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EQUITY RESEARCH
TECHNOLOGY
REPORT
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JumpTV Inc.

JTV-TSX: $8.50

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BUY

12-Month Target $18.00

Jumping on Board with JumpTV
Initiating Coverage

- Live streaming over the Internet of 254 television channels from 70 countries, making it one of the largest broadcasters of its kind in the world; the company looks to add 5 channels per month through to 2008.
- Plans for four near term revenue streams – from subscribers, advertising, video on demand and pay per view.
- Will broadcast 200 qualifying matches of the UEFA Euro 2008 Soccer Tournament, 100 of which will be exclusive in the US (begins March 2007).
- Has a nearly unrestricted worldwide audience base for virtually all of the content it has available.
- Enabling technologies will continue to ease and facilitate deployment, may well position JumpTV to be ‘in the right place at the right time’.
- Estimated to have $49M Cash in hand.
- We initiate coverage of JTV with a BUY recommendation and a 12 month price target of $18.00

Share Data

52-Week Range	$5.30-$9.00
Mkt. Cap. Basic (mm)	$300.4
Basic S/O (mm)	35.3
Diluted S/O (mm)	42.6
Cash (mm)	$54.0
Enterprise Value	$246.4
Fiscal Y/E	Dec. 31

Financial Summary

	(9 mo) 2005A	2006E	2007E	2008E
Revenue (mm)	$1.08	$2.05	$15.49	$67.1
EBITDA (mm)	($4.63)	($23.5)	($17.3)	($6.8)
Net Income (mm)	($4.6)	($22.9)	($17.1)	($8.2)
FD CFPS	$0.30	$1.20	$1.08	$0.87
EV/Sales	3.9x	120.2x	15.9x	3.7x

nm = not meaningful.

Company Profile

JumpTV is the world leading online TV broadcaster, currently broadcasting over 250 live channels of news, sports, and entertainment programming in real-time from more than 70 countries. The company has subscribers from over 100 countries, who watch channels on JumpTV.com via Internet connections on their home computers, laptops, Internet-enabled televisions, 3G mobile phones, and select video game consoles. JTV operates at the cross section of two growing areas - the Internet Protocol TV (IPTV) and ethnic media.

Price Chart

Source: stockwatch

See important disclaimer on page 2 of this report.

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Market Outlook

The Move to On Line: While television has been a dominant medium for decades, people are shifting their leisure time towards a different form of media. With the growth and addition of content on the internet, many people are spending more and more time using the web, at the expense of TV.

The 2007 Digital Future Report stated that 41% of experienced internet reduced their TV viewing, consequently using the web (the University of Southern California, Annenberg School for Communication). With this in mind, content owners want to ensure they do not make the same mistake the music industry made years ago (and is now just beginning to correct). To this end, broadcasters have started to make their content available on line. NBC and ABC, as examples, make some of their shows available on their respective websites after they have aired for various periods of time. In addition to this, broadcasters have monetized their shows by making them available for purchase as podcasts through intermediaries such as Apple's ITunes (AAPL: NSDQ) and Amazon.com. The rapid growth in mainstream video content on the internet has added both credibility and appeal to the idea of watching internet based television. As mentioned, with people spending more time on the internet as well as with multiple capability handheld devices, internet protocol television (IPTV) has the opportunity to become a mainstream idea for local, niche and new content.

Enabling Technologies: As video over the internet continues to grow, it does so because of and with the help of new enabling technologies.

Firstly, as new technologies become available, people are able to utilize them for a multitude of purposes. Business 2.0 Magazine proclaims that 2007 is the "Year of Mobile TV!". New handheld devices such as 3G phones, Ultra Mobile PCs (UMPCs) and Personal Digital Assistants (PDAs) are coming to market on a constant basis and manufacturers are looking to ways in which they can differentiate themselves. Thereafter, competitors look to quickly replicate and include any sought after technologies into their offerings. For instance, at one point cameras were sought after additions to mobile handsets; given public reaction, most phones now come with cameras included.

Consumers now are looking to do more with their devices, including checking email, listening to music and (more importantly) watching TV. Offering devices that have the capacity and capability to play TV/video well can help differentiate various handset offerings. Desire to watch live TV on mobile handsets and other wireless devices should significantly swell the demand for IPTV offerings.

A second technology that is becoming increasingly sought after is one that allows content that is on your computer to be delivered to your television. While heavyweights such as Intel, Microsoft and others have come up with offerings, the new ITV by Apple may well be the catalyst that pushes this technology into the mainstream.. We believe that Apple has such a strong consumer brand that its ITV may well be able to push a mindset change and technology into the mainstream leading to strong growth in people streaming Internet content to their

TVs. Delivering content through the internet to a mainstream medium (TV) that might otherwise be unavailable has the potential to be a huge boon for the IPTV industry

At present, most people think of IPTV as pertaining to a closed end network which, in the case of a Telco, would mean that their TV offerings are streamed to a set top box at speeds of at least 1.25 mbps. Internet based TV is thought of as streaming typically done so with the use of a content delivery network such as Akamai and streaming speeds ranging from 50 kps to 1 mps. We note that set top box manufactures are racing to add the capability to stream the Internet directly to the TVs (Scientific Atlanta announced the introduction of a new set box with this capability at the recent CES show). We expect that more set top boxes will become available from a multitude of sources thereby making this capability ubiquitous in nature and allowing anyone to convert their TV effectively into a browser and be able to consume video from the Internet without having to contract with their cable company to do so.

The third technology idea is the proliferation of broadband penetration and contemporaneously speed enhancements on the internet as key trends laying the ground work for the explosion of IPTV.

As one example in North America, Verizon plans to spend $20 billion over the next few years enhancing its network. The world over cable and telecommunications companies are laying fiber wiring, such that they are able to position themselves to offer the multitude of services and products that the Internet affords, including IPTV. Of interest to note in the below list of the top 10 IPTV subscribing countries, is that neither Canada nor the USA is on it, leaving room for growth therein.

Top 10 Countries with the most IPTV Subscribers Overall

1. France
2. Hong Kong
3. Spain
4. Italy
5. Holland
6. Belgium
7. Morocco
8. Russia
9. United Kingdom
10. Sweden

The Long Tail: The 'Long Tail' is a term coined by Chris Anderson Editor of Wired Magazine in a 2004 article. What it refers to is the idea that on a graph a high frequency high amplitude population (red of graph below) is followed by a low frequency low amplitude population which eventually tails off (yellow portion); the long tail has the potential to actually cumulatively outnumber the initial portion of the graph[1]. In essence, selling low demand products in low

[1] http://www.longtail.com/

volume can actually make up amounts that are as big as, if not bigger than the best sellers. When taken in the context of the internet and the ability to reach a larger market, this idea becomes more prevalent, as smaller products are able to reach smaller groups who would otherwise be neglected given their size and scope. In the realm of IPTV this idea can be applied to various forms of offerings that are likely to emerge. While the more popular channels and broadcasts will receive large demand, those channels that appeal to a smaller market, may, when taken all together attract a larger number of subscribers overall.

Source: www.thelongtail.com

Growing Ethnic Population: With a fluid population of ethnic people across the world, the potential market size for JumpTV is immense. As of the most recent census' 12.5% of the US population (280M) was Hispanic, 4.2% Asian; in the UK 7.9% of the population was ethnic and in Canada 18% was ethnic. Looking simply toward the ethnic populations in Canada, the United States and the UK these populations are quite large and are likely to continue growing (as shown by the US Foreign Born chart below). JumpTV estimates that its potential total audience of ethnic population is in excess of 200 million people.

Top Ten Foreign Countries - Foreign Born Population Among U.S. Immigrants

Country	#/year	2000	2004	2010	2010, %
Canada	24,200	678,000	774,800	920,000	2.30%
China	50,900	1,391,000	1,594,600	1,900,000	4.70%
Cuba	14,800	952,000	1,011,200	1,100,000	2.70%
Dominican Republic	24,900	692,000	791,600	941,000	2.30%
El Salvador	33,500	765,000	899,000	1,100,000	2.70%
India	59,300	1,007,000	1,244,200	1,600,000	4.00%
Korea	17,900	701,000	772,600	880,000	2.20%
Mexico	175,900	7,841,000	8,544,600	9,600,000	23.70%
Philippines	47,800	1,222,000	1,413,200	1,700,000	4.20%
Ireland	33,700	863,000	997,800	1,200,000	3.00%
Total Foreign Born	**940,000**	**31,100,000**	**34,860,000**	**40,500,000**	**51.8%**

Historical Data from 2000 U.S. Census and 2004 Yearbook of Immigrant Statistics

1. The average number of legal immigrants/year immigrating from 2000 to 2004
2. The number of foreign born immigrants in the U.S. from 2000 census
3. Year 2004 foreign born. Year 2000 foreign born plus 2000 to 2004 immigration
4. Year 2010 foreign born projected assuming average number per year is maintained
5. Percent of foreign born from this country
6. Legal immigration numbers as reported to immigration authorities only

Beyond this, while major cities are home to large ethnic populations, there are also smaller cities with smaller populations that need to be served (as mentioned in the long tail above). Cable companies at present are able to meet some of the demand of ethnic based television, which lends credence to the demand for such content, but are unable to narrowcast to smaller demand groups. This is one of important benefits of JTV's strategy and is a premise central to what the internet affords.

Finally advertisers wishing to address smaller, niche populations may look to entities that can reach these groups, whether it be through pre roll ads (before a show begins), banner ads (on the website) or as commercial inserts (during a show), the ability to target market goods and services has the potential to become an incredible source of revenue for those able to penetrate the market. Reports indicate that minority markets now account for a third of US buying power, the ability to access these groups through IPTV sources has the potential to become a new wave of advertising.

Developing Space: The IPTV content arena is a growing space that has yet to have a business model defined or have a leading company establish itself.

Uptake of IPTV has been slow as people continue to be educated on its premise as well as learn about the new technologies that facilitate the space. Companies that strike the right balance between subscriber and advertising quality as well as come up with the best technology offering, breadth of content and user interface have the greatest chances for success.

The aspect that sets IPTV apart from conventional cable or satellite TV is that a person can be anywhere in the world and watch on line content from any other country in the world (given the provider approves of this). This opportunity has the potential to be even more important for those people that migrate away from their home countries. Providing this group of people with the ability to watch news, shows and sports from their country of origin may be one of the most utilized facets of IPTV overall.

Sports: Watching sporting events in one's home city/country is commonplace. What is not common is the ability to watch games or events from your city while you are in another.

To enable fans to watch their home team, for a fee Major League Baseball allows subscribers access to watch their home team's games through www.mlb.com. MLB.com has more than 1.2M subscribers paying $29.99 per month. If this idea is applied internationally, allowing people to watch games from their home leagues should be a source of great IPTV demand. Increasingly, many one time events are shown on a pay per view (PPV) basis through IPTV. Large scale events such as the World Cups of Soccer, Hockey and Cricket may likely be shown on both the conventional broadcast and IPTV bases. However smaller events that would normally have a lower conventional demand usually are not shown on broadcast television. For instance, the World Cup of Soccer shows all of the tournament's games, but the qualifying matches, many which include small nations, are rarely if ever shown outside of the playing team's home countries.

Being able to show these games over the internet has the potential to draw in audiences worldwide of individuals who are from these nations. An example of the popularity of watching sports on line was the 2006 NCAA men's basketball tournament. For the first time CBS showed games on line for free, setting up enough bandwidth for 200,000 viewers at a time. This service was so popular that users had to wait in queue to be able to watch games. Over the course of the first day more than 1.2 million video streams were shown.

Company Background

JumpTV (JTV: TSX, AIM) was founded in 2000 and was initially focused on television streamed across the internet. G. Scott Paterson, who had been chairman of the company since 2002, took control of the company in May of 2005 and brought in new management and a focus on channel and content acquisition. The company added 75 new channels in 2005 and had 254 channels under license at the end of 2006. The company completed an Initial Public Offering in August 2006 listing on the TSX and AIM netting proceeds of $70.2M (C$) with an initial selling price of $5.50 (C$).

Company Description

JumpTV is the world leading online TV broadcaster, currently broadcasting over 254 live channels of news, sports, and entertainment programming in real-time from more than 70 countries. The company has subscribers from over 100 countries, who watch channels on JumpTV.com via Internet connections on their home computers, laptops, Internet-enabled televisions, 3G mobile phones, and select video game consoles.

JumpTV operates at the cross section of two growing areas - the Internet Protocol TV (IPTV) and ethnic media. With growing ethnic populations in countries across the world, ethnic media connects the diasporas with news, sports, shows and other content from their native lands. To this end, JTV truly has the ability to reach a global audience.

The company has now also started to offer sports content, video on demand (VOD), pay per view (PPV) and merchandising as revenue opportunities. The breadth and depth of content along with a rich experience of a picture up to 30 frames per second, comparable to television; as such the opportunities for individuals to receive content they would not otherwise be able to receive is immense.

JumpTV is positioning itself as a high growth focused pure play sitting as the forerunner of the impending shift in broadcasting towards internet television.

Recent News

JumpTV continues to add channels, content and subscribers at a rapid pace. To this end the company most recently announced exclusive agreements with 12 new channels, brining the year end total for 2006 to 254 channels under license. The 12 newly signed channels were from regions such as Nigeria, Latin America, the Philippines, Trinidad and Tobago, Bangladesh, Indonesia and Pakistan.

Furthermore the company also announced the closing of the Sports International Group acquisition and its website www.sportsya.com; Daniel Canal the now former CEO will become the Chairman of JumpTV's Latin American business unit. This acquisition will further allow JumpTV exposure to the sought after Latin market and create a wider audience for some of its new channel and sports content. The company also announced important changes to management. Kaleil Isaza Tuzman the President and CEO of JumpTV International will now be President and COO of JumpTV Inc. Other management changes were also made in the mold of the continued improvement of the JTV business both from a technology and infrastructure point of view.

On January 12 JTV announced a strategic partnership with Orascom's LINKdotNET who will market JumpTV's channels on a subscription basis across its 10 portals, including MSN Arabia which has more than 8 million visitors alone. Some of the Q406 channel partner agreements were with Silverbird TV (Nigeria), Sportfive (European sports rights marketing), Frecuencia Latina, Noticias (Nicaragua), the Israeli Football League, ENYA and Mundo Hispano (Latin), BEC3 (Thailand) and Sahara (India) among others.

In industry related news (which will bring more publicity to the IPTV arena), on January 9, 2007, Apple announced the official unveiling of its new ITV product at Macworld in San Francisco (the implications of which are discussed below). On January 15, Netflix announced that it would be offering its movie rentals and TV shows over the internet as well. While it will continue to mail out DVD rentals, it says it realizes the shifting paradigm in the technology and sees the delivery of content through the internet as the next step for the industry. On January 16, Skype unveiled its 'Venice Project' named Joost which will allow people to utilize software to search for shows and clips they are interested in seeing from anywhere in the world; Skype will look to work with content providers to ensure that pirating of content does not occur. Deloitte's Technology, Media and Telecommunications Predications for 2007 on January 16 stated that 'there 's not much demand in Canada for television programs on cellphones…*It's content you can't get anywhere else. I think they're going to get very very popular'*.

Business Model

JTV has taken a three step approach to its business - firstly it looked to sign as many channels to exclusive agreements as possible; second it looked to improve the technology offering and thirdly to procure subscribers. While all three will continue to take place, the company now looks to contribute to revenue. By signing exclusive agreements with channel partners, JTV has a goal of becoming the largest provider of online ethnic content in the world.

JumpTV licenses the rights and provides live linear (as well as time shifted, recorded and PPV) feeds of content through IPTV. JumpTV agrees to give a percentage of the subscriber revenues to the channel partner, usually 20%. In addition, advertising rights are controlled by JTV, where it can place advertising on a pre roll, banner or inserted as a commercial into the program basis.

Local advertisers may look to this avenue to reach local ethnic populations (similar to that of satellite offerings at present); therein JTV will generally share 30% of this revenue with the channels. Terms of the exclusivity remain in tact for four years and automatically renew providing targets pertaining to subscriber numbers are met, the renewal takes place annually after the initial term and can be cancelled by either party with sixty days notice. Content providers benefit by this arrangement as well, as they now have an additional revenue stream, which they had not utilized previously at minimal cost to them. JumpTV will look to leverage a fluid business model in regard to its channel offerings. Initially it will operate on a pure subscriber basis; eventually as more advertisers sign on the model will be hybrid with subscriber and advertising revenue; lastly at some point, once a critical mass is reached on certain channels, those specific channels may become purely ad supported (smaller subscriber channels, those further down in the long tail, are likely to remain hybrid models).

The goal of the company is to continue to build upon its revenue and subscriber base. By now focusing on packaged offerings of channels to longer term deals the company is looking to improve its average revenue per user (ARPU). The company is also looking to its other offerings including PPV, VOD and merchandising to assist in this capacity. To achieve subscriber growth, the company must spend money on marketing and customer acquisition. As the company becomes more popular, it hopes that its subscriber acquisition cost (SAC) will decrease. The SAC may also potentially decrease as the company utilizes portal partners who help the company procure subscribers and contribute revenue from advertising while the partner does the 'heavy lifting', this is done on a 50-50 split basis with partners such as Terra. The other option is to have the local portals market JumpTV to its client base, who when they refer subscribers to JumpTV, will earn a referral fee of 10-15%, such as the relationship with LinkDOTNet.

Key Partners

JumpTV to date has acquired numerous partners in a variety of capacities. Below are listed some of the key partners who work with JTV at present:

- Marketing partners include: Telefonica's Terra Networks (Latin America); Comcast (United States); Maktoob (Middle East portal); Quepasa.com (portal targeting US Hispanics)
- Sports content partners include UEFA for Euro 2008 and the Israeli Football League
- Anyone with whom JTV has exclusive content agreements is likely to be considered a business partner as well.
- JumpTV continues to sign with new marketing partners including portals, Internet Service Providers, cell phone carriers and IPTV entrants.

Market Drivers

Content Exclusivity: The biggest driver and the idea upon which JumpTV's strategy is predicated is the exclusivity of content. When JumpTV looks to sign an agreement with a channel partner, it first seeks to determine if any agreements with other on line sources are already in place. As JTV looks to provide exclusive content on line, 90% of its current 254 signed channels are globally exclusive arrangements.

As Deloitte's 2007 predictions indicated, content commonly available will less likely be utilized (on wireless devices), while content that is not otherwise available (exclusive IPTV based content) is going to be very popular. JumpTV looks to continue to add to its total number of channels procuring further exclusive content, adding on average 1-2 channels per week through to fiscal 2008 is feasible given past channel growth rates. It is also plausible to assume that channels may eventually seek out JumpTV, given a growing subscriber base and position as leader in the space to JTV, to procure partnership agreements and sharing in revenue from its streamed content.

JTV is able to provide both live and time shifted content that ethnic audiences may look for from their native countries directly and exclusively over the internet to its subscribers. The revenue earned by JTV from each channel is shared with the channel (80% to JTV and 20% to the channel). In addition JTV also has the right to replace commercials in the programming, with its own commercials; revenue from which is again split with the content provider (70% to JTV and 30% to the partner).

JTV will also look to license popular archived content, dubbed movies and other programming from channel partners that would be of value to subscribers, which JTV can then stream on a VOD basis.

The fact that JTV signs channels partners up with four year exclusive engagements means that no other source can provide the broadcast over the internet which provides a significant barrier to entry for any entrants looking to compete in the space. Should JTV be able to procure the number of subscribers laid out in each channel agreement, the terms will automatically renew; each party can rescind terms with six months notice. A detailed listing of packages and channels can be found in Appendix A.

ITV Technology: One of the key drivers for JumpTV is the emergence, development and acceptance of new enabling technologies. With bigger and better television sets comes the desire for more and better content. At present one can watch internet streamed TV on the main television set with the assistance of a S-Video TM jack on a graphics card.

More recently however, Apple officially unveiled its *ITV* product (similar to *ITunes* in premise) on January 9, 2007 at Macworld in San Francisco. The ITV product will allow your TV to wirelessly retrieve content from your computer. While Internet adapters have not seen rapid uptake (from offerings such as Intel's Viiv), the Wall Street Journal suggests that a platform people are already comfortable with will help with user acceptance. Accordingly, should Apple deliver a product similar to IPod/ITunes**,** uptake of products that enable viewing streamed internet content on the TV may increase. Allowing people to watch content that they would like to see (i.e. ethnic content from their native country) on a medium which they are comfortable with (their home TV set versus a smaller computer screen), should greatly increase subscriptions by those individuals and families who wish to view certain channels on line. The Consumer Electronic Show was also the unveiling for Netgear's Digital Entertainment HD which is a receiver that can access content stored on multiple PC's around a house and display it on a TV; a second unveiling was a product by Sony which will playback content from a PC onto a TV; both of which, along with Apple's product will go a long way toward the legitimacy and acceptance of this new technology.

To this point, the Points North Group found that while 25% of internet users watch television shows on line, 38% are interested in watching that content on their actual television. Making this avenue feasible, should improve the uptake of IPTV.

Mobile Technology: A second technology idea that may lead the charge for JTV will be the increased capability and use of handheld devices. A recent IDC report stated that in Canada, mobile data use is in the early stages, with only 3% of the 4,640 people surveyed using mobile devices to watch TV or video; a US study by the Yankee group suggests that only 2.5% of total subscribers have video services, while ABI research says that this number is much higher in Korea at 14% where there has been greater acceptance and range of offerings.

As people become increasingly comfortable with devices and their capabilities outside of telephone usage, they are likely to use them more for music and TV as has been the case across Europe and Asia; ABI Research estimates that by 2011 there will be more than 500M video subscribers with the space being worth more than $3B. Having the capability to show IPTV streamed to handhelds such as phones, UMPCs and PDAs will expand the potential audience base for JTV. Potential subscribers may be more willing to sign up with JTV so that they can watch their desired ethnic content both at home or on their mobile devices while they commute to and from work for example.

The developing technology base creates a growing potential audience size. A Senior VP from Yahoo foresees people moving to these new devices which will deliver content. With Yahoo's Go for Mobile 2.0, the company is looking to work with some of the worlds largest handset makers to preinstall software to enable utilization of its services through their cell phones. With competition likely to grow among mobile device manufacturers, they will look to differentiate themselves as best as possible.

One avenue that JTV may be able to exploit is having devices sold with a complementary subscription to a particular JumpTV channel or package included. This offering will allow the manufacturer to show the capabilities of its device with the TV offering, as well as be an avenue by which to procure further future subscribers. The cost to JTV of doing this is quite minimal, while its ARPU may diminish slightly by selling subscriptions in bulk to device manufacturers; the benefits of this should outweigh any such concerns as the guaranteed length of contracts will rise while SAC will decrease.

Capacity Technology: The last and possibly most important technological enhancement is that of broadband capabilities. The speed and rate at which one views content over the internet has significantly grown and developed over the years. Large Telco players (including large fiber rollouts by AT&T [T: NYSE] and Verizon [VZ: NYSE]) are given the rights to lay more fiber wiring so that the speed of delivered content can and will improve; this has already been done in parts of Asian and Europe. IDC estimates that in 2005 there were 206 million broadband Internet customers; this number is expected to hit 396 million by 2010. To this end, many people in Asia and European countries enjoy and take advantage of the ability to watch internet based TV. With improved capacity, the acceptance and usage of IPTV is likely to continue worldwide.

Ethnic Population: Another key driver is the growth of ethnic communities worldwide. While the obvious thought is to the larger ethnic populaces in key North American and European cities, JTV takes this idea one step forward and its not only looking to these groups, but also to smaller, yet growing ethnic communities in cities worldwide; a breakout of where subscribers are based is included below.

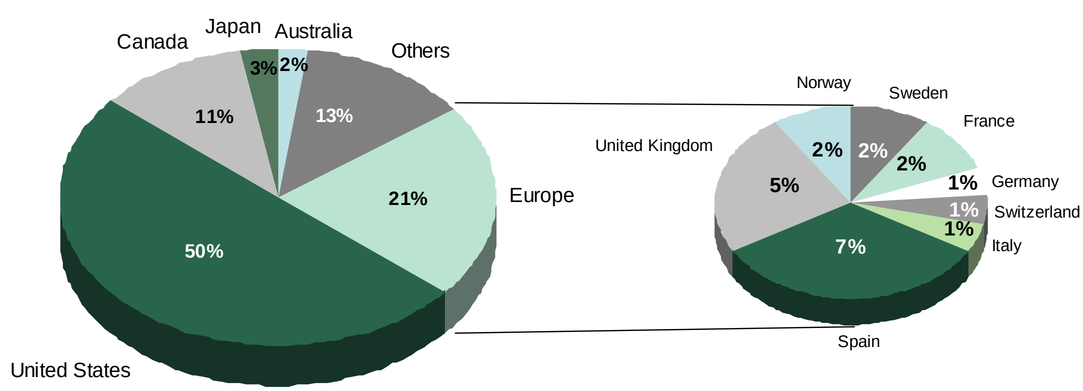
As mentioned earlier, the long tail creates a growing and largely under serviced market. For instance, by being able to provide the Romanian population that has since left its home country (especially since its inclusion into the European

Union) with the opportunity to watch news, shows and other programming from the channels offered under the Romanian package is a lucrative business opportunity. While these channels might not get the necessary attention from larger cable and telecommunications companies to have them offered on their satellite networks, JTV is able to narrowcast to a wide array of ethnic communities the opportunity to watch content including news, shows, sports and Pay Per View events directly from their home nations, an opportunity that was clearly not available to them before. In addition, there are certain foreign content channels offered through the aforementioned satellite programming in various locales internationally.

To this end, there are certain cities with disproportionately large populations of certain ethnic group; with this these cities have ethnic content offered on their satellite channels. JTV can augment this by offering similar channels over the internet that individuals of these backgrounds can access without living in these particular cities. Beyond this there is also the local population in the cities where JTV acquires exclusive IPTV content.

With the advents in technology, as well as mobility of people on a daily basis, some people may look to JTV in their respective cities subscribing to certain channels to reduce their total cost of television, or simply because they spend more time outside of their homes. These people now have an avenue where they can watch their news, shows and sports on their PCs or handheld devices. With the emergence of wi-max cities this may become a more prevalent portion of JTV subscribers.

JumpTV Subscribers, By Geographic Breakdown (Nov. 2006)



Source: JumpTV

Advertising Shift: What has become increasingly clear is the desire for advertisers to move from traditional media such as radio, TV and newspaper to outdoor and internet based media, demonstrated by the fact that online advertising topped \$4B in Q306 (a 33% increase YoY) and was scheduled to break the \$15B mark by YE06 (TV advertising is still in the \$75B range). With this in mind IPTV is expected to grow tenfold in the next few years, from a total audience of around 5M in 2006, to more than 50M by 2010 according to the Multimedia Research Group.

Beyond this, advertisers will look to target niche audiences. As such, advertisers may look to a medium such as JumpTV to locally penetrate particular ethnic communities. Outside of those advertisers who will look to work with different portals and partners internationally, there will be advertisers who will look to target key ethnic markets by advertising on complementary JumpTV channel packages. While JTV will look to subscriber revenue, the thought may be to move to a more hybrid model with certain (more popular) packages allowing for subscriber and advertising revenues. As such, those advertisers may look to have their targeted ads placed on banner ads, pre roll ads, or within the shows they choose as normal commercial inserts (JTV has the right to include these commercials as per the channel agreements, sharing revenues from this avenue with the particular channels). Being able to target specific ethnic populations will be a key aspect that JTV can leverage in procuring advertising, as much as advertisers will look to penetrate these, at times, difficult to reach groups.

Sports: Sports has been and will continue to be a source of entertainment, around which one can identify with their national roots, no matter how many generations removed an individual is from their nation of heritage. As well, a service and possibly soon to be company mlb.com attracts a large number of subscribers who pay to watch their favourite team on line, when they can not be at the game or watch live on TV. Thus it stands to reason that individuals who can not watch their favourite sport and team from their home region in other countries may look to do the same once available.

While JTV has paid minimal up front costs, it believes that going forward it will have to make minimum guarantees to secure sought after sporting content, which JTV can then look to leverage with additional channel or content subscriptions. As programming like English Premiership League Soccer, World Cup of Cricket or other such large entertainment properties are likely to be expensive to obtain exclusive rights; JTV has again looked to the long tail and signed up Israeli League Football, Chilean Basketball League and most importantly and predominantly to date are the 200 qualifying matches for the Euro2008 Soccer Championships beginning in March 2007 (100 will be exclusive). The potential audiences for these soccer matches are immense as people will now have a viable and affordable means by which they can watch what would otherwise have been unavailable to them.

Overall sporting events will be offered on per game and season packages. Coupled with the PPV and possible VOD opportunities surrounding sporting events are also the merchandising opportunities associated with them, where individuals can purchase jerseys and other sports paraphernalia in conjunction with the sporting event. An example of the potential potency on line sports can be was the 2006 NCAA Men’s Basketball Tournament mentioned earlier.

Strategic Partnerships: Partnering with key local portals in other countries will greatly help JTV reach its goals of becoming a leading broadcaster internationally. With this in mind, JTV has reached agreements with portals like Maktoob (Middle East), Quepasa (US) and Terra’s Telefonica (South America) to offer JumpTV to its clients.

A deal with a company like Maktoob is one where it acts as a referral mechanism and receives a share of 10-15%; whereas a partner like Telfonica shows JumpTV on its portal sites in various South American countries, as a 50-50 partner they provide the hosting, last mile bandwidth provisioning (a larger cost to JTV otherwise) and marketing. Such deals are likely to be preferred by JTV, as the partner does the ‘heavy lifting’ or provisioning, marketing and billing as well as procuring the advertising revenue, while the partner benefits by being able to offer a value added service to its customers (to help attain and maintain subscribers) as well as offer advertising avenues. A report by In-Stat suggests that 70% of the Telco’s in the US without IPTV offerings will look to offer a pay TV option within the next 12-24 months; a clear example of the potential traction JTV can attain.

Another possibility when working with partners will be other Telco and cable providers. These partners can utilize JTV ad space (pre roll, banners and in show commercials) as part of the tool box of advertising inventory to potential advertisers, this reduces marketing and sales requirements for JTV, while allowing them to focus on acquiring subscribers which attract the advertisers. Some of these partners can also purchase and use JumpTV subscriptions as complimentary add ons to its handheld, TV or internet offerings to induce purchases from subscribers and the sought after triple play.

Mini Jumps: Internet based television as a technology continues to grow and be built upon as is its uptake by individuals worldwide. To this extent many entities are looking toward their niche IPTV offering (similar to companies finding niche websites in the 1990’s). Some of these entities will focus their TV content specifically on men, women, travelers, vegetarians, sports fans to name a few. The ethnic television content, for reasons mentioned earlier, is one where there has been and will continue to be development. As people migrate away from their home countries, an overarching need for content from home countries may well emerge. Given that content is shown over cable for the most part, there has not been a great push to stream this content over the internet, outside of some stations in certain countries.

With this in mind, JTV looks to sign exclusive contracts with content providers, focusing on the top 3 channels in each country and then signing up more channels to complement the particular package. There have been a growing number of entities who are looking to replicate what JumpTV has done, but focusing simply on one ethnicity and offering TV and radio for that group specifically. These ‘Mini JumpTV’s’ are in theory adding credence to the space as a whole, but in essence promoting the space and the content to each ethnicity. JumpTV has created a first mover advantage by signing up channels that are among the top ranked in each county, such that these new ‘Mini JumpTV’s’ are welcomed into the space by JTV as JumpTV is likely to benefit once each community realizes the superior offering and channels JTV provides.

Web 2.0 Trends: The ideas of viral marketing and user generated content (UGC) became buzzwords in 2006. These buzzwords are ones that again should continue in 2007 and are ideas that JumpTV will leverage going forward. Viral marketing will be very important for JTV as people may at some point be exposed to JumpTV, its content or its niche advertising; should individuals see a channel or package they would want to subscribe to, they may do so. Should they like the content from their native countries, they may begin to virally spread the information of the JumpTV offering to their friends and families across the world; and so long as they have an internet connection, they may well be able to enjoy the content from their home country.

User generated content is another key item but is applicable as part of the JTV offering. Many people are familiar with the idea of UGC as it was selected as Time Magazine's 2006 Person of the Year, the applicability of UGC to JTV is more premised around chat and message boards than the uploading of pictures and videos. JTV may well begin to offer message boards and chat rooms on various ethnic channels it broadcasts within the next two quarters. Allowing individuals of the same ethnicity to simultaneously watch programming and chat with each other about the show regardless of where they are in the world is likely to be a huge bonus for subscribers, especially during the Euro 2008 qualifying matches.

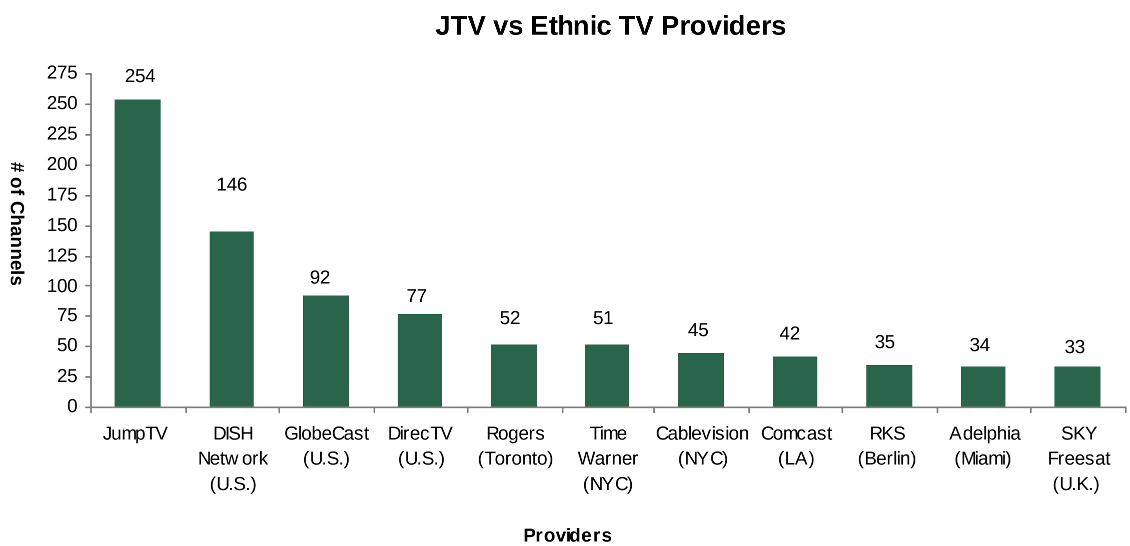
This has the potential to be even more important for serial programs (shown daily, weekly) and for sports programming. This will provide subscribers the ability to chat with compatriots about the content as they both/all watch it live over the internet (as compared to chatting over AOL, MSN, etc after they watch different tape delayed versions or simply highlights of games). Taking this one step further, JTV may allow for some type of 'rich' chat or messaging where users can, for an extra fee (monthly or per use) have personalized messages scroll across the bottom of the viewer to friends, family or loved ones regardless of what country they are watching the program over the internet. The ability to connect users worldwide and their local content along through UGC has great opportunity to virally market and promote JumpTV. JumpTV will also employ more 'traditional' forms of internet marketing including links and banners, rankings on search engines, email marketing, grassroots ethnic marketing (such as ethnic TV programming, newspapers and radio stations)

Competitive Landscape

The more traditional of the competitors for JumpTV are the cable and Telco providers whose satellite channels include broadcasts directly from various countries across the world. For instance the Asian Television Network (TSXV:SAT) has exclusive rights to show certain channels of Indian origin in Canada. With this, it offers Canadian providers (i.e. Rogers, Shaw, etc) the opportunity to sell the channels to their subscribers, with the providers giving a certain percentage of the revenue to SAT. With this idea, Echostar's Dish Network (NASD:DISH) in the United States is one of the larger satellite providers who offer ethnic content. Most recently, Dish announced that it had retained rights to a growing number of channels and had 2.1M subscribers of different origins (of note - 1M Latin, 150k Arabic, 140k Indian, 30k Greek, 12k German and 10k French), with package pricing ranging from $9.99 - $54.99.

What becomes of issue is, for example, should a Comcast (NASD:CMCSA) subscriber want to view certain ethnic channels, and even be willing to pay whatever price is asked, Comcast may not have the rights to this channel, either because it is too small for Comcast to deal with or because DISH already has the rights to the channel, thus forcing the customer to consider the inherently difficult task of switching providers, a comprehensive list of providers can be seen in the graph below.

JumpTV is now able to come in as an agnostic provider, ubiquitously providing the content the subscriber wants, without requiring them to switch providers. As mentioned above, cable and telco providers may look to partner with JumpTV being able to offer these ethnic channels exclusively through IPTV, thereby acquiring and maintaining internet and television revenues, with the possibility of the lucrative triple play (which CMCSA has been continuing to add 50% new customers in September 2006, with average revenue of $120-$130).



Source: JumpTV

A second source of competition is likely to be smaller ethnic portals that have rights to 3-5 channels and 1k-5k subscribers. These ‘Mini JumpTV’s’ may look to sign exclusive deals with ethnic content providers from witnessing what JTV has done to date, or a perceived need in the communities they look to serve. What sets JTV apart from many of these is the fact that JTV has and continues to be looking to secure agreements with channels who are among the top 3 in their respective countries, so that they can be the sought after channels a la carte, or be the catalysts for bundle purchases. In addition, should any of these providers prove to be successful from either the subscriber base point of view, or own exclusive rights to channels JTV wants, these smaller entities may become acquisition targets for JTV.

A third source of competition may be non exclusive internet TV channels and pod casts. Some channels are currently provided free or for minimal cost over the internet. A good example of this would be ABC and NBC in the United States. ABC originally began doing this, and both networks offer certain shows after they are aired on their websites. In addition, further shows are available on Apple's ITunes and through Amazon for $1.99 per show where available. Should content providers in other nations look to do the same thing for certain popular shows, ethnic audiences may look to this route. This premise has the potential to hold so long as the idea that people are going to the internet only for 1-2 shows exclusively and not to watch other shows, news and sports from their home countries, an idea upon which JTV is predicated. In addition, JTV plans to offer channels on a time shifted basis, so that people can watch the programming at convenient times, as well as offer the VOD of new (and soon to offer other previously unstreamed) content to its subscribers.

Lastly, the idea of pirated or illegal content has the potential to be a large source of competition for JumpTV. While JTV has taken the appropriate steps to ensure that its streamed content can not be copied, vis a vis Microsoft technology, shows being recorded with a personal video recorder of some sort in the home country may be a source of contention. Should individuals be interested in only one particular show (and be indifferent towards the immediacy with which they watch the show), they may be amenable to watching the show through a torrent, where it is duplicated in the home country and put on a site for someone in another country to download and watch.

While this may very well be a problem, JTV is likely to be reactive to any precedents that are set by larger networks in this regard. JTV will likely be able to 'sit back' and allow the larger television networks (who are far more affected by this) to engage in the requisite legalities within which an international consensus will be reached with this issue. It is certain that the TV industry has learned from the mistakes of the music industry, which is now just beginning to realize the potential and revenue from legal music content on the internet. JTV may also look to work with some of the 'legitimate' players by playing portions of its content (similar to what NBC did with You Tube) on their websites to attract attention to its offerings (examples may include Skype's Joost, Google's You Tube).

Fundamentals

JumpTV has had a limited operating history, and as such there are relatively few financial metrics to draw upon. This is more true as the company continues to grow and develop its business model. Given that the company has focused on acquiring content and enhancing the technology and user interface, it has seen modest growth. JTV changed its fiscal year end to December 31, and accordingly reported 9 month Revenues of 1.08M in fiscal 2005 and through three quarters of 2006 Revenues of $1.3M. Net Loss during FY05 was ($4.63M), through 9 months of FY06 Net Loss has been ($16.9M); with about $49M in Cash on hand at year end, the company will continue to burn approximately $2M per month, depending on marketing strategies and portal partners (who can take on costs, while taking a share of revenues) as well as on any potential acquisitions the company may make.

JumpTV will look in the future to various streams for revenues. Some of the potential sources, as mentioned above, will be from advertising with partners as well as on its own in shows, pre roll and banner ads. The Euro2008 soccer matches should also be a catalyst for advertising within the next 2 quarters. Both the Sportya site as well as Terra should also provide significant advertising streams into H207 and 2008. Revenues from partners will also help, as JTV can let the partners do the ‘heavy lifting’ and take care of the last mile requirements, marketing and billing, while sharing a portion of the revenue with the partners.

Revenue from PPV, VOD and merchandising has yet to be tested, but with increased content and past programming, this could significantly boast revenues in the near future. Subscribers will be the catalyst for revenue growth in 2007. To this point, ARPU should also increase as more subscribers utilize the package opportunities (and less frequently a la carte channels). Offering merchandising opportunities within packages and longer term contracts will also help. To achieve this goal, JTV will have to significantly increase its SAC, however, this is often commonplace as an entity looks to define itself as a leader in a growing space.

A further avenue JTV can look to is the idea of pre selling subscriptions. Should device manufacturers look to differentiate themselves as a superior offering, they may look to purchase JumpTV subscriptions in bulk and offer them for free to clients. This should again help ARPU and reduce the churn as well as the SAC cost associated with it.

Investment Risks

Operating History: JTV has to date a short operating history, which is especially true given the arrival of the new management team who brought a focused approach toward the ethnic market. Given this there is no business model upon which JTV can predicate its path to sales and profitability, one can not quantify user acceptance, subscriber rates or revenue for that matter. To this end, every new business needs a pioneer; JTV is looking to play this role with the idea that being the first to market it can secure the necessary content, such that with the growth of IPTV, JTV will be synonymously known for its quality and breadth of offering. Furthermore, the management team and board of directors (as shown in Appendix B) has a proven track record of success in a multitude of fields and should be able to continue to drive JTV in the direction of becoming the market leader.

Financing: There may be a concern that JTV will run out of money before it is able to reach profitability as a burn rate of $2M per month is foreseeable. While it is quite likely that JTV will need further funding for growth as well as for acquisitions, the company has demonstrated its ability to secure money through initial private rounds, as well as with a successful IPO where the company raised over $70M. In addition to this, management is well connected to the Capital Markets of Toronto, New York and London, and should be able to raise sufficient funding when required.

Reliance on Others: JTV relies exclusively on others to supply it with the tools it needs to conduct its business. JTV relies on cable and Telco's to provide its customer base with connection to the internet where content can be accessed. Should any outages or server errors occur, its subscribers will not be able to access JumpTV. This idea is however mitigated considering that any and every other business that relies on the internet to function will in the same manner be affected. Further to this, should cable outages of a similar nature occur, TV companies, stations and subscribers would find themselves in the same position. However, with laptop portability and content delivered to handheld devices, there is a greater likelihood JTV can avoid any such instances as people can move to places where they get wireless connectivity.

Further to this, JTV relies most importantly on its content providers. Should the provider have problems with broadcasting its programming (weather, labour issues, etc), or have problems delivering the streamed content, JTV again would be adversely affected. This point is again similar to the previous, in that this problem is one that would impinge upon many broadcasters internationally as these may be issues beyond one's control. JTV is also protected, given that it will store old programming and can re-broadcast content, as well as by the fact that its bundles have several channels; so should one channel black out, other channels from the same country would still be available, whereas satellite bundles will tend to have fewer if any alternative channels of the same origin. JTV relies on end users to have the computers and the connection speed necessary to view the content. Should they not, the level and quality of offering of JTV will suffer. JTV estimates that those who emigrate from other countries are just as if not more likely to spend money on computers and technology so that they can stay in touch with those from their home countries more easily. This is evidenced by the fact that in 2005 40% of Hispanics and 60% of Asians used broadband at home in the US, the Media Literacy Audit in the UK found that internet access in the home and time using the internet is higher for ethnic groups (64% and 14.5 hrs/wk) than then UK population overall (54% and 9.9hrs/wk)[2]. Accordingly they can also now watch news and programming from their home country to stay in touch another way.

Planned Execution: JTV took a three phased approach when it began to look at its strategy. The company wanted to first sign channel partners, which it has done and is continuing to do; next it wanted to improve the user experience, which again it did with Jump 3.0 and is looking to continue building upon the customer experience (Jump 4.0 due in Spring 2006); and finally to acquire subscribers.

[2] www.ofcom.org.uk/advice/media_literacy

At present, JTV has seen modest subscriber growth with minimal marketing; however the company plans to spend a significant amount of money ($15-$20M) on Subscriber Acquisition (SAC currently at $21.80). To this end ARPU is obviously lower than the SAC at present. While this trend can be acceptable in the short term, ARPU must outpace SAC in order for the company to be successful and profitable. Accordingly, the company looks to spend its marketing budget wisely as well as utilize channel partners who it will share revenues with in order to procure significant subscriber bases worldwide. In addition, partners such as Telefonica's Terra who can provide JumpTV to its subscribers, can deliver to JTV additional revenues sources (that Terra gets from advertisers), while Terra does the 'heavy lifting' saving JTV money on the expense side (marketing, billing) as well as on the bandwidth capacity side.

Exclusivity: Should IPTV (and JumpTV's offering therein) become more successful than anticipated, some of the channel partners may look to renegotiate their deals with JTV, or opt out of their agreement once the initial exclusivity agreement ends (most current ones are up for renewal in 2010). In addition to this, should non exclusive channels become available elsewhere on the internet, subscribers may look to these outlets for reduced costs. At present 21% of JTV's subscribers utilize non exclusive content. JTV can hope to maintain stickiness of clients by including attractive and popular channels within bundles to induce subscribers to utilize more than simply the one channel. This buy in can mean subscribers staying with JTV for longer periods of time. JTV can also look to merchandising options including other content (i.e. PPV or VOD) as part of subscriber packages. The exclusivity of contracts with content providers allows for them to realize revenue sharing from JTV's subscribers and advertisers and is incremental revenue that the content provider until now did not know it or did not want to put the effort into acquiring; thus loyalty to JTV and an existing structure to the business may be enough to keep popular channels under the JumpTV umbrella of offerings.

Advertising: While JumpTV is relying on subscribers initially, as it continues to add both partners who will broadcast JumpTV as well as direct people to JTV, the company may look to a model where it can earn revenues from both streams. Given how new the technology is, advertisers may be hesitant to spend money in this arena, thereby impacting revenues. JTV hopes to avoid this, as advertisers continue to look to non traditional sources when directing advertising dollars. In addition, JTV looks to partner with large cable and Telco companies who will add JumpTV to its tool box of advertising options. Furthermore, current ethnic offerings through satellite channels already show local (city or country wide) advertising within each show, as opposed to the commercials from the home countries, clearly demonstrating an appetite from local companies to reach their particular ethnic market.

Governments and the Law: As the IPTV business is very new and growing, there are a number of regulations and standards that have yet to be established. JumpTV is at the forefront of this developing business and as such, is subject to any changes that may be made. Of primary concern, is the earlier mentioned issues relating to pirated content. Duplicating TV content will become easier and easier as time goes on with the advents of new technologies. JTV is likely best to wait and watch as the bigger cable players bear the time and costs to resolve the issue, as they don't want the same thing that happened with the music industry to happen to TV. At present JumpTV is fully rights compliant, with this, providers should be ready to do business with the company.

Another issue is showing foreign content that is licensed to the particular country. To this end, JTV relies upon agreements reached by the content providers, to legally show what they put on their stations. In addition, any commercials that are not to be shown outside of the home country (ie a celebrity only gives the rights to his/her image in that country), JTV will have to deal with this issue at the time, likely by replacing the ad with local content ads, and should things go according to plan, all ads will be replaced with local advertising.

The last issue is that of 'Net Neutrality', the idea of having all content be equal or not. Lobbying is currently taking place in Washington, DC to decide whether all content should be treated equally. In essence the idea is that internet service providers can not discriminate between content, where content providers can pay the service providers to deliver the content faster. From all indications, this likely will not happen, as the internet and its usage have become far too developed to force individuals to change their internet usage patterns and be forced to use alternative sites simply because they paid more for superior delivery to end users.

Projections

JumpTV is looking to become not only a player in the ethnic market, but to become the largest online broadcaster in the world. Positioning itself early in a growing space and signing channel partners that are among the top 3 in their respective countries are the methods JTV is employing to meet this goal. Should the company continue to add subscribers, as well as procure significant advertising the company could feasibly achieve revenues in excess of $60M by YE08. Subscriber revenue should start to improve in 2007; revenues from advertising will also look to start growing with the Euro 2008 qualifying matches as well as from Sportsya which estimates to contribute $0.5M in advertising and Terra among other partners which should also contribute to that revenue stream. To this end, FY07 Revenues are forecast to be in the $15.5M range. As the focus for FY07 will remain on adding subscribers, SAC is expected to remain high through the year; the company will likely incur a net loss of around $17M. This loss may be offset should the company complete any acquisitions within the year. While potential acquisitions may likely take place with a combination of stock and cash, any acquisitions should be accretive in nature and help procure additional subscribers and advertising.

Further to this, the company, should it continue to grow as scheduled, may look to additional acquisitions as its global profile improves with its access to the world's capital markets. The company will look to continue to grow subscribers from the 30k level to over the 275k level by YE08 where revenue should be in the area of $65M, while the company approaches the break even level, a small loss of $8M is expected. ARPU and churn are both likely to fluctuate as the business model becomes more stable. It is hoped that subscribers will sign longer term package deals, and in turn improve ARPU. With this in mind, we forecast that by Q109 the company will reach a subscriber level of 300k; at this subscriber level with significant contribution from advertising and subscriber revenue we expect that the company will become net income positive. Beyond this, we forecast revenues of over $150M as the subscriber level approaches the 500k mark.

As the company moves to a more ad supported model we estimate that the company may become mainly (if not fully) ad supported by 2010. Going forward the company should keep track of and continuously improve its offerings with VOD, PPV, radio, merchandising and user generated content; in addition it should continue to improve the technology offering and user interface, related to JumpTV 4.0 and finally with its channel offering, the company should continue to look to adding channels in the 5-10 channels per month for a total close to 500 by YE08.

Valuation and Recommendation

JumpTV has the ability to offer content to an audience that is confined neither by national border nor by specific appeal; JTV has a truly global offering. Given the fact that JumpTV is looking to become a leader in a new growth line of business, the manners in which the company can be valued are somewhat limited. Using a multiples approach against established cable and telecommunications provider would unnecessarily over value the company. We feel that using a per channel value, as has been done in the US, to a lesser extent has a similar effect; the ethnic channels of EchoStar's 146 ethnic channels and DirecTV's 77 channels gave values of approximately $3.1B and $2.6B respectively (based on subscriber revenues for these channels in total), or more than $20M per channel. This latter method yields a value in excess of $5B or $125 per share; if this method is discounted to take into consideration the fact that many of the channels are in the long tail or less sought after than the high demand channels, a value of $1.7B or more than $40 per share ($7M per channel) is more feasible. To more accurately depict what the value of JTV is, we utilized a Discounted Cash Flow Model (DCF) as we estimate the company looks to contribute to cash beginning in 2009. For the DCF we have based our estimates on a Weighted Average Cost of Capital of 14.69% and a terminal growth rate of 3%. The fully diluted equity value calculates to $18.05 per share.

We feel that JTV is well positioned to become a global leader in the on line television space. As the company continues to grow, it will look to add more channel and portal partners, as well as subscribers and advertisers. To this end, with the exclusivity of its agreements and growth in this space as well as a solid business plan and management team in place, we initiate coverage of JumpTV with a BUY recommendation and a 12 month price target of $18.00

			Terminal Growth Rate				
			1.00%	**2.00%**	**3.00%**	**4.00%**	**5.00%**
		16.69%	$12.42	$13.29	$14.29	$15.46	$16.81
		15.69%	$13.78	$14.81	$16.01	$17.42	$19.09
Per Share Value	**WACC**	**14.69%**	$15.35	$16.60	$18.05	$19.78	$21.87
		13.69%	$17.21	$18.72	$20.51	$22.67	$25.32
		12.69%	$19.41	$21.26	$23.50	$26.25	$29.72

Appendix A

Bundle Pricing and Detailed Channel List

Bundled Products Prices in USD	Specific	Monthly	90 days	365 days
Israeli Football League	per game 5.95; per matchday 9.95	**19.95**	none	none
Bangla Package		**16.95**	37.95	149.95
All-Star Arab Package		**19.95**	44.95	159.95
Pan Arab Package		**29.95**	64.95	179.95
Chilenian basketball League		**12.95**	none	none
Vincy Package		**12.95**	none	none
Ugandan Bundle		**15.95**	39.95	144.95
NCN Package		**10.95**	none	none
TVJ Package		**12.95**	24.95	99.95
Jamaican Package		**16.95**	37.95	149.95
Trinbago Package		**12.95**	none	none
TVB Bundle- 無線電視精品台		**38**	none	none
Dominican Package		**19.95**	44.95	159.95
TRT Package		**16.95**	none	none
Greek Package		**19.95**	34.95	none
Colombian Package		**19.95**	39.95	none
Romanian Package		**16.95**	37.95	149.95
Turkish Delight		**16.95**	37.95	149.95
Iraqi Package: 7 Channels from Iraq		**14.95**	34.95	none
Basque Package		**16.95**	39.95	none
Peruvian Package		**16.95**	47.95	149.95
Ecuadorian Package		**11.95**	none	none
Filipino Package		**14.95**	29.95	none

Source: Company Documents, LOM

All Star Latin American Package
America TV
ATB
Bolivision TV
Caracol TV
El Trece
Meridiano TV
Telefe Internacional
TV Chile
VTV
Central American / Mexican Package (Non Us & Canada)
Canal 7 Grupo
Channel 100%
Megavision 21
Multimedios Television
Telered Canal 21
Teleritmo
Vea Canal
Central American / Mexican Package (Worldwide)
Canal 22
Canal 7 Grupo
CBTV
Channel 100%
Megavision 21
Multimedios Television
Telered Canal 21
Teleritmo
Vea Canal
Columbian Package (Worldwide)
Teleantioquia
Telecaribe
Telepacifico
Telecafe
Telepasto
Canal Capital
Canal 13
Kmusic
El Kanal
Cablenoticias
Paisa Deportes
Paisa Vision
TV Agro
Valle TV
Salsa TV
Rumba TV
Canal TRO

Columbian Package (non US)
Caracol TV
Teleantioquia
Telecaribe
Telepacifico
Telecafe
Telepasto
Canal Capital
Canal 13
Kmusic
El Kanal
Cablenoticias
Paisa Deportes
Paisa Vision
TV Agro
Valle TV
Salsa TV
Rumba TV
Canal TRO
Peruvian Package
America TV
Panamericana TV
Bethel
Peru TV
Ecquadorian Package
Telesucesos
Asomavisión
TVS satelital
Dominican Package
CDN
Telemicro Canal 5
Digital 15
Antena Latina 7
Carivision Internacional
CTN
Sportvisión
Telefuturo Canal 23
Teleuniverso
Basque Package
Canal Vasco
ETB SAT
Euskadi Irratia
Radio EITB
Radio Euskadi
Radio Gaztea
Radio Vitora

Iraqi Package
Al Fayhaa
Al Baghdadia
Baghdad TV
Alsumaria
Beladi TV
Ashur TV
Al Diyar TV
Pan Arab Package (Worldwide Except US)
Al Fajr TV
Aljazeera
Al Rai TV
anb
Arab Business Channel (ABC)
Arab Tourism Channel
Bahrain TV Sports
Entertainment TV
Arab Woman Channel
Mehwar Channel
Osool TV
Sama Dubai
Shababiyah TV
SmartsWay Channel
Dubai TV
Dubai Sports
MBC1
Al Arabiya
Escape Music Channel
Sat-7
Mlive.
MBC FM
Panorama FM
Pan Arab Package (Worldwide)
Al Fajr TV
Aljazeera
Al Rai TV
anb
Arab Business Channel (ABC)
Arab Tourism Channel
Bahrain TV Sports
Entertainment TV
Arab Woman Channel
Mehwar Channel
Osool TV
Sama Dubai
Shababiyah TV
SmartsWay Channel
Ajman TV

MBC1
Al Arabiya
Escape Music Channel
Sat-7
Mlive.
MBC FM
Panorama FM

All-Star Arab Package (Worldwide Except US & Canada)

MBC1
Aljazeera
Al Arabiya
LBC
Dubai TV

All-Star Arab Package (Worldwide)

MBC1
Aljazeera
Al Arabiya
Al Rai TV
Entertainment TV

Turkish Delight Package

EuroD
EuroStar
DreamTurk TV
Besiktas TV (BJKTV)

TRT Package

TRT Int
TRT 4

Greek Package

Channel 10
Delta TV
Kydon TV
Magic TV
Sigma TV

Romanian Package

B1TV
Prima TV
Realitatea TV

Filipino Package

Living Asia
Mabuhay

TVB Package

TVB
TVB Xingh

Trinbago Package
103 FM
Ebony 104 FM
Gayelle Channel
Radio 90.5 FM
Radio Trinbago
Sangeet 106 FM
The Vibe CT 105 FM
Jamaican Package
CVM Television
Hot 102 FM
Hype TV
Roots FM
TVJ Package
Fame 95 AM
Hitz 92 FM
RJR 94 FM
TVJ
Ugandan Package
UBC
WBS
Vincy Package
Hitz FM
Hot 97.1
SVG TV
Bangla Package (Ex North America)
Channel i
NTV Bangla
RTV Bangla
NCN Package
NCN Television
98.1 Hot FM
VOG 560AM

Source: Company Documents

Appendix B

Management & Board of Directors

Management Team

G. Scott Paterson
Chairman and Chief Executive Officer, JumpTV

Scott has been the Chairman of JumpTV since January 2002 and the CEO since May 2005.

Scott was the former Chairman and CEO of Yorkton Securities, which was Canada's largest technology and media investment bank from 1995 to 2001 (2000 revenues of $244 million and profit of $56 million). Today, Scott is a Director of Lionsgate Entertainment (NYSE:LGF) and chair of its audit committee. He is also a Director of Rand A Technologies (TSX:RND) and Chairman of Automated Benefits (TSXV:AUT).

Kaleil Isaza Tuzman
President and COO JumpTVI

Kaleil is responsible for content development, subscriber acquisition and JumpTV's international operations. Kaleil was the President & Managing Partner of Recognition Group, a New York-based merchant banking firm focusing on emerging growth companies. Kaleil previously acted as Chairman of KPE, Inc., a leading digital media firm counting Sony Entertainment, Carnival Cruises and other blue-chip firms as clients.

Kaleil has also spent significant time in the government-focused software field, having been Chairman and CEO of transaction processing software company govWorks.

Kaleil was recently named one of the Top 100 Most Influential Hispanics by Hispanic Magazine. Kaleil graduated magna cum laude from Harvard University.

Kriss Bush
Chief Financial Officer, JumpTV

Kriss is a certified public accountant (CPA) with 25 years of financial experience which he gained while being based in Washington for three years, New York for ten years and in Europe for approximately nine years. Kriss was the CFO for Rand A Technology Corporation (TSX:RND).

Sila Celik
Chief Operating Officer, JumpTV International FZ-LLC

Sila runs the European region and is therefore responsible for subscriber and content acquisition in more than 30 countries.

Prior to JumpTV, Sila spent seven years with RTL Disney in Germany in several positions including: Director of Subscriber Services and Member of the Cross Media Board for Strategic Properties. Sila established RTL Disney's subscriber-based educational online platforms targeting families with children. In this role, Sila was responsible for the growth of the subscriber base to over 100,000 annually billed subscribers breaking even in year one after launch. Sila has a degree in banking and finance from the University of Cologne in Germany.

Thomas Herman **Vice President,** **Product Marketing**	As the Vice President of Product Marketing for JumpTV, Tom defines product specifications. Tom was the co-founder and CTO of govWorks, Inc., a software startup serving municipal and state governments with online transaction processing software.
Jeff Maser **Vice President,** **Corporate Development**	Jeff acted as the Investment Manager at Paterson Partners, a leading Toronto-based venture capital firm specializing in technology and media. In addition, he was a consultant at Scient Corporation, a New York-based e-Business strategy consultancy founded by Benchmark Capital, Sequoia Capital and Stanford University. Prior to JumpTV, Jeff was also a Corporate Development Analyst with the Toronto Stock Exchange. Jeff completed his MBA at York University in Toronto, Canada and is a graduate of the European Venture Capital Association.
Ted Steube **Vice President,** **Corporate Development**	Ted was Director of Planning & Analysis at Corus Entertainment Inc.'s Radio Division in Toronto, the largest radio company in Canada. Prior to that, Ted spent two years in media-focused private equity investing and mergers and acquisitions at Veronis, Suhler and Associates in New York, and 5 years at BT Alex. Brown International in media-focused investment banking and equity research in New York, Sydney and London. Ted earned his MBA at the Rotman School of Management, University of Toronto in 2004 and a BA in Economics from Princeton University in 1994.
Dan O' Hara **Technology Fellow,** **JumpTV**	As the Technology Fellow at JumpTV, Dan oversees all technology related initiatives, including research and special projects. Prior to JumpTV, Dan owned and ran a small computer consulting firm in Ottawa. Dan worked for eight years for SHL Systemhouse as a Senior Technical Architect, working primarily in the telecom industry. Dan also played a key role making Computer Innovations the largest Canadian computer retailer at the time, from 1978 to 1985.
Board of Directors	**Lorne Abony** - CEO Fun Technologies **Mark Amin** - Vice Chairman Lionsgate Entertainment **Curt Marvis** - CEO CinemaNow **James McNamara** - Founder and Chairman Panamax Films **G. Scott Paterson** – CEO JumpTV **Kaleil Isaza Tuzman** – President and COO JumpTV

Source: Company Documents

Appendix C

Actual & Projected Income Statements

Income Statements	9mo 2005	Q1 MAR	Q2 JUN	Q3 SEP	Q4 DEC	2006E	2007E	2008E	2009E
Total Revenue	**1,081.30**	**350.5**	**427.0**	**534.7**	**737.85**	**2,050.01**	**15,495.01**	**67,080.96**	**167,702.41**
Cost of Revenue	1,518.98	250.3	480.7	706.1	590.28	2,027.39	8,926.37	37,545.61	80,497.16
Gross Profit	**(437.68)**	**100.2**	**(53.7)**	**(171.4)**	**147.57**	**22.62**	**6,568.64**	**29,535.36**	**87,205.25**
Expenses									
Sales, General and Administrative	3,990.70	3,355.6	5,864.6	5,318.7	6,050.34	20,589.22	21,078.46	33,610.11	33,540.48
Stock based compensation expense	203.90	766.2	561.2	1,417.3	221.35	2,966.05	2,799.45	2,800.60	3,354.05
Total Expenses	**4,194.60**	**4,121.8**	**6,425.8**	**6,736.0**	**6,271.69**	**23,555.27**	**23,877.91**	**36,410.71**	**36,894.53**
EBITDA	**(4,632.28)**	**(4,021.6)**	**(6,479.4)**	**(6,907.4)**	**(6,124.12)**	**(23,532.65)**	**(17,309.27)**	**(6,875.35)**	**50,310.72**
Amortization	27.94	21.9	25.9	34.2	36.89	118.97	1,010.25	1,777.45	2,850.94
EBIT	**(4,660.22)**	**(4,043.6)**	**(6,505.4)**	**(6,941.7)**	**(6,161.01)**	**(23,651.62)**	**(18,319.52)**	**(8,652.81)**	**47,459.78**
Loss (gain) on foreign exchange	(4.40)	(8.3)	16.6	(107.5)	7.39	(91.86)	-	-	-
Accreted interest on convertible note	-		-	-	-	-	-	-	-
Interest Income	(41.70)	(71.1)	(85.0)	(350.7)	(147.57)	(654.37)	(616.47)	(497.54)	(335.40)
Income/Loss before Taxes	(4,614.1)	(3,964.1)	(6,437.0)	(6,483.4)	(6,020.8)	(22,905.4)	(17,703.0)	(8,155.3)	47,795.2
Provision for income taxes	16.80	13.0	12.0	11.0	10.00	46.00	-	-	14,338.56
Net Earnings (Loss)	**(4,630.92)**	**(3,977.1)**	**(6,449.0)**	**(6,494.4)**	**(6,030.83)**	**(22,951.39)**	**(17,703.05)**	**(8,155.27)**	**33,456.63**
Deficit beginning of year			**-**	**(6,449.0)**	**(12,943.4)**	**(6,449.01)**	**(29,400.39)**	**(47,103.44)**	**(55,258.71)**
Deficit end of year			**(6,449.0)**	**(12,943.4)**	**(18,974.2)**	**(29,400.39)**	**(47,103.44)**	**(55,258.71)**	**(21,802.08)**
Basic EPS		(0.21)	(0.33)	(0.19)	(0.17)	(0.65)	(0.45)	(0.17)	0.71
Diluted EPS		(0.21)	(0.31)	(0.18)	(0.14)	(0.54)	(0.38)	(0.15)	0.61
Basic WASO	16,245	18,648	19,347	34,542	35,342	35,342	39,342	47,342	47,342
Diluted WASO	18,318	18,784	21,055	36,852	42,600	42,600	46,600	54,600	54,600

Source: Company Documents, LOM

Appendix D

Actual & Projected Balance Sheets

Balance Sheets	9mo 2005	Q1 MAR	Q2 JUN	Q3 SEP
Cash & Cash Equivalents	5,475.0	10,974.0	5,110.4	54,020.5
Other Receivables	78.0	92.7	289.5	487.0
Prepaid Expenses	14.8	108.7	482.6	683.9
Funds held in trust	-	-	-	581.9
Total Current Assets	**5,567.8**	**11,175.4**	**5,882.5**	**55,773.3**
Equipment, net	379.7	597.6	934.3	977.1
Ingangible assets	-	-	464.5	464.2
Other assets	105.2	164.5	116.3	227.9
Deferred direct broadcast operating costs	96.8	88.0	79.2	262.1
Deferred share issue costs	-	101.0	3,449.7	-
Total Assets	**6,149.5**	**12,126.4**	**10,926.6**	**57,704.6**
Accounts Payable & Accrued Liabilities	1,008.9	1,519.2	3,251.4	2,230.8
Due to Related Parties	138.3	131.0	28.4	6.1
Current Portion of accrued license fees	79.6	45.3	41.8	65.7
Accrued professional fees	195.6	299.2	3,308.7	557.8
Accrued stock appreciation rights		-	-	623.9
Deferred revenue	56.3	67.0	80.9	103.1
Income Taxes payable	16.8	29.8	41.8	52.8
Current Liabilities	**1,495.5**	**2,091.4**	**6,752.9**	**3,640.2**
Accrued license fees	120.0	120.0	120.0	120.0
Total Liabilities	**1,615.5**	**2,211.4**	**6,872.9**	**3,760.2**
Shareholders' Equity				
Common Shares	9,744.10	18,647.7	19,346.8	73,556.7
Warrants	-	-	-	-
Contributed Surplus	609.90	1,064.0	952.5	3127.8
Accumulated other comprehensive loss	(40.00)	(40.4)	(40.4)	(40.4)
Deficit	(5,779.20)	(9,756.3)	(16,205.3)	(22,699.7)
Shareholders' Equity	**4,535.00**	**9,915.0**	**4,053.6**	**53,944.4**

Source: Company Documents, LOM

Appendix E

Actual & Projected Cash Flow Statements

Cash Flow Statements	9mo 2005	Q1 MAR	Q2 JUN	Q3 SEP
Cash Flows from Operating Activities				
Net Earnings	(4,630.92)	(3,977.14)	(6,449.0)	(6,494.4)
Add (deduct) non cash items				
Amortization	40.20	40.53	58.2	76.1
Stock-Based Compensation Exp	203.90	766.18	561.2	793.5
Amortization of deferred direct broadcast operating costs	5.90	8.80	8.8	8.8
	(4,380.92)	**(3,161.62)**	**(5,820.8)**	**(5,616.1)**
Changes in non cash items relating to operations				
Other receivables	(70.30)	(14.42)	(196.7)	(197.6)
Prepaid expenses	(113.40)	(153.10)	(325.8)	(312.8)
Funds held in trust		-	-	(581.9)
Deferred direct broadcast operating costs		-	-	(191.7)
Accounts payable	829.20	510.35	1,698.0	(1,020.6)
Due to related parties	123.50	(7.36)	(102.5)	(22.3)
Accrued licensing fees	58.34	(34.28)	(3.5)	23.9
Accrued stock appreciation rights		-	-	623.9
Accrued professional fees	195.60	2.59	(68.3)	(2,750.9)
Deferred revenue	(14.37)	10.70	13.9	22.3
Income taxes payable	16.80	13.00	12.0	11.0
Cash used in operating activities	**(3,355.55)**	**(2,834.16)**	**(4,793.8)**	**(10,012.8)**
Cash from Financing Activities				
Proceeds from share issuance	7,844.90	8,003.96	-	55,566.3
Deferred share issue costs	-	-	(270.9)	3,449.7
Redemption of Class C common	-	(0.00)	-	-
Proceeds from exercise of stock options	125.00	587.55	12.5	25.4
Proceeds from issuance of convertible note	-	-	-	-
Proceeds from issuance of special warrants	-	-	-	-
Other	-	-	(5.3)	-
Cash Provided by Financing Activities	**7,969.90**	**8,591.51**	**(263.7)**	**59,041.4**
Cash Flows from Investing Activities				
Redemption of short-term investment	74.46	-	-	-
Purchase of Equipment	(343.90)	(258.42)	(445.3)	(118.8)
Purchase of HVMedia Ltd. assets (incl transaction costs)	-	-	-	0.3
Purchase of intangible assets		-	(360.8)	
Cash provided by (used in) investing activities	**(269.44)**	**(258.42)**	**(806.1)**	**(118.5)**
Increase in cash and cash equivalents	4,344.80	5,498.94	(5,863.6)	48,910.3
Cash and Cash equivalents, beginning of year	1,130.30	5,475.05	10,974.0	5,110.4
Cash and cash equivalents, end of year	**5,475.00**	**10,973.99**	**5,110.4**	**54,020.7**

Source: Company Documents, LOM

LOEWEN, ONDAATJE, MCCUTCHEON LIMITED