

JUMPTV

JUMPTV INC.

Q3 2006

FORM 51-102F1

**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS**

**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND SEPTEMBER
30, 2005
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion & Analysis ("MD&A") of JumpTV Inc's (the "Company" or "JumpTV") financial condition and results of operations should be read in conjunction with the selected financial information and JumpTV's unaudited consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2006 and 2005, as well as the annual MD&A and audited consolidated financial statements and accompanying notes for the nine months ended December 31, 2005 and years ended March 31, 2005 and 2004 contained in the Company's final prospectus ("Final Prospectus") dated August 1, 2006 on www.sedar.com. The unaudited interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2006 and 2005 have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for preparation of interim financial information. All dollar amounts are in U.S. dollars unless stated otherwise.

JumpTV is a public company incorporated under the Canadian Business Corporations Act and its shares are listed on the Toronto Stock Exchange ("TSX") and Alternative Investment Market ("AIM") on the London Stock Exchange as of August 10, 2006. Additional information relating to the Company can be found on SEDAR at www.sedar.com and the Company's website at www.jump.tv.

This MD&A contains certain forward-looking statements, which reflect Management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. Wherever possible, words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect Management's current beliefs and are based on information currently available to Management.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency exchange rates and technology changes. More detailed assessment of the risks that could cause actual results to materially differ from current expectations is contained in the "Risk Assessment" section included in the final prospectus posted on August 1, 2006 on www.sedar.com.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information set out below for the three and nine months ended September 30, 2006 and 2005 and as at September 30, 2006 has been derived from the Company's unaudited interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2006 and 2005 posted on www.sedar.com. The summary consolidated financial information as at December 31, 2005 has been derived from the Company's audited consolidated financial statements and accompanying notes also posted on www.sedar.com. Readers should read the following information in conjunction with those statements and related notes

Consolidated Financial Information

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
	\$	\$	\$	\$
Income Statement Data:				
Revenue, net	534,671	337,389	1,312,167	970,162
Direct broadcast operating costs	(706,102)	(97,757)	(1,437,113)	(1,273,636)
Net loss for the period	(6,494,411)	(1,086,525)	(16,920,553)	(2,121,279)
Basic and diluted loss per share	(0.23)	(0.08)	(0.74)	(0.20)

	September 30, 2006	December 31, 2005
	\$	\$
Balance Sheet Data:		
Total assets	57,704,568	6,149,886
Non-current liabilities	120,000	120,000
Total liabilities	3,760,174	1,615,420
Share capital	73,556,678	9,744,084
Total shareholders' equity	53,944,394	4,534,466

Operating Information:

	As of	
	September 30, 2006	December 31, 2005
	#	#
Subscribers	22,019	11,572
Subscriptions	23,885	12,361
Channels signed	225 *	102

* Of JumpTV's 225 channel partner agreements as at September 30, 2006, 219 had licensed to JumpTV the rights to broadcast their respective linear feeds on an exclusive basis via Internet-enabled devices.

Key Financial Measures

JumpTV measures the success of its strategies using a number of key financial measures which are outlined below, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

Revenue, net

Revenue, a measurement defined by GAAP, is the inflow of cash, receivables, or other consideration arising from the sale of products or services. The primary source of revenue recognized to date comprises revenue earned from subscription fees. JumpTV makes its channel partners' live linear feeds available, generally on a monthly subscription basis through single-channel offerings, typically priced at \$9.95, and through multi-channel packages ("bundled" monthly pricing ranging typically from \$14.95 to \$24.95). The Company's subscribers currently pay in U.S. dollars, generally on a monthly basis in advance, principally using credit cards. As payments are received in advance, a proportion of monthly subscription revenue for which the services have not been completed is deferred until the following month.

Revenue is recorded net of refunds. Revenue is considered earned as the period of service related to the customer billing or payment received in advance elapses.

Direct Broadcast Operating Costs

Direct broadcast operating costs include costs incurred to suppliers who provide bandwidth, co-location and hosting, as part of the Company's network delivery infrastructure, for streaming to JumpTV subscribers in over 130 countries. Bandwidth costs vary from period to period, as they are based primarily on usage which is a non-controllable and variable factor. The Company purchases bandwidth in fixed amounts and must pay for overage related to capacity utilization over set minimums. Also included in these costs are co-location charges which relate to infrastructure costs that are used in both signal acquisition and distribution.

Also included in direct broadcast operating costs are channel licensing costs, which represent consideration paid to JumpTV's channel partners for Internet broadcast rights. Pursuant to the Company's channel partner agreements, the channel partners generally receive a specified percentage (approximately 23% on average) of the gross subscription revenue received each month by JumpTV from the applicable channels. A small number of channel partners, primarily signed before May 2005, generally receive fees based on dollar amounts per subscriber in respect of the applicable channels. If the Company generates advertising revenue in future periods, then channel partners will be entitled to receive a specified percentage (typically 30%) of the gross revenue generated by JumpTV for advertisements in respect of the applicable channels.

Amortization of the Company's infrastructure equipment is included within direct broadcast operating costs.

Selling, General and Administrative Costs

Selling, general and administrative costs include:

- *Draws & Commissions (formerly referred to as "Success Fees")* – members of the Channel and Subscriber Acquisition Group have historically been granted payments based on business development activities. These payments - sometimes referred to internally as "draws", "bonuses", "success fees" or "commissions" (collectively referred to herein as "Draws & Commissions") have in the past been primarily related to individual and team efforts to secure channel partner agreements and content distribution agreements. A small number of sales agents have fixed commission arrangements, but the vast majority of Draws & Commissions are determined at the discretion of management;
- *Travel* – relates to travel expenses primarily for the Channel and Subscriber Acquisition Group, the staff of which travels throughout the world to sign new channel partner and content distribution agreements, and general business travel;
- *Rent* – represents fees paid for leased offices located in Mississauga, Toronto, Montreal, London, Jamaica, Dubai, New York, Jordan and Bogota;

- *Professional fees* – comprise legal and accounting costs;
- *Wages and benefits* – the Company currently employs both full-time and part-time employees between its Toronto and New York offices;
- *Subcontracting* – for various services provided by consultants, and independent contractors throughout the world. Included in this figure are payments made to certain consulting/subcontracting entities related to members of management who are not compensated as employees; and
- *Marketing* – the Company incurs expenses for both global and local marketing programs that focus on various target ethnic communities. These initiatives include both on-line and offline marketing expenditures.

JumpTV expects that selling, general and administrative costs will increase in the future as JumpTV incurs additional costs related to the growth of its business and costs associated with becoming a public company, including the costs of preparing for public reporting and implementation of a new enterprise resource planning (“ERP”) and global accounting system.

Stock-based Compensation

JumpTV follows the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870 (“CICA 3870”), “Stock-based Compensation and Other Stock-based Payments”. Under the standards of CICA 3870, the fair value of all stock options and warrants granted to employees are recorded in operations or direct broadcast operating costs, as applicable over their vesting periods. Generally, JumpTV uses monthly vesting over four years (1/48 per month) under the Stock Option Plan.

Prior to January 1, 2004, the CICA Handbook permitted companies to measure the compensation costs of equity instruments issued under employee compensation plans using a fair value-based method or other method, such as the intrinsic value-based method. JumpTV has accounted for all stock options and warrants using the fair value-based method.

The fair value of options and warrants are determined using the Black-Scholes option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. The resulting fair value of the options and warrants are expensed on a straight-line basis over their vesting periods. Cash consideration received from employees when options and warrants are exercised and the value of options and warrants accumulated in contributed surplus is credited to share capital.

Key Performance Indicators

The Company has a limited historical operating track record. The following are the key performance indicators the Company expects to use in managing its business in the future: subscriber numbers, number of channels, Subscriber Acquisition Costs, Churn, ARPU and average subscribers per channel.

ARPU, Churn and Subscriber Acquisition Costs

JumpTV is not aware of any uniform standards for calculating ARPU, Churn or Subscriber Acquisition Costs and we believe that JumpTV's presentations of ARPU, Churn and Subscriber Acquisition Costs may not be calculated consistently with other companies in the same or similar business. ARPU, Churn and Subscriber Acquisition Costs are measures of operational performance and not measures of financial performance under GAAP.

We calculate average revenue per subscriber, or "ARPU", by dividing total subscriber-related revenues for a period by JumpTV's average subscribers for that period. Average JumpTV subscribers for a period are calculated by adding the average JumpTV subscribers for each month and dividing by the number of months in the period. Average JumpTV subscribers for each month are calculated by adding the beginning and ending JumpTV subscribers for the month and dividing by two.

JumpTV calculates percentage monthly subscriber turnover, or "Churn", by dividing the number of JumpTV subscribers who cancel service during each month by total JumpTV subscribers as of the beginning of each month.

JumpTV calculates Subscriber Acquisition Costs by dividing total subscriber acquisition costs incurred by JumpTV for a period by the number of gross new subscribers that JumpTV acquired during that period.

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Average revenue per subscriber (ARPU)	\$9.43	\$10.69	\$9.82	\$10.46
Subscriber Acquisition Costs (SAC)	\$21.80	\$3.19	\$22.44	\$1.96
Churn	22.8%	18.0%	18.2%	16.6%

Three Months Ended September 30, 2006 and 2005

	Three months ended September 30,		Change
	2006	2005	
Revenue, net	\$ 534,671	\$ 337,389	\$ 197,282
Direct broadcast operating costs	(706,102)	(97,757)	(608,345)
	<u>(171,431)</u>	<u>239,632</u>	<u>(411,063)</u>
Other costs and expenses			
Selling, general and administrative	5,318,685	1,258,342	4,060,343
Stock-based compensation	1,417,321	74,530	1,342,791
Amortization	34,225	6,335	27,890
	<u>6,770,231</u>	<u>1,339,207</u>	<u>5,431,024</u>
Loss before the following	<u>(6,941,662)</u>	<u>(1,099,575)</u>	<u>(5,842,087)</u>
Gain on foreign exchange	(107,548)	(13,791)	(93,757)
Interest income	(350,703)	(4,859)	(345,844)
	<u>(6,483,411)</u>	<u>(1,080,925)</u>	<u>(5,402,486)</u>
Provision for income taxes	11,000	5,600	5,400
	<u>(6,494,411)</u>	<u>(1,086,525)</u>	<u>(5,407,886)</u>
Net loss for the period	<u>\$ (6,494,411)</u>	<u>\$ (1,086,525)</u>	<u>\$ (5,407,886)</u>
Loss per weighted average number of shares outstanding - basic and diluted	<u>\$ (0.23)</u>	<u>\$ (0.08)</u>	<u>\$ (0.15)</u>
Weighted average number of shares outstanding - basic and diluted	<u>28,848,119</u>	<u>13,469,599</u>	<u>15,378,520</u>

Key Performance Indicators

Monthly ARPU during the three months ended September 30, 2006 was \$9.43, as compared to \$10.69 during the three months ended September 30, 2005. During the quarter, the Company experimented with certain marketing initiatives. The Company's ARPU declined due to the testing of a \$.99 first-month subscriber promotion. The Company expects the introduction of additional channel bundles at average prices of US\$15 per month will result in increasing ARPU going forward.

Subscriber Acquisition Costs were \$21.80 during the three months ended September 30, 2006, as compared to \$3.19 during the three months ended September 30, 2005. This variance reflects the fact that the Company has historically done very limited marketing.

Average monthly churn was 22.8% during the three months ended September 30, 2006, as compared to 18.0% during the three months ended September 30, 2005. The Company's \$.99 first-month promotion test resulted in unusually high churn during the quarter (as certain subscribers cycled in and out of the offer).

Revenue

Revenue increased from \$337,389 for the three months ended September 30, 2005 to \$534,671 for the three months ended September 30, 2006. The increase was primarily due to the increase in subscribers. Refunds have not had a material effect in the determination of revenue recognized in either period.

Direct Broadcast Operating Costs

Direct broadcast operating costs increased from \$97,757 for the three months ended September 30, 2005 to \$706,102 for the three months ended September 30, 2006. During the three months ended September 30, 2006, there was an overall increase in direct broadcast operating costs due to an increase in the number of channels being streamed and the increase in the number of subscribers. For the three months ended September 30, 2006 the Company incurred approximately 23% of revenue in channel licensing costs payable to its channel partners, as compared to approximately 20% for the three months ended September 30, 2005. In addition, the Company included amortization in the amount of \$41,844 on its infrastructure equipment during the period as compared to the \$363 amortized during the three months ended September 30, 2005.

Selling, General and Administrative Costs

Selling, general and administrative costs increased from \$1,258,342 for the three months ended September 30, 2005 to \$5,318,685 for the three months ended September 30, 2006. The increase was due to the following:

- Draws & Commissions decreased from \$522,893 for the three months ended September 30, 2005 to \$456,751 for the three months ended September 30, 2006.
- Travel increased from \$165,619 for the three months ended September 30, 2005 to \$382,255 for the three months ended September 30, 2006. The primary reason for the substantial increase was travel expenses incurred in connection with the signing of new channel partner agreements.
- Professional fees increased from \$22,874 for the three months ended September 30, 2005 to \$266,659 for the three months ended September 30, 2006. The increase was due to the increase in legal fees relating to review of contracts and leases and general corporate matters.
- Rent increased from \$41,529 for the three months ended September 30, 2005 to \$156,009 for the three months ended September 30, 2006. The increase was due to the opening of offices in Toronto, Mississauga, New York, London, Dubai, Bogota, Jamaica and Jordan.
- Wages and benefits increased from \$38,889 for the three months ended September 30, 2005 to \$1,780,233 for the three months ended September 30, 2006, as the number of employees being paid increased from eight during the quarter ended September 30, 2005 to 119 during the quarter ended September 30, 2006.
- Subcontracting/consulting increased from \$279,431 for the three months ended September 30, 2005 to \$997,841 for the three months ended September 30, 2006. The increase was due to the increase in consultants/subcontractors being paid from 16 during the quarter ended September 30, 2005 to 50 during the quarter ended September 30, 2006.
- Marketing expenditure increased from \$13,336 for the three months ended September 30, 2005 to \$393,101 for the three-months ended September 30, 2006. The increase was primarily due to certain marketing tests both online and offline.

Gain on Foreign Exchange

For the three months ended September 30, 2005, JumpTV incurred a foreign exchange gain of \$13,791 as compared to a gain of \$107,548 for the three month period ended September 30, 2006. The change was primarily due to fluctuations in the exchange rate between Canadian dollars, British Pounds Sterling and U.S. dollars during the period.

Stock-based Compensation

Stock-based compensation expense increased from \$74,530 for the three months ended September 30, 2005 to \$1,417,321 for the three months ended September 30, 2006. The increase was due to compensation costs recognized on the issuance and vesting of stock options, restricted shares, warrants and stock appreciation rights and the increase in market value of the Company's common shares.

Interest Income

Interest income increased from \$4,859 for the three months ended September 30, 2005 to \$350,703 for the three months ended September 30, 2006. The substantial increase was due to an increase in funds in the Company's interest-bearing cash accounts as a result of the Company's initial public offering.

Amortization

Amortization increased from \$6,335 for the three months ended September 30, 2005 to \$34,225 for the three months ended September 30, 2006. The increase was primarily due to the purchase of office related computer equipment during the period.

Provision for Income Taxes

The increase in income taxes from \$5,600 for the three months ended September 30, 2005 to \$11,000 for the three months ended September 30, 2006 relates to U.S. tax obligations regarding the Company's U.S. operations.

Nine Months Ended September 30, 2006 and 2005

	Nine Months Ended September 30,		Change
	2006	2005	
Revenue, net	\$ 1,312,167	\$ 970,162	\$ 342,005
Direct broadcast operating costs	(1,437,113)	(1,273,636)	(163,477)
	<u>(124,946)</u>	<u>(303,474)</u>	<u>178,528</u>
Other costs and expenses			
Selling, general and administrative	14,538,882	1,615,077	12,923,805
Stock-based compensation	2,744,701	184,833	2,559,868
Amortization	82,076	15,644	66,432
	<u>17,365,659</u>	<u>1,815,554</u>	<u>15,550,105</u>
Loss before the following	<u>(17,490,605)</u>	<u>(2,119,028)</u>	<u>(15,371,577)</u>
Gain on foreign exchange	(99,247)	(3,190)	(96,057)
Interest income	<u>(506,805)</u>	<u>(5,759)</u>	<u>(501,046)</u>
Loss before income taxes	<u>(16,884,553)</u>	<u>(2,110,079)</u>	<u>(14,774,474)</u>
Provision for income taxes	36,000	11,200	24,800
Net loss for the period	<u>\$ (16,920,553)</u>	<u>\$ (2,121,279)</u>	<u>\$ (14,799,274)</u>
Loss per weighted average number of shares outstanding - basic and diluted	<u>\$ (0.74)</u>	<u>\$ (0.20)</u>	<u>\$ (0.54)</u>
Weighted average number of shares outstanding - basic and diluted	<u>22,913,150</u>	<u>10,574,769</u>	<u>12,338,381</u>

Key Performance Indicators

Monthly ARPU during the nine months ended September 30, 2006 was \$9.82, as compared to \$10.46 during the nine months ended September 30, 2005. During the nine-months ended September 30, 2006, the Company experimented with certain marketing initiatives. The Company's ARPU declined due to the testing of a \$.99 first-month subscriber promotion. The Company expects the introduction of additional channel bundles at average prices of US\$15 per month will result in increasing ARPU going forward.

Subscriber Acquisition Costs were \$22.44 during the nine months ended September 30, 2006, as compared to \$1.96 during the nine months ended September 30, 2005. This variance reflects the fact that the Company has historically done very limited marketing.

Average monthly churn was 18.2% during the nine months ended September 30, 2006, as compared to 16.6% during the nine months ended September 30, 2005. The Company's \$.99 first-month promotion test resulted in an unusually high churn during the quarter [as certain subscribers cycled in and out of the offer].

Revenue, net

Revenue increased from \$970,162 for the nine months ended September 30, 2005 to \$1,312,167 for the nine months ended September 30, 2006. The increase was primarily due to the increase in subscribers. Refunds have not had a material effect in the determination of revenue recognized in either period.

Direct Broadcast Operating Costs

Direct broadcast operating costs increased from \$1,273,636 for the nine months ended September 30, 2005 to \$1,437,113 for the nine months ended September 30, 2006 mainly due to an overall increase in direct broadcast operating costs due to an increase in the number of channels being streamed and the increase in the number of subscribers. In the prior period, JumpTV entered into a settlement arrangement with Daniel Sean LLC, a company controlled by Farrell Miller, a former director, Chief Executive Officer and principal shareholder of JumpTV. Pursuant to this agreement, JumpTV paid Daniel Sean LLC an aggregate of \$950,000 in fees for the past provision by Daniel Sean LLC of internet bandwidth services to JumpTV. The payment also resulted in the underlying bandwidth supply agreement being assigned to JumpTV. The full amount was expensed during the nine month period ended September 30, 2005. For the periods presented, the Company incurred approximately 21% of revenue in channel licensing costs payable to its channel partners. In addition, the amortization included in direct broadcast operating costs increased from \$363 to \$92,739.

Selling, General and Administrative Costs

Selling, general and administrative costs increased from \$1,615,077 for the nine months ended September 30, 2005 to \$14,538,882 for the nine months ended September 30, 2006. The increase was due to the following:

- Draws and commissions increased from \$522,893 for the nine months ended September 30, 2005 to \$1,014,369 for the nine months ended September 30, 2006. Draws and commissions were paid to individuals who the Channel and Subscriber Acquisition Group determined were primarily responsible for signing new channel partner agreements.
- Travel increased from \$192,133 for the nine months ended September 30, 2005 to \$1,337,753 for the nine months ended September 30, 2006. The primary reason for the substantial increase was travel expenses incurred in connection with the signing of new channel partner agreements.
- Professional fees increased from \$80,519 for the nine months ended September 30, 2005 to \$1,029,888 for the nine months ended September 30, 2006. The increase was due to the increase in legal fees relating to the review of contracts and leases and general corporate matters.
- Rent increased from \$60,283 for the nine months ended September 30, 2005 to \$346,214 for the nine months ended September 30, 2006. The increase was due to the opening of offices in Toronto, Mississauga, New York, London, Dubai, Bogata, Jamaica and Jordan.
- Wages and benefits increased from \$104,382 for the nine months ended September 30, 2005 to \$3,639,329 for the nine months ended September 30, 2006 as the number of employees being paid increased from eight during the quarter ended September 30, 2005 to 138 during the quarter ended September 30, 2006.
- Subcontracting/consulting increased from \$388,137 for the nine months ended September 30, 2005 to \$4,289,988 for the nine months ended September 30, 2006. The increase was due to the increase in consultants/subcontractors being paid from 16 during the quarter ended September 30, 2005 to 89 during the quarter ended September 30, 2006.
- Marketing expenditures increased from \$35,014 for the nine months ended September 30, 2005 to \$780,717 for the nine months ended September 30, 2006. The increase was primarily due to certain marketing tests both online and offline.

Gain on Foreign Exchange

For the nine months ended September 30, 2005, JumpTV incurred a foreign exchange gain in the amount of \$3,190 as compared to a gain of \$99,247 for the nine month period ended September 30, 2006. The change was primarily due to fluctuations in the exchange rate between Canadian dollars, British Pound Sterling and U.S. dollars during the period.

Stock-based Compensation

Stock-based compensation expense increased from \$184,833 for the nine months ended September 30, 2005 to \$2,744,701 for the nine months ended September 30, 2006. The increase was due to compensation costs recognized on the issuance and vesting of stock options, restricted shares, warrants and stock appreciation rights and the increase in market value of the Company's common shares.

Interest Income

Interest income increased from \$5,759 for the nine months ended September 30, 2005 to \$506,805 for the nine months ended September 30, 2006. The substantial increase was due to an increase in funds in the Company's interest bearing cash accounts as a result of the Company's private placements.

Amortization

Amortization increased from \$15,644 for the nine months ended September 30, 2005 to \$82,076 for the nine months ended September 30, 2006. The increase was primarily due to the purchase of office related computer equipment during the period.

Provision for Income Taxes

The increase in income taxes from \$11,200 for the nine months ended September 30, 2005 to \$36,000 for the nine months ended September 30, 2006 relates to U.S. tax obligations regarding the Company's U.S. operations.

Liquidity and Capital Resources

Prior to August 10, 2006, JumpTV had funded its operations through previous private placements of equity securities. The funds generated from these private placements were primarily used for working capital purposes. On August 10, 2006, in connection with the initial public offering ["IPO"] of the Company, the Company issued 12,000,000 common shares for total proceeds of \$59,121,585 [Cdn\$66,000,000] less offering costs of \$10,837,643. On August 30, 2006, the underwriters' over-allotment option was exercised whereby the Company issued 1,273,500 common shares for total proceeds of \$6,315,032 [Cdn\$7,004,250] less offering costs of \$607,400. In the future, JumpTV expects that it will continue to use its cash resources to fund working capital for losses generated by its operations, as it continues to sign channel partners and improve its product, and potential acquisitions.

Cash and cash equivalents at September 30, 2006 was \$54,020,499 compared to \$5,475,052 at December 31, 2005, an increase of \$48,545,447.

The following table summarizes the Company's contractual commitments as at September 30, 2006, and the effect those commitments are expected to have on liquidity and cash flow in future periods:

<u>Contractual Commitments</u>	Payments Due by Period				Total
	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years	
Office locations	\$ 81,029	\$ 159,292	\$ -	\$ -	\$ 240,321
Co-location leases	174,846	251,664	-	-	426,510
Equipment and other leases	29,170	277,986	2,845	-	310,001
Marketing fees	170,304	780,000	-	-	950,304
Total	\$ 455,349	\$ 1,468,942	\$ 2,845	\$ -	\$ 1,927,136

The Company entered into a demand operating facility with a Canadian chartered bank on March 29, 2006, as amended on June 14, 2006, June 19, 2006, July 4, 2006 and July 13, 2006 providing for two credit facilities, one in the amount of Cdn\$125,000 and \$250,000 to collateralize the Company's obligations under certain credit cards of the Company and the other in the amount of \$300,000 to collateralize the Company's obligations under an agreement entered into with an equipment financing company as described below [the "Equipment Agreement"]. The Equipment Agreement, dated July 27, 2006, provides for an uncommitted leasing facility allowing the Company to purchase up to \$650,000 worth of equipment which the Company will be obligated to repay by way of monthly payments. As at September 30, 2006 the Company has drawn upon \$226,141 [Cdn\$255,743] under this facility through equipment purchases and is obligated to make monthly payments of \$9,034 [Cdn\$10,217] in respect of such amount.

During the fiscal year 2006, the Company entered into a channel partner agreement, whereby the Company is obligated to issue 100,000 warrants for 100,000 common shares of the Company at an exercise price of \$6.00 per common share, subject to Board approval. As at September 30, 2006, the Board of Directors has yet to approve the issuance of these warrants. Accordingly, the Company has accrued \$191,690 relating to the total estimated fair value of these warrants with a corresponding entry to deferred direct broadcast operating costs.

Comparative Cash Flows

Selected Consolidated Cash Flow Data	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Cash flows used in operating activities	\$ (10,012,797)	\$ (256,963)	\$ (14,428,288)	\$ (1,022,724)
Cash flows used in investing activities	\$ (118,502)	\$ (53,600)	\$ (1,216,682)	\$ (67,101)
Cash flows provided by financing activities	\$ 59,041,397	\$ 3,864,036	\$ 64,190,417	\$ 5,593,036

Operating Activities

Cash used in operating activities for the nine months ended September 30, 2006 was \$14,428,288. Changes in net cash used in operating activities reflect the following:

- net loss for the period of \$16,920,553 for the nine months then ended; and
- a positive net change in working capital of \$48,252,027.

Investing Activities

Cash used in investing activities for the nine months ended September 30, 2006 was \$1,216,682. The primary use of the funds was for the purchases relating to JumpTV's network infrastructure as part of its capital expenditures. Also included in investing activities is the acquisition of HVMedia Limited which has been capitalized as an intangible asset.

A summary of JumpTV's equipment, including delivery infrastructure [at cost] is as follows:

Equipment

	September 30, 2006	December 31, 2005
Computer equipment	\$ 437,928	\$ 225,459
Infrastructure equipment	639,069	220,433
Computer software	149,167	23,099
Furniture and fixtures	27,804	18,130
Leasehold improvements	5,367	-
	<u>\$ 1,259,335</u>	<u>\$ 487,121</u>

Intangible asset

	September 30, 2006	December 31, 2005
HVMedia Limited asset purchase	\$ 464,195	\$ -

Financing Activities

Cash provided by financing activities was \$64,190,417 for the nine months ended September 30, 2006. This primarily reflects net proceeds raised from the initial public offering in the amount of \$48,283,942 and net proceeds from the underwriters option to exercise their greenshoe option of \$5,707,632.

Off-Balance Sheet Arrangements

The Company does not have any “off-balance sheet” arrangements as of September 30, 2006 as that term is described in National Instrument 51-102F1.

Related party transactions

Patstar Inc.

On occasion, a company controlled by the Company’s current Chairman and Chief Executive Officer, Patstar Inc., receives reimbursement of expenditures incurred on behalf of JumpTV or by employees of JumpTV. The nature of these reimbursements relates to expenses that Patstar Inc. has incurred on behalf of the Company in the normal course of business. The balance due to related parties as at September 30, 2006 and December 31, 2005 of \$6,083 and \$138,323, respectively, relates to these reimbursements. In addition, for the nine months ended September 30, 2006 and 2005, included in the Company’s selling, general and administrative expense is rent expense of \$47,818 and \$28,937, respectively, that was paid to Patstar Inc. for the use of office space. All reimbursements are recorded at the exchange amount.