



BRANCHEZ-VOUS! inc.

Interim Management Report

Review of the three month period ending **September 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 most of its revenues from advertising, sold in text, graphics or video format on search engines and content web sites and in e-mail bulletins. Some of the sites it markets – including BRANCHEZ-VOUS.com and Showbizz.net - belong to the Corporation; the majority of the sites it markets belong to other Canadian and foreign publishers, who contract out to the Corporation all or part of their advertising sales in Canada. Its headquarters are in Montreal, Québec.

General performance

The quarter ended September 30, 2008 ("Q3 2008") showed disappointing results. Compared to the quarter ended September 30, 2007 ("Q3 2007"), revenues decreased somewhat but gross profit increased. EBITDA decreased because of an increase in content and sales-related expenses. The corporation registered a net loss and negative EBITDA. Barely positive adjusted EBITDA demonstrates that, even in a difficult economic context, our operations are self-sustainable on a cash flow basis.

On October 31, 2008, the Corporation completed the acquisition of NetWorldMedia, which previously was its main competitor in the Internet advertising representation business.

Results

Horizontal analysis

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

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

	Q3 2008	Change / Q3 2007	Change / Q2 2008	1st nine months of 2007	Change / 1 st nine months of 2007
	\$	%	%	\$	%
Revenues	1,007	-4 %	-21%	3,222	-2%
Cost of sales	390	-18 %	-26%	1,341	-13%
Gross profit	617	+7%	-18%	1,881	+7%
Operating expenses	674	+22%	-15%	1,995	+38%
Net earnings	(56)	-	-	(82)	-
EBITDA*	(11)	-	-	68	-80%
Adjusted EBITDA*	1	-99%	-99%	116	-70%
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

	Q3 2008	Q3 2007	Q2 2008	1st nine months of 2008	1 st nine months of 2007
Revenues	100%	100%	100%	100%	100%
Cost of sales	39%	45%	41%	42%	47%
Gross profit	61%	55%	59%	58%	53%
Operating expenses	67%	52%	62%	62%	44%
Net earnings	-6%	3%	-1%	-3%	10%
EBITDA	-1%	4%	5%	2%	11%
Adjusted EBITDA	0%	5%	6%	4%	12%

Revenues

The slight decrease in revenues from Q3 2007 to Q3 2008 and from the first nine months of 2007 to the first nine months of 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. It has mostly, but not fully, compensated these lost sales by signing representation agreements with other sites.

The decrease from Q2 to Q3 2008 is due to decreased advertising sales, mostly due to a traditional slowdown of Internet advertising during the summer period.

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 Q3 2007 to Q3 2008, from Q2 2008 to Q3 2008 and from the first nine months of 2007 to the first nine months of 2008 is due partly to a decrease in revenues and partly to an increased proportion of sales on sites owned by the Corporation, including sites purchased between March and May 2008. (The Corporation pays no royalties for sales on its own sites.)

Gross profit

The increase in gross profit from Q3 2007 to Q3 2008 and from the first nine months of 2007 to the first nine months of 2008 is due to a decrease in cost of sales.

The decrease from Q2 2008 to Q3 2008 is due to a decrease in revenues.

Operating expenses

The increases in operating expenses from Q3 2007 to Q3 2008 and from the first nine months of 2007 to the first nine months of 2008 are mostly due to an increase in salaries caused by the enlargement of our content and sales teams.

The decrease in operating expenses from Q2 2008 to Q3 2008 is due to the absence, in Q3 2008, of the depreciation of intangible assets registered in Q2 2008 - including a depreciation of the TonClip.com inc. subsidiary – as well as to a lower amount of professional fees in Q3 2008 than in Q2 2008.

Earnings and loss

The net loss in Q3 2008 compared to a net profit in Q3 2007, as well as the net loss in the first nine months of 2008 compared to a net profit in the first nine months of 2007, are due to increased operating expenses.

The increased net loss in Q3 2008 compared to Q2 2008 is due to a decrease in gross profit.

Quarterly information

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

	2008			2007			2006	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	1,007	1,281	953	1,033	1,053	1,370	875	1,042
Gross profit	617	751	527	561	578	699	487	606
Net earnings (loss)	(56)	(18)	(8)	28	29	235	58	207
EBITDA	(11)	64	10	49	39	243	66	213
Adjusted EBITDA	1	82	27	67	55	256	78	237
Basic and fully diluted earnings per share	(0.00)	(0.00)	(0.00)	0.00	0.00	0.01	0.00	0.01

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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net earnings (loss)	(56)	(18)	(8)	28	29	235	58	207
Amortization	45	50	17	21	10	9	8	7
Depreciation	-	33	-	-	-	-	-	-
EBITDA	(11)	64	10	49	39	243	66	213
Stock-based compensation	12	18	17	17	16	12	12	23
Adjusted EBITDA	1	82	27	67	55	256	78	237

Liquidity and financial resources

Cash flows

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

	Q3 2008	Q3 2007	Change / Q3 2007	1 st nine months of 2008	1 st nine months of 2007	Change / 1 st nine months of 2007
	\$	\$	%	\$	\$	%
Cash flows from:						
Operating activities	54	434	-88%	18	659	(97)%
Financing activities	-	0	-	37	(9)	-
Investment activities	(15)	(304)	+95%	185	(481)	-

In Q3 2008,

- cash flows relating to operating activities were positive at \$ 54,000, due to a decrease in accounts receivables between June 30 and September 30, 2008, which had a positive impact of \$ 236,000. This amount was offset by \$ 90,000 of prepaid expenses for the acquisition of NetWorldMedia and by a \$ 92,000 decrease in accounts payables between June 30 and September 30, 2008; and
- net cash flows relating to investment activities were mostly used for web site development.

Financial resources

As at September 30, 2008:

- BRANCHEZ-VOUS! held \$ 186,000 in **cash and cash equivalents**, while the Corporation had no cash or cash equivalents as at December 31, 2007; and
- BRANCHEZ-VOUS! held \$ 150,000 in **short-term investments** while the Corporation had \$ 700,000 in short-term investments as at December 31, 2007.

As at September 30, 2008, BRANCHEZ-VOUS! had no debt and held \$ 200,000 in bank deposit certificates registered as long-term investments. The Corporation had a \$ 200,000 credit margin, guaranteed by these bank deposit certificates.

Management estimates that the combination of cash and cash equivalents, short-term investments and existing credit margin is sufficient for ongoing operations. The Corporation is currently negotiating an additional credit margin, to be guaranteed by accounts receivables, in order to gain additional flexibility.

Contractual obligations

Contractual obligations until and including 2010 totalled \$ 582,000 as at September 30, 2008. These obligations were mostly for various technical and representation services agreements. From this total, \$ 145,000 were obligations for 2008, \$ 397,000 for 2009 and \$ 39,000 for 2010.

Subsequent event

On October 31, 2008, BRANCHEZ-VOUS! completed the acquisition of 4306112 Canada Inc., which owns 100% of NetWorldMedia inc. and minority stakes in several Quebec-based web sites. NetWorldMedia inc. is a Montreal-based Internet advertising network, which represents over 200 French-language websites and over 100 English-language websites. The acquisition has been paid by the issuance of 30 million common shares of BRANCHEZ-VOUS! to the shareholders of 4306112 Canada. (In an ancillary transaction, a maximum of 300,000 additional common shares of BRANCHEZ-VOUS! may be issued over the next three years). Based on the 10 day closing average price of \$0.156 per share prior to the announcement of the transaction, the price of the acquisition is \$ 4,680,000. BRANCHEZ-VOUS! is currently merging its own advertising network and sales team with NetWorldMedia's. A Business Acquisition Report was published on SEDAR (www.sedar.com) to explain the business combination.

Business update

- The Corporation stopped representing Telus sites as at October 31, 2008.
- In November 2008, BRANCHEZ-VOUS! announced new representation agreements with RNC MEDIA and Genex Communications for various sites, including PlaneteJazz.ca, RadioX.com and SummumMag.com.

Information to shareholders

Shareholders' equity

Shareholders' equity was \$ 2,241,171 as at September 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 September 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:

Tight liquidity

The transaction costs related to the acquisition of NetWorldMedia, and costs related to integrating NetWorldMedia's operations, will put pressure on the Corporation's liquidity. The Corporation may not obtain an additional credit margin and, in such case, may have to tightly manage cash in the coming months.

Post-acquisition and integration issues

The integration of acquired ad network, sales team and web sites will incur integration costs and might suffer of integration delays. The web sites and ad network 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. As a protection of such claims, the Corporation subscribed to an errors and omissions insurance policy on September 25, 2008.

Outlook

As interim financial statements for the three months ending December 31, 2008 will be consolidated statements including two months of results from NetWorldMedia, these interim statements will show an approximate two-fold increase in revenues and significantly increased expenses, including expenses related to the integration of NetWorldMedia's operations. Despite the currently difficult economic context, management expects positive adjusted EBITDA in the next quarters, excluding one-time costs which may be related to or caused by the acquisition of NetWorldMedia.

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 nine-month periods ended September 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.

November 26, 2008

(signed)

Patrick Pierra

Co-president and Chief Executive Officer

(signed)

Ramzy Metwalli

Chief Financial Officer