Zacks Small-Cap Research

May 18, 2012

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Panache Beverage (WDKA-OTC)

WDKA: Zacks Company Report - OUTPERFORM

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	02/23/2012
Current Price (05/17/12)	$1.45
Target Price	**$2.75**

OUTLOOK

Panache Beverage Inc. is an alcoholic beverage company that specializes in the development, global sales, and marketing of spirits brands. The Company follows a "build and exit" business model in which its brands are "built" or developed into attractive acquisition candidates for large global alcoholic beverage companies. As these brands mature, Panache aims to sell these brands individually while continuing to develop its portfolio of brands. We see value in the shares.

SUMMARY DATA

52-Week High	**$1.98**
52-Week Low	**$1.26**
One-Year Return (%)	**N/A**
Beta	**0.04**
Average Daily Volume (sh)	**6,512**
Shares Outstanding (mil)	**25**
Market Capitalization ($mil)	**$36**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2012 Estimate	**N/A**
P/E using 2013 Estimate	**29.2**
Zacks Rank	**3**

Risk Level	**High**
Type of Stock	**Growth**
Industry	**Beverages-Alcohol**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	0.0 A	0.0 A	0.526 A	1.408 A	1.93 A
2012					4.85 E
2013					8.95 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	$0.00A	$0.00 A	-$0.03 A	-$0.03 A	-$0.06 A
2012					-$0.02 E
2013					$0.06 E

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WHATS NEW

Panache Beverage Goes on a Tear

Since our initiation report the company has been busy signing distribution agreements, hitting benchmarks and planning launches. Here is a look.

Recently, Panache Beverage Inc., announced that starting in April, Wodka Vodka (www.welovewodka.com) will be distributed in Wisconsin by General Beverage.

Panache's Wodka Vodka brand is a premium vodka product, imported from Poland, which costs about one-third of the price of its competitors and exploits the "quality to value" spirit brand category.

Similarly, Wodka Vodka recently became he Dinex Group's house vodka of choice.

The Dinex Group, the restaurant management company of Chef Daniel Boulud, oversees Chef Boulud's seven restaurants in New York City as well as a total of 12 establishments worldwide, including prestigious restaurants such as DANIEL, db Bistro Moderne, Boulud Sud, Bar Boulud, Cafe Boulud and DBGB Kitchen and Bar.

Likewise, Panache finalized the roll out of its Wodka Vodka product at all BR Guest locations throughout New York including Blue Water Grill, Dos Caminos, Atlantic Grill, Kibo, Isabella's, Primehouse, Strip House and Wildwood.

The Company is attempting to improve details of its Wodka business by investing in the areas with the most significant growth potential. This strategy includes investing behind key states (New York, California, Florida), off-premise chains (nationally and regionally) and international markets.

Along the same lines, Panache recently reached its initial distribution benchmarks for Florida for Wodka Vodka, surpassing 1,000 locations in the state with availability at over 700 bars and restaurants and over 300 grocery and liquor stores.

Currently, the Company has a portfolio of three brands that include Wodka Vodka, Alchemia Vodka and Alibi American Whiskey, which compete in the $970 global alcoholic beverage market.

Panache's Alchemia Vodka brand (www.alchemiainfusions.com) is an ultra-premium, triple-distilled, polish rye grain vodka that is created from infusing (in oak barrels) cocoa, wild cherries or ginger and is geared toward the growing epicurean consumer craze.
The Alchemia vodka brand is available in three varieties including Czekoladowa (Chocolate), Imbirowa (Ginger) and Wiśnowa (Wild Cherry).

Recently *The Wine Enthusiast* named Alchemia Wild Cherry as one of the 50 Top Spirits in the World for 2011 and Alchemia Infused Vodka received a score of 92 from the *Tasting Panel*.

The Company is focusing its Alchemia growth strategy behind states that enable Panache to maximize its infrastructure and best capitalize on the investment its Wodka Vodka import partner has made in these markets.

Similarly, Panache expects to launch Alibi American Whiskey (www.alibiamerica.com) in the second quarter of 2012.

Alibi American Whiskey, is an affordable premium whiskey, distilled from rye and aged four years in new

American oak barrels.

To date, the Company has received purchase commitments for initial orders of Alibi American Whiskey in excess of 22,000 9L cases with an expected retail price point in the U.S. of $25.95 (750ml).

The addition of Alibi moves Panache into the large brown spirits category as whiskey accounts for the biggest part or 26.5 percent of the global alcoholic market's total value.

The revenue and net profit associated with the volume is expected to have a significant impact on the Panache's overall performance and growth in 2012.

KEY POINTS

- Panache has a proven track record with growing and selling 42 BELOW NZ.
- The economic downturn of 2008 created an entry point into a vodka market loaded with premium and super premium brands.
- The Panache capital strategy consists of seeking capital in two phases; one in which minimizes dilution and a second which will allow the company to grow its portfolio of brands.
- The corporate goal is to establish Alchemia and Alibi (Whiskey) as viable brands with solid "first year" volume and positive business fundamentals.

OVERVIEW

Panache Beverage Inc. is an alcoholic beverage company that specializes in the development, global sales, and marketing of spirits brands.

The Company follows a “build and exit” business model in which its brands are “built” or developed into attractive acquisition candidates for large global alcoholic beverage companies. As these brands mature, Panache aims to sell these brands individually while continuing to develop its portfolio of brands.

Currently, the Company has a portfolio of three brands that compete in the $970 billion global alcoholic beverage market.

Panache’s Wodka Vodka brand is a premium vodka product that costs about one-third of the price of its competitors and exploits the “quality to value” spirit brand category.

The Company is attempting to improve details of its Wodka business by investing in the areas with the most significant growth potential. This strategy includes investing behind key states (New York, California and Florida), off-premise chains (nationally and regionally) and international markets.
Panache’s Alchemia Vodka brand is an ultra-premium, triple-distilled, polish rye grain vodka that is created from infusing (which is done in oak barrels) cocoa, wild cherries or ginger and is geared toward the growing epicurean consumer craze.

The Alchemia vodka brand is available in three varieties including Czekoladowa (Chocolate), Imbirowa (Ginger) and Wiśnowa (Wild Cherry).The Company is focusing its Alchemia growth strategy behind states that enable Panache to maximize its infrastructure and best capitalize on the investment its Wodka Vodka import partner has made in these markets.

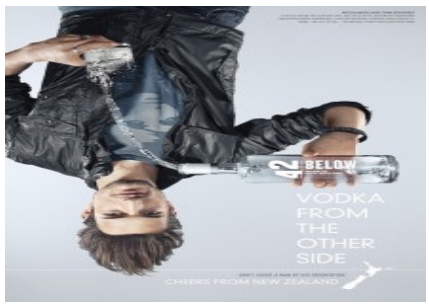
As whiskey accounts for the largest part or 26.5 percent of the global alcoholic market's total value, Panache developed Alibi American Whiskey, a premium whiskey, distilled from rye and aged four years in new American oak barrels.

The company anticipates launching the product in the first quarter of 2012 and rolling the brand out in New York, New Jersey, Florida and California in 2012. The Company anticipates continuing the development of its portfolio of unique and diverse brands.

42 Below

Panache was formed in 2004 as an import company for the premium vodka 42 Below NZ. The brand was known worldwide yet lacked traction in the U.S. After a year the brand was in 19 states and began to outperform bigger names. Noticing the threat to its Grey Goose line, Bicardi added it to its list of threats and was later approached for acquisition. At the time Panache was responsible for more than 50% of the total annual cases sold. In December 2006, Bacardi purchased 42 BELOW for $91 million (representing a gain on sale of $71 million). Shortly thereafter, Panache shifted its focus from importer to a 360 degree spirits development, sales and marketing company focusing on developing brands that fill voids in the current spirits market — brands with unique brand/product attributes and category positions.





The timing of Vodka

As a result of the 2008 economic downturn, the market for vodka changed. While overall vodka consumption remained stable, revenue in the market fell. Looking behind the numbers, consumers traded down in price while attempting to preserve quality.



According to the Beverage Information Group's recently released 2011 Liquor Handbook, total spirits consumption rose 1.9% in 2010 to 192.1 million 9-liter cases. This marks the 13th straight year spirits consumption has gained ground.

Although on-premise growth returned to positive territory in 2010, recovery is slower than anticipated. With continued high unemployment and rising fuel costs, consumers' disposable income is being squeezed, leading people to dine out less. The "trading up" trend that drove consumption prior to the failing economy also has been tempered by these economic factors. Consumers are now more frugal – instead of the ultra-premiums that once dominated the market, quality products at lower price points are driving consumption.

WÓDKA is triple distilled and charcoal filtered, earning it a 90 point rating by the Beverage Testing Institute – a first for any brand available for under $10.This represents year two for the WÓDKA brand. Panache is focused on tightening and improving fundamentals of the WÓDKA business while investing behind the areas with the most significant growth potential including key states (NY, CA and FL), off-premise chains (nationally and regionally) and international markets. Panache will continue to push its import partner to expand the brand's national footprint and invest in all other areas. Panache will continue to drive the brand's positioning through quirky creative, PR and social media. Panache has positioned WÓDKA in the category as fun, quirky, aloof – all attributes which have been embraced by trade and consumers making WÓDKA a true "brand" very quickly. The company projects the following case sales for the WÓDKA brand over the next several years.

Projected Case Sales

- 2012- 207,273
- 2013- 321,408
- 2014- 700,000

Alchemia

Alchemia is a traditional Polish vodka that is naturally infused with select raw ingredients and made in the spiritusvini, or "spirit of wine." The vodka itself is a 3 time distilled premium grain. Alchemia's distillation process infuses flavors, NOT simply adds flavor (flavored vodka merely adds extracts during the distillation process.) This way the ingredients become part of the vodka rather than just 'added to.' The spirit is available in three varieties: Czekoladowa (Chocolate), Imbirowa (Ginger) and Wiśnowa (Wild Cherry) and is best enjoyed straight up, on the rocks or in a classic cocktail. Alchemia was developed in response to the

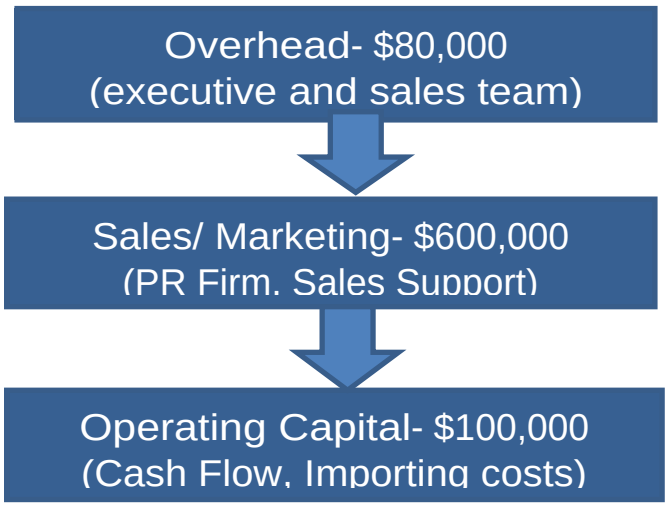
exploding flavored vodka category saturated by brands relying on mass produced flavorants and candy-aisle flavor profiles designed to lure the younger consumers. Panache hopes Alchemia defies its own category as a premium infused, gourmet vodka for foodies, gastronomic, wine and brown spirits enthusiasts.



Panache will focus on investing behind that position and developing steady, organic growth of the brand in 4 key states including: NY, NJ, FL and CA. The four states are the same for all brands, which will enable Panache to maximize its infrastructure and best capitalize on the investment its Wodka Vodka import partner has made in these markets. The plan for marketing for Alchemia will focus on driving awareness of the brand and its epicurean positioning using a blend of print media and aggressive, yet targeted event marketing; these approaches will be supported by PR and social media. Sales efforts will be focused on driving placement at the right restaurants. The goal for the brand is 12,000 cases in 2012.

Projected Case Sales

- 2012- 12,000
- 2013- 23,000
- 2014- 50,000



Alibi

In the first quarter of 2012 Panache will launch Alibi. Alibi is an American Whiskey and the goal will be on establishing the brand including its position amongst consumers in the increasingly competitive brown spirits category. Panache will employ a disciplined approach to the Alibi roll out bringing the brand to four states in

2012: NY, NJ, FL and CA. The Required Capital for 12 Months is approximately $1,065,000. Panache plans to maximize its existing sales infrastructure and relationships and draft off the spend of its Wodka Vodka importer while sharing costs with Alchemia.

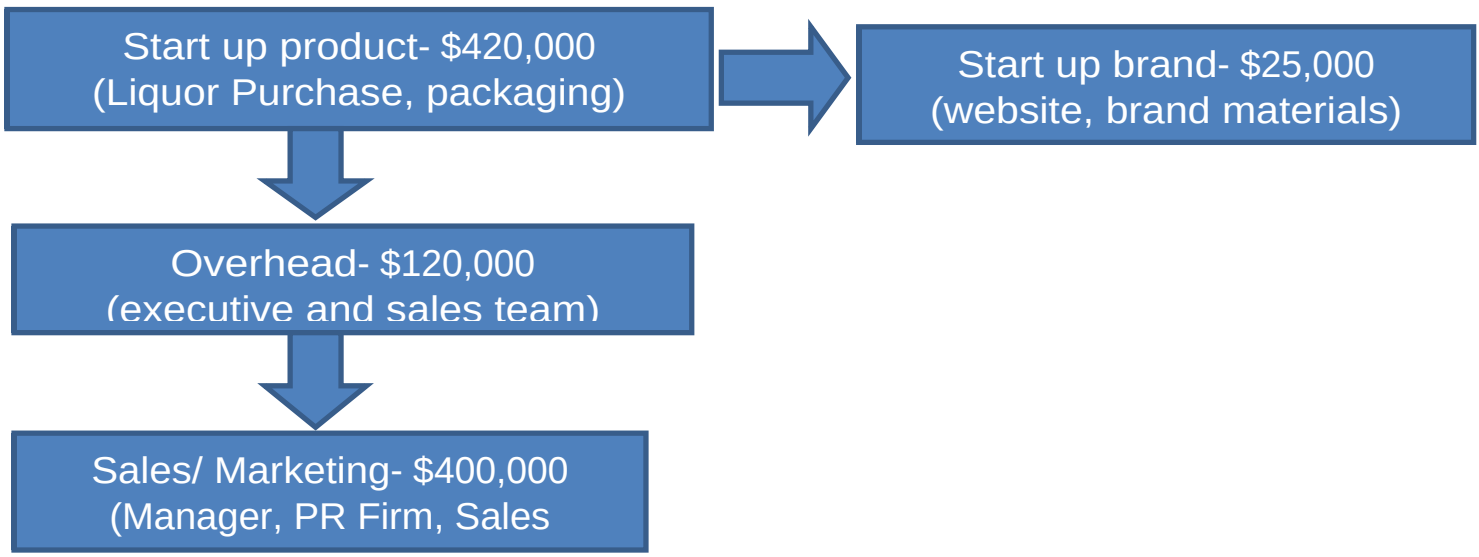


The firm projects selling 18,750 cases in year one and 37,000 cases in year two. Rolling it out with another brand enables sharing costs with Alchemia. The Alibi marketing campaign will be a combination of grassroots, bottom up alternative cultural immersion and a bottom down PR/celebrity approach all connected through social media.

Projected Case Sales

- 2012- 18,750
- 2013- 37,000
- 2014- 70,000

Alibi was developed to exploit a gap in the exploding brown spirits category – the need for an edgy, cool, premium Whiskey that appeals to the younger generation of LDA drinkers. Whiskey and Bourbon brands today are largely positioning themselves alongside “tradition” and “heritage”, creating brands that look, feel and are marketing against the classic cocktail era.





Executive Management

James Dale, Chairman and Chief Executive Officer
Mr. Dale is the Chief Executive Officer of Panache LLC. Dale was born in New Delhi India and raised in Auckland NZ. Dale came to the US as 42 Below vodka's strategic North American partner in 2003 and was instrumental in the brand's sale to Bacardi in 2007. After the trade sale, Mr. Dale developed brands which are currently part of Panache's expanding portfolio. Mr. Dale is not, and has not been, a participant in any transaction with the registrant that requires disclosure under Item 404(a) of Regulation S-K. There is no family relationship between Mr. Dale and any director, executive officer, or person nominated or chosen by the registrant to become a director or executive officer.

Brian Gordon, President
Mr. Gordon graduated from the University of California, Santa Barbara and has spent the past 16 years working on the agency side with major corporations including American Express, General Motors, ESPN and Diageo. Mr. Gordon developed an expertise in the spirits space beginning with his work on Diageo's brands while running the New York office of Bragman Nyman Cafarelli (now Interpublic's PMK/BNC) where the agency was an Agency of Record for many of Diageo's brands. Over the years Mr. Gordon has developed programs for brands owned by many of the other major spirits companies including Pernod Ricard, Moet Hennessey and Remy Cointreau. Mr. Gordon began working with Dale and Panache LLC in 2005, overseeing all of the US marketing for 42 Below. Over the past 6 years he managed all marketing and advertising for Panache brands. Currently, Mr. Gordon is the President of Panache LLC and directly oversees all brand development, marketing and advertising while managing the day to day business operations including the sales and marketing teams and Panache's outside agency partners.

Agata Podedworny, COO/Director of International
Ms. Podedworny holds an international business and marketing degree from New York University and a JD degree from St John's Law School. She is fluent in Polish and manages all logistics from the vodka supplier and distillery in Poland as well as manages all operations for nationally and internationally based Panache LLC customers. She is currently a director of Panache LLC and brand ambassador and principal for Alchemia Vodka.

Eugene Didenko, CFO
Mr. Didenko became a CPA after receiving his MBA in international finance from Fordham University. He spent the next eight years in the investment banking world including five years with Goldman Sachs & Co. as a senior portfolio administrator. In this role, Mr. Didenko led a team of analysts providing diverse analytical, accounting and administrative support to trading desks, portfolio managers, risk and performance teams, sales, and custodians. In 2008, Mr. Didenko left the banking world to take on the role of CFO at the food and wine company, Renzi and Sons, Inc., where he was responsible for all accounting functions, financial modeling and financial compliance. Mr. Didenko joined Panache in 2011.

Sjoerd de Jong, Vice President of On-Premise Sales
Mr. Sjoerd de Jong graduated from the University of Vermont in 1999 with a business degree in Community Development an Applied Economics. After college de Jong pursued a career in professional basketball in Holland for three years. de Jong joined Midnight Oil Company and quickly rose to become the general manager of all five MOC properties in New York. In 2003 de Jong joined forces with James Dale to become national sales director for 42 Below Vodka out of New Zealand. de Jong was responsible for building the

brand's image and sales from an on-premise market and helping bring it to a place where it was a viable brand to acquire (by Bacardi USA).

Shawn Olenec, Vice President of Off-Premise Sales
As vice president of National Accounts, Olenec leads sales and strategic business development for Panache Spirits in the retail market segment. In this role, Olenec is responsible for developing and executing brand strategies in national and regional retail chains, helping broker and distributor networks to increase brand presence in the off premise market, and assisting with all Panache Spirits needs in the Midwest. Prior to assuming his current role in 2012, Olenec spent 2 years as Strategic Account Manager for Remy Cointreau. There he developed the Remy portfolio in national chains including Kroger, CVS, Target and SuperValu. Olenec also assisted in creating the Retail Strategic Account team at Remy Cointreau.
Olenec's career in the adult beverage industry started in 1995 and includes several successful stints in sales and management for both distributors and suppliers. Included in these past experiences are Romano Brothers, Wirtz Beverage, Allied Domecq and Proximo Spirits. He holds a Bachelor of Arts in accounting from Villanova University.

Nick Hines, Vice President of Marketing
Mr. Hines graduated from Chapman University in southern California and has 12 years of agency experience, driving national brand campaigns for clients including ESPN, Diaego, Pernod Ricard, Lexus and General Motors. Hines was introduced to the spirits world while working in the New York office of entertainment marketing and PR agency Bragman Nyman Cafarelli (BNC) – at the time, agency of record for beverage giants Diageo and Scheffelin & Sommerset. While there he led campaigns for world-class brands such as Guinness, Smirnoff, Red Stripe, Captain Morgan, Dom Perignon and Johnnie Walker. Hines has been with Panache since 2005 where he spearheaded marketing for 42 Below until the sale to Bacardi in late 2006. Hines now oversees marketing initiatives across all brands in the expanding Panache portfolio and presided over successful launch of Wodka Vodka.

Michael Romer, Vice President of Business Development
Mr. Romer has over 10 years of experience in the nightlife, marketing and the broader entertainment industry. He began his career in entertainment and nightlife by promoting concerts and events in Boston while attending Brandeis University (Bachelor of Arts, 1998). In 1998, Romer moved to New York to pursue opportunities in entertainment and nightlife. Concurrently, he attended Brooklyn Law School. Romer's background in both law and nightlife served him well when he founded, in 1998, a full service entertainment and marketing firm that focused on promotions, special events, and corporate branding. Based in Manhattan and with global tentacles, it was affiliated with a multitude of sophisticated venues and vendors assisting Romer in the development of his high profile relationships. Today Romer leverages those relationships to develop business opportunities for Panache brands, source deal flow for Panache and seek strategic investment in Panache businesses.

INDUSTRY OVERVIEW

The alcoholic beverage segment can be further subdivided into brewers (of beer), distillers (spirits) and vintners (wine). The beer segment was somewhat hurt by unfavorable demographics and a shift in consumer preferences toward healthier, non-alcoholic beverages in the 1990's but now that the key 21-28 year-old age group has begun to grow again, U.S. beer consumption has picked up. A majority of domestic brewers have been hurt by declines in shipments as inventories at wholesalers remain high. However, sustainable price increases have helped increase revenue per barrel for many brewers. As the

pricing gap between imports and domestic beer brands narrow, sales of imported beers have been on the rise. We expect excess inventory at the wholesale level to improve going forward, which will lead to an increase in shipments from manufacturers. If favorable pricing remains sustainable, we should see higher profitability at the brewers as volumes shipped increases.

For wine producers, an increase of imported wines and a surplus supply of grapes have resulted in a sharp decline in wine prices. An immediate turnaround in this weak pricing environment is unlikely. Now that many quality wines are available at attractive prices, wine producers may be forced to increase their marketing expenses in order to distinguish their brands. Consumers have developed a taste for upscale wines and they appear reluctant to go back to the cheap jug blends. The long-term outlook for wine producers looks bright as baby boomers age and their desire for more sophisticated alcoholic beverages, such as wine, increase.

The IWSR Duty Free/Travel Retail Summary Report 2011 confirms earlier findings by Generation Research that global travel retail wines and spirits sales have continued to grow rapidly in 2010. IWSR, the respected wine and spirits industry analysts, report that sales reached some 25.4 million nine-litre equivalent cases in 2010, a level it claims is the highest since 1999, when intra-EU duty free sales were abolished. The report shows that global volumes rose by 10.4% in 2010.

According to top-line highlights published in a statement, IWSR said: "Spirits volumes grew by 13.5%, while wine sales increased by 3.7%. The Americas, Africa, the Middle East and Asia-Pacific all recorded double-digit rises in travel retail wines and spirits sales in 2010, while growth in the more mature European market was slower at 5.9%.

The fastest-growing categories of the travel retail wines and spirits market included US whiskey, Cognac and tequila, all of which saw volumes increase by more than 20%.

INDUSTRY POSITION

The top 20 suppliers continued to increase their share of global volumes. They now hold 71.5% of the market, compared with 69.7% in 2009. Leading supplier Diageo accounts for 17.7% of wines and spirits sales, compared with 16.9% for second-placed Pernod Ricard.

The majority of large spirit conglomerates ignore the grass roots efforts model in favor of the “acquire to grow” philosophy. After the economic down turn of 2008 acquisitions in the space dried up, but naturally as the economy has rebounded so has the appetite for more deals. Panache believes the period has left the large conglomerates with ample cash on the balance sheet and that the environment for acquisitions should be strong over the next several years.

Large global players within the alcoholic beverages industry generally demonstrate good execution with respect to their acquisitions, delivering the expected synergies. This success is driven largely on their approach to post-merger integration that protects and leverages the unique assets acquired—usually brand equities, but also customer and distribution assets, especially in emerging markets—while simultaneously integrating non-core, back-office functions into highly efficient regional service models. In some cases, in lieu of M&A deals, some leading businesses have created highly effective partnerships and alliances with other companies in the industry to build the critical mass necessary for distribution scale and efficiency in key markets.

VALUATION

Panache remains well positioned to achieve solid revenue growth and operating leverage as it builds its portfolio of successful brands to eventually sell to the big players in the “acquire to grow” spirits arena. The firm has four things that separate it from the pack in our opinion.

- The timing of its Wodka Vodka brand as the vodka market undergoes a change from super premium to affordable.
- Experienced management that guided the firm to its 42 Below NZ sale.
- The majority of large spirit conglomerates ignore the grass roots efforts model in favor of the “acquire to grow” philosophy.
- The fastest-growing categories of the travel retail wines and spirits market included US whiskey, Cognac and tequila, all of which saw volumes increase by more than 20%.

Turning to our valuation model we assume Panache will grow its top-line significantly in next 5 years and it will have opportunities to sell its brands to larger players. Our value is a blend of a relative valuation model and a transaction model. The assumptions in the relative valuation model is the firm will grow its top-line from approximately $1.9 million to $32.5 million in five years. We used a multiple of 3.5x and a discount rate of 10.37%. For the transaction model we assumed a much higher discount rate (20%) and more conservative assumptions of blended cases sold and case price (450,000 cases at $375.00.) This is due to the difficulty of finding and executing a deal in general. In valuing the shares it is helpful to look at two recent deals in the space.

- On March 1, 2007 Constellation Brands, Inc. reached agreement with Guillaume Cuvelier and Belgian-based Alcofinance S.A., the owners of SVEDKA Vodka, to acquire the brand and related business for $384 million.
- In 2008 Pernod Ricard won an auction to buy Vin & Sprit, the maker of Absolut vodka for $8.3 billion. Absolut at the time had worldwide volume of 11 million cases — 6 million abroad and 5 million in the USA.

With these inputs we arrive at our target price of $2.75

Investors should be aware that short or medium-term pressure on the shares may exist if the firm is to raise capital by selling shares of its equity. Beyond the obvious effect of dilution this can cause increased selling as lock up periods expire and the third party is allowed to sell shares.

RISKS

- Panache faces customer concentration risk. The Company had two customers consisting of 100% revenues of the Company for the nine months ended September 30, 2011 and three customers consisting of 100% revenues of the Company for the nine months ended September 30, 2010.

- As of September 30, 2011, the Company had an accumulated deficit of $1,598,923.

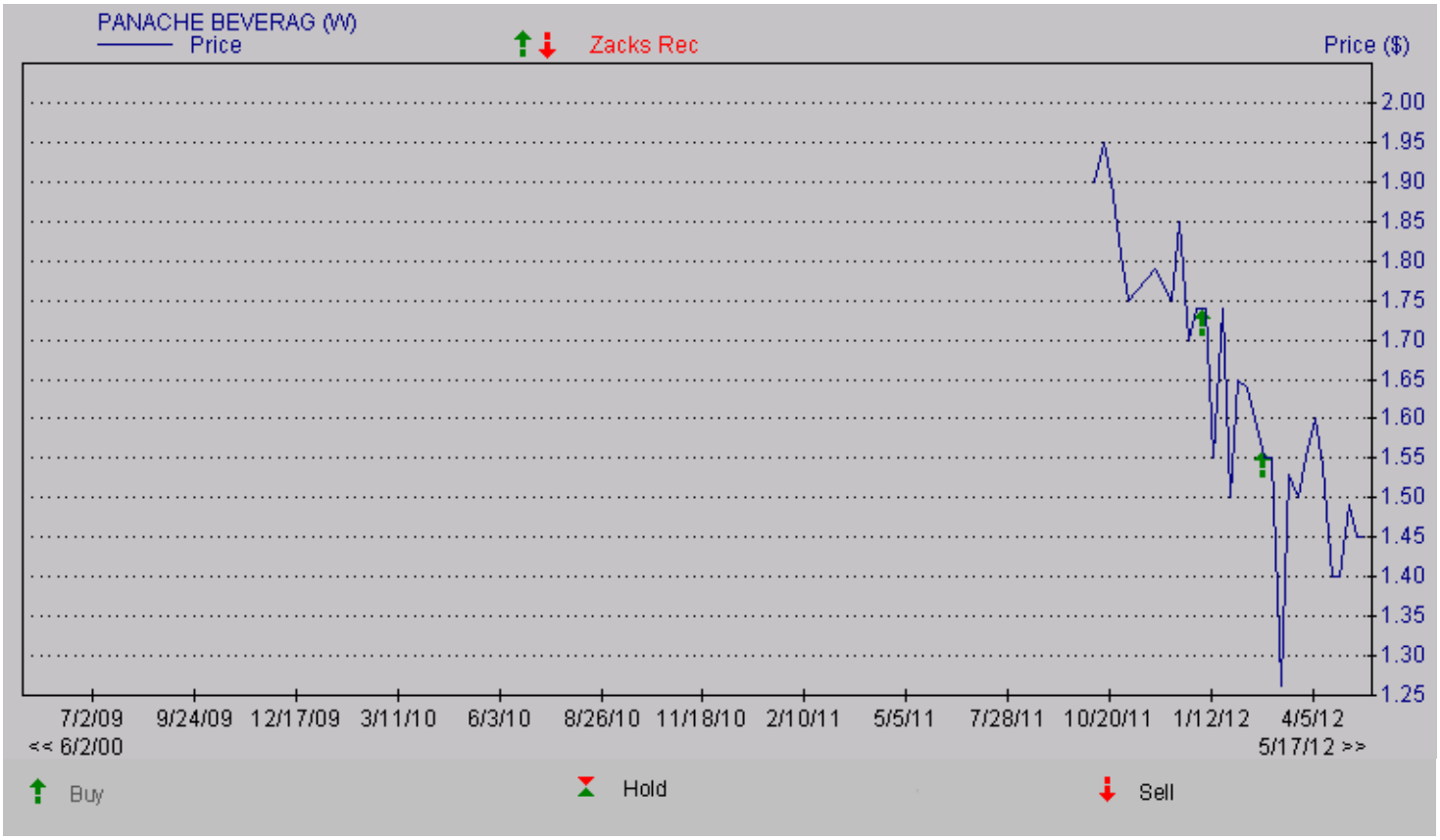
- The firm projects that they will need additional capital to fund operations over the next 12 months. It is anticipated the firm will need an additional $1,000,000 for the year of 2012.

PROJECTED INCOME STATEMENT

INCOME STATEMENT ($ Mil)	FY 2011	FY 2012 E	FY 2013 E	FY 2014 E	FY 2015 E
REVENUE					
Net Revenue	**1.93**	**4.85**	**8.95**	**16.00**	**32.50**
Sequential Growth					
OPERATING EXPENSES					
Cost of Revenues	1.44	1.85	3.45	6.50	12.40
% of Revenue					
Gross Profit -	**0.49**	**3.00**	**5.50**	**9.50**	**20.1**
Proforma Gross Margin	*25.6%*	*61.8%*	*61.5%*	*59.4%*	*61.8%*
Cost of Sales	4.1	3.4	3.4	4.3	6.5
% of Revenue	*212.2%*	*70.1%*	*37.4%*	*26.9%*	*20.0%*
Corp Overhead	-	-	-	-	-
% of Revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
GW Amort, Restructuring, other	-	-	-	-	-
% of Revenue					
Total Operating Expenses	4.11	3.40	3.35	4.30	6.50
% of Revenue	*212.2%*	*70.1%*	*37.4%*	*26.9%*	*20%*
Operating Income -	**(3.61)**	**(0.40)**	**2.15**	**5.20**	**14**
Operating Margin	*-187%*	*-8%*	*24%*	*33%*	*42%*
NON-OPERATING ITEMS					
Non operating Income/Expense	2.2	(0.20)	(0.20)	-0.3	-0.4
% of Revenue	*111.21%*	*-4.12%*	*-2.23%*	*-1.88%*	*-1.23%*
Tax Provision	0.00	0.00	0.50	1.5	4.0
Effective Tax Rate	*0%*	*0%*	*23%*	*29%*	*29%*
Net Income -	**(1.46)**	**(0.60)**	**1.45**	**3.40**	**9.2**
Net Income Margin	*-75.5%*	*-12.5%*	*16.2%*	*21.3%*	*28%*
EARNINGS PER SHARE					
EPS - Basic	-$0.06	-$0.02	$0.06	$0.14	$0.38
EPS - Diluted	-$0.06	-$0.02	$0.06	$0.14	$0.38

Ken Nagy, CFA Zacks Investment Research

HISTORICAL ZACKS RECOMMENDATIONS



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