HEADLINE
MEDIA GROUP

Q2 - 2001

Consolidated Financial Statements

For the Three and Six Months Ended

February 28, 2001

(unaudited)

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

HIGHLIGHTS

- Revenues increase 201.4% over the prior year.

- Headline Media Group acquires 100% of St. Clair Group Investments Inc. ("St. Clair"), a Canadian sports entertainment marketing services and media company.

- Headline Media Group acquires 100% of PrideVision Inc. ("PrideVision"), a new specialty television network focused on the Canadian gay community, anticipated to be launched in September, 2001.

- Key executives including J. Thomas Murray, Chief Operating Officer of The Score, Shaun Purdue, Chief Operating Officer of PrideVision, and Jennifer Smith, Chief Strategic Officer of PrideVision, join the Headline Media Group team.

- Headline Media Group files final Prospectus on April 20, 2001 to raise $30 million.

As a result of the acquisitions of St. Clair and PrideVision during the quarter, the Company has redefined its business units as "Broadcasting", "Sports and Entertainment Marketing" and "Other". The Broadcasting group primarily consists of the Company's specialty television networks, The Score and PrideVision. The Sports and Entertainment Marketing group consists primarily of the operations of St. Clair, being advertising and event sponsorship program publications for sports and theatre events. The Other group primarily consists of corporate operations and the Company's venture capital activities.

Three Months Ended February 28, 2001

Revenues for the second quarter rose to $7.0 million, an increase of $4.7 million or 201.4% over revenues of $2.3 million for the same period last year. The increase was primarily due to an increase in revenue of $0.9 million or 38.3% in the Broadcasting group and a $3.5 million increase in revenue in the Sports and Entertainment Marketing group due to the acquisition of St. Clair.

Operating expenses, excluding rights fees, were $7.3 million during the quarter, compared to $3.2 million in the prior year, representing an increase of $4.2 million. Approximately $2.6 million of the increase was attributable to the operating expenses of the Sports and Entertainment Marketing Group as a result of the acquisition of St. Clair. Operating expenses were also higher in both the Broadcasting group and the Other group.

Rights fees were $2.3 million during the quarter, compared to nil in the prior year. Rights fees were $0.8 million in the Sports and Entertainment Marketing Group, and $1.4 million in the Broadcasting group. The rights fees in the Broadcasting group reflect the costs associated with live event programming, in particular the exclusive Canadian broadcast rights for the XFL and WWF SmackDown! and Metal programs.

Loss before interest, taxes, depreciation and amortization for the second quarter was $2.6 million, compared with $0.9 million in the same quarter last year.

Interest expense for the second quarter increased by $0.3 million to $0.4 million from $0.1 million in the prior year due to an increase in the outstanding bank indebtedness over the prior year and an increase in other financing fees.

Net loss for the second quarter was $3.5 million or $0.07 per share based on a weighted average 52.4 million Class A Subordinate Voting Shares outstanding, compared to a net loss of $1.4 million loss or $0.04 per share based on a weighted average 35.5 million Class A Subordinate Voting Shares outstanding in the prior year.

Broadcasting Group

Revenues for the Broadcasting group increased by 38.3% to $3.2 million in the second quarter from $2.3 million in the prior year. The increase resulted from higher advertising revenues and subscriber fee revenues of 64.8% and 10.3%, respectively. Advertising revenues rose by $0.8 million as a result of increased advertising generated throughout the entire programming schedule for The Score, as well as advertising revenue generated from the broadcasts of WWF programming, including WWF SmackDown! Metal and XFL, which were acquired earlier in year. The increase in subscriber fees of $0.1 million reflects an increase in the total number of subscribers to 4.9 million as at February 28, 2001 from 4.5 million as at February 28, 2000.

Operating loss before interest, taxes, depreciation and amortization for the second quarter was $2.0 million, compared with $0.9 million in the same quarter last year. The increased loss was primarily attributable to increased programming and production costs, including the broadcast rights fees, and marketing costs associated with the launch of XFL and WWF SmackDown! and Metal broadcasts on The Score.

The broadcasting of live sporting events during the quarter, including the XFL and professional lacrosse games, as well as WWF SmackDown! and Metal, resulted in a significant increase in The Score's average viewing audience over the prior year.

PrideVision is anticipated to launch in September, 2001. To date, there has been no operating profit or loss derived from PrideVision. Operating expenditures are expected during the third and fourth quarter as the network approaches its anticipated launch date.

Sports and Entertainment Marketing Group

On January 16, 2001, the Company completed its acquisition of St. Clair.

Revenue for the Sports and Entertainment Marketing Group was $3.5 million in the second quarter.

St. Clair contributed an operating profit before interest, taxes, depreciation and amortization for the second quarter of $0.1 million.

Other Group

Revenue for the Other group was $0.3 million and represents interest income earned on cash and cash equivalents held during the quarter.

Operating loss before interest, taxes, depreciation and amortization for the second quarter was $0.7 million. Operating expenses included executive compensation, public relations costs and professional fees and other expenses associated with business development initiatives.

Six Months Ended February 28, 2001

Revenues for the six months ended February 28, 2001 increased by 139.5% to $12.6 million from $5.3 million for the same period last year. Advertising revenues, including $3.5 million generated by St. Clair, increased by $6.8 million or 231.4%. Subscriber fee revenues increased by $0.2 million or 11.1% as a result of an increase in the average number of subscribers. Other revenue increased by $0.3 million.

Earnings, before rights fees, were $0.4 million during the period, compared to a loss of $1.3 million in the prior year, representing an increase in earnings before rights fees of $1.6 million. Consolidated operating expenses, before rights fees, increased by $5.7 million to $12.2 million from $6.5 million in the prior year. Approximately $2.6 million of the increase was attributable to the operating expenses of the Sports and Entertainment Marketing Group as a result of the acquisition of St. Clair. Operating expenses were $2.1 million higher in the Broadcasting group due to higher production, other direct and marketing expenditures related to the broadcasting of live sporting events, particularly Major League Baseball and XFL. Other operating expenses were $1.0 million.

Rights fees were $4.9 million for the six months ended February 28, 2001, compared to $0.4 million in the prior year. The increase in rights fees reflects the costs associated with the exclusive Canadian broadcast rights for Major League Baseball, XFL and WWF SmackDown! and Metal programs. In addition, $0.8 million in rights fees were incurred by the Sports and Entertainment Marketing Group during the period.

Loss before interest, taxes, depreciation and amortization for the six months ended February 28, 2001 was $4.6 million, compared with $1.6 million for the same period last year.

Interest expense for the period was $0.9 million compared to $0.3 million in the prior year. The increase in interest expense was a result of an increase in the average outstanding bank indebtedness during the period, as well as an increase in other financing fees.

Net loss for the six months ended February 28, 2001 was $6.4 million or $0.14 per share based on a weighted average 46.2 million Class A Subordinate Voting Shares outstanding, compared to a net loss of $2.6 million or $0.07 per share based on a weighted average 35.5 million Class A Subordinate Voting Shares outstanding in the prior year.

Liquidity and Capital Resources

Cash flow from operations for the three months ended February 28, 2001 increased to $0.4 million from cash flow used in operations of $1.2 million in the prior year. Cash flow used in operations for the six months ended February 28, 2001 increased to $5.2 million compared to $1.4 million in the prior year.

Cash flow used in financing activities was $1.3 million for the three months ended February 28, 2001 compared to cash flow from financing activities of $2.0 million in the prior year. The decrease in cash flow primarily reflects a decrease in the bank term loan balance during the period of $1.8 million compared to an increase in the prior year of $2.0 million. Cash flow from financing activities was $28.1 million for the six months ended February 28, 2001 or $25.2 million greater than the prior year. The increase in cash flow primarily reflects the completion of a private placement in November 2000.

At February 28, 2001, total long-term bank loans were $8.2 million, an increase of $0.4 million over the prior year's balance of $7.8 million.

The current bank credit facility consists of a term loan for The Score, which is due on August 31, 2002, and allows The Score to borrow up to $15 million. The proceeds from the credit facility were designated to fund operations and capital expenditures anticipated prior to The Score receiving its amendment to its CRTC license to broadcast live sporting events. As a result, Management is currently in the process of negotiating a revised long-term credit facility that will fund the ongoing operations of The Score, including current and future live event programming initiatives. Management believes that a long-term credit facility will be successfully negotiated.

Cash flow used in investment activities for the three months ended February 28, 2001 was $4.3 million or $3.5 million higher than the prior year of $0.8 million. Cash flow used in investment activities for the six months ended February 28, 2001 was $4.9 million compared to $1.5 million. The decrease in cash flow over the prior year primarily reflects the acquisitions of St. Clair and PrideVision, partially offset by lower capital expenditures than in the prior year. Total capital expenditures for the six months ended February 28, 2001 were $0.7 million or $0.6 million lower than the prior year's expenditures of $1.3 million.

On April 20, 2001 the Company filed a final prospectus relating to the sale and issue of 10,000,000 Class A Subordinate Voting shares at a public offering price of $3.00. The proceeds from this offering will be used to fund the further development, expansion and operation of The Score, to fund the development, launch and operation of PrideVision, and for working capital and general corporate purposes.

OUTLOOK

With the closing of the public offering scheduled to occur at the end of April 2001, the Company will be positively positioned to implement its current business plan. In September 2001 the Company will launch the first ever television network dedicated exclusively to the Canadian gay community. Throughout 2001, the Company will continue to develop the fast paced, edgy, real time programming of The Score, Canada's premier sports news, information and targeted live event broadcaster. As appropriate opportunities in the broadcast and media sector arise, the Company will look to build upon its existing specialty service platform and infrastructure. The balance of 2001 and 2002 will be a very exciting time for the Company and we look forward to continued growth.

John Levy,
Chairman and Chief Executive Officer

Headline Media Group Inc.

Consolidated Balance Sheets

	February 28, 2001	August 31, 2000	February 29, 2000
	(unaudited)	(audited)	(unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	**$ 18,024,363**	$ 24,843	$ 49,805
Marketable securities, at lower of cost and market	**740,892**	-	-
Accounts receivable	**7,551,260**	3,429,731	1,817,068
Prepaid expenses and deposits	**1,529,371**	473,412	251,384
	27,845,886	3,927,986	2,118,257
Fixed assets	**4,688,220**	4,016,419	4,335,729
Deferred charges	**3,223,951**	1,060,973	966,174
Investments	**1,845,058**	-	-
Goodwill (note 1)	**3,390,003**	-	-
	$ 40,993,118	$ 9,005,378	$ 7,420,160
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Bank credit facility	**$ 245,000**	$ -	$ -
Accounts payable and accrued liabilities	**8,583,190**	5,401,676	1,299,011
Unearned revenue	**2,840,121**	155,936	605,000
	11,668,311	5,557,612	1,904,011
Bank term loans	**8,237,511**	8,761,557	7,800,488
Due to related companies	**-**	4,382,396	4,260,068
Shareholders' equity (deficiency)			
Capital stock (note 2)	**45,274,611**	8,355,100	5,855,100
Warrants (note 2)	**301,589**	-	-
Contributed surplus	**320,000**	320,000	320,000
Deficit	**(24,808,904)**	(18,371,287)	(12,719,507)
	21,087,296	(9,696,187)	(6,544,407)
Subsequent events (note 4)			
	$ 40,993,118	$ 9,005,378	$ 7,420,160

See accompanying notes to consolidated financial statements

Headline Media Group Inc.

Consolidated Statements of Operations and Deficit
(unaudited)

	Three months ended February 28,		Six months ended February 28,	
	2001	**2000**	**2001**	**2000**
Revenue	**$ 6,974,091**	$ 2,313,916	**$ 12,572,882**	$ 5,250,336
Production and other direct expenses	**3,700,965**	1,844,401	**6,784,318**	3,695,916
Selling, general and administrative expenses	**3,645,493**	1,347,846	**5,427,513**	2,830,881
	7,346,458	3,192,247	**12,211,831**	6,526,797
Earnings (loss) before rights fees	**(372,367)**	(878,331)	**361,051**	(1,276,461)
Rights fees	**2,252,600**	30,965	**4,927,952**	361,679
Loss before interest, taxes, depreciation and amortization	**(2,624,967)**	(909,296)	**(4,566,901)**	(1,638,140)
Interest expense	**410,948**	138,966	**949,350**	267,667
Depreciation	**303,623**	249,231	**619,023**	472,057
Amortization	**154,768**	93,687	**250,767**	184,158
Loss on disposal of fixed assets	**51,576**	2,005	**51,576**	2,005
	920,915	483,889	**1,870,716**	925,887
Loss for the period	**(3,545,882)**	(1,393,185)	**(6,437,617)**	(2,564,027)
Deficit, beginning of period	**(21,263,022)**	(11,326,322)	**(18,371,287)**	(10,155,480)
Deficit, end of period	**$ (24,808,904)**	$ (12,719,507)	**$ (24,808,904)**	$(12,719,507)
Loss per share	**$ (0.07)**	$ (0.04)	**$ (0.14)**	$ (0.07)
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding	**52,420,178**	35,533,351	**46,196,692**	35,533,351

See accompanying notes to consolidated financial statements

Headline Media Group Inc.

Consolidated Statements of Cash Flows
(unaudited)

	Three months ended February 28, 2001	Three months ended February 28, 2000	Six months ended February 28, 2001	Six months ended February 28, 2000
Cash provided by (used in):				
Operations				
Loss for the period	**$ (3,545,882)**	$ (1,393,185)	**$ (6,437,617)**	$ (2,564,027)
Items not involving cash:				
Depreciation	**303,623**	249,231	**619,023**	472,057
Amortization	**154,768**	93,687	**250,767**	184,158
Loss on disposal of fixed assets	**51,576**	2,005	**51,576**	2,005
Change in non-cash working capital balances:				
Accounts receivable	**890,252**	102,971	**(720,746)**	319,098
Prepaid expenses and deposits	**(119,566)**	(118,056)	**135,326**	(109,206)
Accounts payable and accrued liabilities	**957,782**	(725,675)	**(697,780)**	(188,712)
Unearned revenue	**1,736,012**	605,000	**1,581,516**	464,748
	428,565	(1,184,022)	**(5,217,935)**	(1,419,879)
Financing:				
Issuance of common shares	**539,774**	-	**28,620,161**	2,500,000
Issuance of warrants	**301,589**	-	**301,589**	-
Due to/from related companies	**(24,685)**	(10,300)	**7,725**	5,270
Bank credit facility	**(265,000)**	-	**(265,000)**	-
Bank term loans	**(1,828,026)**	2,033,307	**(524,046)**	407,352
	(1,276,348)	2,023,007	**28,140,429**	2,912,622
Investments:				
Fixed assets, net	**(158,758)**	(716,493)	**(731,900)**	(1,270,761)
Investment in private companies	**(414,731)**	-	**(414,731)**	-
Acquisition of St. Clair, plus bank credit facility acquired	**(1,947,056)**	-	**(1,947,056)**	-
Deferred charges	**(1,797,660)**	(88,089)	**(1,829,287)**	(180,019)
	(4,318,205)	(804,582)	**(4,922,974)**	(1,450,780)
Increase (decrease) in cash and cash equivalents	**(5,165,988)**	34,403	**17,999,520**	41,963
Cash and cash equivalents, beginning of period	**23,190,351**	15,402	**24,843**	7,842
Cash and cash equivalents, end of period	**$ 18,024,363**	$ 49,805	**$ 18,024,363**	$ 49,805
Supplemental cash flow information:				
Interest paid	**$ 227,070**	$ 86,193	**$ 499,103**	$ 198,316
Non-cash financing and investing activities:				
Issuance of common shares of The Score as repayment of related party indebtedness	**-**	-	**4,390,121**	-
Issuance of Class A Subordinate Voting Shares for investment in Cogency Semiconductor Inc.	**-**	-	**1,034,250**	-
Issuance of Class A Subordinate Voting Shares on acquisition of Old Canada Investment Corporation Limited, less cash and cash equivalents of $2,114,632	**-**	-	**1,784,479**	-
Extinguishment of St. Clair debt (note 1(a)(i))	**1,086,250**	-	**1,086,250**	-
Issuance of Class A Subordinate Voting Shares on acquisition of St. Clair (note 1(a)(iii))	**563,500**	-	**563,500**	-
Issuance of Class A Subordinate Voting Shares on acquisition of PrideVision (note 1(b))	**527,000**	-	**527,000**	-

See accompanying notes to consolidated financial statements

The unaudited consolidated financial statements have been prepared using the same accounting policies and methods of application as those of The Score Television Network Ltd. (“The Score”) (formerly Sportscope Television Network Ltd.) as set out in the consolidated financial statements of The Score contained in the Old Canada Investment Corporation Limited Management Information Circular dated October 17, 2000, except as otherwise noted below. Accordingly, these financial statements and accompanying notes should be read in conjunction with such audited consolidated financial statements contained therein.

Nature of operations

Headline Media Group Inc. (the "Company") is a traditional and new media company whose primary assets are two specialty television service properties, each of which is focused on a distinct market segment. The Score television network is the Company’s first specialty television network and provides sports news, information and highlights as well as live event sports programming. The Company’s second principal property is PrideVision Inc. (“PrideVision”), which will be targeted to the interests of the gay community, and is anticipated to launch in September, 2001. The Company also operates St. Clair Group Investments Inc. (“St. Clair”), a Canadian sports and entertainment marketing services and media company.

1. Acquisitions:

(a) St. Clair:

On January 11, 2001, the Company entered into an agreement to acquire 100% of the Class A and Class B common shares of St. Clair. The acquisition of the St. Clair shares was completed on January 16, 2001 as follows:

(i) Exercise of a call right to acquire 4,359,458 Class A common shares and 244,974 Class B common shares in exchange for extinguishment of an outstanding debt amounting to $1,086,250;

(ii) Payment of cash of $1,581,250 for 3,705,539 Class A common shares and 244,974 Class B common shares; and

(iii) Issuance of 175,000 Class A Subordinate Voting shares of the Company with a fair value of $563,500 for 1,307,837 Class A common shares of St. Clair.

1. Acquisitions (continued):

Details of the acquisition equation are as follows:

Fair value of net assets of St. Clair acquired:	
Current assets	$4,423,305
Fixed assets	606,901
Current liabilities	(4,998,667)
Net assets	31,539
Excess purchase price over fair value of net assets acquired, allocated to goodwill	3,447,461
Total consideration	$3,479,000
Comprised of:	
Cash	$1,581,250
Issuance of shares	563,500
Extinguishment of debt	1,086,250
Integration and transaction costs	248,000
	$3,479,000

Goodwill is being amortized on a straight-line basis over a period of 10 years.

(b) PrideVision

On February 28, 2001, the Company acquired PrideVision whose application was approved by the Canadian Radio-television and Telecommunications Commission (the “CRTC”) for a digital specialty television network focused on the Canadian gay community, from Levfam Holdings Inc. and Alliance Atlantis Communications Inc. in exchange for 1,986,228 Class A Subordinate Voting shares of the Company. As the transaction was with related parties, the transaction has been recorded at the carrying value of the shares of PrideVision in the accounts of the related parties of $527,000.

Details of the acquisition equation are as follows:

Carrying value of net assets of PrideVision acquired:	
Licence Costs	$527,000
Consideration:	
Issuance of shares	$527,000

Licence costs are being amortized on a straight-line basis over the term of the licence which is 6 years.

2. Capital stock:

Capital stock consists of the following:

	February 28, 2001	August 31, 2000	February 29, 2000
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			
Issued			
54,668,196 Class A Subordinate Voting shares (August 31, 2000 – 39,176,668; February 29, 2000 – 35,533,351)	$45,244,611	$ 8,355,100	$ 5,855,100
10,000 Special Voting shares (August 31, 2000 – Nil; February 29, 2000 – Nil)	30,000	--	--
	$45,274,611	$ 8,355,100	$5,855,100

Details of capital stock transactions of The Score from August 31, 2000 to November 24, 2000 are as follows:

	Number of common shares	Amount
Balance, September 1, 1998 and 1999	1,426,551	$ 3,355,100
Issued for cash	146,267	5,000,000
Balance, August 31, 2000	1,572,818	8,355,100
Issued as repayment of related party indebtedness	58,762	4,390,121
Issued for cash	66,929	5,000,000
Balance, November 24, 2000	1,698,509	$ 17,745,221

2. Capital stock (continued):

Details of share capital transactions from November 24, 2000 to February 28, 2001 are as follows:

	Number of shares issued		Amount credited to capital	
	Class A	**Special Voting**	**Class A**	**Special Voting**
Shares issued in exchange for:				
1,698,509 common shares of The Score	42,296,710	10,000	$17,715,221	$30,000
Cash of $21,465,750	7,155,250	--	21,465,750	--
Investment in Cogency Semiconductor Inc.	344,750	--	1,034,250	--
2,488,035 Class B Subordinate Voting Shares (formerly Old Canada Investments Inc. common shares)	2,488,035	--	3,899,116	--
Legal and other transaction costs	--	--	(500,000)	--
Balance, November 30, 2000	52,284,745	10,000	$43,614,337	$30,000
Shares issued in exchange for:				
1,307,837 Class A common shares of St. Clair (note 1(a))	175,000	--	563,500	--
Cash of $684,447	222,223	--	684,447	--
1,000 common shares of PrideVision (note 1(b))	1,986,228	--	527,000	--
Legal and other transaction costs	--	--	(144,673)	--
Balance, February 28, 2001	54,668,196	10,000	$45,244,611	$30,000

2. Capital stock (continued):

Stock Option Plan:

On July 27, 2000, the Board of Directors of the Company, as approved by the shareholders of the Company on November 21, 2000, adopted a stock option plan (the "Plan") under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to directors, officers, full-time employees of, or consultants to, the Company options to acquire Class A shares. 5,228,000 of the Class A shares issued and outstanding from time to time are reserved for issue under the Plan. Under the Plan, the exercise price must not be less than the market price of the Class A shares at the date of the grant. An option's maximum term is 10 years and vests over 3 years.

No compensation expense has been recognized related to stock options issued under the Plan. Any consideration paid on the exercise of stock options is credited to share capital. If stock options are repurchased, the excess of consideration paid over the carrying amount of the stock option cancelled is charged to accumulated deficit.

The following table summarizes the outstanding options of the Plan:

Six months ended February 28, 2001	**Number**	**Exercise price**	**Weighted average exercise price**	**Options exercisable**
Outstanding options, beginning of period	1,500,000	$ 3.00	$ 3.00	
Granted	80,000	3.00 – 3.11	3.04	
Exercised	--	--	--	
Cancelled	--	--	--	
Outstanding options, end of period	1,580,000	$3.00 – 3.11	$ 3.00	250,000

As at February 28, 2001 the weighted average remaining contractual life of the options exercisable and outstanding was 4.4 years.

2. Capital stock (continued):

On March 1, 2001, the Company granted 100,000 options to an executive officer of PrideVision with a minimum exercise price of $3.13 per share. On March 7, 2001, the Company granted 25,000 options to another executive officer of PrideVision with an exercise price of $3.08. In addition, options to acquire in aggregate 2,085,000 Class A Subordinate Voting shares have been contractually committed to certain executive officers, their affiliates and employees of the Company on the closing of a Class A share offering, as well as on the first and second anniversaries of the closing of the offering. Options to acquire in aggregate 100,000 Class A shares have been contractually committed to an executive officer of The Score on the first and second anniversaries of a consulting services agreement. Options to acquire in aggregate 75,000 Class A shares have been contractually committed to an executive officer of PrideVision on the launch of PrideVision as well as on the first and second anniversaries of the launch.

Warrant:

In connection with an agreement between the World Wrestling Federation Entertainment Inc. ("WWFE") whereby the Company obtained the right to broadcast certain WWFE programs, on February 15, 2001, the Company issued a warrant to WWFE to subscribe for up to 5,587,193 Class A shares of the Company by February 28, 2003. After deducting legal and other transaction costs of $13,964 the warrant was valued at $301,589.

3. Segmented information:

As a result of the acquisitions of St. Clair and PrideVision (notes 1 (a) and (b)), the Company has redefined its business units as broadcasting, sports and entertainment marketing and other. The broadcasting group primarily consists of the Company's specialty television networks, The Score and PrideVision. The sports and entertainment marketing group consists primarily of the operations of St. Clair, being advertising and event sponsorship program publications for sports and theatre events. The other group primarily consists of corporate operations and the Company's venture capital activities. Management measures the results of operations based on the earnings before interest, taxes, depreciation and amortization provided by each operating group.

The accounting policies of the segments are the same as those described in the significant accounting policies.

3. Segmented information (continued):

Information by operating group is as follows:

Three months ended February 28, 2001	Broadcasting	Sports and Entertainment Marketing	Other	Consolidated Total
Revenue				
Advertising	$ 1,966,967	$ 3,520,585	$ --	$ 5,487,552
Subscriber fees	1,216,033	--	--	1,216,033
Broadcast rights	8,640	--	--	8,640
Other	7,982	--	253,884	261,866
	3,199,622	3,520,585	253,884	6,974,091
Earnings (loss) before rights fees	(603,047)	903,380	(672,700)	(372,367)
Rights fees	1,405,940	846,660	--	2,252,600
Earnings (loss) before interest, taxes, depreciation and amortization	$ (2,008,987)	$ 56,720	$ (672,700)	$ (2,624,967)
Interest				410,948
Depreciation and amortization				458,391
Loss on disposal of fixed assets				51,576
Loss for the period				$ (3,545,882)
Capital expenditures	$ 157,031	$ 1,727	$ --	$ 158,758
Total assets	$ 13,800,071	$ 6,100,314	$21,092,733	$ 40,993,118

3. Segmented information (continued):

Six months ended February 28, 2001	Broadcasting	Sports and Entertainment Marketing	Other	Consolidated Total
Revenue				
Advertising	$ 6,233,678	$ 3,520,585	$ --	$ 9,754,263
Subscriber fees	2,399,447	--	--	2,399,447
Broadcast rights	138,028	--	--	138,028
Other	8,122	--	273,022	281,144
	8,779,275	3,520,585	273,022	12,572,882
Earnings (loss) before rights fees	201,142	903,380	(743,471)	361,051
Rights fees	4,081,292	846,660	--	4,927,952
Earnings (loss) before interest, taxes, depreciation and amortization	$ (3,880,150)	$ 56,720	$ (743,471)	$ (4,566,901)
Interest				949,350
Depreciation and amortization				869,790
Loss on disposal of fixed assets				51,576
Loss for the period				$ (6,437,617)
Capital expenditures	$ 730,173	$ 1,727	$ --	$ 731,900

3. Segmented information (continued):

Three months ended February 29, 2000	Broadcasting	Sports and Entertainment Marketing	Other	Consolidated Total
Revenue				
Advertising	$ 1,193,731	$ --	$ --	$ 1,193,731
Subscriber fees	1,102,164	--	--	1,102,164
Broadcast rights	15,186	--	--	15,186
Other	2,835	--	--	2,835
	2,313,916	--	--	2,313,916
Loss before rights fees	(878,331)	--	--	(878,331)
Rights fees	30,965	--	--	30,965
Loss before interest, taxes, depreciation and amortization	$ (909,296)	$ --	$ --	$ (909,296)
Interest				138,966
Depreciation and amortization				342,918
Loss on disposal of fixed assets				2,005
Loss for the period				$ (1,393,185)
Capital expenditures	$ 716,493	$ --	$ --	$ 716,493
Total assets	$ 7,420,160	$ --	$ --	$ 7,420,160

3. Segmented information (continued):

Six months ended February 29, 2000	Broadcasting	Sports and Entertainment Marketing	Other	Consolidated Total
Revenue				
Advertising	$ 2,943,651	$ --	$ --	$ 2,943,651
Subscriber fees	2,158,902	--	--	2,158,902
Broadcast rights	142,950	--	--	142,950
Other	4,833	--	--	4,833
	5,250,336	--	--	5,250,336
Loss before rights fees	(1,276,461)	--	--	(1,276,461)
Rights fees	361,679	--	--	361,679
Loss before interest, taxes depreciation and amortization	$ (1,638,140)	$ --	$ --	$(1,638,140)
Interest				267,667
Depreciation and amortization				656,215
Loss on disposal of fixed assets				2,005
Loss for the period				$(2,564,027)
Capital expenditures	$ 1,270,761	$ --	$ --	$ 1,270,761

For the six months ended February 28, 2001, there were no customers that accounted for greater than 10% of revenue. (Six months ended February 29, 2000, two customers accounted for 14% and 11% of revenue.)

4. Subsequent events:

On March 7, 2001, the Company acquired 100% of 662105 B.C. Ltd. (conducting business as Rainbow Connections Holdings) ("Rainbow Connections") in exchange for 200,000 Class A Subordinate Voting shares. Rainbow Connections' primary asset was a website design concept focused on the Canadian gay community. The Class A Subordinate Voting shares of the Company were valued at the market price on March 7, 2001 of $3.15 per share. The total consideration of $630,000 has been allocated to goodwill, as the fair value of the identifiable assets and liabilities of Rainbow Connections was nil. The goodwill will be amortized on a straight-line basis over 3 years.

On April 20, 2001, the Company's Board of Directors approved the filing of a final prospectus in each of the provinces of Canada relating to the sale and issue of 10,000,000 Class A shares of the Company at a public offering price of $3.00 per share.