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VIASPACE INC.

(OTC BB: VSPC.OB)

Current Price: \$0.02

Current Recommendation: BUY

Valuation Target Price: \$0.08-\$0.10

VIASPACE INC. is an exciting high-growth alternative energy company transformed and restructured to focus on renewable energy—through its license for a fast-growing grass as a feedstock for nonfood crop biofuels—and clean energy—through its fuel-cell cartridge business and portfolio of direct methanol fuel-cell patents licensed from Caltech, which manages NASA's Jet Propulsion Laboratory where the direct methanol fuel cell was invented.

The Company recently acquired Inter-Pacific Arts (IPA), which has a license for a fast-growing high yield hybrid grass called Giant King Grass that has the potential to be used in the production of nonfood biofuels and, in the more immediate term, animal feedstock for dairy cows, pigs, sheep, goats, fish and other animals. IPA also operates a profitable framed-art business with positive cash flows that will enable the Company to develop and expand its alternative energy businesses.



Sales Estimates

All figures in US \$ million	2009	2010	2011	2012	2013
Optimistic Case	9.50	18.42	30.86	53.99	96.85
Base Case	8.63	16.75	27.56	48.21	88.05
Pessimistic Case	7.34	14.40	24.25	43.38	79.24

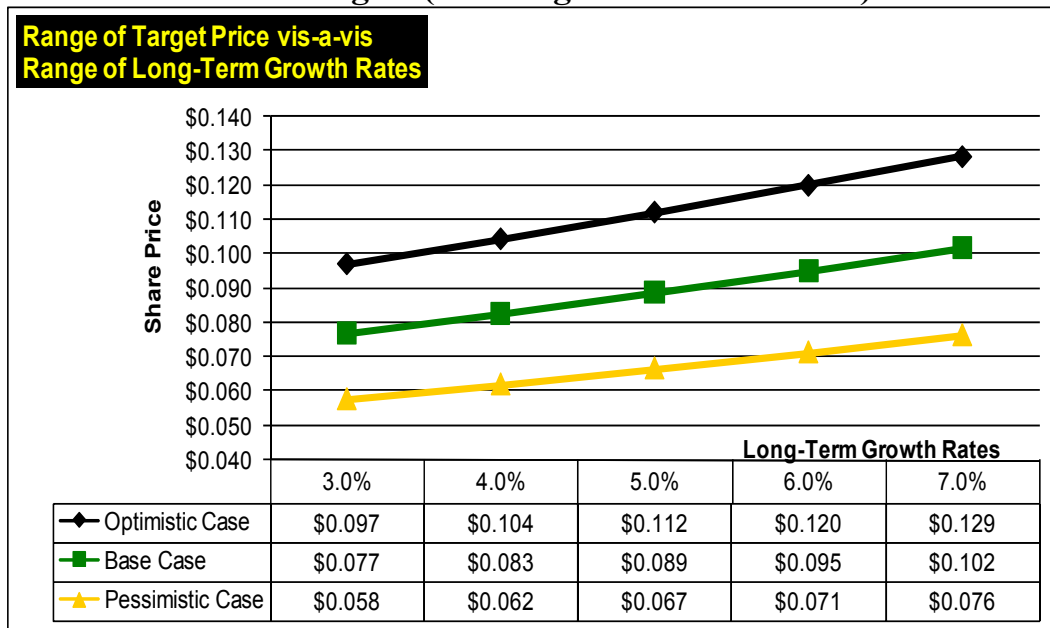
Operating Profit Estimates

All figures in US \$ million	2009	2010	2011	2012	2013
Optimistic Case	1.53	6.90	14.27	28.83	58.27
Base Case	1.39	6.27	12.74	25.75	52.97
Pessimistic Case	1.18	5.39	11.21	23.17	47.67

Earnings Per Share (EPS) Estimates

All figures in US \$	2009	2010	2011	2012	2013
Optimistic Case	0.001	0.004	0.008	0.016	0.033
Base Case	0.001	0.003	0.006	0.012	0.026
Pessimistic Case	0.001	0.002	0.005	0.009	0.020

Price Targets (vs. Range of Growth Rates)





Price and Volume



	Open	High	Low	Close	Volume
2009/06/12	0.02	0.02	0.02	0.02	2,196,800

	Last Month	Last 3 Months	Last 6 Months	Last 9 Months	Last 12 Months
High Price	0.03	0.05	0.05	0.05	0.05
Low Price	0.02	0.01	0.01	0.01	0.01
Close Price	0.02	0.01	0.01	0.02	0.04
Total Volume	40,493,300	212,542,800	292,561,300	414,874,200	467,656,300
Average Daily Volume	4,049,300	4,167,500	2,612,200	2,357,200	1,948,600
Price Change vs Market (%)	97	169	191	123	68

**Price and Volume (continued)**

	Last 4 Weeks	Last 13 Weeks	Last 26 Weeks	Last 52 Weeks
High Price	0.03	0.05	0.05	0.05
Low Price	0.02	0.01	0.01	0.01
Close Price	0.03	0.01	0.01	0.04
Total Volume	58,260,500	233,519,100	304,672,400	478,174,900
Average Daily Volume	3,066,300	3,706,700	2,457,000	1,905,100
Price Change (%)	-33.3	100.0	100.0	-50.0
Price Change vs Market (%)	62	160	186	72

Current Market Value	17,416,671
Market Value As % Of Revenues	813
Reported Shares Out. (2009/05/08) (#)	870,833,536
Balance Sheet Shares Out. (2009/03) (#)	870,834,000
Float (#)	499,555,783
Float As % Of Shares Outstanding	57.4

This Week's Dollar Volume (\$000s)	305
Weekly Volume As % Of Shares Out.	1.92
Liquidity Ratio (\$000s)	14.60
On-Balance Volume Index Last 4 Weeks (%)	14

5 Day Moving Average	0.02
10 Day Moving Average	0.02
10 Week Moving Average	0.02
30 Week Moving Average	0.02
200 Day Moving Average	0.02

200 Day Price Index vs Market (%)	84
Price Momentum This Week (%)	109
Price Momentum Prior Week (%)	151
Beta (60 Month)	8.40
Beta (36 Month) Average	1.37



OVERVIEW OF COMPANY OPERATIONS

VIASPACE, Inc. is a clean energy company focusing on:

- *Renewable Energy through its license to cultivate a unique fast-growing grass as a feedstock for non-food crop biofuels. This grass can be used for the production of cellulosic biofuels such as ethanol, methanol biocrude and green gasoline. The grass is also used as an animal feed.*
- *Alternative Energy through the Company's disposable fuel cartridges for fuel cell powered notebook computers and mobile phones; and rechargeable lithium-ion batteries*

VIASPACE, Inc. also develops high performance chemical sensing systems for detecting hazardous chemicals, explosives, industrial toxic gases, drugs and the chemical components of improvised explosive devices (IEDs).

VIASPACE, Inc. owns a strategic non-core framed art business that is growing and profitable and generating cash flows that are being used to support expansion of its renewable energy business.

VIASPACE Inc was founded in 1998 to commercialize proven technology from NASA and the Department of Defense Technology originally developed at the NASA Jet Propulsion Laboratory (JPL). This relationship resulted in the Company's entry into alternative energy and development of fuel cartridges based on fuel cell technology licensed from the Caltech which manages JPL for NASA. In 2008 VIASPACE entered the renewable energy business to broaden its base of potential revenues and growth. The Company's presence in the fast-growing markets for clean energy, along with its experienced management team, makes it an exciting investment opportunity

VIASPACE is likely to gain a significant competitive advantage in the market due to the following factors:

- *A license to cultivate Giant King Grass is likely to enhance its position in the renewable energy industry, as this grass can be used as a non-food cellulosic low-carbon feedstock for biofuels. In the near term, the Company will benefit from the sale of this grass as animal feedstock.*
- *DMFCCs expertise in fuel cell cartridge safety and design, coupled with its business model to partner with leading OEMs such as Samsung and other manufacturers by offering them patent protection, will make the Company a partner of first choice for large fuel cell manufacturers. This*



not only lays the foundation for a long term relationship with key players in the industry but also ensures the Company a recurring revenue stream.

- *The Company's framed art business is a self-sufficient and positive cash flow business segment. This segment is likely to generate significant cash flows for the Company; thus feeding the nearer-term capital requirements of the Company's core business segments, reducing the Company's dependence on external funds and significantly reducing VIASPACE's financial risks.*

These factors representing VIASPACE's diversified business model targeting multi-billion dollar alternative energy markets makes it an exciting long-term investment story.

KEY CORPORATE DEVELOPMENTS

VIASPACE announces its intentions to list its subsidiary VGE on OTC Bulletin Board to enhance shareholder value and improve Company's ability to raise funds to fuel growth

On June 4, 2009, VIASPACE filed Form S-1 with the U.S. Securities and Exchange Commission to list its majority owned subsidiary, VIASPACE Green Energy Inc. ("VGE"), as a separate public company that is expected to be traded on the OTC Bulletin Board. This move, in our view is likely to have significant positive impact on the Company's current shareholders as it shall unlock the value of its grass business and improve its position significantly to raise additional funds. Also, the low shares outstanding of VGE will result in listing price as high as \$3.0 thus allowing investors who are adverse to, or prohibited from, investing in penny stocks to be a part of the grass business. Finally, and most importantly, VGE will become a fully reporting company post its listing, adding new transparency into operations and financial results which is expected to be an important factor in attracting new investors.

Post listing, VIASPACE shall continue to be a majority shareholder in VGE. All this would happen without affecting the Direct Methanol Fuel Cell Corporation, Ionfinity and the rechargeable battery business thus overall being positive for the Company's current shareholder.

New Website to reflect revised corporate identity and enhance shareholder interaction

On May 28, 2009 VIASPACE announced the launch of its new corporate website to present latest information about the Company's business, financial strategy and new corporate identity. The new websites discusses in detail, the Company's businesses including Giant King Grass alternative energy



businesses and framed art segment. Visitors, including shareholders, now have access to learn more about VIASPACE, its clean energy strategy, and the Company's plans to realize a range of opportunities in renewable, low-carbon energy, and fuel cells and batteries as clean alternative energy sources.

Potential of Giant King Grass reflected through signing of new MOUs

During the past few months, VIASPACE has signed a number of agreements and memorandum of understandings with various current and potential partners across the globe for the production of Giant King Grass. The latest among them being the recent signing of MOU with Auro Infra to develop an agricultural project in Tanzania based on Giant King Grass. Auro Infra is a private company registered in India and the project is led by Indians resident in Tanzania. This MOU reiterates the Company's strategy to pursue global opportunities to grow and commercialize Giant King Grass as a low carbon renewable energy source and as animal feed in the near term.

Company strides further in development of its alternative energy business segment

In May this year, VIASPACE signed a memorandum of understanding with England-based Hayman Ltd. (Hayman), a worldwide packager and distributor of alcohols and solvents. Under the MOU, Hayman Speciality Products will provide methanol filling and distribution services to Direct Methanol Fuel Cell Corporation (DMFCC), VIASPACE's alternative energy subsidiary engaged in manufacturing disposable fuel cartridges for direct methanol fuel cell powered electronics. DMFCC is already a cartridge partner with Samsung and other companies engaged in developing fuel cells as alternative power sources for a range of consumer, military and other applications.

Business Outlook

Based on its clean energy strategy to focus on core operations in renewable and alternative energy, strategic non-core operation generating cash flow, ongoing business progress in all its operating segments and our projections for consolidated revenue growth in subsequent periods, we expect the Company to achieve breakeven cash flow in 2009 and quarterly profitability sometime during 2010.



FINANCIAL PERFORMANCE OVERVIEW

First Quarter ending March 31, 2009

Revenues for the quarter ended March 31, 2009 were \$837,000, 680% higher than the revenues in same period previous year. This significant growth in revenues is attributed to the Company's acquisition of Inter-Pacific Arts, Inc. (IPA) during the fourth quarter. IPA contributed \$591,000 to the total revenues and \$246,000 were reported from military contracts for monitoring and detection systems, humidity sensor products and a fuel cell cartridge development contract with Samsung. Gross profit for the quarter was \$301,000, including \$256,000 related to IPA, up 478% compared to \$63,000 for first-quarter 2008.

Operating expenses for the quarter declined to \$1.1 million, compared to \$2.0 million in first-quarter 2008, due to lower research and development (R&D) expense and lower selling, general and administrative (SG&A) expense. This decline in R&D and SG&A expenses is attributed to Company's restructuring activities focused on selling non-core businesses. Operating loss for the quarter was \$774,000, compared to an operating loss of \$2.0 million in same period previous year.

Including other expenses and loss from discontinued operations, Company reported a net loss of \$851,000, or \$(0.00) per share in quarter 1, 2009, compared to a net loss of \$2.3 million, or \$(0.01) per share for first-quarter 2008.



CONCLUSION

We reiterate our BUY rating for VIASPACE, Inc. (OTC BB: VSPC.OB), with a target price range to \$0.08-\$0.10, as per our Base Case forecast. We are excited and optimistic about VIASPACE'S long-term prospects. The Company's first planting is a significant initial step in an exciting market. Post the acquisition, VSPC has significantly streamlined its business operations to focus primarily on Green Energy. This has been aptly reflected in Company's new corporate identity and recently re-launched website. The Company is also making significant progress in development of its key growth segments, King Grass and DMFCC. Both these industries represent significant growth opportunities. The Company's licensed fast-growing grass can be currently used as animal feed and can be potentially used for production of cellulosic biofuel such as ethanol, methanol, biocrude and green gasoline. Though revenues from the first quarter ended March 31, 2009 were below expectations, we still remain positive about the Company's prospects. Hence, we recommend the purchase of VIASPACE's common stock for long term investors who want to participate in the potentially multi-billion dollar industries of Fuel Cells, Agriculture and Alternative/Green Energy.

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LATEST NEWS

VIASPACE CEO Interviewed by Green Baron Report

Comments on VIASPACE Green Energy S-1 Filing, and Recaps Clean Energy Strategy

IRVINE, Calif., June 8 /PRNewswire-FirstCall/ -- VIASPACE Inc. , a clean energy company providing products and technology for renewable and alternative energy, announced that Chief Executive Carl Kukkonen reported on the Company's clean energy strategy, recent developments and business outlook during a Webcast interview by Green Baron Report. The webcast is available on the "Webcasts" page at www.TheGreenBaron.com.

Kukkonen stated that on June 4, 2009, VIASPACE filed Form S-1 with the U.S. Securities and Exchange Commission to list its majority owned subsidiary, VIASPACE Green Energy Inc. ("VGE"), as a separate public company that is expected to be traded on the OTC Bulletin Board. He stated his belief that this move is expected to have no negative impact on current VIASPACE shareholders and instead provides significant upside potential if VGE is successful in the marketplace.

According to Kukkonen, there are three reasons why VGE as a separate company will be attractive to investors. First, VGE will be a pure play on renewable energy through its Giant King Grass for biofuels and co-firing with coal in electric power plants. Second, VGE will have only 8.6 million shares outstanding with an initial share price estimated as high as three dollars, a share price level that would be attractive to investors who are adverse to, or prohibited from, investing in penny stocks. Third, VGE will be a fully reporting company, and this new transparency into operations and financial results is expected to be an important factor in attracting new investors.

VIASPACE is now a majority owner (59%) of VGE, which is presently a private subsidiary that owns the renewable energy business based on Giant King Grass and the framed art business, Inter-Pacific Arts. After VGE becomes a public company, VIASPACE will continue to own 59% of VGE, or the same 5.1 million shares that it holds today. No new shares are being issued in this process, so no ownership dilution will occur. As a result, after VGE becomes a public company VIASPACE will continue to report 100% of VGE revenue under accounting consolidation rules. Furthermore, VIASPACE shareholders will retain their current indirect stake in VGE via VIASPACE's holdings of VGE stock, since VIASPACE is not spinning off, i.e. not distributing, VGE shares to VIASPACE shareholders or others. Such a distribution would have reduced VIASPACE's ownership to below 50% and not allowed consolidation.



The other businesses of VIASPACE - Direct Methanol Fuel Cell Corporation with its disposable fuel cartridges, Ionfinity with its government contracts, and the rechargeable battery business - will not be affected.

Recapping his comments during the interview with the Green Baron Report, Kukkonen remarked that VIASPACE's business in fuel cartridges for methanol fuel cells was a result of its early involvement with Caltech and NASA's Jet Propulsion Laboratory (JPL) and that its alternative energy subsidiary, Direct Methanol Fuel Cell Corporation (DMFCC), has licensed a considerable amount of fuel cell-related technology from Caltech, which remains a VIASPACE shareholder since the Company was founded in 1998. Fuel cells efficiently convert methanol, which is contained in DMFCC disposable fuel cartridges, into electrical energy without burning. Fuel cells are being developed as alternatives to traditional batteries for powering portable computers, cell phones and other portable devices.

According to Kukkonen, due to the greater efficiencies of fuel cells compared to batteries, and expected demand for fuel cells - and therefore fuel cartridges - by a number of large markets, DMFCC is establishing a large-scale production and supply infrastructure for distributing fuel cartridges worldwide. The Company recently announced a filling and distribution agreement with a worldwide packager of industrial alcohols including methanol. DMFCC is working on contracts with SAMSUNG to develop cartridges for their fuel cells for a notebook computer and military applications for the U.S. Army.

VIASPACE Green Energy (VGE), the company's renewable energy subsidiary, holds the license to cultivate and market Giant King Grass and is expanding production capacity and seeking supply contracts to meet rising demand for "green" sources of fuel and energy. The Company recently announced joining an international agriculture development group to cultivate and market grass in Tanzania. Kukkonen added that VGE is also pursuing contracts to supply grass as animal feed as a secondary market opportunity.

Kukkonen also briefly discussed the Company's other businesses in rechargeable lithium-ion batteries for electronics and electric-powered vehicles, and advanced sensors for detecting dangerous and toxic materials and chemical weapons. VIASPACE's subsidiary Ionfinity is collaborating with other high-tech entities including Caltech, JPL and other companies to develop sensor/detection systems for the U.S. Army and U.S. Navy.

In closing, Kukkonen reiterated that by streamlining operations and expenses, strengthening the Company's financial condition and continuing to make substantial progress with its clean energy and



other high-tech businesses, he expects to achieve positive cash flow from operations during 2009 and net profitability in 2010.

Recent news and other information, including management's most recent presentation at a global conference on renewable energy, are available at www.viaspace.com.



APPENDIX

Annual Income Statement

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
Sales	1,429,000	553,000	962,000	432,000
Sequential Sales Growth	158.4%	-42.5%	122.7%	194.1%
EXPENSES				
Cost of Goods Sold (COGS)	498,000	-144,000	442,000	340,000
COGS Sequential Growth %	-	-	30.0%	258.7%
COGS as % of Sales	34.8%	-26.0%	45.9%	78.7%
Gross Margin	-	114,000	196,000	77,000
Gross Operating Profit	931,000	697,000	520,000	92,000
Gross Profit Sequential Growth %	33.6%	34.0%	465.2%	76.6%
Research & Development (R&D) Expense	1,148,000	1,559,000	1,020,000	630,000
R&D Sequential Growth %	-26.4%	52.8%	61.9%	-
R&D as % of Sales	80.3%	281.9%	106.0%	145.8%
Selling, General & Administrative (SG&A) Expense	8,721,000	6,198,000	5,395,000	1,778,000
SG&A Sequential Growth %	40.7%	14.9%	203.4%	-
SG&A as % of Sales	610.3%	-	560.8%	411.6%
EBITDA	-8,938,000	-7,060,000	-5,895,000	-2,316,000
EBITDA Sequential Growth %	26.6%	19.8%	154.5%	-
EBITDA Margin %	-	-	-	-
Depreciation	119,000	583,000	324,000	15,000
Interest Income	7,000	47,000	85,000	81,000
Other Income - Net	306,000	2,213,000	3,073,000	-
EBIT	-8,744,000	-5,383,000	-3,061,000	-2,250,000
EBIT Sequential Growth %	62.4%	75.9%	36.0%	-
EBIT Margin %	-	-	-	-



Annual Income Statement (continued)

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
Interest Expense	37,000	3,527,000	6,539,000	-
Pretax Income	-8,781,000	-8,910,000	-9,600,000	-2,250,000
Pre-Tax Income Sequential Growth %	-1.4%	-7.2%	326.7%	-
Pre-Tax Income Margin	-	-	-	-
Income Taxes	10,000	-	-	-
Minority Interest	42,000	-1,000	1,000	61,000
Net Income from Continuing Operations	-8,833,000	-8,909,000	-9,601,000	-2,311,000
Net Income from Discontinued Operations	-932,000	-	-	-
Net Income from Total Operations	-9,765,000	-8,909,000	-9,601,000	-2,311,000
Extraordinary Income Losses	-	-	-	-
Other Gains Losses	-52,000	-	-	-
NET INCOME				
Total Net Income	-9,817,000	-8,909,000	-9,601,000	-2,311,000
Net Income Sequential Growth %	10.2%	-7.2%	315.4%	-
Net Income Margin %	-	-	-	-
EARNINGS PER SHARE				
Basic EPS Total	-0.02	-0.03	-0.03	-0.01
Basic EPS Sequential Growth %	-33.3%	-	200.0%	-
Diluted EPS - Total	-0.02	-0.03	-0.03	-0.01
Diluted EPS Sequential Growth %	-33.3%	-	200.0%	-
Dividends per Share	-	-	-	-



Quarterly Income Statement

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
Sales	837,000	1,073,000	166,000	67,000
Sequential Sales Growth	-22.0%	546.4%	147.8%	-45.5%
Sales Growth Over Past 4 Quarters	580.5%	-	88.6%	-49.2%
EXPENSES				
Cost of Goods Sold (COGS)	509,000	378,000	82,000	2,000
COGS Sequential Growth %	34.7%	361.0%	-	-94.4%
COGS Over Past 4 Quarters %	-	490.6%	-	-96.4%
COGS as % of Sales	60.8%	35.2%	49.4%	3.0%
Gross Margin	-	-165,000	59,000	43,000
Gross Operating Profit	328,000	695,000	84,000	65,000
Gross Profit Sequential Growth %	-52.8%	727.4%	29.2%	-25.3%
Gross Profit Growth Over Past 4 Quarters %	277.0%	-	-52.3%	-14.5%
Research & Development (R&D) Expense	9,000	-594,000	997,000	170,000
R&D Sequential Growth %	-	-	486.5%	-70.4%
R&D Growth Over Past 4 Quarters %	-98.4%	-	161.7%	-59.0%
R&D as % of Sales	1.1%	-55.4%	600.6%	253.7%
Selling, General & Administrative (SG&A) Expense	1,066,000	2,327,000	2,651,000	1,915,000
SG&A Sequential Growth %	-54.2%	-12.2%	38.4%	4.8%
SG&A Growth Over Past 4 Quarters %	-41.7%	64.6%	92.4%	10.1%
SG&A as % of Sales	127.4%	216.9%	-	-
EBITDA	-747,000	-1,038,000	-3,564,000	-2,020,000
EBITDA Sequential Growth %	-28.0%	-70.9%	76.4%	-12.8%
EBITDA Growth Over Past 4 Quarters %	-67.7%	-40.9%	125.1%	-2.8%
EBITDA Margin %	-89.2%	-96.7%	-	-
Depreciation	27,000	48,000	25,000	22,000
Interest Income	-	1,000	-	1,000
Other Income - Net	-43,000	65,000	70,000	151,000
EBIT	-817,000	-1,020,000	-3,519,000	-1,890,000
EBIT Sequential Growth %	-19.9%	-71.0%	86.2%	-18.4%
EBIT Growth Over Past 4 Quarters %	-64.7%	-22.8%	124.0%	-9.6%
EBIT Margin %	-97.6%	-95.1%	-	-



Quarterly Income Statement (continued)

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
Interest Expense	130,000	1,000	13,000	10,000
Pretax Income	-947,000	-1,021,000	-3,532,000	-1,900,000
Pre-Tax Income Sequential Growth %	-7.2%	-71.1%	85.9%	-18.4%
Pre-Tax Income Growth Over Past 4 Quarters	-59.3%	-23.3%	124.5%	-9.2%
Pre-Tax Income Margin	-	-	-	-
Income Taxes	-	10,000	-	-
Minority Interest	-48,000	38,000	5,000	1,000
Net Income from Continuing Operations	-899,000	-1,069,000	-3,537,000	-1,901,000
Net Income from Discontinued Operations	-	-932,000	-	-
Net Income from Total Operations	-899,000	-2,001,000	-3,537,000	-1,901,000
Extraordinary Income Losses	-	-	-	-
Other Gains Losses	48,000	-52,000	-	-
NET INCOME				
Total Net Income	-851,000	-2,053,000	-3,537,000	-1,901,000
Net Income Sequential Growth %	-58.5%	-42.0%	86.1%	-18.3%
Net Income Growth Over Past 4 Quarters %	-63.4%	57.1%	123.7%	-9.6%
Net Income Margin %	-	-	-	-
EARNINGS PER SHARE				
Basic EPS Total	-	-	-0.01	-0.01
Basic EPS Sequential Growth %	-	-	-	-
Basic EPS Growth Over Past 4 Quarters %	-	-	-	-
Diluted EPS - Total	-	-	-0.01	-0.01
Diluted EPS Sequential Growth %	-	-	-	-
Diluted EPS Growth Over Past 4 Quarters %	-	-	-	-
Dividends per Share	-	-	-	-



Annual Balance Sheet

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
ASSETS				
Cash and Equivalents	2,666,000	608,000	1,861,000	2,130,000
Marketable Securities	-	78,000	419,000	-
Cash & Marketable Securities Sequential Growth %	-	-81.4%	-	-
Cash & Marketable Sec. as % of Total Assets	-	5.6%	10.5%	-
Accounts Receivable	279,000	108,000	231,000	71,000
Accounts Receivable Sequential Growth %	158.3%	-53.2%	225.4%	658.5%
Accounts Receivable as % of Total Assets	1.4%	7.8%	5.8%	3.1%
Other Short Term Receivables	-	-	-	-
Inventories	377,000	43,000	-	-
Inventories Sequential Growth %	776.7%	-	-	-
Inventories as % of Total Assets	1.9%	3.1%	-	-
Prepaid Expenses	797,000	161,000	99,000	53,000
Current Deferred Income Taxes	-	-	-	-
Other Current Assets	6,000	-	-	-
Total Current Assets	5,046,000	998,000	2,610,000	2,254,000
Net Fixed Assets	793,000	155,000	207,000	21,000
Net Fixed Assets Sequential Growth %	411.6%	-25.1%	885.7%	-
Net Fixed Assets as % of Total Assets	4.1%	11.2%	5.2%	0.9%
Intangibles	1,196,000	217,000	-	-
Intangibles Sequential Growth %	451.2%	-	-	-
Intangibles as % of Total Assets	6.2%	15.7%	-	-
Non Current Deferred Income Taxes	-	-	-	-
Other Non Current Assets	13,000	13,000	1,182,000	40,000
Total Assets	19,370,000	1,383,000	3,999,000	2,315,000

**Annual Balance Sheet (continued)**

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
LIABILITIES				
Accounts Payable	1,200,000	257,000	286,000	186,000
Accounts Payable Sequential Growth %	366.9%	-10.1%	53.8%	275.6%
Accounts Payable as % of Total Assets	-	-	-	-
Notes Payable	-	-	-	-
Debt Payable	4,844,000	280,000	279,000	27,000
Debt Payable Sequential Growth %	-	0.4%	933.3%	283.7%
Debt Payable as % of Total Assets	-	-	-	-
Accrued Expenses	-	313,000	260,000	277,000
Accrued Liabilities	161,000	-	-	-
Deferred Revenues	-	-	-	100,000
Current Deferred Income Taxes	-	-	-	-
Other Current Liabilities	-	185,000	213,000	20,000
Total Current Liabilities	6,205,000	1,035,000	1,038,000	610,000
Current Liabilities Sequential Growth %	499.5%	-0.3%	70.2%	912.2%
Current Liabilities as % of Total Assets	-	-	-	-
Long Term Debt	-	291,000	2,478,000	100,000
Long Term Debt Sequential Growth %	-	-88.3%	-	-
Long Term Debt as % of Total Assets	-	-	-	-
Deferred Income Taxes	-	-	-	-
Other Non Current Liabilities	-	9,000	3,126,000	-
Total Liabilities	13,192,000	1,890,000	7,198,000	1,261,000
Total Liabilities Sequential Growth %	598.0%	-73.7%	470.8%	-
Total Liabilities as % of Total Assets	-	-	-	-



Annual Balance Sheet (continued)

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
E Q U I T Y				
Preferred Stock	-	-	-	-
Common Stock Par Value	6,178,000	-507,000	-3,199,000	1,054,000
Capital Surplus	814,000	316,000	293,000	285,000
Additional Paid in Capital	35,168,000	19,040,000	7,104,000	2,200,000
Retained Earnings	-29,804,000	-19,941,000	-11,032,000	-1,431,000
Treasury Stock	-	-	-	-
Other Equity Adjustments	-	78,000	436,000	-
Total Equity	6,178,000	-507,000	-3,199,000	1,054,000
Total Equity Sequential Growth %	-	-84.2%	-	-
Total Equity as % of Total Assets	-	-	-	-
Total Liabilities and Stock Equity	19,370,000	1,383,000	3,999,000	2,315,000
S H A R E H O L D I N G S / E M P L O Y E E S				
Total Common Shares Outstanding	846,931,000	316,452,598	292,512,205	284,506,430
Shares Outstanding Sequential Growth %	167.6%	8.2%	2.8%	50.8%
Treasury Shares	-	-	-	-
Basic Weighted Shares Outstanding	507,428,000	303,670,085	290,157,000	282,246,000
Diluted Weighted Shares Outstanding	507,428,000	303,670,085	290,157,000	282,246,000
Diluted Shares Outstanding Sequential Growth %	67.1%	4.7%	2.8%	-99.9%
Number of Employees	94	16	18	16
Number of Part Time Employees	-	2	1	-



Quarterly Balance Sheet

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
ASSETS				
Cash and Equivalents	1,760,000	2,666,000	36,000	74,000
Marketable Securities	-	-	-	-
Cash & Marketable Securities Sequential Growth %	-	-	-	-
Cash & Marketable Sec. Growth Over Past 4 Quarters %	-	-	-	-
Cash & Marketable Sec. as % of Total Assets	-	-	-	-
Accounts Receivable	445,000	279,000	101,000	126,000
Accounts Receivable Sequential Growth %	59.5%	176.2%	-19.8%	-
Accounts Receivable Growth Over Past 4 Quarters %	253.2%	158.3%	7.4%	57.5%
Accounts Receivable as % of Total Assets	2.4%	1.4%	3.3%	3.0%
Other Short Term Receivables	-	-	-	-
Inventories	424,000	377,000	38,000	41,000
Inventories Sequential Growth %	12.5%	892.1%	-7.3%	-12.8%
Inventories Growth Over Past 4 Quarters %	802.1%	776.7%	-24.0%	-8.9%
Inventories as % of Total Assets	2.3%	1.9%	1.2%	1.0%
Prepaid Expenses	524,000	797,000	2,513,000	3,516,000
Current Deferred Income Taxes	-	-	-	-
Other Current Assets	14,000	6,000	47,000	63,000
Total Current Assets	4,319,000	5,046,000	2,735,000	3,820,000
Net Fixed Assets	768,000	793,000	105,000	122,000
Net Fixed Assets Sequential Growth %	-3.2%	655.2%	-13.9%	-12.2%
Net Fixed Assets Growth Over Past 4 Quarters %	452.5%	411.6%	-38.6%	-35.4%
Net Fixed Assets as % of Total Assets	4.1%	4.1%	3.4%	2.9%
Intangibles	1,206,000	1,196,000	199,000	206,000
Intangibles Sequential Growth %	0.8%	501.0%	-3.4%	-2.4%
Intangibles Growth Over Past 4 Quarters %	471.6%	451.2%	-10.8%	-42.3%
Intangibles as % of Total Assets	6.5%	6.2%	6.5%	5.0%
Non Current Deferred Income Taxes	-	-	-	-
Other Non Current Assets	15,000	13,000	13,000	13,000
Total Assets	18,630,000	19,370,000	3,052,000	4,161,000



Quarterly Balance Sheet (continued)

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
LIABILITIES				
Accounts Payable	850,000	1,200,000	202,000	177,000
Accounts Payable Sequential Growth %	-29.2%	494.1%	14.1%	-11.1%
Accounts Payable Growth Over Past 4 Quarters %	327.1%	366.9%	-42.6%	-32.4%
Accounts Payable as % of Total Assets	-	-	-	-
Notes Payable	-	-	-	-
Debt Payable	4,844,000	4,844,000	304,000	106,000
Debt Payable Sequential Growth %	-	-	186.8%	-58.6%
Debt Payable Growth Over Past 4 Quarters %	-	-	913.3%	253.3%
Debt Payable as % of Total Assets	-	-	-	-
Accrued Expenses	-	-	189,000	147,000
Accrued Liabilities	289,000	161,000	-	-
Deferred Revenues	-	-	-	136,000
Current Deferred Income Taxes	-	-	-	-
Other Current Liabilities	-	-	458,000	231,000
Total Current Liabilities	5,983,000	6,205,000	1,153,000	797,000
Current Liabilities Sequential Growth %	-3.6%	438.2%	44.7%	-6.1%
Current Liabilities Growth Over Past 4 Quarters %	604.7%	499.5%	-1.8%	7.0%
Current Liabilities as % of Total Assets	-	-	-	-
Long Term Debt	-	-	-	275,000
Long Term Debt Sequential Growth %	-	-	-	-2.8%
Long Term Debt Growth Over Past 4 Quarters %	-	-	-	391.1%
Long Term Debt as % of Total Assets	-	-	-	-
Deferred Income Taxes	-	-	-	-
Other Non Current Liabilities	-	-	-	1,000
Total Liabilities	12,922,000	13,192,000	1,658,000	1,573,000
Total Liabilities Sequential Growth %	-2.0%	695.7%	5.4%	-6.9%
Total Liabilities Growth Over Past 4 Quarters %	664.6%	598.0%	-8.7%	13.3%
Total Liabilities as % of Total Assets	-	-	-	-



Quarterly Balance Sheet (continued)

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
E Q U I T Y				
Preferred Stock	-	-	-	-
Common Stock Par Value	5,708,000	6,178,000	1,394,000	2,588,000
Capital Surplus	847,000	814,000	509,000	463,000
Additional Paid in Capital	35,516,000	35,168,000	28,636,000	27,255,000
Retained Earnings	-30,655,000	-29,804,000	-27,751,000	-24,168,000
Treasury Stock	-	-	-	-962,000
Other Equity Adjustments	-	-	-	-
Total Equity	5,708,000	6,178,000	1,394,000	2,588,000
Total Equity Sequential Growth %	-7.6%	343.2%	-46.1%	-29.5%
Total Equity Growth Over Past 4 Quarters %	55.6%	-	259.3%	701.2%
Total Equity as % of Total Assets	-	-	-	-
Total Liabilities and Stock Equity	18,630,000	19,370,000	3,052,000	4,161,000
S H A R E H O L D I N G S / E M P L O Y E E S				
Total Common Shares Outstanding	870,834,000	846,931,000	508,830,743	443,583,908
Shares Outstanding Sequential Growth %	2.8%	66.4%	14.7%	-1.8%
Shares Outstanding Growth Over Past 4 Quarters %	92.7%	167.6%	66.3%	45.7%
Treasury Shares	-	-	-	-
Basic Weighted Shares Outstanding	829,975,000	507,428,000	458,693,837	443,772,554
Diluted Weighted Shares Outstanding	829,975,000	507,428,000	458,693,837	443,772,554
Diluted Shares Outstanding Sequential Growth %	63.6%	10.6%	3.4%	28.9%
Diluted Shares Outstanding Growth Over Past 4 Quarters %	141.1%	67.1%	50.9%	46.0%
Number of Employees	NA	NA	NA	NA
Number of Part Time Employees	NA	NA	NA	NA



Annual Cash Flow Statement

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
CASH FLOW FROM OPERATING ACTIVITIES				
Net Income/Loss	-9,817,000	-8,909,000	-9,601,000	-2,311,000
Depreciation	88,000	71,000	38,000	15,000
Amortization	-	354,000	250,000	-
Amortization of Intangibles	31,000	158,000	36,000	-
Deferred Income Taxes	-	-	-	-
Operating Gains Losses	-493,000	-716,000	-	280,000
Extraordinary Gains Losses	-	-	-	-
Increase Decrease - Receivables	785,000	123,000	-181,000	294,000
Increase Decrease - Inventories	72,000	-43,000	-	-
Increase Decrease - Prepaid Expenses	-2,000	-62,000	-59,000	-53,000
Increase Decrease - Other Current Assets	-	-	-	-
Increase Decrease - Payables	-44,000	-29,000	118,000	-207,000
Increase Decrease - Other Current Liabilities	-131,000	67,000	79,000	60,000
Increase Decrease - Other Working Capital	229,000	-1,000	-3,068,000	59,000
Other Non Cash Items	9,306,000	5,254,000	8,169,000	-
Net Cash - Continuing Operations	24,000	-3,733,000	-4,219,000	-1,863,000
Net Cash - Discontinued Operations	-	-	-	-
Net Cash - Operating Activities	24,000	-3,733,000	-4,219,000	-1,863,000
Net Cash - Operations Sequential Growth %	-	-11.5%	126.5%	-
Net Cash - Operations as % of Change in Cash	-	-	-	-



Annual Cash Flow Statement (continued)

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Property Plant Equipment	-	-	-	-
Sale of Long Term Investments	-	-	-	-
Sale of Short Term Investments	29,000	716,000	-	-
Purchase of Property Plant Equipment	-5,000	-19,000	-224,000	-44,000
Acquisitions	200,000	-	-	148,000
Purchase of Long Term Investments	-	-	-	-
Purchase of Short Term Investments	-	-	-	-
Other Investing Changes Net	-	-	-	-
Cash - Discontinued Investing Activities	-	-	-	-
Net Cash - Investing Activities	224,000	697,000	-224,000	104,000
Net Cash - Investing Sequential Growth %	-67.9%	-	-	606.8%
Net Cash - Investing as % of Change in Cash	10.9%	-55.6%	83.3%	52.8%
CASH FLOW FROM FINANCING ACTIVITIES				
Issuance of Debt	300,000	1,761,000	2,201,000	-
Issuance of Capital Stock	325,000	51,000	2,000,000	1,000,000
Repayment of Long Term Debt	-402,000	-29,000	-27,000	-19,000
Repurchase of Capital Stock	-	-	-	-
Dividends Paid	-	-	-	-
Other Financing Charges Net	1,587,000	-	-	975,000
Cash - Discontinued Financing Activities	-	-	-	-
Net Cash - Financing Activities	1,810,000	1,783,000	4,174,000	1,956,000
Net Cash - Financing Sequential Growth %	1.5%	-57.3%	113.4%	-
Net Cash - Financing as % of Change in Cash	87.9%	-	-	992.9%
Effect of Exchange Rate Changes	-	-	-	-
Net Change - Cash and Cash Equivalents	2,058,000	-1,253,000	-269,000	197,000
Cash at Beginning of Period	608,000	1,861,000	2,130,000	1,933,000
Cash at End of Period	2,666,000	608,000	1,861,000	2,130,000
Cash Sequential Growth %	338.5%	-67.3%	-12.6%	-



Quarterly Cash Flow Statement

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
CASH FLOW FROM OPERATING ACTIVITIES				
Net Income/Loss	-851,000	-9,817,000	-7,764,000	-4,227,000
Depreciation	11,000	88,000	53,000	35,000
Amortization	-	-	-	-
Amortization of Intangibles	16,000	31,000	18,000	11,000
Deferred Income Taxes	-	-	-	-
Operating Gains Losses	-48,000	-493,000	-79,000	-29,000
Extraordinary Gains Losses	-	-	-	-
Increase Decrease - Receivables	-111,000	785,000	7,000	-18,000
Increase Decrease - Inventories	-47,000	72,000	5,000	2,000
Increase Decrease - Prepaid Expenses	14,000	-2,000	-	-2,000
Increase Decrease - Other Current Assets	-	-	25,000	9,000
Increase Decrease - Payables	-283,000	-44,000	118,000	-80,000
Increase Decrease - Other Current Liabilities	143,000	-131,000	-33,000	8,000
Increase Decrease - Other Working Capital	-353,000	229,000	-	-55,000
Other Non Cash Items	630,000	9,306,000	6,819,000	3,475,000
Net Cash - Continuing Operations	-879,000	24,000	-831,000	-871,000
Net Cash - Discontinued Operations	-	-	-	-
Net Cash - Operating Activities	-879,000	24,000	-831,000	-871,000
Net Cash - Operations Sequential Growth %	-	-	-4.6%	9.6%
Net Cash - Operations Growth Over Past 4 Quarters %	10.6%	-	-71.8%	-62.4%
Net Cash - Operations as % of Change in Cash	-	-	-	-



Quarterly Cash Flow Statement (continued)

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Property Plant Equipment	-	-	-	29,000
Sale of Long Term Investments	-	-	-	-
Sale of Short Term Investments	-	29,000	29,000	-
Purchase of Property Plant Equipment	-27,000	-5,000	-3,000	-2,000
Acquisitions	-	200,000	-	-
Purchase of Long Term Investments	-	-	-	-
Purchase of Short Term Investments	-	-	-	-
Other Investing Changes Net	-	-	-	-
Cash - Discontinued Investing Activities	-	-	-	-
Net Cash - Investing Activities	-27,000	224,000	26,000	27,000
Net Cash - Investing Sequential Growth %	-	761.5%	-3.7%	-
Net Cash - Investing Growth Over Past 4 Quarters %	-	-67.9%	-87.1%	-86.6%
Net Cash - Investing as % of Change in Cash	3.0%	10.9%	-4.5%	-5.1%
CASH FLOW FROM FINANCING ACTIVITIES				
Issuance of Debt	-	300,000	300,000	300,000
Issuance of Capital Stock	-	325,000	325,000	325,000
Repayment of Long Term Debt	-	-402,000	-392,000	-315,000
Repurchase of Capital Stock	-	-	-	-
Dividends Paid	-	-	-	-
Other Financing Charges Net	-	1,587,000	-	-
Cash - Discontinued Financing Activities	-	-	-	-
Net Cash - Financing Activities	-	1,810,000	233,000	310,000
Net Cash - Financing Sequential Growth %	-	676.8%	-24.8%	-33.8%
Net Cash - Financing Growth Over Past 4 Quarters %	-	1.5%	-79.6%	-65.4%
Net Cash - Financing as % of Change in Cash	-	87.9%	-40.7%	-58.1%
Effect of Exchange Rate Changes	-	-	-	-
Net Change - Cash and Cash Equivalents	-906,000	2,058,000	-572,000	-534,000
Cash at Beginning of Period	2,666,000	608,000	608,000	608,000
Cash at End of Period	1,760,000	2,666,000	36,000	74,000
Cash Sequential Growth %	-34.0%	-	-51.4%	-73.5%
Cash Growth Over Past 4 Quarters %	530.8%	338.5%	-85.7%	-88.5%



Annual Ratios

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
Receivables / Sales (%)	84.0	19.5	24.0	16.4
Inventory / Sales (%)	26.4	7.8	-	-
Sales per Dollar of Inventory	3.79	12.86	NC	NC
Sales per Dollar of Net Plant	1.80	3.57	4.65	20.57
Receivables per day of Sales	302.31	70.31	86.44	59.17
PROFITABILITY METRICS				
Gross Profit Margin	65.2	NC	54.1	21.3
Pre Tax Profit Margin	NC	NC	NC	NC
Net Profit Margin	NC	NC	NC	NC
Payout Ratio	NE	NE	NE	NE
Interest Coverage	NC	NC	NC	NC
Tax Rate	NA	-	-	-
PERFORMANCE METRICS				
Return on Equity (ROE)	NE	NE	NE	NE
Return on Assets (ROA)	-50.4	-644.2	-240.1	-99.8
Return on Invested Capital (ROI)	-158.1	4124.5	1331.6	-200.3
Sales per Employee	15,202	34,563	53,444	27,000
Income per Employee	-103,883	-556,813	-533,389	-144,438
EFFICIENCY RATIOS				
Receivable Turnover	2.2	3.3	6.4	10.8
Inventory Turnover	2.4	-6.7	NC	NC
Total Asset Turnover	0.1	0.2	0.3	0.4
Days of COGS in Inventory	152	-54	-	-
Sales per Dollar of Receivables	1.19	5.12	4.16	6.08



Annual Ratios (continued)

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
PER SHARE DATA				
Sales per Share	-	-	-	-
Cash - per Share	-	-	0.01	0.01
Current Assets per Share	0.01	-	0.01	0.01
Total Assets per Share	0.02	-	0.01	0.01
Tangible Book Value per Share	-0.01	-	-0.01	-
Long Term Debt - per Share	-	-	0.01	-
Working Capital per Share	-	-	0.01	0.01
Cash Flow per Share	-0.01	-0.03	-0.03	-0.01
Free Cash Flow per Share	-	-0.01	-0.02	-0.01
PRICE/EARNINGS				
Price Earnings Ratio - Closing Price	NE	NE	NE	NE
VALUATION METRICS				
Price to Sales	NC	NC	NC	NC
Price to Tangible Book Value - Ratio	-1.10	NC	-60.00	NC
Price to Cash Flow - Ratio	-1.1	-1.7	-20.0	-86.0
Price to Free Cash Flow - Ratio	NC	-5.2	-30.0	-86.0
Price to Equity	1.10	NS	NS	NC



Quarterly Ratios

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
Receivables / Sales (%)	74.5	84.0	22.4	33.9
Inventory / Sales (%)	19.8	26.4	8.4	11.0
Sales per Dollar of Inventory	5.05	3.79	11.84	9.07
Sales per Dollar of Net Plant	2.79	1.80	4.29	3.05
Receivables per day of Sales	268.28	302.31	80.80	121.94
PROFITABILITY METRICS				
Gross Profit Margin	54.7	65.2	59.1	96.2
Pre Tax Profit Margin	NC	NC	NC	NC
Net Profit Margin	NC	NC	NC	NC
Payout Ratio	NE	NE	NE	NE
Interest Coverage	NC	NC	NC	NC
Tax Rate	NA	NA	-	-
PERFORMANCE METRICS				
Return on Equity (ROE)	NE	NE	NE	NE
Return on Assets (ROA)	-44.8	-50.4	-297.3	-171.0
Return on Invested Capital (ROI)	-146.1	-158.1	-650.9	-248.6
Sales per Employee	NA	15,202	NA	NA
Income per Employee	NA	-103,883	NA	NA
EFFICIENCY RATIOS				
Receivable Turnover	2.5	2.2	4.6	3.6
Inventory Turnover	4.1	2.4	4.2	0.3
Total Asset Turnover	0.2	0.1	0.2	0.1
Days of COGS in Inventory	87	152	86	1,106
Sales per Dollar of Receivables	1.34	1.19	4.46	2.95



Quarterly Ratios (continued)

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
PER SHARE DATA				
Sales per Share	-	-	-	-
Cash - per Share	-	-	-	-
Current Assets per Share	-	0.01	0.01	0.01
Total Assets per Share	0.02	0.02	0.01	0.01
Tangible Book Value per Share	-0.01	-0.01	-	0.01
Long Term Debt - per Share	-	-	-	-
Working Capital per Share	-	-	-	0.01
Cash Flow per Share	-0.01	-0.01	-0.02	-0.02
Free Cash Flow per Share	-	-	-	-
PRICE/EARNINGS				
Price Earnings Ratio - Closing Price	NE	NE	NE	NE
VALUATION METRICS				
Price to Sales	NC	NC	NC	NC
Price to Tangible Book Value - Ratio	-1.15	-1.10	NC	3.80
Price to Cash Flow - Ratio	-1.2	-1.1	-1.1	-1.9
Price to Free Cash Flow - Ratio	NC	NC	NC	NC
Price to Equity	1.15	1.10	NC	3.80



Annual Liquidity and Leverage

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
LIQUIDITY METRICS				
Quick Ratio	0.6	0.8	2.4	3.6
Current Ratio	0.8	1.0	2.5	3.7
Payout Ratio	NE	NE	NE	NE
Leverage Ratio	3.1	NS	NS	2.2
Total Asset Turnover	0.1	0.2	0.3	0.4
Total Liabilities to Total Assets %	68.1	136.7	180.0	54.5
DEBT METRICS				
Debt Payable	4,844,000	280,000	279,000	27,000
Debt Payable Sequential Growth %	-	0.4%	933.3%	283.7%
Debt Payable as % of Total Assets	-	-	-	-
Total Debt / Equity	0.78	NS	NS	0.12
Long Term Debt	-	291,000	2,478,000	100,000
Long Term Debt Sequential Growth %	-	-88.3%	-	-
Long Term Debt as % of Total Assets	-	-	-	-
Long Term Debt / Total Capital	-	NC	NC	0.09
Long Term Debt - per Share	-	-	0.01	-
Long Term Debt / Equity	-	NS	NS	0.09
Long Term Debt as % of Invested Capital	-	NC	NC	8.7
Long Term Debt to Total Liabilities %	-	15.4	34.4	7.9
CASH METRICS				
Cash as % of Revenue	186.6	109.9	193.5	493.1
Revenue per Dollar Cash	0.54	0.91	0.52	0.20
Cash Flow	-9,646,000	-8,326,000	-9,277,000	-2,296,000
Cash Flow per Share	-0.01	-0.03	-0.03	-0.01
Price to Cash Flow - Ratio	-1.1	-1.7	-20.0	-86.0
Free Cash Flow	219,000	-3,752,000	-4,443,000	-1,759,000
Free Cash Flow per Share	-	-0.01	-0.02	-0.01
Price to Free Cash Flow - Ratio	NC	-5.2	-30.0	-86.0



Annual Liquidity and Leverage (continued)

	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
ASSETS				
Cash and Equivalents	2,666,000	608,000	1,861,000	2,130,000
Other Non Cash Items	9,306,000	5,254,000	8,169,000	-
Net Cash - Continuing Operations	24,000	-3,733,000	-4,219,000	-1,863,000
Net Cash - Discontinued Operations	-	-	-	-
Net Cash - Operating Activities	24,000	-3,733,000	-4,219,000	-1,863,000
Net Cash - Operations Sequential Growth %	-	-11.5%	126.5%	-
Net Cash - Operations as % of Change in Cash	-	-	-	-
Cash at Beginning of Period	608,000	1,861,000	2,130,000	1,933,000
Cash at End of Period	2,666,000	608,000	1,861,000	2,130,000
Cash Sequential Growth %	338.5%	-67.3%	-12.6%	-
Working Capital to Equity \$	-18.8	7.3	-49.1	156.0
Working Capital As % of Price	-	-	1.7	1.2
Working Capital per Share	-	-	0.01	0.01
Increase Decrease - Receivables	785,000	123,000	-181,000	294,000
Increase Decrease - Inventories	72,000	-43,000	-	-
Increase Decrease - Prepaid Expenses	-2,000	-62,000	-59,000	-53,000
Increase Decrease - Other Current Assets	-	-	-	-
Increase Decrease - Payables	-44,000	-29,000	118,000	-207,000
Increase Decrease - Other Current Liabilities	-131,000	67,000	79,000	60,000
Increase Decrease - Other Working Capital	229,000	-1,000	-3,068,000	59,000



Quarterly Liquidity and Leverage

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
LIQUIDITY METRICS				
Quick Ratio	0.6	0.6	0.1	0.3
Current Ratio	0.7	0.8	2.4	4.8
Payout Ratio	NE	NE	NE	NE
Leverage Ratio	3.3	3.1	2.2	1.6
Total Asset Turnover	0.2	0.1	0.2	0.1
Total Liabilities to Total Assets %	69.4	68.1	54.3	37.8
DEBT METRICS				
Debt Payable	4,844,000	4,844,000	304,000	106,000
Debt Payable Sequential Growth %	-	-	186.8%	-58.6%
Debt Payable Growth Over Past 4 Quarters %	-	-	913.3%	253.3%
Debt Payable as % of Total Assets	-	-	-	-
Total Debt / Equity	0.85	0.78	0.22	0.15
Long Term Debt	-	-	-	275,000
Long Term Debt Sequential Growth %	-	-	-	-2.8%
Long Term Debt Growth Over Past 4 Quarters %	-	-	-	391.1%
Long Term Debt as % of Total Assets	-	-	-	-
Long Term Debt / Total Capital	-	-	-	0.10
Long Term Debt - per Share	-	-	-	-
Long Term Debt / Equity	-	-	-	0.11
Long Term Debt as % of Invested Capital	-	-	-	9.6
Long Term Debt to Total Liabilities %	-	-	-	17.5
CASH METRICS				
Cash as % of Revenue	82.1	186.6	8.0	19.9
Revenue per Dollar Cash	1.22	0.54	12.50	5.03
Cash Flow	-8,216,000	-9,646,000	-8,978,000	-6,895,000
Cash Flow per Share	-0.01	-0.01	-0.02	-0.02
Price to Cash Flow - Ratio	-1.2	-1.1	-1.1	-1.9
Free Cash Flow	-906,000	219,000	-834,000	-873,000
Free Cash Flow per Share	-	-	-	-
Price to Free Cash Flow - Ratio	NC	NC	NC	NC



Quarterly Liquidity and Leverage (continued)

	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
ASSETS				
Cash and Equivalents	1,760,000	2,666,000	36,000	74,000
Other Non Cash Items	630,000	9,306,000	6,819,000	3,475,000
Net Cash - Continuing Operations	-879,000	24,000	-831,000	-871,000
Net Cash - Discontinued Operations	-	-	-	-
Net Cash - Operating Activities	-879,000	24,000	-831,000	-871,000
Net Cash - Operations Sequential Growth %	-	-	-4.6%	9.6%
Net Cash - Operations Growth Over Past 4 Quarters %	10.6%	-	-71.8%	-62.4%
Net Cash - Operations as % of Change in Cash	-	-	-	-
Cash at Beginning of Period	2,666,000	608,000	608,000	608,000
Cash at End of Period	1,760,000	2,666,000	36,000	74,000
Cash Sequential Growth %	-34.0%	-	-51.4%	-73.5%
Cash Growth Over Past 4 Quarters %	530.8%	338.5%	-85.7%	-88.5%
Working Capital to Equity \$	-29.2	-18.8	113.5	116.8
Working Capital As % of Price	-	-	-	26.3
Working Capital per Share	-	-	-	0.01
Increase Decrease - Receivables	-111,000	785,000	7,000	-18,000
Increase Decrease - Inventories	-47,000	72,000	5,000	2,000
Increase Decrease - Prepaid Expenses	14,000	-2,000	-	-2,000
Increase Decrease - Other Current Assets	-	-	25,000	9,000
Increase Decrease - Payables	-283,000	-44,000	118,000	-80,000
Increase Decrease - Other Current Liabilities	143,000	-131,000	-33,000	8,000
Increase Decrease - Other Working Capital	-353,000	229,000	-	-55,000



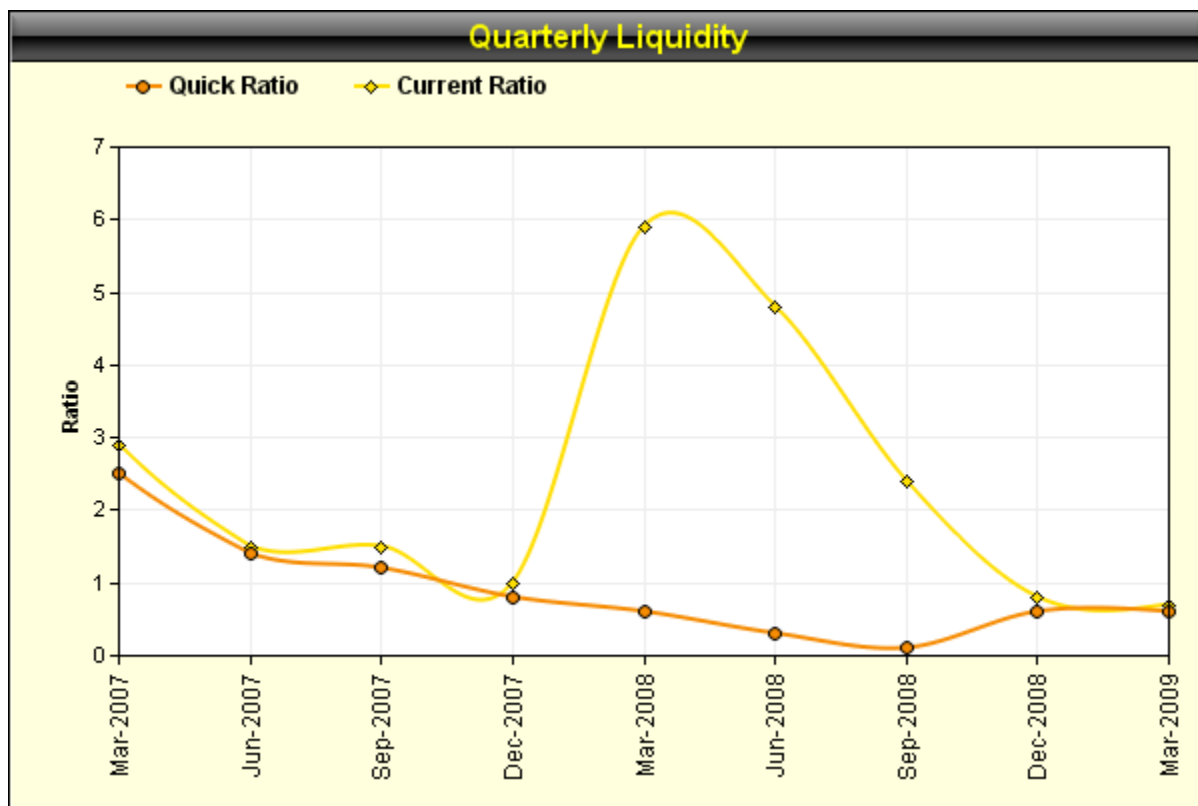
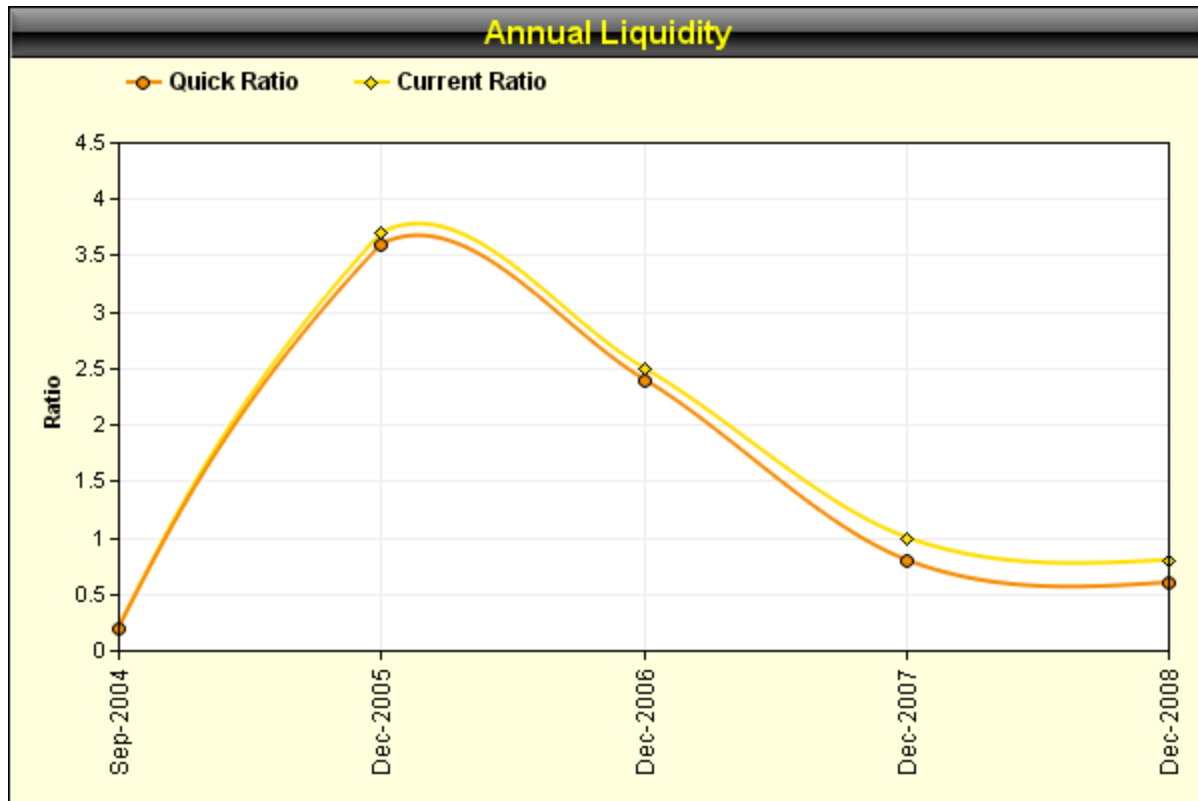
Annual Industry Comparison

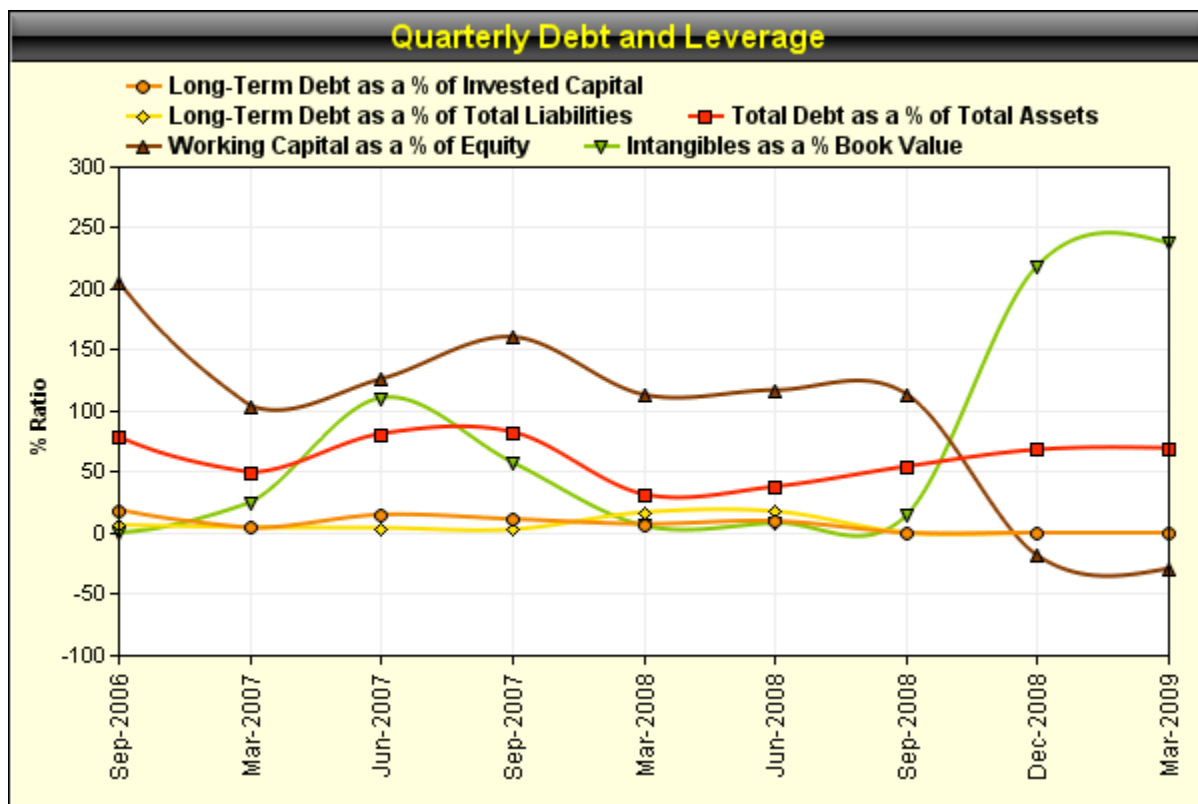
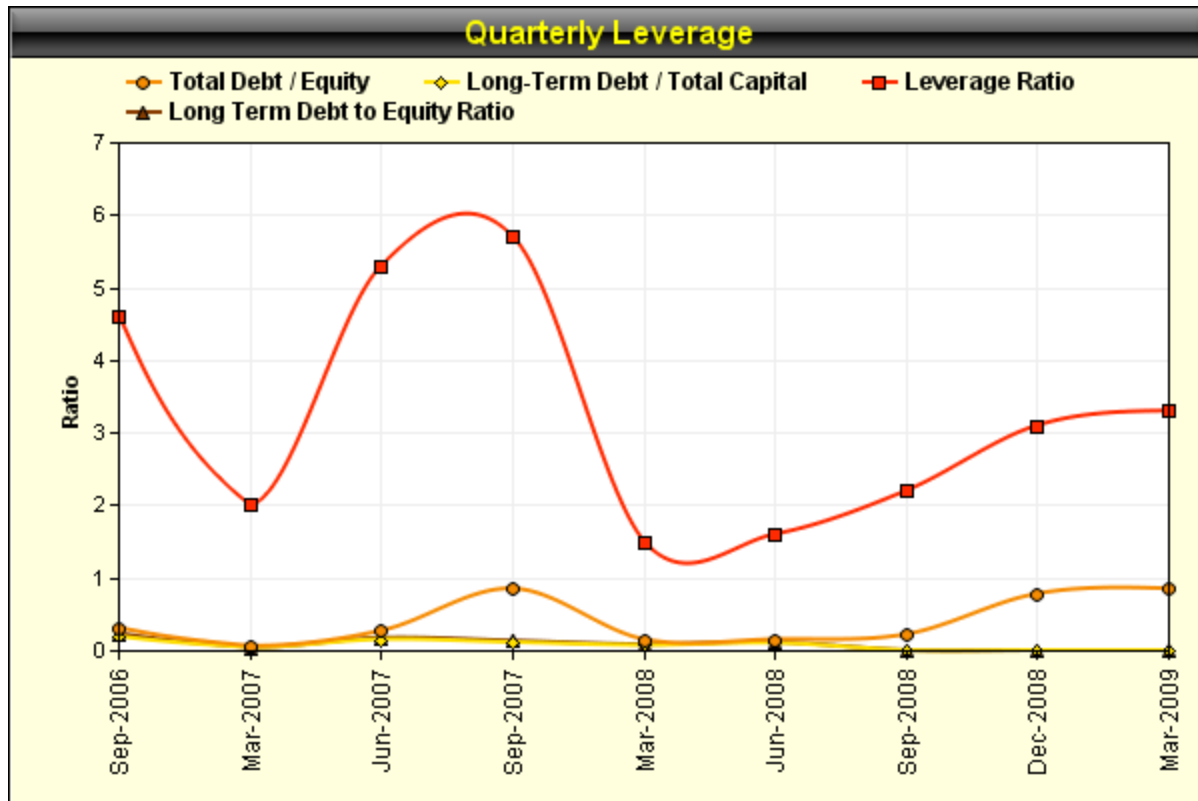
	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
All values are % compared to industry				
Sales	-	-	-	-
Earnings	-0.2	-0.2	-0.2	-0.1
EPS	-3.0	-5.2	-5.0	-1.7
Price	0.1	0.2	3.6	5.3
P/E	NC	NC	NC	NC
Price to Book Ratio	46.0	NC	NC	NC
Price to Sales Ratio	NC	NC	NC	NC
Price to Cash Flow Ratio	-9.6	-8.6	-117.6	-483.1
Price to Free Cash Flow Ratio	NC	-14.4	-116.3	-289.6
Debt to Equity Ratio	-	NC	NC	69.2
Current Ratio	57.1	55.6	125.0	194.7
Gross Profit Margin	136.7	NC	114.9	41.5
Pre-Tax Profit Margin	NC	NC	NC	NC
Post-Tax Profit Margin	NC	NC	NC	NC
Net Profit Margin	NC	NC	NC	NC
Return on Equity	NC	NC	NC	NC
Leverage Ratio	129.2	NC	NC	91.7
Asset Turnover	16.7	33.3	50.0	100.0

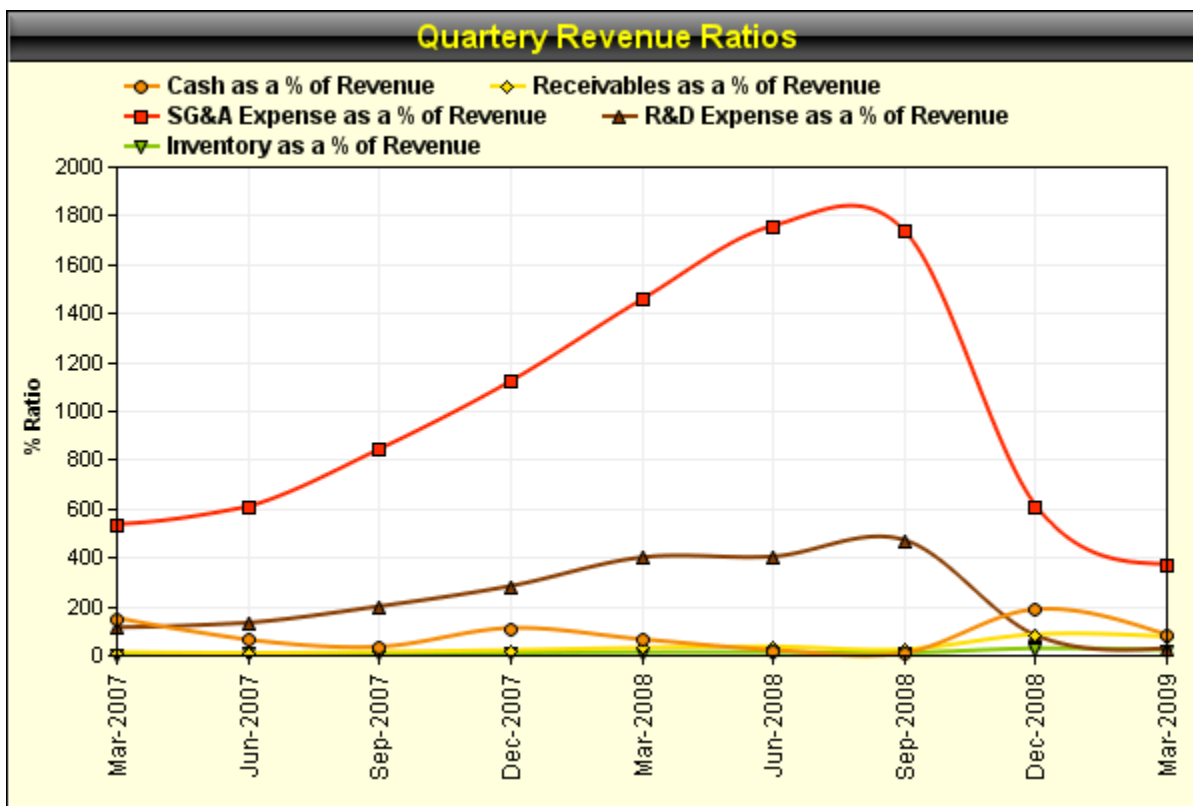
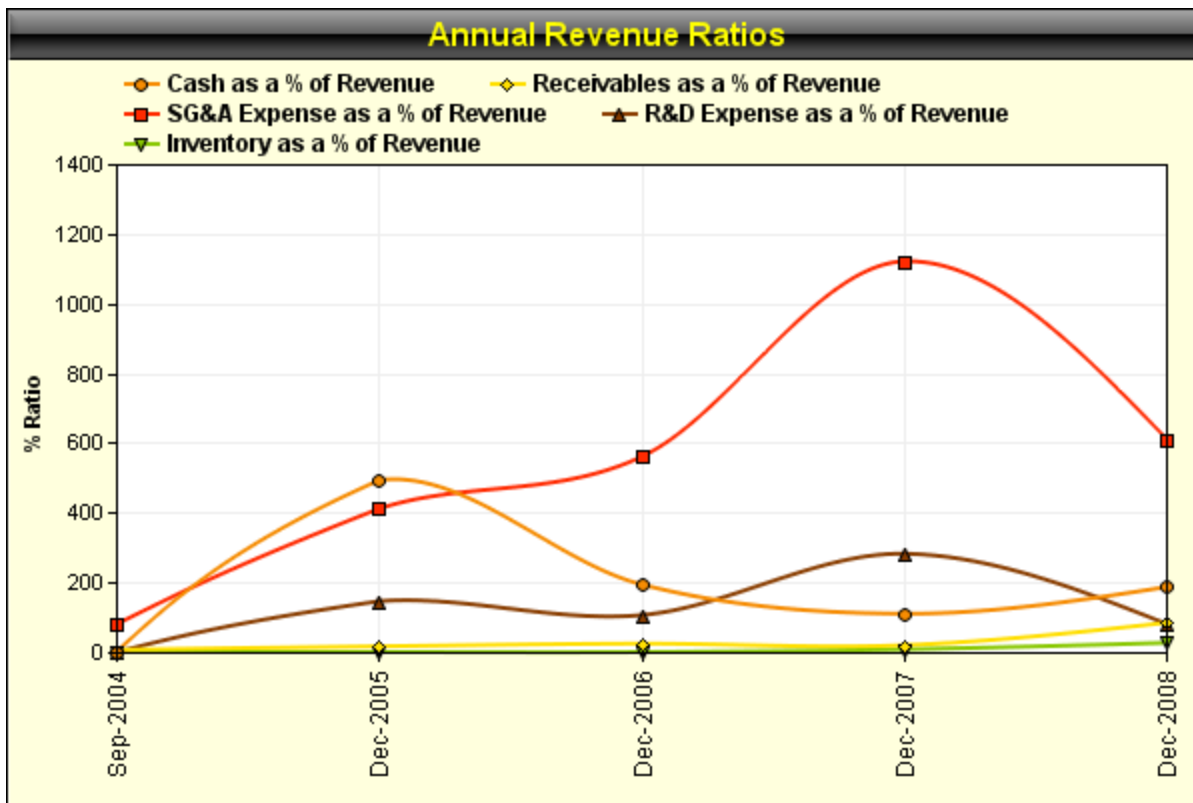


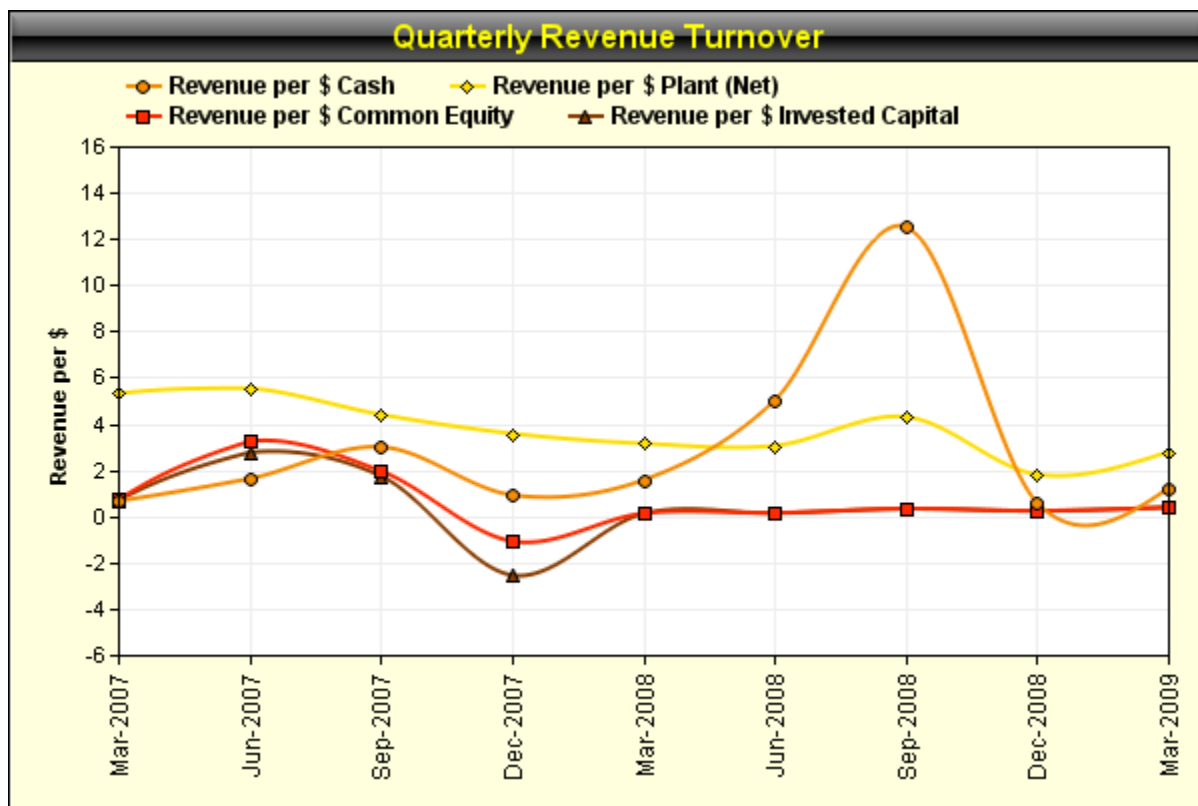
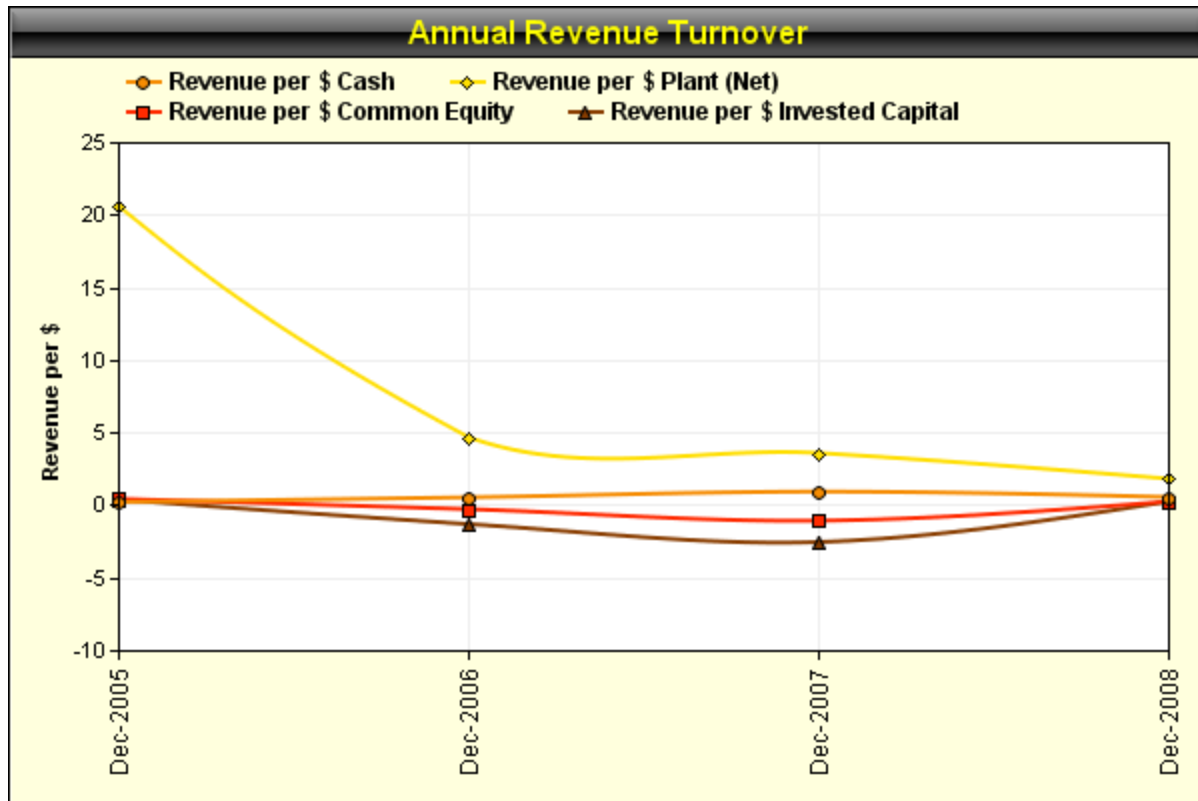
Quarterly Industry Comparison

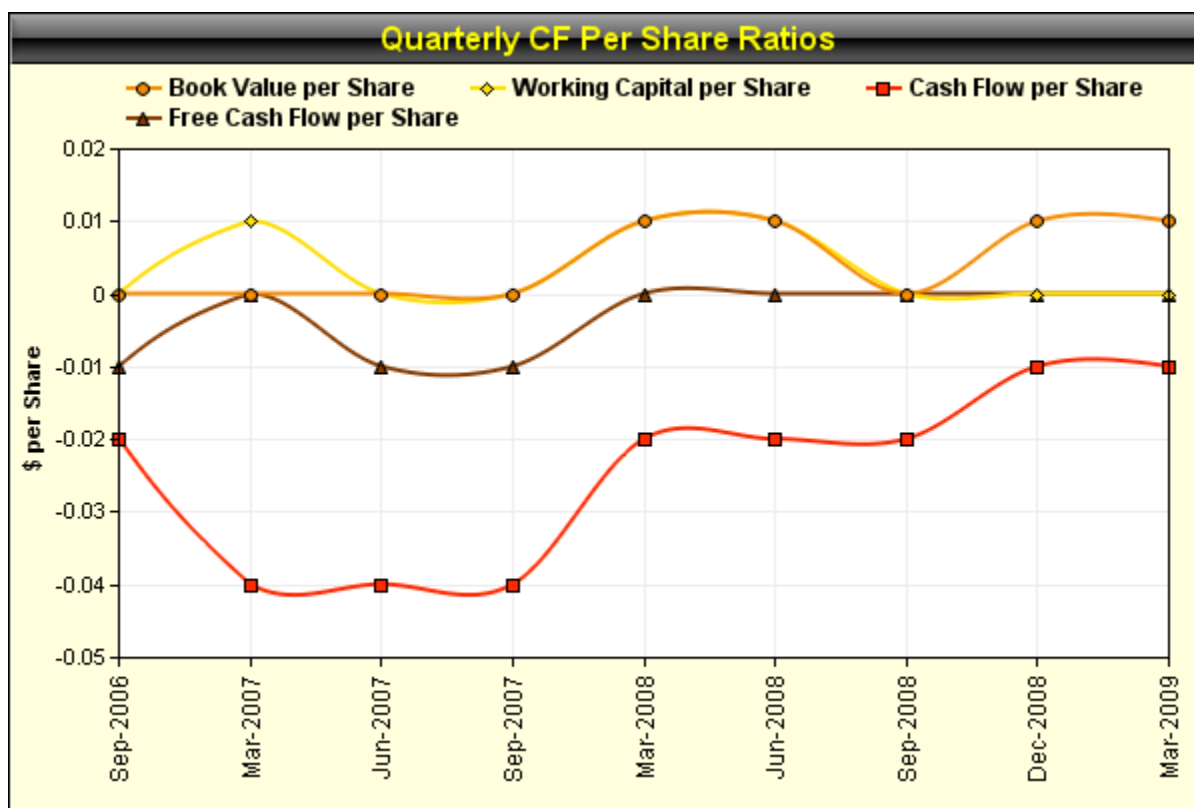
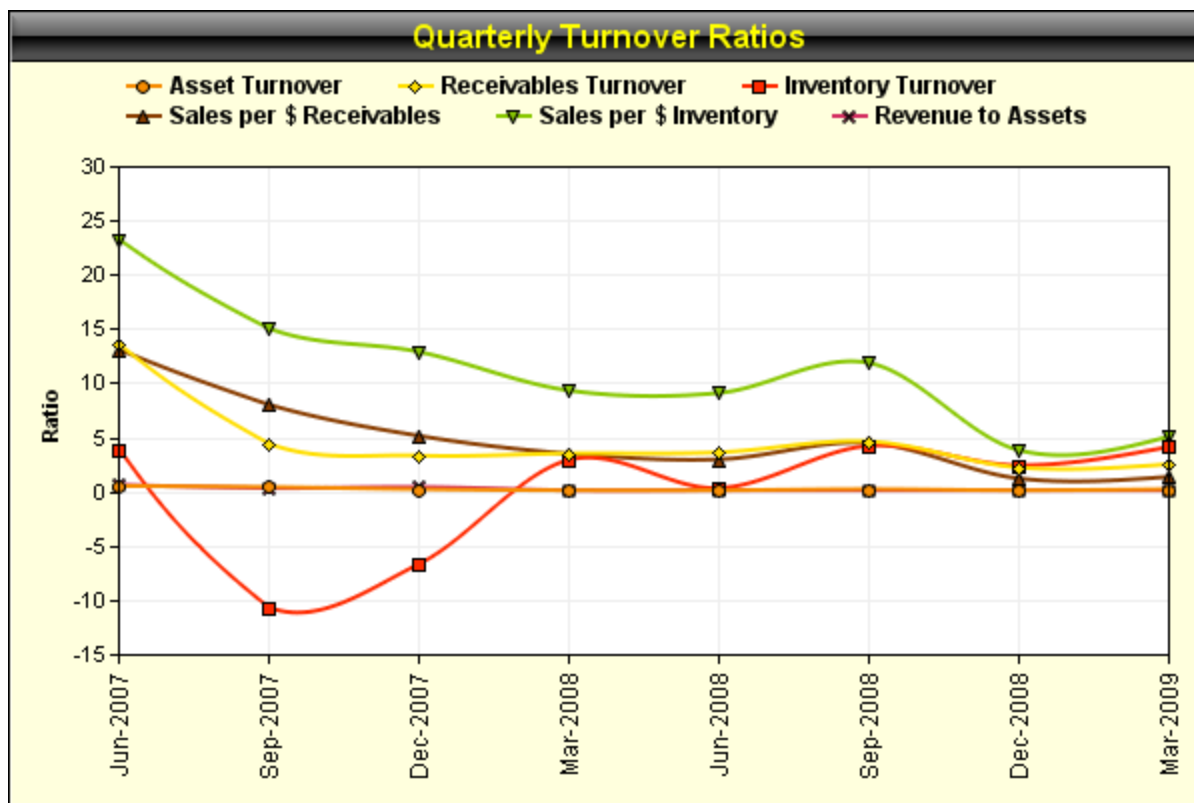
	31-Mar-2009	31-Dec-2008	30-Sep-2008	30-Jun-2008
All values are % compared to industry				
Sales	-	-	-	-
Earnings	-0.2	-0.2	-0.2	-0.2
EPS	-3.4	-3.0	-4.5	-2.8
Price	0.1	0.1	0.1	0.2
P/E	NC	NC	NC	NC
Price to Book Ratio	48.1	46.0	NC	114.1
Price to Sales Ratio	NC	NC	NC	NC
Price to Cash Flow Ratio	-10.1	-9.6	-8.1	-12.1
Price to Free Cash Flow Ratio	NC	NC	NC	NC
Debt to Equity Ratio	-	-	-	35.5
Current Ratio	53.8	57.1	266.7	342.9
Gross Profit Margin	114.0	136.7	122.1	198.8
Pre-Tax Profit Margin	NC	NC	NC	NC
Post-Tax Profit Margin	NC	NC	NC	NC
Net Profit Margin	NC	NC	NC	NC
Return on Equity	NC	NC	NC	NC
Leverage Ratio	126.9	129.2	88.0	66.7
Asset Turnover	33.3	16.7	33.3	16.7













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