Zacks Small-Cap Research

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Net Element Inc. (NETE-NASDAQ)

NETE: Q4 Non-GAAP Reaches Breakeven; PayOnline Acquisition Pending

Current Recommendation	**BUY**
Prior Recommendation	Buy
Date of Last Change	10/15/14
Current Price (04/03/15)	$1.18
Target Price	**$2.11**

OUTLOOK

Net Element is a software and services company, in global online payments. It operates a small merchant processor in the US and a mobile payment processor in Russia. It reached non-GAAP breakeven this quarter and is in the process to buy PayOnline, a market leader in the Russian Federation in online payments, that will more than double its current staff and adds significantly to revenues. In 2015 we expect the company to focus on growth by expanding product offerings and geographic reach often through partnerships.

SUMMARY DATA

52-Week High	**$5.70**
52-Week Low	**$0.97**
One-Year Return (%)	**-61.44**
Beta	**0.13**
Average Daily Volume (sh)	**702,629**
Shares Outstanding (mil)	**46**
Market Capitalization ($mil)	**$54**
Short Interest Ratio (days)	**1.36**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**25**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**0**
P/E using TTM EPS	**N/M**
P/E using 2015 Estimate	**N/M**
P/E using 2016 Estimate	**N/M**
Zacks Rank	**3**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Internet Commerce**
Zacks Rank in Industry	**15 0f 27**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	0.9 A	5.6 A	6.5 A	5.8 A	18.7 A
2014	4.8 A	4.9 A	6.0 A	5.4 A	21.2 A
2015	4.9 E	5.8 E	7.5 E	8.3 E	26.5 E
2016					33.0 E

Earnings per Share
(Non-GAAP EPS before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	-$0.10 A	-$0.11 A	-$0.11 A	-$0.12 A	-$0.44 A
2014	-$0.07 A	-$0.07 A	-$0.05 A	-$0.00 A	-$0.19 A
2015	-$0.07 E	-$0.03 E	-$0.03 E	-$0.01 E	-$0.13 E
2016					-$0.10 E

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

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WHAT'S NEW

Net Element Looks to Growth in 2015 Through Acquisition and Product Expansion

On March 31, Net Element reported earnings for the year ending December 31, 2014. For the year, revenues were $21.2 million versus $18.7 million, up 13% year over year. **2014 was a year of financial restructuring as the company brought debt down from $22.5 million to $3.3 million** by converting debt to equity. Net cash went from a negative $13.6 million to a positive $400,000. The quick ratio went from 0.6 to 0.9 and debt to total assets improved from 138% to a more manageable 23%. The company is cash flow breakeven.

Lower margin credit card processing grew 30% to $19.4 million while high margin mobile payments declined 54% to $1.8 million due to the revamping of the Russian operations. As a result, overall gross margin declined from 29% to 25%. With the pending acquisition of PayOnline, an online processor with higher margin business, we believe that this trend could reverse itself in 2015.

General and administrative expense, a catchall category declined from $28 million to $11 million for the year, a significant reduction. While this still resulted in an $8.4 million operating loss ex-one time expenses, it was much improved from the $25 million loss the year before. Most of this improvement was due to reduced payroll and consolidating operations.

Interest expense was higher than last year at $3.7 million versus $3.0 million in 2013, but ended Q4 at $83,000 so it could be lower in 2015, depending upon how the company gets the cash to pay for the acquisition—either debt or equity.

While there were a number of one-time line items, the non-GAAP EPS came in at a loss of $0.19 versus a loss of $0.68 in 2013. Due to the conversion of debt to equity, the primary share count went from an average for the quarter of 28.5 to 37.3 million shares, and increase of 31%. As of March 2015, the company has 47.5 million shares outstanding, up another 27%. When the acquisition of PayOnline is completed that will add another 3.6 million shares to the outstanding. We have not factored the new shares that are to be issued due to the acquisition into our model as the timing and the cash portion of the transaction is yet unresolved. Once the deal closes we will revise our model to reflect the integration and the costs.

Q4 2014

For the fourth quarter of 2014, the company reported revenues of $5.4 million down 6% from the year ago and down 10% sequentially. We saw this same pattern in 2013 when Q4 declined 12% sequentially due to seasonal issues. 18% of its customers are schools and educational services that are typically closed over Christmas holidays and Q4 is a weak quarter for the company. Gross margins were also down from 21% from 25% due to product mix. Non-GAAP EPS for the quarter came in at breakeven versus a non-GAAP loss of $0.14 in Q4 2013.

Company to Acquire PayOnline—A Major Mobile Payment Company in Russia

On March 17, 2015, the company announced it entered into a binding offer letter to purchase PayOnline based in Moscow from SD Ventures, for $3.6 million in cash, $3.6 million in restricted stock, plus the possibility of another $1.28 million in stock based on earn-out hurdles. The deal is expected to close in Q2, possibly mid-quarter. The earn-out is based on PayOnline reaching a certain EBITDA for certain post-closing periods, multiplied by 1.35, and will be paid in March 2016 based on 2015 results. The company is currently profitable. We believe the company is at more than a $3 million run rate. The cash will be funded by the sale of stock from Net Elements' current shelf registration backed up with $7 million

of its $10 million line of credit. There are a number of synergies between the two companies and each hopes to expand geographically into each other's current business territories. Almost immediately, Net Element will help PayOnline expand in Kazakhstan.

PayOnline is a processor of online payments and works with four or five major banks in Commonwealth of Independent States, Europe and Asia. It has 10 million active customers and more than 3,000 merchants. It has a high level of fraud protection, works with MasterCard and Visa and is integrated into travel platforms such as SABER, Galileo and GDS. In addition to online web-based payments the company also has a mobile app that provides a wallet that can be used for person-to-person payments.

Net Element says that PayOnline is profitable and the acquisition should be accretive. Due to the purchase price we expect that the company could be over a $3 million run rate at minimum and will add significantly to Net Element. Over 100 employees may be added to Net Element with almost all based in Russia.

Unified Payments Adds Sales Tools for Selling Partners

On March 23, 2105, the company announced the release of its "Sales Central" portal to aid its sales partners and merchants in selling and managing customers using Net Element processing services. It allows Independent Sales Groups to onboard and monitor merchant customers on multiple processing platforms through a single interface. Merchants on the other hand, get an integrated reporting, accounting and analytics back office. It provides a variety of reporting tools along with easy to understand charts to analyze sales and improve performance. This new offering combined with the Aptito front-end platform provides a unique offering for Net Element customers and even more reason to sign up and stay with the company.

Working with Others to Expand Product Lines and Geography

UAE-based Group to Provide Payment Solution in the ME and India

In a geographic expansion, the company created a join venture with a group based in the United Arab Emirates to provide Net Element's payment solutions to merchants in the Middle East (Gulf Cooperation Council) and India. This venture will be entirely funded by the outside partners who will own 80% of the venture, with Net Element owning the remaining 20%.

Strategic Partnership With TAS Group

On April 2nd, Net Element announced an effort to develop and promote Europay, MasterCard, and Visa ("EMV") chip-enabled solutions, card management systems, and mobile payment technologies in the US, Latin America, Russia, CIS, Middle East, India and Africa in conjunction with Rome-based TAS Group (Italian Stock Exchange: TAS). TAS Group will license its technology to Net Element and will also sell Net Element's mobile and payment services to its customers and resellers. TAS Group recently opened an NYC office to pursue opportunities in EMV migration in the USA, using its expertise as a leader in Europe.

Net Element, who as we said has 18% of its customers in education, plans to help sell TAS Group's **TAS Campus**. This is an EMV-ready prepaid system for use by students and faculty for multiple applications. Aptito's customers will also be able to issue prepaid and gift cards using EMV technology.

The two companies plan to create a product- the "Unified Duex" card that allows two cards to be linked to one account. It can work as either a prepaid card, or one-time use card, and it can be linked to a checking account. It is a branded Mastercard/Visa card it has universal acceptance. The company believes the biggest **opportunity for this card is for people that want to send money to their family**

members living outside the USA, in which case it would be a competitor to Western Union, Xoom, Moneygram and other high priced services.

INVESTMENT THESIS

- Net Element is growth company in the payments industry that should benefit from the adoption of mobile and online payments in the US and Russia and ultimately globally.
- The new CEO took his former company, Unified Payments, from 0 to $67 million in revenues in two years. We believe he has the experience and drive to replicate this success with Net Element.
- Management has been restructuring operations and finances and with a lower cost structure and far less debt, the company should now be positioned to accelerate sales in 2015 and beyond.
- The company has an increasingly robust platform to create a global payment system complete with merchant from end and should be able to expand geographically.
- We believe the company could grow to $27 million in revenues in 2015 through a combination of internal growth as well as acquisitions and partnerships and reach cash flow breakeven for 2016.
- If NETE achieves our forecasts, we believe its common stock could be worth $2.11 per share twelve months from now based on an industry average valuation of approximately 4.3xs enterprise value to sales, up 79%.

VALUATION

There are a number of public companies in the merchant acquiring/processing business. The largest is Cielo with a $23 B enterprise value located in Brazil. The smallest is we are using is Qiwi, who runs payment systems in the Russian Federation and is based in Moscow and has a $1 billion enterprise value. The rest are located in the US. All are profitable and we expect that NETE will have to meet that hurdle in order to be awarded a comparable value. These valuations have come down significantly since we last ran the comps. Some of this is due to the decline in the multiple of Qiwi, which is exhibiting troubles due to the ruble and the changes in banking due to sanctions in Russia. If we take the average enterprise value to sales of this group of companies of 3.5 to 3.4 times sales and apply it to the revenues we expect Net Element to generate next year, and its current share count, and turn that back to price per share we get a share value of $1.68. Granted this valuation will go up somewhat when the PayOnline acquisition is finalized and we can add its revenue contribution on to the 2015 forecast.

Merchant Acquring/Processing

Company	Ticker	Revenue 2015E	Revenue LTM	EBIDTA Margin	Enterprise Value / Sales 2015E	Enterprise Value / Sales LTM	Included in Average?	Enterprise Value
Cielo	CIOXY	NA	$2,420	50%	NA	9.5x	n	23,040
Vantiv	VNTV	$1,620	$2,577	24%	5.2x	3.3x	y	8,430
Total System Services	TSS	$2,650	$2,450	28%	3.1x	3.4x	y	8,270
Global Payments	GPN	$2,700	$2,690	21%	2.8x	2.8x	y	7,640
EVERTEC	EVTC	$370	$361	45%	6.4x	6.5x	y	2,360
Heartland Payment System	HPY	$785	$673	13%	2.8x	3.3x	y	2,230
Qiwi	QIWI	$183	$157	30%	5.6x	6.5x	y	1,020
Average				**27%**	**4.3x**	**4.3x**		**$4,992**

	Projected Revenue 2015E	Projected Revenue LTM	EBITDA Margin	Enterprise Value / Sales 2015E	Enterprise Value / Sales LTM	Valuation Range Low	Valuation Range High
Net Element	**$27**	**$21**	**NM**	**4.3x**	**4.3x**	**$91**	**$115**
YoY growth							

Conclusion of Enterprise Value	**$102,931,825**
Market Value	**$100,120,168**
Shares Outstanding	47,500,000
Price per Share	**$2.11**

RISKS

- The company is losing money and may not be able to reach profitability or maintain positive cash flow.
- The company is involved in a lawsuit with former management in Russia.
- The company has recently restructured operations and there is no assurance these efforts will be able to support profitable growth
- The Russian mobile and online payment market is still in its infancy and there is no assurance the country will adopt this method to pay for goods and services.
- Future acquisitions may not be successfully integrated operationally or technologically. Purchased portfolios may not yield expected profits.
- The merchant acquirer market in the US is competitive and larger companies have an advantage due to economies of scale.
- Operations in Russia and the United Federation face considerable political risk and may be prohibited from certain transactions by governments.
- Currency, particularly the ruble, has fluctuated dramatically and could affect reported earnings and operations.

FORECASTS

2015

After all the restructuring in 2014, we believe in 2015 Net Element should be able to focus and grow its revenues organically as well as through acquisition and partnerships. The Russian operations will benefit by adding PayOnline, a large player in online payments. US operations will benefit from a more robust offering and its partnership with TAS Group.

We are forecasting revenues of $27 million next year up 25%. This includes growth of 16% for the credit card business, and a more than doubling of the Russian business to $4 million. The mobile/online business could be significantly higher once the PayOnline acquisition closes, as we have no idea, what the company's revenues are at this point.

2015 operations should still result in non-GAAP losses but that should be reduced to $0.13 per share or a loss $0.17 GAAP EPS. We expect the primary share count for the year to be up at least 24% to 46 million (where it is now) from 39 million in 2014. Once the acquisition closes, that will add another 3.6 million shares or more.

INCOME STATEMENT

Dollars in Millions	2014				2014						
	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Mar-15 (est.)	30-Jun-15 (est.)	30-Sep-15 (est.)	31-Dec-15 (est.)	2014	2015E	2016E
Credit card processing	$4.1	$4.6	$5.6	$4.9	$4.3	$5.0	$6.5	6.7	$19.4	$22.50	$25.88
Yr-over-yr Growth	NM	-0.6%	1.0%	5.1%	5.0%	9.3%	16.8%	37.0%	31.0%	16.0%	15.0%
Credit card cost of service	NA	NA	4.8	4.2	3.7	4.3	5.6	5.8	15.9	19.4	22.3
Gross margin	NA	NA	0.8	0.7	0.6	0.7	0.9	0.9	3.5	3.2	3.6
Gross margin %			14.4%	14.0%	14.0%	14.0%	14.0%	14.0%	18%	14.0%	14.0%
Mobile payments	0.5	0.3	0.5	0.5	0.6	0.8	1.0	1.6	1.8	4.0	5.5
Yr-over-yr Growth	-44.9%	-66.3%	-54.4%	-48.4%	25.4%	136.5%	116.8%	206.6%	-54.4%	122.2%	37.5%
Mobil Payments Cost of Service	NA	NA	(0.0)	0.0	0.0	0.0	0.1	0.1	(0.0)	0.2	0.3
Gross Margin	NA	NA	0.5	0.5	0.6	0.8	1.0	1.5	1.8	3.8	5.2
Gross margin %	NA	NA	110.0%	95.0%	95.0%	95.0%	95.0%	95.0%	102%	95.0%	95%
Total revenues	4.8	**4.9**	**6.0**	**5.4**	4.9	5.8	7.5	8.3	**21.2**	**26.5**	**31.4**
Yr-to-yr Growth	457.9%	-12.4%	-7.6%	-5.9%	1.2%	18.1%	24.4%	53.4%	13.0%	25.0%	18.4%
Costs and expenses:											
Cost of revenues	3.5	3.3	4.7	4.3	3.7	4.3	5.6	5.8	15.9	19.6	22.5
Gross Margin	1.3	1.6	1.3	1.1	1.2	1.5	1.9	2.5	5.3	7.0	8.8
% of Sales	27.1%	31.9%	21.7%	20.7%	23.9%	25.2%	24.8%	29.6%	25.1%	26.2%	28.0%
G&A	3.1	2.5	2.4	3.2	2.8	2.9	3.2	3.0	11.4	11.9	12.5
Provision for loan losses	0.1	(1.5)	0.1	0.1	0.1	0.1	0.1	0.1	(1.2)	0.4	0.0
Depreciation and amortization	0.6	0.6	0.7	0.5	0.5	0.5	0.5	0.5	2.4	2.0	2.6
One-time charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total operating expenses	7.4	1.6	3.3	3.8	3.4	3.5	3.8	3.6	16.1	14.3	15.1
Loss from operations	(2.5)	(0.1)	(1.9)	(2.7)	(2.2)	(2.0)	(1.9)	(1.1)	(7.2)	(7.4)	(6.2)
Loss from operations ex-one time	(2.5)	(1.3)	(1.9)	(2.7)	(2.2)	(1.6)	(1.9)	(1.1)	(8.4)	(7.4)	(6.2)
Interest expense, net	(1.1)	(1.8)	(0.8)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(3.7)	(0.5)	(0.5)
Other expense	(0.0)	(0.0)	(0.1)	(0.1)	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0
One-time charges	0.0	3.2	(2.1)	(0.1)	0.0	0.0	0.0	0.0	1.0	0.0	0.0
Total non-operating expenses	(1.1)	1.4	(3.0)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(2.9)	(0.5)	(0.5)
Loss from continuing operations before tax	(3.6)	1.3	(4.9)	(3.0)	(3.6)	(2.2)	(2.1)	(1.3)	(10.1)	(7.9)	(6.8)
Income tax provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loss from continuing operations	(3.6)	1.3	(4.9)	(3.0)	(3.6)	(2.2)	(2.1)	(1.3)	(10.2)	(7.9)	(6.8)
Minority interest	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations:											
Loss from operations of discontinued entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loss on sale of assets of discontinued operations									0.0	0.0	0.0
Total discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net loss	(3.6)	1.3	(4.9)	(3.0)	(3.6)	(2.2)	(2.1)	(1.3)	(10.2)	(7.9)	(6.8)
Foreign currency translation gain (loss)	1.3	(0.1)	(0.3)	(2.0)	0.0	0.0	0.0	0.0	(1.1)	0.0	0.0
Comprehensive loss	(2.3)	1.2	(4.6)	(4.9)	(3.6)	(2.2)	(2.1)	(1.3)	(11.3)	(7.9)	(6.8)
Earnings ex-one time charge	(2.2)	(2.9)	(4.6)	(3.0)	(3.5)	(2.1)	(2.0)	(1.2)	(11.2)	(7.9)	(6.8)
Stock-based compensation	0.1	0.8	0.5	3.0	0.5	0.5	0.5	0.5	4.3	2.0	2.0
Non-GAAP Earnings	(2.2)	(2.2)	(2.6)	0.0	(3.0)	(1.6)	(1.5)	(0.7)	(6.9)	(5.9)	(4.8)
Yr-to-yr Growth	-24%	-29%	-22%	-101%	39%	-28%	-44%	-2058%	-64%	-15%	
GAAP EPS	**($0.09)**	**$0.04**	**($0.12)**	**($0.11)**	**($0.08)**	**($0.05)**	**($0.04)**	**($0.03)**	**($0.27)**	**($0.17)**	**($0.15)**
Non-GAAP EPS	**($0.07)**	**($0.07)**	**($0.05)**	**$0.00**	**($0.07)**	**($0.03)**	**($0.03)**	**($0.01)**	**($0.19)**	**($0.13)**	**($0.10)**
Yr-to-yr Growth									-73%	-31%	-19%
Share outstanding	32.4	32.3	39.6	44.8	46.0	46.0	46.0	46.0	37.3	46.0	46.0
Yr-to-yr Growth	15%	15%	41%	53%	42%	43%	16%	3%	31%	24%	0%
Adjusted EBITDA	(2.6)	(3.3)	(2.7)	0.4	(2.6)	(1.2)	(1.1)	(0.3)	(1.8)	(5.0)	(3.6)

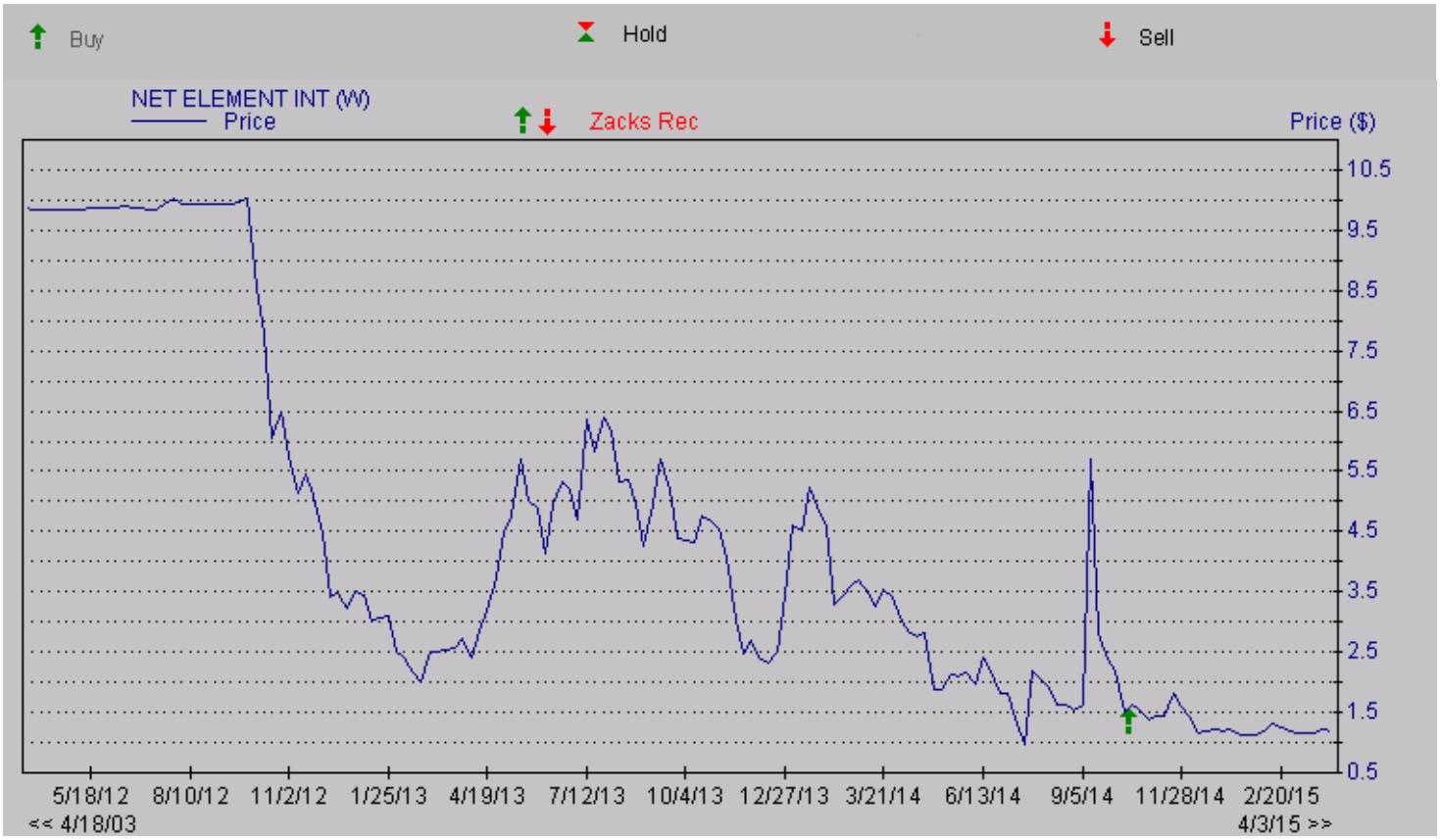
QUARTERLY CASH FLOW

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $)	31-Mar-14	30-Jun-14	30-Sep-14	Dec. 31, 2014
Cash flows from operating activities:				
Net loss	($3,593,328)	$1,347,769	($9,058,834)	$1,118,877
Adjustments to reconcile net loss to net cash used in operating activities:				
Non controlling interest	($28,690)	($12,965)	$417,714	$18,227
Non-Cash Compensation	$52,050	$700,468	$4,621,436	($1,106,620)
Deferred revenue	$0	($81,386)	$107,696	$206,774
Depreciation and amortization	$591,699	$624,792	$684,504	$457,141
Amortization of debt discount	$0	$1,644,626	$0	$0
Loss attributable to inv in subsidiary		$46,113	$0	$0
(Recovery of) provision for loan losses	$0	($1,438,704)	($201,406)	($9,748)
Loss on disposal of fixed assets	$0	$28,320	($12,183)	$0
Gain on disposal of derivative	$0	($5,569,158)	$0	$0
Loss on debt extinguishment	$0	$3,962,406	$2,221,813	$0
Gain on MBF debt restructure	$0	($1,596,000)	$0	$0
Changes in assets and liabilities, net of acquisitions and the effect of consolidation of equity affiliates				
Account receivable	$4,487,829	$1,283,696	$2,503,158	($1,299,982)
Advances to aggregators	($5,580)	$2,680,808	($1,752,212)	$11,800
Prepaid expenses and other assets	$87,008	($392,382)	$34,732	($174,913)
Accounts payable	($252,415)	($299,957)	$241,407	($27,653)
Accrued expenses	-599629	($283,342)	($186,559)	$100,921
Adjustments for operating activities of continuing operations	$4,332,272	$1,297,335	$8,680,100	($1,824,053)
Net cash provided by (used in) operating activities	$738,944	$2,645,104	($378,734)	($705,176)
Cash flows from investing activities - net of acquisitions:				
Purchase of portfolio and client acquisition costs	$0	($1,260,339)	($78,757)	$299,344
Note receivable	$0	$0	$0	($2,650)
(Purchase) disposal of fixed and other assets	($51,004)	$50,063	($4,078)	($745,917)
Net cash (used in) provided by investing activities	($51,004)	($1,210,276)	($82,835)	($446,573)
Cash flows from financing activities - net of acquisitions:				
Proceeds from indebtedness	$1,932,266	$6,947,632	$0	$1,208,972
Repayment of indebtedness.	($1,085,027)	($6,670,990)	($3,810,785)	$1,133,435
Note Payable (non-current)		($3,030,666)	$3,030,666	$0
Related party advances (payments)	($754,240)	($1,039,183)	$1,793,423	$418,099
Net cash provided by financing activities	$92,999	($3,793,207)	$1,013,304	$2,760,506
Effect of exchange rate changes on cash	($130,227)	$2,853,064	($371,967)	($2,508,135)
Net increase (decrease) in cash	$650,712	$494,685	$179,768	($899,378)
Cash at beginning of period	$126,319	$777,031	$1,271,716	$126,319
Cash at end of period	$777,031	$1,271,716	$126,319	$503,343
Supplemental disclosure of cash flow				
Cash paid during the period for Interest	$574,233	($249,517)	$1,013,686	($228,671)
Cash paid during the period for Taxes	$167,610	$62,581	$68,653	($259,851)
Issuance of stock upon conversion of indebtedness	$0	$10,637,092	$0	$14,596,381

BALANCE SHEET

	Dec. 31, 2014	Dec. 31, 2013	% Change
Current assets:			
Cash	**$503,343**	**$126,319**	298%
Accounts receivable, net	3,417,173	10,619,289	-68%
Advances to aggregators, net	18,455	1,109,538	-98%
Prepaid expenses and other assets	944,243	834,025	13%
Total current assets	4,883,214	12,689,171	-62%
Fixed assets, net	70,918	137,267	-48%
Intangible assets, net	2,492,050	2,964,424	-16%
Goodwill	6,671,750	6,671,750	0%
Other long term	204,737		
Investment in affiliate	0	46,113	-100%
Total assets	14,322,669	22,508,725	-36%
Current liabilities:			
Accounts payable	$2,698,257	$3,190,215	-15%
Deferred revenue	472,482	239,398	97%
Accrued expenses	2,351,885	3,484,963	-33%
Short term loans	**0**	**8,478,810**	-100%
Notes payable (current portion)	**98,493**	**3,816,093**	-97%
Due to related parties	**0**	**1,451,357**	-100%
Total current liabilities	5,621,117	20,660,836	-73%
Notes payable (non-current portion)	3,216,507	17,255,531	-81%
Total liabilities	8,837,624	37,916,367	-77%
STOCKHOLDERS' DEFICIT			
Preferred stock	0	0	
Common stock	4,589	3,229	42%
Paid in capital	136,689,629	103,486,144	32%
Stock subscription	(1,111,130)	329,406	-437%
Accumulated other comprehensive income (loss)	(1,251,461)	(170,550)	634%
Accumulated deficit	(129,116,344)	(118,930,828)	9%
Non-controlling interest	269,762	(125,043)	-316%
Total stockholders' deficit	5,485,045	(15,407,642)	-136%
Total liabilities and stockholders' deficit	14,322,669	22,508,725	-36%
Net Cash	404,850	(13,619,941)	-103%
Current Ratio	0.9	0.6	41%
Quick Ratio	0.9	0.6	41%
Total Debt	3,315,000	22,522,981	-85%
Debt/TA	23%	138%	-83%

HISTORICAL ZACKS RECOMMENDATIONS



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