

STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME  
(unaudited)

	<b>Three months ended</b>	
	March 31 2010	March 31 2009
<b>REVENUES</b>		
Advertising & content	\$ 3,132,103	\$ 2,414,560
Other	<u>59,562</u>	<u>59,350</u>
	<b>3,191,665</b>	<b>2,473,910</b>
<b>COST OF SALES</b>	<u><b>1,712,657</b></u>	<u>1,218,577</u>
<b>GROSS PROFIT</b>	<b>1,479,008</b>	1,255,333
<b>OPERATING EXPENSES</b>	<u><b>1,470,401</b></u>	<u>1,342,825</u>
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>	<u><b>8,607</b></u>	<u>(87,492)</u>
<b>INCOME TAX PROVISION (RECOVERED)</b>	<u><b>(2,969)</b></u>	<u>(23,535)</u>
<b>NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME</b>	<u><b>\$ 11,576</b></u>	<u>\$ (63,956)</u>
<b>EARNINGS PER SHARE (Note 7)</b>		
Basic and diluted earnings (loss) per share	<u><b>\$ 0.00</b></u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u><b>60,467,265</b></u>	<u>60,361,015</u>
Number of issued and outstanding shares	<u><b>60,467,265</b></u>	<u>60,361,015</u>

The accompanying notes are an integral part of these financial statements

STATEMENTS OF RETAINED EARNINGS AND CONTRIBUTED SURPLUS  
(unaudited)

	<b>Three months ended</b>	
	March 31 2010	March 31 2009
<b>RETAINED EARNINGS - BEGINNING OF PERIOD</b>	<u><b>\$ 687,707</b></u>	<u>\$ 258,002</u>
Net earnings (loss)	<b>11,576</b>	<b>(63,956)</b>
<b>RETAINED EARNINGS - END OF PERIOD</b>	<u><b>\$ 699,283</b></u>	<u>\$ 194,046</u>
<b>CONTRIBUTED SURPLUS - BEGINNING OF PERIOD</b>	<u><b>\$ 159,123</b></u>	<u>\$ 114,575</u>
Shares and stock options granted	<u><b>9,731</b></u>	<u>29,589</u>
<b>CONTRIBUTED SURPLUS - END OF PERIOD</b>	<u><b>\$ 168,854</b></u>	<u>\$ 144,164</u>

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## CORPORATE INFORMATION

Head office:  
260 rue Queen  
Montreal, QC, H3C 2N8Phone : 514-337-9065 Fax: 514-842-0246  
Internet: <http://www.bvmedia.ca>

## Register and transfert agent

Computershare  
**Stock exchange**  
TSX venture exchange  
Symbol : BVM**Share variation**Low: 0.16  
High: 0.24

**BALANCE SHEETS**  
(unaudited)

	March 31 2010	December 31 2009
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,079,460	\$ 468,658
Accounts receivable	3,863,050	3,952,274
Prepaid expenses and other	115,591	128,841
	<u>5,058,101</u>	<u>4,549,773</u>
<b>FIXED ASSETS</b>	212,844	193,422
<b>INTANGIBLE ASSETS</b>	2,059,190	2,142,534
<b>GOODWILL</b>	2,807,201	2,807,201
	<u>\$ 10,137,337</u>	<u>\$ 9,692,930</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,177,618	\$ 1,595,390
Income taxes	277,846	287,238
Current portion of advances from shareholders (Note 5)	439,728	337,053
Deferred revenues	102,809	132,546
Future income taxes	40,739	40,739
	<u>3,038,740</u>	<u>2,392,966</u>
<b>ADVANCES FROM SHAREHOLDERS (Note 5)</b>	-	222,675
<b>FUTURE INCOME TAXES</b>	237,580	237,580
	<u>3,276,320</u>	<u>2,853,221</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 6)	5,992,879	5,992,879
Retained earnings	699,283	687,707
Contributed surplus	168,854	159,123
	<u>6,861,016</u>	<u>6,839,709</u>
	<u>\$ 10,137,337</u>	<u>\$ 9,692,930</u>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CASH FLOWS**  
(unaudited)

	<u>Three months</u> <u>ended</u>	
	March 31 2010	March 31 2009
<b>OPERATING ACTIVITIES</b>		
Net earnings (net loss)	\$ 11,576	\$ (63,956)
Items not affecting cash:		
Depreciation of fixed assets	15,500	17,036
Amortization of intangible assets	83,343	89,494
Loss on disposal of fixed assets	-	22,343
Gain on disposal of investments	-	(653)
Stock-based compensation cost	9,731	29,589
	<u>120,150</u>	<u>93,853</u>
Net change in non-cash operating working capital items	<u>645,573</u>	<u>220,168</u>
	<u>765,723</u>	<u>314,021</u>
<b>FINANCING ACTIVITIES</b>		
Advances from shareholders	(120,000)	(156,039)
	<u>(120,000)</u>	<u>(156,039)</u>
<b>INVESTING ACTIVITIES</b>		
Disposals of short term investments	-	100,000
Acquisitions of fixed assets	(34,922)	(37,304)
	<u>(34,922)</u>	<u>62,696</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>610,801</u>	<u>220,678</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<u>468,658</u>	<u>81,410</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ 1,079,460</u>	<u>\$ 302,088</u>

The accompanying notes are an integral part of these financial statements

**BV! MEDIA Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS - PERIOD ENDED MARCH 31, 2010**

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**DESCRIPTION OF THE BUSINESS**

BV! Media Inc. was incorporated on April 7, 2000 under the Canada Business Corporations Act. The Company consists of a media business deriving most of its revenues from advertising sales.

**1. ACCOUNTING PRINCIPLES**

These interim financial statements are unaudited and should be read in conjunction with the Corporation's December 31, 2009 audited financial statements. In addition, these interim financial statements do not include all disclosures and notes required under Canadian generally accepted accounting principles. These interim financial statements apply the same accounting principles and use the same methods of calculation as the most recently completed audited financial statements. The reported earnings from operations for the interim periods do not necessarily reflect the results that will actually be realized during the fiscal year in its entirety.

**2. FUTURE ACCOUNTING POLICIES**

*INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)*

The Accounting Standards Board of Canada announced that accounting standards in Canada are to converge with IFRS. The changeover date from current Canadian GAAP to IFRS has been established as January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company is currently assessing the future impact of these new standards on its financial statements.

**3. INFORMATION INCLUDED IN EARNINGS**

Operating expenses included the following items for the three-month period ended:

	<b>March 31 <u>2010</u></b>	March 31 <u>2009</u>
Depreciation of fixed assets	<b>\$ 15,500</b>	\$ 17,036
Amortization of intangible assets	<b>83,343</b>	89,494
Loss on disposal of fixed assets	-	22,343

Non-monetary transactions are summarized as follows:

Revenues	<b>\$ 44,300</b>	\$ 43,250
Operating expenses	<b>44,300</b>	28,250

**4. BANK INDEBTEDNESS**

The Corporation has an authorized line of credit of \$700,000 bearing interest at the bank's prime rate plus 1.6%, secured by a movable hypothec on the accounts receivable.

The loan agreement provides for certain covenants including provisions relating to the maintenance of certain financial ratios, which were respected as at March 31, 2010 and March 31, 2009.

**BV! MEDIA Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS - PERIOD ENDED MARCH 31, 2010**

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**5. ADVANCES FROM SHAREHOLDERS**

	<b>March 31 <u>2010</u></b>	Dec. 31 <u>2009</u>
Shareholder's advances, non-interest-bearing until January 1, 2010, then bearing interest rate at prime rate plus 1%, payable on January 1, 2011, interest payable monthly	<b>\$ 222,675</b>	\$ 222,675
Shareholders' advances, non-interest-bearing until January 1, 2010, then bearing interest at prime rate plus 1%, payable on January 1, 2010, interest payable monthly	<b><u>217,053</u></b>	<u>337,053</u>
	<b>439,728</b>	559,728
Current portion of advances from shareholders	<b><u>(439,728)</u></b>	<u>(337,053)</u>
	\$ _____ -	\$ <u>222,675</u>

These advances cannot be repaid without the consent of the bank.

**6. CAPITAL STOCK**

**Authorized**

Unlimited number of shares as follows:

- Common shares, voting and participating.
- Preferred shares, issuable in one or more series, having the rights, privileges, restrictions and conditions as determined by the Board of Directors prior to their issuance.

**Issued:**

	<b>March 31, 2010</b>		December 31, 2009	
	<b>Number of shares</b>	<b>\$</b>	Number of shares	\$
Common shares:				
Balance - beginning of period	<b>60,467,265</b>	<b>5,992,879</b>	60,361,015	5,975,787
Exercise of stock options	-	-	6,250	1,492
Share issuance	-	-	100,000	15,600
	<b>60,467,265</b>	<b>5,992,879</b>	60,467,265	5,992,879

**BV! MEDIA Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS - PERIOD ENDED MARCH 31, 2010**

**Stock option plan**

The Corporation has a stock option plan in order to grant stock options to officers, directors, employees and consultants providing ongoing services to the Company. Under the terms of the plan, which is administrated by the Board of Directors, these options vest over a period of four years and expire after a period of five years. The maximum number of common shares that can be issued under the plan is limited to 6,046,726, representing 10% of the issued and outstanding common shares.

A summary of the Corporation's outstanding stock options are shown below:

As at:

	<b>March 31, 2010</b>		December 31, 2009	
	<b>Options #</b>	<b>Exercise price \$</b>	Options #	Exercise price \$
Options - beginning of the period	984,800	0.1374	2,711,600	0.1832
Granted	2,000,000	0.1750	-	-
Exercised	-	-	(6,250)	0.1212
Cancelled	(84,000)	0.1100	(1,720,550)	0.2096
Expired	-	-	-	-
Options - end of the period	2,900,800	0.1641	984,800	0.1374
Options exercisable (vested) at the end of the period	<b>472,933</b>	<b>0.1549</b>	439,383	0.1545

Additional information concerning stock options:

**As at March 31, 2010:**

<b>Number of outstanding options</b>	<b>Average months remaining</b>	<b>Exercise price (\$)</b>	<b>Number of options exercisable</b>
200,000	13	0.1600	195,833
72,000	21	0.1500	58,500
28,800	29	0.6000	18,600
600,000	44	0.1100	200,000
2,000,000	59	0.1750	-
<b>2,900,800</b>	<b>51</b>	<b>0.1641</b>	<b>472,933</b>

**As at December 31, 2009**

<b>Number of outstanding options</b>	<b>Average months remaining</b>	<b>Exercise price</b>	<b>Number of options exercisable</b>
200,000	16	0.1600	183,333
72,000	24	0.1500	54,000
28,800	32	0.6000	16,800
684,000	47	0.1100	185,250
<b>984,800</b>	<b>39</b>	<b>0.1374</b>	<b>439,383</b>

**BV! MEDIA Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS - PERIOD ENDED MARCH 31, 2010**

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**Stock-based compensation expense for options**

The average fair value of stock options, at the time of grant, granted during the 3-month period ended March 31, 2010 is \$0.04 per option. The fair value of each option granted was established using the Black & Scholes model and based on the following assumptions:

Risk-free interest rate	2.5%
Expected life	5 years
Expected volatility in the market price of the share	0.17
Expected dividend yield	0.00%

Compensation costs with respect to these options amounted to \$9,731 for the 3-month period ended March 31, 2010 and were included in operating expenses (\$20,034 for the 3-month period ended March 31, 2009). Added to the cost of options for the period ended March 31, 2009 is a cost of \$9,555 for shares issued to an employee as part of the NetWorldMedia acquisition (\$0 in the period ended March 31, 2010).

**7. EARNINGS PER SHARE**

The following is a reconciliation of the numerators and denominators used for the computation of the basic and diluted earnings per share:

	<b>March 31 2010</b>	March 31 <u>2009</u>
Net earnings (loss)	\$ <u>11,576</u>	\$ <u>(63,956)</u>
Weighted average number of shares outstanding - basic	<b>60,467,265</b>	60,361,015
Effect of dilutive securities	<u>489,769</u>	<u>-</u>
Weighted average number of shares outstanding - diluted	<u>60,957,034</u>	<u>60,361,015</u>
Basic and diluted earnings (loss) per share	\$ <u>0.00</u>	\$ <u>(0.00)</u>

For the 3-month period ended March 31, 2010, 28,800 stock options were excluded from the computation of diluted earnings per share since they were not "in the money". For the 3-month period ended March 31, 2009, the potentially diluted loss per share was the same as the basic loss per share since the effect of the outstanding stock options would have been anti-dilutive.

**BV! MEDIA Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS - PERIOD ENDED MARCH 31, 2010**

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**8. COMMITMENTS**

The Corporation has the following commitments under lease obligations and for services with respect to Web sites:

	<u>March 31, 2010</u>	<u>Dec. 31, 2009</u>
2010	\$ 360,144	\$ 514,490
2011	163,276	163,276
2012	116,185	116,185
2013	105,102	105,102
2014	<u>102,102</u>	<u>102,102</u>
<b>TOTAL</b>	<b>846,810</b>	1,001,155

**9. SEGMENT DISCLOSURE**

In the three-month period ended March 31, 2010, revenues from one client represented approximately \$409,382 (\$488,510 in the three-month period ended March 31, 2009) of the Corporation's total revenues.