



BRANCHEZ-VOUS! inc.

Interim Management Report

Review of the three month period ending **June 30, 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 June 30, 2008 ("Q2 2008") showed mixed results. Compared to the quarter ended June 30, 2007 ("Q2 2007"), revenues decreased somewhat and gross profit increased. EBITDA decreased because of an increase in content and sales-related expenses. The corporation registered a small net loss – due to amortization and depreciation of intangible assets related to previously acquired web sites. Positive EBITDA demonstrates our operations can generate positive cash flows.

Results

Horizontal analysis

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

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

	Q2 2008	Change / Q2 2007	Change / Q1 2008	1st six months of 2007	Change / 1 st six months of 2007
	\$	%	%	\$	%
Revenues	1,281	-6%	+35%	2,215	-1%
Cost of sales	530	-21%	+25%	953	-10%
Gross profit	751	+7%	+42%	1,262	+6%
Operating expenses	796	+71%	+48%	1,319	+47%
Net earnings	(18)	-	-	(26)	-
EBITDA*	64	-74%	+563%	79	-74%
Adjusted EBITDA *	82	-68%	+197%	115	-65%
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.

Vertical analysis

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

	Q2 2008	Q2 2007	Q1 2008	1 st six months of 2008	1 st six months of 2007
Revenues	100%	100%	100%	100%	100%
Cost of sales	41%	49%	45%	43%	47%
Gross profit	59%	51%	55%	57%	53%
Operating expenses	62%	34%	57%	60%	40%
Net earnings	-1%	17%	-1%	-1%	13%
EBITDA	5%	18%	1%	4%	14%
Adjusted EBITDA	6%	19%	3%	5%	15%

Revenues

The decrease in revenues from Q2 2007 to Q2 2008 and from the six months ended June 30, 2007 to the six months ended June 30, 2008 is mostly due to the absence, in 2008, of advertising sales registered in 2007 on Astral Media web sites. The Corporation represented these sites until August 31, 2007. While the Corporation later signed representation agreements with several other sites, the absence, in 2008, of sales on Astral Media sites will affect comparison to 2007 revenues figures until and including Q3 2008.

The increase from Q1 to Q2 2008 is due to increased advertising sales.

Cost of sales

Cost of sales consist of royalties paid to other publishers' sites represented by the Corporation.

The decrease in cost of sales from Q2 2007 to Q2 2008 and from the six months ended June 30, 2007 to the six months ended June 30, 2008 is due partly to a decrease in revenues and partly to an increased proportion of sales on sites owned by the Corporation, including recently acquired sites.

The increase from Q1 to Q2 2008 is due to increased revenues.

Gross profit

The increase in gross profit from Q2 2007 to Q2 2008 and from the six months ended June 30, 2007 to the six months ended June 30, 2008 is due to a decrease in cost of sales.

The increase from Q1 to Q2 2008 is mostly due to increased revenues.

Operating expenses

The increases in operating expenses from Q2 2007 to Q2 2008 and from the six months ended June 30, 2007 to the six months ended June 30, 2008 are mostly due to an increase in salaries caused by the enlargement of our content and sales teams.

The increase in operating expenses from Q1 to Q2 2008 is due to additional content acquisition costs related to operating the Showbizz.net and Matin.qc.ca web sites, acquired by BRANCHEZ-VOUS! on April 1, 2008, as well as to amortization and depreciation of intangible assets – including a depreciation of the TonClip.com inc. subsidiary.

Profit, EBITDA and Adjusted EBITDA

The net loss in Q2 2008 and in the six months ended June 30, 2008, and the decrease in EBITDA and Adjusted EBITDA from Q2 2007 to Q2 2008 and from the six months ended June 30, 2007 to the six months ended June 30, 2008, are mostly due to an increase in operating expenses.

The increase in EBITDA and Adjusted EBITDA from Q1 to Q2 2008 is due to an increase in gross profit.

Quarterly information

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

	2008		2007			2006		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	1,281	953	1,033	1,053	1,370	875	1,042	698
Gross profit	751	527	561	578	699	487	606	363
Net earnings (loss)	(18)	(8)	28	29	235	58	207	(97)
EBITDA	64	10	49	39	243	66	213	(90)
Adjusted EBITDA	82	27	67	55	256	78	237	(90)
Basic and fully diluted earnings per share	(0.00)	(0.00)	0.00	0.00	0.01	0.00	0.01	(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		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net earnings (loss)	(18)	(8)	28	29	235	58	207	(97)
Amortization	50	17	21	10	9	8	7	7
Depreciation	33	-	-	-	-	-	-	-
EBITDA	64	10	49	39	243	66	213	(90)
Stock-based compensation	18	17	17	16	12	12	23	-
Adjusted EBITDA	82	27	67	55	256	78	237	(90)

Liquidity and financial resources

Cash flows

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

	Q2 2008	Q2 2007	Change / Q2 2007	Q1+2, 2008	Q1+2, 2007	Change / Q1+2 2007
	\$	\$	%	\$	\$	%
Cash flows from:						
Operating activities	(274)	(20)	+1270%	(36)	207	-%
Financing activities	37	9	+311%	37	9	+311%
Investment activities	52	(18)	-	201	(177)	-

In Q2 2008,

- cash flows from operating activities were negative due to slower collection from accounts receivables; 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 June 30, 2008:

- BRANCHEZ-VOUS! held \$ 147,000 in **cash and cash equivalents**, while the Corporation had no cash or cash equivalents as at December 31, 2007; and
- BRANCHEZ-VOUS! held no **short-term investments** 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 small 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 \$ 350,000.

Contractual obligations

Contractual obligations totalled \$ 625,000 as at June 30, 2008. These obligations were mostly for various technical and representation services agreements. From this total, \$ 228,000 were obligations for 2008, \$ 364,000 for 2009 and \$ 34,000 for 2010.

Business update

- Since April 1st, 2008, BRANCHEZ-VOUS! has signed representation agreements with publishers for various sites, including Actustar.com, AlloCine.com and Cinoche.com.
- The Corporation stopped representing Canada411.ca site. It has been advised by Telus that its representation agreement may not be renewed after October 31, 2008.
- The Corporation also signed commercial agreements with several entities, including CareerBuilder.ca and Canpages.

Information to shareholders

Shareholders' equity

Shareholders' equity was \$ 2,286,000 as at June 30, 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, Showbizz.net, Matin.qc.ca and HumourQuebec.com web sites acquisition.

Number of shares

As at June 30, 2008, the Corporation had 30,361,015 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 risks:

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.

Content-related legal responsibilities

The Corporation produces in-house or buys from content providers and free lancers most of the content published on its own web sites. The Corporation also allows users, on various sites, to post comments or publish their own blogs. These activities might result in claims against the Corporation, which would not be covered by insurance,

Outlook

Management expects 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 and the six-month periods ended June 30, 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.

August 22, 2008

(signed)

Patrick Pierra

President and Chief Executive Officer

(signed)

Ramzy Metwalli

Chief Financial Officer