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Zacks Small-Cap Research

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CardioGenics Hldgs. (CGNH-OTC)

CGNH: Q2 10-Q Expected By 6/20/11.

OUTLOOK

We believe CardioGenics can make a successful entry into the POC IVD market by offering its high-sensitive QLCA and Troponin I test at a significant discount to the competition. High margin paramagnetic beads will provide the bulk of revenue and cash flow for the next three years. The low-cost business model, coupled with high-margin products affords the opportunity to generate positive income and cash flow quickly (2012). Other high potential cardiac marker tests are expected to launch over the next several years. We are maintaining our Outperform rating. Our price target is $2.00.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	07/28/2010
Current Price (06/15/11)	$0.77
Target Price	**$2.00**

SUMMARY DATA

52-Week High	**$1.32**
52-Week Low	**$0.17**
One-Year Return (%)	**N/A**
Beta	**0.54**
Average Daily Volume (sh)	**10,476**
Shares Outstanding (mil)	**30**
Market Capitalization ($mil)	**$23**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
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 2011 Estimate	**N/A**
P/E using 2012 Estimate	**25.7**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**N/A**
Industry	**Med Instruments**

ZACKS ESTIMATES

Revenue
(in millions)

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2010	$0.0 A	$0.0 A	$0.0 A	$0.0 A	$0.0 A
2011	$0.0 A	$0.0 E	$0.1 E	$0.1 E	$0.2 E
2012					$6.8 E
2013					$16.9 E

Earnings per Share

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2010	-$0.01 A	-$0.01 A	-$0.01 A	-$0.01 A	-$0.04 A
2011	-$0.01 A	-$0.01 E	-$0.01 E	-$0.02 E	-$0.05 E
2012					$0.03 E
2013					$0.14 E

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

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WHAT'S NEW

Q2 10-Q Expected By 6/20/2011

CardioGenics filed an NT 10-Q yesterday (6/14) noting that they would miss the 6/15 filing deadline for their Q2 10-Q but that the 10-Q will be filed on or before 6/20. We will update our report following the filing.

FINANCIAL MODEL

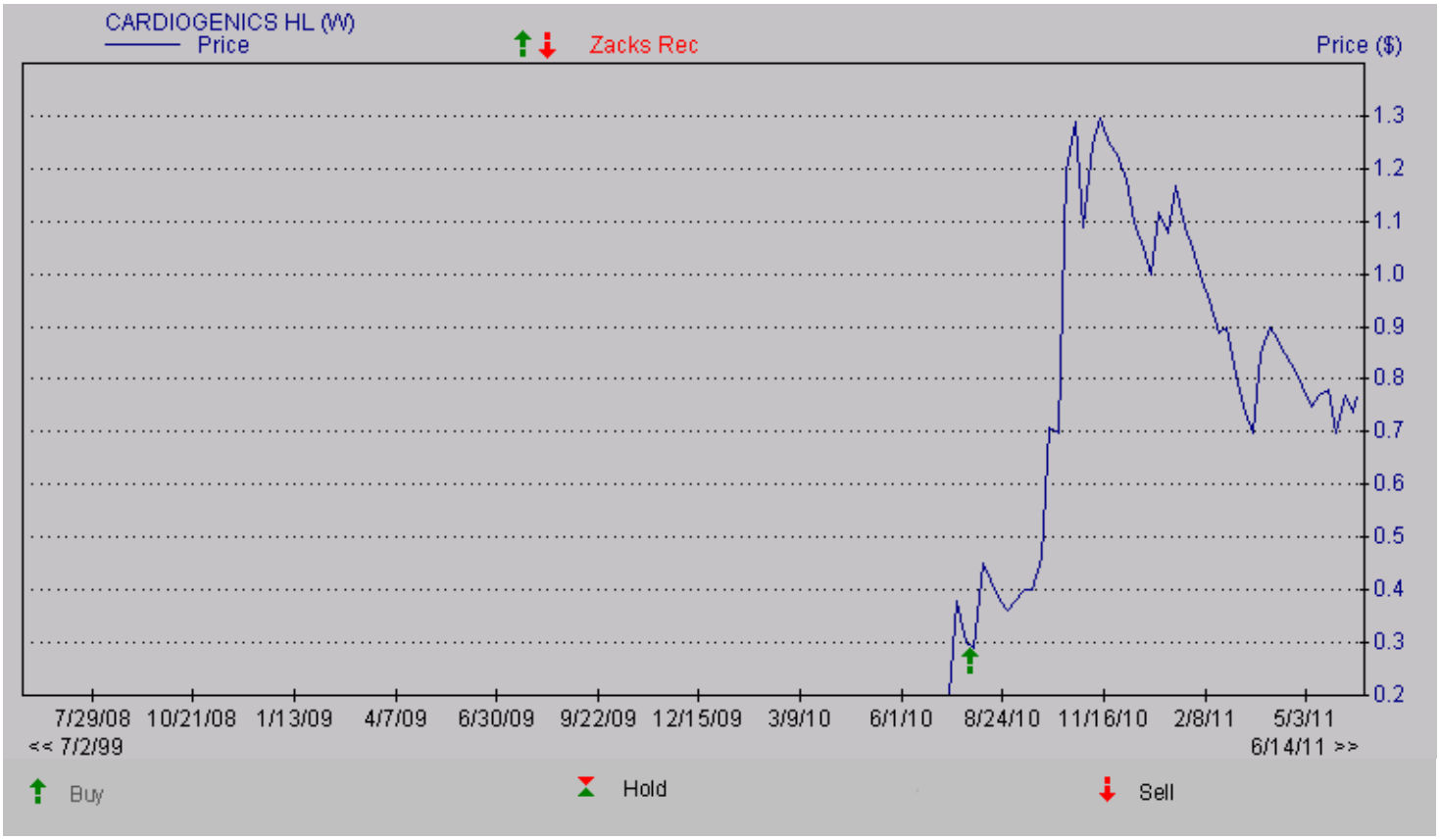
INCOME STATEMENT

CardioGenics Holdings, Inc.

	2010 A	Q1A	Q2E	Q3E	Q4E	2011 E	2012 E	2013 E	2014 E
System sales	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth	-	-	-	-	-	-	-	-	-
Assay revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$278.3	$3,179.5	$16,462.7
YOY Growth	-					-	*#DIV/0!*	*1042.6%*	*417.8%*
Bead revenue	$0.0	$0.0	$0.0	$120.0	$120.0	$240.0	$6,000.0	$13,200.0	$21,600.0
YOY Growth	-					-	*2400.0%*	*120.0%*	*63.6%*
Test dvlpmnt milestones	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$500.0	$500.0	$1,050.0
Revenues	$0.0	$0.0	$0.0	$120.0	$120.0	$240.0	$6,778.3	$16,879.5	$39,112.7
YOY Growth	-					-	*2724.3%*	*149.0%*	*131.7%*
Cost of sales	$0.0	$0.0	$0.0	$9.5	$9.5	$19.1	$632.3	$2,240.1	$5,364.9
Gross Income	$0.0	$0.0	$0.0	$110.5	$110.5	$220.9	$6,146.0	$14,639.4	$33,747.9
Gross Margin	-					*92.0%*	*90.7%*	*86.7%*	*86.3%*
Amort of Prop & Equip	$20.9	$4.7	$6.0	$8.0	$10.0	$28.7	$80.0	$130.0	$200.0
Amort of Patent Applic. Costs	$3.0	$1.0	$1.5	$2.0	$2.5	$7.0	$18.0	$30.0	$75.0
G&A	$1,160.5	$296.8	$305.8	$353.9	$493.9	$1,450.5	$1,820.7	$2,407.2	$2,729.4
% G&A	-	*#DIV/0!*	*#DIV/0!*	*295.0%*	*411.6%*	*604.4%*	*26.9%*	*14.3%*	*7.0%*
R&D	$692.0	$158.9	$330.9	$334.2	$707.6	$1,531.6	$2,421.9	$2,344.0	$3,203.5
% R&D	-	*#DIV/0!*	*#DIV/0!*	*278.5%*	*589.7%*	*638.2%*	*35.7%*	*13.9%*	*8.2%*
Operating Income	($1,981.7)	($461.4)	($644.2)	($587.7)	($1,103.6)	($2,796.9)	$1,805.4	$9,728.2	$27,540.0
Operating Margin	-	*#DIV/0!*	*#DIV/0!*	*-489.8%*	*-919.6%*	*-1165.4%*	*26.6%*	*57.6%*	*70.4%*
Interest income, net	($30.2)	($4.6)	($2.0)	($2.0)	($2.0)	($10.6)	$0.0	$4.0	$25.0
Other income/(loss)	($26.5)	($40.5)	$0.0	$0.0	$0.0	($40.5)	$0.0	$0.0	$0.0
Pre-Tax Income	($2,038.5)	($506.6)	($646.2)	($589.7)	($1,105.6)	($2,848.0)	$1,805.4	$9,732.2	$27,565.0
Taxes (benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	-	-	-	-	-	-	*0.0%*	*0.0%*	*0.0%*
Income before non-control interest	($2,038.5)	($506.6)	($646.2)	($589.7)	($1,105.6)	($2,848.0)	$1,805.4	$9,732.2	$27,565.0
Income to non-controlling interest	($14.2)	($3.4)	($4.5)	($4.1)	($7.7)	($19.8)	$12.6	$68.1	$193.0
Net Income	($2,024.2)	($503.2)	($641.7)	($585.6)	($1,097.8)	($2,828.2)	$1,792.8	$9,664.0	$27,372.1
Net Margin	-					*-1178.4%*	*26.4%*	*57.3%*	*70.0%*
EPS	($0.04)	($0.01)	($0.01)	($0.01)	($0.02)	($0.05)	$0.03	$0.14	$0.39
YOY Growth	-					-	-	*420.5%*	*179.6%*
Diluted Shares O/S *	49,625	53,390	57,250	60,100	62,400	58,285	66,720	69,100	70,000

Source: Zacks Investment Research *Brian Marckx, CFA*

HISTORICAL ZACKS RECOMMENDATIONS



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