Zacks Small-Cap Research

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Inuvo Inc. (INUV-AMEX)

INUV: Zacks Company Report – A Potentially Tepid Q2 Could Prove a Buying Opportunity

The stock is still priced well below the industry average of 1.4 times enterprise value to sales. **2017 est. revenue of $97 yields a $4.94 stock price** by next year**.** Success with SearchLinks could double that.

Current Price (04/27/16)	$1.90
Valuation	**$4.94**

OUTLOOK

Inuvo is digital publishing and advertising technology company that just reported Q1 revenues up 40% and earnings up 182%. The business is composed of a network of website and app partners and a network of owned and operated websites and apps. Revenue is earned from ads served by the company's proprietary technologies into those websites and apps. Its new native ad product "SearchLinks" could accelerate growth and increase valuation dramatically. Management's goal is to reach a revenue run rate of $100 million by the end of 2017 and it is on track to do so.

SUMMARY DATA

52-Week High	**$3.45**
52-Week Low	**$1.74**
One-Year Return (%)	**-16.7**
Beta	**0.84**
Average Daily Volume (sh)	**65,396**
Shares Outstanding (mil)	**24**
Market Capitalization ($mil)	**$46**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**31**
Insider Ownership (%)	**17**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**8.3**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**14.8**
P/E using 2016 Estimate	**20.0**
P/E using 2017 Estimate	**7.2**
Zacks Rank	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Growth**
Industry	**Internet-Services**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	10.1 A	10.9 A	13.0 A	15.5 A	49.6 A
2015	13.4 A	16.7 A	19.3 A	21.0 A	70.4 A
2016	18.7 A	17.0 E	20.5 E	25.0 E	81.2 E
2017					97.4 E

Earnings per Share
(Non-GAAP EPS from continuing operations)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	$0.03 A	$0.03 A	$0.03 A	$0.04 A	$0.13 A
2015	$0.03 A	$0.03 A	$0.03 A	$0.04 A	$0.13 A
2016	$0.03 A	$0.03 E	$0.04 E	$0.04 E	$0.12 E
2017					$0.16 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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KEY POINTS

- Inuvo is an emerging player in the digital advertising space a market that is growing over 16% per year and should benefit from this market growth. But according to IHS, native advertising, INUV's newer market, will grow much faster than that. For example it predicts mobile native advertising will increase an average of 70.7% per year to reach $8.9 billion in 2020.

- After transitioning out of a money-losing toolbar business, the company just reported its sixth quarter in a row of over 30% growth.

- The company has stated its goal is to reach a $100 million in revenue run rate by the end of 2017.

- The company's new advertising product, "SearchLinks," launched in July 2015, generated $2.6 million in revenues in 2015. It should create a barrier to entry and some stickiness for its ad business, as it is complex and possibly unique in the industry. This native advertising product is in a very high growth space and companies in that space have higher valuations. We estimate private companies in this space are valued at 3Xs revenues.

- By being located almost exclusively in Arkansas, the company has an extremely low expense structure that is far superior to all the major companies in the web content and ad tech businesses. Almost all competitors are headquartered in expensive NYC or California locations that allows Inuvo to be price competitive while staying cash flow positive and avoiding shareholder dilution.

- Charles D. Morgan, Director and former founder and Chairman of Acxiom, has a 15% stake in the company (including Tocqueville Asset Management.) We believe that this stake will help keep the company's objectives in line with that of shareholders. We believe that ultimately the company will be sold when it proves it has traction and reaches a size of interest to larger corporations.

- We believe the company is valued way below its peers. If we use enterprise value to sales (since many competitors operate at a loss), the stock is still priced well below its peers who trade at an average of 1.4 times enterprise value to sales. **At a multiple of 1.4xs estimated $97 million in 2017 revenue, the stock should be worth $4.94** by next year**.** However, if SearchLinks gains meaningful traction, investors should look to others in the native advertising space that are currently valued at closer to 3x revenues which would reflect a valuation double that.

WHAT'S NEW

Q1 Revenues Up 40% But Company Warns on Q2

Inuvo reported revenues of $18.7 million versus $13.4 million last year, up 40%, but down sequentially as expected by seasonality. Non-GAAP fully diluted EPS beat by $0.01 and was $0.03 versus $0.01 year ago. Non-GAAP net income was $710,000 versus $248,000, up 182%.

Partner network revenues were $5.3 million versus $7.6 last year, down 30% and down 15% sequentially as expected. This is due in part to removing as much as $0.5 million out of partner into owned and operated as well as industry weakness.

Owned and operated web site segment grew 129% year over year to $13.4 million, but down 10% sequentially. Again, as much as $500,000 of this increase was due to the company buying two websites

in March that were previously categorized under partner revenue, but the rest of the growth was organically driven.

Gross margin grew to 77% of sales versus 55% last year primarily due to product mix, as higher margin owned and operated became 72% of sales versus 44% last year. We expect that margins will continue to move up in coming quarters due to that same dynamic.

Marketing costs for the quarter were at 19% of owned and operated revenues up from 15% last year and the typical 15%. This is because due to the industry slow down, the company was able to buy ads for its sites cheaper than expected and this increased margins by getting more bang for its buck.

Compensation and SG&A were $800,000 higher as the company added employees and moved to a higher cost location in Little Rock, from Conway, Arkansas. The company added eight employees since Q4 to a current total of 71 people.

Operating income was $403,000 versus $251,000. Interest expense was reduced to $24,000 from $51,000 last year as the company paid off $3.6 million in debt. Taxes were $7,000 versus a reversal of $41,000 last year.

Non-GAAP net income from continuing operations was $710,000 versus $248,000 last year. EBITDA for the quarter was $1.30 million versus $0.67 last year. The company continues to invest as much as possible while still remaining cash flow positive.

SearchLinks Shows Promise and is Still the Key to Accelerating Growth and Improving Valuation

SearchLinks contributed $2.6 million to revenues in 2015 and is expected to kick in more meaningfully later this year. The company has found its niche in selling a better-customized product that is desired by large publishers that want more control over look and feel, and content. The company currently has about 20 large publishers signed up who are in various stages of testing SearchLinks results. The good thing about these tests are that at any point a customer could tell Inuvo to take over the entire web site (from the competition) and each publisher could potential generate $500,000 to $1 million PER MONTH to Inuvo. The math is as follows: a large publisher could have as many as 500,000,000 page views a month and if the CPMs were $1 - $2, that would be (500,000,000/1000 X $1 or $2.) So 20 large customers could generate between $120 and $240 million a year, which is why shareholders are so focused on the traction of SearchLinks.

The company has had much success from referrals in marketing as it finds the ad business at large publishers quite incestuous. Despite this success, the company is in the process of bringing on a seasoned executive from the competition to spearhead sales and marketing in the native ad space.

Q2 2016 Forecast

Given the weakness the company is now seeing in April, the company has given disappointing revenue guidance for Q2 2016. It believes that the first half of the year may only be up 15-20% over last year. Doing the arithmetic means that it expects Q2 revenues in the range of $15.9 million to $17.5 million versus $16.7 million last year. The midrange is $16.7 million and exactly flat with last year. We believe this guidance is conservative and note that last year when the June quarter was reported, the company was pessimistic about Q3, which turn out not to be the case. Given the rapid changes in advertisers plans, investors should check back again in the quarter to see if business has picked up. In addition, should some of the major publishers currently testing SmartLinks decide to give the go ahead, revenues could pick up rapidly in a meaning way.

Even with flat revenues though, we expect higher EPS as management indicates that reduced marketing costs are as sustainable in Q2 as they were in Q1.

VALUATION

Inuvo is hybrid ad technology platform/ad network and website publisher. Since the company is almost split 50/50, we are using a combination of these types of pubic companies to create a blended valuation. Should SearchLinks, a native ad tech product be successful, we would look to higher revenue multiples as that business is much more attractive.

We applied average multiples to Inuvo's historical and projected revenues based on the comparable companies in the table below. Using this multiple and applying it to 2017 estimated revenues of $97 million, the stock would be worth $4.94 by next year. However between now and then, we could see the IPOs of Outbrain, Taboola, or Revcontent all of whom are much more highly valued and could increase average comparable multiples.

	Ticker	Revenue		TTM	Enterprise Value / Sales		EV/	Included	Enterprise
Company		2016E	LTM	EBITDA	2016E	LTM	EBITDA	Average?	Value
Autobytel	ABTL	$152	$123	$11	1.3x	1.6x	17.8x	y	193
Blucora	BCOR	$453	$437	$82	1.7x	1.7x	9.2x	y	757
Criteo	CRTO	$706	$534	$122	3.1x	4.1x	18.0x	y	2,200
Demand Media	DMD	$136	$135	-$18	0.6x	0.6x	-4.6x	y	80
Rocket Fuel	FUEL	$451	$461	-$26	0.3x	0.3x	-5.1x	y	132
Marchex	MCHX	$141	$143	$2	0.5x	0.5x	38.3x	y	67
The Rubicon Project	RUBI	$293	$249	$25	2.7x	3.1x	30.6x	y	778
MaxPoint Interactive	MXPT	$93	$138	-$13	2.1x	1.4x	-14.6x	y	193
SITO Mobile	SITO	$30	$19	-$1	1.9x	3.0x	-93.3x	n	57
Travelzoo	TZOO	$139	$138	$10	0.6x	0.7x	9.1x	y	90
IAC	IAC	$3,370	$3,230	$396	1.2x	1.3x	10.3x	y	4,070
Average				**59.2**	**1.4x**	**1.5x**	**10.9x**		**$856**

	Revenue		TTM	Enterprise Value / Sales		Valuation Range	
	2016E	LTM	EBITDA	2016E	LTM	Low	High
Inuvo	**$81**	**$76**	**5.3**	**1.4x**	**1.5x**	**$114**	**$115**
YoY growth							

Conclusion of Enterprise Value	**$114,470,391**
Market Value	**$118,201,971**
Shares Outstanding	24,566,288
Price per Share	**$4.81**

	Revenue		2016E	Enterprise Value / Sales		Valuation Range	
	2017E	2016E	EBITDA	2017E	2016E	Low	High
Inuvo	**$97**	**$81**	**5.2**	**1.4x**	**1.5x**	**$124**	**$136**
YoY growth							

Conclusion of Enterprise Value	**$129,954,900**
Market Value	**$133,686,480**
Shares Outstanding	27,042,345
Price per Share	**$4.94**

Private Company Valuations

Inuvo three major competitors for SearchLinks are private companies so we need to take into account their valuation also. If the product is successful, it is possible that the company could achieve a valuation closer to its private competitors—however keep in mind there is often a disconnect between venture and public company valuations.

Outbrain, based in Netanya, Israel, is the older of the two and founded in 2006 and has $99 million in funding. It has approximately 540 employees of which about 180 are in New York City, 160 in Israel and 50 in the UK. In 2014, Outbrain did $260 million in revenues, and has an 80% CAGR. It has silently filed for an IPO and may be valued at $1 billion. If Outbrain grew 50% in 2014 to $195, that would be a trailing valuation of 3.8 times.

Taboola founded in 2007, has raised $160 million in venture funding. It says it is targeting $500 million in revenues in 2016. In January it struck as deal with AOL for advertising and it expects small equity investment from AOL. It has approximately 300 employees 120 of which are in its NYC headquarters and 100 are in the Israel where its R&D is based. The last round before AOL was in June of 2015 for $3 million and the strategic investor was the DailyMail.com. In February management said the company was at a $250 run rate and the last round was estimated to be $700 million by the Wall Street Journal. That would probably be three times the revenue run rate. At that valuation, it could now be worth near $1.5 billion.

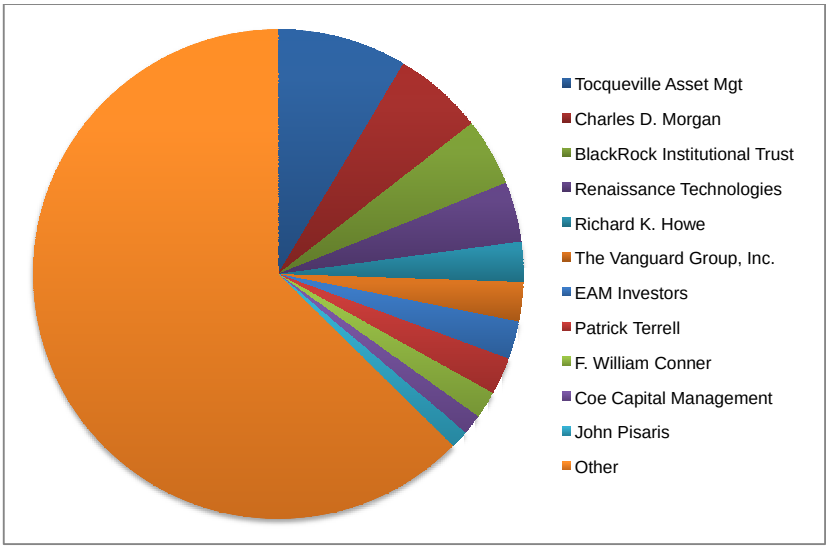
Revcontent, the Sarasota, Fla.-based company was founded in 2013 and employs approximately 130 people. It does 200 billion content recommendations per month and is believed to be the fastest growing native advertising network. The company hit the revenue run rate of $200 million in July 2015, and is near $1 million-a-day in revenue now, and is profitable. It says it grew 600% in 2015. It's never raised money, and it funded the ContentClick acquisition with cash. Having never raised money it has not been valued publically.

RISKS

- There are few barriers to entry in the advertising network business and it typically operates with slim margins with competition mainly on price.
- The company is heavily dependent upon Yahoo! and Google for revenues.
- Some of the company's growth is dependent on the success of a new product that is virtually untested in the market and may not be adopted by new customers.
- The digital ad business is very competitive and there is far more inventory of ad space than is needed. There could be continued price pressure that would lower click rates going forward. Much of the ad inventory in the US goes unsold; more inventory could exacerbate this supply-demand imbalance. Thus, Inuvo may have to increase volume of ads sold just to maintain revenues.
- Inuvo has limited resources with which to compete against much larger companies and this could hinder its growth.
- SearchLinks, a new native advertising product, may not gain traction and its advertising results may not outperform competitors, which may decrease growth and certainly future valuation.

CURRENT OWNERSHIP

Charles D. Morgan owns Tocqueville Asset Management.



PROJECTED INCOME STATEMENT

Inuvo	Q1 2015 31-Mar	Q2 2015 30-Jun	Q3 2015 30-Sep	Q4 2015 31-Dec	Q1 2016 31-Mar	Q2 2016E 30-Jun	Q3 2016E 30-Sep	Q4 2016E 31-Dec	2015	2016E	2017E
					72%						
Partner Network Revenue	7.6	$9.3	$7.2	$6.2	5.3	$5.5	$7.0	$9.0	30.3	26.8	34.8
Yr-to-yr Growth	39%	67%	2%	-18%	-30%	-41%	-3%	45%	18%	-11%	30%
Owned and operated, excluding Appbar	5.8	7.3	12.0	14.8	13.4	$11.5	$13.5	$16.0	40.0	54.4	62.6
Yr-to-yr Growth	59%	52%	114%	93%	129%	57%	13%	8%	83%	36%	15%
Appbar	$0.1	$0.1	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	0.4	0.0	0.0
Yr-to-yr Growth	-90%	-83%	-74%	-63%	-100%	-100%	-100%	-100%	-82%		
Total revenue	**13.4**	**16.7**	**19.3**	**21.0**	**18.7**	**17.0**	**20.5**	**25.0**	**70.4**	**81.2**	**97.4**
Yr-to-yr Growth	32.6%	53%	48%	36%	39.6%	2%	6%	19%	42.0%	15.3%	19.9%
	30.15										
Cost of services	6.1	8.4	5.9	4.7	4.3	4.4	5.9	6.9	25.0	21.5	17.2
Partner network gross margin	1.5	2.2	1.4	1.5	1.0	1.1	1.5	2.1	6.6	5.7	7.0
% GM partner network	20%	24%	19%	21%	19%	20%	22%	23%	22%	19%	20%
Owned and Operated GM	5.8	7.4	12.0	14.8	13.4	11.5	13.5	16.0	40.1	54.4	62.6
% GM owned and operated	100%	100%	100%	100%	100%	100%	100%	100%	99%	100%	100%
Gross profit	7.4	9.6	13.4	16.4	14.4	12.6	15.0	18.1	46.7	60.2	69.5
Gross Margin	54.8%	57.6%	69.5%	77.7%	77.1%	74.1%	73.4%	72.3%	66.3%	74.1%	71.4%
Operating expenses:											
Marketing	4.9	6.6	10.2	12.7	11.1	9.2	11.1	13.6	34.3	44.9	51.9
Profit after marketing of owned and operated	0.9	0.8	1.8	2.2	2.3	2.3	2.4	2.4	5.7	9.5	10.6
Margin Percent	15%	11%	15%	14%	21%	20%	18%	15%	14%	17%	17%
Compensation	1.2	1.3	1.5	1.5	1.7	1.8	1.8	2.1	5.6	7.4	8.5
SG&A	1.0	1.2	1.0	1.4	1.3	1.3	1.4	1.7	4.6	5.6	6.0
Total operating expenses	7.1	9.1	12.7	15.6	14.0	12.2	14.3	17.4	44.6	57.9	66.4
Operating income:	0.3	0.5	0.6	0.7	0.4	0.4	0.8	0.7	2.1	2.2	3.1
Operating margin	1.9%	3.2%	3.3%	3.5%	2.2%	2.2%	3.8%	2.7%	3.0%	2.7%	3.2%
Other income:											
Interest expense, net	(0.1)	(0.0)	(0.0)	(0.030)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-
Total other income	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)	-0.1	0.0
Income before income taxes	0.2	0.5	0.6	0.7	0.4	0.4	0.7	0.6	1.9	2.1	3.1
Pretax Margin	1.5%	3.0%	3.2%	3.3%	2.0%	2.1%	3.6%	2.6%	2.7%	2.6%	3.2%
Income tax benefit	(0.4)	(0.0)	0.0	0.1	0.0	0.0	0.0	0.0	(0.4)	0.0	0.2
Tax rate	-204%	-7%	1%	11%	2%	2%	2%	2%	-18.7%	2.0%	5.8%
Net income from continuing operations	0.606	0.5	0.6	0.6	0.372	0.3	0.7	0.6	2.2	2.1	2.9
Net income from discontinued operations	0.020	(0.0)	0.0	-	0.002	-	-	-	0.0	-	-
Net income	0.626	0.5	0.6	0.6	0.374	0.3	0.7	0.6	2.3	2.1	2.9
Stk based compensation	0.052	0.1	0.3	0.3	0.359	0.3	0.3	0.3	0.8	1.0	1.3
One-time expenses	(0.410)	-	-	-	(0.021)	-	-	-	-	-	-
Non-GAAP Income from continuing	0.248	0.7	0.9	0.942	0.710	0.7	1.1	1.0	3.0	3.1	4.2
Yr-over-Yr									-6.5%	1.5%	36.2%
Net income per share:											
Basic from continuing	0.03	0.02	0.02	0.03	0.02	0.01	0.03	0.03	0.09	0.08	0.11
Diluted from continuing	0.03	0.02	0.02	0.02	0.02	0.01	0.03	0.03	0.09	0.08	0.11
Non-GAAP Diluted from continuing	**0.01**	**0.03**	**0.03**	**0.04**	**0.03**	**0.03**	**0.04**	**0.04**	**0.11**	**0.12**	**0.16**
	-69.1%	5.5%	26.3%	-5.3%	182.1%	1.2%	22.9%	1.1%	-16%	10%	30%
Shares											
Basic	24.1	24.3	24.3	24.4	24.4	24.5	24.3	24.4	24.2	25.5	26.7
Diluted	24.2	24.7	24.8	24.9	24.6	24.6	24.8	24.9	24.5	25.8	27.1
	3.2%	2.7%	2.7%	1.7%	1.3%	-0.3%	0.0%	0.1%	1.6%	5.0%	5.0%
Adjusted EBITDA	0.67	1.09	1.35	1.55	1.30	1.24	1.63	1.53	4.66	5.08	6.25
	-50%	-9%	15%	-13%	93%	14%	21%	-1%	-15%	9%	23%

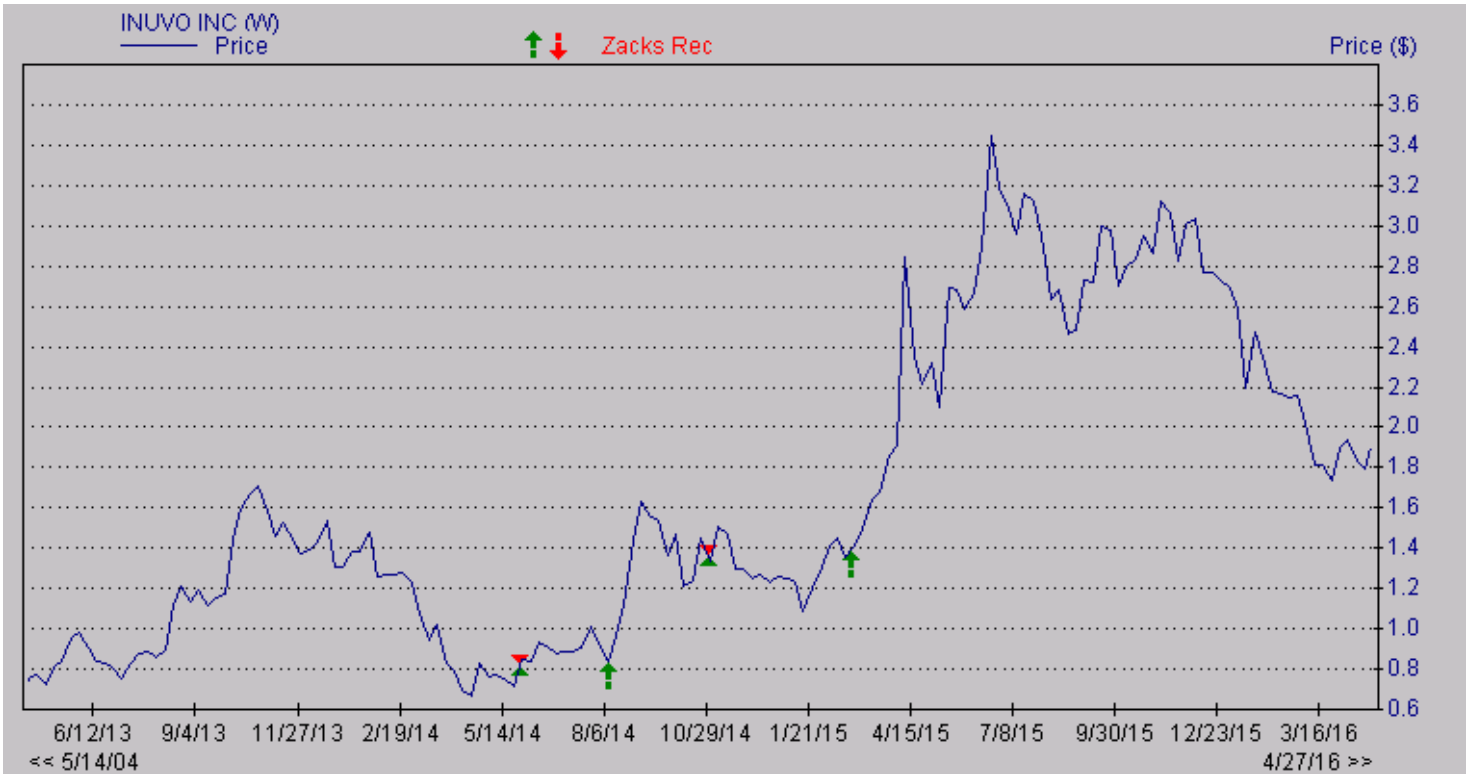
BALANCE SHEET

	March 31, 2016	Dec. 31, 2015	% Change
Current assets			
Cash	$4,433,537	$4,257,204	4%
Accounts receivable, net	5,065,091	7,001,337	-28%
Unbilled revenue	8,727	16,154	-46%
Prepaid expenses and other current assets	280,619	345,752	-19%
Total current assets	9,787,974	11,620,447	-16%
Property and equipment, net	1,854,313	1,805,561	3%
Other assets			
Goodwill	5,760,808	5,760,808	0%
Intangible assets, net of accumulated amortization	9,086,657	9,320,951	-3%
Other assets	218,745	224,759	-3%
Total other assets	15,066,210	15,306,518	-2%
Total assets	26,708,497	28,732,526	-7%
Current liabilities			
Accounts payable	7,664,096	10,080,315	-24%
Accrued expenses and other current liabilities	2,860,740	3,169,445	-10%
Total current liabilities	10,524,836	13,249,760	-21%
Long-term liabilities			
Deferred tax liability	3,799,600	3,799,600	0%
Other long-term liabilities	701,957	722,722	-3%
Total long-term liabilities	4,501,557	4,522,322	0%
Total Liabilities	15,026,393	17,772,082	-15%
Stockholder's equity			
Common stock, $.001 par value	24,823	24,752	0%
Additional paid-in capital	129,428,346	129,081,029	0%
Accumulated deficit	(116,374,506)	(116,748,778)	0%
Treasury stock, at cost - 376,527 shares	(1,396,559)	(1,396,559)	0%
Total stockholders' equity	11,682,104	10,960,444	7%
Total liabilities and stockholders' equity	$26,708,497	$28,732,526	-7%
Quick Ratio	0.9	0.9	6%
Working Capital	(736,862)	(1,629,313)	-55%
Cash as % of assets	17%	15%	12%
Cash per share	$0.18	$0.17	4%
Debt % of assets	3%	3%	4%

CASH FLOWS

	3 Months Ended March 31, 2015	3 Months Ended June 30, 2015	3 Months Ended Sept. 30, 2015	3 Months Ended Dec. 31, 2015	Year 2015	3 Months Ended March 31, 2016
Operating activities:						
Net income	626,310	445,008	651,394	617,062	2,339,774	374,274
Adjustments to reconcile net income to net cash provided by operating activities:						
Settlement of tax liability	(406,453)	-	-	-	(406,453)	-
Depreciation and amortization	370,883	472,202	463,644	500,621	1,807,350	540,562
Deferred income taxes	-	-	-	233,480	233,480	-
Amortization of financing fees	9,533	645	3,226	6,400	19,804	6,400
Adjustment of European liabilities related to discontinued operations	(20,461)	9,056	(45,206)	(3,140)	(59,751)	(5,144)
Provision of doubtful accounts	(80)	(12,956)	-	7,000	(6,036)	(464)
Stock based compensation	51,924	82,750	251,144	321,726	707,544	359,338
Other, net	(251,084)	-	251,084	-	0	-
Cash Flow	**380,572**	**996,705**	**1,575,286**	**1,683,149**	**4,635,712**	**1,274,966**
Free cash flow	**141,145**	**658,992**	**1,101,748**	**1,207,939**	**3,109,824**	**902,368**
Change in operating assets and liabilities:						
Accounts receivable and unbilled revenue	(2,287,739)	1,052,586	176,822	(943,282)	(2,001,613)	1,944,137
Prepaid expenses and other assets	57,613	(52,712)	(3,622)	(20,649)	(19,370)	64,747
Accounts payable	1,307,931	1,357,947	573,126	1,306,902	4,545,906	(2,411,075)
Accrued expenses and other liabilities	(837,934)	841,541	59,668	(1,117,638)	(1,054,363)	(299,033)
Other, net	11,801	-	(11,801)	-	-	-
Net cash provided by operating activities	(1,367,756)	4,435,350	2,130,196	908,482	6,106,272	573,742
Investing activities:						
Purchases of equipment and capitalized development costs	(239,427)	(337,713)	(473,538)	(475,210)	(1,525,888)	(372,598)
Grant funds received for equipment and office construction	-	-	-	-	-	-
Net cash used in investing activities	(239,427)	(337,713)	(473,538)	(475,210)	(1,525,888)	(372,598)
Financing activities:						
Deposit to collateralize letter of credit						
Prepaid financing fees and other	-	-	-	25,600	25,600	-
Net taxes paid on RSU grants exercised	-	(251,083)	-	(109,525)	(360,608)	(11,952)
Proceeds from revolving line of credit	-	-	1,500,000	2,500,000	4,000,000	-
Payments on revolving line of credit	-	(1,793,275)	(1,500,000)	(2,500,000)	(5,793,275)	-
Proceeds from term note payable	-	(381,282)	381,282	-	-	-
Payments on term note payable and capital leases	(183,725)	-	(1,711,616)	(14,081)	(1,909,422)	(12,859)
Net cash used in financing activities	(183,725)	(2,241,915)	(1,514,059)	(98,006)	(4,037,705)	(24,811)
Effect of exchange rate changes	-	-	-	-	-	-
Net change - cash	(1,790,908)	1,855,722	142,599	335,266	542,679	176,333
Cash, beginning of quarter	3,714,525	1,923,617	3,779,339	3,921,938		4,257,204
Cash, end of period	1,923,617	3,779,339	3,921,938	4,257,204	4,257,204	4,433,537
Supplemental information:						
Interest paid	37,075	34,684	31,210	19,167	122,136	18,063
Income taxes paid	97,483	-	-	182,970	280,453	-
Cash received from construction allowance	-	-	-	200,000	200,000	-
Non-cash investing and financing activities:						
Purchase of property and equipment under capital lease	-	103,609	-	-	103,609	-
Purchase of intangible assets through a contingent liability	-	715,874	-	-	715,874	-

STOCK PRICE CHART



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