

Consolidated Financial Statements
[Expressed in U.S. dollars]

JumpTV Inc.
March 31, 2007
[unaudited]

JumpTV Inc.**CONSOLIDATED BALANCE SHEETS**

[unaudited]

[Expressed in U.S. dollars]

As at	March 31, 2007 \$	December 31, 2006 \$
ASSETS		
Current		
Cash <i>[note 5]</i>	134,931,573	21,936,878
Short-term investments <i>[note 6]</i>	108,263	28,115,378
Other receivables	737,232	723,621
Prepaid expenses and deposits	866,473	1,178,119
Funds held in trust <i>[note 7]</i>	231,075	—
Due from related party <i>[note 8]</i>	7,421	—
Total current assets	136,882,037	51,953,996
Property, plant and equipment, net <i>[note 9]</i>	3,199,564	1,269,488
Intangible assets <i>[notes 3 and 10]</i>	1,624,673	312,140
Goodwill <i>[note 3]</i>	116,591	102,069
Other assets	185,828	161,246
Deferred direct broadcast operating costs, net	52,806	61,605
Total assets	142,061,499	53,860,544
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	3,581,592	3,950,284
Bank loan <i>[note 11]</i>	—	1,287,150
Due to related party <i>[note 8]</i>	—	14,676
Accrued license fees	150,578	106,916
Accrued professional fees	1,536,647	371,782
Accrued stock appreciation rights <i>[note 14[iv]]</i>	1,149,112	1,087,760
Deferred revenue	276,895	205,314
Income taxes payable	77,250	61,800
Total current liabilities	6,772,074	7,085,682
Deferred rent	136,036	18,502
Total liabilities	6,908,110	7,104,184
Shareholders' equity		
Share capital <i>[note 13]</i>	170,251,615	75,227,648
Contributed surplus <i>[note 14]</i>	3,403,562	2,937,219
Accumulated other comprehensive loss	(40,355)	(32,240)
Accumulated deficit	(38,461,433)	(31,376,267)
Total shareholders' equity	135,153,389	46,756,360
Total liabilities and shareholders' equity	142,061,499	53,860,544

Commitments and contingencies *[note 12]**See accompanying notes*

On behalf of the Board:

"Curt Marvis"
Director

"James M. McNamara"
Director

JumpTV Inc.**CONSOLIDATED STATEMENTS OF OPERATIONS**

[unaudited]
[Expressed in U.S. dollars]

	Three months ended March 31	
	2007	2006
	\$	\$
Revenue	1,003,146	350,508
Direct broadcast operating costs <i>[notes 10 and 14[iii]]</i>	(1,360,259)	(250,330)
	(357,113)	100,178
Other costs and expenses		
Selling, general and administrative <i>[note 8]</i>	6,528,892	3,355,642
Stock-based compensation <i>[note 14]</i>	1,156,102	766,181
Amortization of property, plant and equipment	79,176	21,933
Amortization of intangible assets	9,908	—
	7,774,078	4,143,756
Loss before the following:	(8,131,191)	(4,043,578)
Gain on foreign exchange	45,814	8,324
Investment income, net <i>[note 6]</i>	1,015,661	71,117
Loss before income taxes	(7,069,716)	(3,964,137)
Provision for income taxes	15,450	13,000
Net loss for the period	(7,085,166)	(3,977,137)
Loss per share - basic and diluted <i>[note 4]</i>	\$ (0.18)	\$ (0.21)
Weighted average number of shares outstanding - basic and diluted <i>[note 4]</i>	40,387,397	18,783,631

See accompanying notes

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

[unaudited]

[Expressed in U.S. dollars]

	Share capital		Contributed surplus \$	Accumulated other comprehensive loss \$	Accumulated deficit \$	Total shareholders' equity \$
	Common shares					
	#	\$				
Balance, December 31, 2006	34,821,121	75,227,648	2,937,219	(32,240)	(31,376,267)	46,756,360
Net loss for the period	—	—	—	—	(7,085,166)	(7,085,166)
Unrealized gain on short-term investments	—	—	—	287,511	—	287,511
Reclassification of unrealized gain on short-term investments	—	—	—	(295,626)	—	(295,626)
Comprehensive loss for the period	—	—	—	—	—	(7,093,281)
Issuance of common shares on acquisition of SportsYA <i>[note 3]</i>	191,345	1,182,295	—	—	—	1,182,295
Exercise of stock options for common shares <i>[note 14[i]]</i>	40,602	180,500	(104,235)	—	—	76,265
Net proceeds from issuance of common shares through secondary public offering <i>[note 13]</i>	13,043,479	93,104,671	—	—	—	93,104,671
Issuance of common shares into escrow <i>[note 3 and 13]</i>	330,000	—	—	—	—	—
Stock-based compensation <i>[note 14]</i>	—	—	—	—	—	—
Restricted share plan units	—	—	408,482	—	—	408,482
Stock options	—	—	494,340	—	—	494,340
Warrants	—	—	76,238	—	—	76,238
Release of common shares from escrow for services <i>[note 3 and 13]</i>	—	148,019	—	—	—	148,019
Issuance of common shares for restricted share plan units <i>[note 14[ii]]</i>	56,655	408,482	(408,482)	—	—	—
Balance, March 31, 2007	48,483,202	170,251,615	3,403,562	(40,355)	(38,461,433)	135,153,389

	Share capital				Contributed surplus \$	Accumulated other comprehensive loss \$	Accumulated deficit \$	Total shareholders' equity \$
	Class A common shares		Class C common shares					
	#	\$	#	\$				
Balance, December 31, 2005	16,245,556	9,744,083	1	1	609,908	(40,355)	(5,779,171)	4,534,466
Net and comprehensive loss for the period	—	—	—	—	—	—	(3,977,137)	(3,977,137)
Exercise of stock options	1,722,420	899,637	—	—	(312,091)	—	—	587,546
Net proceeds from issuance of common shares through private placements	3,033,984	8,003,963	—	—	—	—	—	8,003,963
Stock-based compensation <i>[note 14]</i>	—	—	—	—	—	—	—	—
Restricted share units	—	—	—	—	520,832	—	—	520,832
Stock options	—	—	—	—	238,999	—	—	238,999
Warrants	—	—	—	—	6,350	—	—	6,350
Redemption of Class C common share	—	—	(1)	(1)	—	—	—	(1)
Balance, March 31, 2006	21,001,960	18,647,683	—	—	1,063,998	(40,355)	(9,756,308)	9,915,018

See accompanying notes

JumpTV Inc.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

[unaudited]

[Expressed in U.S. dollars]

	Three months ended March 31	
	2007	2006
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(7,085,166)	(3,977,137)
Adjustments to reconcile net loss to cash used in operating activities		
Amortization	176,029	40,532
Stock-based compensation, excluding change in accrued stock appreciation rights as noted below <i>[note 14]</i>	1,104,483	766,181
Amortization of deferred direct broadcast operating costs <i>[note 14[iii]]</i>	31,395	8,800
	(5,773,259)	(3,161,624)
Changes in operating assets and liabilities		
Funds held in trust	(231,075)	—
Other receivables	(40,052)	(14,424)
Prepaid expenses, deposits and other assets	285,064	(153,099)
Accounts payable and accrued liabilities	(359,341)	510,351
Due to/from related party	(22,097)	(7,363)
Accrued license fees	43,662	(34,282)
Accrued stock appreciation rights	61,352	—
Accrued professional fees	1,164,865	2,589
Deferred revenue	71,581	10,696
Income taxes payable	15,450	13,000
Deferred rent	117,534	—
Cash used in operating activities	(4,666,316)	(2,834,156)
INVESTING ACTIVITIES		
Redemption of short-term investments, net	27,999,000	—
Purchase of equipment	(2,079,935)	(258,415)
Acquisition, net of cash acquired of \$3,308 <i>[note 3]</i>	(151,840)	—
Cash provided by (used in) investing activities	25,767,225	(258,415)
FINANCING ACTIVITIES		
Proceeds from share issuances, net <i>[note 13]</i>	93,104,671	8,003,963
Repayment of bank loan	(1,287,150)	—
Redemption of Class C common share	—	(1)
Proceeds from exercise of stock options	76,265	587,546
Cash provided by financing activities	91,893,786	8,591,508
Net increase in cash during the period	112,994,695	5,498,937
Cash, beginning of period	21,936,878	5,475,052
Cash, end of period	134,931,573	10,973,989

See accompanying notes

JumpTV Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in U.S. dollars, unless otherwise noted]
[Information as at March 31, 2007 and for the three months ended
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March 31, 2007

1. Nature of Operations and Basis of Presentation

JumpTV Inc. ["JumpTV" or "the Company"], formerly JumpTV.com Inc. was incorporated in January 2000 under the laws of Canada. JumpTV's primary business is providing online broadcasting of international ethnic television channels over the Internet on a subscription basis.

On August 10, 2006, the Company completed its initial public offering ["IPO"] of its common shares. On February 23, 2007, the Company completed a secondary public offering of its common shares [note 13]. The Company's common shares are listed on both the Toronto Stock Exchange ["TSX"] and the Alternative Investment Market ["AIM"].

2. Principles of Consolidation and Basis of Presentation

The interim consolidated financial statements include the accounts of JumpTV, JumpTV Ltd., a wholly-owned subsidiary in the United Kingdom, JumpTV International FZ LLC, a wholly-owned subsidiary in the United Arab Emirates, JumpTV USA Inc., a wholly-owned subsidiary in the United States, Sports International Group LLC ["SportsYA"], a wholly-owned subsidiary of JumpTV International FZ LLC in the United States, Deportes Ya S.A., a wholly-owned subsidiary of SportsYA, and KIT Capital Ltda. [formerly, JumpTV Colombia Ltda.], a variable interest entity in Colombia where JumpTV has been determined to be the primary beneficiary [collectively the "Company"]. All significant inter-company transactions and balances have been eliminated on consolidation.

The notes presented in these interim consolidated financial statements include only significant events and transactions occurring since the Company's last fiscal year and are not fully inclusive of all matters normally disclosed in the Company's audited consolidated financial statements. As a result, these interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2006.

These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent consolidated financial statements as at and for the year ended December 31, 2006, except for the following relating to SportsYA's revenue:

JumpTV Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in U.S. dollars, unless otherwise noted]

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March 31, 2007

Revenue recognition

The Company also recognizes revenue from fees earned for the delivery of sports content such as scores, news and programming reminders through a text messaging service to cell phone users. This revenue is recorded when the text messages are billed by the cell phone providers to their users.

3. Business Acquisition

On January 5, 2007, the Company completed the acquisition of all of the outstanding shares of SportsYA, the owner of www.SportsYA.com, a sports content website targeting the Hispanic market residing in the United States and Latin America.

The purchase price of \$1,361,101 consisted of 177,995 common shares of JumpTV with a fair value of approximately \$1,100,000 and approximately \$261,101 in direct transaction costs including non cash consideration of 13,350 common shares with a fair value of \$82,295.

The acquisition has been accounted for using the purchase method, with the results of SportsYA included in the Company's results of operations from the date of acquisition.

The allocation of the purchase price to the net assets acquired is as follows:

Cash	\$	3,308
Current assets		28,441
Intangible assets and goodwill		1,338,703
Current liabilities		<u>(9,351)</u>
		<u>\$1,361,101</u>

The purchase price allocation of the tangible and intangible assets is preliminary and, as such, \$1,338,703 of the total cost has been initially capitalized as "Intangible assets" on the consolidated balance sheets with the exception of identified tangible net assets of approximately \$26,000. The assets purchased primarily represent tradenames, right to Internet domain names, and employment contracts for key employees of SportsYA. As at March 31, 2007, no amortization has been recorded pending finalization of the purchase price allocation.

In connection with the acquisition, the principal former owner of SportsYA, signed a consulting agreement with JumpTV. Accordingly, 330,000 common shares of JumpTV were placed into escrow and will be earned and paid in 48 equal monthly installments. The fair value of these shares will be recorded in stock compensation expense on the consolidated statements of operations over the 48-month vesting period.

JumpTV Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in U.S. dollars, unless otherwise noted]

[Information as at March 31, 2007 and for the three months ended

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4. Loss per Share

Basic loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding for the period. Diluted loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding and if dilutive, potential common shares using the treasury stock method. Potential common shares consist of stock options, restricted share units, stock appreciation rights and warrants.

For the three months ended March 31, 2007 and 2006, the Company had potential common shares which, due to the losses incurred, were considered anti-dilutive equity instruments. Accordingly, the effect of these instruments has not been reflected in computing diluted loss per share for the three months ended March 31, 2007 and 2006.

The following table summarizes the different potential common shares that were outstanding as at March 31, 2007 and 2006 but were not included in the computation of diluted loss per share as their effect would have been anti-dilutive. See note 14 for additional details.

	March 31, 2007 #	March 31, 2006 #
Stock options	3,719,613	3,128,164
Restricted share plan units	544,759	990,000
Stock appreciation rights	1,141,660	1,200,000
Warrants	1,261,174	350,000
Common shares held in escrow <i>[note 3]</i>	309,375	—

5. Cash

Cash consists of the following:

	March 31, 2007 \$	December 31, 2006 \$
Cash [i]	128,330,050	6,220,296
Money market funds [ii]	6,565,388	15,637,690
Unrestricted funds held in trust [iii]	36,135	78,892
	134,931,573	21,936,878

JumpTV Inc.

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March 31, 2007

- [i] Cash consists primarily of U.S. and Canadian dollar accounts which earn interest at approximately 4% to 5%.
- [ii] Money market funds consist of a U.S. [\$5,338,088] and a Canadian dollar account [Cdn\$1,200,492] which earn interest at approximately 4% to 5%.
- [iii] Unrestricted funds held in trust relate to monies held to fund costs for a subsidiary of the Company and monies held by underwriters to fund future expenditures. There are no restrictions related to monies held in trust.

6. Short-term Investments

During the three months ended March 31, 2007, the Company redeemed investments with a cost of \$28,000,000, for proceeds of \$28,295,626. As at March 31, 2007, short-term investments consisted of a guaranteed investment certificate at cost plus accrued interest of \$108,263 [December 31, 2006 - \$107,263] which matures on July 17, 2007 and bears interest at 3.6%.

7. Funds Held in Trust

These funds represent monies held by the Company's underwriters "in trust" to cover expenses for services which have been incurred but have yet to be settled.

8. Related Party Transactions

The Company has entered into certain transactions and agreements in the normal course of operations with related parties as follows:

Patstar Inc.

On occasion, Patstar Inc., a company controlled by the Company's current Chief Executive Officer and Chairman, receives reimbursement of expenditures incurred on behalf of the Company's employees. The nature of these reimbursements relates to expenses that the Company has incurred in the normal course of business. The balances owing to/(from) Patstar Inc. related to these reimbursements outstanding as at March 31, 2007 and December 31, 2006 were \$(7,421) and \$14,676, respectively. In addition, for the three months ended March 31, 2007 and for the three months ended March 31, 2006, included in the Company's selling, general and administrative expenses was rent (reimbursement) expense of \$(6,166) and \$23,502, respectively, that was paid to/from Patstar Inc. for the use of office space. All reimbursements and rent expense are recorded at the exchange amount.

JumpTV Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in U.S. dollars, unless otherwise noted]

[Information as at March 31, 2007 and for the three months ended
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March 31, 2007

Advances

During 2006, the Company advanced funds to a certain officer of the Company. As at March 31, 2007 \$42,119 [December 31, 2006 - \$15,743] remains outstanding. These advances have no specific repayment terms.

9. Property, Plant and Equipment

The details of property, plant and equipment and the related accumulated amortization are set forth below for the following periods:

	March 31, 2007		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment	876,507	196,075	680,432
Infrastructure equipment	1,190,824	210,544	980,280
Computer software	267,022	67,764	199,258
Furniture and fixtures	343,898	27,446	316,452
Leasehold improvements	1,034,783	11,641	1,023,142
	<u>3,713,034</u>	<u>513,470</u>	<u>3,199,564</u>

	December 31, 2006		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer equipment	507,217	155,049	352,168
Infrastructure equipment	773,198	139,861	633,337
Computer software	169,614	49,752	119,862
Furniture and fixtures	124,683	14,528	110,155
Leasehold improvements	58,386	4,420	53,966
	<u>1,633,098</u>	<u>363,610</u>	<u>1,269,488</u>

Amortization expense related to the Company's infrastructure equipment for the three months ended March 31, 2007 of \$70,683 [three months ended March 31, 2006 - \$18,599] is included within direct broadcast operating costs on the consolidated statements of operations.

JumpTV Inc.

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[Expressed in U.S. dollars, unless otherwise noted]
[Information as at March 31, 2007 and for the three months ended
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March 31, 2007

10. Intangible Assets

The details of intangible assets and the related accumulated amortization are set forth below:

	March 31, 2007		
	Cost \$	Accumulated amortization \$	Net book value \$
Contractual agreements	330,800	71,113	259,687
Trademarks, tradenames and domain names	39,700	13,417	26,283
SportsYA acquisition <i>[note 3]</i>	1,338,703	—	1,338,703
	<u>1,709,203</u>	<u>84,530</u>	<u>1,624,673</u>

	December 31, 2006		
	Cost \$	Accumulated amortization \$	Net book value \$
Contractual agreements	330,800	48,967	281,833
Trademarks, tradenames and domain names	39,700	9,393	30,307
	<u>370,500</u>	<u>58,360</u>	<u>312,140</u>

Amortization expense related to the Company's acquired contractual agreements with channel partners for the three months ended March 31, 2007 of \$16,262 [three months ended March 31, 2006 - nil] is included within direct broadcast operating costs on the consolidated statements of operations.

Based on the current amount of intangible assets subject to amortization, and excluding the SportsYA acquisition, the estimated amortization expense over the next five years is as follows:

	\$
2007 [balance of year]	78,513
2008	97,165
2009	78,075
2010	31,592
2011	625

JumpTV Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in U.S. dollars, unless otherwise noted]

[Information as at March 31, 2007 and for the three months ended

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March 31, 2007

11. Bank Loan

On December 31, 2006, the Company had a \$1,287,150 [Cdn\$1,500,000] credit facility with a Canadian chartered bank to finance general corporate requirements, which was fully drawn upon as of December 31, 2006. The loan was repayable on demand bearing interest at prime [6% as of December 31, 2006]. During the three months ended March 31, 2007, this loan was fully repaid.

12. Commitments and Contingencies

[i] Commitments

The Company has operating lease commitments for its premises in New York, United States, Toronto, Canada, Bogota, Colombia, Dubai, United Arab Emirates, Kingston, Jamaica, Kampala, Uganda and Singapore. In addition, the Company has operating leases for certain computer hardware and infrastructure equipment. Furthermore, the Company has marketing and content acquisition commitments to content partners. Future minimum annual payments per fiscal year [exclusive of taxes, insurance and maintenance costs] under these commitments are as follows:

	Content acquisition \$	Marketing and license fees \$	Operating leases \$
2007 [balance of year]	100,000	615,964	1,525,079
2008	99,500	633,000	1,214,807
2009	100,000	760,000	658,062
2010	108,500	100,000	584,642
2011	—	—	1,034,012
Thereafter	—	—	307,459
	408,000	2,108,964	5,324,061

As at March 31, 2007, the Company has the following outstanding letters of credit:

[a] \$300,000 to secure the Company's obligations under an agreement entered into with an equipment financing company as described below [the "Equipment Lease"]. The Equipment Lease, dated July 27, 2006, provides for an uncommitted leasing facility allowing the Company to purchase up to \$650,000 of equipment which the Company will be obligated to repay by way of monthly payments. As at March 31, 2007, the Company has drawn upon \$226,141 [Cdn\$255,743] under this facility for its equipment purchases.

[b] \$375,000 to secure the Company's obligations under certain corporate credit card accounts.

[c] \$140,000 to secure the Company's credit-card processing obligations.

JumpTV Inc.

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March 31, 2007

[ii] Contingencies

During the ordinary course of business activities, the Company may be contingently liable for litigation and a party to claims. Management believes that adequate provisions have been made in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of any such contingencies will not have a material adverse effect on the financial position and results of operations of the Company.

13. Share Capital

Share capital consists of the following:

	March 31, 2007 \$	December 31, 2006 \$
<hr/>		
Authorized		
Unlimited common shares, voting, no par value, discretionary non-cumulative dividend		
Unlimited Class 1 preference shares, non-voting, no par value, discretionary partly cumulative or non- cumulative dividends		
Unlimited Class 2 preference shares, non-voting, no par value, discretionary partly cumulative or non- cumulative dividends		
Issued and outstanding		
Common shares		
March 31, 2007: Issued and outstanding: 48,483,202 [December 31, 2006: 34,821,121]	170,251,615	75,227,648

JumpTV Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in U.S. dollars, unless otherwise noted]

[Information as at March 31, 2007 and for the three months ended

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March 31, 2007

During the three months ended March 31, 2007, the Company completed the following issuances of its common shares, excluding issuances relating to stock options, warrants and restricted share plan units [note 14]:

Date	#	\$
January 5, 2007	521,345	1,182,295
February 23, 2007	13,043,479	93,104,671
	13,564,824	94,286,966

On January 5, 2007, the Company issued 191,345 common shares with a fair value of approximately \$1,182,295 to complete the purchase of 100% of the outstanding shares of SportsYA [note 3].

On January 5, 2007, the Company issued 330,000 common shares into escrow in respect of a consulting agreement SportsYA signed with the principal former owner of SportsYA with JumpTV. Accordingly, 330,000 common shares of JumpTV were placed into escrow and will be released and paid in 48 equal monthly installments. The fair value of these shares will be recorded in stock-based compensation expense on the consolidated statements of operations over the 48-month vesting period. During the three months ended March 31, 2007, 20,625 shares have been released from escrow with a fair value of \$148,019 that has been recorded in stock-based compensation on the consolidated statements of operations [note 3]. For accounting purposes, the common shares issued into escrow are treated as a variable interest entity and is consolidated in the accounts of the Company.

On February 23, 2007, in connection with a secondary public offering of the Company, the Company issued 13,043,479 common shares for net proceeds of \$93,104,671.

JumpTV Inc.

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14. Stock Option and Stock-Based Compensation Plans

[i] Stock Option Plan

On September 2, 2005, a new stock option plan [the "New Plan"] was created that applies to all future grants of options to directors, officers, employees and consultants of the Company or any entity controlled by the Company. The exercise price for any option granted under the New Plan will be determined by the five-day average closing price of the Company's common shares prior to the date of grant but cannot be less than such a price. Prior to the Company completing its initial public offering, the exercise price of any stock options granted under the New Plan was determined by the Company's Board of Directors. Options are exercisable during a period established at the time of their grant provided that such period will expire no later than five years after the date of grant, subject to early termination of the option in the event the holder of the option dies or ceases to be a director, officer or employee of the Company or ceases to provide ongoing management or consulting services to the Company or entity controlled by the Company. The maximum number of common shares issuable upon exercise of options granted pursuant to the New Plan is equal to the greater of [i] 4,000,000 common shares; and [ii] 12.5% of the number of issued and outstanding common shares.

A summary of stock option activity under the New Plan is as follows:

	#	Weighted average exercise price \$
Outstanding, December 31, 2006	4,112,059	3.07
Exercised	(40,602)	1.88
Cancelled	(351,844)	3.11
Outstanding, March 31, 2007	3,719,613	3.08

JumpTV Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

[Expressed in U.S. dollars, unless otherwise noted]

[Information as at March 31, 2007 and for the three months ended

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March 31, 2007

The following table summarizes stock option information of the New Plan as at March 31, 2007:

Exercise price \$	Number outstanding #	Weighted average remaining contractual life [years]	Number exercisable #
1.80	1,600,859	3.14	720,946
2.50	1,031,168	3.99	342,960
4.00	300,065	4.07	66,796
5.00	100,000	4.37	14,583
5.82	100,000	4.44	12,500
6.00	143,771	4.16	34,594
6.08	111,000	4.59	11,563
6.43	272,750	4.69	18,844
7.16	60,000	4.61	5,000
	3,719,613	3.74	1,227,786

For all periods presented, the Company has applied the fair value recognition provisions of Canadian Institute of Chartered Accountants' Handbook Section 3870, "Stock-Based Compensation and Other Stock-based Payments". In accordance with the provisions of Section 3870, amounts of \$494,340 and \$238,999 were recorded for total stock-based compensation expense related to stock options for the three months ended March 31, 2007 and 2006, respectively. The weighted average exercise price of options exercisable as at March 31, 2007 was \$2.45.

For the three months ended March 31, 2007, the Company did not grant any stock options. The weighted average fair value of all stock options granted during the three months ended March 31, 2006 was \$1.43 based on the following assumptions:

	Three months ended March 31, 2007	Three months ended March 31, 2006
Weighted average		
Exercise price of stock options granted	n/a	\$2.50
Expected volatility	n/a	72%
Risk-free interest rate	n/a	4.69%
Expected life [years]	n/a	4
Dividend yield	n/a	nil

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During the three months ended March 31, 2007, the Company agreed to extend the vesting of stock options for certain employees who left the Company and to extend the expiry term to various periods beyond the 90-day period from departure as detailed in the Company's stock option plan. Accordingly, the Company has accounted for these modifications as additional grants and has recognized additional stock-based compensation expense in the amount of \$89,891 relating to the fair value of these additional awards.

On March 22, 2007 the Board of Directors approved grants of 1,155,000 options with an effective grant date of April 9, 2007, a 48-month vesting period and a 60-month expiry period. The exercise price was determined to be \$6.05 [Cdn\$6.97] in accordance with the Company's stock option plan being the five-day volume-weighted average closing price on the TSX preceding April 9, 2007.

[ii] Restricted Share Plan

A summary of restricted share activity under the restricted share plan is as follows:

	#
Outstanding, December 31, 2006	591,414
Granted	10,000
Issued	<u>(56,655)</u>
Outstanding, March 31, 2007	<u>544,759</u>

During the three months ended March 31, 2007 and the three months ended March 31, 2006, the Company recognized stock-based compensation expense of \$398,750 and \$520,832 respectively, related to its restricted share plan. In addition, the Company issued common shares in 2006 and 2007 related to restricted share plan units with a fair value of \$36,354 which will be expensed in 2007. Prior to the initial public offering on August 10, 2006, stock-based compensation expense was based on the fair value of the Company's common shares as indicated through the most recent common share issuances. After August 9, 2006, compensation expense was determined based on the Company's closing market price on the TSX per common share. During the three months ended March 31, 2007, 56,655 restricted share plan units were vested and issued for common shares of the Company.

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[iii] Warrants

The Company issued warrants that are convertible into common shares of the Company as follows:

On September 2, 2005, the Company granted 100,000 warrants with an exercise price of \$1.80 to one of its directors related to consulting services provided. For the three months ended March 31, 2007 and the three months ended March 31, 2006, the Company expensed \$6,350 and \$6,350, respectively, which are included within stock-based compensation expense on the consolidated statements of operations.

In connection with the Company obtaining broadcast rights from a channel partner, the Company issued 100,000 warrants with an exercise price of \$1.80 to purchase common shares of the Company. The total estimated fair value of \$102,670 has been capitalized and will be amortized to direct broadcast operating costs over the 35-month term of the related agreement. For the three months ended March 31, 2007 and the three months ended March 31, 2006, the Company expensed \$8,799 and \$8,800, respectively, which are included within direct broadcast operating costs on the consolidated statements of operations.

On June 5, 2006, the Company amended the terms of this channel partner agreement such that the Company was required to complete an initial public offering by August 15, 2006 as opposed to the original agreed upon date of June 30, 2006. In consideration of this amendment, the Company issued to the channel partner 7,500 warrants with an expiry of five years from the date of issuance at an exercise price of \$6.00 per warrant. For the three months ended March 31, 2007 the Company expensed \$901 which is included within stock-based compensation expense on the consolidated statements of operations.

On May 31, 2006, as part of the HVMedia asset purchase, two key employees of HVMedia received 75,000 warrants each at an exercise price of \$4.97 [Cdn\$5.50] per warrant. For the three months ended March 31, 2007, the Company expensed \$24,488 which is included within stock-based compensation expense on the consolidated statements of operations.

On August 10, 2006, the Company issued 663,674 warrants to its underwriters at an exercise price of \$5.00 [Cdn\$5.50] per warrant. Each warrant is exercisable into one common share of the Company and expires within two years. The fair value of these warrants in the amount of \$1,394,313 has been recorded in share capital as a share issuance cost.

On November 30, 2006, in connection with the Company obtaining broadcast rights from a channel partner, the Company issued 100,000 warrants with an exercise price of \$6.23 to purchase common shares of the Company. For the three months ended March 31, 2007 and the three months ended March 31, 2006, the Company expensed \$22,597 and nil, respectively, which are included within direct broadcast operating costs on the consolidated statements of operations.

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In addition, during 2006, the Company issued 230,000 warrants to members of the Advisory Board of the Company at exercise prices of \$4.00 to \$6.00 per warrant. Each warrant is exercisable into one common share of the Company, vests over four years and expires after five years. For the three months ended March 31, 2007 and the three months ended March 31, 2006, the Company expensed \$21,903 and nil, respectively, which are included within direct broadcast operating costs on the consolidated statements of operations.

The total stock-based compensation expense related to warrants expensed during the three months ended March 31, 2007 and the three months ended March 31, 2006 was \$53,641 and \$6,350, respectively. The total direct broadcast operating costs related to warrants expensed during the three months ended March 31, 2007 and the three months ended March 31, 2006 was \$53,641 and \$6,350, respectively

The fair value of warrants was determined using the Black-Scholes option pricing model.

The following table summarizes the warrant information as at March 31, 2007:

Exercise price \$	Number outstanding #	Weighted average remaining contractual life [years]	Number exercisable #
1.80	100,000	2.50	43,750
4.00	100,000	4.00	24,688
4.97	150,000	4.20	28,126
5.00	663,674	1.37	663,674
6.00	147,500	4.06	42,032
6.23	100,000	4.92	20,833
	1,261,174	2.60	823,103

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For the three months ended March 31, 2007, the Company did not grant any warrants. The weighted fair value of warrants granted during the three months ended March 31, 2006 was \$1.03 based on the following assumptions:

	Three months ended March 31, 2007	Three months ended March 31, 2006
Weighted average		
Exercise price of warrants granted	n/a	\$5.00
Expected volatility	n/a	72%
Risk-free interest rate	n/a	4.69%
Expected life [years]	n/a	4
Dividend yield	n/a	nil

[iv] Stock Appreciation Rights Plan

During the three months ended March 31, 2007, the Company did not grant any units under the SARS Plan.

Prior to the initial public offering on August 10, 2006, stock-based compensation expense was based on the change in the fair value of the Company's common shares as indicated through the most recent common share issuances. After August 9, 2006, stock-based compensation expense was determined based on the Company's closing market price on the TSX which as at March 31, 2007 was \$6.19 [Cdn\$7.17] per common share. Accordingly, the Company recognized stock-based compensation expense of \$61,352 for the three months ended March 31, 2007 related to outstanding units granted under the Company's SARS Plan. No stock-based compensation expense was recognized during the comparative three-month period for 2006.

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In summary, as at March 31, 2007 and December 31, 2006, the number of common shares of the Company reserved for issuance is as follows:

	Exercise price \$	Expiry/ vesting date	March 31, 2007 #	December 31, 2006 #
Stock options				
<i>[note 14[i]]</i>	1.80	June 2006 - November 2010	1,600,859	1,662,254
	2.50	March 2011	1,031,168	1,289,501
	4.00	April 2011	300,065	316,627
	5.00	August 2011	100,000	100,000
	5.82	September 2011	100,000	100,000
	6.00	April 2011 – June 2011	143,771	171,177
	6.08	November 2011	111,000	111,000
	6.43	December 2011	272,750	301,500
	7.16	November 2011	60,000	60,000
Restricted share units				
<i>[note 14[ii]]</i>	—	July 2009 - March 2011	544,759	591,414
Warrants <i>[note 14[iii]]</i>	1.80 - 6.23	September 2009 - November 2011	1,261,174	1,261,174
Stock appreciation rights				
<i>[note 14[iv]]</i>	4.00 - 6.00	April 2011	1,141,660	1,300,000
			<u>6,667,206</u>	<u>7,264,647</u>

15. Supplemental Cash Flow Information

During the three months ended March 31, 2007 and 2006, there was no interest or taxes paid by the Company.

Excluded from the consolidated statements of cash flows are the following non-cash transactions:

For the three months ended March 31, 2007:

- [i] reclassification of amounts from contributed surplus to share capital in regards to the exercise of stock options and warrants of \$104,235.
- [ii] issuance of 191,345 common shares with a fair market value of approximately \$1,182,295 in regards to the acquisition of SportsYA.
- [iii] issuance of 56,655 common shares with a fair market value of approximately \$408,482 in regards to the vesting of restricted share plan units.

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March 31, 2007

For the three months ended March 31, 2006:

- [i] reclassification of amounts from contributed surplus to share capital in regards to the exercise of stock options and warrants of \$312,091.

16. Segmented Information

The Company has one operating segment and one reportable segment, online broadcasting of international ethnic television channels over the Internet on a subscription basis. Substantially all of the operations of the Company are directly engaged in or support this operating segment.

The following table presents the Company's revenue by geographical region based on location of the Company's subscribers:

	Three months ended March 31, 2007 %	Three months ended March 31, 2006 %
United States	49	56
Europe	24	22
Canada	10	10
Rest of world	17	12
	100	100

The following table presents the geographical location of the Company's long-lived assets:

	March 31, 2007 %	December 31, 2006 %
United States	40	24
Europe	3	8
Canada	43	39
Trinidad and Tobago	10	25
Rest of world	4	4
	100	100