

Due Diligence Report: More Important than Strong Financials: One Blogger's Opinion

Summary

Urban Barns Foods Inc. (Urban Barns), incorporated on May 21, 2007, is an urban produce production company focuses to be the supplier of choice of organic and conventional fruits and vegetables for urban consumers. The Company has started its first production urban barn in Mirabel, Quebec, Canada.

The Company produces select fruits and vegetables in a secure, indoor environment in close proximity to urban centers, where the population of potential consumers exceeds that of rural locales, regardless of regional climate or outdoor growing season constraints. The Company uses cubic farming apparatus to cultivate fruits and vegetables. The Company focuses to sale varieties of lettuce, spinach, basil, various herbs, and strawberries.

Urban Barns Foods Inc. has a current market capitalization of \$1.77 M with 429.90 M outstanding shares. Its daily average volume traded is 27.29 M shares.

Key Indicators (Q2 2015)

Shares Outstanding	429.90 M
Revenue (FY 2014)	0.02 M
Gross Profit	Nil
Net Loss (basic/diluted)	-0.57 M
Cash and Short-term Inv	0.04 M
Total Debt	0.36 M

Performance (6 months)



Recent News and Analysis:

Most recently, the company filed form 10-K which reported a dismal net loss of over \$1.72 M on revenue of \$101,148. These are certainly disappointing numbers and not the driver of the recent spike in the share price. That spike is attributed to a message board user submitting an optimistic post about Urban Barns Foods Inc. He said that he has contacted the company and he has been promised a few things, one of which is a press release before the end of the week. This contributed to the overall excitement around the stock. On Thursday, in a matter of six and a half hours, URBF managed to gain no less than 47% and it finished the session at \$0.0031. Friday was a similar story, with the stock closing at \$0.0062, in the green 100% on the day. The same message board user also posted an optimistic opinion

URBAN BARNS FOODS INC.
(OTCMKTS: URBF)

NOVEMBER 3, 2015

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about Brainybrawn Inc. (OTCMKTS: BRNW). Unfortunately, that didn't go quite as well. In fact, despite his enthusiasm, BRNW wiped out nearly 70% and it plunged back in triple-zero land. The question is simple really: Is URBF, like BRNW, running simply because of the hype, or is there something more to it than that? Well, URBF's press releases have all been put up by the company itself which is more than can be said about BRNW. The stock is not being helped by a press release, however. It's going up because it's received some media coverage recently. In the interviews, Horst Hueniken, URBF's recently appointed CEO, showcased a brand new growing machine and said that it will help the company become cash flow positive. Investors are certainly excited about the news and analysts believe a bright future may lay ahead for the company. However, OTC stocks are very prone to stock manipulation and it has certainly been considered in this case as well. The investing community has mentioned stock promotion and other forms of stock price manipulation but thus far, it appears as though the recent media coverage the company is receiving is truthful and creating a true stir in the market. Caution is always recommended with microcap stocks.

Conclusions:

URBF has thus far been nothing but disappointing for its shareholders. A point hammered home by the latest 10-K: cash: \$7,442; current assets: \$70,883; current liabilities: \$1,142,737; revenues: \$101,148; net loss: \$1,636,165. The financials are not really confidence-inspiring and investors are hoping that this will change in the near future. However, investors will need to wait before they can see whether URBF has what it takes to solve all the issues. The interviews in question were filmed recently and in them, the aforementioned growing machine still wasn't operational, implying that it did not have any effect on the 10-K for the fiscal year released this past week. The last three trading days imply that investors are not bothered by the dismal financials and believe in the company's plan moving forward.

Sources:

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Disclosure: I, Robert Borowski, research analyst have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions and I have no business relationship with any company whose stock is mentioned in the article.

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