

2. Contact to supply voice messaging systems to Japan's Digital Phone Group for use in DPG's cellular network.

3. Order to supply PCS voice messaging systems for Korea Telecom Freetel (valued at \$14 million).

4. For complete corporate updates, news releases, visit OCTL on line @ <http://www.octel.com>

The explosion of popularity of voice mail in the US and overseas among corporations and institutions and the growing interoperability of telephone and data networks translate into a requirement for specified computer systems that can efficiently process voice mail. OCTL's products and services enable people to send voice and fax messages to each other and have their telephones and fax calls answered by a voice mail system. OCTL is the largest worldwide supplier of voice processing hardware and software technology, with estimated revenues exceeding \$630 million in FY 1997. Its product line is extensive and includes: computer modules, boards and software sales to customer users; and high-capacity, free standing computer systems sold to telecommunications service companies. OCTL is also a participant in the voice messages outsourcing industry.

We expect OCTL in fiscal 1998 to report earnings per share of \$1.30 from 1997's depressed estimated EPS of \$1.00. Revenue growth should rebound, aided by new products and a continuing strong service income gains. An estimated revenue improvement of 19% is likely, 16 - 17% excluding the deferred revenue. Profits will increase at a faster rate than revenues reflecting an uptick in gross profit margins and in improved expense ratio.

When we first recommended OCTL @ \$16.00, it was a steal - now at \$23.00 some of the bargain is gone short term, but long term, this company is the premier leader of the pack and deserves a higher multiple. The company has a huge cash hoard, no debt at all, new products being developed, as well as currently being introduced, dramatic growth in the international arena, insider purchases, new and seasoned management team and really not very expensive when one considers PE, PSR, P/CF and P/B.

OCTL, in our opinion, even at current levels, deserves a serious look. It surely would round out a diverse well managed portfolio.

We will monitor OCTL in our 900# model portfolio for percentage gain performance.

Broker Contact: 1-800-453-9408 - Greg Nelson.



## New Section High Risk Portfolio

Many of our readers have called or written, suggesting that we supply them with "Penny

Stock" opportunities.

These are the investment opportunities that everyone loves to hate. The risk can be high, but the huge reward potential lures even the most seasoned investor looking for the 10 banger.

The opportunities that we will be listing, in our opinion, are all unique and have the potential to reward the patient investor quite handsomely over the long term.

Usually the best way to play this segment is to purchase a basket of stocks, which, or course, spreads out the risk and also develops a diverse portfolio.

We intend to monitor this select group over the next 12 months and truly believe that results will be quite surprising.

Broker contact for all listed opportunities: Mike Chesler at 1-

800-331-1355.

**1. Visual Telephone International, Inc. (VTPI)** - 52 week range \$3.00 - .04 - outstanding shares around 8.4 million - roughly 2.5 million free trading. The company offers an affordable PC based video conferencing solution in the desktop video conferencing market with plug and play installation. At the recent ITCA 97 Exposition in Washington, D.C., VTPI introduced a new low cost, high performance desktop workstation. The new Visual 1100 is a small, low priced, high quality, fully integrated personal video conference station for the desktop. The Visual 1100 engine is a Pentium 100 MHz CPU with an 82430 VX PCI chip set and utilizes Windows 95 as its standard operating system. The Visual 1100 provides H.320 standards based video conferencing on a single ISDN BRI line offering TV quality in a space saving design on a 14" SVGA display monitor. (Cost/unit \$5,699). Cash is tight, considering some sort of equity financing - no reverse stock split likely. A great speculation at the current 10¢/share level. (Corporate phone: 201-525-0777 or 888 VIS-TELE).

**2. Semicon Tools, Inc. (SETO)**. The company sells small precision disposable diamond tools used to manufacture electronic components and devices which it either manufactures or purchases from exclusive suppliers. Through East Coast Sales Company, Inc., a wholly-owned sub, the company also serves as a distributor and fabricator of industrial ceramic products and a distributor of "clean room" materials and supplies primarily used by the electronics and defense industries. 52 week ranges .96 - .05. Currently around 11 million shares outstanding fully diluted. For the year ending January 31, 1997, net sales were \$1.6 million and net income was \$213K, an approximate increase of 28.4% over 1996 and a loss of \$420K. Earnings were .024/share for the year ending January 31, 1997. These results are based upon 10 million shares outstanding. SETO is fully reporting. The current book value is .075. Trailing 12-month PE value based upon current price is 2.9x. Should be worth more than the current price of \$.07. Corporate Phone No. 201-492-2208.

**3. Platforms International Corp. (PLFM)** owns and is currently operating an optionally manned or unmanned high altitude aircraft to validate the software and hardware of unmanned operations in flight. At present, PLFM is in the final stages of negotiations with Teledyne Ryan Aeronautical to provide flight hardware for a NASA project. This project has a value of \$10 million over 5 years. Other projects are at various stages of discussion. Management believes that PLFM will have sales of \$4 million and net income of \$3 million during the current fiscal year. Around 7.5 million shares at outstanding. Is management spaced out or is PLFM heading into space? We believe that the latter is the more likely scenario. The preliminary date for Platforms flight demo is August 1997. Current price is around \$.08 - 52 week range \$4.50 - .06 - could be a 20-banger. Corporate Number 909-795-9596 or 888-742-0770.

**4. IEH Corporation (IEHC)**. The company is engaged in the design, development, manufacture and distribution of high performance electronic printed circuit connectors and specialized interconnection devices.

The company serves both the commercial and military marketplace; manufacturing connectors for avionics, electronics, satellite, radar systems, test equipment, medical electronics and related industries. As of June 23, 1997, there were 2.3 million shares outstanding. The company employs 65.

For the year ending March 1997, revenues expanded quite rapidly to \$4.8 from \$4 million, while earnings exploded to .05/share from a loss of (.03). IEHC currently trades at a PE of 5x trailing 12 months. Current book value is around \$.24. Backlog of orders slightly above last; that is, \$1.3 million. First quarter looks strong - company anticipates even stronger results for current fiscal year with respect to revenue and earnings. The company is fully reporting. The trailing 12 months PSR is only .15 (that's 15% of 1x sales - very cheap) and

as mentioned, it only trades at 6x earnings. This one is a definite winner. Corporate Number 718-492-4440.

**5. Dale Systems (DALE).** This could be the cheapest of the cheap! The company has 235,000 shares outstanding with options at .625 to purchase an additional 200,000 shares by management. The company has 450 employees. It rents out security guards. The company reports only once a year. Total revenue ending May 1996 equalled \$6.9 million versus \$5.9 million for 1995 losses narrow to (\$.39) from (\$.67). Sales at present are growing by at least 10%/year according to management. For fiscal 1997, revenues surpassed \$7 million and losses narrowed even more. Management is optimistic that profitability is at hand. Book value around \$.57, PSR value .01 (that is only 1% of 1x sales). Could be a target for a buy out. The company has been around since the 1930s. The company also is involved in mystery and integrity shopping, undercover operations, substance abuse testing, polygraph and background investigations and entertainment checking. Corporate Number 516-794-2800.

**6. Diversified Corporate Resources (Pink Sheets and NASDAQ BB - HIRE).** If you want cheap, this one offers it all. The company act as an employment service firm for high-end professionals. Last year ending December 1996, sales reached \$27.4 million and net income of .83/share (based upon 1.8 million shares outstanding). Book value around .85 - revenues up first quarter - earnings a little weak, but we are not worried - forward split coming during July 1997 (2 for 1) current price around \$5.00 - anticipate new listing. This company is very secretive. We believe that acquisitions are possible or even a buy out. Trailing 12 months PSR is .32 - based upon December 1996 year end HIRE trades at only a PE of 6x. This investment opportunity offers long-term appeal. As mentioned, first quarter was a little weak, revenues were \$7.2 million versus \$6.2 million, while net income was .11 compared to .19. We believe that this opportunity is a sleeper. Corporate Number 972-458-8500.

**7. Industrial Technologies (NASDAQ - INTI).** The company develops sensing, monitors, processing and inspection technologies that operate under the demanding factory floor conditions encountered in a range of industries. The company's industrial computer group offers a full line of industrial strength processors, displays and peripherals designed to operate under harsh temperature, humidity and shock conditions found in factory environments. For the six months ended 3/31/97, net sales increased 25% to \$4.2 million. Net loss decreased 10% to \$177K. Revenues reflect improved INTI sales performance. Loss reflects an increase in gross profit and a decrease in S/G/A expense as a percentage sales. At present there are only 5.5 million shares outstanding. The book value is around .57 - company had no long term debt. The company recently was awarded a \$500K term loan from the Connecticut Development Authority, which will be utilized for working capital purposes devoted to internal growth and development in both its INTEC Inspection Division and its AMDEX Industrial Computer Division. 52 week range .15 - \$1.00 - current price .18 - trading at 1/3 of book - estimated PSR based fiscal 1997 is a mere 12% of sales. At current price, this one looks super cheap, especially if they turn profitable. Losses are narrowing. Finally, recently hired regional brokerage firm to aid in acquisitions and increasing shareholders value. Corporate Phone Number 203-268-8000.

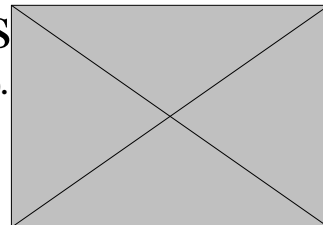
### Summer Portfolio 1997

Date: July 1997

Name	Exchange & Symbol	Featured Price	Speculative
Visual Telephone Int.	(NASDAQ BB) VTPI	.10	B
Semicon Tools	(NASDAQ BB) SETO	.07	B
Platforms International	(NASDAQ BB) PLFM	.08	B
IEH Corp.	(NASDAQ BB) IEHC	.31	B
Dale Systems	(NASDAQ BB) DALE	.375	B
Diversified Corporate Resources	(PINKS) HIRE	\$5.00	B
Industrial Technology	(NASDAQ) INTI	.18	B

*We intend to track for percentage gain performance*

## Snake Bits



### 1. Pen Traffic Company (PNF).

company operates 265 supermarkets in Pennsylvania, New York, Ohio and West Virginia. The company also operates wholesale food distribution businesses serving 114 licensed franchises and 97 independent operators. Total sales around \$3.3 billion - losing money - has good cash flow - negative book and has a series of outstanding bonds that are currently paying. For risky accounts looking for attractive yields and possible appreciate in the Bonds, consider the 9 5/8 Senior Subordinated Note due 4-15-2005. They are currently trading at 52 - producing a current yield of around 18% (remember K-Mart). Broker Contact: Greg Nelson at 1-800-453-9408. Corporate Number 814-536-9900.

**2. Alpha Microsystems (ALMI).** The company serves the Internet and Intranet through its software, services and technologies. Recent products:

Stock Vue 2.0 - automatically retrieves stock, mutual fund quotes, charts, company news and SEC files.

Business Vue is an active Internet desktop application which automatically retrieves and delivers Internet based corporate profiles, news and press announcement, SEC filing, forums postings, website addresses and pages and more.

The company continues to announce additional agreements with various vendors, which, in our opinion, strengthens its franchise. Example:

April 11 - agreement with Earthlink Network.

April 15 - Alliance with Symantec to market Alpha Connect Business Vue.

June 4 - Signs agreement with ZACKS Investment Research.

June 11 - Signs agreement with Accounting Net.

Bottom Line: Lots happening - but losses continue from old operations as the shift in business takes hold. Book value around \$1.25 - cash equals .79/share. Shares outstanding equal 10.8 million. Company has no debt. Our favorite, as well as, only Internet play. Currently trading close to 52 week low. Current price around \$1.25 looks very attractive.

**Food for Thought: from a base of about 100K Internet users at the end of 1994, Internet membership grew to 10 million by the end of 1995, and is approaching 40 million today. By 2000, membership is expected to top 160 million. Not an unrealistic figure, considering that there are already close to 250 million personal computer users worldwide, and within three years most of these are likely to be connected to the Internet.**

The above statement tells all. You have to play an Internet related opportunity and in our opinion, this one has the potential to be a 10-banger.

Someone could buy them out. They have a tremendous cash hoard.

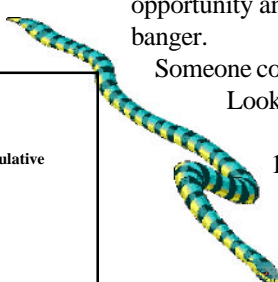
Looks very attractive at current levels; that is, \$1.25 - \$1.31.

Corporate Number 714-957-8500. Broker Contact: 1-800-331-1355, Mike Chesler.

## Snake Bits II

**Digital Equipment (DEC).** The company is the fourth largest multinational computer company. DEC is a world leader in implementing and supporting networked platforms and applications in multi-vendor environment. Building

Cont'd Next Page



on its core competencies in software, systems, networks and services, the corporation does business in more than 100 countries, deriving more than 60% of its sales from outside of the US.

For the nine months ended 3/97, revenues fell to \$9.6 billion with losses of \$9.7 million. Primarily reflecting discontinuation of the retail PCs and certain component product lines and negative foreign currency translation effects. For the year ending June 30, 1997, DEC anticipated to only earn around .70 on \$14.00 billion. Next year's earnings are estimated at \$2.35. With DEC currently selling at \$35.50, an estimated PE value of 14.8 is generated. When one considers that DEC has a book value of around \$23.00 and cash of \$16.25/share and long-term debt of around \$750 million and a world class franchise that has been built since 1957, one has to take a serious look at this opportunity.

Take a look at the headlines for DEC. during the past month or so. If they don't excite you, maybe you need to jump off a bridge. This opportunity is a screaming BUY! At present there are currently 16 brokerage firms rating DEC. The majority are too chicken to raise their opinion above HOLD. Only two rate it a strong BUY. Personally, DEC looks attractive as an acquisition candidate as well. Remember COMPAQ was considering an offer of \$60/share not so long ago. We love this opportunity and expect to profit from it handsomely during the next 12 to 24 months.

Note: We originally recommended DEC on 7-2-94 @ \$19.625. We recommended to sell 1/2 of the position @ \$73 on 2-26-95 for a huge gain of 271%.

In our last newsletter; that is, April-May, 1997, we mentioned that DEC at current levels (\$25 - \$26) look super cheap. Well, guess what, it is now \$35.50.

We have decided at this time to add another 500 shares of DEC (500 shares) to our master portfolio for percentage gain performance. We will also add 500 shares of this opportunity in our 900#.

Broker: Greg Nelson at 1-800-453-9408.  
Corporate Number 617-897-5111.

We love what everyone else HATES!  
**2. Silicon Graphics (SGI).** The company designs and supplies a family of workstation serve and super-computer systems incorporating interactive 3-D graphics, digital media and multiprocessing super-computer technologies. Revenues for the nine months ended 3/97 rose 29% to \$2.5 billion. Net loss totalled \$24.2 million. Revenues reflect higher sales of servers and higher performance computing systems. Loss reflects costs related to the consolidation of Cray Research (SA Advisory actually owned CRAY and sold at a huge profit when SGI acquired the company at around \$28.00/share.) At present SGI trades at around \$16.50. The current book equals \$9.51, cash hoard around \$1.67/share. LTD equals \$400 million, estimated earnings for fiscal 1998 come in at around \$1.33, yielding a PE estimate of 12.4 - 52 week range \$12.625 low - \$28.375 high. We believe SGI will turn around and, just like DEC, make us lots of cash. There are presently 17 brokerage firms monitoring SGI. The majority (14) have placed a HOLD on SGI. We think that they are too cautious.

We again love what everyone else hates.  
We will monitor SGI in our model 900# portfolio for percentage gain performance.  
We will be right on that one also.

Corporate Number 415-960-1980. Broker Contact: 1-800-453-9408, Greg Nelson.

3. Check out PURT (NASDAQ). This one look real cheap!

### Recommendations from October 23, 1995 to July 9, 1997 - % Gain 35%

(note: next newsletter will have complete listing on all portfolios.)

Our November 1996 Newsletter has a complete listing)

Company	Symbol	Date	Recommended Price	Current Price	Gain or Loss	Status
*Imaging Diagnostic System	IMDS	10-23-95	.78	2 11/16	244%G	H
CTI Group Inc.	CTIG	12-10-95	.41	3/16	54%L	H
Texas Micro	TEXM	12-10-95	5.625	3 3/8	40%L	B
ASM Pacific Tech LTD	HongKong	12-10-95	.90	.85	6%L	B
Varitronix	HongKong	12-10-95	1.65	1.75	6%G	B
Eurodisney 2004WTS	France	12-10-95	.27	.16	32%L	B
Plasma Therm	*PTIS	12-18-95	2.18	5 5/8	158%G	H
Electronon International	*EPLTF	12-18-95	2.37	3/4	69%L	B
AFP Imaging	AFPC	12-18-95	1.44	2	39%G	H
Centercore	*CCOR	12-18-95	.18	.20	11%G	B
Cable Link, Inc.	***CBLK	2-28-96	2.08	3 31/6	53%G	B
Electrogas	EGLS	4-2-96	15.75	24 1/2	55%G	H
Ultratech Stepper	UTEK	4-2-96	18.00	24 7/16	36%G	B/H
Bear Stearns JapYen	BYEWS	4-22-96	6.50	9.50	46%G	S
American Education Corp	AEDU	6-18-96	1.125	.92	418%L	H/B
Integrated Silicon Solution	ISSI	6-24-96	12.25	7.75	36%L	B/H
Alpha Micro System	ALMI	7-20-96	2.00	1.31	34%L	B
CVD Equipment	CYDE	9-5-96	1.375	1.34	27%G	B/H
HIA Inc.	HIAI	9-5-96	15/32	.19	60%L	B
Shinawatra Computer & Communications	*Thailand	10-14-96	8.00	3.5	56%L	B
Orbit International	ORBT	10-15-96	2.56	2 1/8	17%L	B
Templeton Russian Fund	TRF	9-27-96	21.50	54	151%G	H
Ashanti Goldfields	ASL	3-20-97	15.25	10 13/16	29%L	B
EV Environmental	EVEN	4-2-97	13/32	7/32	46%L	B
Ocelt Communication	OCTL	4-30-97	16.00	23 9/16	47%G	B

\*=price recommendations

\*1. EuroDisney 10-26-94 @ .12

\*2. Plasma Therm 9-11-92 @ .59 - S 1/2 @ \$3.06 on 2-14-94 and @ \$7.316 on 2-26-96

\*3. Quantum Corp - 6-7-95 @ \$22.00

\*4. Electrocon - 8-31-95 @ .95

\*5. Centercore - 5-2-93 @ .81 and 2-15-95 @ \$1.00

\*6. Shinawatra 5-18-94 @ \$12.25

\*\*\* 7. Cablelink - reflects a 20% to 50% stock dividend

8. recently sold: EMC corp 129%G, QNTM 129%G and SALT 130%G

### GLOBAL POSITIONS • July 9, 1997

On February 26, 1996, 900# investors were notified to total position in Paine Webber currency WT (PWP:WS) @ \$20.00 We initially recommended purchase @ \$6.25 on 6-13-95 - our over all gain equalled 220%

COUNTRY	COMPANY	EXCHANGE &/OR SYMBOL	YR	RECOMMENDED PRICE	PURCHASE PRICE	CURRENT PRICE	G OR L	STA TUS
JAPAN	HITACHI	TOKYO	6-4-92	790 YEN	1260 YEN	60%G	B	
JAPAN	NISSAN	TOKYO	8-24-92	592 YEN	837 YEN	42%G	B	
MEXICO	EMPRESSAS ICA	NYSE (ICA)	4-6-92	\$17	17 5/8	3.6%G	B	
MEXICO	GRUPO SYNKO	MEX (ADR)	4-23-91	\$1.25	.06	95%L	B	
MEXICO	CIFRA	MEX (ADR)	7-27-91	\$1.18	1.85	57%G	B	
ENGLAND	LONRHO	OTC (ADR)	11-27-92	\$1.08	1.30	20%G	B	
ENGLAND	DAWSON HOLDING PLC	LSE	8-23-93	\$5.50	26.25	377%G	H	
CANADA	ARC INTERNATIONAL	AMEX (ATV)	8-28-93	\$1.44	4.7/16	208%G	H	
THAILAND	SHINAWATRA	THAI (ADR)	5-18-94	\$12.25	3.50	71%L	B	
ENGLAND	JEROME & SON HOLDINGS	LSE (ADR)	5-18-94	\$1.00	1.125	12%G	H	
CANADA	ARC INTERNATIONAL	AMEX (ATV)	7-7-94	\$3.125	4.7/16	42%G	H	
FRANCE	EURODISNEY 2004 WARRANTS		10-26-94	\$1.12	.16	33%G	B	
ARGENTINA	YPF SOCIEDAD	NYSE (YPF)	3-8-95	\$17.00	31 1/2	85%G	B	
MEXICO	GRUPO MODELO	MEX	3-18-95	\$3.66	8	119%G	H	
HONG KONG	ELECTROCON	EPLTF	8-30-95	\$.95	.75	21%L	B	
FRANCE	EURODISNEY 1004 WARRANTS		12-10-95	\$.27	.16	31%L	B	
HONG KONG	ASMPACIFIC TECH TECHNOLOGY	ORDINARY	12-10-95	\$.90	.85	6%L	B	
HONG KONG	VARITRONIX	ORDINARY	12-10-95	\$1.65	1.75	6%G	B	
JAPAN	BEAR STEARNS J YEN PUT WT	BYE.WS	4-22-96	\$6.50	9.50	46%G	S	
RUSSIA	TEMPLETON RUSSIA FUND INC.	NYSE	9-27-96	\$21.50	54	151%G	H	
THAILAND	SHINAWATRA	ORDINARY	10-15-96	\$8.00	3.5	59%L	B	
AFRICA	ASHANTI GOLDFIELDS	NYSE(ASL)	3-20-97					

NOTE: RECOMMEND SELLING TOTAL POSITION IN BYE.WS FOR 46% G

Note: In order to stay in line with SEC guidelines, S.A. Advisory may buy, hold or sell positions in all securities recommended. The portfolios are all hypothetical in nature. It is likely that all recommendations were purchased prior to the recommendation. We may buy additional shares or may sell shares at any time. S.A. Advisory's portfolios are geared towards sophisticated investors aiming for long-term capital gains. Our trading habits may vary at our own discretion. Most recommendations are based upon strict fundamental analysis. Usually revenue and earnings EST for low priced common stocks result from management discussions.

## S.A. Advisory Phone Ser -

This Service is a must for the serious investor! We communicate with the subscriber on a one-to-one basis. Quick Market Action, in many cases, secures extra profits or limits further loss. S.A. phone can be activated at any moment in time. We are personalized investor buy and sell recommendations. Phone Service investors usually receive special treatment concerning commissions and new issues. SEC # 801-16302-3 - Investment Advisor.

### SUBSCRIPTION FORM - AS OF JANUARY 1, 1996

yr investment letter \* 8 to 12 issues ----- \$ 450.00 - SPECIAL \$100 until September 1, 1997

Includes one free Super Fast Telephone Service Recommendation - include your Telephone Number!!!

yr investment letter with super-fast telephone service - \$425.00 SPECIAL \$375 until September 1, 1997

6 mo. invest. letter with super-fast telephone service ----- \$305.00

1 year investment letter \* 8 - 12 issues via FAX ----- \$250.00

1 year telephone service & letter plus access to communicate with S.A. any time through private telephone number-\$1,000.00

Make checks payable and mail to:

S.A. ADVISORY

2274 Arbor Lane #3 • Salt Lake City, UT 84117 • (801) 272-4761



2. Contact to supply voice messaging systems to Japan's Digital Phone Group for use in DPG's cellular network.

3. Order to supply PCS voice messaging systems for Korea Telecom Freetel (valued at \$14 million).

4. For complete corporate updates, news releases, visit OCTL on line @ <http://www.octel.com>

The explosion of popularity of voice mail in the US and overseas among corporations and institutions and the growing interoperability of telephone and data networks translate into a requirement for specified computer systems that can efficiently process voice mail. OCTL's products and services enable people to send voice and fax messages to each other and have their telephones and fax calls answered by a voice mail system. OCTL is the largest worldwide supplier of voice processing hardware and software technology, with estimated revenues exceeding \$630 million in FY 1997. Its product line is extensive and includes: computer modules, boards and software sales to customer users; and high-capacity, free standing computer systems sold to telecommunications service companies. OCTL is also a participant in the voice messages outsourcing industry.

We expect OCTL in fiscal 1998 to report earnings per share of \$1.30 from 1997's depressed estimated EPS of \$1.00. Revenue growth should rebound, aided by new products and a continuing strong service income gains. An estimated revenue improvement of 19% is likely, 16 - 17% excluding the deferred revenue. Profits will increase at a faster rate than revenues reflecting an uptick in gross profit margins and in improved expense ratio.

When we first recommended OCTL @ \$16.00, it was a steal - now at \$23.00 some of the bargain is gone short term, but long term, this company is the premier leader of the pack and deserves a higher multiple. The company has a huge cash hoard, no debt at all, new products being developed, as well as currently being introduced, dramatic growth in the international arena, insider purchases, new and seasoned management team and really not very expensive when one considers PE, PSR, P/CF and P/B.

OCTL, in our opinion, even at current levels, deserves a serious look. It surely would round out a diverse well managed portfolio.

We will monitor OCTL in our 900# model portfolio for percentage gain performance.

Broker Contact: 1-800-453-9408 - Greg Nelson.



## New Section High Risk Portfolio

Many of our readers have called or written, suggesting that we supply them with "Penny

Stock" opportunities.

These are the investment opportunities that everyone loves to hate. The risk can be high, but the huge reward potential lures even the most seasoned investor looking for the 10 banger.

The opportunities that we will be listing, in our opinion, are all unique and have the potential to reward the patient investor quite handsomely over the long term.

Usually the best way to play this segment is to purchase a basket of stocks, which, or course, spreads out the risk and also develops a diverse portfolio.

We intend to monitor this select group over the next 12 months and truly believe that results will be quite surprising.

Broker contact for all listed opportunities: Mike Chesler at 1-

800-331-1355.

**1. Visual Telephone International, Inc. (VTPI)** - 52 week range \$3.00 - .04 - outstanding shares around 8.4 million - roughly 2.5 million free trading. The company offers an affordable PC based video conferencing solution in the desktop video conferencing market with plug and play installation. At the recent ITCA 97 Exposition in Washington, D.C., VTPI introduced a new low cost, high performance desktop workstation. The new Visual 1100 is a small, low priced, high quality, fully integrated personal video conference station for the desktop. The Visual 1100 engine is a Pentium 100 MHz CPU with an 82430 VX PCI chip set and utilizes Windows 95 as its standard operating system. The Visual 1100 provides H.320 standards based video conferencing on a single ISDN BRI line offering TV quality in a space saving design on a 14" SVGA display monitor. (Cost/unit \$5,699). Cash is tight, considering some sort of equity financing - no reverse stock split likely. A great speculation at the current 10¢/share level. (Corporate phone: 201-525-0777 or 888 VIS-TELE).

**2. Semicon Tools, Inc. (SETO)**. The company sells small precision disposable diamond tools used to manufacture electronic components and devices which it either manufactures or purchases from exclusive suppliers. Through East Coast Sales Company, Inc., a wholly-owned sub, the company also serves as a distributor and fabricator of industrial ceramic products and a distributor of "clean room" materials and supplies primarily used by the electronics and defense industries. 52 week ranges .96 - .05. Currently around 11 million shares outstanding fully diluted. For the year ending January 31, 1997, net sales were \$1.6 million and net income was \$213K, an approximate increase of 28.4% over 1996 and a loss of \$420K. Earnings were .024/share for the year ending January 31, 1997. These results are based upon 10 million shares outstanding. SETO is fully reporting. The current book value is .075. Trailing 12-month PE value based upon current price is 2.9x. Should be worth more than the current price of \$.07. Corporate Phone No. 201-492-2208.

**3. Platforms International Corp. (PLFM)** owns and is currently operating an optionally manned or unmanned high altitude aircraft to validate the software and hardware of unmanned operations in flight. At present, PLFM is in the final stages of negotiations with Teledyne Ryan Aeronautical to provide flight hardware for a NASA project. This project has a value of \$10 million over 5 years. Other projects are at various stages of discussion. Management believes that PLFM will have sales of \$4 million and net income of \$3 million during the current fiscal year. Around 7.5 million shares at outstanding. Is management spaced out or is PLFM heading into space? We believe that the latter is the more likely scenario. The preliminary date for Platforms flight demo is August 1997. Current price is around \$.08 - 52 week range \$4.50 - .06 - could be a 20-banger. Corporate Number 909-795-9596 or 888-742-0770.

**4. IEH Corporation (IEHC)**. The company is engaged in the design, development, manufacture and distribution of high performance electronic printed circuit connectors and specialized interconnection devices.

The company serves both the commercial and military marketplace; manufacturing connectors for avionics, electronics, satellite, radar systems, test equipment, medical electronics and related industries. As of June 23, 1997, there were 2.3 million shares outstanding. The company employs 65.

For the year ending March 1997, revenues expanded quite rapidly to \$4.8 from \$4 million, while earnings exploded to .05/share from a loss of (.03). IEHC currently trades at a PE of 5x trailing 12 months. Current book value is around \$.24. Backlog of orders slightly above last; that is, \$1.3 million. First quarter looks strong - company anticipates even stronger results for current fiscal year with respect to revenue and earnings. The company is fully reporting. The trailing 12 months PSR is only .15 (that's 15% of 1x sales - very cheap) and

as mentioned, it only trades at 6x earnings. This one is a definite winner. Corporate Number 718-492-4440.

**5. Dale Systems (DALE).** This could be the cheapest of the cheap! The company has 235,000 shares outstanding with options at .625 to purchase an additional 200,000 shares by management. The company has 450 employees. It rents out security guards. The company reports only once a year. Total revenue ending May 1996 equalled \$6.9 million versus \$5.9 million for 1995 losses narrow to (\$.39) from (\$.67). Sales at present are growing by at least 10%/year according to management. For fiscal 1997, revenues surpassed \$7 million and losses narrowed even more. Management is optimistic that profitability is at hand. Book value around \$.57, PSR value .01 (that is only 1% of 1x sales). Could be a target for a buy out. The company has been around since the 1930s. The company also is involved in mystery and integrity shopping, undercover operations, substance abuse testing, polygraph and background investigations and entertainment checking. Corporate Number 516-794-2800.

**6. Diversified Corporate Resources (Pink Sheets and NASDAQ BB - HIRE).** If you want cheap, this one offers it all. The company act as an employment service firm for high-end professionals. Last year ending December 1996, sales reached \$27.4 million and net income of .83/share (based upon 1.8 million shares outstanding). Book value around .85 - revenues up first quarter - earnings a little weak, but we are not worried - forward split coming during July 1997 (2 for 1) current price around \$5.00 - anticipate new listing. This company is very secretive. We believe that acquisitions are possible or even a buy out. Trailing 12 months PSR is .32 - based upon December 1996 year end HIRE trades at only a PE of 6x. This investment opportunity offers long-term appeal. As mentioned, first quarter was a little weak, revenues were \$7.2 million versus \$6.2 million, while net income was .11 compared to .19. We believe that this opportunity is a sleeper. Corporate Number 972-458-8500.

**7. Industrial Technologies (NASDAQ - INTI).** The company develops sensing, monitors, processing and inspection technologies that operate under the demanding factory floor conditions encountered in a range of industries. The company's industrial computer group offers a full line of industrial strength processors, displays and peripherals designed to operate under harsh temperature, humidity and shock conditions found in factory environments. For the six months ended 3/31/97, net sales increased 25% to \$4.2 million. Net loss decreased 10% to \$177K. Revenues reflect improved INTI sales performance. Loss reflects an increase in gross profit and a decrease in S/G/A expense as a percentage sales. At present there are only 5.5 million shares outstanding. The book value is around .57 - company had no long term debt. The company recently was awarded a \$500K term loan from the Connecticut Development Authority, which will be utilized for working capital purposes devoted to internal growth and development in both its INTEC Inspection Division and its AMDEX Industrial Computer Division. 52 week range .15 - \$1.00 - current price .18 - trading at 1/3 of book - estimated PSR based fiscal 1997 is a mere 12% of sales. At current price, this one looks super cheap, especially if they turn profitable. Losses are narrowing. Finally, recently hired regional brokerage firm to aid in acquisitions and increasing shareholders value. Corporate

Phone Number 203-268-8000.

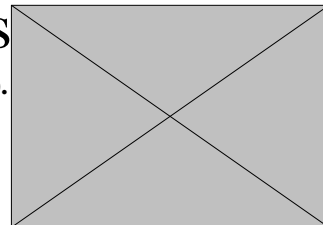
#### Summer Portfolio 1997

Date: July 1997

Name	Exchange & Symbol	Featured Price	Speculative
Visual Telephone Int.	(NASDAQ BB) VTPI	.10	B
Semicon Tools	(NASDAQ BB) SETO	.07	B
Platforms International	(NASDAQ BB) PLFM	.08	B
IEH Corp.	(NASDAQ BB) IEHC	.31	B
Dale Systems	(NASDAQ BB) DALE	.375	B
Diversified Corporate Resources	(PINKS) HIRE	\$5.00	B
Industrial Technology	(NASDAQ) INTI	.18	B

We intend to track for percentage gain performance

## Snake Bits



### 1. Pen Traffic Company (PNF).

company operates 265 supermarkets in Pennsylvania, New York, Ohio and West Virginia. The company also operates wholesale food distribution businesses serving 114 licensed franchises and 97 independent operators. Total sales around \$3.3 billion - losing money - has good cash flow - negative book and has a series of outstanding bonds that are currently paying. For risky accounts looking for attractive yields and possible appreciate in the Bonds, consider the 9 5/8 Senior Subordinated Note due 4-15-2005. They are currently trading at 52 - producing a current yield of around 18% (remember K-Mart). Broker Contact: Greg Nelson at 1-800-453-9408. Corporate Number 814-536-9900.

**2. Alpha Microsystems (ALMI).** The company serves the Internet and Intranet through its software, services and technologies. Recent products:

Stock Vue 2.0 - automatically retrieves stock, mutual fund quotes, charts, company news and SEC files.

Business Vue is an active Internet desktop application which automatically retrieves and delivers Internet based corporate profiles, news and press announcement, SEC filing, forums postings, website addresses and pages and more.

The company continues to announce additional agreements with various vendors, which, in our opinion, strengthens its franchise. Example:

April 11 - agreement with Earthlink Network.

April 15 - Alliance with Symantec to market Alpha Connect Business Vue.

June 4 - Signs agreement with ZACKS Investment Research.

June 11 - Signs agreement with Accounting Net.

Bottom Line: Lots happening - but losses continue from old operations as the shift in business takes hold. Book value around \$1.25 - cash equals .79/share. Shares outstanding equal 10.8 million. Company has no debt. Our favorite, as well as, only Internet play. Currently trading close to 52 week low. Current price around \$1.25 looks very attractive.

**Food for Thought: from a base of about 100K Internet users at the end of 1994, Internet membership grew to 10 million by the end of 1995, and is approaching 40 million today. By 2000, membership is expected to top 160 million. Not an unrealistic figure, considering that there are already close to 250 million personal computer users worldwide, and within three years most of these are likely to be connected to the Internet.**

The above statement tells all. You have to play an Internet related opportunity and in our opinion, this one has the potential to be a 10-banger.

Someone could buy them out. They have a tremendous cash hoard.

Looks very attractive at current levels; that is, \$1.25 - \$1.31.

Corporate Number 714-957-8500. Broker Contact: 1-800-331-1355, Mike Chesler.

## Snake Bits II

**Digital Equipment (DEC).** The company is the fourth largest multinational computer company. DEC is a world leader in implementing and supporting networked platforms and applications in multi-vendor environment. Building

Cont'd Next Page

on its core competencies in software, systems, networks and services, the corporation does business in more than 100 countries, deriving more than 60% of its sales from outside of the US.

For the nine months ended 3/97, revenues fell to \$9.6 billion with losses of \$9.7 million. Primarily reflecting discontinuation of the retail PCs and certain component product lines and negative foreign currency translation effects. For the year ending June 30, 1997, DEC anticipated to only earn around .70 on \$14.00 billion. Next year's earnings are estimated at \$2.35. With DEC currently selling at \$35.50, an estimated PE value of 14.8 is generated. When one considers that DEC has a book value of around \$23.00 and cash of \$16.25/share and long-term debt of around \$750 million and a world class franchise that has been built since 1957, one has to take a serious look at this opportunity.

Take a look at the headlines for DEC. during the past month or so. If they don't excite you, maybe you need to jump off a bridge. This opportunity is a screaming BUY! At present there are currently 16 brokerage firms rating DEC. The majority are too chicken to raise their opinion above HOLD. Only two rate it a strong BUY. Personally, DEC looks attractive as an acquisition candidate as well. Remember COMPAQ was considering an offer of \$60/share not so long ago. We love this opportunity and expect to profit from it handsomely during the next 12 to 24 months.

Note: We originally recommended DEC on 7-2-94 @ \$19.625. We recommended to sell 1/2 of the position @ \$73 on 2-26-95 for a huge gain of 271%.

In our last newsletter; that is, April-May, 1997, we mentioned that DEC at current levels (\$25 - \$26) look super cheap. Well, guess what, it is now \$35.50.

We have decided at this time to add another 500 shares of DEC (500 shares) to our master portfolio for percentage gain performance. We will also add 500 shares of this opportunity in our 900#.

Broker: Greg Nelson at 1-800-453-9408.  
Corporate Number 617-897-5111.

We love what everyone else HATES!  
**2. Silicon Graphics (SGI).** The company designs and supplies a family of workstation serve and super-computer systems incorporating interactive 3-D graphics, digital media and multiprocessing super-computer technologies. Revenues for the nine months ended 3/97 rose 29% to \$2.5 billion. Net loss totalled \$24.2 million. Revenues reflect higher sales of servers and higher performance computing systems. Loss reflects costs related to the consolidation of Cray Research (SA Advisory actually owned CRAY and sold at a huge profit when SGI acquired the company at around \$28.00/share.) At present SGI trades at around \$16.50. The current book equals \$9.51, cash hoard around \$1.67/share. LTD equals \$400 million, estimated earnings for fiscal 1998 come in at around \$1.33, yielding a PE estimate of 12.4 - 52 week range \$12.625 low - \$28.375 high. We believe SGI will turn around and, just like DEC, make us lots of cash. There are presently 17 brokerage firms monitoring SGI. The majority (14) have placed a HOLD on SGI. We think that they are too cautious.

We again love what everyone else hates.  
We will monitor SGI in our model 900# portfolio for percentage gain performance.  
We will be right on that one also.

Corporate Number 415-960-1980. Broker Contact: 1-800-453-9408, Greg Nelson.

3. Check out **PURT (NASDAQ)**. This one look real cheap!

### Recommendations from October 23, 1995 to July 9, 1997 - % Gain 35%

(note: next newsletter will have complete listing on all portfolios.)

Our November 1996 Newsletter has a complete listing)

Company	Symbol	Date	Recommended Price	Current Price	Gain or Loss	Status
*Imaging Diagnostic System	IMDS	10-23-95	.78	2 11/16	244%G	H
CTI Group Inc.	CTIG	12-10-95	.41	3/16	54%L	H
Texas Micro	TEXM	12-10-95	5.625	3 3/8	40%L	B
ASM Pacific Tech LTD	HongKong	12-10-95	.90	.85	6%L	B
Varitronix	HongKong	12-10-95	1.65	1.75	6%G	B
Eurodisney 2004WTS	France	12-10-95	.27	.16	32%L	B
Plasma Therm	*PTIS	12-18-95	2.18	5 5/8	158%G	H
Electronon International	*EPLTF	12-18-95	2.37	3/4	69%L	B
AFP Imaging	AFPC	12-18-95	1.44	2	39%G	H
Centercore	*CCOR	12-18-95	.18	.20	11%G	B
Cable Link, Inc.	**CBLK	2-28-96	2.08	3 31/6	53%G	B
Electrogas	EGLS	4-2-96	15.75	24 1/2	55%G	H
Ultratech Stepper	UTEK	4-2-96	18.00	24 7/16	36%G	B/H
Bear Stearns JapYen	BYEWS	4-22-96	6.50	9.50	46%G	S
American Education Corp	AEDU	6-18-96	1.125	.92	418%L	H/B
Integrated Silicon Solution	ISSI	6-24-96	12.25	7.75	36%L	B/H
Alpha Micro System	ALMI	7-20-96	2.00	1.31	34%L	B
CVD Equipment	CYDE	9-5-96	1.375	1 3/4	27%G	B/H
HIA Inc.	HIAI	9-5-96	15/32	.19	60%L	B
Shinawatra Computer & Communications	*Thailand	10-14-96	8.00	3.5	56%L	B
Orbit International	ORBT	10-15-96	2.56	2 1/8	17%L	B
Templeton Russian Fund	TRF	9-27-96	21.50	54	151%G	H
Ashanti Goldfields	ASL	3-20-97	15.25	10 13/16	29%L	B
EV Environmental	EVEN	4-2-97	13/32	7/32	46%L	B
Octel Communication	OCTL	4-30-97	16.00	23 9/16	47%G	B

\*=price recommendations

\*1. EuroDisney 10-26-94 @ .12

\*2. Plasma Therm 9-11-92 @ .59 - S 1/2 @ \$3.06 on 2-14-94 and @ \$7.316 on 2-26-96

\*3. Quantum Corp - 6-7-95 @ \$22.00

\*4. Electrocon - 8-31-95 @ .95

\*5. Centercore - 5-2-93 @ .81 and 2-15-95 @ \$1.00

\*6. Shinawatra 5-18-94 @ \$12.25

\*\*7. Cablelink - reflects a 20% to 50% stock dividend

8. recently sold: EMC corp 129%G, QNTM 129%G and SALT 130%G

## GLOBAL POSITIONS • July 9, 1997

On February 26, 1996, 900# investors were notified to total position in Paine Webber currency WT (PWP:WS) @ \$20.00 We initially recommended purchase @ \$6.25 on 6-13-95 - our over all gain equalled 220%

COUNTRY	COMPANY	EXCHANGE &/OR SYMBOL	YR	RECOMMENDED PRICE	PURCHASE PRICE	CURRENT PRICE	G OR L	STA TUS
JAPAN	HITACHI	TOKYO	6-4-92	790 YEN	1260 YEN	60%G	B	
JAPAN	NISSAN	TOKYO	8-24-92	592 YEN	837 YEN	42%G	B	
MEXICO	EMPRESSAS ICA	NYSE (ICA)	4-6-92	\$17	17 5/8	3.6%G	B	
MEXICO	GRUPO SYNKO	MEX (ADR)	4-23-91	\$1.25	.06	95%L	B	
MEXICO	CIFRA	MEX (ADR)	7-27-91	\$1.18	1.85	57%G	B	
ENGLAND	LONRHO	OTC (ADR)	11-27-92	\$1.08	1.30	20%G	B	
ENGLAND	DAWSON HOLDING PLC	LSE	8-23-93	\$5.50	26.25	377%G	H	
CANADA	ARC INTERNATIONAL	AMEX (ATV)	8-28-93	\$1.44	4.7/16	208%G	H	
THAILAND	SHINAWATRA	THAI (ADR)	5-18-94	\$12.25	3.50	71%L	B	
ENGLAND	JEROME & SON HOLDINGS	LSE (ADR)	5-18-94	\$1.00	1.125	12%G	H	
CANADA	ARC INTERNATIONAL	AMEX (ATV)	7-7-94	\$3.125	4.7/16	42%G	H	
FRANCE	EURODISNEY 2004 WARRANTS		10-26-94	\$1.12	.16	33%G	B	
ARGENTINA	YPF SOCIEDAD	NYSE (YPF)	3-8-95	\$17.00	31 1/2	85%G	B	
MEXICO	GRUPO MODELO	MEX	3-18-95	\$3.66	8	119%G	H	
HONG KONG	ELECTROCON	EPLTF	8-30-95	\$.95	.75	21%L	B	
FRANCE	EURODISNEY 1004 WARRANTS		12-10-95	\$.27	.16	31%L	B	
HONG KONG	ASMPACIFIC TECH TECHNOLOGY	ORDINARY	12-10-95	\$.90	.85	6%L	B	
HONG KONG	VARITRONIX	ORDINARY	12-10-95	\$1.65	1.75	6%G	B	
JAPAN	BEAR STEARNS J YEN PUT WT	BYE.WS	4-22-96	\$6.50	9.50	46%G	S	
RUSSIA	TEMPLETON RUSSIA FUND INC.	NYSE	9-27-96	\$21.50	54	151%G	H	
THAILAND	SHINAWATRA	ORDINARY	10-15-96	\$8.00	3.5	59%L	B	
AFRICA	ASHANTI GOLDFIELDS	NYSE(ASL)	3-20-97					

NOTE: RECOMMEND SELLING TOTAL POSITION IN BYE.WS FOR 46% G

Note: In order to stay in line with SEC guidelines, S.A. Advisory may buy, hold or sell positions in all securities recommended. The portfolios are all hypothetical in nature. It is likely that all recommendations were purchased prior to the recommendation. We may buy additional shares or may sell shares at any time. S.A. Advisory's portfolios are geared towards sophisticated investors aiming for long-term capital gains. Our trading habits may vary at our own discretion. Most recommendations are based upon strict fundamental analysis. Usually revenue and earnings EST for low priced common stocks result from management discussions.

## S.A. Advisory Phone Ser -

This Service is a must for the serious investor! We communicate with the subscriber on a one-to-one basis. Quick Market Action, in many cases, secures extra profits or limits further loss. S.A. phone can be activated at any moment in time. We are personalized investor buy and sell recommendations. Phone Service investors usually receive special treatment concerning commissions and new issues. SEC # 801-16302-3 - Investment Advisor.

### SUBSCRIPTION FORM - AS OF JANUARY 1, 1996

yr investment letter \* 8 to 12 issues ----- \$450.00 - SPECIAL \$100 until September 1, 1997

Includes one free Super Fast Telephone Service Recommendation - include your Telephone Number!!!

yr investment letter with super-fast telephone service-\$425.00 SPECIAL \$375 until September 1, 1997

6 mo. invest. letter with super-fast telephone service -----\$305.00

1 year investment letter \* 8 - 12 issues via FAX -----\$250.00

1 year telephone service & letter plus access to communicate with S.A. any time through private telephone number-\$1,000.00

Make checks payable and mail to:

S.A. ADVISORY

2274 Arbor Lane #3 • Salt Lake City, UT 84117 • (801) 272-4761