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Firstly, an update on Cost-U-Less (CULS), which has risen an amazing 36.8% in a matter of weeks since our buy recommendation. The stock has reached our 6-12 month price target of \$8 a bit premature, as investors are probably buying on the rumor on this one with regards to potential double-digit sales growth to be reported Wednesday. We recommend to take some profit, never hurts to, but at the same time we feel that the stock is finally getting the notoriety it deserves, **and we are therefore expanding our price target to \$11 a share** using a multiple of 7x expected EV/EBITDA. We've seen this type of action before of buying on the rumor and selling on the news, so after the sales figure is reported, shares could grow stale until the next event, which would be the Q4/YE earnings results, due out in late February/early March.

As 2004 came to a close, we added some final stocks to the Q3:04 pool and will soon begin to create a Q4:04 pool as those earnings start to pour in during the coming weeks. Here they are:

Hirsch International Corp. (NasdaqSC: HRSR) – makes electronic computer-controlled embroidery machinery and related value-added products and services. Sounds pretty dull, right? Well the company in the third quarter eked out operating income of \$79,000 as it is the midst of a turnaround. The stock reacted well on the news, despite flat revenues, climbing as high as \$1.63 a share from \$1.15 prior the announcement. Shares have waddled back down to around \$1.20 range, but what got our juices flowing was the cash position. As of last quarter Hirsch had cash, cash equivalents and restricted cash of \$11.1 million or \$1.33 per share. The company also sports a book value of \$1.74 per share with no long-term debt.

Kreisler Manufacturing Corp. (NasdaqSC: KRSL) – makes precision metal components for use in military and commercial aircraft engines and in industrial gas turbine engines. The company posted a profitable first quarter ended September 30, 2004 with \$0.06 a share, up from a loss of \$0.09 the same quarter in the prior year. The company grew due to biz from the military, which was up over 20% in the quarter, but could be jeopardized given recent cut backs from the government. Obviously commercial aircraft isn't the best performing industry, so Kreisler could have a tough road ahead and therefore the stock has been in a recent slide, trading around \$5, down from \$7.50 a few months ago. Good news is company has \$3.8 million in cash, no long-term debt, and trades at book value.

Cycle Country Accessories Corp. (AMEX: ATC) – is the industry leader in the design and manufacturing of custom-fitting accessories for virtually every brand of utility all-terrain vehicles (ATVs). The company had an amazing YE report, with sales rising 49% to \$20.7 million and earnings of \$0.35 per share, up from \$0.05 last year, and these results are despite the rise in steel costs. The stock rose to a 52-week high of \$6.50 on the

news, or 17% in one day of trading. Since then, shares have drifted back to \$5.65 a share, which could make them an eventual buy. Maybe we'll know more after the conference call Wednesday.

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