

Forbes

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200 BEST SMALL COMPANIES | RANKINGS

OUR 200 BEST SMALL COMPANIES IN America must pass through a gauntlet to qualify for the list. We judged candidates—all with revenue of \$5 million to \$750 million and with share prices above \$5 as of Oct. 1—according to return on equity, as well as sustained sales and net profit growth over 12-month and five-year periods.

But it takes more than solid books to make the cut. Too much debt, signs of a downturn in the future or a whiff of legal troubles are all disqualifiers. For example, a company like Super Micro Computer, a San Jose, Calif. maker of motherboards, seemed to have the financial chops. But last year it pleaded

guilty to violating U.S. trade law after a Justice Department investigation revealed that PC parts shipped to its Dubai distributor had been diverted to Iran. For a variety of reasons, 111 companies that appeared on our list last year didn't make the cut this time around.

Small businesses are dynamic—and sometimes volatile. You see that reflected in share prices (our list gained 26% over the last 12 months, compared with 8% for the Russell 2000). And you find it in clusters of hot industries: Last year oil and gas companies dominated the list; this year it's medical equipment and supplies outfits. Speaking of churn: Seven companies are new to the Top 10.

RANK '07	RANK '06	COMPANY (consecutive years on list) business	RETURN ON EQUITY 5-year average %	GROWTH		SALES Latest 12 months (\$mil)	NET INCOME Latest 12 months (\$mil)	RECENT PRICE (\$)	P/E 2007 estimate	MARKET VALUE ¹ (\$mil)
				SALES 5-year average %	EPS 5-year average %					
11	25	Abaxis (2) develops portable blood analyzers for medical and veterinary markets	20	23	94▼	89	11	22.45	36	476

■ Not on last year's list. ▲Recent trend up versus five-year average. ▼Recent trend down versus five-year average. Stock prices as of Sept. 28. ¹Includes all share classes. NA: Not available. Sources: Reuters Fundamentals and IBES via FactSet Research Systems.



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