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*For Immediate Release*

## **Momentum Announces Q2 Results**

### ***Managed Services Revenue up 48% While Total Revenue Increases 22%***

Markham, Ontario December 12, 2008 – **Momentum Advanced Solutions Inc. (TSX:WWW)**, (“Momentum” or the “Company”), a leader in IT hosting and managed website services, today announced results for the second quarter of fiscal 2009 ended October 31, 2008.

#### **Q2 FY'09 vs. Q2 FY'08 Highlights**

- Total revenue increased 22% to \$5,106,811 vs. \$4,183,866
- Web Solutions and Services (“WSS”) revenue increased 7% to \$2,866,883 vs. \$2,675,215
- Managed Services (“MS”) revenue increased 48% to \$2,239,928 vs. \$1,508,651
- EBITDA<sup>(1)</sup> improved to \$570,218 up \$218,309 or 62% from \$351,909
- Net income was \$20,994 vs. \$74,117
- Finished the quarter at approximately 750 servers provisioned for UltraHosting

“We are very pleased with the growth during the quarter given our revenue exceeded \$5.0 million for the first time under the Momentum brand”, stated Sheldon Pollack, CEO of Momentum. “As anticipated, our strategic marketing initiatives continue to generate new recurring revenues for the Company while our investments in data centre infrastructure have allowed us to support the resulting growth. In addition, our acquisition of the IT Hosting business of BroadSpire Inc. during the quarter accelerated our business plans and contributed favourably to our results.”

#### **Q2 FY'09 vs. Q2 FY'08**

Total revenue for Q2 FY09 increased 22% or \$922,945 to \$5,106,811 compared with \$4,183,866 recorded in Q2 FY08. Total gross profit was \$1,966,535 an increase of 9% or \$158,041 compared with the \$1,808,494 recorded in Q2 FY08. Web Solutions and Services revenues increased by 7% and Managed Service revenues increased by 48% over the same quarter of the prior year. Gross profit increased at a lower rate than revenue due to investments made in infrastructure to support this growth.

Operating expenses were \$1,879,678 in the second quarter of 2009, up from \$1,767,810 recorded in the second quarter of the prior year. Operating expenses rose during the quarter primarily due to the continued execution of our FY09 marketing plan.

The Company had operating earnings of \$86,857 for the second quarter of FY09, an increase of 113% compared with operating earnings of \$40,684 recorded in the second quarter of FY08.

EBITDA<sup>(1)</sup> for the second quarter reached \$570,218 an improvement of \$218,309 or 62% from EBITDA of \$351,909 recorded in the same quarter of the prior year

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Net interest expense was \$65,863 in Q2 FY09, a change of \$99,296 compared with net interest income of \$33,433 in the same quarter of the prior year. This change was primarily due to the use of cash and establishment of a note payable relating to the acquisition of the IT Hosting division of BroadSpire Inc. and the increase in capital lease obligations during the previous 12 month period.

As a result, net income for the second quarter of FY09 was \$20,994 compared with \$74,117 in the second quarter of FY08.

### Liquidity and Capital Resources

The Company had cash and cash equivalents of \$808,070 at October 31, 2008, down from \$4,124,401 at July 31, 2008. The reduction in cash is primarily attributable to the acquisition of the BroadSpire Hosting Assets. The Company continues to have available a \$2,000,000 demand operating facility from a major Canadian financial institution.

### Normal Course Issuer Bid

On September 12, 2008, the Company announced the renewal of its normal course issuer bid allowing for the purchase of up to 2,500,000 common shares until September 16, 2009. During Q2 FY09, the Company made repurchases of 140,000 common shares at an average cost of \$0.155 resulting in 64,105,577 common shares outstanding at October 31, 2008.

1) EBITDA is defined as net income (loss) from continuing operations adding back amortization of managed services assets, amortization of other assets and net interest expense (income). 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 GAAP 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 month period ended October 31		Six month period ended October 31	
	2008	2007	2008	2007
Net Income (loss) from continuing operations	\$ 20,994	\$ 74,117	\$ (202,187)	\$ (281,784)
Amortization of MS Assets	344,088	170,678	603,811	317,194
Other Amortization	139,273	140,547	256,517	276,552
Interest (Income) Expense, Net	65,863	(33,433)	77,117	(45,520)
<b>EBITDA</b>	<b>\$ 570,218</b>	<b>\$ 351,909</b>	<b>\$ 735,258</b>	<b>\$ 266,442</b>

# Momentum Advanced Solutions Inc.

## Consolidated Balance Sheets

As at October 31 and April 30, 2008

	October 31, 2008 Unaudited	April 30, 2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 808,070	\$ 1,075,754
Short-term investments	-	3,052,523
Accounts receivable	4,818,595	3,879,258
Prepaid expenses and other assets	520,152	375,287
	6,146,817	8,382,822
Deferred costs and other assets	457,043	460,009
Capital assets	6,907,122	5,245,086
Goodwill and other intangible assets	4,281,964	550,277
	\$ 17,792,946	\$ 14,638,194
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,132,659	\$ 1,480,581
Deferred revenue	487,206	186,990
Current portion of obligations under capital leases	991,994	542,411
Current portion of note payable	363,934	-
	3,975,793	2,209,982
Obligations under capital leases	1,752,797	819,164
Note payable	717,851	-
Long-term facility lease inducement and other	285,371	314,191
Shareholders' equity	11,061,134	11,294,857
	\$ 17,792,946	\$ 14,638,194

**Momentum Advanced Solutions Inc.**  
**Consolidated Statements of Operations,**  
**Comprehensive Income and Retained Earnings (unaudited)**  
For the three and six months ended October 31, 2008 and 2007

	Three months ended October 31		Six months ended October 31	
	2008	2007	2008	2007
Revenue				
Web solutions and services	\$ 2,866,883	\$ 2,675,215	\$ 5,605,143	\$ 5,121,214
Managed services	2,239,928	1,508,651	4,018,972	2,867,188
	5,106,811	4,183,866	9,624,115	7,988,402
Cost of revenue				
Web solutions and services	1,709,967	1,613,772	3,560,434	3,267,844
Managed services	1,086,221	590,922	1,902,299	1,168,342
Amortization of managed services assets	344,088	170,678	603,811	317,194
	3,140,276	2,375,372	6,066,544	4,753,380
Gross Profit				
Web solutions and services	1,156,916	1,061,443	2,044,709	1,853,370
Managed services	809,619	747,051	1,512,862	1,381,652
	1,966,535	1,808,494	3,557,571	3,235,022
Expenses:				
Selling	904,626	655,008	1,708,304	1,350,443
Administrative	835,779	972,255	1,717,820	1,935,331
Other amortization	139,273	140,547	256,517	276,552
	1,879,678	1,767,810	3,682,641	3,562,326
Operating income (loss)	86,857	40,684	(125,070)	(327,304)
Interest income	9,818	47,483	42,776	78,194
Interest expense	(75,681)	(14,050)	(119,893)	(32,674)
	(65,863)	33,433	(77,117)	45,520
Net income (loss) from continuing operations	\$ 20,994	\$ 74,117	\$ (202,187)	\$ (281,784)
Net income (loss) from discontinued operations	-	-	-	(38,238)
Net income (loss) and comprehensive income (loss)	\$ 20,994	\$ 74,117	\$ (202,187)	\$ (320,022)
Retained earnings, beginning of period	\$ 3,926,272	\$ 3,762,362	\$ 4,165,107	\$ 4,156,501
Repurchase of shares	(13,567)	(14,028)	(29,221)	(14,028)
Earnings (loss) for the period	20,994	74,117	(202,187)	(320,022)
Retained earnings, end of period	\$ 3,933,699	\$ 3,822,451	\$ 3,933,699	\$ 3,822,451
Basic and diluted earnings (loss) per share				
Continuing operations	\$ -	\$ -	\$ -	\$ -
Discontinued operations	-	-	-	-
Basic and diluted earnings per share	\$ -	\$ -	\$ -	\$ -
Basic weighted average common shares outstanding	64,205,251	65,611,447	64,307,574	65,618,262
Diluted weighted average common shares outstanding	64,647,805	65,900,306	64,590,954	65,815,513

**Momentum Advanced Solutions Inc.**  
**Consolidated Statements of Cash Flows (unaudited)**  
For the three and six months ended October 31, 2008 and 2007

	Three months ended October 31		Six months ended October 31	
	2008	2007	2008	2007
Cash provided by (used in):				
Operations:				
Net earnings (loss)	\$ 20,994	\$ 74,117	\$ (202,187)	\$ (320,022)
Items not involving cash:				
Amortization of capital assets	457,071	311,225	834,038	593,746
Amortization of intangible assets	26,290	-	26,290	-
Amortization of deferred costs	25,562	4,417	52,535	8,667
Amortization of long-term facility lease inducement and other	(6,545)	(2,149)	(8,932)	(2,149)
Increase in long-term facility lease inducement and other	2,327	153,770	4,655	153,770
Unrealized gain on short-term investments	-	(33,685)	-	(39,272)
Unrealized foreign currency loss	76,089	-	76,089	-
Interest accretion on note payable	18,228	-	18,228	-
Stock based compensation	15,057	16,341	29,519	58,443
	635,073	524,036	830,235	453,183
Changes in non-cash operating working capital	(909,573)	(305,421)	(673,143)	1,058,234
Cash provided by (used in) operations	(274,500)	218,615	157,092	1,511,417
Financing:				
Addition to obligation under capital lease	394,193	300,740	1,773,008	300,740
Payments on obligations under capital leases	(214,909)	(77,730)	(389,792)	(128,626)
Repurchase of shares	(26,714)	(24,730)	(61,055)	(24,730)
Amortization of long-term facility lease inducement and other	(12,043)	(23,764)	(24,543)	(37,927)
Increase in long-term facility lease inducement and other	-	20,000	-	20,000
	140,527	194,516	1,297,618	129,457
Investments:				
Purchase of capital assets	(735,631)	(570,539)	(2,321,010)	(998,336)
Purchase of short-term investments	-	-	-	(3,300,000)
Maturity of short-term investments	-	350,000	3,052,523	350,000
Additions to deferred costs and other assets	(42,389)	-	(49,569)	-
Decrease in restricted cash	-	-	-	250,000
Purchase of intangible assets	(650,836)	-	(650,836)	-
Purchase of business	(1,803,140)	-	(1,803,140)	-
	(3,231,996)	(220,539)	(1,772,032)	(3,698,336)
Effect of exchange rate changes on cash and cash equivalents	49,638	-	49,638	-
Increase (decrease) in cash	(3,316,331)	192,592	(267,684)	(2,057,462)
Cash and cash equivalents beginning of period	4,124,401	507,946	1,075,754	2,758,000
Cash and cash equivalents end of period	\$ 808,070	\$ 700,538	\$ 808,070	\$ 700,538

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**Page 6****Forward Looking Statement**

This news release contains forward-looking information that is based on management's best estimates and the current operating environment. Forward-looking information typically contains words such as "anticipate", "believe", "should", "may", "expect", "intend", "plan" or similar words suggesting future outcomes. These statements are based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information, including Momentum's perception of historical trends, current conditions and expected future developments as well as other factors management believes are appropriate in the circumstances.

Such forward-looking information is as of the date hereof and is subject to a number of known and unknown risks, uncertainties and other factors which could cause actual results or events to differ materially from future results or events expressed, anticipated or implied by such forward-looking information. Such factors may include but are not limited to, changes in markets and competition, technological and competitive developments and potential downturns in economic conditions generally. Therefore, actual outcomes and results may differ materially from those expressed in such forward-looking information. Readers are cautioned that such information may not be appropriate for other purposes. Other than as may be required by law, Momentum disclaims any intention or obligation to update or revise any such forward-looking information, whether as a result of new information, future events or otherwise.

**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, Calgary and Toronto. Momentum Advanced Solutions is publicly traded on the Toronto Stock Exchange and trades under the symbol WWW.

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