



SCORE
MEDIA

SCORE MEDIA REPORTS CONTINUED GROWTH IN OPERATING PROFIT

*Operating Profit of \$1.7 million for the 6 months ended February 28, 2005,
An increase of \$2.1 million over 6 months ended February 28, 2004*

HIGHLIGHTS

- **Financial Highlights**

Three months ended February 28, 2005:

- Consolidated revenue was \$5.9 million - up 27.5% compared to prior year
- Operating Profit (see "Definitions") was \$0.7 million - an increase of \$0.7 million compared to the prior year.
- Net income was \$0.2 million - an increase of \$0.7 million compared to the prior year.

Six months ended February 28, 2005:

- Consolidated revenue was \$11.6 million - up 21.5% compared to the prior year.
- Operating Profit was \$1.7 million - an increase of \$2.1 million compared to the prior year.
- Net income was \$0.7 million - an increase of \$2.3 million compared to the prior year.

- **Operating Highlights**

- On February 22, 2005 the Company's shareholders approved a change of the name of the Company to Score Media Inc. This new name better reflects the Company's business focus, and captures the substantial brand equity of the Company's main operating asset – The Score Television Network.
- Following the end of the second quarter, the Company launched Score Poker.com, an interactive, “play for fun” poker website.

"We are extremely pleased with the Company's operating accomplishments in the first half of fiscal 2005," said John Levy, Chairman and Chief Executive Officer. "The Score continues to grow in popularity as Canada's home for "Hardcore" sports fans. Further the Company is poised to capitalize on new sports media opportunities as we extend our brand in unique and innovative ways. "

DEFINITIONS

Score Media is a media company focused on the specialty television sector through its main asset, The Score Television Network ("The Score"). The Score is a national specialty television service providing sports, news, information, highlights and live event programming, available across Canada in over 5.5 million homes.

The Company focuses its analysis on "Net income (loss) before interest, income taxes, depreciation and amortization" (or "Operating Profit") and Net income (loss). Net income (loss) before interest, income taxes, depreciation and amortization and Net income (loss) are reconciled in the table below. Net income (loss) before interest, income taxes, depreciation and amortization is calculated as earnings (loss) from continuing operations before interest, income taxes, depreciation and amortization.

Net income (loss) before interest, income taxes, depreciation and amortization (or "Operating Profit") is not a measure of performance under Canadian GAAP. Net income (loss) before interest, income taxes, depreciation and amortization should not be considered in isolation or as a substitute for Net income (loss) prepared in accordance with Canadian GAAP or as a measure of operating performance or profitability. Net income (loss) before interest, income taxes, depreciation and amortization does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures presented by other companies.

The Company uses Net income (loss) before interest, income taxes, depreciation and amortization (or "Operating Profit") to remove acquisition and investment related charges (such as depreciation and amortization), discontinued operations, and income taxes which in the Company's view do not adequately reflect its core operating results and is a standard measure that is commonly reported and widely used in the industry to assist understanding and compare operating results.

The following tables reconcile net income (loss) to net income (loss) before interest, income taxes, depreciation and amortization:

	Three months ended February 28, 2005	Three months ended February 29, 2004
Income (loss) for the period	\$ 153	\$ (500)
Less:		
Income from discontinued operations	-	117
Add back:		
Depreciation and amortization	286	339
Interest expense	262	298
Income before interest, income taxes, depreciation and amortization	\$ 701	\$ 20

	Six months ended February 28, 2005	Six months ended February 29, 2004
Income for the period	\$ 666	\$ (1,605)
Less:		
Income from discontinued operations	-	40
Add back:		
Depreciation and amortization	568	679
Interest expense	498	600
Income (loss) before interest, income taxes, depreciation and amortization	\$ 1,732	\$ (366)

Consolidated Results

The following selected financial data of the Corporation as it relates to the two years ended February 28, 2005, is derived from the audited financial statements of the Corporation.

	Revenue	Income (loss) from continuing operations	Income (loss) from discontinued operations	Net income (loss)	Income (loss) per share from continuing operations	Income (loss) per share
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$)	(\$)
Quarterly Results						
February 28, 2005	5,587	153	-	153	0.00	0.00
November 30, 2004	6,046	513	-	513	0.01	0.01
August 31, 2004	4,766	(568)	1,353	785	(0.01)	0.01
May 31, 2004	5,623	161	231	392	0.00	0.00
February 29, 2004	4,383	(617)	117	(500)	(0.02)	(0.02)
November 30, 2003	5,191	(1,027)	(77)	(1,104)	(0.01)	(0.01)
August 31, 2003	4,278	(1,421)	(204)	(1,625)	(0.02)	(0.02)
May 31, 2003	5,477	(617)	925	308	(0.01)	0.00
February 28, 2003	3,822	(2,191)	(88)	(2,279)	(0.03)	(0.03)

Three Months Ended February 28, 2005

Revenue for the second quarter increased by \$1.2 million to \$5.6 million compared to \$4.4 million in the prior year. This increase was largely due to greater television subscriber revenue reflecting the effects of a new wholesale rate structure that was implemented with several broadcast distribution undertakings in the first and second quarters of fiscal 2005. Advertising revenue during the second quarter was comparable to the prior year, despite the adverse effect of a National Hockey League strike that affected other sports specialty television networks. The

Score was successful in identifying, producing and marketing several new live event sports programs, as well as launching new news programs, which together sustained advertising revenue during a fiscal quarter where other networks reported advertising declines.

Operating expenses excluding rights fees were \$4.5 million during the quarter, compared to \$4.2 million in the prior year, representing an increase of \$0.3 million. This increase resulted from substantially higher expenses associated with federal tariffs for music rights, greater CRTC license fees, increased compensation costs, and greater occupancy costs resulting from a new property lease at The Score's facilities.

Program rights expenses were \$0.4 million during the quarter, compared to \$0.2 million in the prior year. The increase in program rights at The Score reflects higher program rights fees for Toronto Raptors basketball as well as NCAA basketball.

Net income from continuing operations before interest, income taxes, depreciation and amortization was \$0.7 million during the quarter, an improvement of \$0.7 million from \$20 thousand in the same period last year.

Interest expense for the second quarter of approximately \$0.3 million was comparable to the prior year.

Depreciation and amortization expense of \$0.3 million in the second quarter was comparable to the prior year. For the second quarter, fixed asset additions were approximately \$0.6 million compared to nil in the prior year.

Net income from discontinued operations for the three months ended February 28, 2005 was nil, a decrease of \$117,000 from a profit of \$117,000 in the same period last year. The prior year amount reflects the financial results of St. Clair Group Investments Inc. whose operations were substantially restructured, and ultimately discontinued in October 2004 as a result of certain sports marketing contracts which were not renewed

Net income for the three months ended February 28, 2005 was \$0.2 million or \$0.01 per share based on a weighted average 82.8 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, an improvement of \$0.7 million from a loss of \$0.5 million or (\$0.01) per share based on a weighted average 82.6 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

Six Months Ended February 28, 2005

Revenues for the six months ended February 28, 2005 increased to \$11.6 million from \$9.6 million for the same period last year, an increase of \$2.0 million. Advertising revenues for the six months ended February 28, 2005 were comparable to the prior year. Subscriber fee revenue increased by \$2.0 million, due to the effects of a new wholesale rate structure that was implemented with several broadcast distribution undertakings in the first and second quarters of fiscal 2005.

Operating expenses excluding rights fees were \$9.2 million for the six months ended February 28, 2005 compared to \$8.4 million in the prior year, representing an increase of \$0.8 million. This increase resulted from the same issues described above; namely substantially greater expenses associated with federal tariffs for music rights, greater CRTC license fees, increased staffing and greater occupancy costs resulting from a new property lease at The Score's facilities.

Program rights were \$0.7 million during the six month period ended February 28, 2005, compared to \$1.5 million in the prior year. Certain program rights for the six month period ended February 28, 2005 increased for live events such as Toronto Raptors basketball and NCAA basketball, but decreased overall, reflecting lower program rights fees on World Wrestling Entertainment properties as well as lower program rights costs for other programs.

Net income from continuing operations before interest, income taxes, depreciation and amortization for the six months ended February 28, 2005 was \$1.7 million, compared with a loss of \$0.4 million for the same period last year, resulting in an improvement of \$2.1 million.

Interest expense for the six month period ended February 28, 2005 was \$0.5 million compared to the \$0.6 million in the prior year. The decrease of approximately \$0.1 million reflects lower borrowings of bank debt and related party debt due to improved cash flow from operations and cash proceeds from the sale of PrideVision's Canadian operations in the prior year.

Depreciation and amortization expense for the six month period ended February 28, 2005 was \$0.6 million compared to \$0.7 million in the prior year. For the six month period ended February 28, 2005, fixed asset additions were approximately \$1.1 million compared to \$0.7 million in the prior year.

Net income from discontinued operations for the Company for the six months ended February 28, 2005 was nil, a decrease of \$40,000 from a profit of \$40,000 in the same period last year. The latter amount reflects the financial results of both St. Clair Group Investments Inc. whose operations were substantially restructured and ultimately discontinued in October 2004 as well as the results of PrideVision's operations, which were discontinued on November 28, 2003.

Net income for the six months ended February 28, 2005 was \$0.7 million or \$0.00 per share based on a weighted average 82.8 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to a net loss of \$1.6 million or (\$0.02) per share based on a weighted average 82.6 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

Liquidity and Capital Resources

Cash flows provided by continuing operations for the three months ended February 28, 2005 were \$0.6 million compared to cash flows used in continuing operations of \$0.1 million in the prior year reflecting significantly improved income from continuing operations in the current year. Cash flows used in discontinued operations were \$16,000 compared to cash flows used in discontinued operations of \$45,000 in the prior year.

Cash flows used in continuing operations for the six months ended February 28, 2005 were \$96,000 compared to cash flows provided by continuing operations of \$54,000 in the prior year reflecting significantly improved income from continuing operations in the current year offset by negative working capital movements. Cash flows provided by discontinued operations for the six months ended February 28, 2005 were \$0.3 million compared to cash flows used in discontinued operations of \$0.3 million in the prior year.

For fiscal 2005, the Company anticipates that cash flows provided by operations will increase compared to fiscal 2004 based on anticipated increases in both advertising and subscriber revenues with more moderate increases in operating expenses. The Company has sufficient working capital lines of credit to support its operations and anticipates that these lines of credit will be successfully refinanced on the maturity dates discussed below.

Cash flow from financing activities was nil for the three months ended February 28, 2005 and for the comparable period in the prior year. Cash flow provided by financing activities was \$0.5 million for the six ended February 28, 2005 compared to nil for the comparable period in the prior year. During the six months ended February 28, 2005, the Company drew down \$0.9 million from a credit facility provided by Levfam Finance Inc. but paid down its bank loans by \$0.4 million.

As discussed below, the Company has a bank credit facility and a secured standby credit facility currently authorized in the amount of \$16.3 million. Both facilities, which are classified as current liabilities, mature on August 31, 2005. The Company anticipates that it will be able to refinance both of these facilities on or before their respective maturity dates.

Cash flow used in investment activities for the three months ended February 28, 2005 was \$0.6 compared to cash flow used in investment activities of \$0.2 million in the prior year. The decrease in cash flow from investment activities reflects increased fixed asset additions. The fixed asset additions relate to capital expenditures to expand and improve programming and production facilities at The Score Television Network. For the entire fiscal 2005 year, the Company anticipates that expenditures on new and replacement fixed assets will be approximately \$1.8 million, which can be financed by cash flows from operations.

Other than the credit facilities described below, the Company has no other financial instruments and thus believes that there are no price, credit or liquidity risks that it could be subject to from such instruments.

The following is a summary of the significant financing activities undertaken by the Company during the years ended August 31, 2004 to secure financing for its ongoing business operations:

The Score

In April 2004, the Company's subsidiary, The Score, amended its bank credit facility, which was initially established December 2001. The amended bank credit facility allows The Score to borrow up to \$14.0 million by way of prime rate loans, bankers' acceptances or letters of guarantee. The bank credit facility matures August 31, 2005. Prime rate loans bear interest at

the prime rate plus 3.25%. Bankers' acceptances bear interest at bankers' acceptances rates plus 4.25%.

Loans under the bank credit facility are secured by a pledge of substantially all of the assets of The Score, including the pledge of The Score shares and the subordination and pledge of shareholder loans and inter-company debt from the Company to The Score. The loans are secured and are pledged and subordinated to the credit facility.

The provisions of the amended bank credit facility impose restrictions on The Score, the most significant of which are debt incurrence and debt maintenance costs, restrictions on additional investments, sales of assets, payment of management fees or other distributions to shareholders, restrictions on entering into new or renewed programming rights agreements, and the maintenance of certain financial covenants. Financial covenants include meeting minimum earnings before interest, taxes, depreciation and amortization (EBITDA), maximum capital expenditure amounts and minimum aggregate free cash flow. In addition, the agreement has a number of events of default, including solvency tests for the Company and The Score. The Score maintained compliance with all of its financial covenants and other restrictions during fiscal 2004 and the first and second quarters of fiscal 2005. As at February 28, 2005, \$11.5 million of the available \$14.0 million bank credit facility had been drawn.

The Score is prohibited under the bank credit facility from advancing funds to the Company other than for services provided in the ordinary course of business. The Score and the Company have sufficient financial resources to finance their respective operations for fiscal 2005. With the financing arrangements currently in place and the anticipated refinancing of The Score's bank credit facility that matures on August 31, 2005 to be available to finance the consolidated operations, the Company believes that there are sufficient resources to fund operations.

Score Media.

In April 2002, the Company entered into a secured standby credit facility of up to \$2.3 million with Levfam Finance Inc., a company related by virtue of common control. The credit facility was subsequently amended in November 2002 and August 2003 and now matures on August 31, 2005. The credit facility bears interest at 12% per annum. The standby credit facility is secured by a first charge over all of the Company's assets, with the exception of its shares in The Score and St. Clair Group Investments Inc. As at February 28, 2005, \$0.9 million of the credit facility had been drawn and accrued interest of \$0.2 million on this facility was outstanding.

The Company's successful execution of its business plan is dependant upon a number of factors that involve risks and uncertainty. In particular, revenues in the specialty television industry, including subscription and advertising revenues are dependant upon audience acceptance, which cannot be accurately predicted.

Related Party Transactions

The Company and Levfam Finance Inc. are related by virtue of common control. Levfam Finance Inc. has provided a credit facility to Score Media, its parent company.

Interest on the Levfam Finance Inc. credit facility to Score Media amounted to approximately \$27,000 during the three months ended February 28, 2005 compared to approximately \$38,000 in the corresponding quarter of the prior year. Interest on the Levfam Finance Inc. credit facility during the six months ended February 28, 2005 amounted to \$37,000 compared to \$75,000 in the corresponding period of the prior year.

During the three months ended February 28, 2005 the Company retained legal services from a firm, one of whose partners is a director of the Company. These services were provided in the ordinary course of business and the fees for services rendered amounted to approximately \$8,000 the three months ended February 28, 2005, compared to nil for the three months ended February 29, 2004. For the six month period ended February 28, 2005, the total for services rendered amounted to approximately \$30,000, compared to \$20,000 in the corresponding period of the prior year.

A second director provided consulting services for the Company during the three months ended February 28, 2005 and received approximately \$5,000 for such services, compared to \$3,000 in the corresponding quarter of the prior year. For the six month period ended February 28, 2005, the total for services rendered amounted to approximately \$17,000, compared to \$6,000 in the corresponding period of the prior year. All related party transactions have been recorded at their fair values.

Contractual Obligations

The Company has no debt guarantees, capital leases or long-term obligations other than loans which are disclosed on the Consolidated Balance Sheets as at February 28, 2005, and August 31, 2004.

Contractual operating obligations as at February 28, 2005 are as follows:

Contractual Obligations (in thousands of dollars)	2005	2006	2007	2008	Thereafter	Total
Operating lease obligations	\$684	\$1,306	\$526	\$412	\$1,616	\$4,544
Programming rights obligations	\$186	\$692	\$112	-	-	\$990

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the allowance for doubtful accounts, the recoverability of fixed assets and deferred charges. In making such estimates and assumptions, management consults with employees knowledgeable in the area; gathers relevant information; where appropriate, seeks advice from qualified third parties, and, makes judgments, which in the opinion at that time, represent fair, balanced and appropriate conservative estimates and assumptions.

Stock-based compensation and other stock based payments

In 2003, the CICA amended Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments", to require the recording of compensation expense on the granting of all stock-based compensation awards, including stock options to employees, calculated using the fair value method. The Company adopted this standard on September 1, 2004.

In accordance with the transition rules, the Company determined the fair value of stock options granted to employees since September 2002, using the Black-Scholes Option Pricing model. Prior periods were not re-stated and the Company recorded an adjustment to its opening deficit in the amount of \$74,000 representing the expense for the 2003 and 2004 fiscal year. The offset to the deficit is an increase in contributed surplus. The estimated impact of adopting this accounting standard in 2005 will be an increase in compensation expense of approximately \$120,000 for fiscal 2005. For the three month period ended February 28, 2005, an expense with respect to stock based compensation in the amount of \$38,000 has been recorded. In the six month period ending February 28, 2005, a total expense of \$59,000 has been recorded.

About Score Media Inc.

Score Media Inc. (TSX: Scr.sv) is a media company focused on the specialty television sector through its main asset, The Score Television Network ("The Score"). The Score is a national specialty television service providing sports, news, information, highlights and live event programming, available across Canada in over 5.5 million homes.

Forward-looking (safe harbour) statement

Statements made in this news release that relate to future plans, events or performances are forward-looking statements. Any statement containing words such as "believes", "plans", "expects" or "intends" and other statements which are not historical facts contained in this release are forward-looking, and these statements involve risks and uncertainties and are based on current expectations. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements.

For further information, please contact:

Patrick Michaud
Executive Vice President and CFO
(905) 522-0471

Score Media Inc. (formerly Headline Media Group Inc.)

Consolidated Balance Sheets

(in thousands of dollars)

(unaudited)

	February 28, 2005	August 31, 2004
		(Restated - Note 1b)
Assets		
Current assets:		
Cash and cash equivalents	\$ 308	\$ 626
Accounts receivable	4,810	3,660
Prepaid expenses and deposits	373	308
Current assets of discontinued operations (note 1b)	6	626
	<u>5,497</u>	<u>5,220</u>
Fixed assets	2,868	2,111
Deferred charges	461	711
	<u>8,826</u>	<u>8,042</u>
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Loans	\$ 12,390	\$ 11,865
Accounts payable and accrued liabilities	3,704	3,878
Current liabilities of discontinued operations (note 1b)	100	393
	<u>16,194</u>	<u>16,136</u>
Shareholders' deficiency		
Capital stock	78,908	78,848
Contributed surplus	696	622
Deficit	<u>(86,972)</u>	<u>(87,564)</u>
	<u>(7,368)</u>	<u>(8,094)</u>
Basis of presentation (note 1)	<u>\$ 8,826</u>	<u>\$ 8,042</u>

See accompanying notes to consolidated financial statements

**Score Media Inc. (formerly
Headline Media Group Inc.)**

**Consolidated Statements of Operations and
Deficit**

(in thousands of dollars, except per share
amounts)

(unaudited)

	Three months ended		Six months ended	
	February 28		February 28	
	2005	2004	2005	2004
	(Restated - Note 1b)		(Restated - Note 1b)	
Revenue	\$ 5,587	\$ 4,383	\$ 11,632	\$ 9,574
Production and other direct expenses	2,681	2,676	5,759	5,348
Selling, general and administrative expenses	1,784	1,485	3,471	3,083
Program rights	421	202	670	1,509
	<u>4,886</u>	<u>4,363</u>	<u>9,900</u>	<u>9,940</u>
Income (loss) before interest, income taxes, depreciation and amortization	701	20	1,732	(366)
Interest expense	262	298	498	600
Depreciation	161	226	318	449
Amortization	125	113	250	230
Income (loss) from continuing operations	153	(617)	666	(1,645)
Income from discontinued operations (note 1b)	-	117	-	40
Income (loss) for the period	<u>\$ 153</u>	<u>\$ (500)</u>	<u>\$ 666</u>	<u>\$ (1,605)</u>
Deficit, beginning of period	(87,125)	(88,242)	(87,564)	(87,137)
Adjustment for change in accounting for stock		-	(74)	-
Deficit, end of period	<u>\$ (86,972)</u>	<u>\$ (88,742)</u>	<u>\$ (86,972)</u>	<u>\$ (88,742)</u>
Income (loss) per share from continuing operations - basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>
Income (loss) per share - basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>
Weighted average number of Class A Subordinate Voting				
Basic	82,773,284	82,636,818	82,772,583	82,636,509
Diluted	<u>82,976,169</u>	<u>82,636,818</u>	<u>82,975,468</u>	<u>82,636,509</u>

See accompanying notes to consolidated financial statements

Score Media Inc. (formerly Headline Media Group Inc.)

Consolidated Statements of Cash Flows

(in thousands of dollars)

(unaudited)

	Three months ended		Six months ended	
	February 28,		February 28,	
	2005	2004	2005	2004
	(Restated - Note 1b)		(Restated - Note 1b)	
Cash provided by (used in):				
Operations				
Income (loss) from continuing operations	\$ 153	\$ (617)	\$ 666	\$ (1,645)
Items not involving cash:				
Depreciation	161	226	318	449
Amortization	19	46	38	95
Interest amortization	106	67	212	135
Non-cash compensation expense (note 2)	38	12	59	24
Change in non-cash operating working capital balances:				
Accounts receivable	(202)	(283)	(1,150)	(293)
Prepaid expenses and deposits	220	160	(65)	975
Accounts payable and accrued liabilities	103	249	(174)	314
Cash Flows provided by (used in) Continuing Operations	598	(140)	(96)	54
Cash Flows (used in) provided by Discontinued Operations	(16)	(45)	327	(265)
Cash Flows provided by (used in) Operating Activities	582	(185)	231	(211)
Financing:			-	
Issuance of common shares	-	-	1	-
Loans	-	-	525	-
	-	-	526	-
Investments:				
Fixed assets	(586)	(11)	(1,075)	(703)
Deferred charges	-	(153)	-	(153)
	(586)	(164)	(1,075)	(856)
Decrease in cash and cash equivalents from continuing operations	(4)	(349)	(318)	(1,067)
Cash and cash equivalents, beginning of period	312	1,918	626	2,636
Cash and cash equivalents, end of period	308	1,569	308	1,569

See accompanying notes to consolidated financial statements

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 29, 2004 and February 28, 2003 (unaudited)

Nature of operations

Score Media Inc. is a media company focused on the specialty television sector through its main asset, The Score Television Network ("The Score"). The Score is a national specialty television service providing sports, news, information, highlights and live event programming, available across Canada in approximately 5.5 million homes. On February 22, 2005, the Company's shareholders approved a change in the name of the Company to Score Media Inc,

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2004.

The unaudited interim consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position of the Company as of February 28, 2005 and the results of operations and cash flows for the three and six months ended February 28, 2005 and February 29, 2004.

1. Basis of Presentation

(a) Going Concern:

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Based on the Company's business plan and the financing arrangements currently in place and pending the refinancing of The Score's bank credit facility that matures on August 31, 2005, the Company believes there are sufficient resources to fund operations.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenue and expenses, and the balance sheet classifications used.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 29, 2004 and February 28, 2003 (unaudited)

1. Basis of Presentation (cont.)

(b) Discontinued Operations

On November 28, 2003, the Board of Directors of PrideVision Inc. approved an agreement to sell the Canadian operations of PrideVision TV, a Category 1 digital specialty television service, focused on the gay, lesbian, bisexual and transgender communities. The financial results of PrideVision TV have been reflected as discontinued operations since November 28, 2003. On July 29, 2004, PrideVision Inc. was sold for total cash proceeds of \$1,350 and the assumption of approximately \$900 in liabilities, for a total gain of \$1,600 which was recorded in the fourth quarter of fiscal 2004.

Throughout fiscal 2004, Score Media operated St. Clair Group Investments Inc. ("St. Clair"), a Canadian sports marketing and specialty publishing company. During fiscal 2004, the operations of St. Clair were substantially restructured, and ultimately discontinued in October 2004 as a result of certain sports marketing contracts which were not renewed.

The results of PrideVision TV and St. Clair have been excluded from continuing operations in the statements of operations and deficit for all periods presented.

The following summarizes the balance sheet and statement of operations information for the Company's discontinued operations

Balance Sheet	February 28, 2005	August 31, 2004
Current assets	\$ 6	\$ 626
Current liabilities	100	393
Net assets (liabilities) of discontinued operations	\$ (94)	\$ 233

Current assets of discontinued operations comprise mainly cash, accounts receivable and prepaid expenses for both 2005 and 2004. Current liabilities comprise mainly trade payables, deferred program rights and accrued liabilities in St. Clair.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 29, 2004 and February 28, 2003 (unaudited)

1. Basis of Presentation (cont.)

Three and Six months ended February 28, 2005

	St. Clair	PrideVision	Total
Revenue	\$ -	\$ -	\$ -
Operating Expenses	-	-	-
Income (loss) from continuing operations before interest, income taxes, depreciation and amortization	-	-	-
Interest expense, net			
Depreciation and amortization	-	-	-
Income (loss) from discontinued operations	-	-	-

Three months ended February 29, 2004

	St. Clair	PrideVision	Total
Revenue	\$ 1,300	\$ -	\$ 1,300
Operating Expenses	1,112	-	1,112
Income (loss) from continuing operations before interest, income taxes, depreciation and amortization	188		188
Interest income	3	-	3
Depreciation and amortization	74	-	74
Income (loss) from discontinued operations	117		117

Six months ended February 29, 2004

	St. Clair	PrideVision	Total
Revenue	\$ 2,342	\$ 309	\$ 2,651
Operating Expenses	2,306	164	2,470
Income (loss) from continuing operations before interest, income taxes, depreciation and amortization	36	145	181
Interest income	7	-	7
Depreciation and amortization	148	-	148
Income (loss) from discontinued operations	(105)	145	40

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 29, 2004 and February 28, 2003 (unaudited)

2. Significant accounting policies:

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the August 31, 2004 consolidated financial statements, except as follows:

(a) *Stock-based compensation:*

Effective September 1, 2004, Canadian GAAP requires the Company to estimate the fair value of stock-based compensation granted to employees and to expense the fair value over the estimated vesting period of the stock options. In accordance with the transition rules, the Company determined the fair value of stock options granted to employees since September 1, 2002, using the Black-Scholes Option Pricing model. Prior periods were not re-stated and the Company recorded an adjustment to its opening deficit in the amount of \$74 representing the expense for the 2003 and 2004 fiscal years. The offset to the deficit is an increase in contributed surplus. The estimated impact of adopting this accounting standard in 2005 will be an increase in compensation expense of approximately \$120 for fiscal 2005. For the three month period ended February 28, 2005, an expense with respect to stock based compensation in the amount of \$38 has been recorded. In the six month period ending February 28, 2005, a total expense of \$59 has been recorded.

In the 3 months ended February 29, 2004, based on stock options issued subsequent to September 2002, the stock based compensation expense for this period would have been \$14 and the pro-forma loss for the three months ended February 29, 2004 would have been \$514 or \$0.01 per share. In the 6 months ending February 29, 2004, the stock based compensation expense for this period would have been \$31 and the pro-forma loss for the six months ended February 29, 2004 would have been \$1,636 or \$0.02 per share

During the six months ended February 28, 2005, 645,000 options were granted. The weighted average estimated fair value at the date of the grant for the options granted was \$0.30. The fair value of each option granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	Three and Six months ended Feb 28, 2005	Three and Six months ended Feb 29, 2004
Risk-free interest rate	4%	4%
Dividend yield	—	—
Volatility factor of the future expected market price of common shares	95%	95%
Weighted average expected life of the options	5 years	5 years

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 29, 2004 and February 28, 2003 (unaudited)

3. Capital stock:

Capital stock consists of the following:

	Feb 28, 2005	Aug 31, 2004
Authorized		
Unlimited Senior Preference Shares		
Unlimited Junior Preference Shares		
10,000 Special Voting shares, convertible into Class A Subordinate Voting shares on a one-for-one basis at the option of the shareholder		
Unlimited Class A Subordinate Voting shares		
Unlimited Class B Subordinate Voting shares, convertible into Class A Subordinate Voting shares on a one-for-one basis at the option of the shareholder		
Issued		
82,763,284 Class A Subordinate Voting shares (August 31, 2004 – 82,760,784);	\$78,878	\$ 78,818
10,000 Special Voting shares (August 31, 2004 – 10,000)	30	30
	<u>\$78,908</u>	<u>\$ 78,848</u>

Stock Option Plan:

The following table summarizes the outstanding options of the Plan:

Six months ended February 28, 2005	Number	Exercise price	Weighted average exercise price	Options exercisable
Outstanding options, September 1, 2004	2,305,000	\$0.28 - \$3.11	\$2.02	1,862,500
Granted	645,000	\$0.43	\$0.43	
Cancelled	(90,000)	\$0.28 - \$3.00	\$1.76	
Exercised	(2,500)	\$0.28	\$0.28	
Outstanding options, February 28, 2005	2,875,500	\$0.28 – \$3.13	\$1.67	1,884,166

As at February 28, 2005 the weighted average remaining contractual life of the options exercisable and outstanding was 0.6 years and 1.7 years, respectively.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 29, 2004 and February 28, 2003 (unaudited)

4. Segmented information:

The Company has one business unit - The Score Television Network Ltd - which operates is substantially in Canada; thus operations are not presented on a segmented basis.

5. Related Party Transactions:

Interest on the Levfam Finance Inc. credit facility to Score Media amounted to approximately \$27 during the three months ended February 28, 2005 compared to approximately \$38 in the corresponding quarter of the prior year. Interest on the Levfam Finance Inc. credit facility during the six months ended February 28, 2005 amounted to \$37 compared to \$75 in the corresponding period of the prior year. The amount drawn on the facility at February 28, 2005 is \$925 (nil at August 31, 2004).

During the three months ended February 28, 2005 the Company retained legal services from a firm, one of whose partners is a director of the Company. These services were provided in the ordinary course of business and the fees for services rendered amounted to approximately \$8 the three months ended February 28, 2005, compared to nil for the three months ended February 29, 2004. For the six month period ended February 28, 2005, the total for services rendered amounted to approximately \$30, compared to \$20 in the corresponding period of the prior year.

A second director provided consulting services for the Company during the three months ended February 28, 2005 and received approximately \$5 for such services, compared to \$3 in the corresponding quarter of the prior year. For the six month period ended February 28, 2005, the total for services rendered amounted to approximately \$17, compared to \$6 in the corresponding period of the prior year.

All related party transactions have been recorded at their fair values.