

BRANCHEZ-VOUS! INC.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

BRANCHEZ-VOUS! INC.

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AUDITORS' REPORT

To the Shareholders of
BRANCHEZ-VOUS! INC.

We have audited the consolidated balance sheets of **BRANCHEZ-VOUS! INC.** as at December 31, 2007 and 2006 and the consolidated statements of earnings and comprehensive income, retained earnings and contributed surplus and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Demers Beaulne, LLP

Chartered Accountants

Montreal, March 20, 2008

BRANCHEZ-VOUS! INC.

**CONSOLIDATED STATEMENT OF EARNINGS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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	<u>2007</u>	<u>2006</u>
REVENUES		
Advertising	\$ 4,280,659	\$ 3,405,284
Others (Note 5)	<u>49,967</u>	<u>39,080</u>
	4,330,626	3,444,364
COST OF SALES	<u>2,006,120</u>	<u>1,402,507</u>
GROSS PROFIT	2,324,506	2,041,857
OPERATING EXPENSES (Note 5)	<u>1,983,987</u>	<u>1,767,866</u>
EARNINGS FROM OPERATIONS	340,519	273,991
NON-CONTROLLING INTEREST	<u>9,028</u>	<u>-</u>
NET EARNINGS AND COMPREHENSIVE INCOME	\$ <u>349,547</u>	\$ <u>273,991</u>
EARNING PER SHARE		
Basic and diluted (Note 12)	\$ <u><u>0.01</u></u>	\$ <u><u>0.01</u></u>

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

BRANCHEZ-VOUS! INC.

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS AND CONTRIBUTED SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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	2007	2006
RETAINED EARNINGS (DEFICIT) - BEGINNING OF YEAR	\$ 223,508	\$ (1,800,562)
Net earnings	349,547	273,991
Reduction of deficit (Note 6)	<u>-</u>	<u>1,750,079</u>
RETAINED EARNINGS - END OF YEAR	\$ <u>573,055</u>	\$ <u>223,508</u>
CONTRIBUTED SURPLUS - BEGINNING OF YEAR	\$ 23,402	\$ 152,350
Reduction of contributed surplus resulting from reduction of accumulated deficit (Note 6)	-	(152,350)
Stock options exercised	(5,320)	-
Stock options granted	<u>56,859</u>	<u>23,402</u>
CONTRIBUTED SURPLUS - END OF YEAR	\$ <u>74,941</u>	\$ <u>23,402</u>

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

BRANCHEZ-VOUS! INC.

**CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2007 AND 2006**

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	2007	2006
CURRENT ASSETS		
Cash and cash equivalents	\$ -	\$ 110,658
Short-term investments (Note 7)	700,000	-
Accounts receivable	1,259,863	1,127,230
Prepaid expenses and other	<u>31,140</u>	<u>15,780</u>
	1,991,003	1,253,668
LONG-TERM INVESTMENTS (Note 7)	600,000	900,000
FIXED ASSETS (Note 8)	76,010	64,504
INTANGIBLE ASSETS (Note 9)	<u>110,755</u>	<u>18,639</u>
	\$ <u>2,777,768</u>	\$ <u>2,236,811</u>
CURRENT LIABILITIES		
Bank indebtedness (Note 10)	\$ 53,463	\$ -
Accounts payable and accrued liabilities	<u>810,582</u>	<u>774,907</u>
	864,045	774,907
NON-CONTROLLING INTEREST	<u>39,012</u>	-
	<u>903,057</u>	<u>774,907</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	1,226,715	1,214,994
Contributed surplus	74,941	23,402
Retained earnings	<u>573,055</u>	<u>223,508</u>
	<u>1,874,711</u>	<u>1,461,904</u>
	\$ <u>2,777,768</u>	\$ <u>2,236,811</u>

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

APPROVED BY THE BOARD

(S) André Bisson _____, Director

(S) Patrick Pierra _____, Director

BRANCHEZ-VOUS! INC.**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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	2007	2006
OPERATING ACTIVITIES		
Net earnings	\$ 349,547	\$ 273,991
Items not affecting cash:		
Depreciation of fixed assets	20,040	15,277
Amortization of intangible assets	28,099	10,402
Non-controlling interest	(9,028)	-
Stock-based compensation costs	<u>56,859</u>	<u>23,402</u>
	445,517	323,072
Net change in non-cash operating working capital items	<u>(112,318)</u>	<u>(299,801)</u>
	<u>333,199</u>	<u>23,271</u>
FINANCING ACTIVITIES		
Issuance of common shares	<u>6,401</u>	<u>24,260</u>
INVESTING ACTIVITIES		
Acquisitions of investments	(400,000)	(900,000)
Disposal of investments	-	800,000
Acquisitions of fixed assets	(31,546)	(40,086)
Acquisitions of intangible assets	<u>(72,175)</u>	<u>(4,085)</u>
	<u>(503,721)</u>	<u>(144,171)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(164,121)	(96,640)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>110,658</u>	<u>207,298</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>(53,463)</u>	\$ <u>110,658</u>

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

1. INCORPORATION AND NATURE OF BUSINESS ACTIVITIES

Branchez-vous! Inc. was incorporated on April 7, 2000 under the Canada Business Corporations Act. The Company consists of a media business derivating most of its revenues from advertising sales.

2. ACCOUNTING POLICIES

CONSOLIDATION PERIMETER

The consolidated financial statements include the financial statements of the Company and its subsidiary, TonClip.com Inc.

USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses for the year. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash consists of cash balances with banks. Cash equivalents are short-term, highly liquid investments that are easily convertible to known amounts of cash and which are subject to an insignificant risk of value change. Cash equivalents consist of term deposits with maturities of three months or less from the date of acquisition and bank indebtedness.

REVENUES

Revenues are recorded in the period in which the services are rendered and when there is reasonable expectation of collection. Payments received prior to rendering of services are recorded as deferred revenue. Interest incomes are recognized as earned and are recorded in other revenues.

EARNINGS PER SHARE

Basic earnings per share are determined using the weighted average number of common shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of common shares outstanding during the year, plus the effects of dilutive securities like stock options. The calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive securities had been exercised at the later of the beginning of the year or the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase common shares of the Company at the average market value during the year.

2. ACCOUNTING POLICIES (Continued)

NON-MONETARY TRANSACTIONS

In the normal course of operations, the Company advertises on its various sites in exchange for goods and services. Income is determined on the basis of the fair value of the services rendered.

FIXED ASSETS

Fixed assets are depreciated using the following methods and rates:

	<u>Methods</u>	<u>Rates</u>
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Production equipment	Declining balance	20%
Leasehold improvement	Straight-line	5 years

INTANGIBLE ASSETS

Intangible assets that are subject to amortization are amortized using the following methods and rates:

	<u>Methods</u>	<u>Rates</u>
Software	Declining balance	30%
Web sites	Straight-line	2 years

Trademark has been considered to have an indefinite useful life and therefore, is not amortized. Trademark is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it's might be impaired. The impairment test consists of a comparison of the fair value of the Trademark with its carrying amount. When the carrying amount of the Trademark exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. The fair value is calculated based on evaluations of discounted cash flows.

STOCK OPTION PLAN

The Company has a stock option plan, which is described in Note 11. The Company uses the fair value method to account for stock-based compensation cost for stock options granted to its employees, directors and consultants. Under this method, the fair value for stock options is established at the time of grant using the Black & Scholes model. The compensation cost is recorded over the vesting period with a corresponding increase in Contributed surplus. Any consideration paid by employees on exercise of stock options is credited to capital stock.

2. ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amounts and tax values of the assets and liabilities using enacted tax rates expected to be in effect for the year in which the differences are expected to reverse.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

IMPAIRMENT OF LONG-LIVED ASSETS

Fixed assets and Intangible assets that are subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss should be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. An impairment loss, if any, is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. The fair value is calculated based on market prices, when available, or calculated based on valuation techniques such as evaluations of discounted cash flows.

FOREIGN CURRENCY TRANSLATION

Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in net earnings.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Company adopted CICA accounting handbook section 3855, Financial Instruments – Recognition and Measurement, section 3861, Financial Instruments – Disclosure and Presentation, section 1530, Comprehensive Income, and section 3251, Equity.

FINANCIAL INSTRUMENTS

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions.

Measurement in subsequent years is dependent upon the classification of the financial instrument as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other than held-for-trading liabilities.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

The held-for-trading classification is applied when an entity is trading in an instrument or alternatively, the standard permits that any financial instrument be irrevocably designated as held-for-trading. The held-to-maturity classification is applied only if the asset has specified characteristics and the entity has the ability and intent to hold the asset until maturity. An asset can be classified as available-for-sale when it has not been classified as trading or held-to-maturity or loans and receivables. Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in net earnings. Financial assets classified as held-to-maturity or loans and receivables, and financial liabilities classified as other than held-for-trading liabilities are measured at amortized cost using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses being recognized in Other Comprehensive Income ("OCI") as described below. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

Section 3861 establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The purpose of the section is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

TRANSACTION COSTS

For a financial asset or financial liability classified as held for trading, all transaction costs are recognized immediately in net earnings. For a financial asset or financial liability classified other than as held for trading, directly attributable transaction costs are added to the amount of such asset or liability.

COMPREHENSIVE INCOME

Section 1530 introduces Comprehensive Income, which consists of net earnings and OCI. OCI represents changes in Shareholders' equity during a period arising from transactions and other events with non-owner sources that are recognized in Comprehensive Income, but excluded from net earnings. Items affecting OCI are recorded prospectively commencing from January 1, 2007. Cumulative changes in OCI, if any, are included in Accumulated Other Comprehensive Income (AOCI), which is presented as a new category within Shareholders' equity on the balance sheet. OCI and AOCI are presented net of tax.

EQUITY

Section 3251 establishes standards for the presentation of equity and the changes in equity during the period.

IMPACT UPON ADOPTION

In accordance with the transitional provisions of the standards, prior periods have not been restated in light of the adoption of these new accounting standards.

Upon adoption, no adjustment was required to the financial statements as at January 1st, 2007.

4. FUTURE ACCOUNTING CHANGES***CAPITAL DISCLOSURES, FINANCIAL INSTRUMENTS – PRESENTATION AND FINANCIAL INSTRUMENTS – DISCLOSURE***

The Accounting Standards Board of Canada (“AcSB”) issued three new accounting standards: section 1535, Capital Disclosures, section 3862, Financial Instruments – Disclosures, and section 3863, Financial Instruments – Presentation. These new standards will be effective for fiscal years beginning on or after October 1, 2007 and the Company will adopt them on January 1, 2008. These new standards should not have a material impact on the Company’s financial statements.

GOODWILL AND INTANGIBLE ASSETS

The AcSB issued Section 3064 “Goodwill and intangible assets”, which replaces Goodwill and other intangible assets, section 3062, and Research and development costs, section 3450. The new standard strengthens standards for the recognition and measurement of intangible assets at initial recognition, including internally generated intangible assets. This new accounting standard is effective for the Company’s financial statements beginning on January 1st, 2009. The Company is currently assessing the impact of this new standard on its financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The AcSB announced that accounting standards in Canada are to converge with IFRS. The changeover date from current Canadian GAAP to IFRS has been established as January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company is currently assessing the future impact of these new standards on its financial statements.

5. INFORMATIONS INCLUDED IN EARNINGS

Other revenues include income from investments in amount of \$35,383 (\$39,080 in 2006).

Operating expenses included the following items:

	<u>2007</u>	<u>2006</u>
Depreciation of fixed assets	\$ 20,040	\$ 15,277
Amortization of intangible assets	28,099	10,402

Non-monetary transactions are summarized as follows:

Revenues	80,357	73,687
Operating expenses	80,357	73,687

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**6. REDUCTION OF DEFICIT**

During the year ended December 31, 2006, the Company reduced its accumulated deficit by an amount of \$1,750,079 in consideration of a reduction of its contributed surplus for \$152,350 and a reduction of the paid-up capital of the issued shares for \$1,597,729

7. SHORT-TERM AND LONG-TERM INVESTMENTS

The short-term and long-term investments, as at December 31, 2007, are recorded at fair market value and consist of \$ 1,300,000 invested in Guaranteed Investment Certificates. These investments bear interest at rates varying from 3% to 4% and mature between June 2009 and September 2010.

The long-term investments, as at December 31, 2006, are recorded at cost and consist of \$900,000 (fair market value of \$900,000) invested in Guaranteed Investment Certificates. These investments bear interest at rates varying from 3.25% to 3.5% and mature in June and December 2009.

8. FIXED ASSETS

	<u>2007</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net amount</u>
Office equipment	\$ 41,268	\$ 30,422	\$ 10,846
Computer equipment	113,092	80,548	32,544
Production equipment	17,566	5,661	11,905
Leasehold improvement	<u>24,956</u>	<u>4,241</u>	<u>20,715</u>
	<u>\$ 196,882</u>	<u>\$ 120,872</u>	<u>\$ 76,010</u>
	<u>2006</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net Amount</u>
Office equipment	\$ 36,599	\$ 28,307	\$ 8,292
Computer equipment	100,535	68,162	32,373
Production equipment	17,566	2,685	14,881
Leasehold improvement	<u>10,637</u>	<u>1,679</u>	<u>8,958</u>
	<u>\$ 165,337</u>	<u>\$ 100,833</u>	<u>\$ 64,504</u>

9. INTANGIBLE ASSETS

	2007		
	Cost	Accumulated amortization	Net amount
Trademark	\$ 31,216	\$ -	\$ 31,216
Software	91,379	66,003	25,376
Web Sites	<u>69,038</u>	<u>14,875</u>	<u>54,163</u>
	<u>\$ 191,633</u>	<u>\$ 80,878</u>	<u>\$ 110,755</u>
	2006		
	Cost	Accumulated amortization	Net Amount
Software	\$ 68,918	\$ 52,429	\$ 16,489
Web Sites	<u>2,500</u>	<u>350</u>	<u>2,150</u>
	<u>\$ 71,418</u>	<u>\$ 52,779</u>	<u>\$ 18,639</u>

During the year, a subsidiary, TonClip.com inc. was formed for the purpose of acquiring a Web site, TonClip.com and its trademark valued at \$46,824 and \$31,216, respectively. The purchase price was comprised of \$30,000 in cash and 49 shares of TonClip.com inc. valued at \$48,040. This acquisition was not accounted for as a business combination.

10. BANK INDEBTEDNESS

The Company has an authorized credit line of \$200,000 bearing interest at prime rate plus 1%, secured by a long-term investment.

11. CAPITAL STOCK

Authorized, an unlimited number:

Common shares, voting and participating.

Preferred shares, issuable in one or more series, having the rights, privileges, restrictions and conditions as determined by the Board of Directors prior to their issuance.

11. CAPITAL STOCK (Continued)

Issued:

	2007		2006	
	Number of shares	\$	Number of shares	\$
Common shares:				
Balance - beginning of year	29,335,117	1,214,994	29,092,517	2,788,463
Exercise of stock options	40,000	11,721	242,600	24,260
Reduction of deficit (Note 6)	-	-	-	(1,597,729)
Balance - end of year	29,375,117	1,226,715	29,335,117	1,214,994

Stock option plan

The Company has a stock option plan in order to grant stock options to officers, directors, employees and consultants providing ongoing services to the Company. Under the terms of the plan, which are administrated by the Board of Directors, these options vest over a period of two to four years and expire after a period of two years to five years. The maximum number of common shares that can be issued under the plan is limited to 2,937,511 (2,933,512 in 2006), representing 10% of the issued and outstanding common shares.

During the year, the Company granted 328,800 stock options (1,436,000 in 2006).

The stock option plan is summarized as follows:

	2007		2006	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding at beginning of year	1,136,000	0.1500	242,600	0.1000
Granted	328,800	0.6456	1,436,000	0.1900
Exercised	(40,000)	0.1600	(242,600)	0.1000
Cancelled	(2,400)	0.1500	(300,000)	0.3000
Options outstanding at end of year	1,422,400	0.2675	1,136,000	0.1500

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

11. CAPITAL STOCK (Continued)

The table below summarizes the information on the stock options outstanding and exercisable:

As at December 31, 2007:

Outstanding options	Weighted average remaining contractual life (months)	Exercise price	Exercisable options
420,000	40	0.16	151,665
500,000	7	0.15	375,000
173,600	48	0.15	43,400
28,800	56	0.60	-
300,000	57	0.65	-
1,422,400	33	0.2625	570,065

As at December 31, 2006:

Outstanding options	Weighted average remaining contractual life (months)	Exercise price	Exercisable options
460,000	52	0.16	-
500,000	19	0.15	125,000
176,000	60	0.15	-
1,136,000	37	0.1540	125,000

Stock-based compensation expense for options

The average fair value of stock options, at the time of grant, granted during the year 2007 is \$ 0.30 per option (\$ 0.12 per option in 2006). The fair value of each option granted was established using the Black & Scholes model and based on the following assumptions:

	<u>2007</u>	<u>2006</u>
Risk-free interest rate	5%	4% and 5%
Expected life	5 years	2 and 4 years
Expected volatility in the market price of the share	0.5	1.30 to 2
Expected dividend yield	0.00%	0.00%

Compensation costs with respect to these options amounted to \$56,859 for the current year and were included in expenses (\$23,402 in fiscal year 2006).

12. EARNING PER SHARE

Based and diluted earning per share was computed as follows:

	<u>2007</u>	<u>2006</u>
Weighted average number of shares to compute basic earnings per share	29,362,240	29,185,849
Dilution effect under stock options	<u>816,778</u>	<u>190,565</u>
Weighted average number of shares to compute diluted earnings per share	<u>30,179,018</u>	<u>29,376,414</u>

The Company uses the treasury stock method for the computation of the diluted net earnings per share and excludes anti-dilutive options.

13. INCOME TAXES

The reconciliation between the Company's statutory and effective income tax rates on earnings is as follows:

	<u>2007</u>	<u>2006</u>
Income taxes based on the combined tax rate of approximately 32% (31% in 2006)	\$ 108,966	\$ 84,937
Stock-based compensation cost	18,195	7,255
Shares issue cost	(2,546)	(2,466)
Additions to cumulative eligible capital deduction	30,598	-
Other elements	(8,434)	12,980
Unrecognized tax benefits on losses and temporary differences	<u>(146,779)</u>	<u>(102,706)</u>
Provision for income taxes	\$ <u>-</u>	\$ <u>-</u>

13. INCOME TAXES (Continued)

The tax effects of temporary differences and net operating losses that give rise to future income tax assets and liabilities are as follows:

Future income taxes

	<u>2007</u>	<u>2006</u>
Net operating losses carried forward	\$ 220,731	\$ 373,478
Share issue costs	-	2,548
Fixed assets	17,537	31,935
Cumulative eligible capital deduction	<u>63,955</u>	<u>41,041</u>
Total future income tax assets	302,223	449,002
Valuation allowance	<u>(302,223)</u>	<u>(449,002)</u>
	\$ <u> -</u>	\$ <u> -</u>

As at December 31, 2007, the Company has accumulated loss carry-forwards for Federal and Quebec tax purposes, which are available to reduce future taxable income. These loss carry-forwards expire as follows:

	<u>Federal</u>	<u>Provincial</u>
2008	\$ 690,000	\$ 674,000
2009	15,000	15,000
2027	<u>15,000</u>	<u>15,000</u>
	\$ <u>720,000</u>	\$ <u>704,000</u>

14. COMMITMENTS

The Company has commitments under lease obligations for equipment and services as follows:

2008	\$ 300,830
2009	45,472

15. FINANCIAL INSTRUMENTS

RISK MANAGEMENT POLICIES

The company conducts transactions in foreign currencies and is exposed to foreign exchange risks. The company is also exposed to interest rate risk due to the nature of its financial instruments. Risk management is the responsibility of management and the company did not use derivative financial instruments for the purpose of speculation.

CREDIT RISK

The Company grants credit to its clients in the normal course of business. On a continued basis, the Company carries out credit assessments of its clients and maintains allowances for potential bad debts. The Company generally does not require collateral. Advertisers place advertisement through advertising agencies, thus an advertising agency may represent several clients. Concentration of credit risk can be summarized as follows:

- as at December 31, 2007, 42% of total revenues and 44% of accounts receivable were derived from two clients (two clients accounted for 38% of total revenues and for 44% of accounts receivable as at December 31, 2006);
- cash and cash equivalents and short-term and long-term investments are held at a Canadian chartered bank.

FOREIGN CURRENCY RISK

As at December 31, 2007, cash and cash equivalents include an amount of US\$30,544 (CA\$30,181) and accounts payable include an amount of EURO 42,117 (CA\$60,766).

INTEREST RATE RISK

Cash and cash equivalents are non-interest-bearing. The Company manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income.

15. FINANCIAL INSTRUMENTS (Continued)

Financial instruments are classified as follows:

	2007			Fair value Total ⁽²⁾
	Carrying value		Total ⁽¹⁾	
	Loans and receivables	Held-for- trading		
Financial assets				
Accounts receivable	\$ 1,259,863	\$ -	\$ 1,259,863	\$ 1,259,863
Short-term and long term investments	-	1,300,000 ⁽³⁾	1,300,000	1,300,000
	<u>\$ 1,259,863</u>	<u>\$ 1,300,000</u>	<u>\$ 2,559,863</u>	<u>\$ 2,559,863</u>

⁽¹⁾ Represent only the carrying value of financial assets included in the corresponding balance sheet caption.

⁽²⁾ The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms.

⁽³⁾ Financial assets designated as held-for-trading

	2007			Fair value Total ⁽²⁾
	Carrying value		Total ⁽¹⁾	
	Held-for-trading	Other than held for trading		
Financial liabilities				
Bank indebtedness	\$ 53,463	\$ -	\$ 53,463	\$ 53,463
Accounts payable and accrued liabilities	-	810,582	810,582	810,582
	<u>\$ 53,463</u>	<u>\$ 810,582</u>	<u>\$ 864,045</u>	<u>\$ 864,045</u>

⁽¹⁾ Represent only the carrying value of financial liabilities included in the corresponding balance sheet caption.

⁽²⁾ The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms.

As at December 31, 2006, the carrying amount of current financial assets and liabilities approximate the fair value because of the near maturity of those instruments. The carrying value of the long-term investment are considered to approximate fair value since they bear interest at current rates similar to market.

16. RELATED PARTY TRANSACTIONS

In 2007, the Company engaged legal fees expenses for \$88,452 with a firm of which one of the partners is also a director of the Company. These transactions were carried out in the normal course of business and are recorded for at the exchange value. In 2006, there were no related party transactions.

17. SUBSEQUENT EVENTS

- a) On February 14, 2008, the Company entered into a Letter of Intent concerning the acquisition of AgenceNews, the Internet division of Genex Communications Inc. in consideration of a total amount of \$600,000 of which \$300,000 will be paid in cash and \$300,000 in common shares of the Company. The main assets of AgenceNews include the Matinternet.com and Showbizz.net Web Sites. The acquisition is subject to the usual conditions and to the TSX Venture Exchange and regulatory authorities' approval.
- b) On March 1st, 2008, the Company acquired two Web Sites for a total amount of \$290,000.