

Momentum Advanced Solutions Inc.  
155 Commerce Valley Drive East  
Markham, ON L3T 7T2  
[www.momentum.com](http://www.momentum.com)

*For Immediate Release*

## **Momentum Announces Q2 Results**

### ***Achieves Quarterly Profit on Improved Revenue***

Toronto, Ontario December 11, 2007 – **Momentum Advanced Solutions Inc. (TSX:WWW)**, (“Momentum” or the “Company”), a leader in the emerging world of Web outsourcing services, today announced results for the second quarter of fiscal 2008 ended October 31, 2007.

#### **Q2 FY’08 vs. Q2 FY’07 Highlights**

- Total revenue increased 15% to \$4,183,866 vs. \$3,648,000
- Web Solutions and Services (“WSS”) revenue increased 6% to \$2,675,215 vs. \$2,535,000
- Managed Services (“MS”) revenue increased 36% to \$1,508,651 vs. \$1,113,000
- Total gross profit was up 24% to \$1,808,494 vs. \$1,453,000
- EBITDA<sup>(1)</sup> improved to \$376,376 up \$708,376 from a loss of \$332,000
- Net income from continuing operations was \$74,117 vs. a loss of \$615,000
- Net income after discontinued operations was \$74,117 vs. \$461,000

“I am pleased that we continued to grow our overall business while remaining diligent on cost management. This effort resulted in our first quarterly profit under the restructured and re-branded Momentum”, stated Sheldon Pollack, CEO of Momentum. “Given some recent contract awards, I believe the company is well positioned to demonstrate continued growth over the upcoming quarters”.

#### **Q2 FY’08 vs. Q2 FY’07**

Total revenue for the second quarter of fiscal 2008 increased by 15% or \$535,866 to \$4,183,866 from \$3,648,000 recorded in the second quarter of fiscal 2007. WSS and MS revenue increased by 6% and 36% respectively over the same quarter of the prior year.

Total gross profit for the second quarter of fiscal 2008 quarter was \$1,808,494 up 24% from \$1,453,000 recorded in the second quarter of fiscal 2007. This was primarily a result of the increase in MS revenue and improved utilization of WSS resources. Gross profit as a percentage of sales increased to 43.2% vs. 39.8% in the second quarter of fiscal 2007.

Selling and administrative expenses were \$1,602,796 in the second quarter of fiscal 2008 compared with \$1,879,000 recorded in the second quarter of fiscal 2007. Selling costs were higher due to increased pre-sales efforts and investments in marketing activities. Administrative costs declined due to a reduction in staff and the recovery of facility lease and shared service costs from a sub-tenant.

The above resulted in EBITDA of \$376,376 for the second quarter of fiscal 2008, an improvement of \$708,376 from an EBITDA loss of \$332,000 recorded in the second quarter of fiscal 2007.

**Momentum Q2 FY'08 Results**
**Page 2**

Net income from continuing operations improved by \$689,117 to \$74,117 in the second quarter of fiscal 2008 compared with a loss of \$615,000 recorded in the second quarter of fiscal 2007.

Net income after discontinued operations was \$74,117 in the second quarter of fiscal 2008 compared with \$461,000 recorded in the second quarter of fiscal 2007. Certain indirect operating expenses from the prior year have not been allocated to discontinued operations as the method of allocating these expenses is not objectively determinable.

**Liquidity and Capital Resources**

The Company ended the second quarter of fiscal 2008 with cash, cash equivalents and short-term investments of \$3,689,810 and maintained a fully available credit facility of \$2,000,000. In addition, the Company's balance sheet remained strong with a current ratio of 4.8:1 and shareholders equity of \$11,019,680.

**Normal Course Issuer Bid**

On September 14, 2007, Momentum announced the commencement of a normal course issuer bid. As of December 11, 2007, the Company has repurchased 724,300 common shares at an average purchase price of \$0.167. Common shares repurchased have been or will be cancelled.

**EBITDA**

1) EBITDA is defined as income (loss) from continuing operations, adding back amortization interest and other. The Company uses EBITDA amongst other measures to assess the operating performance of its ongoing business. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's continuing business activities prior to taking into consideration financing costs and capital asset amortization costs. Similarly, readers may find this non-GAAP financial measure useful although the term EBITDA does not have a recognized meaning under Canadian generally accepted accounting principles and therefore may not be comparable to similarly titled measures presented by other companies. EBITDA should not be construed as the equivalent to cash flow from operations. The most comparable GAAP measurement for EBITDA is net income (loss) from continuing operations. A reconciliation between net income (loss) from continuing operations and EBITDA is provided below.

Three Months Ended October 31	2007	2006
Net income (loss) from continuing operations	\$ 74,117	\$ (615,000)
Amortization of capital assets, net of amounts charged to cost of sales	140,547	186,000
Amortization of capital assets included in Managed Services cost of sales	170,678	94,000
Interest and other	(8,966)	3,000
EBITDA	\$ 376,376	\$ (332,000)

# Momentum Advanced Solutions Inc.

## Consolidated Balance Sheets

As at October 31 and April 30, 2007

	October 31, 2007 (unaudited)	April 30, 2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 700,538	\$ 2,758,000
Short-term investments	2,989,272	-
Accounts receivable	3,406,469	3,012,000
Proceeds receivable from sale of business	-	2,300,000
Prepaid expenses and other assets	773,201	631,000
	<hr/> 7,869,480	<hr/> 8,701,000
Restricted cash	-	250,000
Deferred costs	88,333	97,000
Capital assets	4,784,590	4,380,000
Goodwill	550,277	550,277
	<hr/> \$ 13,292,680	<hr/> \$ 13,978,277
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,106,782	\$ 1,850,346
Deferred revenue	252,468	214,000
Current portion of obligations under capital leases	287,821	207,000
	<hr/> 1,647,071	<hr/> 2,271,346
Obligations under capital leases	348,293	257,000
Long-term facility lease inducement and accrual	277,694	144,000
Shareholders' equity	11,019,622	11,305,931
	<hr/> \$ 13,292,680	<hr/> \$ 13,978,277

**Momentum Advanced Solutions Inc.**  
**Consolidated Statements of Operations and Retained Earnings (unaudited)**  
For the three and six months ended October 31, 2007 and 2006

	Three months ended October 31		Six months ended October 31	
	2007	2006	2007	2006
Sales				
Web solutions and services	\$ 2,675,215	\$ 2,535,000	\$ 5,121,214	\$ 4,756,000
Managed services	1,508,651	1,113,000	2,867,188	2,151,000
Sales	4,183,866	3,648,000	7,988,402	6,907,000
Cost of Sales				
Web solutions and services	1,613,772	1,670,000	3,267,844	3,169,000
Managed services	761,600	525,000	1,485,536	1,117,000
Cost of Sales	2,375,372	2,195,000	4,753,380	4,286,000
Gross Profit				
Web solutions and services	1,061,443	865,000	1,853,370	1,587,000
Managed services	747,051	588,000	1,381,652	1,034,000
Gross Profit	1,808,494	1,453,000	3,235,022	2,621,000
Expenses:				
Selling	655,008	620,000	1,350,443	1,095,000
Administrative	947,788	1,259,000	1,896,334	2,485,000
	1,602,796	1,879,000	3,246,777	3,580,000
Income (loss) before the undernoted	205,698	(426,000)	(11,755)	(959,000)
Amortization of capital assets, net of amounts charged to cost of sales	140,547	186,000	276,552	377,000
Interest and other	(8,966)	3,000	(6,523)	3,000
	131,581	189,000	270,029	380,000
Net income (loss) from continuing operations	\$ 74,117	\$ (615,000)	\$ (281,784)	\$ (1,339,000)
Net income (loss) from discontinued operations	-	1,076,000	(38,238)	1,510,000
Net income (loss) and comprehensive income (loss)	\$ 74,117	\$ 461,000	\$ (320,022)	\$ 171,000
Retained earnings, beginning of period	\$ 3,762,362	\$ 311,000	\$ 4,156,501	\$ 601,000
Repurchase of shares	(14,028)	-	(14,028)	-
Earnings (loss) for the period	74,117	461,000	(320,022)	171,000
Retained earnings, end of period	\$ 3,822,451	\$ 772,000	\$ 3,822,451	\$ 772,000
Basic and diluted earnings (loss) per share				
Continuing operations	\$ -	\$ (0.01)	\$ -	\$ (0.02)
Discontinued operations	-	0.02	-	0.02
Basic and diluted earnings per share	\$ -	\$ 0.01	\$ -	\$ -
Basic weighted average common shares outstanding	65,611,447	65,625,077	65,618,262	65,625,077
Diluted weighted average common shares outstanding	65,900,306	65,856,760	65,815,513	65,682,998

**Momentum Advanced Solutions Inc.**  
**Consolidated Statements of Cash Flows (unaudited)**  
For the three and six months ended October 31, 2007 and 2006

	Three months ended October 31		Six months ended October 31	
	2007	2006	2007	2006
Cash provided by (used in):				
Operations:				
Net earnings (loss)	\$ 74,117	\$ 461,000	\$ (320,022)	\$ 171,000
Items not involving cash:				
Amortization of capital assets	311,225	280,000	593,746	566,000
Amortization of deferred costs	4,417	-	8,667	-
Amortization of leasehold inducement	(2,149)	-	(2,149)	-
Increase in long-term facility lease inducement and accrual	153,770	-	153,770	-
Unrealized gain on short-term investments	(33,685)	-	(39,272)	-
Stock based compensation	16,341	15,000	58,443	30,000
	524,036	756,000	453,183	767,000
Changes in non-cash operating working capital	(305,421)	(1,828,000)	1,058,234	(4,655,000)
Cash provided by (used in) operations	218,615	(1,072,000)	1,511,417	(3,888,000)
Financing:				
Increase in bank indebtedness	-	1,196,000	-	1,196,000
Addition to obligation under capital lease	300,740	332,000	300,740	332,000
Payments on obligations under capital leases	(77,730)	(58,000)	(128,626)	(105,000)
Repayment of long-term debt and note payable	-	(22,000)	-	(45,000)
Repurchase of shares	(24,730)	-	(24,730)	-
Long-term facility lease inducement and accrual	(23,764)	(16,000)	(37,927)	(33,000)
Increase in long-term facility lease inducement and accrual	20,000	-	20,000	-
	194,516	1,432,000	129,457	1,345,000
Investments:				
Purchase of capital assets	(570,539)	(311,000)	(998,336)	(689,000)
Purchase of short-term investments	-	-	(3,300,000)	-
Sale of short-term investments	350,000	-	350,000	-
Decrease in restricted cash	-	-	250,000	-
Purchase of Indigo27 Inc.	-	(125,000)	-	(125,000)
	(220,539)	(436,000)	(3,698,336)	(814,000)
Increase (decrease) in cash	192,592	(76,000)	(2,057,462)	(3,357,000)
Cash and cash equivalents beginning of period	507,946	76,000	2,758,000	3,357,000
Cash and cash equivalents end of period	\$ 700,538	\$ -	\$ 700,538	\$ -

**Momentum Q2 FY'08 Results**  
**Page 6****Forward Looking Statement**

Readers should take note that certain statements in this press release are forward-looking and may not give full weight to all of the potential risks and uncertainties. These forward-looking statements include statements that are subject to risks and uncertainties. Forward-looking statements are subject by their nature to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements. Any forward-looking statements speak only as of the date made. The company is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by the securities laws.

**About Momentum Advanced Solutions Inc.**

Momentum is a leader in Web outsourcing services. Its solutions provide customers with the innovation, integration, and operational expertise needed to reduce costs and/or improve productivity by outsourcing their mission critical, web-based applications and infrastructure to Momentum. Headquartered in Markham, Ontario, Momentum has offices in Ottawa, Windsor, and Toronto. Momentum Advanced Solutions is publicly traded on the Toronto Stock Exchange and trades under the symbol WWW.

**Contact**

Sheldon Pollack  
Chief Executive Officer  
Momentum Advanced Solutions Inc.  
905-709-6825  
[Sheldon.Pollack@Momentum.com](mailto:Sheldon.Pollack@Momentum.com)

Daren Selfe, CA  
Chief Financial Officer  
Momentum Advanced Solutions Inc.  
905-709-6800  
[Daren.Selfe@Momentum.com](mailto:Daren.Selfe@Momentum.com)