

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 Q4 and YE Results** *Q4 Revenue up 17% and EBITDA up \$471,000*

Toronto, Ontario June 27, 2007 – **Momentum Advanced Solutions Inc. (TSX:WWW)**, (“Momentum” or the “Company”), a leader in the emerging world of Internet outsourcing, today announced results for the fourth quarter and year ended April 30, 2007.

### **Q4 FY’07 vs. Q4 FY’06 Highlights**

- Total revenue increased 17% to \$4,069,000 vs. \$3,488,000
- Total gross profit up 33% to \$1,763,000 vs. \$1,324,000
- Web Solutions and Services (“WSS”) revenue increased 9% to \$2,746,000 vs. \$2,526,000
- Managed Services (“MS”) revenue increased 38% to \$1,323,000 vs. \$962,000
- EBITDA<sup>(1)</sup> improved to \$273,000 up \$471,000 from a loss of \$198,000
- Net loss from continuing operations was \$61,000 vs. a loss of \$640,000
- Net loss after discontinued operations was \$304,000 vs. net income of \$49,000

### **FY’07 vs. FY’06 Highlights**

- Total revenue increased 9% to \$15,256,000 vs. \$14,000,000
- Total gross profit up 24% to \$6,238,000 vs. \$5,037,000
- Web Solutions and Services revenue decreased 1% to \$10,499,000 vs. \$10,575,000
- WSS gross profit up 5% to \$3,877,000 vs. \$3,701,000
- Managed Services revenue increased 39% to \$4,757,000 vs. \$3,425,000
- MS gross profit up 77% to \$2,361,000 vs. \$1,336,000
- EBITDA<sup>(1)</sup> improved to a loss of \$364,000 up \$1,293,000 vs. a loss of \$1,657,000
- Net loss from continuing operations of \$1,559,000 vs. \$3,470,000
- Gain on sale of VAR Business<sup>(2)</sup> of \$3,868,000
- Net income (including gain from sale of VAR Business) of \$3,556,000 or EPS of \$0.05 vs. \$512,000 or EPS of \$0.01

### **Capital Resources**

- April 30, 2007 unrestricted cash of \$2,758,000
- Subsequent events:
  - \$2,300,000 in final proceeds received from sale of VAR business
  - \$2,000,000 bank facility agreement signed

“Fiscal 2007 was a transition year for our Company”, stated Sheldon Pollack, CEO of Momentum. “I am delighted that we have achieved our vision of successfully transforming the Company into a growth oriented, high margin, predictable revenue, Internet outsourcing business. With the sale of the VAR business, the Company has significantly improved its capital resources and is well positioned to succeed in this high growth market segment”.

**Momentum Q4 and YE FY'07 Results**  
**Page 2****Q4 FY'07 vs. Q4 FY'06**

Total revenue for Q4 FY07 increased 17% or \$581,000 to \$4,069,000 compared with \$3,488,000 recorded in Q4 FY06. Total gross profit was \$1,763,000 an increase of \$439,000 compared with the \$1,324,000 recorded in Q4 FY06. The increase in revenue and gross profit occurred due to increases in business in both WSS and MS.

Selling and administrative expenses were \$1,628,000 in the fourth quarter compared with \$1,603,000 in the fourth quarter of FY06 due to an increase in sales account managers offset by a decrease in general and administrative staff and facility costs.

The above resulted in EBITDA of \$273,000 for the fourth quarter of FY07 up from an EBITDA loss of \$198,000 in the fourth quarter of FY06.

Amortization and interest for the fourth quarter was \$196,000 vs. 361,000 in the same quarter of the prior fiscal year. Amortization included in Managed Services costs of sales was \$138,000 vs. \$81,000.

As a result, net loss from continuing operations for the fourth quarter was \$61,000 an improvement from the net loss from continuing operations of \$640,000 in the fourth quarter of FY06. Net loss after discontinued operations was \$304,000 compared with net income after discontinued operations of \$49,000.

**FY'07 vs. FY'06**

Total revenue increased 9% to \$15,256,000 in FY07 compared with \$14,000,000 in the prior year due to increases in business from Managed Services. Total gross profit increased 24% to \$6,238,000 in the current year from \$5,037,000 in the prior year primarily due to accretive increases in revenue from Managed Services.

Web Solutions and Services revenue decreased 1% in FY07 to \$10,499,000 from \$10,575,000 in FY06. WSS gross profit of \$3,877,000 for FY07 was up \$176,000 from the \$3,701,000 recorded in FY06 due partially to certain agency fees included in revenue with no corresponding cost of sales.

Managed Services revenue increased by 39% to \$4,757,000 in FY07 compared with \$3,425,000 recorded in FY06. This increase was due to growth in the customer base as well as enhancing the service offering provided to existing customers. MS gross profit improved \$1,025,000 or 77% to \$2,361,000 vs. \$1,336,000 due to increases in revenue and tight controls over costs. As a percentage of sales, gross profit was 49.6% in FY07 compared with 39.0% in FY06.

Total selling and administrative expenses increased slightly to \$7,012,000 in FY07 compared with \$6,928,000 in FY06. Selling expenses increased \$513,000 to \$2,399,000 from \$1,886,000 due to an increase in marketing costs, account managers and commissions. General and administrative costs decreased \$429,000 to \$4,613,000 from \$5,042,000 due to reduced facility and staff costs.

EBITDA for FY07 was a loss of \$364,000 an improvement of \$1,293,000 compared with a loss of \$1,657,000 in FY06.

**Momentum Q4 and YE FY'07 Results****Page 3**

Amortization decreased to \$770,000 from \$1,388,000 primarily as a result of the Company revising its estimate of the remaining useful life of its leasehold improvements based on an extension of its head office facility lease. Amortization included in MS costs of sales was \$410,000 in FY07 compared with \$234,000 in FY06. Interest and other costs were \$15,000 compared with \$191,000 in the same quarter of the prior year due primarily to the repayment of the Company's term bank debt during Q4 FY'06.

Net loss from continuing operations for FY07 was \$1,559,000 or \$0.02 per share, an improvement from the net loss from continuing operations of \$3,470,000 or \$0.05 per share recorded in the same period of the prior year.

Net income for FY07 (including gain from sale of VAR Business) was \$3,556,000 or EPS of \$0.05 vs. \$512,000 or EPS of \$0.01 in FY06

**Discontinued Operations**

At the Company's Annual and Special Meeting held on November 28, 2006, shareholders approved the sale of the Company's VAR Business as more particularly described in the Management Information Circular for the year ended April 30, 2006. The Company completed the sale on November 30, 2006 for proceeds of \$6,800,000 of which \$4,500,000 was paid on closing and \$2,300,000 was paid on May 31, 2007. The Company recorded a gain on the sale of \$3,868,000 net of \$415,000 in transaction costs. This gain is included in net income from discontinued operations of \$5,115,000 or \$0.08 cents per share.

**Liquidity and Capital Resources**

At April 30, 2007, the Company had cash of \$2,758,000, restricted cash of \$250,000 and no bank debt. Working capital at April 30, 2007 was \$6,430,000 compared with \$3,585,000 at April 30, 2006.

Subsequent to year end, the Company announced that it had received \$2,300,000 representing the final installment from the sale of the VAR business and that it had completed all documentation required to access a \$2,000,000 demand operating facility from a major Canadian financial institution. The Company is considering various options with respect to its financial resources to maximize shareholder value including but not limited to: expansion capital for organic growth, a share buyback and/or strategic acquisitions.

**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.

# Momentum Advanced Solutions Inc.

## Consolidated Balance Sheets (unaudited)

As at April 30, 2007 and 2006

(In thousands of Canadian dollars)

	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 2,758	\$ 3,357
Accounts receivable	3,012	2,316
Proceeds receivable from sale of business	2,300	-
Prepays and other assets	631	637
Current assets of discontinued operations	-	7,803
	<u>8,701</u>	<u>14,113</u>
Capital assets	4,380	3,590
Goodwill	550	583
Deferred costs	97	-
Restricted cash	250	-
Long-term assets of discontinued operations	-	250
	<u>\$ 13,978</u>	<u>\$ 18,536</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,850	\$ 1,976
Deferred revenue	214	541
Note payable	-	84
Current portion of obligations under capital leases	207	167
Current liabilities of discontinued operations	-	7,760
	<u>2,271</u>	<u>10,528</u>
Obligations under capital leases	257	170
Long-term facility lease accrual	144	208
Shareholders' equity	11,306	7,630
	<u>\$ 13,978</u>	<u>\$ 18,536</u>

**Momentum Advanced Solutions Inc.**  
**Consolidated Statements of Income (unaudited)**  
For the three and twelve months ended April 30, 2007 and 2006  
(In thousands of Canadian dollars except share amounts)

	Three months ended April 30		Twelve months ended April 30	
	2007	2006	2007	2006
Sales				
Web solutions and services	\$ 2,746	\$ 2,526	\$ 10,499	\$ 10,575
Managed services	1,323	962	4,757	3,425
Sales	4,069	3,488	15,256	14,000
Cost of Sales				
Web solutions and services	1,625	1,617	6,622	6,874
Managed services	681	547	2,396	2,089
Cost of Sales	2,306	2,164	9,018	8,963
Gross Profit				
Web solutions and services	1,121	909	3,877	3,701
Managed services	642	415	2,361	1,336
Gross Profit	1,763	1,324	6,238	5,037
Expenses:				
Selling	674	480	2,399	1,886
Administrative	954	1,123	4,613	5,042
	1,628	1,603	7,012	6,928
Income (loss) before amortization and interest	135	(279)	(774)	(1,891)
		-		
Amortization of capital assets	190	338	770	1,388
Interest and exchange	6	23	15	191
	196	361	785	1,579
Net loss from continuing operations	(61)	(640)	(1,559)	(3,470)
Net income (loss) from discontinued operations	(243)	689	5,115	3,982
Net income (loss)	\$ (304)	\$ 49	\$ 3,556	\$ 512
Retained earnings, beginning of period	4,461	552	601	89
Retained earnings, end of period	\$ 4,157	\$ 601	\$ 4,157	\$ 601
Basic and diluted earnings (loss) per share				
Continuing operations	\$ -	\$ (0.01)	\$ (0.02)	\$ (0.05)
Discontinued operations	-	0.01	0.08	0.06
Basic and diluted earnings per share	\$ -	\$ -	\$ 0.05	\$ 0.01
Basic weighted average common shares outstanding	65,625,077	65,625,077	65,625,077	63,441,353
Diluted weighted average common shares outstanding	65,792,601	65,705,021	65,758,999	63,608,377

**Momentum Advanced Solutions Inc.**  
**Consolidated Statements of Cash Flows (unaudited)**  
For the three and twelve months ended April 30, 2007 and 2006  
(In thousands of Canadian dollars)

	Three months ended April 30		Twelve months ended April 30	
	2007	2006	2007	2006
Cash provided by (used in):				
Operations:				
Net income	\$ (304)	\$ 49	\$ 3,556	\$ 512
Items not involving cash:				
Amortization of capital assets	361	436	1,213	1,691
Amortization of deferred costs	9	-	9	-
Gain on sale of business	19	-	(3,868)	-
Loss on disposition of capital assets	-	1	-	39
Stock based compensation	5	16	120	89
	90	502	1,030	2,331
Changes in non-cash operating working capital	1,707	2,825	(3,664)	2,497
	1,797	3,327	(2,634)	4,828
Financing:				
Addition to obligation under capital lease	-	-	332	-
Payments on obligations under capital leases	(50)	(47)	(205)	(168)
Increase in restricted cash	-	-	(250)	-
Increase in proceeds receivable from sale of busir	-	-	(2,300)	-
Repayment of long-term debt and note payable	(16)	(589)	(84)	(1,733)
Long-term facility lease accrual	(15)	37	(64)	(6)
Issuance of shares	-	-	-	1,226
	(81)	(599)	(2,571)	(681)
Investments:				
Increase in long-term account receivable	-	33	-	-
Purchase of capital assets	(853)	(76)	(1,963)	(778)
Contingent consideration	-	-	-	(45)
Proceeds from disposition of capital assets	-	-	-	11
Proceeds from sale of discontinued operations	-	-	6,800	-
Additions to deferred costs	(106)	-	(106)	-
Purchase of Indigo27 Inc.	-	-	(125)	-
	(959)	(43)	4,606	(812)
Increase (decrease) in cash	757	2,685	(599)	3,335
Cash beginning of period	2,001	672	3,357	22
Cash end of period	\$ 2,758	\$ 3,357	\$ 2,758	\$ 3,357

**Momentum Q4 and YE FY'07 Results**
**Page 7**

1) EBITDA is defined as income (loss) before amortization, interest and other, adding back amortization recorded in Managed Services cost of sales. 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 terms 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 loss from continuing operations and EBITDA is provided below.

	Three months ended		Twelve months ended	
	April 30		April 30	
	2007	2006	2007	2006
Net loss from continuing operations	(61)	(640)	(1,559)	(3,470)
Amortization of capital assets	190	338	770	1,388
Amortization of capital assets included in				
Managed Services cost of sales	138	81	410	234
Interest and other	6	23	15	191
<b>EBITDA</b>	<b>273</b>	<b>(198)</b>	<b>(364)</b>	<b>(1,657)</b>

2) "VAR Business" represents the Company's hardware and software resale and infrastructure solutions and services business.

**About Momentum Advanced Solutions Inc.**

Momentum is a leader in the emerging world of Internet outsourcing. Momentum's Internet outsourcing solutions provide our customers with the Innovation, Integration and Operations expertise required to allow them to successfully reduce costs and/or improve productivity by outsourcing to us any or all of their mission critical web-based applications and Managed Internet infrastructure. Headquartered in Markham, Ontario the Company 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)