

Jetcom Inc.

(Incorporated under the laws of the Province of Ontario)

Consolidated Balance Sheets as at September 30, 2006 and December 31, 2005

	Sep 30 2006	Dec 31 2005
ASSETS		
Current		
Cash	\$ 52,964	\$ 91,888
Accounts receivable	39,917	56,495
Prepaid expenses and sundry assets	<u>38,255</u>	<u>36,001</u>
	<u>131,136</u>	<u>184,384</u>
Capital Assets (Note 3)	25,308	31,665
Investment in Online Hearing Inc. (Note 7a)	120,000	120,000
Investment in Netstar Networks Inc. (Note 12)	60,000	60,000
Intangible Assets (Notes 2 and 4)	65,000	80,000
	<u>\$ 401,444</u>	<u>\$ 476,049</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 326,224	\$ 389,778
Withholding taxes payable (Note 6)	663,281	630,196
Goods and services taxes (Note 9)	523,827	497,698
Due to associated companies	126,433	50,256
Other loans payable	<u>35,240</u>	<u>37,757</u>
	<u>1,675,005</u>	<u>1,605,685</u>
SHAREHOLDERS EQUITY		
Capital Stock (Note 7)	3,587,902	3,587,902
Retained Earnings	<u>(4,861,463)</u>	<u>(4,713,149)</u>
	<u>(1,273,561)</u>	<u>(1,125,247)</u>
	<u>\$ 401,444</u>	<u>\$ 476,049</u>

Approved on behalf of the Board _____ "A.G.Dragone" _____ Director _____ "R. Coluccio" _____ Director

Jetcom Inc.

Consolidated Statements of Operations

	Three Months ended Sept 30		Nine Months ended Sept 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Sales	67,622	115,066	262,336	590,828
Cost Of Sales				
Purchases	38,786	61,357	148,771	410,939
Gross Profit	28,836	53,709	113,565	179,889
Expenses				
Administrative	98,471	99,679	247,787	1,513,954
Selling	3,236	4,235	9,704	22,699
	101,707	103,914	257,491	1,536,653
Net Income (Loss) before Extraordinary items	(72,871)	(50,205)	(143,926)	(1,356,764)
Deficit of former subsidiary no longer included	-	-	-	2,786,641
Gain on sale of investment in Former subsidiary	-	-	-	97,500
Net Income (loss)	(72,871)	(50,205)	(143,926)	1,527,377
Profit (Loss) Per Share	(0.002)	(0.001)	(0.004)	0.043
Fully-Diluted Profit (Loss) Per Share	(0.002)	(0.001)	(0.004)	0.043

Jetcom Inc.

Consolidated Statements of Deficit

For the 9 months ended September 30, 2006 and September 30, 2005

	2006	2005
Deficit, Beginning of period	\$ (4,717,537)	\$ (6,190,527)
Net Profit (Loss)	<u>(143,926)</u>	<u>1,527,377</u>
Deficit, End of period	<u>\$ (4,861,463)</u>	<u>\$ (4,663,150)</u>

Jetcom Inc.

Consolidated Statements of Cash Flows

	Three Months ended Sept 30		Nine Months ended Sept 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net profit (loss)	(72,871)	(50,205)	(143,926)	1,527,377
Adjustment for non-cash items:				
Amortization of capital assets	7,119	7,193	21,357	21,411
	(65,752)	(43,012)	(122,569)	1,548,788
Changes in non-cash operating assets and liabilities	54,838	19,968	83,644	45,026
Cash Provided By (Expended In) Operating Activities	(10,914)	(23,044)	(38,924)	1,593,814
INVESTING ACTIVITIES				
Investment in Online Hearing	-	-	-	(120,000)
Investment in Netstar Networks	-	-	-	(60,000)
Minority interest in Subsidiary	-	-	-	(2,398,113)
Purchase of fixed assets	-	-	-	(9,157)
Cash expended in investing	-	-	-	(2,587,270)
FINANCING ACTIVITIES				
Capital stock issued	-	-	-	120,000
Subscription deposits received	-	-	-	458,278
Cash Provided By Financing Activities	-	-	-	578,278
NET CHANGE IN CASH	(10,914)	(25,050)	(38,924)	(415,178)
CASH, Beginning of period	63,878	122,755	91,888	512,883
CASH, End of period	\$52,964	\$ 97,705	\$52,964	\$ 97,705

Jetcom Inc.

Consolidated Statements of Expenses

	Three Months ended Sept 30		Nine Months ended Sept 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
ADMINISTRATIVE				
Marketing and administration	-	-	-	1,144,547
Professional and consulting fees	9,460	13,152	20,927	115,541
Office salaries	38,877	41,862	97,938	108,125
Office and general	13,941	5,618	27,369	26,130
Bad debts recovered	-	-	(4,002)	-
Rent and occupancy	3,711	7,709	9,895	18,072
Interest and bank charges	21,915	21,272	64,182	72,473
Employee benefits	2,096	703	5,807	3,275
Insurance	1,352	1,781	4,314	3,991
Amortization of capital assets	7,119	7,193	21,357	21,411
	98,471	99,290	247,787	1,513,565
SELLING				
Telecommunications	3,236	4,100	9,704	14,393
Advertising	-	135	-	8,306
	3,236	4,235	9,704	22,699

Jetcom Inc.**Consolidated Statement of Changes in Stockholders' Equity**
Three Months Ending September 30, 2006

	Common Stock		Accumulated	Total
	Shares	Amount	Deficit	Stockholders'
				Deficit
Balance - July 1, 2006	36,525,971	\$ 3,587,902	\$ (4,788,592)	\$ (1,200,690)
Issuance of common stock	-	-	-	-
Net loss for three months			(72,871)	(72,871)
Balance - September 30, 2006	<u>36,525,971</u>	<u>\$ 3,587,902</u>	<u>\$ (4,861,463)</u>	<u>\$ (1,273,561)</u>

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Notes to Consolidated Financial Statements

September 30, 2006

1. GOING CONCERN

The ability of the Company to continue as a going concern and realize the carrying value of its assets is dependent upon its ability to achieve sales levels adequate to supporting the Company's cost structure and success of its investments. It is not possible at this time to predict with assurance the outcome of these investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and include the accounts of the Company and its subsidiaries, Jetcom Communications Ltd., SPS Satellite Programming Services Inc., 557608 B.C. Ltd., Star Programming Center Inc., E-Commerce Partner Inc., 1257167 Ontario Limited, and Jetcom International Inc. and its subsidiaries.

Capital Assets and Amortization

The Company records capital assets at historical cost and annually provides for amortization. Amortization rates are calculated to write off the assets over their estimated useful life as follows:

Furniture and fixtures	- 20% declining balance
Computer equipment	- 30% declining balance
Intangible assets	- on a straight line basis over 10 years

Foreign Currency Translation

The Company translates its foreign denominated monetary assets and liabilities at the exchange rate prevailing at year-end. Non-monetary assets and liabilities are translated at historic rates. Revenues and expenses are translated at the rate of exchange in effect at the time of the transaction. Exchange gains or losses are included in operations.

Intangible Assets

Intangible assets consist of the customer base acquired from Star Programming Center Inc. (see Note 4 and is being amortized on a straight-line basis over 10 years. In 2004 this amortization period was revised to 5 years for the remaining balance.

Income (Loss) Per Share

The computation of income (loss) per share is based on the weighted average number of common shares outstanding during the year.

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Notes to Consolidated Financial Statements

September 30, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of these financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Revenue Recognition

Satellite television programming revenue is recognized in the period the sale is made and collection is reasonably assured. In situations where customers pre-pay several months of programming, unearned revenue is recorded and netted against prepaid programming paid by the company. The company has a general policy of not refunding prepaid subscriptions, with few exceptions.

3. CAPITAL ASSETS

	Sept 30 2006		Dec 31 2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 25,442	\$ 16,750	\$ 8,692	\$ 10,226
Computer equipment	<u>56,972</u>	<u>40,356</u>	<u>16,616</u>	<u>21,439</u>
	<u>\$ 82,414</u>	<u>\$ 57,106</u>	<u>\$ 25,308</u>	<u>\$ 31,665</u>

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September 30, 2006

4. INTANGIBLE ASSETS

Intangible assets represents the customer base acquired from the acquisition of 100% of the common shares of Star Programming Center Inc. on July 28, 2001.

The cost of the acquisition was \$382,865. The Company assumed \$37,365 of net liabilities. The purchase price was allocated \$20 to the share capital and the balance of \$420,250 to intangible assets representing the customer base acquired.

	Sept 30 2006		December 31 2005
Cost	Accumulated Amortization	Net Book Value	Net Book Value
\$ 420,250	\$ 355,250	\$ 65,000	\$ 80,000

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is a judgement against Jetcom Communications Ltd., an inactive subsidiary, in the amount of \$30,542 payable to a Canadian chartered bank with respect to an outstanding credit facility. It is the opinion of management that Jetcom Inc., the parent company, has no financial obligation related to this judgement.

6. PART XIII TAX

Canada Customs and Revenue Agency has completed an audit of a subsidiary company for the years 2001 and prior. As at September 30, 2006 this subsidiary was inactive. Part XIII Tax was assessed for those years of approximately \$663,281 including interest. It is the opinion of management that Jetcom Inc., the parent company, has no financial obligation related to this assessment.

7. CAPITAL STOCK

The Company is authorized to issue an unlimited number of preference shares and an unlimited number of common shares. Common shares issued and fully paid are as follows:

	Number of shares	Amount
Balance as at December 31, 2003 and 2004	30,525,971	3,467,902
Upon issue of treasury shares (Note a)	<u>6,000,000</u>	<u>120,000</u>
Balance as at September 30, 2005 and 2006	<u>36,525,971</u>	<u>\$ 3,587,902</u>

Jetcom Inc.

Notes to Consolidated Financial Statements

September 30, 2006

7. CAPITAL STOCK (cont'd)

- a) In 1st quarter, 2005, the Company issued 6,000,000 common shares as consideration for the acquisition of 2,000,000 common shares (representing 9.9%) of Online Hearing Inc.

At September 30, 2006 the company issued stock options to its directors, officers, employees and Consultants of the company up to an aggregate of 4,000,000 common shares exercisable at the price of \$0.10 per share for five years.

Subsequent to the end of September 2006, the company issued a private placement to the directors in the amount of \$50,000 consisting of 1,000,000 units, each unit comprised of one common share at \$0.05 and one warrant exercisable at \$0.10 for 2 years from the date of closing.

8 SEGMENTED INFORMATION

The Company currently operates in one industry segment in sales of programming for satellite dishes.

Accounting policies for the segment are the same as those described in Note 1.

The product sales information is as follows:

	Sept 30, 2006	Sept 30, 2005	Dec 31, 2005
Programming	\$262,336	\$590,828	\$743,857

	Sept 30, 2006	Sept 30, 2005	Dec 31, 2005
Sales in Canada	\$262,336	\$590,828	\$525,002
Sales in USA	-	-	\$218,855

9. GOODS AND SERVICES TAXES PAYABLE

Revenue Canada has completed an audit of a subsidiary company. As at Sept 30, 2006 this subsidiary is inactive. The scope of this audit extended to March 2002. Goods and services tax payable (GST) was assessed in the amount of \$523,827 including interest and penalties. It is the opinion of management that Jetcom Inc., the parent company, has no financial obligation related to this assessment.

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Notes to Consolidated Financial Statements

September 30, 2006

10. INCOME TAXES

At September 30, 2006 the Company has approximately \$4,127,979 of non-capital losses available for carryforward to reduce future years' income for Canadian income tax purposes. The potential benefits have not been reflected in these financial statements. The losses will expire as follows:

2006	\$ 912,537
2007	1,018,573
2008	387,901
2009	599,299
2010	495,352
2011	<u>1,859,958</u>
	<u>\$5,233,620</u>

11. CONTINGENT LIABILITIES

The Company is being sued for approximately \$110,000 by a former Director. In the opinion of management, it is unlikely that the suit will be successful. No provision has been made in these financial statements. This suit was initiated in 1997.

12. CHANGE IN ACCOUNTING POLICY

During the quarter ended June 30, 2005, Jetcom Inc., changed its accounting policy with respect to Netstar Networks Inc. This former consolidated subsidiary is now being recorded on the books using the equity accounting basis. Due to share transactions, Jetcom Inc. no longer has significant influence over the entity and management felt that equity accounting would better reflect the current situation.