

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

**JumpTV Inc.**  
March 31, 2008  
[unaudited]

**JumpTV Inc.****CONSOLIDATED BALANCE SHEETS**

[unaudited]

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

As at

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents <i>[note 5]</i>	39,769,054	51,202,984
Short-term investments <i>[note 6]</i>	126,159	130,640
Accounts receivable, net of allowance for doubtful accounts of \$311,145 [2007 - \$395,175]	1,733,505	1,782,280
Interest receivable	83,042	726,995
Sales taxes receivable	742,210	659,000
Other receivables	91,209	79,385
Prepaid expenses and deposits	1,406,403	1,044,921
Deferred direct broadcast operating costs	1,120,500	—
<b>Total current assets</b>	<b>45,072,082</b>	<b>55,626,205</b>
Assets held for sale <i>[note 7]</i>	1,880,429	—
Property, plant and equipment, net <i>[note 8]</i>	4,892,452	6,760,565
Intangible assets, net <i>[note 9]</i>	17,548,991	18,305,881
Goodwill <i>[note 10]</i>	—	47,970,833
Other assets	1,807,366	1,234,038
Deferred direct broadcast operating costs	—	76,409
<b>Total assets</b>	<b>71,201,320</b>	<b>129,973,931</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable	2,018,324	3,296,858
Other accrued liabilities	5,394,435	5,247,328
Due to related party <i>[note 11]</i>	20,157	37,229
Current portion of note payable	13,586	13,586
Current portion of obligations under capital lease	117,212	120,465
Deferred revenue	2,110,901	1,752,042
Income taxes payable	118,550	115,050
<b>Total current liabilities</b>	<b>9,793,165</b>	<b>10,582,558</b>
Deferred rent	561,772	599,440
Deferred revenue	209,283	228,127
Note payable	31,881	31,881
Obligations under capital lease	50,822	80,299
<b>Total liabilities</b>	<b>10,646,923</b>	<b>11,522,305</b>
<b>Shareholders' equity</b>		
Share capital	172,979,915	172,697,828
Contributed surplus	8,290,032	7,740,531
Accumulated other comprehensive loss	(40,355)	(40,355)
Accumulated deficit	(120,675,195)	(61,946,378)
<b>Total shareholders' equity</b>	<b>60,554,397</b>	<b>118,451,626</b>
<b>Total liabilities and shareholders' equity</b>	<b>71,201,320</b>	<b>129,973,931</b>

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

On behalf of the Board:

“G. Scott Paterson”  
Director

“Jordan Banks”  
Director

**JumpTV Inc.****CONSOLIDATED STATEMENTS OF OPERATIONS AND  
COMPREHENSIVE LOSS**

[unaudited]

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

Three months ended March 31

	<b>2008</b>	<b>2007</b>
	\$	\$
<b>Revenue</b>	3,606,559	1,003,146
Direct broadcast operating costs <i>[notes 8, 9 and 13(iii)]</i>	(4,670,568)	(1,360,259)
	(1,064,009)	(357,113)
<b>Other costs and expenses</b>		
Selling, general and administrative <i>[note 11]</i>	8,855,722	6,528,892
Stock-based compensation and other compensation payments <i>[note 13]</i>	792,936	1,156,102
Amortization of property, plant and equipment	223,165	79,176
Amortization of intangible assets	64,016	9,908
	9,935,839	7,774,078
Loss before the following:	(10,999,848)	(8,131,191)
Impairment of goodwill <i>[note 10]</i>	(47,882,317)	—
Impairment of long-lived assets <i>[note 9]</i>	(173,786)	—
Gain (loss) on foreign exchange	(46,065)	45,814
Investment income	380,075	1,015,661
Loss before income taxes	(58,721,941)	(7,069,716)
Provision for income taxes	6,876	15,450
<b>Net loss for the period</b>	(58,728,817)	(7,085,166)
Unrealized gain on short-term investments	—	287,511
Reclassification of unrealized gain on short-term investments	—	(295,626)
<b>Comprehensive loss for the period</b>	(58,728,817)	(7,093,281)
Net loss per weighted average number of shares outstanding - basic and diluted <i>[note 4]</i>	\$ (1.19)	\$ (0.18)
Weighted average number of shares outstanding - basic and diluted <i>[note 4]</i>	49,280,987	40,387,397

*See accompanying notes*

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

[unaudited]

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

	Share capital		Contributed surplus \$	Accumulated other comprehensive loss \$	Accumulated deficit \$	Total shareholders' equity \$
	Common shares					
	#	\$				
<b>Balance, December 31, 2007</b>	49,144,313	172,697,828	7,740,531	(40,355)	(61,946,378)	118,451,626
Net loss for the period	—	—	—	—	(58,728,817)	(58,728,817)
Exercise of stock options for common shares <i>[note 13[i]]</i>	9,583	27,088	(9,839)	—	—	17,249
Stock-based compensation <i>[note 13]</i>						
Restricted share plan units	—	—	37,794	—	—	37,794
Stock options	—	—	524,639	—	—	524,639
Warrants	—	—	110,226	—	—	110,226
Retention warrants	—	—	108,480	—	—	108,480
Director's compensation	—	—	7,754	—	—	7,754
Release of common shares from escrow for services	—	25,446	—	—	—	25,446
Issuance of common shares for directors' compensation plan <i>[note 13[vi]]</i>	4,646	7,754	(7,754)	—	—	—
Issuance of common shares for restricted share plan units <i>[note 13[ii]]</i>	141,268	221,799	(221,799)	—	—	—
<b>Balance, March 31, 2008</b>	49,299,810	172,979,915	8,290,032	(40,355)	(120,675,195)	60,554,397

	Share capital		Contributed surplus \$	Accumulated other comprehensive loss \$	Accumulated deficit \$	Total shareholders' equity \$
	Common shares					
	#	\$				
<b>Balance, December 31, 2006</b>	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)
Issuance of common shares on acquisition of SportsYA	191,345	1,182,295	—	—	—	1,182,295
Exercise of stock options for common shares	40,602	180,500	(104,235)	—	—	76,265
Net proceeds from issuance of common shares through secondary public offering	13,043,479	93,104,671	—	—	—	93,104,671
Issuance of common shares into escrow	330,000	—	—	—	—	—
Stock-based compensation						
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	—	148,019	—	—	—	148,019
Issuance of common shares for restricted share plan units	56,655	408,482	(408,482)	—	—	—
<b>Balance, March 31, 2007</b>	48,483,202	170,251,615	3,403,562	(40,355)	(38,461,433)	135,153,389

See accompanying notes

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

[unaudited]

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

Three months ended March 31

	<b>2008</b>	<b>2007</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(58,728,817)	(7,085,166)
Adjustments to reconcile net loss to cash used in operating activities		
Amortization	1,274,132	176,029
Impairment of goodwill <i>[note 10]</i>	47,882,317	—
Impairment of long-lived assets <i>[note 9]</i>	173,786	—
Unrealized gain on short-term investments	4,481	—
Stock-based compensation <i>[note 13]</i>	792,936	1,104,483
Amortization of deferred direct broadcast operating costs <i>[note 13[iii]]</i>	31,395	31,395
	<u>(8,569,770)</u>	<u>(5,773,259)</u>
Changes in operating assets and liabilities		
Funds held in trust	—	(231,075)
Accounts receivable	48,775	—
Interest receivable	643,953	—
Sales taxes receivable	(83,210)	—
Other receivables	(11,824)	(40,052)
Prepaid expenses, deposits and other assets	(936,003)	285,064
Deferred direct broadcast operating costs	(1,052,890)	—
Accounts payable	(1,278,533)	(359,341)
Other accrued liabilities	147,107	1,208,527
Due to related party	(17,072)	(22,097)
Obligations under capital lease	(32,730)	—
Deferred revenue	340,014	71,581
Income taxes payable	3,500	15,450
Deferred rent	(37,668)	117,534
Accrued stock appreciation rights payable	—	61,352
<b>Cash used in operating activities</b>	<u>(10,836,351)</u>	<u>(4,666,316)</u>
<b>INVESTING ACTIVITIES</b>		
Redemption of short-term investments	—	27,999,000
Purchase of property, plant and equipment	(586,544)	(2,079,935)
Acquisition of SportsYA, net of cash acquired of \$3,308	—	(151,840)
Acquisition of Broadband Network Division of XOS Technologies Inc.	(23,413)	—
Acquisition of Cycling TV, Limited	(4,871)	—
<b>Cash provided by (used in) investing activities</b>	<u>(614,828)</u>	<u>25,767,225</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issuances, net	—	93,104,671
Bank indebtedness	—	(1,287,150)
Proceeds from exercise of stock options	17,249	76,265
<b>Cash provided by financing activities</b>	<u>17,249</u>	<u>91,893,786</u>
<b>Net (decrease) increase in cash and cash equivalents during the period</b>	<u>(11,433,930)</u>	<u>112,994,695</u>
Cash and cash equivalents, beginning of period	51,202,984	21,936,878
<b>Cash and cash equivalents, end of period</b>	<u>39,769,054</u>	<u>134,931,573</u>

*See accompanying notes*

## **JumpTV Inc.**

# **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

[Information as at March 31, 2008 and for the three months ended  
March 31, 2008 and 2007 is unaudited]

March 31, 2008

## **1. Nature of Operations**

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 and sports content over the Internet.

The Company's revenues are seasonal, with the fourth quarter (ending December 31) being the strongest. This is primarily reflective of the revenues generated from college football in the United States. Therefore, one quarter's operating results are not necessarily indicative of the performance for the balance of the year.

## **2. Significant Accounting Policies**

The notes presented in these interim consolidated financial statements are not fully inclusive of all matters normally disclosed in the Company's annual audited consolidated financial statements. As a result, these interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2007.

These interim consolidated financial statements follow the same policies and methods of application as the most recent audited consolidated financial statements as at and for the year ended December 31, 2007, except for the following:

### **Assets Held for Sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing operations.

Effective January 1, 2008, the Company adopted new accounting standards issued by the Canadian Institute of Chartered Accountants (the "CICA") as follows:

### **CICA Handbook Section 1535 – "Capital Disclosures"**

This section requires the Company to disclose its objectives, policies and processes for managing capital. The adoption of this new standard resulted in additional disclosures with regard to the Company's objectives, policies and process for managing capital which is discussed in note 17. This new standard had no impact on the classification and measurement of the transactions in the Company's interim consolidated financial statements.

## **JumpTV Inc.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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CICA Handbook Sections 3862 and 3863– “Financial Instruments – Disclosures and Presentation”

This section enhances the disclosure and presentation required on the nature and extent of risks arising from financial instruments and how the Company manages those risks. The adoption of this new standard resulted in additional disclosures with regard to the Company's financial instruments which is discussed in note 15. This new standard had no impact on the classification and measurement of the transactions in the Company's interim consolidated financial statements.

### **3. Future Accounting Standards**

The CICA has issued the following handbook sections, which applies commencing with the Company's 2009 fiscal year.

Goodwill, Intangible Assets and Financial Statement Concepts

In February 2008, the CICA issued Section 3064 Goodwill and Intangible Assets, replacing Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. The new Section establishes standards on the recognition, measurement, presentation and disclosure for goodwill and intangible assets subsequent to their initial recognition. The standard requires retroactive application to prior period financial statements. While the Company is currently assessing the impact of this new standard on its consolidated financial statements, management does not expect the standard to have a significant impact on the Company's consolidated financial results.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (ASB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies would be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. In February 2008, the CICA ASB confirmed the effective date of the initial adoption of IFRS. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

## JumpTV Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

#### 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, 2008 and 2007, 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, 2008 and 2007.

#### 5. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	March 31, 2008 \$	December 31, 2007 \$
Cash [i]	4,404,542	15,229,098
Money market funds [ii]	35,364,512	2,972,983
Global bond [iii]	—	22,993,351
Corporate bond [iv]	—	10,007,552
	<u>39,769,054</u>	<u>51,202,984</u>

[i] Cash consists primarily of U.S. and Canadian dollar accounts which earn interest at approximately 2% to 5%.

[ii] Money market funds consist of U.S. [\$35,235,776] accounts and a Canadian dollar account [Cdn\$134,671] which earn interest at approximately 3% to 5%.

[iii] Global bond represented a 78-day global bond which earned interest at approximately 4% and matured on January 15, 2008.

[iv] Corporate bond represented a 95-day global bond which earned interest at approximately 5.75% and matured on February 1, 2008.

**JumpTV Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

[Information as at March 31, 2008 and for the three months ended  
March 31, 2008 and 2007 is unaudited]

March 31, 2008

**6. Short-term Investments**

As at March 31, 2008, short-term investments consisted of a guaranteed investment certificate at amortized cost plus accrued interest totaling \$126,159 [December 31, 2007 - \$130,640] which matures on July 17, 2008 and bears interest at 3.75%.

**7. Assets Held For Sale**

On February 14, 2008, the Company announced as part of its refined strategic focus to explore the sale of their content delivery network, after receiving approval from the Company's Board of Directors. The Company is actively seeking a buyer and has engaged a third party to help negotiate the sale. In accordance with CICA Handbook Section 3475, *Disposal of Long-Lived Assets and Discontinued Operations*, the Company reclassified their content delivery network assets from property, plant and equipment to assets held for sale. These assets are intended to be sold within the next year and amortization is no longer being taken as of February 14<sup>th</sup>.

The details of assets held for sale are set forth below:

	March 31, 2008	December 31, 2007
	\$	\$
Infrastructure equipment	1,709,984	—
Computer software	170,445	—
	1,880,429	—

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

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

[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

**8. 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, 2008		
	Cost	Accumulated	Net book
	\$	amortization	value
	\$	\$	\$
Computer equipment	2,342,757	576,386	1,766,371
Infrastructure equipment	39,810	7,543	32,267
Computer software	2,412,840	685,709	1,727,131
Furniture and fixtures	552,494	100,945	451,549
Leasehold improvements	1,044,613	236,766	807,847
Website development costs	161,059	53,772	107,287
	<u>6,553,573</u>	<u>1,661,121</u>	<u>4,892,452</u>

  

	December 31, 2007		
	Cost	Accumulated	Net book
	\$	amortization	value
	\$	\$	\$
Computer equipment	2,196,670	437,707	1,758,963
Infrastructure equipment	1,906,798	475,966	1,430,832
Computer software	2,651,640	517,023	2,134,617
Furniture and fixtures	507,406	81,468	425,938
Leasehold improvements	1,040,039	154,246	885,793
Website development costs	161,059	36,637	124,422
	<u>8,463,612</u>	<u>1,703,047</u>	<u>6,760,565</u>

Certain assets relating to the Company's content delivery network that were classified as property, plant and equipment as at December 31, 2007, were reclassified as assets held for sale on February 14, 2008 as the criteria for this classification were met. These assets are intended to be sold within the next year and amortization is no longer being taken [note 7].

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

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

[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

The following amortization expense is included within direct broadcast operating costs on the consolidated statements of operations:

Three months ended March 31

	2008	2007
	\$	\$
Infrastructure equipment	115,966	70,683
Computer software	217,961	—
Website development costs	17,135	—
	<u>351,062</u>	<u>70,683</u>

**9. Intangible Assets**

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

	March 31, 2008			
	Cost	Accumulated amortization	Impairment	Net book value
	\$	\$	\$	\$
Contractual agreements	19,227,200	1,662,139	171,104	17,393,957
Trademarks, tradenames and domain names	207,601	49,885	2,682	155,034
	<u>19,434,801</u>	<u>1,712,024</u>	<u>173,786</u>	<u>17,548,991</u>

	December 31, 2007			
	Cost	Accumulated amortization		Net book value
	\$	\$		\$
Contractual agreements	19,131,000	974,387		18,156,613
Trademarks, tradenames and domain names	187,001	37,733		149,268
	<u>19,318,001</u>	<u>1,012,120</u>		<u>18,305,881</u>

**JumpTV Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

CICA Handbook Section 3063, *Impairment of Long-Lived Assets*, requires that a long-lived asset be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized as the difference between fair value and carrying amount when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The Company has determined that the carrying value of intangible assets relating to HV Media, Limited exceed their fair value. Accordingly the Company recorded an impairment of \$173,786 in the quarter. No other impairment related to the remaining intangibles was evidenced.

Amortization expense related to the Company's acquired contractual agreements with content partners for the three months ended March 31, 2008 of \$635,888 [three months ended March 31, 2007 – \$16,262] is included within direct broadcast operating costs on the consolidated statements of operations. Based on the amount of intangible assets subject to amortization, the Company's estimated amortization expense over the next five years is as follows:

	\$
2008	1,903,051
2009	2,531,549
2010	2,487,165
2011	2,436,041
2012	2,246,590

**10. Goodwill**

Goodwill represents the excess, at the date of acquisition, of the cost of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed. Goodwill impairment is assessed based on a comparison of the fair value of the reporting unit (which is the Company as a whole) to the underlying carrying value of the Company's net assets, including goodwill. If the carrying value of the Company exceeds its fair value, the Company performs the second step of the goodwill impairment test to determine the amount of the impairment loss. The second step of the impairment test involves comparing the implied fair value of the Company's goodwill with its carrying amount to measure the amount of impairment loss, if any.

Goodwill is not amortized but is subject to an annual impairment test at the Company level (operating segment or one level below an operating segment) and between annual tests if changes in circumstances indicate a potential impairment. The Company's impairment test was based on its single operating segment and reporting unit structure.

## **JumpTV Inc.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

As at March 31, 2008, the Company's market capitalization decreased below the carrying value of the Company. Management considered this to be an indicator of impairment, accordingly, as at March 31, 2008, performed a goodwill impairment test and determined that the Company failed step 1. As a result of performing step two of the impairment analysis, management determined that the fair value of the Company, including unidentifiable assets, did not support the carrying amount of goodwill, accordingly the Company recorded a non-cash goodwill impairment charge of \$47,882,317 during the three months ended March 31, 2008. There were no such comparable amounts for the prior period.

#### **11. 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 Executive Chairman, receives reimbursement of expenditures incurred on behalf of the Company. The nature of these reimbursements relates to expenses that the Company has incurred in the normal course of business. At March 31, 2008, the Company had balances due to Patstar Inc. of \$20,157 [December 31, 2007 – \$37,229] related to these reimbursements. In addition, rent expense paid by Patstar Inc. of \$10,590 is included as a reduction in the Company's selling, general and administrative expenses for the three months ended March 31, 2008 [three months ended March 31, 2007 – \$6,166]. All reimbursements and rent expense are recorded at fair value.

## JumpTV Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

#### 12. Commitments and Contingencies

##### Commitments

The Company has operating lease commitments for its premises in Toronto, Canada, Sanford, United States, New York, United States, and London, England. In addition, the Company has operating leases for certain computer hardware and infrastructure equipment. Furthermore, the Company has marketing and content license fee commitments to channel partners. Future minimum annual payments over the next five years per fiscal year [exclusive of taxes, insurance and maintenance costs] under these commitments are as follows:

	Marketing and license fees \$	Operating leases \$
2008	4,320,370	1,916,962
2009	2,259,495	1,672,609
2010	1,636,780	1,379,340
2011	367,543	1,316,707
2012	325,000	490,311
	<u>8,909,188</u>	<u>6,775,929</u>

##### Contingencies

The Company is involved in various legal claims associated with the normal course of business. Although the outcome of such claims is not determinable at this time, the Company believes it has made adequate provisions for these claims and that the outcomes will not have any material adverse affect on the Company's financial position or results of operations.

During the ordinary course of business activities, the Company may become contingently liable for damages arising from litigation and a party to claims, including claims that content broadcast by the Company may infringe on the intellectual property rights of others. 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.

## JumpTV Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

### 13. Stock Option and Stock-Based Compensation Plans

[i] Stock Option Plan

A summary of stock option activity is as follows:

	#	Weighted average exercise price \$
Outstanding, December 31, 2007	5,605,184	3.76
Granted	947,500	0.64
Exercised	(9,583)	1.80
Forfeited	(416,254)	3.69
Outstanding, March 31, 2008	6,126,847	3.28

For the three months ended March 31, 2008 and 2007, \$524,639 and \$494,340 were recorded for total stock-based compensation expense related to stock options. The weighted average exercise price of options exercisable as at March 31, 2008 was \$3.30 [March 31, 2007 - \$2.45].

The weighted average fair value of all stock options granted during the three months ended March 31, 2008 was \$0.37 based on the following assumptions:

Three months ended March 31

	2008	2007
<b>Weighted average</b>		
Exercise price of stock options granted	\$0.64	n/a
Expected volatility	68%	n/a
Risk-free interest rate	2.88%	n/a
Expected life [years]	4	n/a
Dividend yield	nil	n/a

## JumpTV Inc.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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[Information as at March 31, 2008 and for the three months ended  
March 31, 2008 and 2007 is unaudited]

March 31, 2008

#### [ii] Restricted Share Plan

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

	#
Outstanding, December 31, 2007	315,926
Forfeited	(37,510)
Vested and issued for common shares	(141,268)
Outstanding, March 31, 2008	137,148

During the three months ended March 31, 2008 and 2007, the Company recognized stock-based compensation expense of \$38,988 and \$398,750, respectively, related to its restricted share plan. Compensation expense was determined based on the Company's closing market price on the TSX per common share on the date of vesting and issuance. During the three months ended March 31, 2008, 141,268 restricted share plan units were vested and issued for common shares of the Company.

#### [iii] Warrants

The total stock-based compensation expense related to warrants expensed during the three months ended March 31, 2008 and 2007 was \$87,630 and \$53,641, respectively. The total direct broadcast operating costs related to warrants expensed during the three months ended March 31, 2008 and 2007 were \$31,395 and \$53,641, respectively.

A summary of the warrant activity during the three months ended March 31, 2008 is as follows:

	#	Weighted average exercise price \$
Outstanding, December 31, 2007	1,937,474	4.51
Forfeited	(30,626)	5.00
Outstanding, March 31, 2008	1,906,848	4.51

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

During the three months ended March 31, 2008 and 2007, the Company did not grant any warrants.

## JumpTV Inc.

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March 31, 2008

#### [iv] Retention Warrant Plan ["Warrant Plan"]

A summary of the warrant activity during the three months ended March 31, 2008 is as follows:

	#	Weighted average exercise price \$
Outstanding, December 31, 2007	1,135,894	3.86
Granted	478,500	0.64
Forfeited	(11,811)	3.86
Outstanding, March 31, 2008	1,602,583	2.90

During the three months ended March 31, 2008 and 2007, the Company recognized stock-based compensation expense of \$108,480 and nil, respectively, related to its retention warrant plan.

The weighted fair value of warrants granted during the three months ended March 31, 2008 was \$0.38 based on the following assumptions:

Three months ended March 31	2008	2007
<b>Weighted average</b>		
Exercise price of warrants granted	\$0.64	n/a
Expected volatility	68%	n/a
Risk-free interest rate	2.88%	n/a
Expected life [years]	4	n/a
Dividend yield	nil	n/a

#### [v] Stock Appreciation Rights Plan ["SARs"]

A summary of the SARs activity during the three months ended March 31 2008 is as follows:

	#	Weighted average exercise price \$
Outstanding, December 31, 2007	3,384,020	4.04
Granted	200,000	0.64
Forfeited	(160,500)	6.26
Outstanding, March 31, 2008	3,423,520	3.74

## **JumpTV Inc.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2008

[vi] Directors' Compensation Plan ["Directors' Plan"]

On November 13, 2007, a Directors' Compensation Plan was implemented, whereby non-management Directors of JumpTV will receive a minimum 50% of their retainers and fees in the form of common shares and may elect to receive a greater portion of their retainers and fees in common shares. The number of common shares to be issued to non-management Directors is determined by dividing the dollar value of the retainers and fees by the closing price of the common shares on the relevant payment date. The maximum number of common shares available to be issued by the Company under the Directors' Plan is 500,000.

During the three months ended March 31, 2008, the Company issued 4,646 common shares with a fair value of \$7,754 in regards to fees and retainers to non-management directors relating to the period from November 13, 2007 to December 31, 2007.

#### **14. Supplemental Cash Flow Information**

During the three months ended March 31, 2008 and 2007, the Company did not pay any interest and taxes.

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

For the three months ended March 31, 2008:

- [i] reclassification of amounts from contributed surplus to share capital in regards to the exercise of stock options of \$9,839.
- [ii] issuance of 141,268 common shares with a fair market value of approximately \$221,799 in regards to the vesting of restricted share plan units.
- [iii] issuance of 4,646 common shares with a fair market value of \$7,754 in regards to the Directors' Compensation Plan.

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.

## JumpTV Inc.

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[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

#### 15. Financial Instruments and Risk Management

The Company's financial instruments are comprised of cash and cash equivalents, short-term investments, accounts receivable, interest receivable, other receivables, accounts payable, other accrued liabilities, amounts due to related parties, notes payable and obligations under capital lease.

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The fair value of assets and liabilities were as follows:

	March 31, 2008 \$	December 31, 2007 \$
Financial Assets		
Held-for-Trading		
Cash and cash equivalents	39,769,054	51,202,984
Available-for-Sale		
Short-term investments	126,159	130,640
Loans and Receivables		
Accounts receivable	1,733,505	1,782,280
Interest receivable	83,042	726,995
Other receivables	91,209	79,385
Financial Liabilities		
Other Financial Liabilities		
Accounts payable	2,018,324	3,296,858
Other accrued liabilities	5,356,441	5,247,328
Due to related party	20,157	37,229
Note payable	45,567	45,467
Obligations under capital lease	168,034	200,764

All fair values denoted above approximate their carrying values due to their short term nature and/or variable interest rates.

Risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required these risks are reviewed with the Company's Board of Directors.

## JumpTV Inc.

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March 31, 2008

#### Foreign Exchange Risk

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency of the United States Dollar. The majority of the Company's revenues are transacted in U.S. Dollars, whereas the majority of expenses are transacted in U.S. and Canadian Dollars. The Company does not use derivative instruments to hedge against foreign exchange risk.

#### Interest Rate Risk

The Company is exposed to interest rate risk on its invested cash and cash equivalents and its short-term investments. The interest rates on these instruments are based on the banks' applicable prime rate and therefore are subject to change with the market. The Company does not use derivative financial instruments to reduce its interest rate risk.

#### Credit Risk

The Company sells its services to a variety of customers under various payment terms and therefore is exposed to credit risks. The Company has adopted policies and procedures designed to limit these risks. The maximum exposure to credit risk at the reporting date is the carrying value of receivables. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of accounts receivable. The Company believes that the concentration of credit risk is limited due to the Company's primary source of revenues to date being subscription revenues, for which monies are received in advance principally through credit cards.

There is no significant credit risk related to the Company's cash and cash equivalents and short-term investments. Credit risk is managed through conducting financial and other assessments of these investments on an ongoing basis.

The following table sets out details of the age of accounts receivable that are outstanding and related allowance for doubtful accounts:

	March 31, 2008
	\$
Current	1,110,570
31-60 days	34,963
61-90 days	87,646
Over 90 days	811,471
Less: Allowance for doubtful accounts	(311,145)
Total accounts receivable, net	1,733,505

## JumpTV Inc.

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March 31, 2008

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of operations and comprehensive loss. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of operations and comprehensive loss.

#### 16. Segmented Information

The Company has one operating segment and one reportable segment, online broadcasting of international and sports content over the Internet. Substantially all of the operations of the Company are directly engaged in or support this operating segment.

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

Three months ended March 31

	2008 %	2007 %
United States	71	49
Europe	14	24
Canada	5	10
Rest of world	10	17
	100	100

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

	March 31, 2008 %	December 31, 2007 %
United States	81	86
Europe	5	7
Canada	13	4
Rest of world	1	3
	100	100

## JumpTV Inc.

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[Information as at March 31, 2008 and for the three months ended  
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March 31, 2008

#### 17. Capital Management

The Company manages the following accounts in regards to capital management:

	March 31, 2008 \$	December 31, 2007 \$
<b>Shareholders' equity</b>		
Share capital	172,979,915	172,697,828
Contributed surplus	8,290,032	7,740,531
Accumulated deficit	(120,675,195)	(61,946,378)

The Company's outstanding share capital is comprised of common shares. At the end of the first quarter of 2008, an unlimited number of common shares were authorized and 49,299,810 (December 2007 – 49,144,313) common shares were issued and outstanding. Approximately 16% of the common shares are owned by Fidelity Management and Research Company; 11% are owned by the Company's Executive Chairman, G. Scott Paterson, and the remaining shares are widely held. Further information on the Company's outstanding share capital is provided in note 14 to the consolidated financial statements for the year ended December 31, 2007.

At March 31, 2008, a total of 6,126,847 stock options were outstanding, 137,148 restricted share units, 1,906,848 warrants, 1,602,583 retention warrants and 3,423,520 SARs which convertible securities cumulatively represented 26.5% of the Company's issued and outstanding share capital. Pursuant to guidelines set by the Company's respective equity plans, stock option grants are limited to the greater of 12.5% of the issued and outstanding common shares outstanding and 4,000,000, restricted share unit grants have been fully granted, retention warrants are limited to 2,500,000 and SARs grants are limited to the greater of 5% of the issued and outstanding common shares and 4,150,000. The Company is currently in compliance with these guidelines.

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its revenue growth, general and administrative expenses, working capital and capital expenditures.

In order to maintain or adjust its capital structure, the Company may issue new shares and/or purchase shares for cancellation pursuant to normal course issuer bids.

To finance its activities, the Company has relied on revenue growth and issuance of common equity. Since inception, the Company has financed its activities primarily through public offerings of common shares.

**JumpTV Inc.**

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March 31, 2008

The Company's policy is to maintain a minimal level of debt. At this time the Company has not utilized debt facilities as part of its capital management program nor has it paid dividends to its shareholders.

The capital management objectives for the period ended March 31, 2008 remained the same as those of the previous fiscal year.

The Company is not subject to any externally imposed capital requirements.

**18. Comparative Information**

We have reclassified certain prior year information to conform to the current period's presentation.