



H E A D L I N E
M E D I A G R O U P

Q2 – 2002

Consolidated Financial Statements

For the Three Months Ended

February 28, 2002

(unaudited)



**HEADLINE MEDIA GROUP INC.
ANNOUNCES SECOND QUARTER FINANCIAL RESULTS**

TORONTO, Ontario – April 29, 2002

Headline Media Group Inc. announced its results today for the second quarter ended February 28, 2002.

HIGHLIGHTS

- Revenues for the second quarter increased 42.7% over the prior year reflecting a 16.8% increase in both advertising and subscription revenues for the Broadcast group, and a 66.2% increase in the Sports and Entertainment Marketing group, reflecting a full quarter's results for St. Clair Group Investments Inc. ("St. Clair").
- On March 22, 2002, The Score and Star Choice Communications Inc. ("Star Choice") reached an agreement on a new subscriber rate structure and term. The new rate structure expires on October 31, 2004.
- PrideVision TV had approximately 16,000 paying subscribers at the end of the free preview period in January 2002.

The Company has three business units comprised of "Broadcasting", "Sports and Entertainment Marketing" and "Corporate". The Broadcasting group consists of the Company's specialty television networks, The Score and PrideVision TV. The Sports and Entertainment Marketing group consists of St. Clair.

Three Months Ended February 28, 2002

Revenues for the second quarter rose to \$9.6 million, an increase of \$2.9 million or 42.7% over revenues of \$6.7 million for the same period last year. The increase was primarily due to the inclusion of \$2.3 million in St. Clair revenues, which reflects a full quarter of revenues in the current year versus two months in the prior year. Revenue in the Broadcasting group was \$0.5 million higher as compared to the prior year due to \$0.2 million in revenue generated by PrideVision TV and increased revenues of \$0.3 million for The Score.

Operating expenses were \$12.8 million during the quarter, compared to \$9.6 million in the prior year, representing an increase of \$3.2 million. Approximately \$1.8 million of the increase was attributable to the inclusion of operating expenses for St. Clair, for a full quarter in the current year versus two months in the prior year. Operating expenses in the Broadcast group were \$1.7 million higher in the quarter, reflecting operating costs associated with PrideVision TV. Operating expenses for the Corporate group were \$0.6 million or \$0.3 million lower than the prior year.

Loss before interest, taxes, depreciation and amortization was \$3.2 million for the second quarter, compared with \$2.9 million in the same quarter last year.

Interest income for the second quarter was \$0.2 million compared to \$0.3 in the prior year. Lower interest income reflects a reduction in the cash, cash equivalents and short-term investments held by the Company during the period as compared to the prior year, as well as a decline in interest rates. The reduction in the Company's cash position reflects the repayment of the Company's bank loan during the quarter. The lower interest income was offset by a reduction in interest expense for the quarter.

Interest expense for the second quarter was \$0.3 million, representing a reduction in interest expense of \$0.1 million compared to the prior year.

Depreciation expense was \$0.4 million in the quarter compared to \$0.3 million in the prior year, reflecting a higher net book value of fixed assets than in the prior year.

Amortization expense was \$0.3 million in the quarter compared to \$0.2 million in the prior year, representing an increase of \$0.1 million. The increase was primarily attributable to the amortization of goodwill on the acquisition of St. Clair for a full quarter.

Net loss for the second quarter was \$4.0 million or \$0.06 per share based on a weighted average 64.9 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to a net loss of \$3.5 million or \$0.07 per share based on a weighted average 52.4 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

Broadcasting Group

Revenues for the Broadcasting group increased \$0.5 million to \$3.7 million for the quarter compared to \$3.2 million in the prior year. Advertising revenues increased \$0.3 million during the quarter compared to the prior year, reflecting an 8.8% increase in advertising revenues for The Score and new advertising revenue for PrideVision TV. Subscriber revenue increased by \$0.3 million or 22% in the quarter. \$0.2 million reflects an increase in the total number of subscribers for The Score to 5.3 million as at February 28, 2002 from 4.9 million as at February 28, 2001, as well as increased subscriber rates on renewed distribution contracts.

On September 4, 2001 the Company announced an agreement between The Score and Bell Express Vu, in which it had negotiated rates for fiscal 2002 through fiscal 2006. These rates are

subject to a Most Favoured Nation clause and as a result may be adjusted to reflect the new rate structure agreed to between The Score and Star Choice, which expires October 31, 2004. Management estimates that rates payable by Direct-to-Home providers will range between \$0.165 and \$0.20 per subscriber per month until October 31, 2004.

PrideVision TV generated subscriber revenue of \$0.1 million in the quarter, subsequent to a free preview period which ended in January 2002.

Operating expenses were \$6.9 million in the quarter, compared to \$5.2 million in the prior year, representing an increase in operating expenses of \$1.7 million. Operating expenses for PrideVision were \$2.3 million in the quarter, compared to nil in the prior year. Operating expenses for The Score decreased by \$0.7 million to \$4.6 million in the quarter reflecting the implementation of cost containment programs and a reduction in program rights fees from the prior year. Program rights fees in the prior year included \$0.2 million in rights associated with the now defunct XFL.

Operating loss before interest, taxes, depreciation and amortization for the second quarter increased by \$1.2 million to \$3.2 million from \$2.0 million in the same quarter last year. The increased loss was primarily attributable to the net operating loss for PrideVision TV of \$2.1 million, offset by a \$0.9 million improvement in the operations of The Score.

Sports and Entertainment Marketing Group

Revenue for St. Clair was \$5.8 million in the second quarter, compared to \$3.5 million in the prior year. The prior year's revenue reflects the revenue from the date of acquisition in January 2001 to the end of the quarter versus a full quarter in the current year.

St. Clair's operating profit before interest, taxes, depreciation and amortization for the second quarter was \$0.6 million compared to \$0.1 million in the prior year.

Corporate

Operating loss before interest, taxes, depreciation and amortization for the second quarter was \$0.6 million compared to \$0.9 million, representing an improvement in operations of \$0.3 million over the prior year. Operating expenses included executive compensation, public relations costs, professional fees, capital taxes and other expenses.

Six Months Ended February 28, 2002

Revenues for the six months ended February 28, 2002 increased by 43.1% to \$17.6 million from \$12.3 million for the same period last year. Advertising revenues increased by \$5.0 million or 51.5%. This increase was primarily due to an additional \$5.1 million in St. Clair revenue over the prior year, which reflects a full six months of revenue in the current year versus two months in the prior year. Subscriber fee revenue increased by \$0.4 million or 17.5%, reflecting an increase in the number of subscribers for The Score, as well as increased subscriber rates on renewed distribution contracts.

In addition, subscriber fee revenue for PrideVision TV was \$0.1 million. At the end of February 2002, PrideVision TV had approximately 16,000 paying subscribers.

Operating expenses were \$26.4 million for the six months ended February 28, 2002 compared to \$17.1 million in the prior year, representing an increase of \$9.3 million. Approximately \$5.3 million of the increase was attributable to increased operating expenses for St. Clair, reflecting six months of operations versus two months in the prior year. Operating expenses in the Broadcast group were \$4.1 million higher in the period, reflecting \$4.8 million in operating costs associated with PrideVision TV, partially offset by reduced operating expenses of \$0.7 million in The Score.

Loss before interest, taxes, depreciation and amortization for the six months ended February 28, 2002 was \$8.9 million, compared with \$4.8 million for the same period last year.

Interest income for the period increased by \$0.3 million to \$0.6 million in the current year from \$0.3 million in the prior year, reflecting an increase in the average cash, cash equivalents and short-term investments outstanding during the period.

Interest expense for the period was \$0.8 million compared to \$0.9 million in the prior year. The decrease in interest expense reflects a decrease in the average outstanding bank indebtedness during the period and lower interest rates.

Net loss for the six months ended February 28, 2002 was \$10.5 million or \$0.16 per share based on a weighted average 64.9 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to a net loss of \$6.4 million or \$0.14 per share based on a weighted average 46.2 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

Liquidity and Capital Resources

Cash flow used in operations for the three months ended February 28, 2002 increased to \$5.6 million from cash flow used in operations of \$0.4 million in the prior year due to higher operating losses and an increase in working capital requirements, including the payment of a financing fee associated with the previous credit facility for The Score. Cash flow used in operations for the six months ended February 28, 2002 increased to \$12.6 million from \$5.2 million in the prior year.

Cash flow used in financing activities was \$12.9 million for the three months ended February 28, 2002 compared to cash flow used in financing activities of \$1.3 million in the prior year. In December 2001, the Company completed a credit facility for its subsidiary, The Score with its current lender and as part of the terms of the new credit facility, the Company loaned The Score \$17 million and the balance of \$12.9 million on the existing credit facility was repaid. Cash flow used in financing activities for the six months ended February 28, 2002 was \$11.5 million compared to cash flow from financing activities of \$28.1 million in the prior year. The cash flow

from financing activities in the prior year reflects the completion of a private placement in November 2000.

At February 28, 2002, total long-term bank loans were nil compared to \$11.5 million at August 31, 2001.

In April 2002, the Company amended its credit facility for The Score. The amended revolving credit facility allows The Score to borrow up to \$15 million in prime rate loans, BAs or letters of guarantee. Prime rate loans bear interest at the prime rate plus 3.25%. BAs bear interest at BA rates plus 4.25%.

The credit facility matures February 28, 2004 and is available in the following tranches:

To August 31, 2002	\$ 5.7 million
September 1, 2002 to November 30, 2002	\$ 8.8 million
December 1, 2002 to February 28, 2003	\$ 9.0 million
Thereafter	\$ 15.0 million

This credit facility is secured by the assets of The Score, including a pledge of The Score shares by the Company.

In April 2002, the Company's subsidiary, St. Clair entered into a credit facility agreement for an operating line of credit for up to \$1 million. The operating line of credit is payable on demand and bears interest at the rate of prime plus 1%. The line of credit is secured by a general assignment of book debts of St. Clair and a general security agreement.

In April 2002, the Company entered into a non-revolving secured standby credit facility of up to \$2.3 million with a company related by virtue of common control. The credit facility is available to fund operations and working capital requirements commencing January 1, 2003 and matures on August 31, 2005. The credit facility bears interest at 12% per annum and is secured by the assets of PrideVision, including a pledge of the PrideVision shares by the Company.

Management continues to explore various forms of financing to fund operations beyond the second quarter of fiscal 2003.

Cash flow from investment activities for the three months ended February 28, 2002 was \$9.4 million compared to cash flow used in investment activities of \$4.3 million in the prior year. The increase in cash flow reflects the sale of short-term investments. Cash flow from investment activities for the six months ended February 28, 2002 was \$15.3 million compared to cash flow used in investment activities of \$4.9 million in the prior year, reflecting the sale of short-term investments in the current year. Investment activities in the prior year included the acquisition of St. Clair. Fixed asset additions were \$0.5 million for the six months ended February 28, 2002 compared to \$0.7 million in the prior year.

Please refer to the attached Consolidated Financial Statements, including the Notes to the Financial Statements.

About Headline Media Group Inc.

Headline Media Group Inc. (TSE: HMG) is a media company focused on the specialty television sector. The Score television network is a national specialty television service providing sports, news, information, highlights and live event programming. PrideVision is a digital specialty television service focused on the Canadian gay and lesbian community that was launched in September 2001.

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:

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Headline Media Group Inc.

Consolidated Balance Sheets

(in thousands of dollars)

	February 28, 2002 (unaudited)	August 31, 2001	February 28, 2001 (unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,073	\$ 12,883	\$ 18,024
Short-term investments	7,244	24,567	-
Marketable securities	-	-	741
Accounts receivable	7,491	4,408	7,551
Prepaid expenses and deposits	1,708	1,708	1,530
Program acquisitions and productions	1,364	2,808	-
	21,880	46,374	27,846
Program acquisitions and productions	327	312	-
Fixed assets	5,118	5,396	4,688
Deferred charges	3,693	2,972	3,224
Investments	-	-	1,845
Goodwill	3,728	3,939	3,390
	\$ 34,746	\$ 58,993	\$ 40,993
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Bank credit facility (note 2)	\$ -	\$ -	\$ 245
Accounts payable and accrued liabilities	8,885	9,314	8,583
Program acquisition rights payable	1,391	2,597	-
Unearned revenue	1,843	2,011	2,840
	12,119	13,922	11,668
Program acquisition rights payable	113	523	-
Loans (note 2)	-	11,501	8,237
Shareholders' equity (deficiency)			
Capital stock (note 1)	73,346	73,349	45,275
Warrants	302	302	302
Contributed surplus	320	320	320
Deficit	(51,454)	(40,924)	(24,809)
	22,514	33,047	21,088
	\$ 34,746	\$ 58,993	\$ 40,993

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,	
	2002	2001	2002	2001
Revenue	\$ 9,587	\$ 6,719	\$ 17,595	\$ 12,299
Production and other direct expenses	5,659	3,701	10,443	6,784
Selling, general and administrative expenses	3,606	3,646	6,927	5,428
Program rights	3,496	2,252	9,100	4,928
	<u>12,761</u>	<u>9,599</u>	<u>26,470</u>	<u>17,140</u>
Loss before interest, taxes, depreciation and amortization	(3,174)	(2,880)	(8,875)	(4,841)
Interest income	(176)	(254)	(576)	(273)
Interest expense	294	410	767	949
Depreciation	351	304	747	619
Amortization	328	206	649	302
	<u>(3,971)</u>	<u>(3,546)</u>	<u>(10,462)</u>	<u>(6,438)</u>
Loss before taxes	(3,971)	(3,546)	(10,462)	(6,438)
Taxes	-	-	68	-
	<u>(3,971)</u>	<u>(3,546)</u>	<u>(10,530)</u>	<u>(6,438)</u>
Loss for the period	(3,971)	(3,546)	(10,530)	(6,438)
Deficit, beginning of period	(47,483)	(21,263)	(40,924)	(18,371)
Deficit, end of period	<u>\$ (51,454)</u>	<u>\$ (24,809)</u>	<u>\$ (51,454)</u>	<u>\$ (24,809)</u>
Loss per share, basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.07)</u>	<u>\$ (0.16)</u>	<u>\$ (0.14)</u>
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding	<u>64,876,796</u>	<u>52,420,178</u>	<u>64,877,418</u>	<u>46,196,692</u>

Headline Media Group Inc.

Consolidated Statements of Cash Flows

(in thousands of dollars)

(unaudited)

	Three months ended		Six months ended	
	February 28,		February 28,	
	2002	2001	2002	2001
Cash provided by (used in):				
Operations				
Loss for the period	\$ (3,971)	\$ (3,546)	\$ (10,530)	\$ (6,438)
Items not involving cash:				
Depreciation	351	304	747	619
Amortization	328	206	649	302
Change in non-cash working capital balances:				
Accounts receivable	(481)	890	(3,083)	(721)
Prepaid expenses and deposits	1,045	(120)	-	135
Program acquisition rights payable	314	-	238	-
Accounts payable and accrued liabilities	(2,062)	958	(429)	(698)
Unearned revenue	(1,139)	1,736	(168)	1,582
	<u>(5,615)</u>	<u>428</u>	<u>(12,576)</u>	<u>(5,219)</u>
Financing:				
Issuance (repurchase) of common shares	(1)	540	(3)	28,620
Issuance of warrants	-	302	-	302
Due to/from related companies	-	(25)	-	8
Bank credit facility	-	(265)	-	(265)
Loans	(12,895)	(1,828)	(11,501)	(524)
	<u>(12,895)</u>	<u>(1,828)</u>	<u>(11,501)</u>	<u>(524)</u>
	<u>(12,896)</u>	<u>(1,276)</u>	<u>(11,504)</u>	<u>28,141</u>
Investments:				
Program acquisition and productions	(121)	-	(425)	-
Fixed assets, net	(44)	(159)	(469)	(732)
Net investment in private companies	-	(415)	-	(415)
Net proceeds from sale of investments	9,838	-	17,323	-
Acquisition of St. Clair, plus bank credit facility acquired	-	(1,947)	-	(1,947)
Deferred charges	(247)	(1,797)	(1,159)	(1,829)
	<u>9,426</u>	<u>(4,318)</u>	<u>15,270</u>	<u>(4,923)</u>
Increase (decrease) in cash and cash equivalents	(9,085)	(5,166)	(8,810)	17,999
Cash and cash equivalents, beginning of period	13,158	23,190	12,883	25
Cash and cash equivalents, end of period	<u>\$ 4,073</u>	<u>\$ 18,024</u>	<u>\$ 4,073</u>	<u>\$ 18,024</u>
Supplemental cash flow information:				
Interest and other financing fees paid	\$ 2,198	\$ 227	\$ 2,424	\$ 499
Taxes paid	\$ 122	\$ -	\$ 122	\$ -
Non-cash financing and investing activities:				
Issuance of common shares of The Score as repayment of related party indebtedness		-		4,390
Issuance of Class A Subordinate Voting Shares for investment in Cogency Semiconductor Inc.		-		1,034
Issuance of Class A Subordinate Voting Shares on acquisition of Old Canada Investment Corporation Limited, less cash and cash equivalents of \$2,115		-		1,784
Extinguishment of St. Clair debt		1,086		1,086
Issuance of Class A Subordinate Voting Shares on acquisition of St. Clair		564		564
Issuance of Class A Subordinate Voting Shares on acquisition of PrideVision		527		527

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

The unaudited consolidated financial statements have been prepared using the same accounting policies and methods of application as those of Headline Media Group Inc. (or the “Company”) as set out in the consolidated financial statements of the Company contained in the 2001 Annual Report, 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 is a media company whose assets are two specialty television service properties, each of which is focused on a distinct market segment, and a sports marketing and specialty publishing company. The Score Television Network Ltd. (“The Score”) operates 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 is targeted to the interests of the gay community. St. Clair Group Investments Inc. (“St. Clair”) is the Company’s Canadian sports marketing and specialty publishing company.

1. Capital stock:

Capital stock consists of the following:

	February 28, 2002	August 31, 2001	February 28, 2001
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			
64,866,296 Class A Subordinate Voting shares (August 31, 2001 – 64,868,196; February 28, 2001 – 54,668,196)	\$73,316	\$ 73,319	\$ 45,245
10,000 Special Voting shares (August 31, 2001 – 10,000; February 28, 2001 – 10,000)	30	30	30
	<u>\$73,346</u>	<u>\$ 73,349</u>	<u>\$45,275</u>

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

1. Capital stock (continued):

For the three months ended February 28, 2002, the Company purchased 500 Class A Subordinate Voting shares for cancellation at a cost of \$1. For the six months ended February 28, 2002, the Company purchased 1,900 Class A Subordinate Voting shares for cancellation at a cost of \$3.

Stock Option Plan:

The following table summarizes the outstanding options of the Plan:

Six months ended February 28, 2002	Number	Exercise price	Weighted average exercise price	Options exercisable
Outstanding options, August 31, 2001	2,132,333	\$3.00 – 3.13	\$ 3.01	--
Granted	--	--	--	
Exercised	--	--	--	
Cancelled	(239,583)	3.00	3.00	
<hr/>				
Outstanding options, February 28, 2002	1,892,750	\$3.00 – 3.13	\$3.01	783,750

As at February 28, 2002 the weighted average remaining contractual life of the options exercisable and outstanding was 3.2 years and 3.7 years, respectively.

2. Loans:

(i) The Score

In April 2002, the Company amended its credit facility for its subsidiary, The Score. The amended revolving credit facility allows The Score to borrow up to \$15,000 in prime rate loans, BAs or letters of guarantee. Prime rate loans bear interest at the prime rate plus 3.25%. BAs bear interest at BA rates plus 4.25%.

The credit facility matures February 28, 2004 and is available in the following tranches:

To August 31, 2002	\$5,700
September 1, 2002 to November 30, 2002	\$8,800
December 1, 2002 to February 28, 2003	\$9,000
Thereafter	\$15,000

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

2. Loans (continued):

Loans under the 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 intercompany debt from the Company to The Score. In December 2001, as part of the terms of the credit facility, the Company also loaned The Score \$17,000. The loan is pledged and subordinate to the credit facility. The Score has also settled the repayment fee of \$1,750 related to the previous credit facility and paid an upfront fee of \$450 upon closing of the transaction.

The provisions of the amended 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 subscriber levels, minimum revenue amounts, maximum EBITDA losses, maximum capital expenditure amounts and maximum total debt to total contributed capital requirements.

(ii) St. Clair

In April 2002, the Company's subsidiary St. Clair entered into a credit facility agreement for an operating line of credit for up to \$1,000. The operating line of credit is payable on demand and bears interest at the rate of prime plus 1%. The line of credit is secured by a general assignment of book debts of St. Clair and a general security agreement.

(iii) Headline Media Group Inc.

In April 2002, the Company entered into a non-revolving secured standby credit facility of up to \$2,300 with a company related by virtue of common control. The credit facility is available to fund operations and working capital requirements commencing January 1, 2003 and matures on August 31, 2005. The credit facility bears interest at 12% per annum and is secured by the assets of PrideVision, including a pledge of the PrideVision shares.

3. Segmented information:

The Company has three business units comprised of broadcasting, sports and entertainment marketing and Corporate. The broadcasting group consists of the Company's specialty television networks, The Score and PrideVision. The sports and entertainment marketing group consists of the operations of St. Clair, being advertising and event sponsorship program publications for sports and theatre events. The Corporate group consists of corporate operations. 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 of the August 31, 2001 consolidated financial statements.

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

3. Segmented information (continued):

Information by operating group is as follows:

Three months ended February 28, 2002	Broadcasting	Sports and Entertainment Marketing	Corporate	Consolidated Total
Revenue				
Advertising	\$ 2,252	\$ 5,849	\$ --	\$ 8,101
Subscriber fees	1,486	--	--	1,486
	3,738	5,849	--	9,587
Earnings (loss) before interest, depreciation and amortization	\$ (3,201)	\$ 628	\$ (601)	\$ (3,174)
Interest income				(176)
Interest expense				294
Depreciation and amortization				679
Loss before taxes				(3,971)
Taxes				--
Loss for the period				\$ (3,971)
Capital expenditures	\$ 44	\$ --	\$ --	\$ 44
Total assets	\$ 17,224	\$ 6,726	\$ 10,796	\$ 34,746

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

3. Segmented information (continued):

Six months ended February 28, 2002	Broadcasting	Sports and Entertainment Marketing	Corporate	Consolidated Total
Revenue				
Advertising	\$ 6,148	\$ 8,628	\$ --	\$ 14,776
Subscriber fees	2,819	--	--	2,819
	8,967	8,628	--	17,595
Earnings (loss) before interest, depreciation and amortization	\$ (7,823)	\$ 272	\$ (1,324)	\$ (8,875)
Interest income				(576)
Interest expense				767
Depreciation and amortization				1,396
Loss before taxes				(10,462)
Taxes				68
Loss for the period				\$ (10,530)
Capital expenditures	\$ 365	\$ 46	\$ 58	\$ 469

Headline Media Group Inc.

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(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

3. Segmented information (continued):

Three months ended February 28, 2001	Broadcasting	Sports and Entertainment Marketing	Corporate	Consolidated Total
Revenue				
Advertising	\$ 1,967	\$ 3,520	\$ --	\$ 5,487
Subscriber fees	1,215	--	--	1,215
Broadcast rights	9	--	--	9
Other	8	--	--	8
	3,199	3,520	--	6,719
Earnings (loss) before interest, taxes, depreciation and amortization	(2,011)	57	(926)	(2,880)
Interest income				(254)
Interest expense				410
Depreciation and amortization				510
Loss before taxes				(3,546)
Taxes				--
Loss for the period				\$ (3,546)
Capital expenditures	\$ 157	\$ 2	\$ --	\$ 159
Total assets	\$ 13,800	\$ 6,100	\$ 21,093	\$ 40,993

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended February 28, 2002 (unaudited)

3. Segmented information (continued):

Six months ended February 28, 2001	Broadcasting	Sports and Entertainment Marketing	Corporate	Consolidated Total
Revenue				
Advertising	\$ 6,234	\$ 3,520	\$ --	\$ 9,754
Subscriber fees	2,399	--	--	2,399
Broadcast rights	138	--	--	138
Other	8	--	--	8
	8,779	3,520	--	12,299
Earnings (loss) before interest, depreciation and amortization	\$ (3,882)	\$ 57	\$ (1,016)	\$ (4,841)
Interest income				(273)
Interest expense				949
Depreciation and amortization				921
Loss before taxes				(6,438)
Taxes				--
Loss for the period				\$ (6,438)
Capital expenditures	\$ 730	\$ 2	\$ --	\$ 732