and Electronic Manufacturing Services.
- October 28, 2014 – Cemtrex receives over $3.0 million in new orders across two business divisions: Environmental Technologies and Electronics Manufacturing.
- January 20, 2015 - Cemtrex receives over $5.0 million in new orders in the electronics manufacturing business.
- April 1, 2015 - Cemtrex receives approximately $1.0 million in new orders to manufacture electronic components for wearable devices.
- July 16, 2014 - Cemtrex receives over $4.2 million in new order across both business groups.

OVERVIEW

Headquartered in Farmingdale, New York, Cemtrex Inc. is a diversified industrial equipment company that manufactures a range of engineered products and systems, including custom circuit board assemblies (through its ROB Cemtrex GmbH subsidiary), emissions monitors and instruments (Monitoring Instruments and Products Division) and air filtration systems (Griffin Filters). The company provides its products and systems to a wide variety of industries.

Cemtrex operates two business segments: Electronic Manufacturing Services and Environmental Products & Systems.

- ***Electronic Manufacturing Services*** (63% of revenues in fiscal 2014) designs, manufactures and services an array of electronic products including custom engineered printed circuit assemblies, cabling, wire harnessing and the assembly complete electronic products. The segment is composed of the operations of **ROB Cemtrex GmbH**, which offers contract electronic manufacturing services to original equipment manufacturers (OEMs) and other companies, primarily in the medical, industrial, automation and automotive industries. Since ROB was acquired in early November 2014, the acquisition's true annual contribution to revenues was not fully revealed in Cemtrex's year-end results. In the first fiscal quarter, the Electronic Manufacturing Services generated 74% of Cemtrex's revenues, which is better reflective of the segment's contribution.
- ***Environmental Products & Systems*** (37%) sells air filtration and environmental control products (**Griffin Filters**); designs, assembles and sells emission monitors and systems for measurement of emissions of regulated air pollutants and also markets monitoring and analysis equipment for gas and liquid measurement for the oil & gas industry (**Monitoring Instruments and Products Group**)

Starting in December 2004, Cemtrex has been built through a series of acquisitions, first in the air emissions market concentrating on monitoring equipment (**emission monitoring assets of Ducon Technologies**) and then diversifying into air filtration equipment (**Griffin LLC**). The product lines of the acquired companies subsequently have been enhanced. However, during fiscal 2012, revenues declined 11% to approximately $12.2 million from $13.7 million in fiscal 2011, primarily due to delays in enacting additional environmental legislation and the extension of enforcing existing emissions regulations. In an effort to become less dependent on the emissions monitoring business, the opportunistic acquisition of an electronics design and manufacturing company (ROB Group, now named **ROB Cemtrex GmbH**) was completed in 2013.

Acquisition Timeline

- December 30, 2004 – acquire **emission monitoring assets** from Ducon Technologies for 325,000 shares[i]
- April 30, 2007 – acquire **Griffin Filters, LLC** for $2.75 million.
- October 30, 2012 – acquire a stake in **Pluto Technologies Inc**., a mobile app startup
- October 31, 2013 – acquire privately-held **ROB Group** (renamed ROB Cemtrex GmbH) for €4.2 million

Through the process of creating and expanding the company, extremely robust revenue growth has been achieved, which has been recognized by two organizations. In November 2012, Cemtrex became a member of **Deloitte's Technology Fast 500™**, a ranking of the 500 fastest-growing technology, media, telecommunication, life sciences and clean technology companies in North America. More recently, on April 1, 2015, Cemtrex was included in the **Richmond Club Index**, an index of public companies that pass a rigorous, three-step fundamental analysis process. Also, **Cemtrex achieved profitability in mid-2010, and has remained profitable every quarter thereafter**.

Management is currently pursuing an **opportunistic acquisition strategy** focused on operations complementary to the company's existing strategic product areas or in a technology industry with apparent potential. Management prefers businesses with:

1) favorable long term economic characteristics
2) attractive purchase price
3) operations in markets and industries understood by management
4) manifest methodologies to expedite higher growth and profitability

2004 – 2012: PURSUIT OF OPPORTUNITIES IN THE AIR EMISSIONS MARKET

Initially, management concentrated on environmental control systems and technologies that directly benefit from governmental regulations. Federal and state governments have enacted legislation and promulgated regulations designed to reduce emissions of certain air pollutants that pose significant danger to public health and safety. These governmental regulations should create significant demand for emission monitoring equipment and environmental control systems.

The first Federal legislation pertaining to air pollution was the **Air Pollution Control Act of 1955**, which provided funds for air pollution research. Subsequently, the Clean Air Act of 1963 established a federal program to monitor and control air pollution. However, the Clean Air Act Amendments of 1970 required federal and state air pollution regulation and expanded enforcement authority. The Environmental Protection Agency (EPA) was established to research and monitor the environment, and also to set standards and enforce those standards in order to protect the environment. The Act was again amended in 1977.

The adoption of the **Clean Air Act Amendments of 1990** not only further expanded the scope of air pollution regulation and increased the EPA's authority, but also specifically targeted acid rain, ozone depletion and toxic air pollution. Prior to 1990, only seven air pollutants[ii] were monitored and controlled by the EPA. However, The 1990 Amendments under Section 112(b)(1) identified 189 hazardous air pollutants and set into motion the process of establishing emission standards and enforcing emission limitations by requiring the installation of controls or by changing production processes.

Charged by Congress with protecting the nation's land, air, and water resources, the EPA mandated national emission standards for hazardous air pollutants from coal- and oil-fired steam producing units used in the generation of electricity. Subsequent regulations have established annual allowable emission limitations for most of the major atmospheric pollutants. One of the more familiar provisions is the **Acid Rain Reduction Program** through Title IV of the Clean Air Act Amendments of 1990, which focuses on sulfur dioxide (SO_2) and nitrogen oxides (NO_X).

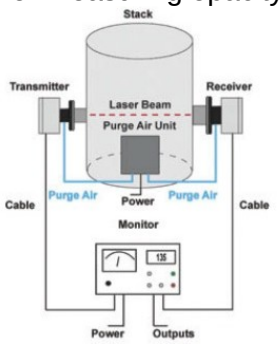
The Clean Air Act of 1990 created the framework to form the initiatives that target mercury emission reductions. The EPA regulates mercury (Hg) under Section 112, which specifically lists mercury compounds as hazardous air pollutants. Mercury is a Persistent Bio-accumulative Toxic (PBT) due to this metal's inability to degrade. On December 16, 2011, the EPA issued **Mercury and Air Toxics Standards** (MATS) for new and existing coal- and oil-fired power plants that generate electricity for sale and distribution to the public through the national electric grid. The standards are intended to reduce certain toxic air pollutants (and especially mercury) emitted from all major fossil fuel-fired units located at U.S. power plants with a capacity of 25 megawatts (MW) or more, including those owned by electric utilities, industrial concerns, the Federal government, municipalities and cooperatives that provide electricity for commercial, industrial and residential uses. The regulation targets a 90% reduction of specific air toxins, including mercury. MATS are estimated to prevent up to 11,000 premature deaths, 130,000 asthma attacks and 5,700 emergency room visits each year.[iii]

Pollution control requirements stringent, and there is a statutory-constrained compliance deadline. Exhausts from stacks of industrial facilities are required to be monitored for regulated pollutants and comply with the emission regulations of the Environmental Protection Agency and state governments. Management has placed an emphasis on diversifying the company's revenue streams from

Though originally incorporated as Diversified American Holdings on April 27, 1998, the company's name was changed Cemtrex on December 16, 2004. Soon thereafter, on December 30th, Cemtrex purchased the **emission monitoring assets from Ducon Technologies**, Inc. for 325,000 common shares. Ducon Technologies was and is owned by the then Chairman and CEO of Cemtrex, Arun Govil, and who is the controlling shareholder Cemtrex today. Ducon continues to operate as a significant environmental control and materials handling company focused on providing air pollution control equipment/systems and material handling & conveying systems.[iv]

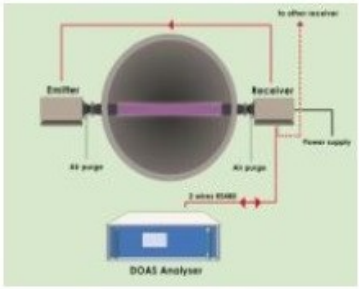
The emission monitoring products (which measure the concentrations of various regulated pollutants in the flue gases being discharged from exhaust stacks from utility power plants, industrial boilers, industrial furnaces, gas turbines, process heaters and incinerators) include:

- **laser opacity monitor** for measuring opacity and dust of stack gases





- **extractive Continuous Emission Monitors** (CEMS) designed for monitoring stack gases for nitrogen oxides (NOx), sulfur dioxide (SO2), carbon dioxide (CO2), molecular oxygen (O2), carbon monoxide (CO), total hydrocarbons (THC), mercury (Hg), hydrogen sulfide (H2S), hydrochloric acid (HCl), hydrofluoric acid (HF), ammonia (NH3), particulates, opacity, volumetric flow and moisture
- **ammonia analyzer** that measures ammonia in the flue gas stream via ultra violet spectroscopy





- **mercury analyzer** that monitors all species of mercury through a thermo-catalytic method that converts all mercury to its elemental form. The company's SM-4 mercury monitor conforms to EPA Part 75 regulations and has been installed at chlorine plants, coal-fired power plants and cement plants.

The acquisition of the emission monitoring assets enabled Cemtrex to design, assemble and sell emission monitors and monitor systems to the electric utility, cement, paper, chemical, refinery, mining and incineration industries. Today, the company's emission monitoring assets are manufactured and sold by Cemtrex's Monitoring Instruments and Products Group (MIP) division.

Almost 2 ½ years later, on April 30, 2007, the company acquired **Griffin Filters LLC**, a company engaged in the design, engineering and sale of industrial **air filtration equipment**. At the time, Griffin was generating approximately $3.3 million in sales and net income of $145, 981.[v] Again, Griffin was owned by Arun Govil. Cemtrex acquired Griffin LLC for a total consideration of $2.75 million ($700,000 cash, 3,333,333 common shares and $1.3 million four-year 8% convertible debenture). However, in September 2009, the convertible debenture was cancelled in return for 416,666 common shares and 1,000,000 shares of Series A Preferred Stock.[vi]

In February 2010, Cemtrex enhanced its line of Continuous Emission Monitors (CEMS) by launching the **IntelliCEMS Gas Analyzer** series, a product line which can be custom designed to include up to seven analyzers (SO2, O2, NOx, CH4, CO, CO2 and THC). Housed in a climate controlled enclosure, IntelliCEMS Gas Analyzers are designed to meet EPA emissions monitoring regulations for GHG emissions (40 CFR Part 98). IntelliCEMS also has the ability to sample gases from multiple stacks. Cemtrex designs, installs and supports custom-designed, turn-key systems for a myriad of applications, including solid waste disposal, waste water systems, boilers, furnaces, chemical plants, glass manufacturing, petroleum refineries, natural gas processing, metal smelters and paper mills.



GRIFFIN FILTERS

Griffin Filters provides air filtration and environmental control equipment to the chemical, cement, metals, food, construction, mining, plastics, pharmaceutical and petrochemical industries. Cemtrex acquired Griffin Filters LLC in April 2007 for $2.75 million. The purchase price was structured as $700,000 cash, 3,333,333 common shares and a $1.3 million 4-year 8.0% convertible debenture, which was convertible

into 5,000,000 common shares. At the time of acquisition, Griffin was generating approximately $3.3 million in sales and producing income of $145,981.

Initially Griffin was established as Griffin Environmental in 1965 and later reorganized as Griffin Filters LLC in 1971. Griffin Filters is engaged in the designer and supplier of industrial air filtration equipment, primarily **baghouses** (air pollution control devices that employ fabric filters to remove particulates out of gases emitted from commercial processes). Griffin's equipment was and is still used to remove

- particulates and corrosive fumes from industrial exhausts
- gaseous pollutants (such as sulfur dioxide, hydrogen chloride, hydrogen sulfide and chlorides) from industrial exhaust stacks
- dusts from coal, phosphates, cement, and soda ash at construction, manufacturing and mining operations

From 1971 to 2010, Griffin Filters principally served the domestic U.S. market, but beginning in 2011, international opportunities were more aggressively pursued and several equipment supply and construction projects were secured. In addition, during 2013, management expanded Griffin's product offerings to include **precipitators**. The following year, aggressive use of hydraulic fracturing by the domestic oil & gas industry in order to develop the tight oil resources in the United States, drove demand for larger quantities of frac sand (silica sand and other proppants). The process of producing frac sand results in the emission of dust particulates (especially during the procedures of post-wash drying, screening, loading and unloading). Griffin bag filters mitigate the dusty, hazardous breathing conditions in the manufacturing process and at transportation loading points. Griffin Filters received increased inquiries and several significant orders during 2014 when oil prices were above $75 per barrel. Though demand lessen as oil prices dropped to around the $50 level, the development of these unconventional oil & gas resources will accelerate when oil prices rebound.

JA-462-CE Baghouse



Asphalt Plant

CJA-588-H14 Baghouse



Titanium Billet Grinding Operation

JA-272-E Baghouse



Clay Calciner Operation

Since 1971, **Griffin Filters has installed over 25,000 dust collectors**. The firm also provides engineering services for the design of new dust collection systems and the retrofit of existing equipment. Refurbishment and/or modifications of outdated often results in more efficient and durable systems with increased capacity and reduced maintenance costs.

In addition to systems, a variety of models of components are available: cartridge collectors, silo filter vents, batcher vents, suction hoods, ductwork among others. Furthermore, specialty equipment capable of performing at high temperatures (over 1,000°F) is offered.

Cartridge Collector



Silo Filter Vent



Cartridge Silo Vent



Batcher Filter Vent



Also, various styles of filter bags and spare parts for the collectors (diaphragm valves, solenoid valves, timer boards, flex hoses, etc.) are offered for sale.

DISTRIBUTION AGREEMENTS

- September 19, 2012 –Representative agreement with **Modcon Systems**
- September 19, 2013 – Distribution agreement with **SensEvolution**®, a division of BAGGI®, for process oil and gas analyzer systems in the U.S. market.
- June 10, 2015 – Distribution partner agreement with **Prozess Technologie** for real-time process analyser products that utilize precision light (spectroscopy) technology.

In order to better serve the company's existing customer base, Cemtrex has entered into distribution agreements to bolster its product portfolio with complementary offerings. In September 2012, Cemtrex entered into an agreement with **Modcon Systems**, an Israeli company and provider of on-line process analyzer systems for the oil, gas, chemical, petrochemical and biotechnology industries. For Cemtrex's existing refinery customers, **Nuclear Magnetic Resonance (NMR)** and **InfraRed (NIR) analyzer systems**, in particular, can optimize the performance of the distillation process.

Currently, many refineries monitor the distillation process by laboratory analysis, which requires a time lag of up to eight hours before the analytical results are available. Real-time monitoring of oil refining processes with NIR and NMR analyzer systems efficiently and effectively allow for corrective responses to optimize the crude blending processes thereby increasing throughput, lowering operating costs and maximizing yield while maintaining product quality.

By being able to detect the presence and the concentration of chemical constituents in a process stream **NMR** spectroscopic techniques can analyze the composition of fluid petroleum products on a continuous basis as they flow through pipes during all the stages of the distillation process, from the incoming crude oil to the outgoing streams of distillates (light naphtha, heavy naphtha, kerosene, light gasoil and heavy gasoil). This extensive range of applications from heavy crude oil to light naphtha,

NIR technology can analyze the physical properties and composition of transparent petroleum fluids, like light distillates, naphtha and blended gasoline, on a real-time basis. The measurements allow for real-time monitoring and control (through corrective responses) of the light distillate mix. Since NIR analysis is an optical method, it requires transparent solutions, and therefore, not applicable to opaque and dense solutions like crude oil and heavy distillates (heavy gasoil and bottom residues). Also, NIR technology lacks linear response making linear extrapolations invalid. However, the lower price of NIR analyzers,

along with the attributes of ease of installation, reliability and minimal maintenance requirements, make them the most attractive option for transparent fluids.



MOD-8000
Process NMR Analyzer



Beacon-3000
Process NIR Analyzer



MOD-4100
Crude Oil Analyzer

The optimal price/performance can be achieved by incorporating both NIR and NMR technologies. The payback period for the installation of NIR and NMR analyzer systems is usually less than six months.

Cemtrex currently distributes Modcon's MOD-8000 NMR, Beacon 3000 NIR and MOD-4100 analyzer systems to customers in the petroleum, chemical and petrochemical industries.

In September 2013, Cemtrex entered into a distribution agreement with **SensEvolution**, a division of BAGGI, which was developed to provide industrial analysis instruments to various industries. The agreement allows Cemtrex to market and sell SensEvolution's crude oil and gas process analyzer systems in the U.S. Marketed by Cemtrex's Monitoring Instruments and Products (MIP) division; these oil and gas process analyzers provide real-time measurements of certain critical parameters that are necessary to optimize the yield of blended and refined oil and gas products. Examples of some of the factors monitored during the refining process are Research Octane Number (RON), salt content, pH and viscosity.



In June 2015, Cemtrex signed of a distribution partner agreement with **Prozess Technologie**, privately-held company based in St. Louis that offers in-line process measurement solutions. The agreement allows Cemtrex to deploy Prozess Technologie's Reveal™ process analyser product lines, which utilize spectroscopy (a precision light technology) for real-time process measurement and manufacturing control resulting in reduced cycle time, improved yield and increased profitability. Reveal™ technology can measure solids, liquids and gases in real-time in both batch and continuous manufacturing systems, and can be customized for harsh environments, including certified enclosures for hazardous areas.

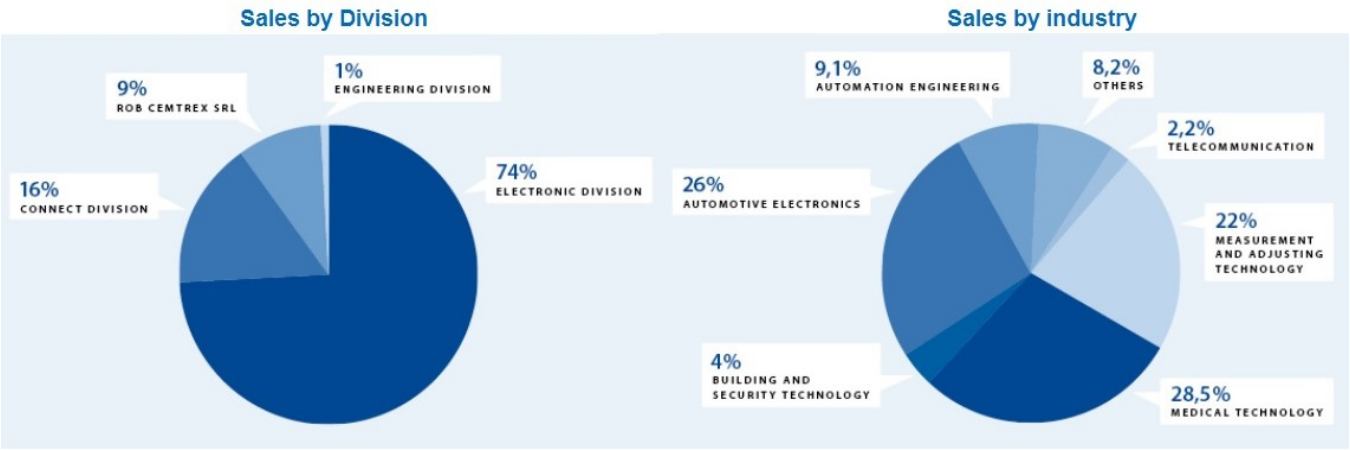
2013 – ELECTRONIC CONTRACT MANUFACTORING BUSINESS (ROB CEMTREX GmbH)

Located Neulingen, Germany (near Stuttgart), **ROB Cemtrex GmbH** is an electronics design and manufacturing company consisting of four divisions: Electronic, Connect, ROB Systems SRL and Engineering.

The **Electronic division** (ROB Cemtrex GmbH's largest division accounting for 74% of ROB's sales) provides **electronic manufacturing services** of custom-engineered electronic modules and systems, including printed circuit board assemblies and completely assembled electronic products. The division's mechanical and electronic capabilities enable both automatic and manual assembly and testing of products. ROB-Electronic has the equipment and experience to produce electronic circuits utilizing Surface-Mount Technology (SMT) which mounts components directly on the circuit board by either vapor phase reflow or convection reflow techniques and/or Through-Hole Technology (THT), by which the leads of the components are selectively soldered through holes. The printed circuit boards are then protected by the application of PCB coatings with conveyor ovens or through PCB encapsulation utilizing hot melt molding technology. ROB-Electronic offers complete services for the assembly of electronic devices and systems, including functional testing and sales packaging.

The **Connect division** (16% of ROB's sales) provides **cabling solutions** from pre-made cables to the design, production and testing of connection systems. The wire and cable products include single strands, round wires, complex wire harnesses, flat cables and connectors. The system assembly process also includes cable marking and molding services.
ROB Systems SRL consists of the company's manufacturing facility in Sibiu (Herrmannstadt in German), Romania. The facility has been in operation since December 2009.

The **Engineering division** develops and sells hardware and software.



The products produced by ROB Cemtrex GmbH are usually incorporated into finished products sold by OEMs in various industries, predominantly the automotive, telecommunications, appliance, consumer electronics, industrial automation, renewable energy and medical device industries. OEMs often outsource non-core manufacturing services, allowing the OEMs to focus and excel at the development and marketing of their own core products and technologies. Cemtrex has become a reliable electronics contract manufacturing partner and can offer low, medium and high volumes of Printed Circuit Board Assembly (PCBA) services.

In October 2013, management opportunistically acquired ROB Group. At the time, the German company was generating approximately $30 million in sales when a major customer defaulted on a large amount of receivables. The ensuing insolvency situation allowed Cemtrex to acquire the ROB Group on extremely favorable terms. Cemtrex is protected from a similar receivables situation since now all orders and receivables are insured by a major insurer.

Initially, the purchase price for the ROB Group was **€4.2 million** (or approximately $5.6 million). The acquisition was financed with a €2,010,868 ($2,685,514) loan from Ducon Technologies and a €3.0 million ($4,006,500) eight-year loan from Sparkasse Bank (Germany), of which €2.1 million ($2.8 million) directly funded the purchase of the ROB Group and €0.9 million ($1.2 million) was used to fund initial operations. In the year prior to its acquisition (fiscal 2011), the ROB Group generated sales of €42.1 million.

The transaction closed on October 31, 2013. ROB Group was **subsequently renamed ROB Cemtrex GmbH** and now operates as a subsidiary of Cemtrex within the Electronic Manufacturing Services segment.

Between October 2013 and May 2014, additional loans totaling €2.0 million and carrying an interest rate of 4.0% were obtained from Sparkasse Bank in order to further fund the operations of ROB Cemtrex GmbH. An additional €200,000 ($272,840) loan from Sparkasse Bank carrying an interest rate of 4.5% granted on May 28, 2014 financed an upgrade of the information technology infrastructure at ROB.

In March 2014 Cemtrex further supported its commitment to ROB by purchasing the 70,000 square feet office and manufacturing building that ROB Cemtrex GmbH occupies in Neulingen, Germany. The transaction was financed through a €4.0 million ($5.5 million) 17-year 3.0% mortgage with Sparkasse Bank.

Brief History of ROB

Founded in 1989, the ROB Group initially provided electronic manufacturing and production services, including the assembly and testing of electronic assemblies, terminals and systems. The company expanded into Switzerland in 1999 founding ROB-SA and established ROB-Engineering in 2000. ROB-Connect (a provider of cable and connection products and systems) was formed in 2004.
Between 2007 and 2009, ROB-Systems SRL planned and constructed a 10,000 square feet production facility in Sibiu, Romania. Production began on December 1, 2009.

The ROB Group appears to have grown at a significant rate between 1997 and 2013 when it was acquired by Cemtrex. Since the ROB Group was privately held, no historical sales figures are publically available. However, a rough calculation of ROB's office and factory floor space is a testament to the company's success.

Area for Offices and Production of ROB

Year	Square Feet	Primary Area of Expansion
1997	1,500	ROB-Electronic
2000	2,000	ROB-Engineering
2004	7,000	ROB-Connect
2007	10,000	ROB-SA
2009	20,000	ROB- Systems SRL (Romania)
2014	90,000	ROB Cemtrex GmbH

VALUATION

The valuation methodology for pollution control and related companies, including contract manufacturers, usually is based on the use of EV-to-EBITDA (Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization) reflecting the industry's characteristics of profitability and cash flow generation.

Industry Comparables	Pr Chg YTD	P/E CFY	EPS Gr 5Yr Est	Gross Margin	Price/ Book	Price/ Sales	Price/ CF	EV/ EBITDA
CEMTREX INC.	-26.3	6.0	25.0	29.7	3.9	0.3	23.3	8.2
Industry Mean	-15.1	16.1	16.0	35.8	2.3	1.7	12.6	13.8
Industry Median	-15.7	17.3	16.1	29.1	2.1	1.9	13.0	14.5
S&P 500	2.1	17.5	10.8	N/A	7.5	3.7	15.8	N/A
ALBEMARLE CORP.	-14.7	13.1	16.2	28.2	1.8	2.1	9.2	18.8
CALGON CARBON	-16.7	17.3	7.0	34.3	2.3	1.6	11.5	8.7
CECO ENVIRONMENTAL	-39.3	10.4	17.0	29.6	1.4	0.9	6.8	9.5
CYTEC INDUSTRIES INC.	29.7	18.6	16.0	30.0	3.4	2.1	14.4	16.4
IDEX CORP.	-2.0	21.3	14.7	45.8	4.1	2.9	16.5	12.7
FUEL-TECH INC.	-47.3	N/M	25.0	46.6	0.7	0.6	17.2	16.8

Our valuation comparables for pollution control and related companies with gross margins in the 30% range are Albemarle (ALB), Calgon Carbon (CCC), CECO Environmental (CECE), Cytec Industries (CYT), IDEX (IEX) and Fuel-Tech (FTEK). The comparable pollution control and related companies have higher-than-average gross margins, generally in the low-30% range, which are comparable to the gross margin Cemtrex is achieving.

The applicable valuation parameter for Cemtrex is enterprise value-to-EBITDA (EV/EBITDA) due the character of the company's enterprise, namely a small-capitalization company with a rapidly growing revenue profile that should continue to expand over time as management invests in the underlying businesses and deepens the company's presence in existing markets. This classic valuation parameter is known to be the highest correlated metric and relatively reliable determinant of stock price in Cemtrex's company universe. Though the risks associated with newer, smaller companies, such as Cemtrex, are greater than that for more established companies with longer track records, in our view, so are the growth prospects.

Comparable pollution control and related companies have gross margins in the low-30% range and have an average EV/EBITDA ratio of 13.8. Utilizing the upper second quartile EV/EBITDA ratio of 16.2 on trailing twelve-month (TTM) EBITDA, our **share price target is $5.60**

We are optimistic about Cemtrex. The company should experience an increase in revenues over the next few years as management pursues opportunities in the contract manufacturing industry and seeks to make accretive acquisitions.

RISKS

- Through Cemtrex buys parts and components to assemble and manufacture some of its equipment and products and also utilizes third-party suppliers to procure some components, the company is not dependent on any one supplier.
- The company faces considerable competition in all of its key markets, but especially in the emissions control industry. Almost all competitors are larger with greater financial resources than Cemtrex. However, management believes that company's reputation, which is built on the successful installation and operation of products and systems, is a key factor in winning contracts and generating orders with both existing and new customers.
- The company's environmental control business is dependent on the implementation and enforcement of environmental emissions regulations.
- Cemtrex has launched two efforts which subsequently were sidelined or abandoned: Green DCV (a line of energy efficiency products for commercial buildings) in August 2008 and an investment in Pluto Technologies (a mobile startup) in October 2012.
  - Green DCV (Direct Controlled Ventilation) optimizes the operation of HVAC control systems in commercial buildings. Green DCV can improve energy efficiency of up to 40% on both existing and new installations. However, initial demand diminished when lower energy prices lengthened pay-back periods for its adoption.
  - Cemtrex funded Pluto Technologies, a mobile technology startup with a team of software engineers in Pune, India. Pluto was developing software for both commercial and industrial markets until management's focus was diverted by the ROB acquisition, which resulted in the mobile app market no longer being pursued by the company.

INSIDER TRADING AND OWNERSHIP

Approximately 70% of outstanding voting equity is beneficially held by Arun Govil (Executive Director and the prior Chairman and CEO) and Saagar Govil (the current Chairman and CEO). Arun Govil beneficially controls 3,405,000 shares and Saagar Govil directly owns 1,333,333 shares. Saagar Govil, son of Arun Govil, became the Chief Executive Officer in December 2011 and Chairman in June 2014. Previously, Saagar Govil served as Vice President of Operations. Ravi Narayan, Vice President and Director, owns 133,333 shares while Renato Dela Rama, CFO and Director, owns 66,666 shares.

BALANCE SHEET & PROJECTED INCOME STATEMENT

Cemtrex, Inc.							
Fiscal Year ending September 30th	9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014	3/31/2015
ASSETS							
Cash and cash equivalents	356,552	41,139	415,369	333,045	66,963	146,095	503,788
Short-term investments	-	-	-	-	-	559,815	-
Accounts receivable	948,815	731,96	261,54	293,15	641,264	4,038,340	3,915,06
Trade receivables - related party	-	-	1,127,575	354,786	1,206,372	-	-
Inventory	334,102	387,62	317,89	250,84	159,348	6,270,327	6,229,43
Prepaid expenses and other assets	14,650	4,022	263,174	393,80	432,131	531,26	1,663,610
Total Current Assets	**1,654,119**	**1,164,75**	**2,385,56**	**1,625,63**	**2,506,07**	**11,545,839**	**12,311,89**
Investments	-	-	-	80,000	0	-	-
Property and Equipment, net	85,138	62,27	39,33	20,46	9,323	7,399,096	7,148,15
Goodwill	-	-	-	-	-	845,000	845,00
Due from related parties	-	-	-	-	354,150	-	-
Other	4,225	4,22	4,225	6,27	4,22	52,428	34,60
TOTAL ASSETS	**1,743,482**	**1,231,25**	**2,429,11**	**1,732,37**	**2,873,77**	**19,842,363**	**20,339,65**
Liabilities and Stockholders' Equity							
Accounts payable	876,799	911,84	650,40	320,70	571,485	2,721,705	3,528,91
Accrued expenses	387,877	191,38	148,45	38,522	63,625	440,436	606,61
Note Payable - Bank	-	250,000	-	-	-	-	-
Customer deposits	-	-	15,600	-	-	-	-
Accrued income taxes	-	-	-	-	-	62,032	57,00
Convertible notes payable	-	-	-	-	-	-	858,000
Current portion of long-term liabilities	-	-	-	-	-	689,769	570,78
Total Current Liabilities	**1,264,676**	**1,353,22**	**814,455**	**359,23**	**635,11**	**3,913,942**	**5,621,30**
Bank Loans	-	-	-	-	-	6,549,139	4,547,70
Mortgages	-	-	-	-	-	3,865,982	4,073,42
Notes - Shareholder	390,520	738,49	-	-	1,107,484	1,869,79	1,210,58
Notes - Officer	-	-	1,520,178	476,458	-	-	-
Convertible Debenture	-	55,938	-	-	-	-	-
TOTAL LIABILITIES	**1,655,196**	**2,147,65**	**2,334,63**	**835,689**	**1,742,594**	**16,198,854**	**15,453,03**
Preferred Stock Series A	1,000	1,00	1,000	1,00	1,00	1,00	1,00
Common stock	39,723	39,82	39,82	40,59	40,599	40,59	40,747
Additional paid-in-capital	42,606	66,506	66,506	165,730	165,730	165,730	228,855
Retained Earnings (Accumulated Deficit)	4,957	(1,023,725)	(12,843)	689,356	923,853	3,592,739	5,071,184
Accumulated other comprehensive inc. (loss)	-	-	-	-	-	(156,559)	(425,161
Total Stockholders' Equity	**88,286**	**(916,396)**	**94,486**	**896,685**	**1,131,182**	**3,643,50**	**4,916,62**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**1,743,482**	**1,231,25**	**2,429,11**	**1,732,37**	**2,873,77**	**19,842,363**	**20,369,65**
Shares outstanding	6,620,477	6,637,14	6,637,18	6,766,522	6,766,52	6,766,52	6,766,52

Cemtrex, Inc.							
Income Statement Period ending	FY 2009 9/30/2009	FY 2010 9/30/2010	FY 2011 9/30/2011	FY 201 9/30/2012	FY 201 9/30/2013	FY 201 9/30/2014	FY 2015 E 9/30/2015
Revenues	**6,967,992**	**3,304,055**	**13,732,153**	**12,162,046**	**13,673,531**	**47,653,114**	**62,249,796**
Cost of goods sold	4,067,677	1,912,271	11,600,741	10,731,918	12,528,549	32,057,846	43,466,451
Gross Profit	**2,900,315**	**1,391,784**	**2,131,412**	**1,430,128**	**1,144,982**	**15,595,268**	**18,783,345**
Operating expenses							
Research and Development	5,535	-	-	-	-	-	-
General & Administrative expenses	2,628,536	2,393,496	1,027,407	683,372	798,135	12,582,072	15,136,338
Total operating expenses	**2,634,071**	**2,393,496**	**1,027,407**	**683,372**	**798,135**	**12,582,072**	**15,136,338**
Operating gain (loss)	**266,244**	**(1,001,712)**	**1,104,005**	**746,756**	**346,847**	**3,013,196**	**3,647,006**
Other income (expense):							
Interest (expense)	(107,789)	(26,970)	(93,123)	(42,075)	(45,850)	(436,864)	(650,960)
Gain (loss) on disposal of fixed assets							
Gain (loss) on forgiveness of liabilities							
Other income (expense)						153,516	509,609
Total other income (expense)	**(107,789)**	**(26,970)**	**(93,123)**	**(42,075)**	**(45,850)**	**(283,348)**	**(141,351)**
Net Gain (Loss) before taxes	**158,455**	**(1,028,682)**	**1,010,882**	**704,681**	**300,997**	**2,729,848**	**3,505,655**
Recovery of (Accrual for) Income Taxes	(3,445)	0	0	(2,482)	(12,500)	(60,962)	100,100
Net Income (Loss)	**155,010**	**(1,028,682)**	**1,010,882**	**702,199**	**288,497**	**2,668,886**	**3,605,755**
Foreign currency translation gain (loss)	-	-	-	-	-	-	0
Comprehensive income (loss)	-	-	-	-	-	-	3,605,755
Net Earnings (Loss) per share:							
Diluted Earnings (Loss) per share	**0.02**	**(0.16)**	**0.15**	**0.11**	**0.04**	**0.39**	**0.47**
Wgted average diluted shares	6,232,890	6,628,810	6,637,188	6,666,244	6,766,522	6,766,522	7,642,001
Gross Margin	**41.6%**	**42.1%**	**15.5%**	**11.8%**	**8.4%**	**32.7%**	**30.2%**
Operating Margin	**3.8%**	**-30.3%**	**8.0%**	**6.1%**	**2.5%**	**6.3%**	**5.9%**

Cemtrex, Inc.

Income Statement Period ending	FY 2013 9/30/2013	1Q FY 201 12/31/2013	2Q FY 2014 3/31/2014	3Q FY 2014 6/30/2014	4Q FY 201 9/30/2014	FY 2014 9/30/2014
Revenues	**13,673,531**	**8,964,380**	**11,548,572**	**13,453,734**	**13,686,428**	**47,653,114**
Cost of goods sold	12,528,549	6,139,642	7,503,446	9,253,772	9,160,986	32,057,846
Gross Profit	**1,144,982**	**2,824,738**	**4,045,126**	**4,199,962**	**4,525,442**	**15,595,268**
Operating expenses						
General & Administrative expenses	798,135	2,367,061	3,212,987	3,364,778	3,637,246	12,582,072
Total operating expenses	**798,135**	**2,367,061**	**3,212,987**	**3,364,778**	**3,637,246**	**12,582,072**
Operating gain (loss)	**346,847**	**457,677**	**832,139**	**835,184**	**888,196**	**3,013,196**
Other income (expense):						
Interest (expense)	(45,850)	(54,358)	(88,838)	(148,261)	(145,407)	(436,864)
Other income (expense)		18,509	38,314	45,601	51,092	153,516
Total other income (expense)	**(45,850)**	**(35,849)**	**(50,524)**	**(102,660)**	**(94,315)**	**(283,348)**
Net Gain (Loss) before taxes	**300,997**	**421,828**	**781,615**	**732,524**	**793,881**	**2,729,848**
Recovery of (Accrual for) Income Taxes	(12,500)	(5,276)	(12,000)	(16,424)	(27,262)	(60,962)
Net Income (Loss)	**288,497**	**416,552**	**769,615**	**716,100**	**766,619**	**2,668,886**
Foreign currency translation gain (loss)	-	-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	-	-
Net Earnings (Loss) per share:						
Diluted Earnings (Loss) per share	**0.04**	**0.06**	**0.11**	**0.11**	**0.11**	**0.39**
Wgted average diluted shares	6,766,522	6,766,522	6,766,522	6,766,522	6,766,522	6,766,522
Gross Margin	**8.4%**	**31.5%**	**35.0%**	**31.2%**	**33.1%**	**32.7%**
Operating Margin	**2.5%**	**5.1%**	**7.2%**	**6.2%**	**6.5%**	**6.3%**

Cemtrex, Inc.

Income Statement Period ending	FY 2014 9/30/2014	1Q FY 201 12/31/2014	2Q FY 2015 3/31/2015	3Q E FY 2015 6/30/2015	4Q E FY 201 9/30/2015	FY 2015 E 9/30/2015
Revenues	**47,653,114**	**13,842,789**	**14,330,940**	**16,817,168**	**17,258,899**	**62,249,796**
Cost of goods sold	32,057,846	9,819,732	10,086,432	11,755,200	11,805,087	43,466,451
Gross Profit	**15,595,268**	**4,023,057**	**4,244,508**	**5,061,967**	**5,453,812**	**18,783,345**
Operating expenses						
General & Administrative expenses	12,582,072	3,621,822	3,446,935	3,994,481	4,073,100	15,136,338
Total operating expenses	**12,582,072**	**3,621,822**	**3,446,935**	**3,994,481**	**4,073,100**	**15,136,338**
Operating gain (loss)	**3,013,196**	**401,235**	**797,573**	**1,067,487**	**1,380,712**	**3,647,006**
Other income (expense):						
Interest (expense)	(436,864)	(140,612)	(189,460)	(150,772)	(170,116)	(650,960)
Other income (expense)	153,516	57,549	452,060			509,609
Total other income (expense)	**(283,348)**	**(83,063)**	**262,600**	**(150,772)**	**(170,116)**	**(141,351)**
Net Gain (Loss) before taxes	**2,729,848**	**318,172**	**1,060,173**	**916,715**	**1,210,596**	**3,505,655**
Recovery of (Accrual for) Income Taxes	(60,962)	78,700	21,400	0	0	100,100
Net Income (Loss) per share:	**2,668,886**	**396,872**	**1,081,573**	**916,715**	**1,210,596**	**3,605,755**
Foreign currency translation gain (loss)		(85,943)	(182,659)	0	0	(268,602)
Comprehensive income (loss)		**310,929**	**898,914**	**916,715**	**1,210,596**	**3,337,153**
Net Earnings (Loss) per share:						
Diluted Earnings (Loss) per share	**0.39**	**0.06**	**0.16**	**0.11**	**0.14**	**0.47**
Wgted average diluted shares	6,766,522	6,784,007	6,789,006	8,489,006	8,505,984	7,642,001
Gross Margin	**32.7%**	**29.1%**	**29.6%**	**30.1%**	**31.6%**	**30.2%**
Operating Margin	**6.3%**	**2.9%**	**5.6%**	**6.3%**	**8.0%**	**5.9%**

HISTORICAL ZACKS RECOMMENDATIONS



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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- 27.6%, Hold/Neutral- 50.9%, Sell/Underperform – 18.4%. Data is as of midnight on the business day immediately prior to this publication.

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[i] Originally, the amount was 1,950,000 shares, but to account for the 1 for 6 reverse split of April 2015, the payment is now 325,000 shares.
[ii] Alkylated lead compounds, polycyclic organic matter (POM), hexachlorobenzene, mercury, polychlorinated biphenyls, 2,3,7,8-tetrachlorodibenzofurans (TCDF) and 2,3,7,8-tetrachlorodibenzo-p-dioxin (TCDD)
[iii] EPA FACT SHEET: Mercury and Air Toxics Standards, Benefits and Costs of Cleaning Up Toxic Air Pollution from Power Plants, December 21, 2011.
[iv] http://www.ducon.com/index.php
[v] For fiscal year ended September 30, 2006.
[vi] Originally, the share amounts were 20,000,000 and 2,500,000 shares, but to account for the 1 for 6 reverse split of April 2015, the shares are now 3,333,333 and 416,666, respectively.