



BRANCHEZ-VOUS! inc.

Interim Management Report

Review of the three month period ending **March 31, 2008**

This discussion should be read in conjunction with the information contained in the corporation's financial statements and the related notes to the financial statements. Figures are rounded into thousand \$.

Overview

BRANCHEZ-VOUS! is a new media company, incorporated in 2000 but whose current operations, thanks to mergers, began in 1995. It derives almost all of its revenues from advertising, sold on text, graphics or video format on web sites and in e-mail bulletins. Some of the sites it markets – including BRANCHEZ-VOUS.com, Fanatique.ca and Showbizz.net - belong to the Corporation; the majority of the sites it markets belong to other publishers, who contract out to the Corporation all or part of their advertising sales. Its headquarters are in Montreal, Québec.

General performance

The quarter ended March 31, 2008 ("Q1 2008") showed mixed results. While revenues and gross profit increased compared to the quarter ended March 31, 2007 ("Q1 2007"), respectively by 9% and 8%, a 25% increase in operating expenses, due to an increase in salaries, resulted in a net loss of \$ 8,000. However, EBITDA and Adjusted EBITDA remained positive, showing that operations remain profitable even in the weakest quarter of the year.

Results

Horizontal analysis

Change in main items of the consolidated statement of earnings and deficit.

Figures in thousand \$ except for earnings per share, in \$.

	Q1 2008	Q1 2007	Change / Q1 2007	Change / Q4 2007**
	\$	\$	%	%
Revenues	950	875	+9%	-8%
Cost of sales	423	388	+9%	-10%
Gross profit	527	487	+8%	-6%
Operating expenses	538	429	+25%	-
Net earnings	(8)	58	-	-
EBITDA*	10	66	-85%	-80%
Adjusted EBITDA*	27	78	-64%	-59%
Earnings per share	(0.00)	0.00	-	-

* Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, to which the corporation adds stock-based compensation, as this expense does not result in any use of operating cash flows by the Corporation. Adjusted EBITDA is provided as a supplementary earnings measure to assist readers in determining the

ability of BRANCHEZ-VOUS! to generate cash from operations and to cover financial charges. It is also widely used for business valuation purposes. This measure does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies.

** Three-month period ended December 31, 2007.

Vertical analysis

Share of main items in the statement of earnings and deficit, as a proportion of revenues.

	Q1 2008	Q1 2007	Q4 2007
Revenues	100%	100%	100%
Cost of sales	45%	44%	46%
Gross profit	55%	56%	54%
Operating expenses	57%	49%	49%
Net earnings	-1%	7%	3%
EBITDA	1%	8%	5%
Adjusted EBITDA	3%	9%	6%

Revenues

The increase in revenues from Q1 2007 to Q1 2008 is mostly due to increased advertising sales and to the addition of content sales.

The decrease from to Q4 2007 to Q1 2008 is due to a decrease in advertising sales which is mostly related to seasonality as the advertising market is usually less active in the first quarter of the year, which includes the January and February months, than in last quarter of the year.

Cost of sales

The increase in cost of sales from Q1 2007 to Q1 2008 is due to an increase in royalties to represented web sites, deriving mostly from an increase in advertising sales.

The decrease from to Q4 2007 to Q1 2008 is due to a decrease in advertising sales.

Gross profit

The increase in gross profit from Q1 2007 to Q1 2008 is due to an increase in sales.

The decrease from to Q4 2007 to Q1 2008 is due to a decrease in sales.

Operating expenses

The increases in operating expenses from Q1 2007 to Q1 2008 are mostly due to an increase in salaries, as the Corporation has enlarged both its advertising and content teams.

Profit, EBITDA and Adjusted EBITDA

The net loss in Q1 2008 and the decrease in EBITDA and Adjusted EBITDA from Q1 2007 to Q1 2008 is due to an increase in operating expenses.

The decrease in EBITDA and Adjusted EBITDA from Q4 2007 to Q1 2008 is due to a decrease in advertising sales.

Quarterly information

Figures in thousand \$ except for earnings per share, in \$.

	2008		2007		2006			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	953	1,033	1,053	1,370	875	1,042	698	1,092
Gross profit	527	561	578	699	487	606	363	669
Net earnings (loss)	(8)	28	29	235	58	207	(97)	114
EBITDA	10	49	39	243	66	213	(90)	120
Adjusted EBITDA	27	67	55	256	78	237	(90)	120
Basic and fully diluted earnings per share	(0.00)	0.00	0.00	0.01	0.00	0.01	(0.00)	0.00

Sales and earnings vary significantly from one quarter to another, because the vast majority of the sales of the Corporation come from advertising campaigns which last a few weeks and are not booked on a regular basis. However, sales are usually higher during the second and fourth quarters.

Reconciliation of adjusted EBITDA

Figures in thousand \$.

	2008		2007		2006			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net earnings (loss)	(8)	28	29	235	58	207	(97)	114
Amortization	17	21	10	9	8	7	7	6
EBITDA	10	49	39	243	66	213	(90)	120
Stock-based compensation	17	17	16	12	12	23	-	-
Adjusted EBITDA	27	67	55	256	78	237	(90)	120

Liquidity and financial resources

Cash flows

Figures in thousand \$, except for earnings per share, in \$.

	Q1 2008	Q1 2007	Change / Q1 2007
	\$	\$	%
Cash flows from:			
Operating activities	226	229	-1%
Financing activities	1	-	-
Investment activities	161	(160)	-

In Q1 2008,

- cash flows from operating activities mostly came from reduced accounts receivable; and
- cash flows from investment activities came from the disposal of long-term investments, which were partly offset by the acquisition of intangible assets.

Financial resources

As at March 31, 2008,

- BRANCHEZ-VOUS! held \$ 333,000 in **cash and cash equivalents**, while the Corporation had no cash or cash equivalents as at December 31, 2007; and
- BRANCHEZ-VOUS! held \$ 390,000 in **short-term investments** – of which \$300,000 were a deposit to our law firm for an acquisition which was completed in

April 2008 – while the Corporation had \$ 700,000 in short-term investments as at December 31, 2007.

Management estimates that the combination of cash and cash equivalents and short-term investments is sufficient for both sustaining current activities and financing development projects.

BRANCHEZ-VOUS! has no debt and have additional financial resources in the form of bank deposit certificates, registered as long-term investments, for an amount of \$ 450,000.

Contractual obligations

Contractual obligations totalled \$ 479,000 as at March 31, 2008. These obligations were mostly for various technical and sales services agreements. From this total, \$ 230,000 were obligations for 2008, \$ 216,000 for 2009 and \$ 34,000 for 2010.

Information to shareholders

Shareholders' equity

Shareholders' equity was \$ 1,951,000 as at March 31, 2008, compared to \$ 1,875,000 as at December 31, 2007. The increase is mostly due to the issuance of common shares related to the HumourQuebec.com web site.

Number of shares

As at March 31, 2008, the Corporation had 29,523,605 issued and outstanding common shares.

Risks and uncertainties

In addition to the risks and uncertainties described in the Corporation's 2007 Annual report, the Corporation face the following risk:

Post-acquisition and integration issues

The integration of acquired web sites may incur costs and delays. The web sites acquired by the Corporation may end up generating less revenue and/or being less profitable than previously expected. The value of intangible assets related to these sites may risk to be impaired in the future.

Outlook

Management expects increased sales and positive adjusted EBITDA in the next quarters.

Internal control over financial reporting

Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with Canadian GAAP in its financial statements. The President and Chief Executive Officer and the Chief Financial Officer of the Corporation have evaluated whether there were changes to its ICFR during the three-month periods ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such changes were identified through their evaluation.

Additional information on the Corporation can be obtained on SEDAR (www.sedar.com).

Forward looking statement

Some statements made in this quarterly report, particularly with respect to the Company's expectations, constitute forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties related to the Internet business model, competition, financial markets, access to capital, and changes in the general and sectoral economic development.

May 29, 2008

(signed)

Patrick Pierra

President and Chief Executive Officer

(signed)

Robert Larocque, CMA

Chief Financial Officer