

THE ALKALINE  
WATER CO™

One of the Nasdaq's best  
value plays for 2020

Smooth  
Hydration™

NASDAQ:WTER | CSE:WTER | F:AWJA | SG:AWJA

# A meteoric start to 2020

The Alkaline Water Company ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) is already a leading supplier to the lucrative 'value-added' bottled water market.

Within the last five years, the firm has experienced meteoric growth – revenue last year was \$41 million, up from \$3.7 million in 2015.

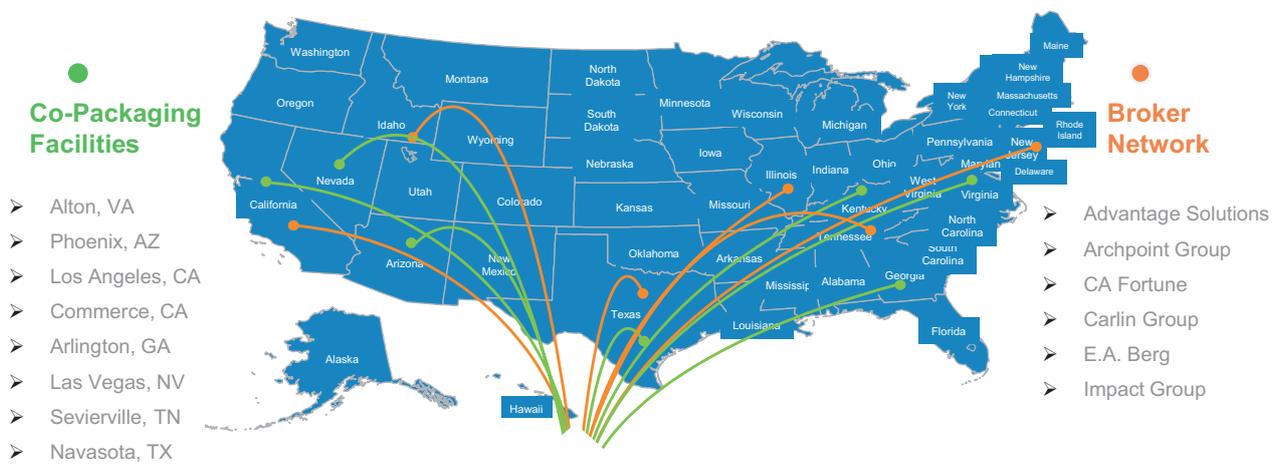
This year, the firm expects to break \$50 million, and that might even prove to be conservative.

Thanks to the way **The Alkaline Water Co** is set-up, the Covid-19 outbreak provided it with an enormous opportunity to accelerate its growth.

Two key factors worked in the company's favor.

First, a big strategic call paid off spectacularly. When setting up its co-packaging facilities, **The Alkaline Water Co** chose to concentrate its operations exclusively in the United States.

## The Alkaline Water Co's Direct-to-Warehouse Model



Source: The Alkaline Water Co's Investor Presentation

When international borders closed, the firm's competitors experienced major supply chain disruption.

They were simply unable to restock their customers.

This freed up prime valuable shelf space throughout the U.S., which brought **The Alkaline Water Co's** second major advantage into play.

The business is extremely lean and has an exceptionally tight focus on sales. It employs just 27 staff directly, generating an incredible C.\$2 million revenue per employee, per year.

As the lockdown started to bite, **The Alkaline Water Co** swung into action. Chief executive Ricky Wright sets the scene:

“Our most important relationships are with the corporate buyers. Once you've established integrity and trust with them, repeat orders flow. This is the only way to secure maximum shelf space for your product.”

Wright went on a one-man crusade in the spring, criss-crossing the States to make

sure **The Alkaline Water Co** was the top priority for his customers.

Panic-buying of bottled water created acute shortages, and **The Alkaline Water Co** was one of very few companies able to meet this demand.

The results were both instant and substantial. [In its recently announced Q4 results](#), **The Alkaline Water Co** booked a record quarter, generating \$12 million in revenue. Importantly, the company increased the number of end-consumers who bought its flagship brand, Alkaline88®, by 30% per a recent press release.

With its unique taste profile and strong brand equity, the outlook for future sales sparkles.

The second half of 2020 promises to be tremendously exciting for the firm and, if it remains on the same trajectory, it could soon start to attract takeover interest from larger competitors.

Whatever the case, **The Alkaline Water Co** is currently valued at roughly 1.5X future sales, at \$1.50 a share as of writing.

With the industry standard coming in at between 2.5X and 5X future sales, a fundamental rerate is surely on the cards for this business.

*Living the  
alkalined life*



# Alkaline water: The celebrity-endorsed wonder drink filling U.S. shelves

Alkaline water is everywhere.

You've no doubt noticed hundreds of bottles of the drink in your local supermarket or gas station.

## **But what exactly is it?**

Well, it's water with added minerals, compounds, and salts that give it a higher pH level than regular drinking water.

The pH scale is a measure of how acidic or alkaline something is and ranges from 0 (extremely acidic) to 14 (extremely alkaline).

Where normal drinking water has a completely neutral pH level of 7, alkaline water sits slightly higher at between 8-9.

Alongside a much smoother taste, there are thought to be many perceived benefits of drinking alkaline water.

## **But one property has struck a particularly strong chord in the U.S.**

Studies have repeatedly shown that alkaline water offers **superior hydration** to regular water.

Given how essential this is to exercise, alkaline water has become the go-to choice for professional U.S. athletes.

## **The drink is even being backed by many of the world's top sports stars.**

Basketball superstars LeBron James and Kyrie Irving swear by alkaline water's performance enhancing qualities, when asked about their diets.

Even NFL legend Tom Brady – widely considered to be among the greatest sportsmen of all time – religiously drinks 20 ounces of alkaline water every morning as part of his "TB12" diet.

With endorsements also coming from the likes of Beyoncé and supermodel Miranda Kerr, alkaline water's popularity among U.S. consumers is *soaring*.

According to data from market research group SPINS, sales of the drink grew 37.5% to around \$252.6 million across the nation in 2018/2019. This outstrips the 7.8% growth rate booked by the wider bottled water markets by a **huge margin**.

When you consider that the \$67 billion bottled water market is the biggest-selling drinks category in America, alkaline water's potential begins to look **truly enormous**.

Especially given the premium price it commands compared to regular bottled water.

**Some estimates even put the size of the global alkaline water market at \$4.3 billion within just two years.**

# The Alkaline Water Company: A market leader, with enormous growth potential

No firm is better positioned to ride the crest of the alkaline water wave than **The Alkaline Water Company** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)).

This company's flagship product - Alkaline88® - has cemented its position at the head of the alkaline water market, by pursuing a disciplined, focused sales strategy.

And it has been hugely successful in a short period of time.

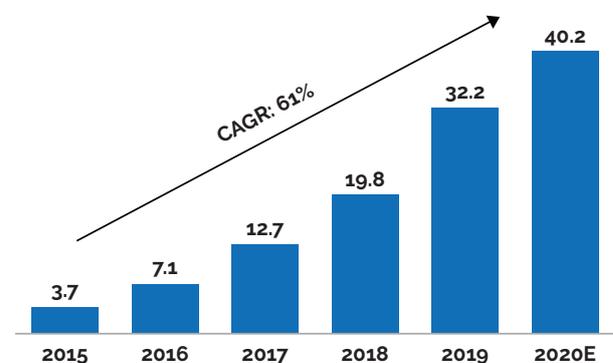
*Just look at the figures.*

***The Alkaline Water Co is one of the fastest-growing, dominant players in this rapidly-expanding sector.***

Sales of Alkaline88® have led **The Alkaline Water Co's** average compound annual growth rate to reach a phenomenal **61%** over the past five years, with turnover rising from \$3.7 million in 2015 to \$40.2 million in FY2020.

At this level, the company's year-on-year revenue growth in FY2020 outstrips the wider bottled water and value-added water categories by **346%** and **120%** respectively.

**WTER Revenue Growth Since 2015**



Source: Eikon and SEC Filings

According to Archpoint Group, this strong growth has now led **The Alkaline Water Co** to rank among the top ten largest U.S. value-added water suppliers – alongside the likes of **Coca-Cola**, **Pepsico**, and **Nestlé**.



Perfectly  
Balanced pH

Thanks to the efficiency of its model, **The Alkaline Water Company** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) is also the third-fastest supplier in this group, delivering orders to customers extremely quickly. Recent Nielsen data also places Alkaline88® among North America's top-ten best-selling value-added water brands and the fastest-growing value-added water brands in 2020.

Yet at \$1.50 a share **The Alkaline Water Co** trades at 1.5X future revenue, a steep discount to the industry standard of 2.5X to 5X future revenue.

*It's only a matter of time before the market corrects this price discrepancy.*

\$ RANK	U RANK		\$ Vol	\$ Vol % Chg
1	1	Coca-Cola Company	\$725,862,521	6.2
2	2	Pepsico Inc	\$372,307,404	7.2
3	4	Essentia Water Inc	\$152,624,675	35.3
4	3	Nestlé Holdings Inc	\$102,392,278	8.8
5	5	Keurig Dr Pepper	\$92463,428	15.0
6	6	Hint Inc	\$80,164,942	89.7
7	7	The Kraft Heinz Company	\$78,115,439	2.2
<b>8</b>	<b>8</b>	<b>Alkaline Water Inc</b>	<b>\$44,140,351</b>	<b>19.7</b>
9	10	Neurobrands LLC	\$15,494,390	-30.9
10	13	In Zone Brands Inc	\$11,757,747	8.0
		<b>TTL VALUE ADD WATER</b>	<b>\$1,909,905,129</b>	<b>11.5</b>

Source: ArchPoint

*Ranked among  
the top ten  
water suppliers*



## 3 Secrets to its Success

So, how has **The Alkaline Water Company's** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) been able to compete so successfully with the world's largest drinks companies in such a short space of time?

An expert management team and **three key factors** drive its ongoing success:

### I) Brand

**The Alkaline Water Co** has designed the optimal product for its space.

The company took the prudent step of trademarking "*alkaline*" in its branding, positioning it at the forefront of consumers' minds in the alkaline water market. It also trade marked "*Clean Beverage*" and put it on its bottles.

Alkaline88® possesses a perfect, 8.8 pH, balanced alkaline drinking water with Himalayan minerals and electrolytes, designed by top water experts and created using a scientifically proven method . The process is called "*ionization*", and it allows the company to make Alkaline88® with chemicals and only two ingredients – purified water and pink Himalayan rock salt .

The net result is a premium water product that carries more brand loyalty than any of its peers, according to research firm Archpoint.

**1. Transform purified water to alkaline**

First, water is purified through reverse osmosis and put through our state-of-the-art Electrochemically Activated Water (ECA) system to create 8.8 pH water without any chemicals.

**2. Infuse Himalayan Minerals**

The ECA process then infuses the water with 84 trace minerals and electrolytes derived from pure pink Himalayan rock salt for even better body balance.

**3. Purify again**

Finally, the water is purified again using ultra-violet technology, then packaged in an FDA-compliant clean room for ultimate safety.



## II) Operations

The Alkaline Water Company ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) manufactures and supplies its water as efficiently as possible.

Every raw material needed to produce Alkaline88® is U.S. sourced, ensuring rapid delivery.

The firm boasts a “direct-to-warehouse” model centred on a network of regional and national brokers and eight strategically placed co-packaging facilities, based within 600 miles of 95% of the U.S. population.

The company also runs a tight ship at headquarters, with a workforce of just 27 employees generating \$1-2 million of revenues each per year. Over half the company’s employees are dedicated sales staff.

## III) Sales Focus

The Alkaline Water Co’s products have reached the shelves of **more than 72,000 retail stores across all 50 U.S. states**, and repeat orders are coming in thick and fast.

Well-known chains that stock Alkaline88® include grocery stores like Lidl and Whole Foods, pharmacies such as CVS and Rite Aid, and big-box retailers like Family Dollar.

Alkaline88® has proven to be so popular with consumers that when the line launched with Walmart, it did so across all of the chain’s 4,700 nationwide stores with one month – an unprecedented move.

### Growing National Footprint



## How The Alkaline Water Company seized the growth opportunity created by coronavirus

There's no better example of **The Alkaline Water Company's** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) model in action than the first half of 2020.

Restrictions are being eased, but the coronavirus pandemic brought the world to a standstill.

The blow it dealt the retail sector was indiscriminating, and U.S. water suppliers were also badly affected. Faced with an inability to source overseas materials and mobilize their supply chains fully, many firms were simply unable to meet orders.

The shelves were entirely free from bottled water in some cities.

Aside from one brand, that is.

### **Alkaline88®.**

**The Alkaline Water Co's** emphasis on U.S.-sourced materials and use of strategically located co-packers meant it could continue to manufacture Alkaline88® and deliver it to retailers.

No delays, no missed orders – just uninterrupted service.

The company's Chief Executive Officer Ricky Wright tells us he even flew out to visit each of his suppliers to co-ordinate a strategy for ensuring Alkaline88® was their top priority.

The fruits of Wright's labour were bountiful.

Not only did business continue as usual for **The Alkaline Water Co**, but it improved dramatically!

The firm secured **15,000 more retailers** in Q1 2020, while 30% more households are estimated to have enjoyed Alkaline88® at peak demand.

This led to two months of record months of revenues in March (**\$6.2 million**) and April (**\$7.1 million**) – up 114% and 171% respectively year-on-year.

Should this momentum continue – which Wright believes it will, given Alkaline88®'s brand loyalty – then analysts see revenues passing \$50 million in the current financial year.

This outlook is surely enough to place **The Alkaline Water Co** in the sites of the big beverage players if it wasn't already there.

**“I made sure I got on a plane, even if it was a full day's ride for a two-hour meeting, to meet the chief executive of every supplier and ask them to put on extra shifts, run 24/7, and just do whatever they could to allow us to meet our demand.**

**No one else did this. When the biggest players in the world could not put water on the shelf at major US retailers, we were there.”**

**Ricky Wright, Chief Executive Officer**

## The Alkaline Water Company's aggressive expansion strategy

There's no doubt that **The Alkaline Water Company** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) is already a major player in its market.

But make no mistake, plenty of room for growth remains.

By the firm's estimates, Alkaline88® is currently stocked in just 8% of its total addressable market. There are an estimated 1.08 million outlets, which could stock the its brands.

With a strong foundation in place, **The Alkaline Water Co** is now on a huge drive to expand its retail footprint.

One key area of focus for the firm here is expanding its product range.

Last year saw it release a range of all-natural, zero sugar, zero-calorie, fruit-infused drinks into the U.S. flavored water market – a space [expected to be worth](#) \$9.7 billion by 2023.

Although the range is currently sold in 7,000 stores across the U.S., huge growth is on the

way - **The Alkaline Water Co** [recently secured](#) summer stocking commitments from 12,500 retailers – including ShopRite.

Meanwhile, the company has also launched a refillable, resealable, and 100% recyclable aluminium water bottle. This positions it as an early adopter in the movement away from plastic bottles, which have already been banned in [San Francisco airport](#), the [offices of Facebook](#), and [thousands of state properties across New York](#).

Aside from their environmental credentials, Wright says **The Alkaline Water Co's** aluminium bottles also offer an unparalleled drinking experience. Wright maintains:

“Once you drink our water from an ice-cold aluminium can, you'll never want a beer again – it's that good.”

With the company already [delivering 300,000 aluminium bottles to the California and Texas markets](#), Wright's ambitious claim carries some weight.

Fruit-infused drinks range

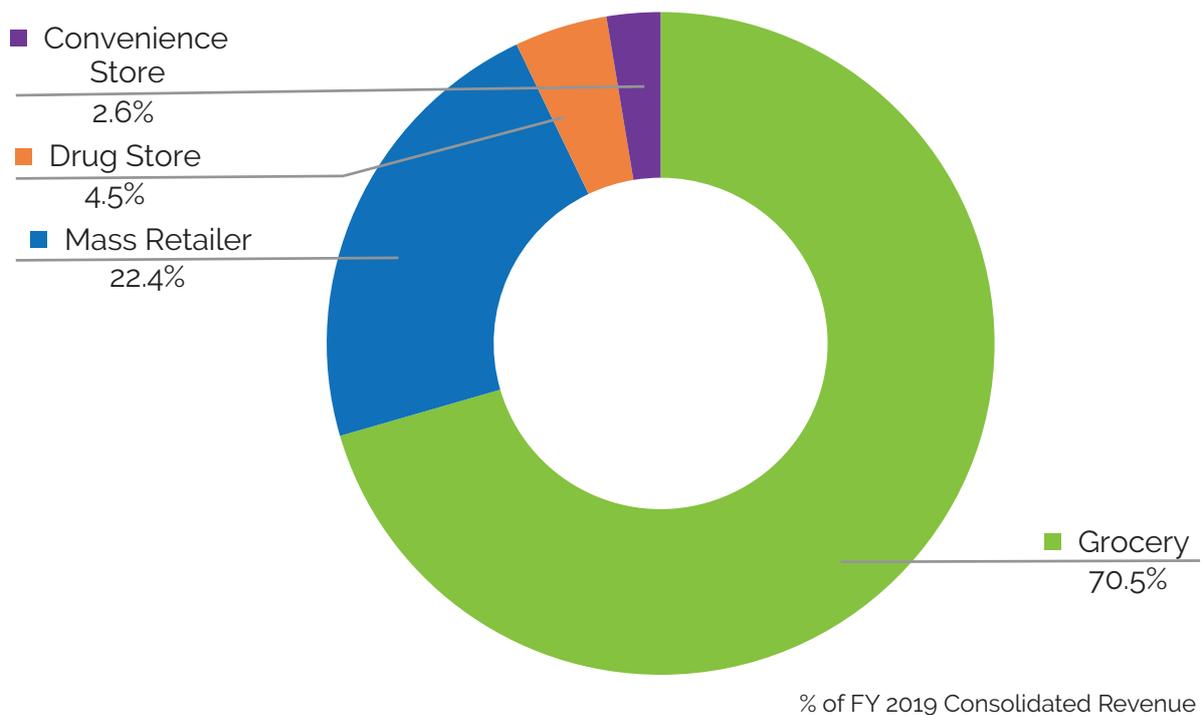


## Pushing into exciting new sales channels

As well as expanding its product range, **The Alkaline Water Company** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) is pushing into new sales channels beyond the grocery stores, big-box retailers, drug stores, and convenience stores that made up 100% of FY19 revenues.

Among the new areas of pursuit are **speciality retailers** like Urban Outfitters, Hot Topic, and Tilly's, and **health and beauty retailers** like The Vitamin Shoppe, Swanson, and Sally Beauty. The firm has found strong demand for its core and flavoured waters in these areas, as well as its cannabidiol-infused portfolio (more on this shortly).

**The Alkaline Water Co's Revenue Split**



Perhaps the biggest expansion opportunity for **The Alkaline Water Co**, however, is into the **hospitality and speciality venue** sector. This covers everything from health clubs, golf courses, airports and restaurants to hospitals, universities, and schools.

The company recently launched into an aggressive sales drive, targeting this market, after identifying enormous, pent-up demand for a national brand of water with an eco-friendly package.

Given that the hospitality market is twice the size of the retail market, the upside potential looks **astronomical**.

## A88CBD: Building North America's biggest bricks and mortar CBD brand

New products and sales channels make up two parts of **The Alkaline Water Company's** (NASDAQ:WTER | CSE:WTER | F:AWJA | SG:AWJA) longer-term goal - establishing itself as a **wellness company**.

The firm's largest step on this path came in February 2020, when it launched its A88CBD – a brand offering a suite of cannabidiol (“CBD”) infused products online and in stores.

There are two sides to A88CBD's range:

- **Topical products** that are applied to the skin, including items like lip balms, body lotions, and hand lotions; and
- **Ingestible products** that are swallowed, such as flavoured waters, tinctures, coffees, and teas.

CBD is the non-psychedelic cannabis compound that has exploded in popularity over recent years due to its therapeutic

benefits. These range from anxiety, pain, and acne relief, to treatment for seizures, neurodegenerative disease, and cancer.

The CBD opportunity in America is **immense**.

Although ingestible products are yet to reach stores due to regulatory delays, they can be bought online. Topicals, meanwhile, have hit the shelves of many retailers, including CVS Health, Rite Aid, and Walgreens Boots.

With momentum growing, BDS Analytics projects that the market for all CBD products will be worth **more than \$20 billion by 2025 in the U.S. alone**.

This looks like low-hanging fruit for the hundreds of CBD firms set-up to cash in on the boom.



*A Topical  
Product Range*

## Brand loyalty and relationships: overcoming the CBD sector's hurdles

But these businesses may come unstuck for two reasons, says Wright.

The first is brand recognition - something that **The Alkaline Water Company** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)) has in spades.

Rather than opt for a CBD product from a company they don't know or necessarily trust, Wright says consumers will much more likely choose a name with whom they are familiar:

“These shoppers know and love our Alkaline88®, so they are much more comfortable with buying and using our CBD products than those offered by new brands without that essential retail footprint.”

The second hurdle is an over-reliance on online sales.

Now that CBD products are penetrating stores, Wright says 100% e-commerce-focused CBD brands like Charlotte's Web and PureKanna's lack of bricks and mortar relationships are proving to be a severe limitation.

In contrast, he adds, these stores are eager to stock **The Alkaline Water Co's** products because they know the firm and the repeatable success it has had with Alkaline88®.

The net result?

*Wright is confident that A88CBD will be the largest bricks and mortar CBD company in the U.S. by this time next year.*

An Ingestible  
products Range



# The compelling buy-case for The Alkaline Water Company

The first half of 2020 has been perfect for **The Alkaline Water Company** ([NASDAQ:WTER](#) | [CSE:WTER](#) | [F:AWJA](#) | [SG:AWJA](#)). While its competitors have struggled greatly, this firm has prospered.

The results have been spectacular, and the quarter ending in March 2020 saw the company deliver record revenues of \$12 million. The next quarter is expected to be even better.

With its lean operational model, U.S.-only supply chain, and sheer growth potential, it is little surprise this firm is being touted as a potential takeover target.

Here are the reasons you should seriously consider adding **The Alkaline Water Co** to your stock portfolio.

- I. **The Alkaline Water Co** trades at roughly 1.5X its future sales when the industry standard is between 2.5X and 5X future sales. A fundamental re-rate is possible on this basis alone, but if the company does attract takeover interest the price paid could be at an even higher premium.
- II. The unique taste profile of its product is a crucial competitive edge. Alkaline88® has such strong brand equity because so many end-customers buy it repeatedly. Recent bottled water shortages caused by the Covid-19 outbreak have seen more consumers try this product, and the expectation now is that a significant proportion will remain loyal.
- III. Alkaline88® is currently stocked in 72,000 outlets out of a potential 1.08 million. This presents a huge growth runway. Whether **The Alkaline Water Co** becomes a takeover target or not, its tight sales focus should see it maintain this exceptional rate of expansion.
- IV. With its established and growing Direct Store Distributor network, **The Alkaline Water Co** has the potential to launch innovative new product ranges. The introduction of "A88CBD™" and eco-friendly aluminium water bottles put it at the forefront of exciting new markets.
- V. Already ranked as the third-fastest growing of the top ten largest U.S. value-added water suppliers, a track record of success strongly suggests **The Alkaline Water Co** will come good on its ambitious plans. On a risk/reward basis, its long-term investment appeal is **sky-high**.

# Working with some of America's biggest retail brands

## Speciality Retailers

**TILLYS**

**URBAN OUTFITTERS**

**HOT TOPIC**

**DOLLAR GENERAL**

## Hospitality/Speciality Venues

**Marriott**  
INTERNATIONAL

  
L A | F I T N E S S .

**Sysco**™

**aramark** 

 **USC** University of  
Southern California



## Health and Beauty

  
THE VITAMIN SHOPPE

 **SWANSON**®

**ULTA**  
BEAUTY

**GNC**  
LIVE WELL.

**SALLY** BEAUTY

# Appendix

## Financial results for the quarter ended 31 December 2019

(All Amounts are in U.S. dollars)

	For the three months ended December 31, 2019	For the three months ended December 31, 2018	Year over Year Change %
Revenue	\$ 8,455,030	\$ 7,691,013	9.9 %
Cost of Good Sold	\$ 5,061,324	\$ 4,822,694	4.9 %
Gross Profit	\$ 3,393,706	\$ 2,868,319	18.3 %
Net Loss	\$ (2,861,673 )	\$ (2,755,572 )	3.9 %

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018	Year over Year Change %
Revenue	\$ 29,053,052	\$ 24,211,398	20.0 %
Cost of Good Sold	\$ 17,048,951	\$ 14,301,068	19.2 %
Gross Profit	\$ 12,004,101	\$ 9,910,330	21.1 %
Net Loss	\$ (10,842,818 )	\$ (5,781,290 )	87.6 %

## Condensed consolidated balance sheet as of 31 December 2019

	December 31, 2019 (unaudited)	March 31, 2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,173,551	\$ 11,032,451
Accounts receivable	3,295,331	3,068,181
Inventory	2,367,125	2,058,012
Prepaid expenses	1,999,656	378,699
Operating lease right-of-use asset - current portion	65,255	
Total current assets	<u>11,900,918</u>	<u>16,537,343</u>
Property and Equipment, net	<u>1,461,790</u>	<u>1,945,265</u>
Total assets	<u>\$ 13,362,708</u>	<u>\$ 18,482,608</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 4,948,249	\$ 2,898,958
Accrued expenses	999,218	1,095,458
Revolving financing	2,895,444	3,131,279
Operating lease liability - current portion	76,266	-
Total liabilities	<u>8,919,177</u>	<u>7,125,695</u>
Stockholders' equity		
Preferred stock, \$0.001 par value, 100,000,000 shares authorized, Series C issued 1,500,000 and Series D issued 3,800,000 at December 31, 2019 and March 31, 2019	5,300	5,300
Common stock, Class A - \$0.001 par value, 200,000,000 shares authorized 43,685,592 and 39,573,512 shares issued and outstanding at December 31, 2019 and March 31, 2019, respectively	43,685	39,573
Additional paid in capital	53,932,243	50,006,919
Accumulated deficit	<u>(49,537,697)</u>	<u>(38,694,879)</u>
Total stockholders' equity	<u>4,443,531</u>	<u>11,356,913</u>
Total liabilities and stockholders' equity	<u>\$ 13,362,708</u>	<u>\$ 18,482,608</u>

## Condensed consolidated statement of operations at of 31 December 2019

	For the Three Months Ended		For the Nine Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue	\$ 8,455,030	\$ 7,691,013	\$ 29,053,052	\$ 24,211,398
Cost of Goods Sold	5,061,324	4,822,694	17,048,951	14,301,068
Gross Profit	3,393,706	2,868,319	12,004,101	9,910,330
Operating expenses				
Sales and marketing expenses	4,077,599	3,650,105	13,359,941	9,846,940
General and administrative	1,812,763	2,718,567	8,439,405	5,096,043
Depreciation	254,220	110,613	727,917	334,769
Total operating expenses	6,144,582	6,479,285	22,527,263	15,277,752
Total operating loss	(2,750,876)	(3,610,966)	(10,523,162)	(5,367,422)
Other (expense)				
Interest expense	(110,797)	(144,606)	(319,656)	(413,868)
Total other (expense)	(110,797)	(144,606)	(319,656)	(413,868)
Net loss	\$ (2,861,673)	\$ (3,755,572)	\$ (10,842,818)	\$ (5,781,290)
LOSS PER SHARE (Basic and Diluted)	\$ (0.07)	\$ (0.11)	\$ (0.26)	\$ (0.19)
WEIGHTED AVERAGE SHARES OUTSTANDING (Basic and Diluted)	43,685,592	32,814,187	42,187,056	30,765,915

## Condensed consolidated statement of cashflow as of 31 December 2019

	For the Nine Months	
	December 31, 2019	December 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (10,842,818)	\$ (5,781,290)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	727,917	334,769
Stock compensation expense	1,428,950	393,460
Warrant Expense	-	131,030
Right-of-use asset amortization	11,011	-
Changes in operating assets and liabilities:		
Accounts receivable	(227,150)	521,367
Inventory	(309,113)	(701,777)
Prepaid expenses and other current assets	(1,620,957)	115,387
Accounts payable	2,049,291	270,254
Accrued expenses	(96,240)	(139,949)
NET CASH USED IN OPERATING ACTIVITIES	(8,879,109)	(4,856,749)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(244,442)	(1,174,458)
CASH USED IN INVESTING ACTIVITIES	(244,442)	(1,174,458)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds (payments) from revolving financing	(235,835)	157,283
Proceeds from sale of common stock, net	-	6,955,798
Proceeds for the exercise of warrants, net	2,500,486	1,148,249
Repayment of notes payable	-	(131,583)
CASH PROVIDED BY FINANCING ACTIVITIES	2,264,651	8,129,747
NET CHANGE IN CASH	(6,858,900)	2,098,540
CASH AT BEGINNING OF PERIOD	11,032,451	988,905
CASH AT END OF PERIOD	\$ 4,173,551	\$ 3,087,445
INTEREST PAID	\$ 235,197	\$ 333,534
TAXES PAID	\$ -	\$ -

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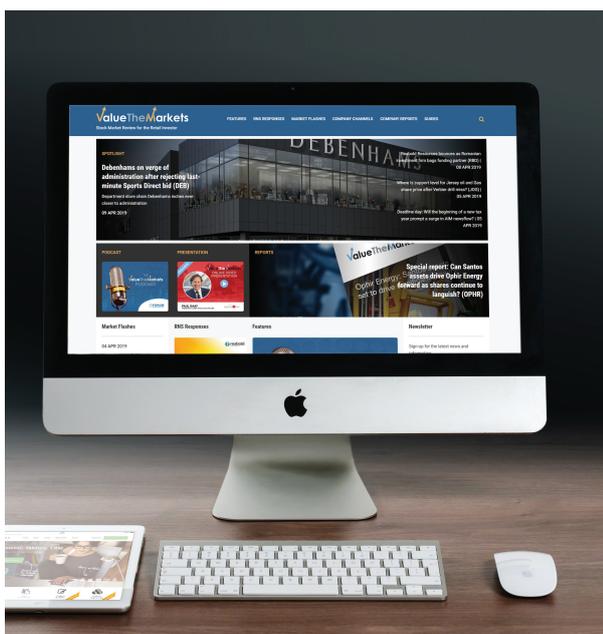
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