



BV! Media Inc.

Interim Management Report

Review of the three month period ended **September 30, 2009**

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.

Overview

BV! Media is an Internet media corporation, whose operations began in 1995. It derives almost all of its revenues from advertising, sold in text, graphical or video format on its network affiliated websites. Some of the sites it markets – including the BRANCHEZ-VOUS.com portal - belong to the Corporation; the majority of the sites that it markets belong to other publishers, who contract out all or part of their advertising sales to the Corporation and to which the Corporation pays royalties. Its headquarters are in Montreal, Québec.

General performance

For the quarter ended September 30, 2009 ("Q3 2009"), BV! Media reported strong operating results despite Q3 being a seasonally slower quarter. Revenues of approximately \$2.4 million were in line with revenues generated in the quarter ended March 31, 2009 ("Q1 2009") and 19% lower than revenues registered in the quarter ended June 30, 2009 ("Q2 2009"). The second quarter is traditionally stronger than the first and third quarters. Despite lower revenues versus Q2 2009, however, the company continued to extract benefits from the acquisition of NetWorldMedia. Revenues were up 141% compared to Q3 2008 and the Adjusted EBITDA margins continued to rise, even on a sequential basis, reaching 10% (up from 8% in Q2 2009). Net Earnings also remained positive for the quarter at \$82,465.

Figures in \$.

As at:	Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
Total assets	8,842,955	3,007,792	9,444,930
Long term financial liabilities	493,544	0	991,204
Shareholders equity	6,517,747	2,241,171	6,348,364

Results

Horizontal analysis

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

Figures in \$.

	Q3 2009	Change / Q3 2008	Change / Q2 2009	1st nine months of 2009	Change / 1 st nine months of 2008
	\$	%	%	\$	%
Revenues	2,430,616	+141%	-19%	7,890,265	+145%
Cost of sales	1,210,309	+210%	-20%	3,937,731	+194%
Gross profit	1,220,307	+98%	-17%	3,952,534	+110%
Operating expenses	1,100,965	+63%	-19%	3,801,414	+91%
Net earnings	82,465	-	-4%	104,424	-
EBITDA*	227,502	-	+0%	495,997	+625%
Adjusted EBITDA*	243,780	-	-1%	560,955	+385%
Earnings per share	0.00	-	-	0.00	-

* EBITDA is defined as earnings before interest, income taxes, depreciation and, amortization, impairment of intangible assets, and impairment or loss on sale of investments and fixed assets. Adjusted EBITDA is defined as EBITDA to which the Corporation adds stock-based compensation, as this expense does not result in any use of operating cash flows by the Corporation. EBITDA and Adjusted EBITDA are provided as a supplementary earnings measures to assist readers in determining the ability of the Corporation to generate cash from operations and to cover financial charges. They are also widely used for business valuation purposes. These measures do 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 consolidated statement of earnings and comprehensive income, as a proportion of revenues

	Q3 2009	Q3 2008	Q2 2009	1st nine months of 2009	1 st nine months of 2008
Revenues	100%	100%	100%	100%	100%
Cost of sales	50%	39%	51%	50%	42%
Gross profit	50%	61%	49%	50%	58%
Operating expenses	45%	67%	45%	48%	62%
Net earnings	3%	-6%	3%	1%	-3%
EBITDA	9%	-1%	8%	6%	2%
Adjusted EBITDA	10%	0%	8%	7%	4%

Revenues

The increase in revenues from Q3 2008 to Q3 2009 and from the nine months ended September 30, 2008 to the nine months ended September 30, 2009 is due to the acquisition of NetWorldMedia as at October 31, 2008. The decrease in revenues from Q2 2009 to Q3 2009 is due to seasonal fluctuations.

Cost of sales

Cost of sales consists of royalties paid to other publishers' sites represented by the Corporation. The increase in cost of sales from Q3 2008 to Q3 2009 and from the nine months ended September 30, 2008 to the nine months ended September 30, 2009 has been faster than the increase of sales, because all sales derived from the NetWorldMedia acquisition were on represented web sites. Consequently, sales on proprietary sites, for which no royalty is paid to a third party, have decreased as a proportion of sales and cost of sales has increased as a proportion of sales. The decrease from Q2 2009 to Q3 2009 is roughly proportionate to the decrease in revenues.

Gross profit

The increase in gross profit from Q3 2008 to Q3 2009 and from the nine months ended September 30, 2008 to the nine months ended September 30, 2009 is due to an increase in sales.

Operating expenses

Operating expenses include sales and administration related expenses and content expenses for proprietary sites. The increase in operating expenses from Q3 2008 to Q3 2009 and from the nine months ended September 30, 2008 to the nine months ended September 30, 2009 is mostly due to an increase in salaries, with the size of the Corporation's workforce having doubled as a result of the NetWorldMedia acquisition. Operating expenses were lower in Q3 2009 versus Q2 2009 as the Corporation continued to eliminate redundant costs.

Profit, EBITDA and Adjusted EBITDA

The positive net earnings in Q3 2009, as compared to a net loss in Q3 2008, is due to an increase in revenue and gross profit. The increase in EBITDA and Adjusted EBITDA from Q3 2008 to Q3 2009 is also due to an increase in revenue and gross profit. Despite a decline in revenues from Q2 2009 to Q3 2009, the Corporation reported net earnings, EBITDA and Adjusted EBITDA in line with Q2 2009 due largely to a reduction in Operating Expenses.

Quarterly information

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

	2009			2008			2007	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	2,431	2,986	2,473	2,492	1,007	1,281	950	1,033
Gross profit	1,220	1,477	1,255	1,213	617	751	527	561
Net earnings (loss)	82	86	(64)	(233)	(56)	(18)	(8)	28
Basic and fully diluted earnings per share	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00
EBITDA	228	227	42	147	(11)	65	9	49
Adjusted EBITDA	244	246	71	165	1	83	26	67

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 \$.

	2009			2008			2007	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net earnings (loss)	82	86	(64)	(233)	(56)	(18)	(8)	28
Interest	-	1	1	2	-	-	-	-
Current income taxes	37	33	-	(33)	-	-	-	-
Future income taxes	-	-	(24)	(242)	-	-	-	-
Depreciation and amortization	108	107	107	123	45	50	17	21
Impairment of intangible assets (1)	-	-	-	530	-	33	-	-
Loss on disposal of fixed assets	-	-	22	-	-	-	-	-
Loss (gain) on disposal of investment	-	-	(1)	-	-	-	-	-
EBITDA	228	227	41	147	(11)	65	9	49
Stock-based compensation	16	19	30	18	12	18	17	17
Adjusted EBITDA	244	246	71	165	1	83	26	67

(1) Trademarks are tested for impairment annually or more frequently if events or changes in circumstances indicate that they 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.

Liquidity and financial resources

Cash flows

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

	Q3 2009	Q3 2008	Change / Q3 2008	9 mo. 2009	9 mo. 2008	Change / 9 mo. 2008
	\$	\$	%	\$	\$	%
Cash flows from:						
Operating activities	408	54	655%	545	18	3003%
Financing activities	(121)	0	-	(276)	37	-
Investment activities	195	134	45%	224	335	-33%

Operating activities generated \$407,608 in Q3 2009. This is due to a positive net change in non-cash working capital items and to positive EBITDA generated from operations.

Financing activities used \$120,637 in Q3 2009, due to the reimbursement of advances from shareholders.

Investment activities provided \$194,515 in Q3 2009, due to the disposal of short-term financial investments.

Financial resources

As at September 30, 2009:

- BV! Media held \$574,178 in **cash and cash equivalents**, to be compared with \$81,410 as at December 31, 2008;

Management estimates that the combination of cash and cash equivalents and a line of credit of \$700,000 backed by accounts receivable is sufficient to finance its operations.

Contractual obligations

Contractual obligations totalled \$522,298 as at September 30, 2009. These obligations were mostly for various technical and representation services agreements. From this total, \$203,041 is obligations for 2009, \$275,083 for 2010 and \$44,174 for 2011.

Other information

Non-cash transactions

The Corporation signed several promotional agreements with other media and event organizers, for a cumulative amount of \$9,000 in revenues and \$13,798 in expenses in Q3 2009, compared to \$42,300 in revenues and \$29,700 in expenses in Q3 2008. In Q3 2009, the \$4,798 difference between expenses and revenues is due to the fact that the Corporation used part of the value of one of its exchange contracts with a third party while it had already delivered the full value in the preceding quarters.

Information to shareholders

Shareholders' equity

Shareholders' equity was \$ 6,517,747 as at September 30, 2009, compared to \$6,348,364 as at December 31, 2008. The increase is due to the positive net earnings registered over the first nine months of 2009.

Number of shares

As at September 30, 2009, the Corporation had 60,411,015 issued and outstanding common shares.

Risks and uncertainties

The Corporation's risks and uncertainties have not materially changed from those described in the Corporation's 2008 Annual report.

Outlook

While the economic outlook remains cloudy and there is uncertainty as to the timing of a possible rebound in advertiser spending, management expects to continue to report positive Adjusted EBITDA in the following quarters.

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 24, 2009

(Signed)

Patrick Pierra

Co-President and co-Chief Executive Officer

(Signed)

Athanasios Vorias

Chief Financial Officer