

Parabolic Stock Picker

Newsletter dedicated to picking small *Bargain Growth* stocks ready to *Go Parabolic*

WEEKLY UPDATE – JUN 30, 2006

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www.parabolicstockpicker.com

HOT PICKS (new Buy signals)

Bargain Bin

- MIVA 06/02/06 4.03 online mktg network**
0.9x book, 20% EG, PS 0.7; cost cuts boost cashflow
- BTN 06/16/06 4.00 cinema/lighting equip**
1.3x book, 1.0x sales, strong cashflow, PE 13
- BHIP 06/23/06 4.80 direct selling network**
2.1x cash, 0.9x book, 0.2x sales (1.1x industry ave)
- METH 06/30/06 10.51 electronic components**
1.3x book, 15% EG, good cashflow, 1.9% dividend

Cheap Growth

- PDC 06/02/06 14.92 oil/gas drilling services**
PEG 0.3, 2.1x book, 18% ROE, strong cashflow
- SOLD 06/16/06 8.92 online real estate services**
20% EG, 16% ROE, massive cashflow, 2.7x cash
- PTSI 06/30/06 28.89 dry truckload carrier**
PEG 0.7, 2.0x book, 0.8x sales, strong cashflow

PICK THAT APPLE (new Hold/Sell signals)

Bargain Bin

- YAKC 06/16/06 Sell 2.88**
-16.8%, 182 days; this call's minutes ran out
- DWRI 06/23/06 Sell 5.64**
+3.1%, 168 days; too many restructurings
- TEAM 06/23/06 Sell 9.22**
-17.2%, 84 days; new mgmt team needs time
- PSAI 06/30/06 Sell 12.48**
-9.6%, 63 days; stock price needs healing touch

Cheap Growth

- XPRT 06/02/06 Sell 17.27**
+1.8%, 91 days; not an expert trade after all
- PHRM 06/09/06 Sell 17.80**
+5.3%, 98 days; sedated itself after good start
- NMSS 06/09/06 Sell 3.83**
+5.5%, 91 days; didn't enable big gain this time
- GIFI 06/09/06 Sell 20.39**
-16.3%, 42 days; couldn't construct a winner
- SRVY 06/16/06 Hold 6.87**
+27.7%, 182 days; survey says this one scored
- ZOLL 06/16/06 Hold 30.00**
+13.1%, 182 days; revived a gain before expiring
- QLTI 06/16/06 Sell 6.84**
+1.5%, 154 days; no big winner sighted here
- FARO 06/16/06 Sell 13.21**
-19.3%, 35 days; timing didn't measure up
- APTM 06/23/06 Hold 8.90**
+73.2%, 97 days; Cheap Growth as advertised

Jun 2006	PSP +0.7%	Russell 2000 +0.5%	S&P 500 +0.0%	NASDAQ -0.3%
2006 YTD	PSP +22.0%	Russell 2000 +7.6%	S&P 500 +1.8%	NASDAQ -1.5%
2005	PSP +25.8%	Russell 2000 +3.3%	S&P 500 +3.0%	NASDAQ +1.4%

MARKET PICKINGS

Equity markets broke their losing streak this week, rallying on relief that the FOMC statement hinted more at a pause in rate hikes than further increases, setting the stage for a strong July.

Russell 2000 was big winner, up +5.0% this week, from "window dressing" by funds eager to hold small caps at quarter end; move put index into black for June, posting a +7.6% YTD gain. NASDAQ regained +2.4% but still red; S&P 500 +2.1%, did exactly nothing in June, but remains in the black (+1.8%) for 2006.

Parabolic Stock Picker had a volatile week, up just +0.6%; but, we finished June up +0.7% and continued our leading +22.0% YTD return. Week ended Jun 30 was quieter on the selling front with one Picked Apple. PSAI slipped shortly after our Apr 28 *Buy* and never got untracked, down -9.6%.

Recent *Hot Picks* SOLD (-22.3%) and BHIP (-22.5%) are crushing us, offsetting gains this week in VNUS (+12%), AGYS (+11%), NVTL (+10%) and TWMC (+9%); expect price recovery but timing was terrible.

Hot Pick Methode Electronics (METH) is undervalued Midwest manufacturer (electronic/optical components); auto customer issues hurt stock but it has good cashflow and earnings prospects (also 1.9% dividend, next paid Jul 31). P.A.M. Transportation (PTSI) carries full truckload dry goods across the US, Canada and Mexico; low 0.7 PEG ratio, strong cashflow, new 52-week trading high in hot trucking sector.

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PARABOLIC PORTFOLIO - ACTIVE PICKS (open trades)

Bargain Bin

<u>Ticker</u>	<u>Business</u>	<u>Buy Date</u>	<u>Price</u>	<u>Current (06/30/06) Price</u>	<u>% Gain</u>	<u>Market Cap (\$M)</u>
AGP	Medicaid mgd health	20-Jan	20.78	31.04	49.4%	1330.0
STEC	memory cards	3-Mar	3.73	3.75	0.5%	186.8
DPII	drug discovery tools	17-Mar	2.45	2.60	6.1%	64.8
DRAD	med imaging equip	17-Mar	3.79	4.48	18.2%	73.9
PDII	drug mktg services	21-Apr	11.93	14.39	20.6%	170.5
TWMC	music/video retailer	21-Apr	5.47	7.22	32.0%	162.3
VNUS	venous reflux disease	28-Apr	7.85	8.38	6.8%	117.7
AGYS	enterprise sftw distrib	5-May	16.04	18.00	12.2%	489.6
VOXX	mobile electronics	26-May	12.77	13.66	7.0%	286.0
MIVA	online mktg network	2-Jun	4.03	4.05	0.5%	126.0
BTN	cinema equip rental	16-Jun	4.00	3.80	-5.0%	54.2
BHIP	direct sales network	23-Jun	4.80	3.72	-22.5%	39.4
METH	electric components	30-Jun	10.51	10.51	0.0%	391.9
					Average Ave Days	10.5% 69

Cheap Growth

<u>Ticker</u>	<u>Business</u>	<u>Buy Date</u>	<u>Price</u>	<u>Current (06/30/06) Price</u>	<u>% Gain</u>	<u>Market Cap (\$M)</u>
KVHI	satellite/nav equip	24-Feb	10.60	11.66	10.0%	159.3
EDGW	managed IT services	31-Mar	6.54	6.94	6.1%	86.6
NVTL	wireless modems	21-Apr	10.07	10.42	3.5%	295.7
GPX	training/consulting	28-Apr	7.20	7.71	7.1%	113.0
DGII	connectivity products	12-May	12.11	12.53	3.5%	279.4
PDC	oil drilling services	2-Jun	14.92	15.44	3.5%	740.0
SOLD	online real estate svc	16-Jun	8.92	6.93	-22.3%	230.9
PTSI	dry truckload carrier	30-Jun	28.89	28.89	0.0%	297.4
					Average Ave Days	1.6% 63