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The following selection is a sample of a financial report complied during a *Finance for Managers* course completed at Boston University.

ThinkPartnership®

Financial Highlights: 12/5/07	Symbol: TNK
Cash, Notes & Investments: $0.65 Mil.	Market: AMEX
Current Assets: $18.93 Mil.	Market Cap: $84.56 Mil.
Current Liabilities: $24.83 Mil.	Shares Out: 67.65 Mil.
ROE: 0.13%	Float: 63.74 Mil.
ROA: 0.10%	Book Value: $95.76 Mil.
Average Daily Volume: 164,000 shares	Book Value Per Share: $1.42
Forward P/E: 41.67 times	52 Weeks Hi - Low: $3.70 - $1.18
Institutions Own: 38%	Long Term Debt: $11.81 Mil.
Insiders Own: 16.71%	Dept/Equity: 0.123 times
Short Interest: 377,228 shares	Current Ratio: 1.921
Short Interest Ratio: 2.48 days	Prices/Sale: 1.16 times
Report Date: December 10, 2007	**RECOMMENDED**

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Financial Analysis of 3Q 2007 Results Income Statement

Revenue on the income statement for the 3Q totaled $18.9 million, an increase of 11% from $16.9 million reported for 2Q and a decrease of 13% YoY from $21.6 million. EBITDA was $3.0 million, up 45% from $2.1 million in the previous quarter and a decrease of 21% from $3.8 million reported a year ago.

During the third quarter, Think Partnership (THK) operated in three market segments: Think Network, Think Direct and Think Advertising.

Think Network

Think Network revenue in 3Q totaled $5.1 million, up 33% from the previous quarter, but down 2% from last year's reported $5.3 million. This revenue contributed 27% of total revenues, a 23% increase over the previous quarter and a 24% YoY increase. Network EBITDA was $1.1 million, down 19% from $1.3 million in the previous quarter and a YoY decrease of 50% from $2.1 million.

Think Direct

Think Direct reported revenue totaling $9.2 million in 3Q, up 2% from $9.0 million in the previous quarter and down 4% from $9.6 million reported a year ago. This contributed 49% of total revenues, a 53% decrease from the previous quarter and a YoY increase of 44%. Direct EBITDA was $3.1 million, rising 23% from $2.5 million in the second quarter and 4% over $3.0 million reported a year ago.

Think Advertising

Advertising revenues in 3Q totaled $5.0 million, up 14% from $4.4 million in the previous quarter and down 29% from $7.0 million a year ago. These numbers contributed 26% of total revenues, unchanged from the previous quarter, but down 33% from the same quarter last year. Advertising EBITDA was a loss of $48,000, improved from $0.3 million in the previous quarter and comparable to the $0.2 million reported in the same quarter last year.

In the 3Q of 2007, Think Partnership posted an operating loss of $373,000, down 23% from $1.7 million a year ago. The company lists two operating costs. Selling, General and Administrative costs fell 29% YoY to $8 million, or 42% of revenues. This cost is not necessarily alarming as the increase resulted from the staff and operations consolidation of Think Network and twenty-five new hires to cover recent sales growth. Forty-two Network employees from Michigan, Missouri and New Jersey were relocated to the company's headquarters in Clearwater, Florida. Think Direct's Canadian-based online dating operations also moved to Florida.

The company also reported on the income statement that the Amortization of Purchased Intangibles rose 13% over the previous quarter.

Interest expense in the 3Q was (216,000), down from (237,00) a year ago and ($225,000) in the previous quarter.

Think Partnership reported a 3Q net loss of $30,000, over $912,000 a year ago and (527,000) in the previous quarter. The net loss was $0.00 per share, compared to a ($0.01) loss a year ago and in the previous quarter.

Nine Month 2007 Results

For the nine months ending in September, 2007, revenue increased 1% to $53.5 million, up from $52.9 million reported a year ago.

- The gross profit decreased 18% YoY to $27.9 million, down from $33.9 million a year ago.
- The operating loss increased to ($648,000), compared to $1 million a year ago.
- The net loss was ($845,000), compared to $276,000 a year ago.
- The net loss was ($0.01) per share, versus (0.06) a year ago.

Balance Sheet

The 3Q balance sheet shows Cash & Cash Equivalents were down 64% to $1.9 million, or $0.03 per share. Cash represents % of the current stock price.

Accounts Receivables
- Up 18% to $13.4 million. However, the increase in A/R was accompanied by an increase in sales.
- A/R Turnover for the last 12 months was 1.4 times, or Days Sales Outstanding (DSOs) of 64.5 days, comfortably below the 90 day warning zone.

Inventory
- Think Partnership does not maintain physical inventory.

Current Assets
- Current assets remained at $120 million from a year ago.
- The Current Ratio was 1.9:1, down/up from 1.6:1 in the previous quarter, and approaching the benchmark 2:1. Thus, solvency does not appear to be a concern.

Asset Turnover Ratio
- The Asset Turnover Ratio for the last 12 months was 0.99 times, up from the previous quarter and just below the benchmark 1.0.

Think Partnership has $11.8 million in long-term debt, or 6.4% of shareholders' equity, safely below the 40% danger zone.

The company maintained a tangible book value of $70,000, or $1.40 per share over the previous quarter. With the stock at $1.43, it is trading for 1.02 times tangible book value, indicating the stock appropriately valued based on its balance sheet.

ROE was (0.60)% and ROA (0.05)% over the last 12 months. Both of these ratios are not only significantly below the benchmark 10%, but disturbingly below those of industry leaders. However, the recent influx of newly acquired accounts may be able to raise these ratios through increased revenue.

Cash Flow Statement

For the nine months ended September 30, 2007, Cash Flow from Operations declined 33% to $1.9 million, from $2.9 million a year ago. Cash Flow exceeded Net Income for the period, which is a favorable sign.

For the nine months ended September 2007, Think Partnership had a net decrease in cash of $2.3 million.

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Notes from 3Q 2007 Conference Call

The 3Q conference call included President and CEO Scott Mitchell, CFO Jody Brown, COO Stan Antonuk and Chief Technology Officer Jon Linden. In addition to 3Q results, they discussed their expectations for the company's latest initiatives. The question and answer session reflected an uncertainty of future revenue and cash flow.

Mr. Mitchell acknowledged Think Partnership's cash problems as a temporary setback in the process of establishing a market position in online advertising space. They underestimated the short-term disruption the consolidation would have on operations. Yet, he also emphasized the revenue growth in the network and advertising divisions, saying the company was not worried about margins in 3Q, but focused on building a strong team.

Having completed the necessary personnel and resource consolidation, Mitchell said the company is now able to handle higher margin accounts. A new department was developed to manage the new large enterprise clients, such as Apple and Microsoft. Client accounts grew a total 44% in 3Q.

The industry of direct advertising and niche marketing continues to grow, especially in text messaging and email. Due to the recent implementation of their Valid Click Ad Exchange early October numbers show a 170% increase in searches over the previous quarter. Mitchell reported they signed trial contracts with four of the largest search engines, although he could not legally disclose which ones.

Mr. Antonuk explained the consolidation of the network division. The company relocated employees from three offices across the country to headquarters in Florida, created 25 new positions, and established a new distribution team to create greater exposure for clients. He said their biggest challenge is hiring fast enough to keep up with the growing demand of services. Antonuk reported this time last year Think Partnership had 30 employees while today they employ 233 individuals.

Mr. Linden tackled the issue of explaining the new exclusive alliance with the Fair Issac technology. This service generates an online advertising click credit score based the ability of a web publisher to draw quality traffic for clients. Publicly launched November 5, this technology allows THK to price clicks according to quality. Both sides of this agreement set $45 million of click revenue as the minimum amount needed for the venture to be successful.

THK sees little competition in click fraud protection due to the uniqueness of the Fair Issac technology. Their closest competitor is Yahoo!, which also uses a form of back-end quality-based pricing. However, Fair Issac includes both front and back-end quality pricing. This technology is expected to bring 600 million additional searches, immediately doubling the size of THK's network.

During the question and answer portion of the call, Mr. Mitchell reminded investors that THK's ad exchange is not an attempt to compete with Google and Yahoo!. The target of the ad exchange is to bring together other networks, potentially resulting in bigger networks becoming THK's partners, rather than competitors.

Ultimately, THK's executive officers believe revenue will increase in the 4Q, but not to record levels. They also expect increased cash flow from operations.

Summary & Recommendation

Despite a rocky third quarter, Think Partnership has some very positive factors that support a favorable outlook. While the market of online advertising is saturated with competitors, THK has effectively positioned itself by differentiating its services to fulfill needs not being met by existing competitors. The company's leadership is justifiably optimistic in THK's growth potential.

Although it has been a small player in an industry dominated by big names they are gaining the attention of large enterprises and attracting high profile clients. THK's superior technology is particularly innovative because it allows them to adjust the price scale for individual clients. THK's 3Q financial statistics reflect a threatening cash flow deficiency. However, the company is still experiencing an upward trend in long-term growth. The key to THK's future is whether it can effectively grow big enough fast enough to manage the influx of high profile accounts. They need to generate the capital required to maintain their increased staff size. We are recommending THK because the long-term rewards exceed the short-term risks.