interCLICK, Inc.
Form 10-Q
November 06, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **September 30, 2008**

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: _______ to _______

Commission file number: 333-141141

interCLICK, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	01-0692341
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

257 Park Avenue South Suite 602 New York, NY	10010
(Address of Principal Executive Offices)	(Zip code)

(646) 722-6260
Registrant's Telephone Number, Including Area Code

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer o Accelerated Filer o

Non-Accelerated Filer o Smaller reporting company x
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO x

As of November 5, 2008, 37,845,167 shares of common stock, $0.001 par value per share, of the issuer were outstanding.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.)

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INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.)

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Forward-Looking Statements

This quarterly report on Form 10-Q and other written reports and oral statements made from time to time by the Company may contain so-called “forward-looking statements,” all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “forecasts,” “projects,” “intends,” “estimates,” and other words of similar meaning. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address our growth strategy, financial results, ability to raise additional capital and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this quarterly report on Form 10-Q is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this quarterly report of Form 10-Q. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

The forward-looking statements included in this quarterly report on Form 10-Q are made only as of the date of this quarterly report on Form 10-Q. We do not intend, and do not assume any obligations, to update these forward looking statements, except as required by law.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

PART I.
FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

	September 30, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 611,189	$ 3,675,483
Accounts receivable, net of allowance of $345,208 and $150,000	4,703,829	3,390,302
Prepaid expenses and other current assets	205,796	55,750
Total current assets	5,520,814	7,121,535
Property and equipment, net	633,523	512,031
Intangible assets, net	714,683	1,028,621
Goodwill	7,909,571	7,909,571
Investment in Options Media Group Holdings, Inc.	1,694,000	-
Deferred debt issue costs, net of accumulated amortization of $0 and $13,932, respectively	-	77,505
Deferred acquisition costs	-	129,333
Other assets	211,943	66,937
Total assets	$ 16,684,534	$ 16,845,533
Liabilities and Stockholders' Equity		
Current liabilities:		
Senior secured notes payable - related party, net of debt discount of $0 and $1,127,084, respectively	$ 1,300,000	$ 3,872,916
Capital lease obligations, current portion	10,319	9,290
Accounts payable	3,937,095	2,499,604
Accrued expenses	610,390	1,046,719
Accrued interest	1,068	36,173
Deferred revenue	100,935	-
Payable and promissory note settlement liability	1,090,230	-
Total current liabilities	7,050,037	7,464,702
Capital lease obligations, net of current portion	10,286	19,317
Total liabilities	7,060,323	7,484,019
Commitments and contingencies (Note 9)		

Stockholders' equity:				
Preferred stock, $0.001 par value; 10,000,000 shares authorized, zero shares issued and outstanding		-		-
Common stock, $0.001 par value; 140,000,000 shares authorized, 37,845,167 and 34,979,667 issued and outstanding, respectively		37,846		34,980
Additional paid-in capital		24,390,346		12,737,982
Deferred equity-based expense		-		(178,481)
Accumulated other comprehensive loss		(197,704)		-
Accumulated deficit		(14,606,277)		(3,232,967)
Total stockholders' equity		9,624,211		9,361,514
Total liabilities and stockholders' equity	$	16,684,534	$	16,845,533

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	From June 14, 2007 (Inception) to September 30, 2007
Revenues	$ 5,756,707	$ 1,169,991	$ 13,992,303	$ 1,169,991
Cost of revenue	3,964,388	1,083,613	10,084,467	1,083,613
Gross profit	1,792,319	86,378	3,907,836	86,378
Operating expenses:				
General and administrative (includes stock-based expense of $439,768, $43,311, $1,417,031 and $43,311, respectively)	1,513,224	939,848	4,755,165	939,848
Sales and marketing	1,282,205	109,884	3,552,847	109,884
Technology support	256,370	-	764,779	-
Merger, acquisition, and divestiture costs	57,415	187,353	569,477	187,353
Amortization of intangible assets	104,571	91,094	313,938	91,094
Total operating expenses	3,213,785	1,328,179	9,956,206	1,328,179
Operating loss from continuing operations	(1,421,466)	(1,241,801)	(6,048,370)	(1,241,801)
Other income (expense):				
Interest income	8,140	23,995	14,903	23,995
Loss on settlement of debt	-	-	(20,121)	-
Loss on sale of available-for-sale securities	(116,454)	-	(116,454)	-
Loss on disposal of fixed assets	(15,385)	-	(15,385)	-
Interest expense	(189,382)	-	(1,422,885)	-
Total other income (expense)	(313,081)	23,995	(1,559,942)	23,995
Loss from continuing operations before income tax benefit	(1,734,547)	(1,217,806)	(7,608,312)	(1,217,806)
Income tax benefit	-	280,019	-	280,019
Loss from continuing operations before equity investment	(1,734,547)	(937,787)	(7,608,312)	(937,787)
Equity in investee's loss, net of income taxes	(404,103)	-	(653,231)	-

Loss from continuing operations	(2,138,650)	(937,787)	(8,261,543)	(937,787)
Discontinued operations:				
Loss from discontinued operations, net of income taxes	(1,053,059)	-	(1,988,232)	-
Loss on sale of discontinued operations, net of income taxes	(498,554)	-	(1,123,535)	-
Net loss from discontinued operations	(1,551,613)	-	(3,111,767)	-
Net loss	(3,690,263)	(937,787)	(11,373,310)	(937,787)
Other comprehensive loss:				
Unrealized loss on available-for-sale securities	(197,704)	-	(197,704)	-
Total other comprehensive loss	(197,704)	-	(197,704)	-
Comprehensive loss	$ (3,887,967)	$ (937,787)	$ (11,571,014)	$ (937,787)
Loss per share from continuing operations - basic and diluted	$ (0.06)	$ (0.04)	$ (0.22)	$ (0.04)
Loss per share from discontinued operations - basic and diluted	$ (0.04)	$ -	$ (0.09)	$ -
Net loss per share - basic and diluted	$ (0.10)	$ (0.04)	$ (0.31)	$ (0.04)
Weighted average shares outstanding - basic and diluted	37,808,210	23,756,165	36,900,393	22,292,694

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2008
(Unaudited)

	Common Stock		Additional	Deferred Equity-	Accumulated Other		Total
	Stock	Amount	Paid-In Capital	Based Expense	Comprehensive Loss	Accumulated Deficit	Stockholders' Equity
Balance, December 31, 2007	34,979,667	$ 34,980	$ 12,737,982	$ (178,481)	$ -	$ (3,232,967)	$ 9,361,514
Issuance of Common Stock in connection with Options Media Group merger	1,000,000	1,000	5,716,273	-	-	-	5,717,273
Issuance of Warrant in connection with Options Media Group merger	-	-	29,169	-	-	-	29,169
Common stock and warrants issued for cash	1,425,000	1,425	2,911,075	-	-	-	2,912,500
Common stock and warrants issued per price protection clause	75,000	75	(75)	-	-	-	-
Common stock and warrants issued to settle debt	305,500	306	610,694	-	-	-	611,000
Amortization of deferred consulting - warrants	-	-	-	178,481	-	-	178,481
Common stock issued for services	60,000	60	188,940	-	-	-	189,000
Stock options expense	-	-	2,196,288	-	-	-	2,196,288
	-	-	-	-	(197,704)	-	(197,704)

Unrealized loss on marketable securities							
Net loss, nine months ended September 30, 2008	-	-	-	-	-	(11,373,310)	(11,373,310)
Balance, September 30, 2008	37,845,167	$ 37,846	$ 24,390,346	$ -	$ (197,704)	$ (14,606,277)	$ 9,624,211

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2008	From June 14, 2007 (Inception) to September 30, 2007
Cash flows from operating activities:		
Net loss	$ (11,373,310)	$ (937,787)
Add back loss from discontinued operations	3,111,767	-
Loss from continuing operations	(8,261,543)	(937,787)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities, net:	4,782,113	42,245
Net cash used in operating activities	(3,479,430)	(895,542)
Cash flows from investing activities:		
Purchases of property & equipment	(322,548)	(60,847)
Acquisition of business, net of cash acquired	-	(4,279,534)
Proceeds from sales of property & equipment	13,000	-
Proceeds from sales of available-for-sale securities	1,034,000	-
Deferred acquisition costs	(10,619)	-
Net cash provided by (used in) investing activities	713,833	(4,340,381)
Cash flows from financing activities:		
Principal payments on notes payable	(4,523,573)	-
Proceeds from issuance of notes payable - related party	1,300,000	250,000
Principal payments on capital leases	(8,002)	-
Proceeds from common stock and warrants issued for cash	2,912,500	7,015,016
Net cash (used in) provided by financing activities	(319,075)	7,265,016
Cash flows from discontinued operations:		
Cash flows from operating activities	(2,685,674)	-
Cash flows from investing activities-acquisition	(1,885,624)	-
Cash flows from investing activities-divestiture	4,591,676	-
Net cash provided by discontinued operations	20,378	-
Net (decrease) increase in cash and cash equivalents	(3,064,294)	2,029,093
Cash and cash equivalents at beginning of period	3,675,483	-
Cash and cash equivalents at end of period	$ 611,189	$ 2,029,093

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2008		From June 14, 2007 (Inception) to September 30, 2007	
Supplemental disclosure of cash flow information:				
Interest paid	$	261,796	$	-
Income taxes paid	$	-	$	-
Non-cash investing and financing activities:				
Issuance of common stock and warrants in business combination	$	5,746,442	$	3,500,000
Conversion of convertible notes	$	-	$	250,000
Issuance of common stock and warrants in debt settlement	$	611,000	$	-
Issuance of common stock for deferred services rendered	$	189,000	$	-
Issuance of shares in Options Media Group Holdings, Inc. to settle accounts payable	$	54,611	$	-
Unrealized loss on available-for-sale securities	$	197,704	$	-

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008
(Unaudited)

Note 1. Nature of Operations, Going Concern and Basis of Presentation

Overview

Customer Acquisition Network, Inc. was formed in Delaware on June 14, 2007.

Outsiders Entertainment, Inc. was incorporated on March 4, 2002, under the laws of the State of Delaware. On August 28, 2007, the name was changed to Customer Acquisition Network Holdings, Inc. On June 25, 2008, the name was changed to interCLICK, Inc.

On August 28, 2007, Customer Acquisition Network Holdings, Inc. ("Holdings") entered into an Agreement and Plan of Merger and Reorganization (the “CAN Merger Agreement”) by and among Holdings, Customer Acquisition Network, Inc. ("CAN"), and CAN Acquisition Sub Inc., a newly formed, wholly-owned Delaware subsidiary of Holdings (“CAN Acquisition Sub”). The merger transaction contemplated under the CAN Merger Agreement (the “CAN Merger”) was consummated on August 28, 2007, at which time CAN Acquisition Sub was merged with and into CAN, and CAN, as the surviving corporation, became a wholly-owned subsidiary of Holdings.

Merger with Desktop Interactive, Inc.

On August 31, 2007, Holdings entered into an Agreement and Plan of Merger (the “Desktop Merger Agreement”) by and among Holdings, Desktop Interactive, Inc., a privately held Delaware corporation (“Desktop”), CAN and Desktop Acquisition Sub, Inc., a newly formed, wholly-owned Delaware subsidiary of Holdings (“Desktop Acquisition Sub”). The merger transaction contemplated under the Desktop Merger Agreement (the “Desktop Merger"), was consummated on August 31, 2007, at which time, Desktop Acquisition Sub was merged into Desktop, and Desktop, as the surviving corporation, became a wholly-owned subsidiary of Holdings.

After the CAN Merger, Holdings succeeded to the business of CAN as its sole line of business. Desktop owned and operated an Internet advertising network serving Internet advertising to website publishers including proprietary ad serving technology operated under the name “Interclick.” After the Desktop Merger, we also continued to operate the Desktop business.

Unless the context requires otherwise, references to the "Company," "CAN," "we," "our" and "us" for periods prior to the closing of our reverse merger on August 28, 2007, refer to Customer Acquisition Network, Inc., a private Delaware corporation that is now our wholly-owned subsidiary, and references to the "Company," “Holdings”, “interCLICK”, "we," "our" and "us" for periods subsequent to the closing of the reverse merger on August 28, 2007, refer to interCLICK, Inc. (formerly Customer Acquisition Network Holdings, Inc.), a publicly traded company, and its subsidiaries, Customer Acquisition Network, Inc., Desktop Interactive, Inc. and Options Acquisition Sub, Inc. (which ceased being a consolidated subsidiary on June 23, 2008 and was treated as discontinued operations thereafter).

The Company was previously presented as a development stage company. Upon its acquisition of Desktop on August 31, 2007, the Company exited the development stage.

Merger with Customer Acquisition Network Holdings, Inc.

On August 28, 2007, Holdings entered into the CAN Merger Agreement by and among Holdings, CAN and CAN Acquisition Sub. Upon closing of the CAN Merger, CAN Acquisition Sub merged with and into CAN, and CAN, as the surviving corporation, became a wholly-owned subsidiary of Holdings. Prior to the CAN Merger, Holdings' name was changed to Customer Acquisition Network Holdings, Inc. and Holdings effected a 10.9583333333 -for-1 forward stock split of its common stock (the "Stock Split"). All share and per share data in the accompanying financial statements have been adjusted retroactively for the effect of the recapitalization and subsequent stock split.

At the closing of the CAN Merger, each share of CAN's common stock issued and outstanding, 24,238,000 immediately prior to the closing of the CAN Merger, was converted into the right to receive one share of Holdings' common stock. In addition, pursuant to the CAN Merger Agreement and under the terms of an attendant Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, Holdings transferred all of its pre-CAN Merger assets and liabilities to its newly formed wholly owned subsidiary, Outsiders Entertainment Holdings, Inc. ("Splitco"). Subsequently, Holdings transferred all of its outstanding capital stock of Splitco to a major stockholder of Holdings in exchange for cancellation of all shares of Holdings' common stock held by such shareholder (the "Split off"). The remaining shares outstanding (6,575,000, excluding the Holdings shares issued to CAN's shareholders as a result of the CAN Merger), represent the surviving "Public Float" shares, of which 2.6 million shares are restricted.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008
(Unaudited)

Recapitalization

Prior to the closing of the CAN Merger, Holdings had limited operations and net assets. At the same time, CAN had significantly more capital than Holdings and had commenced certain publishing/advertising operations. In addition, as discussed in “Merger with Desktop,” above, after the closing of the CAN Merger, Holdings consummated the Desktop Merger and effected the Split off. As a result of these facts and the former shareholders of CAN obtaining voting and management control of the combined entity, the CAN Merger is considered and accounted for as a recapitalization of CAN, with CAN being considered as the acquirer and Holdings the acquiree for accounting purposes. Accordingly, the Company’s financial statements for periods prior to the CAN Merger become those of the accounting acquirer, retroactively restated for the equivalent number of shares received in the CAN Merger. Operations prior to the CAN Merger are those of CAN and earnings per share for the period prior to the CAN Merger are restated to reflect the equivalent number of shares outstanding.

Merger with Options Media

On January 4, 2008, Holdings consummated an Agreement and Plan of Merger (the “Options Merger”), wherein Holdings formed Options Acquisition Sub, Inc. (“Options Acquisition”), and Options Newsletter, Inc. (“Options Newsletter” or "Options") was merged into Options Acquisition, which was the surviving corporation and a wholly-owned subsidiary of Holdings. On June 23, 2008, Holdings consummated an Agreement of Merger and Plan or Reorganization wherein Options Acquisition was sold to Options Media Group Holdings, Inc.

Options Newsletter, a privately held Delaware corporation, now known as Options Media, began selling advertising space within free electronic newsletters that Options Newsletter published and emailed to subscribers. Options Newsletter also generated leads for customers by emailing its customers’ advertisements to various email addresses from within the Options Newsletter database. Options Newsletter was also an email service provider (“ESP”) and offered customers an email delivery platform to create, send and track email campaigns. During the period from January 4, 2008 to June 23, 2008 (date of disposition), the majority of Options Newsletter’s revenue was derived from being an ESP, but Options Newsletter continued to publish newsletters as well as email customer advertisements on a cost per lead generated basis.

The initial merger consideration with respect to the Options Merger (the “Options Merger Consideration”) included $1.5 million in cash of which $150,000 was held in escrow pending passage of deferred representation and warranty time period and 1.0 million shares of Holdings’ stock valued at $5.72 per share (applying EITF 99-12 “Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Business Combination”). The total initial purchase price was $7,395,362 and included cash of $1,500,000, common stock valued at $5,717,273, legal fees of $73,920, valuation service fees of $25,000, brokers fees of $50,000 and 10,000 warrants valued at $29,169 with an exercise price of $5.57 per share.

The shares of Holdings’ stock issued in conjunction with the Options Merger are subject to a 12-month lockup.

In addition to the initial merger consideration, Holdings was obligated to pay an additional $1 million (the “Earn Out”) if certain gross revenues are achieved for the one year period subsequent to the Options Merger payable 60 days after the end of each of the quarters starting with March 31, 2008. For the quarters ended March 31, 2008 and June 30, 2008, the Company incurred $279,703 and $221,743, respectively, in Earn Out. On September 30, 2008, the Company

entered into a settlement agreement with the seller whereby the Company agreed to pay the remaining $498,554 of Earn Out. The $1,000,000 Earn Out has increased the purchase price and been included as an adjustment to goodwill in the purchase price allocation below. The total Earn Out due of $1,000,000 has been included in payable and promissory note settlement liability on the accompanying balance sheet as of September 30, 2008 (See Divestiture of Options Media below).

Holdings has accounted for the acquisition utilizing the purchase method of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations". The results of operations of Options Acquisition were included in the consolidated results of operations of the Company beginning on January 1, 2008. The operations from January 1, 2008 to January 4, 2008 were not material. The net purchase price, including acquisition costs paid, and adjusted for the total Earn Out to be paid as part of the September 30, 2008 settlement with the seller, was allocated to assets acquired and liabilities assumed as follows:

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Current assets (including cash of $41,424)	$	58,153
Property and equipment		112,289
Other assets (Software)		67,220
Goodwill (adjusted for Earn Out)		8,020,450
Other Intangibles		660,000
Liabilities assumed		(258,750)
Deferred tax liability		(264,000)
Net purchase price	$	8,395,362

Intangible assets acquired include customer relationships valued at $610,000 and $50,000 for a covenant not to compete.

Goodwill is expected not to be deductible for income tax purposes.

In connection with the purchase of Options, the Company executed a three-year employment agreement with the former owner of Options to pay him $250,000 per year plus 300,000 options which cliff vest 1/3 at the end of each of three years and are exercisable at $1.00 per share. On September 30, 2008, the Company entered into a settlement agreement with the seller whereby all 300,000 stock options became fully vested immediately and exercisable as follows: 100,000 stock options shall be exercisable as of January 15, 2009 and 200,000 stock options shall be exercisable as of September 30, 2009. Accordingly, the remaining unrecognized portion of the fair value of the stock options of $962,829 was recognized and included in loss from discontinued operations as of September 30, 2008.

Divestiture of Options Media

On June 23, 2008, Holdings, as the sole stockholder of Options Acquisition entered into an Agreement of Merger and Plan of Reorganization (the “Options Divestiture”) by and among, Options Media Group Holdings, Inc. (“OPMG”), Options Acquisition and Options Acquisition Corp., a newly formed, wholly owned Delaware subsidiary of OPMG.

At the closing of the Options Divestiture on June 23, 2008, the Company, as Options Acquisition’s sole stockholder, received (i) 12,500,000 shares of OPMG’s common stock (the “OPMG Stock”), (ii) $3,000,000 in cash and (iii) a $1,000,000 senior secured promissory note receivable from OPMG (the “Note”). The OPMG Stock was valued at $3,750,000 using a price of $0.30 per share, which was based on a private placement for OPMG shares that was occurring at the same time of the Options Divestiture. The Note bears interest of 10%, is due December 23, 2008, and is secured by a first priority security interest in OPMG and its active subsidiaries’ assets. On July 18, 2008, OPMG satisfied in full its obligations under the $1,000,000 senior secured promissory note issued to the Company in connection with the Options Divestiture. As a result, the Company received $1,006,164, which includes accrued interest.

The loss from the Options Divestiture is included in loss on sale of discontinued operations and is calculated as follows:

Consideration received for sale:		

Cash consideration	$	3,000,000
Note receivable		1,000,000
12.5 million shares of OPMG		3,750,000
Total consideration received		7,750,000
Less: net book value of subsidiary sold:		
Original purchase price (including Earn Out payments due)		8,395,362
Asset contributed to Options Acquisition		350,000
Advances to Options Acquisition		402,190
Corporate allocation to Options Acquisition		661,156
Equity method pick up from 1/1/08 to 6/23/08		(935,173)
Net book value of subsidiary sold, June 23, 2008		8,873,535
Loss on sale of discontinued operations	$	(1,123,535)

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND SUBSIDIARY
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September 30, 2008
(Unaudited)

Regarding the net book value of the subsidiary sold, the asset contributed to Options Acquisition in the above table consisted of an inventory of qualified data for use by the Company in email advertising purchased from a customer for $350,000 and contributed to Options.

As a result of the Options Divestiture and the cash proceeds received by the Company, the Company paid down $2,750,000 of the balance on that certain promissory note dated November 15, 2007 (the "Longview Note"), among the Company, CAN, Desktop (the "Subsidiaries") and Longview Marquis Master Fund, L.P., ("Longview"). The remaining balance of the Longview Note as of June 23, 2008 (giving effect to the increase in principal described under the "Amendment Agreement" below) was $1,773,573. The Company also pledged the OPMG Stock to Longview, in order to secure the remaining balance of the Longview Note (See Note 5).

On September 30, 2008, the Company entered into a settlement agreement with the former owner of Options Media to settle all amounts due under the $1 million Earn Out and the January 4, 2008 employment agreement whereby the Company agreed to pay $600,000 upon execution of the settlement agreement and $500,000, payable in two equal installments on October 30, 2008 and January 15, 2009. The $1,100,000 in payments has been discounted to a net present value of $1,090,230 using a discount rate of 12%. In addition, all stock options previously granted to the former owner of Options Media became fully vested immediately. As a result of the settlement, the additional loss from discontinued operations was $1,053,059 and the additional loss on sale of discontinued operations was $498,554 for the three months ended September 30, 2008.

Going Concern

As reflected in the accompanying unaudited condensed consolidated financial statements for the nine months ended September 30, 2008, the Company had a net loss of $11,373,310 and $3,479,430 of net cash used in operations. At September 30, 2008 the Company had a working capital deficiency of $1,529,223, which includes $1,300,000 of net carrying value of senior secured notes payable maturing December 31, 2008. Additionally at September 30, 2008, the Company had an accumulated deficit of $14,606,277. These matters and the Company's expected needs for capital investments required to support operational growth and maturing debt raise substantial doubt about its ability to continue as a going concern. The Company's unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern.

Since inception, the Company has financed its working capital and capital expenditure requirements primarily from the issuance of short term debt securities and sales of common stock as well as sales of online advertising services. In addition, the Company is pursuing the refinancing of its maturing debt and/or extending the maturity of such debt beyond December 31, 2008.

While we have heavily invested in our online advertising and will continue to invest in online advertising, we believe that based on our current cash and working capital position, our current and projected operations and our assessment of how potential equity and/or debt investors have viewed, and will continue to view, us and the expected growth in our business, we will be able to obtain the required capital and cash flows from operations to execute our business plan successfully and continue operations through September 30, 2009, however, there can be no assurances.

Our business plan is based on our ability to generate future revenues from the sale of advertising as well as the obtaining of adequate capital to support our growth and operating activities. However, the time required for us to become profitable from operations is uncertain, and we cannot assure investors that we will achieve or sustain operating profitability or generate sufficient cash flow and obtain the necessary capital to meet our planned capital expenditures, working capital and debt service requirements.

We believe that actions being taken by management as discussed above provide the opportunity to allow us to continue as a going concern.

Basis of Presentation

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The interim condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations and cash flows for the three and nine months ended September 30,2008 and our financial position as of September 30, 2008 have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-KSB (the "Annual Report") for the fiscal year ended December 31, 2007, as filed with the Securities and Exchange Commission ("SEC") on April 15, 2008.

Note 2. Significant Accounting Policies

Use of Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of our condensed consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our unaudited condensed consolidated financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. Significant estimates include the valuation of accounts receivable, purchase price fair value allocation for business combinations, valuation and amortization periods of intangible assets and deferred costs, valuation of goodwill, valuation of capital stock, options and warrants granted for services or recorded as debt discounts, or other non-cash purposes including business combinations, the estimate of the valuation allowance on deferred tax assets, and estimates in equity investee's losses.

Cash and Cash Equivalents

The Company considers all short-term highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents. There were no cash equivalents at September 30, 2008.

Principals of Consolidation

The consolidated financial statements include the accounts of interCLICK, Inc. (formerly Customer Acquisition Network Holdings, Inc.) and its wholly-owned subsidiary and prior subsidiary through its sale date. All significant inter-company balances and transactions have been eliminated in the consolidation. As a result of the Options

Divestiture, the results of Options Acquisition are reported as “Discontinued Operations” for all periods presented.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

Trade accounts receivables are stated at gross invoice amounts less an allowance for doubtful accounts receivable.

Credit is extended to customers based on an evaluation of their financial condition and other factors. The Company generally does not require collateral or other security to support accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains an allowance for potential bad debts.

The Company estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations, such as bankruptcy proceedings and receivable amounts outstanding for an extended period beyond contractual terms. In these cases, the Company uses assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance.

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Direct write-offs are taken in the period when the Company has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluates other circumstances that indicate that the Company should abandon such efforts.

Business Combinations

The Company accounts for its acquisitions utilizing the purchase method of accounting. Under the purchase method of accounting, the total consideration paid is allocated to the underlying assets and liabilities, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of certain acquired assets and liabilities, identifiable intangible assets in particular, is subjective in nature and often involves the use of significant estimates and assumptions including, but not limited to: estimates of revenue growth rates, determination of appropriate discount rates, estimates of advertiser and publisher turnover rates, and estimates of terminal values. These assumptions are generally made based on available historical information. Definite-lived identifiable intangible assets are amortized on a straight-line basis, as this basis approximates the expected cash flows from the Company’s existing definite-lived identifiable intangible assets.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight line method and is expensed upon the estimated useful lives of the assets. Expenditures for additions and improvements are capitalized while repairs and maintenance are expensed as incurred.

Depreciation expense for the three and nine months ended September 30, 2008 was $66,448 and $172,671, respectively.

Intangible Assets

The Company records the purchase of intangible assets not purchased in a business combination in accordance with SFAS 142 “Goodwill and Other Intangible Assets” and records intangible assets acquired in a business combination in accordance with SFAS 141 “Business Combinations”.

Customer relationships are amortized based upon the estimated percentage of annual or period projected cash flows generated by such relationships, to the total cash flows generated over the estimated three year life of the Customer relationships. Accordingly, this results in an accelerated amortization in which the majority of costs is amortized during the two-year period following the acquisition date of the intangible. Developed technology is being amortized on a straight-line basis over five years. The domain name is being amortized over its remaining life at acquisition date of six months.

Goodwill

The Company tests goodwill for impairment in accordance with the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets”. Accordingly, goodwill is tested for impairment at least annually at the reporting unit level or whenever events or circumstances indicate that goodwill might be impaired. The Company has determined its reporting units based on the guidance in SFAS No. 142 and Emerging

Issues Task Force ("EITF") Issue D-101, "Clarification of Reporting Unit Guidance in Paragraph 30 of FASB Statement No. 142." As of September 30, 2008, the Company's reporting units consisted of interCLICK and Desktop. The Company has elected to test for goodwill impairment annually.

We completed our annual goodwill impairment test as of December 31, 2007 and determined that no adjustment to the carrying value of goodwill was required. In addition, as there have been quarterly impairment indicators present, the Company tested for impairment through September 30, 2008, and determined no impairment adjustment was needed at this time.

Long-lived Assets

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," which generally requires the assessment of these assets for recoverability when events or circumstances indicate a potential impairment exists. Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, a significant decline in the Company's stock price for a sustained period of time, and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets. If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair market value of the assets.

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Revenue Recognition

The Company recognizes revenue in accordance with Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition in Financial Statements." Under SAB No. 104, the Company recognizes revenue when the following criteria have been met: persuasive evidence of an arrangement exists, the fees are fixed or determinable, no significant Company obligations remain, and collection of the related receivable is reasonably assured.

Revenues consist of amounts charged to customers, net of discounts, credits and amounts paid or due under revenue sharing arrangements, for actions on advertisements placed on our publisher vendor's websites. The Company's revenue is recognized in the period that the advertising impressions, click-throughs or actions occur, when lead-based information is delivered or, provided that no significant Company obligations remain, collection of the resulting receivable is reasonably assured, and prices are fixed or determinable. Additionally, consistent with the provisions of EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," the Company recognizes revenue as a principal. Accordingly, revenue is recognized on a gross basis.

Cost of Revenue

Cost of revenue consists of publisher fees. The Company becomes obligated to make payments related to the above fees in the period the advertising impressions, click-throughs, actions or lead-based information are delivered or occur. Such expenses are classified as cost of revenue in the corresponding period in which the revenue is recognized in the accompanying statement of operations.

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, notes payable, accounts payable and accrued expenses, are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year, and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if, based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized. A liability (including interest if applicable) is established in the consolidated financial statements to the extent a current benefit has been recognized on a tax return for matters that are considered contingent upon the outcome of an uncertain tax position. Applicable interest is included as a component of income tax expense and income taxes payables.

In June 2006, the FASB issued ***SFASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48").*** This statement which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48, which is effective for fiscal years beginning after December 15, 2006, also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We adopted the provisions of FIN 48 on our inception date of June 14, 2007. The adoption of the provisions of FIN 48 did not have a material impact on our financial position and results of operations.

Stock-based Compensation

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Compensation expense associated with the granting of stock based awards to employees and directors and non-employees is recognized in accordance with SFAS No. 123(R), "Share Based Payment" and related interpretations. SFAS No. 123(R) requires companies to estimate and recognize the fair value of stock-based awards to employees and directors. The value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method.

Basic and Diluted Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period. Diluted net loss per common share is computed using the weighted average number of common shares outstanding for the period, and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, stock warrants, convertible debt instruments or other common stock equivalents.

Reclassifications

Certain amounts in the accompanying 2007 financial statements have been reclassified to conform to the 2008 presentation.

Comprehensive Loss

Comprehensive loss includes net loss as currently reported by the Company adjusted for other comprehensive items. Other comprehensive items for the Company consist of unrealized gains and losses related to the Company's equity securities accounted for as available-for-sale with changes in fair value recorded through stockholders' equity.

Investments

The Company invests in various marketable equity instruments and accounts for such investments in accordance with SFAS 115. Trading securities that the Company may hold are treated in accordance with SFAS 115 with any unrealized gains and losses included in earnings. Available-for-sale securities are carried at fair value, with unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. Investments classified as held-to-maturity are carried at amortized cost. In determining realized gains and losses, the cost of the securities sold is based on the specific identification method.

The Company accounts for investments in which the Company owns more than 20% of the investee, using the equity method in accordance with APB No. 18, "The Equity Method of Accounting for Investments in Common Stock" ("APB 18"). Under the equity method, an investor initially records an investment in the stock of an investee at cost, and adjusts the carrying amount of the investment to recognize the investor's share of the earnings or losses of the investee after the date of acquisition. The amount of the adjustment is included in the determination of net income by the investor, and such amount reflects adjustments similar to those made in preparing consolidated statements including adjustments to eliminate intercompany gains and losses, and to amortize, if appropriate, any difference between investor cost and underlying equity in net assets of the investee at the date of investment. The investment of an investor is also adjusted to reflect the investor's share of changes in the investee's capital. Dividends received from an investee reduce the carrying amount of the investment. A series of operating losses of an investee or other factors

may indicate that a decrease in value of the investment has occurred which is other than temporary and which should be recognized even though the decrease in value is in excess of what would otherwise be recognized by application of the equity method.

Certain securities that the Company may invest in may be determined to be non-marketable. Non-marketable securities where the Company owns less than 20% of the investee are accounted for at cost pursuant to APB No. 18.

Management determines the appropriate classification of its investments at the time of acquisition and reevaluates such determination at each balance sheet date.

The Company periodically reviews its investments in marketable and non-marketable securities and impairs any securities whose value is considered non-recoverable. The Company's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information. GAAP requires the exercise of judgment in making this assessment for qualitative information, rather than the application of fixed mathematical criteria. The Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, and other factors specific to the individual investment. The Company's assessment involves a high degree of judgment and accordingly, actual results may differ materially from the Company's estimates and judgments.

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Recently Issued Accounting Standards

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R requires that upon initially obtaining control, an acquirer will recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities, with only limited exceptions, even if the acquirer has not acquired 100% of its target. Additionally, contingent consideration arrangements will be fair valued at the acquisition date and included on that basis in the purchase price consideration and transaction costs will be expensed as incurred. SFAS 141R also modifies the recognition for pre-acquisition contingencies, such as environmental or legal issues, restructuring plans and acquired research and development value in purchase accounting. SFAS 141R amends SFAS No. 109, "Accounting for Income Taxes," to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. SFAS 141R is effective for business combinations for which the acquisition date is on or after January 1, 2009. The impact of adopting SFAS 141R will be dependent on the future business combinations that the Company may pursue after its effective date.

On January 1, 2008, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements. In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position, "FSP FAS 157-2—Effective Date of FASB Statement No. 157" ("FSP 157-2"), which delays the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Excluded from the scope of SFAS 157 are certain leasing transactions accounted for under SFAS No. 13, "Accounting for Leases." The exclusion does not apply to fair value measurements of assets and liabilities recorded as a result of a lease transaction but measured pursuant to other pronouncements within the scope of SFAS 157. The Company does not expect that the adoption of the provisions of FSP 157-2 will have a material impact on its consolidated financial position, cash flows or results of operations.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements" ("SFAS 160"). This Statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is required to be adopted simultaneously with SFAS 141R and is effective for the Company on January 1, 2009. The Company does not currently have a non-controlling interests in its subsidiary, and accordingly, the adoption of SFAS 160 is not expected to have a material impact on its consolidated financial position, cash flows or results of operations.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. It is intended to enhance the current disclosure framework in SFAS 133 by requiring that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. This disclosure better conveys the purpose of derivative use in terms of the risks that the entity is intending to manage. The new disclosure standard is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Statement

encourages, but does not require, comparative disclosures for earlier periods at initial adoption. We have not yet determined the effect on our financial statements, if any, upon the adoption of SFAS 161.

The Company does not believe that the adoption of any recently issued standards will have a material effect on the Company's financial position or results of operations and cash flows.

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Note 3. Intangible Assets

Intangible assets, which were all acquired from the Desktop business combination, consisted of the following:

		September 30, 2008		December 31, 2007
Customer relationships	$	540,000	$	540,000
Developed technology		790,000		790,000
Domain name		683		683
		1,330,683		1,330,683
Accumulated amortization		(616,000)		(302,062)
Intangible assets, net	$	714,683	$	1,028,621

Customer relationships are amortized based upon the estimated percentage of annual or period projected cash flows generated by such relationships, to the total cash flows generated over the estimated three year life of the customer relationships. Accordingly, this results in an accelerated amortization in which the majority of costs is amortized during the two-year period following the acquisition date of the intangible.

Developed technology is being amortized on a straight-line basis over five years.

The domain name is being amortized over its remaining life at acquisition date of six months.

Amortization expense for the three and nine months ended September 30, 2008 was $104,571 and $313,938, respectively.

Note 4. Investments

The following represents information about available-for sales securities held as of September 30, 2008:

Securities in loss positions less than 12 months		Cost		Aggregate Unrealized losses		Aggregate Fair Value
Options Media Group Holdings, Inc.	$	1,891,704	$	197,704	$	1,694,000

At the closing of the Options Divestiture on June 23, 2008, the Company, as Options Acquisition's sole stockholder, received as part of the divestiture 12,500,000 shares of OPMG's common stock (the "OPMG Stock"). The OPMG Stock was valued at $3,750,000 using a price of $0.30 per share, which was based on a private placement for OPMG shares that was occurring at the same time of the Options Divestiture. From June 23, 2008 forward, the Company accounted for the investment in OPMG under the equity method until September 18, 2008, at which time the Company's

ownership percentage fell to below 20% and the Company lost significant influence and control over the investee. From June 23, 2008 through September 18, 2008, the Company recognized an aggregate of $653,231 of its proportionate share of the investee losses. During that same period, the Company sold an aggregate of 4.7 million OPMG shares having a basis of $1,180,496 for proceeds of $1,034,000, resulting in a loss of $146,496. On September 30, 2008, the Company gave 100,000 OPMG shares having a basis of $24,568 in order to settle $54,611 of accounts payable, resulting in a gain of $30,042. The OPMG closing stock price on September 30, 2008 was $1.80 per share, however, due to the thinly traded nature of such shares coupled with the fact that the Company owns restricted shares, the Company has used its most recent cash sales price of OPMG stock of $0.22 per share to value its remaining 7.7 million OPMG shares. This resulted in a basis of $1,694,000 as of September 30, 2008. This investment is classified as available-for-sale equity securities in the accompanying unaudited consolidated financial statements at September 30, 2008. As a result of the valuation, during the three and nine months ended September 30, 2008, the Company recorded a $197,704 unrealized loss on available-for-sale equity securities in the stockholders' section of the unaudited consolidated financial statements. The OPMG Stock has been pledged as security for the GRQ Notes (See Note 5).

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Note 5. Notes Payable and other obligations

		September 30, 2008
6% Senior secured promissory notes payable (due December 31, 2008)	$	1,300,000
Equipment - Capital lease obligation		20,605
Total notes payable, long-term debt and other obligations		1,320,605
Less: Current maturities		(1,310,319)
Amount due after one year	$	10,286

	December 31, 2007										
			Debt Discount								
		Principal		Original Issue Discount		Lender Fee		Common Stock		Accumulated Amortization of Debt Discount		Notes Payable net of Debt Discount
8% Senior secured promissory notes payable (due May 30, 2008)	$	5,000,000	$	(500,000)	$	(50,000)	$	(802,500)	$	225,416	$	3,872,916
Equipment - Capital lease obligation		28,607		-		-		-		-		28,607
Total notes payable, long-term debt and other obligations		5,028,607		(500,000)		(50,000)		(802,500)		225,416		3,901,523
Less: Current maturities		(5,009,290)		500,000		50,000		802,500		(225,416)		(3,882,206)
Amount due after one year	$	19,317	$	-	$	-	$	-	$	-	$	19,317

Senior Secured Promissory Notes

On November 30, 2007, pursuant to a purchase agreement we sold senior secured promissory notes (the "Longview Notes") in the original aggregate principal amount of $5,000,000. We received net proceeds in the amount of $4,500,000 net of $500,000 of an Original Issue Discount upon sale of the Longview Notes.

The Longview Notes were to mature on May 30, 2008 and bore interest at the rate of 8% per annum, payable quarterly in cash. We used the net proceeds from the sale of the Longview Notes first, to pay expenses and commissions related to the sale of the Longview Notes and second, for the general working capital needs and acquisitions of companies or businesses reasonably related to Internet marketing and advertising.

In addition, the Purchase Agreement contains certain customary negative covenants, including, without limitation, certain restrictions (subject to limited exceptions) on (i) the issuance of variable priced securities, (ii) purchases and payments, (iii) limitations on prepayments, (iv) incurrence of indebtedness, (v) sale of collateral, (vi) affiliate transactions and (vii) the ability to make loans and investments.

In consideration of the execution and delivery by the buyers of the Agreement, by and among the Company and the buyers, the buyers purchased 150,000 common shares at a negotiated purchase price of $0.01 per share from a third party stockholder of the Company. On such date, the closing trading price of the Company's common stock on the Over The Counter Bulletin Board was $5.35. The purchase of the common shares at a favorable price from such third party stockholder was a material inducement to the buyers entering into the transactions. Accordingly, under U.S. GAAP, of the $4.5 million received by the Company in connection with the sale of the senior notes to the buyers, $802,500 has been allocated to the value of the common shares sold to the buyers as if such common shares were contributed to the Company by the third party and then reissued by the Company in connection with the transactions.

The resulting aggregate debt discount of $1,352,500 (consisting of the original issue discount of $500,000, lender fees of $50,000 and the 150,000 common shares valued at $802,500) was being amortized to interest expense over the original term of the debt through May 30, 2008.

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On May 5, 2008, $611,111 of the original $5,000,000 face value of debt was settled by the issuance of 305,500 common shares and 152,750 five-year warrants exercisable at $2.50 per share having an aggregate value of $611,000, which was based on a private placement of similar securities of the Company occurring at the time of settlement. The net book value of the debt at the date of settlement was $588,404, resulting in a loss on settlement of $22,707, of which $20,121 was included in other income (expense) and $2,586 was included in loss from discontinued operations.

Amortization of the debt discount for the three and nine months ended September 30, 2008 totaled $120,819 and $1,239,061, of which $120,819 and $1,075,140 is included in interest expense and $0 and $163,921 is included in discontinued operations, respectively.

In addition, the Company incurred legal and other fees associated with the issuance of the Longview Notes. Such fees of $91,437 are included in deferred debt issue costs and were amortized to interest expense over the term of the debt. Amortization of the deferred costs for the three and nine months ended September 30, 2008 totaled $0 and $77,505, of which $0 and $66,134 is included in interest expense and $0 and $11,371 is included in discontinued operations, respectively.

On May 30, 2008, the Company paid a one-time cash fee in the amount of $50,000 to extend the maturity date on the senior secured promissory note from May 30, 2008 to June 13, 2008. Accordingly, $0 and $44,524 is included in interest expense and $0 and $5,476 is included in discontinued operations for the three and nine months ended September 30, 2008, respectively.

On June 17, 2008, the Company paid a one-time cash fee in the amount of $50,000 (the “Extension Amount”) to extend the maturity date on the senior secured promissory note from June 13, 2008 until June 20, 2008. The Extension Amount may be credited against the outstanding principal balance in certain circumstances as described in the Amendment Agreement, which, in fact, occurred as a result of the Options Divestiture.

On June 23, 2008, the Company utilized proceeds from the Options Divestiture in order to enter into an “Amendment Agreement” whereby the Company paid down $2,750,000 of the balance on the senior secured promissory note. The remaining balance of the Longview Notes as of June 23, 2008 (giving effect to the increase in principal per the Amendment Agreement of $134,684) was $1,773,573. Also per the Amendment Agreement, the maturity date of the Longview Notes was extended to August 30, 2008 and the interest rate was increased from 8% to 12%. The Company also pledged the OPMG stock to Longview, in order to secure the remaining balance of the Longview Notes. The resulting debt discount of $134,684 was amortized to interest expense over the term of the note. Amortization of the new debt discount for the three and nine months ended September 30, 2008 was $120,819 and $134,684, respectively, all of which is included in interest expense.

As of September 30, 2008, all principal and accrued interest on the Longview Notes had been repaid.

On September 26, 2008, we sold senior secured promissory notes (the “GRQ Notes”) in the original aggregate principal amount of $1,300,000 to a related party. The GRQ Notes bear interest at the rate of 6% per annum and mature December 31, 2008. We used the net proceeds from the sale of the GRQ Notes to repay the Longview Notes. The Company also pledged the OPMG Stock as collateral on the GRQ Notes.

Accrued interest related to above notes at September 30, 2008 and at December 31, 2007, was $1,068 and $33,333, respectively.

Note 6. Net Loss per Share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common and potentially dilutive securities outstanding during the period. Potentially dilutive securities consist of the incremental common shares issuable upon exercise of stock options and warrants and conversion of convertible debt (using the treasury stock method). Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive. The treasury stock effect of options, warrants and conversion of convertible debt to shares of common stock outstanding at September 30, 2008 have not been included in the calculation of the net loss per share as such effect would have been anti-dilutive. As a result, the basic and diluted loss per share for all periods presented are identical.

At September 30, 2008, there were common stock options for 5,136,954 shares, which if exercised, may dilute future earnings per share.

At September 30, 2008, there were common stock warrants for 1,402,050 shares, which if exercised, may dilute future earnings per share.

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Note 7. Income Taxes

As part of the allocation of the purchase price associated with the Options Merger (see Note 1), a deferred tax liability of $264,000 was established as a result of differences between the book and tax basis of acquired intangible assets. Upon completion of the Options Divestiture, the entire deferred tax liability was recognized as a deferred tax benefit in operations, which ultimately increased the loss on sale from discontinued operations and decreased the loss from discontinued operations.

In addition, the Company has not recognized a tax benefit for the three and nine months ended September 30, 2008, due to the Company's continuing losses.

Note 8. Stockholders' Equity

Preferred Stock

The Company is authorized to issue up to 10,000,000 shares of $0.001 par value preferred stock of which none is issued and outstanding at September 30, 2008.

Common Stock

The Company is authorized to issue up to 140,000,000 shares of $0.001 par value common stock of which 37,845,167 shares were issued and outstanding at September 30, 2008.

On January 4, 2008, the Company issued 1,000,000 shares of its common stock valued at $5,717,273, and 10,000 five-year warrants valued at $29,169 with an exercise price of $5.57 per share as part of the consideration to purchase Options Acquisition. On June 23, 2008, Options Acquisition was sold and all related activity has been reclassified to discontinued operations accordingly.

During the period from March 28, 2008 through April 1, 2008, the Company entered into subscription agreements pursuant to which the Company sold to various investors (i) 300,000 shares of its common stock and (ii) five-year warrants to purchase 150,000 shares of its common stock at an exercise price of $2.75 per share for gross proceeds of $750,000 ($2.50 per unit), of which $25,000 was paid in finder's fees. Until the earlier of 24 months from the closing date or such date there is an effective registration statement on file with the SEC covering the resale of all of the shares and warrants, the shares and warrants are price protected and the Company is obligated to issue additional shares and/or warrants in the event the Company issues common stock at a price less than $2.50 per share.

During the period from April 30, 2008 through July 17, 2008, the Company entered into subscription agreements pursuant to which the Company sold to various investors (i) 1,125,000 shares of its common stock and (ii) five-year warrants to purchase 562,500 shares of its common stock at an exercise price of $2.50 per share for gross proceeds of $2,250,000 ($2.00 per unit), of which $62,500 and five-year warrants to purchase 11,800 shares of its common stock at an exercise price of $2.50 per share was paid in finder's fees. Until the earlier of 24 months from the closing date or such date there is an effective registration statement on file with the SEC covering the resale of all of the shares and warrants, the shares and warrants are price protected and the Company is obligated to issue additional shares and/or warrants in the event the Company issues common stock at a price less than $2.00 per share.

On April 30, 2008, as a result of the issuance by the Company of common stock at a price below $2.50 per share and warrants at an exercise price below $2.75 per share, the Company issued an additional 75,000 shares of its common stock and five-year warrants to purchase 15,000 shares of its common stock at an exercise price of $2.50 per share, pursuant to price protection clauses contained within the subscription agreements. In addition, the five-year warrants to purchase 150,000 shares of the Company's common stock at an exercise price of $2.75 per share were also repriced to $2.50 per share. As the additional issuances of equity instruments stemmed from a capital transaction, there is no effect on the accompanying statement of operations. Accordingly, the activity was recorded by an increase in common stock of $75 with a corresponding decrease in additional paid-in capital.

On May 5, 2008, the Company settled $611,111 of the original $5,000,000 face value of the senior secured notes payable by issuance of 305,500 of its common shares and five-year warrants to purchase 152,750 of its common shares at an exercise price of $2.50 per share having an aggregate value of $611,000, which was based on a private placement price of $2.00 per unit for similar securities occurring at the time of settlement. The net book value of the debt at the date of settlement was $588,404, resulting in a loss on settlement of $22,707, of which $20,121 was included in other income (expense) and $2,586 was included in loss from discontinued operations.

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During the three and nine months ended September 30, 2008, the Company amortized $24,919 and $178,481, respectively, of deferred equity-based expense related to warrants.

On May 28, 2008, the Company issued 60,000 common shares having a fair value of $189,000 (based on a quoted trading price of $3.15 per share) to an investor relations firm in exchange for services to be rendered over a three-month period. Accordingly, $126,000 and $189,000 has been expensed during the three and nine months ended September 30, 2008, respectively.

Stock Incentive Plan and Option Grants

During the three and nine months ended September 30, 2008, the Company recognized stock-based compensation of $1,276,597 and $2,196,288, respectively, in connection with the Company’s stock option plan.

During the nine months ended September 30, 2008, the Company granted 1,970,000 stock options, each exercisable at the fair value of the common stock on the respective grant dates ranging from $1.31 to $6.16 pursuant to employment contracts. The options vest pro rata over 2 to 4 years and expire 5 years from the grant date. The total value of the options of $3,721,182 was computed using a Black-Scholes option pricing method with volatilities ranging from 71% to 127% (based earlier on comparable companies and later on historical volatility), an expected term of 5 years (based on contracted term since we have no history and using the SAB 107 simplified method does not produce a material difference), dividends of 0% and interest rates ranging from 2.66% to 3.79%. The expense will be recognized pro rata over the respective 2-year to 4-year requisite service periods. On September 23, 2008, an aggregate of 1,462,500 of the stock options issued during 2008 were repriced resulting in an additional fair value of $380,250, which is being recognized over the remaining vesting periods.

Note 9. Commitments and Contingencies

Leases

As of September 30, 2008 the minimum future lease payments for the New York and Florida leases, both of which have noncancelable terms in excess of one year, are as follows:

Year ending December 31,		
2008	$	76,539
2009		447,458
2010		456,208
2011		465,183
2012		421,588
2013		378,252
Later years		341,824
	$	2,587,052

Rent expense for the three and nine months ended September 30, 2008 was $58,570 and $110,539, respectively.

The Company leased office space for its Fort Lauderdale, Florida location under a yearly renewable lease agreement bearing monthly rent of $11,300. In July 2008, this office was relocated to Boca Raton, Florida, where the Company entered into a five-year lease agreement bearing monthly rent of $3,313 with an annual 3.0% escalation. The Company leased office space for its New York, NY location, under a five-year lease agreement bearing monthly rent of $8,798. In September 2008, the Company relocated this office to a larger space in New York, where the Company entered into a six-year lease agreement bearing monthly rent of $25,073 with an annual 2.5% escalation. As the Company is still obligated under the original New York lease, the Company is attempting to sublease this office space.

Severance Package

On April 25, 2008, Bruce Kreindel, the Company's former Chief Financial Officer (the "CFO"), Treasurer, and formerly a member of the board of directors of the Company, executed a separation and release agreement (the "Separation Agreement") in which he resigned as CFO, Treasurer and as a member of the board of directors of the Company. Mr. Kreindel remained in the position of interim CFO until the appointment of David Garrity as the Company's new CFO on June 30, 2008. Pursuant to the terms of the Separation Agreement, Mr. Kreindel received, as severance (i) $50,000 (paid May 6, 2008), and (ii) $125,000 (of which $104,167 has been paid and $20,833 is included in accrued expenses as of September 30, 2008) to be paid in accordance with the Company's regular payroll practices. Pursuant to the terms of the employment agreement dated June 28, 2007 between Mr. Kreindel and the Company, Mr. Kreindel received equity in the Company known as "Founder's Stock." Pursuant to the terms of the Separation Agreement, Mr. Kreindel will retain his Founder's Stock. Mr. Kreindel has agreed that, at any time prior to December 27, 2008, he will, as may be required by the Company, enter into a lock-up agreement on the same terms and conditions as all other members of the Company's board of directors, with respect to the Founder's Stock. Prior to entering into the Separation Agreement, 115,954 options had vested as of the date of the Separation Agreement. Pursuant to the Separation Agreement, Mr. Kreindel will not be entitled to any other options. Mr. Kreindel will have the unqualified right to exercise any of the vested options for a period of 12 months after the separation date.

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Guaranteed Bonus

On December 2007, the Company entered into an employment agreement whereby the Company is obligated to pay a guaranteed bonus of $500,000 during the first year of the employment agreement. As of September 30, 2008, the Company has paid $250,000 of the guaranteed bonus and the remaining $250,000 of the guaranteed bonus is included in accrued expenses.

Earn Out for Options Acquisition

As part of the Options Merger, the Company became obligated to pay up to an additional $1 million (the "Earn Out") if certain gross revenues are achieved for the one year period subsequent to the Options Merger payable 60 days after the end of each of the quarters starting with March 31, 2008. On September 30, 2008, the Company entered into a settlement agreement with the former owner of Options Media to settle all amounts due under the $1 million Earn Out and the January 4, 2008 employment agreement whereby the Company agreed to pay $600,000 upon execution of the settlement agreement and $500,000, payable in two equal installments on October 30, 2008 and January 15, 2009. The $1,100,000 in payments has been discounted to a net present value of $1,090,230 using a discount rate of 12%. In addition, all stock options previously granted to the former owner of Options Media became fully vested immediately. As a result of the settlement, the additional loss from discontinued operations was $1,053,059 and the additional loss on sale of discontinued operations was $498,554 for the three months ended September 30, 2008.

Agreement with Falcon

On May 28, 2008, the Company entered into a six-month Consulting Services Agreement (the "Agreement") whereby the Company is to receive investor and marketing relations in exchange for: (i) issuing 60,000 of its common shares within ten days of the Agreement having a fair value of $189,000, (ii) issuing 60,000 of its common shares at August 28, 2008 having a fair value of $189,000, (iii) an initial cash fee of $30,000, and (iv) a monthly cash fee of $25,000. On August 12, 2008, the consultant was terminated. Accordingly, the 60,000 common shares due to the consultant on August 28, 2008 were not issued. No further consideration is due under the Agreement as of September 30, 2008.

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of September 30, 2008, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

On May 16, 2008, Devon Cohen, our former Chief Operating Officer, commenced an employment arbitration action against us before the American Arbitration Association, claiming that he was terminated by us without cause that he is therefore owed $600,000 as severance compensation. On September 24, 2008, the litigation between the Company and Mr. Cohen was settled with no obligation for either party to the suit except to pay their own legal fees.

There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Note 10. Concentrations

Concentration of Credit Risk

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Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited in the local currency in two financial institutions in the United States. The balance, at any given time, may exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of September 30, 2008, there was $1,102,554 in excess of insurable limits. Subsequent to September 30, 2008, the FDIC insurance limits were temporarily increased to $250,000 per institution thereby, further reducing the Company's risk.

Concentration of Revenues and Accounts Receivable

For the three and nine months ended September 30, 2008, the Company had significant customers with individual percentage of total revenues equaling 10% or greater as follows:

	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2008
Customer 1	9.1%	12.9%
Customer 2	7.5%	10.1%
	16.6%	23.0%

Note 11. Related Party Transactions

Included in revenues for the three and nine months ended September 30, 2008 is approximately $0 and $43,000, respectively, of revenue from a related party affiliate which is controlled by one of our directors who was one of the former owners of Desktop.

On September 26, 2008, we sold senior secured promissory notes (the "GRQ Notes") in the original aggregate principal amount of $1,300,000 to a related party (See Note 5).

Note 12. Subsequent Events

In October 2008, the Company entered into a revolving credit facility with Silicon Valley Bank to finance 80% of its accounts receivable up to a maximum credit line of $3 million. The credit line has an interest rate equal to Prime plus 2.0% and is secured by all of the Company's assets except property and equipment financed elsewhere and the Company's 7.7 million OPMG share investment which has been pledged to secure the GRQ Notes (see Note 5).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this quarterly report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under "Risk Factors" in our annual report on Form 10-KSB filed on April 15, 2008.

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions, including, but not limited to, those related to revenue recognition, allowance for doubtful accounts, income taxes, goodwill and other intangible assets, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions.

Company Overview

We operate the interCLICK Network, an online ad network that combines advanced behavioral targeting with site by site reporting, allowing advertisers to identify and track their desired audience on an unprecedented level. interCLICK offers advanced proprietary demographic, behavioral, contextual, geographic and retargeting technologies across a network of name brand publishers to ensure the right message is delivered to a precise audience in a brand friendly environment.

By combining site by site transparency and advanced behavioral targeting, interCLICK is taking the inefficiencies out of the buyer/seller dynamic by allowing advertisers to achieve a direct response metric, whether it's a click, lead or a sale. We believe that this fundamental difference allows online marketers to achieve a better return on investment while still being able to target the premium websites.

Corporate History

Prior to August 28, 2007, we were a public company, without material assets or activities. On August 28, 2007, we completed a reverse merger, pursuant to which a wholly-owned subsidiary of ours merged with and into a private company, Customer Acquisition Network, Inc., with such private company being the surviving company. In connection with this reverse merger, we discontinued our former business and succeeded to the business of Customer Acquisition Network, Inc. as our sole line of business. For financial reporting purposes, Customer Acquisition Network, Inc., and not us, is considered the accounting acquirer. Accordingly, the historical financial statements presented and the discussion of financial condition and results of operations herein are those of Customer Acquisition Network, Inc. and do not include our historical financial results.

On August 31, 2007, we consummated the acquisition of Desktop Interactive, Inc., ("Desktop") known in the industry as InterCLICK, one of the nation's leading Internet advertising networks. ComScore, the industry standard utilized to measure an ad network's capability to reach unique online visitors, recently ranked interCLICK as the eleventh largest ad network in the United States as of September 30, 2008. InterCLICK reaches 122 million unique U.S. visitors per month, or 64% of the U.S. online population, with total pages viewed per month totaling almost 5.9 billion. interCLICK's rapidly expanding customer base includes some of the world's largest Internet publishers and advertisers.

On January 4, 2008, we consummated the acquisition of Options Newsletter, Inc., known in the industry as Options Media ("Options"), a leading provider of email delivery services.

On June 23, 2008, we consummated the divestiture of Options to Options Media Group Holdings, Inc.

On June 25, 2008, Customer Acquisition Network Holdings, Inc. changed its name to interCLICK, Inc. ("interCLICK").

Results of Operations

The following table presents our results of operations for the three and nine months ended September 30, 2008. It should be noted that our results of operations and our liquidity and capital resources discussions focus primarily on the operations of interCLICK while referring to Options as a discontinued operation for the three and nine months ended September 30, 2008 (otherwise referred to as the "Period").

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	From June 14, 2007 (Inception) to September 30, 2007
Revenues	$ 5,756,707	$ 1,169,991	$ 13,992,303	$ 1,169,991
Cost of revenue	3,964,388	1,083,613	10,084,467	1,083,613
Gross profit	1,792,319	86,378	3,907,836	86,378
Operating expenses:				
General and administrative (includes stock-based expense of $439,768, $43,311, $1,417,031 and $43,311, respectively)	1,513,224	939,848	4,755,165	939,848
Sales and marketing	1,282,205	109,884	3,552,847	109,884
Technology support	256,370	-	764,779	-
Merger, acquisition, and divestiture costs	57,415	187,353	569,477	187,353
Amortization of intangible assets	104,571	91,094	313,938	91,094
Total operating expenses	3,213,785	1,328,179	9,956,206	1,328,179
Operating loss from continuing operations	(1,421,466)	(1,241,801)	(6,048,370)	(1,241,801)
Other income (expense):				
Interest income	8,140	23,995	14,903	23,995
Loss on settlement of debt	-	-	(20,121)	-
Loss on sale of available-for-sale securities	(116,454)	-	(116,454)	-
Loss on disposal of fixed assets	(15,385)	-	(15,385)	-
Interest expense	(189,382)	-	(1,422,885)	-
Total other income (expense)	(313,081)	23,995	(1,559,942)	23,995
Loss from continuing operations before income tax benefit	(1,734,547)	(1,217,806)	(7,608,312)	(1,217,806)
Income tax benefit	-	280,019	-	280,019
Loss from continuing operations before equity investment	(1,734,547)	(937,787)	(7,608,312)	(937,787)
Equity in investee's loss, net of income taxes	(404,103)	-	(653,231)	-
Loss from continuing operations	(2,138,650)	(937,787)	(8,261,543)	(937,787)
Discontinued operations:				
Loss from discontinued operations, net of income taxes	(1,053,059)	-	(1,988,232)	-

Loss on sale of discontinued operations, net of income taxes	(498,554)	-	(1,123,535)	-
Net loss from discontinued operations	(1,551,613)	-	(3,111,767)	-
Net loss	(3,690,263)	(937,787)	(11,373,310)	(937,787)
Other comprehensive loss:				
Unrealized loss on available-for-sale securities	(197,704)	-	(197,704)	-
Total other comprehensive loss	(197,704)	-	(197,704)	-
Comprehensive loss	$ (3,887,967)	$ (937,787)	$ (11,571,014)	$ (937,787)
Loss per share from continuing operations - basic and diluted	$ (0.06)	$ (0.04)	$ (0.22)	$ (0.04)
Loss per share from discontinued operations - basic and diluted	$ (0.04)	$ -	$ (0.09)	$ -
Net loss per share - basic and diluted	$ (0.10)	$ (0.04)	$ (0.31)	$ (0.04)
Weighted average shares outstanding - basic and diluted	37,808,210	23,756,165	36,900,393	22,292,694

Three Months Ended September 30, 2008 Compared with Three Months Ended September 30, 2007

Revenues

Revenues from continuing operations for the three months ended September 30, 2008 increased to $5,756,707 from $1,169,991 in the 2007 period, an increase of 392%. The increase is primarily attributable to the Company's national sales force expansion and the continued shift towards higher-priced cost per click (CPC) and cost per thousand (CPM) advertising campaigns.

Seasonally, the third quarter marks the start of the stronger half of the year in terms of demand for CPM advertising campaigns. interCLICK is particularly sensitive to this seasonality effect given that the majority of its revenues are tied to CPM campaigns. However, in response to well-known unfavorable macro-economic developments, the overall U.S. Internet audience based on ComScore data contracted to 189.2mm average viewers in the third quarter of 2008, a decline of 0.7%, as compared to the second quarter of 2008, while still showing an increase of 4.5%, as compared to the second quarter of 2007. For the same periods indicated, we experienced growth of 7.5% and 52.0%, respectively, as our audience reach expanded rapidly based on signing more publishers and gaining access to more inventory.

During the three months ended September 30, 2008, revenues from large branded advertisers accounted for more than 85% of overall revenues as compared to less than 75% for the 2007 period.

Cost of Revenue and Gross Profit

Cost of revenue for the three months ended September 30, 2008 increased to $3,964,388 from $1,083,613 in the 2007 period, an increase of 266%. The increase is primarily attributable to the growth in advertising campaigns requiring the purchase of appropriate levels of inventory from publishers. Cost of revenue is comprised of the amounts we paid to website publishers on interCLICK’s online advertising network. Cost of revenue represented 68.9% of revenue for the three months ended September 30, 2008 compared to 92.6 % of revenue for the 2007 period. The decrease is primarily attributable to improvements in our technology platform resulting in a better match between acquired publisher inventory and advertising campaigns.

Gross profit for the three months ended September 30, 2008 increased to $1,792,319 from $86,378 in the 2007 period, an increase of 1,975%. The increase is primarily attributable to the higher level of revenues combined with the positive revenue mix shift towards higher margin CPM advertising campaigns. Gross profit represented 31.1% of revenue for the three months ended September 30, 2008 compared to 7.4% of revenue for the 2007 period.

We pay interCLICK’s website publishers on a CPM or a revenue share basis. The amount of display advertisements we deliver (e.g. impressions) reflects the level of publishing media we can acquire. Based on our ComScore rating as of September 30, 2008, we reach 64% of the domestic online population and are ranked as the eleventh largest ad network in the domestic online marketplace. We endeavor both to expand our publisher base and to increase the levels of acquired publishing media, particularly with tier one publishers.

Operating Expenses:

General and Administrative

General and administrative expenses consist primarily of executive and administrative compensation, facilities costs, insurance, depreciation, professional fees and investor relations services fees. General and administrative expenses for the three months ended September 30, 2008 increased to $1,513,224 from $939,848 in the 2007 period, an increase of 61.0%. The increase is primarily attributable to headcount expansion over the period. General and administrative expenses represented 26.3% of revenue for the three months ended September 30, 2008 compared to 80.3% of

revenue for the 2007 period.

Included in general and administrative expenses are non-cash stock based compensation, which is comprised of expense from our stock option plans and amortization of warrants issued for consulting services. Non-cash stock based compensation for the three months ended September 30, 2008 increased to $439,768 from $43,311 in the same period in 2007, an increase of 915%. The increase is primarily attributable to the award of incentive stock option grants to current as well as new employees. Non-cash stock based compensation represented 7.6% of revenue for the three months ended September 30, 2008 compared to 3.7% of revenue for the 2007 period.

Sales and Marketing

Sales and marketing expenses consist primarily of compensation for sales and marketing and related support resources, sales commissions and trade shows. Sales and marketing expenses for the three months ended September 30, 2008 increased to $1,282,205 from $109,884 in the 2007 period, an increase of 1,067%. The increase is primarily attributable to our national sales-force expansion. Sales and marketing expenses represented 22.3% of revenue for the three months ended September 30, 2008 compared to 9.4% of revenue for the 2007 period.

We expect sales and marketing costs to increase as a result of our continued expansion of sales and marketing resources and the expected overall growth in our business.

Technology Support

Technology Support consists primarily of compensation of technology support and related consulting resources and third party ad server costs for interCLICK. Technology support and related consulting support resources have been directed primarily towards continued enhancement of our consumer behavioral-targeting and predictive scoring capabilities, integration and optimization of captured and acquired consumer data, and ongoing maintenance and improvement of our ad server optimization technology platform. Technology support expenses for the three months ended September 30, 2008 increased to $256,370 from $0 in the 2007 period. The increase is primarily attributable to expenditures necessary to support our increased operating scale. Technology support expenses represented 4.5% of revenue for the three months ended September 30, 2008 compared to 0.0% of revenue for the 2007 period.

Amortization of Intangible Assets

Amortization of intangible assets includes amortization of customer relationships, developed technology and a domain name acquired through the Desktop acquisition. Amortization of intangible assets for the three months ended September 30, 2008 increased to $104,571 from $91,094 in the 2007 period, an increase of 14.8%. The increase is primarily attributable to three full months of amortization in the 2008 period versus one month of amortization in the 2007 period. Amortization of intangible assets represented 1.8% of revenue for the three months ended September 30, 2008 compared to 7.8% of revenue for the 2007 period.

Merger, Acquisition and Divestiture Costs

Merger, acquisition and divestiture costs consist primarily of audit and accounting services related to the acquisition and subsequent divestiture of Options Acquisition Sub, Inc. Merger, acquisition and divestiture costs for the three months ended September 30, 2008 decreased to $57,415 from $187,353 in the 2007 period, a decrease of 69.4%. The decrease is primarily attributable to management's decision to focus on the organic growth of its internet ad network operations. Merger, acquisition and divestiture costs represented 1.0% of revenue for the three months ended September 30, 2008 compared to 16.0% of revenue for the 2007 period.

Income taxes

As part of the allocation of the purchase price associated with the Options Merger, (see Note 1 of the consolidated financial statements) a deferred tax liability of $264,000 was established as a result of differences between the book and tax basis of acquired intangible assets. With our divesture of the business of Options Acquisition Sub, Inc. in June 2008, the deferred tax liability has been eliminated.

We have not recognized a tax benefit for the three months ended September 30, 2008 due to our continued losses. For the three months ended September 30, 2007, we had recognized a tax benefit of $280,019.

Nine Months Ended September 30, 2008 Compared with Nine Months Ended September 30, 2007

Revenues

Revenues from continuing operationsfor the nine months ended September 30, 2008 increased to $13,992,303 from $1,169,991 in the 2007 period, an increase of 1,096%. The increase is primarily attributable to our national sales force expansion and the continued shift towards higher-priced cost per click (CPC) and cost per thousand (CPM) advertising campaigns.

During the nine months ended September 30, 2008, CPM revenues accounted for over 84% of interCLICK's overall revenues as compared to less than 75% for the 2007 period.

Cost of Revenue and Gross Profit

Cost of revenue for the nine months ended September 30, 2008 increased to $10,084,467 from $1,083,613 in the 2007 period, an increase of 831%. The increase is primarily attributable to the growth in advertising campaigns requiring the purchase of appropriate levels of inventory from publishers. Cost of revenue is comprised of the amounts we paid to website publishers on interCLICK's online advertising network. Cost of revenue represented 72.1% of revenue for the nine months ended September 30, 2008 compared to 92.6 % of revenue for the 2007 period. The decrease is primarily attributable to improvements in our technology platform resulting in a better match between acquired publisher inventory and advertising campaigns.

Gross profit for the nine months ended September 30, 2008 increased to $3,907,836 from $86,378 in the 2007 period, an increase of 4,424%. The increase is primarily attributable to the higher level of revenues combined with the positive revenue mix shift towards higher margin CPM advertising campaigns. Gross profit represented 27.9% of revenue for the nine months ended September 30, 2008 compared to 7.4% of revenue for the 2007 period.

We pay interCLICK's website publishers on a CPM or a revenue share basis. The amount of display advertisements we deliver (e.g. impressions) reflects the level of publishing media we can acquire. Based on ComScore data as of September 30, 2008, we reach 64% of the domestic online population and are ranked as the eleventh largest ad network in the domestic online marketplace. We endeavor both to expand our publisher base and to increase the levels of acquired publishing media, particularly with tier one publishers.

Operating Expenses:

General and Administrative

General and administrative expenses for the nine months ended September 30, 2008 increased to $4,755,165 from $939,848 in the 2007 period, an increase of 406%. The increase is primarily attributable to headcount expansion over the period. General and administrative expenses represented 34.0% of revenue for the nine months ended September 30, 2008 compared to 80.3% of revenue for the 2007 period.

Included in general and administrative expenses are non-cash stock based compensation, which is comprised of expense from our stock option plans and amortization of warrants issued for consulting services. Non-cash stock based compensation for the nine months ended September 30, 2008 increased to $1,417,031 from $43,311 in the 2007 period, an increase of 3,172%. The increase is primarily attributable to the award of incentive stock option grants to current as well as new employees. Non-cash stock based compensation represented 24.6% of revenue for the nine months ended September 30, 2008 compared to 3.7% of revenue for the 2007 period.

Sales and Marketing

Sales and marketing expenses for the nine months ended September 30, 2008 increased to $3,552,847 from $109,884 in the 2007 period, an increase of 3,133%. The increase is primarily attributable to our national sales-force expansion. Sales and marketing expenses represented 25.4% of revenue for the nine months ended September 30, 2008 compared to 9.4% of revenue for the 2007 period.

We expect sales and marketing costs to increase as a result of our continued expansion of sales and marketing resources and the expected overall growth in our business.

Technology Support

Technology support expenses for the nine months ended September 30, 2008 increased to $764,779 from $0 in the 2007 period. The increase is primarily attributable to expenditures necessary to support our increased operating scale. Technology support expenses represented 5.5% of revenue for the nine months ended September 30, 2008 compared to 0.0% of revenue for the 2007 period.

Amortization of Intangible Assets

Amortization of intangible assets for the nine months ended September 30, 2008 increased to $313,938 from $91,094 in the 2007 period, an increase of 245%. The increase is primarily attributable to nine full months of amortization in the 2008 period versus one month of amortization in the 2007 period. Amortization of intangible assets represented 2.2% of revenue for the nine months ended September 30, 2008 compared to 7.8% of revenue for the 2007 period.

Merger, Acquisition and Divestiture Costs

Merger, acquisition and divestiture costs for the nine months ended September 30, 2008 increased to $569,477 from $187,353 in the 2007 period, an increase of 204%. The decrease is primarily attributable to management's decision to focus on the organic growth of its internet ad network operations. Merger, acquisition and divestiture costs represented 4.1% of revenue for the nine months ended September 30, 2008 compared to 16.0% of revenue for the 2007 period.

Income taxes

As part of the allocation of the purchase price associated with the Options Merger, (see Note 1 of the consolidated financial statements) a deferred tax liability of $264,000 was established as a result of differences between the book and tax basis of acquired intangible assets. With our divesture of the business of Options Acquisition Sub, Inc. in June 2008, the deferred tax liability has been eliminated.

We have not recognized a tax benefit for the nine months ended September 30, 2008 due to our continued losses. For the nine months ended September 30, 2007, we had recognized a tax benefit of $280,019.

Liquidity and Capital Resources

At September 30, 2008, we had a cash and cash equivalent balance of approximately $0.6 million and a working capital deficit of approximately $1.5 million. Net cash used in operating activities during the nine months ended September 30, 2008 totaled approximately $3.5 million. This resulted primarily from a loss from operations of approximately $8.3 million and a $0.7 million outflow of cash from changes in operating assets and liabilities offset by $5.5 million in non-cash charges.

Net cash provided by investing activities for the nine months ended September 30, 2008 totaled approximately $0.7 million. This resulted primarily from proceeds from the sale of available-for-sale securities of approximately $1.0 million offset by purchases of property and equipment of approximately $0.3 million.

Net cash used in financing activities for the nine months ended September 30, 2008 was approximately $0.3 million. This resulted primarily from approximately $4.5 million in note payable principal payments offset by approximately $2.9 million in cash received from stock subscriptions and $1.3 million received from the issuance of notes payable.

On November 30, 2007, pursuant to a purchase agreement we sold senior secured promissory notes (the "Senior Notes") in the original aggregate principal amount of $5,000,000. We received net proceeds in the amount of $4,500,000 net of $500,000 of an Original Issue Discount upon sale of the Senior Notes.

The Senior Notes were to mature on May 30, 2008 and bore interest at the rate of 8% per annum, payable quarterly in cash. We used the net proceeds from the sale of the Senior Notes first, to pay expenses and commissions related to the sale of the Senior Notes and second, for the general working capital needs and acquisitions of companies or businesses reasonably related to Internet marketing and advertising.

On May 5, 2008, $611,111 of the original $5,000,000 face value of the Senior Notes was settled by the issuance of 305,500 common shares and 152,750 five-year warrants exercisable at $2.50 per share having an aggregate value of $611,000, which was based on a private placement of similar securities occurring at the time of settlement. The net book value of the debt at the date of settlement was $588,404, resulting in a loss on settlement of $22,707, of which $20,121 was included in other income (expense) and $2,586 was included in loss from discontinued operations.

Amortization of the debt discount for the three and nine months ended September 30, 2008 totaled $120,819 and $1,239,061, of which $120,819 and $1,075,140 is included in interest expense and $0 and $163,921 is included in discontinued operations, respectively.

In addition, we incurred legal and other fees associated with the issuance of the Senior Notes. Such fees of $91,437 are included in deferred debt issue costs and were amortized to interest expense over the term of the debt. Amortization of the deferred costs for the three and nine months ended September 30, 2008 totaled $0 and $77,505, of which $0 and $66,134 is included in interest expense and $0 and $11,371 is included in discontinued operations, respectively.

On May 30, 2008, we paid a one-time cash fee in the amount of $50,000 to extend the maturity date on the Senior Notes from May 30, 2008 to June 13, 2008. Accordingly, $0 and $44,524 is included in interest expense and $0 and $5,476 is included in discontinued operations for the three and nine months ended September 30, 2008, respectively.

On June 17, 2008, we paid a one-time cash fee in the amount of $50,000 (the “Extension Amount”) to extend the maturity date on the Senior Notes from June 13, 2008 until June 20, 2008. The Extension Amount was credited against the outstanding principal balance (see Note 1 of the consolidated financial statements).

On June 23, 2008, we utilized proceeds from the Options Divestiture (see Note 1 of the consolidated financial statements) to pay down $2,750,000 of the balance on the Senior Notes, while at the same time we agreed to increase the principal thereunder by $134,684, leaving a balance of $1,773,573 owed under the Senior Notes. In connection with this pay down, the maturity date of the Senior Notes was extended to August 30, 2008 and the interest rate was increased from 8% to 12%. We also pledged our holdings in Options Media Group Holdings, Inc. (the “OPMG Stock”), in order to secure the remaining balance of the Senior Notes. The resulting debt discount of $134,684 was amortized to interest expense over the term of the Senior Notes. Amortization of the new debt discount for the three and nine months ended September 30, 2008 was $120,819 and $134,684, respectively, all of which is included in interest expense.

As of September 30, 2008, all principal and accrued interest on the Senior Notes had been repaid.

On September 26, 2008, we sold senior secured promissory notes (the "GRQ Notes") in the original aggregate principal amount of $1,300,000 to a related party. The GRQ Notes bear interest at the rate of 6% per annum and mature December 31, 2008. We used the net proceeds from the sale of the GRQ Notes to repay the Senior Notes. We also pledged the OPMG Stock as collateral on the GRQ Notes.

Accrued interest related to the above described notes at September 30, 2008 and at December 31, 2007, was $1,068 and $33,333, respectively.

Item 4T. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective, as of the end of the period covered by this Report (September 30, 2008), in ensuring that material information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be involved in claims arising in the ordinary course of business. To our knowledge there are no pending or threatened legal proceedings, government actions, administrative actions, investigations or claims against us, except as described below.
On May 16, 2008, Devon Cohen, our former Chief Operating Officer, commenced an employment arbitration action against us before the American Arbitration Association, claiming that he was terminated by us without cause that he is therefore owed $600,000 as severance compensation. On September 24, 2008, the litigation between us and Mr. Cohen was settled with no obligation for either party to the suit except to pay their own legal fees.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Section 302 Certification by the Principal Executive Officer
31.2*	Section 302 Certification by the Principal Financial Officer
32.1*	Section 906 Certification by the Principal Executive Officer
32.2*	Section 906 Certification by the Principal Financial Officer

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERCLICK, INC.

Date: November 6, 2008	By: /s/ Michael Mathews Michael Mathews Chief Executive Officer (Principal Executive Officer)
Date: November 6, 2008	By: /s/ David Garrity David Garrity Chief Financial Officer (Principal Financial Officer)

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