



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

Q1 – 2004
Consolidated Financial Statements
For the Three Months Ended
November 30, 2003



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Three Months Ended November 30, 2003**

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Headline Media Group Inc. ("HMG" or the "Company") and our financial performance for the first quarter ended November 30, 2003, and 2002. All amounts are in Canadian dollars unless otherwise stated. As a result of rounding differences, certain figures in this MD&A may not total.

Headline Media Group 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 over 5.3 million homes. The Company also owns PrideVision TV, the world's first 24/7 gay, lesbian, bisexual and transgender ("GLBT") television network, and the St. Clair Group, a Canadian sports marketing and specialty publishing company.

On December 5, 2003, the Company entered into an agreement to sell the Canadian operations of PrideVision TV. The transaction is subject to approval by the Canadian Radio-Television and Telecommunications Commission. The value of the transaction is expected to be approximately \$2.6 million, comprised of \$1.5 million of cash and the assumption by the purchaser of certain liabilities related to PrideVision TV. The actual amount of liabilities assumed will be determined prior to closing. Had the transaction closed on December 5, 2003, the liabilities that would have been assumed by the purchaser totaled approximately \$1.1 million. As part of the transaction, the Company will retain the rights to develop PrideVision TV outside of Canada, and a 9.9% interest in PrideVision TV's Canadian operations. As a result of this transaction, the financial results of PrideVision TV are reflected as discontinued operations.

As a result of not renewing certain sports marketing contracts over the past 18 months, St. Clair is restructuring the balance of its operations in Fiscal 2004. Moving forward, St. Clair will focus on its interest in Performance Magazine, and certain modest promotional signage rights.

HIGHLIGHTS

- *Net loss* for the three months ended November 30, 2003 was \$1.1 million, an improvement of \$1.5 million from a loss of \$2.6 million in the same period last year.

- *Net loss from continuing operations before interest, income taxes, depreciation and amortization* (see "Definitions") was \$0.5 million, a decline of \$0.1 million from a loss of \$0.4 million in the same period last year. Excluding the gain on the sale of an investment (\$0.4 million) which occurred in the prior year, operating results and net loss from continuing operations for the three months ended November 30, 2003 showed an improvement of \$0.3 million over the prior year.
- *Income from discontinued operations* (PrideVision TV) for the first quarter was \$0.1 million compared to a loss of \$1.6 million in the prior year, as a result of cost containment initiatives as well as gains on the settlement of liabilities.
- *Consolidated revenue* from continuing operations for the first quarter decreased by \$1.6 million to \$6.2 million compared to \$7.8 million in the prior year. This decrease was due to \$1.2 million lower revenue in St. Clair due to lower advertising contracts as well as a decrease of \$0.4 million at The Score as a result of the termination of the broadcasting rights for Major League Baseball.

DEFINITIONS

The Company focuses its analysis on "Net income (loss) before interest, income taxes, depreciation and amortization" 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 before interest, income taxes, depreciation and amortization for the quarter ended November 30, 2003 was \$0.5 million compared to a net loss before interest, income taxes, depreciation and amortization of \$0.4 million for the quarter ended November 30, 2002. Net income before interest, income taxes, depreciation and amortization for the quarter ended November 30, 2002 included a gain of sale of an investment of \$0.4 million.

Net income (loss) before interest, income taxes, depreciation and amortization 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 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.

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

	Three months ended November 31, 2003	Three months ended November 31, 2002
Net loss for the period	\$ (1,104)	\$ (2,605)
Less:		
Income (loss) from discontinued operations	145	(1,575)
Add back:		
Depreciation and amortization	346	325
Interest expense, net	365	295
Income (loss) before interest, income taxes, depreciation and amortization	\$ (538)	\$ (410)

Consolidated Results

The following selected financial data of the Corporation as it relates to the two years ended November 30, 2003, is derived from the audited financial statements of the Corporation.

	Revenue	Net Income (loss)	Income (loss) per Share
	(\$000's)	(\$000's)	(\$)
Quarterly Results			
November 30, 2003	6,234	(1,104)	(0.01)
August 31, 2003	5,252	(1,625)	(0.02)
May 31, 2003	9,114	308	0.00
February 28, 2003	7,777	(2,279)	(0.03)
November 30, 2002	8,193	(2,605)	(0.04)
August 31, 2002	5,382	(19,951)	(0.31)
May 31, 2002	9,411	(6,014)	(0.09)
February 28, 2002	9,587	(3,971)	(0.06)

Three Months Ended November 30, 2003

Revenue from continuing operations for the first quarter decreased by \$1.6 million to \$6.2 million compared to \$7.8 million in the prior year. This decrease was due to \$1.2 million lower revenue in St. Clair due to lower advertising contracts as well as a decrease of \$0.4 million at The Score as a result of the termination of the broadcasting rights for Major League Baseball. Revenue at St. Clair declined from \$2.3 million for the first quarter ended November 30, 2002 to \$1.1 million for the first quarter ended November 30, 2003. Revenue at The Score decreased by \$0.4 million, or 6.5%, from \$5.6 million for the first quarter ended November 30, 2002 to \$5.2 million for the first quarter ended November 30, 2003.

Operating expenses excluding rights fees were \$5.5 million during the quarter, compared to \$6.3 million in the prior year, representing a decrease of \$0.8 million. Operating expenses at The Score were \$0.3 million higher than the prior year, reflecting new programming expenses, additional technical operating costs for the network, and new sales and marketing initiatives. Operating expenses for St. Clair were \$1.0 million lower due to the loss of major publication and advertising contracts. Operating expenses for the Corporate group were \$0.1 million less than in the prior year due to cost reduction initiatives.

Program rights were \$1.1 million lower during the quarter than in the prior year, amounting to \$1.3 million compared to \$2.4 million in the prior year. Program rights for the quarter were \$1.3 million at The Score compared to \$2.0 million in the prior year. The reduction in program rights for The Score reflects lower program rights fees for Major League Baseball, as a result of the previously announced termination agreement. Program rights for the quarter were nil at St. Clair compared to \$0.4 million in the prior year due to the loss of a major publication and advertising contract .

Net loss from continuing operations before interest, income taxes, depreciation and amortization was \$0.5 million, a decline of \$0.1 million from a loss of \$0.4 million in the same period last year. Excluding the gain on the sale of an investment (\$0.4 million) which occurred in the prior year, operating results and net loss from continuing operations for the three months ended November 30, 2003 showed an improvement of \$0.3 million over the prior year.

Interest income for the first quarter was \$4,000 compared to \$26,000 in the prior year. The decrease in interest income resulted from a reduction in the cash, cash equivalents and short-term investments held by the Company during the period.

Interest expense for the first quarter was approximately \$0.4 million compared to approximately \$0.3 million in the prior year. The increase of approximately \$0.1 million reflects a higher average loan balance outstanding for the period at The Score and additional debt at the parent Company.

Depreciation expense of \$0.3 million in the first quarter was comparable to the prior year. For the first quarter of 2003, fixed asset additions were \$0.7 million compared to approximately \$20,000 in the prior year. The increase was due to new broadcast editing suites being added at The Score during the quarter to improve productivity and reduce operating costs.

Amortization expense was \$49,000 in the quarter, compared to \$65,000 in the prior year.

Net Income from discontinued operations (PrideVision TV) for the first quarter increased to \$0.1 million compared to a loss of \$1.6 million in the prior year, as a result of cost containment initiatives as well as gains on the settlement of liabilities.

Net loss for the three months ended November 30, 2003 was \$1.1 million or (\$0.01) per share based on a weighted average 82.6 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, an improvement of \$1.5 million from a loss of \$2.6 million or (\$0.04) per share based on a weighted average 64.9 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

The Score Television Network

Revenue for The Score decreased \$0.4 million, or 6.5%, from \$5.6 million for the first quarter ended November 30, 2002 to \$5.2 million for the first quarter ended November 30, 2003. Advertising revenue decreased by approximately \$0.5 million or 12.8% during the quarter compared to the prior year primarily because The Score had residual Major League Baseball revenues in the prior fiscal year. Subscriber revenue increased by \$0.1 million, or 9.3% over the same quarter last year. The \$0.1 million increase primarily reflects an increase in some subscriber rates. In addition, the number of subscribers to The Score continues to grow. As at November 30, 2003, The Score had 5.3 million paying subscribers.

Operating expenses were \$5.1 million in the quarter, compared to \$5.4 million in the prior year, representing a decrease in operating expenses of \$0.3 million, reflecting lower program rights fees for Major League Baseball, as a result of the previously announced termination agreement.

Income before interest, income taxes, depreciation and amortization for the third quarter was \$0.1 million comparable to income of \$0.1 million in the prior year.

St. Clair

Revenue for St. Clair was \$1.0 million in the first quarter compared to \$2.3 million in the prior year. The decrease in revenue of \$1.3 million reflects a decline in print and TV advertising sales. St. Clair did not renew its publishing contract for the Toronto Maple Leaf and Toronto Raptors brochures for the 2003/04 season which represented most of the decline in sales.

Operating expenses were \$1.2 million in the quarter, compared to \$2.6 million in the prior year, representing a decrease in operating expenses of \$1.4 million. The decrease in expenses primarily reflects lower printing and production costs, consistent with the lower television advertising sales, lower rights fees, and reduced promotional and selling expenses as compared to the prior year.

Operating loss before interest, income taxes, depreciation and amortization for the first quarter was \$0.2 million compared to a loss of \$0.4 million in the prior year.

During the quarter ended November 30, 2003 St. Clair amended its contracts with the Canadian Curling Association as well as the World Curling Federation for the 2003/04 season so as to act more as a sales agency compared to its prior role as a marketing agent. In addition, following the end of the first quarter, St. Clair restructured its operations for the production of Performance magazine, and partnered another organization to better service its customers. Both initiatives are expected to improve St. Clair's working capital position, and improve profitability over the coming year.

Corporate

Operating expenses for the Corporate group were \$0.5 million in the third quarter of 2003 compared to \$0.7 million in 2002.

Liquidity and Capital Resources

Cash flow used in operations for the three months ended November 30, 2003 was nil compared to \$0.1 million in the prior year, reflecting net loss of \$1.2 million in the current year as compared to a loss of \$1.0 million in 2002, combined with lower non-cash operating working capital movements.

Cash flow from financing activities was nil for the three months ended November 30, 2003 compared to cash flow from financing activities of nil in the prior year. The Company did not draw any funds from a credit facility provided by Levfam Finance Inc. during the three months ended November 30, 2003, nor were and bank loans drawn during the quarter. In the prior year, no credit facilities were drawn on as well.

Cash flow used in investment activities for the three months ended November 30, 2003 was \$0.7 million compared to cash flow from investment activities of \$0.2 million in the prior year. The decrease in cash flow from investment activities reflects lower proceeds from the sale of short-term investments, capital expenditures at The Score, and no change in deferred charges compared to the prior year.

With the above credit facilities and financing in place, assuming the successful execution of its business plan, and pending the refinancing of The Score's bank credit facility that matures on February 29, 2004, management believes there are sufficient resources to fund operations until the end of Fiscal 2004. During Fiscal 2002 and Fiscal 2003, the Company introduced significant cost cutting measures to preserve cash and to strategically realign the Company's resources. Beyond Fiscal 2004, the Company will require additional funding in order to continue operations and service the commitments under significant agreements.

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.

The Company will be pursuing financing with potential lenders and investors, which if successful, will, in management's view, enable the Company to achieve its business plans in the long-term. No agreements with potential lenders or investors have been reached yet and there can be no assurance that such agreements will be reached. In addition, the Company continues to review other alternatives, which could involve renegotiating existing cash commitments, a restructuring of the business units which may include the divestiture of certain assets of the Company, or attracting a strategic investor that would assist in developing the business of the Company.

Other

Subsequent to the end of the first quarter, Alan Friedman resigned from the Board of Directors of the Company. The Company would like to thank Mr. Friedman for his diligence and valued service.

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

John Levy
Chairman and C.E.O

Headline Media Group Inc.

Consolidated Balance Sheets

(in thousands of dollars)

(unaudited)

	November 30, 2003	August 31, 2003	November 30, 2002
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,143	\$ 4,054	\$ 1,339
Accounts receivable	4,056	3,882	5,944
Prepaid expenses and deposits	546	1,592	1,529
Current assets of discontinued operations (note 1(b))	308	321	422
	8,053	9,849	9,234
Fixed assets	2,798	2,403	3,162
Deferred charges	441	558	729
Goodwill	-	-	3,517
	\$ 11,292	\$ 12,810	\$ 16,642
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Loans	\$ 14,300	\$ 14,300	\$ -
Accounts payable and accrued liabilities	4,421	4,666	4,961
Unearned revenue	220	24	588
Current liabilities of discontinued operations (note 1(b))	1,195	1,572	2,051
	20,136	20,562	7,600
Loans	-	-	15,100
Shareholders' deficiency			
Capital stock	78,775	78,763	73,344
Warrants	-	-	302
Contributed surplus	622	622	320
Deficit	(88,241)	(87,137)	(80,024)
	(8,844)	(7,752)	(6,058)
	\$ 11,292	\$ 12,810	\$ 16,642

See accompanying notes to consolidated financial statements.

Headline Media Group Inc.

Consolidated Statements of Operations and Deficit (in thousands of dollars, except per share amounts) (unaudited)

	Three months ended	
	November 30,	
	2003	2002
Revenue	\$ 6,234	\$ 7,831
Production and other direct expenses	3,452	3,974
Selling, general and administrative expenses	2,019	2,314
Program rights	1,301	2,396
	<u>6,772</u>	<u>8,684</u>
Loss before undernoted	(538)	(853)
Gain on sale of investment	-	443
Loss from continuing operations before interest, income taxes, depreciation and amortization	(538)	(410)
Interest income	(4)	(26)
Interest expense	369	321
Depreciation	297	260
Amortization	49	65
	<u>(1,249)</u>	<u>(1,030)</u>
Loss from continuing operations before income taxes	(1,249)	(1,030)
Income taxes	-	-
Loss from continuing operations	(1,249)	(1,030)
Income (loss) from discontinued operations (note 1(b))	145	(1,575)
Loss for the period	(1,104)	(2,605)
Deficit, beginning of period	(87,137)	(77,419)
Deficit, end of period	<u>\$ (88,241)</u>	<u>\$ (80,024)</u>
Loss per share from continuing operations - basis and diluted	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding	<u>82,636,200</u>	<u>64,864,296</u>

See accompanying notes to consolidated financial statements.

Headline Media Group Inc.

Consolidated Statements of Cash Flows

(in thousands of dollars)

(unaudited)

	Three months ended	
	November 30,	
	2003	2002
Cash provided by (used in):		
Operations		
Loss from continuing operations	\$ (1,249)	\$ (1,030)
Items not involving cash:		
Depreciation	297	260
Amortization	49	65
Interest amortization	68	-
Non-cash compensation expense	12	-
Change in non-cash operating working capital balances:		
Accounts receivable	(174)	(1,603)
Prepaid expenses and deposits	1,046	1,060
Accounts payable and accrued liabilities	(245)	421
Unearned revenue	196	(145)
Cash flows provided by continuing operations	<u>0</u>	<u>(972)</u>
Cash flows used in discontinued operations	<u>(219)</u>	<u>(1,619)</u>
Cash flows used by operating activities	<u>(219)</u>	<u>(2,591)</u>
Investments:		
Fixed assets	(692)	(20)
Net sales/ (purchases) of short term investments	-	297
Deferred charges	-	(63)
	<u>(692)</u>	<u>214</u>
Decrease in cash and cash equivalents	(911)	(2,377)
Cash and cash equivalents, beginning of period	4,054	3,714
Cash and cash equivalents, end of period	<u>\$ 3,143</u>	<u>\$ (282)</u>
Supplemental cash flow information:		
Interest paid	\$ 265	\$ 252

See accompanying notes to consolidated financial statements.

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 2003 (unaudited)

Nature of operations

Headline Media Group 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 over 5.3 million homes. The Company also owns PrideVision TV, the world's first 24/7 gay, lesbian, bisexual and transgender ("GLBT") television network, and the St. Clair Group, a Canadian sports marketing and specialty publishing company.

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, 2003.

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 November 30, 2003 and the results of operations and cash flows for the three months ended November 30, 2003.

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.

With the financing arrangements currently in place, together with the planned execution of its revised business plan and pending the refinancing of The Score's bank credit facility that matures on February 29, 2004, the Company believes that there are sufficient resources to fund operations until the end of Fiscal 2004.

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.

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 2003 (unaudited)

(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. The transaction is subject to approval by the Canadian Radio-Television and Telecommunications Commission. The value of the transaction is expected to be approximately \$2.6 million, comprised of \$1.5 million of cash and the assumption by the purchaser of certain liabilities related to PrideVision TV. The actual amount of liabilities assumed will be determined prior to closing. Had the transaction closed on December 5, 2003, the liabilities that would have been assumed by the purchaser totaled approximately \$1.1 million. The net gain from discontinued operations will be recorded when realized. As part of the transaction, the Company will retain the rights to develop PrideVision TV outside of Canada, and a 9.9% interest in PrideVision TV's Canadian operations. As a result of this transaction, the financial results of PrideVision TV are reflected as discontinued operations in these consolidated financial statements.

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

Balance Sheet	November 30 2003	November 30 2002
Current assets	\$ 308	\$ 422
Current liabilities	1,195	2,051
Net assets (liabilities) of discontinued operations	\$ (887)	\$ (1,629)

Current assets of discontinued operations comprise mainly cash, accounts receivable and prepaid expenses for both 2003 and 2002. Current liabilities comprise mainly trade payables, deferred program rights and accrued liabilities.

Statement of Operations	Period from September 1, 2003 To November 28, 2003	Three months ended November 30 2002
Revenue	\$ 309	\$ 362
Operating Expenses	164	1,931
Loss before interest, income taxes, depreciation and amortization	\$ 145	\$ (1,569)
Interest expense	--	6
Income (loss) from discontinued operations	\$ 145	\$ (1,575)
Earnings (loss) per share from discontinued operations:		
Basic	\$ --	\$ (0.02)
Diluted	\$ --	\$ (0.02)

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 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, 2003 consolidated financial statements, except as follows:

(a) *Stock-based compensation:*

CICA Handbook Section 3870 does not require the recording of compensation cost at fair value options issued to employees; it does require disclosure of pro forma net loss and loss per share information as if the Company had measured options issued to employees under the fair value method and recognizes the fair value over the vesting period. This information is as follows:

	Three months ended November 30, 2003	Three months ended November 30, 2002
Loss for the period, as reported	\$ (1,104)	\$ (2,605)
Pro forma loss for the period	(1,122)	(2,606)
Pro forma loss per share, basic and diluted	\$ (0.01)	\$ (0.04)

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 2003 (unaudited)

3. Capital stock:

Capital stock consists of the following:

	November 30, 2003	August 31, 2003
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		
82,626,200 Class A Subordinate Voting shares (August 31, 2003 – 82,626,200);	\$78,745	\$ 78,333
10,000 Special Voting shares (August 31, 2003 – 10,000)	30	30
	<hr/> \$78,775	<hr/> \$ 78,763

In January 2003, the Company completed a private placement of 1,428,571 Class A Subordinate Voting shares with Levfam Holdings Inc., the Company's controlling shareholder, at a price of \$0.35 per share. The gross proceeds of the private placement were \$500.

In August 2003, the Company completed a private placement of 16,333,333 Class A Subordinate Voting shares at a price of \$0.30 per share. The gross proceeds of the private placement were \$4,900.

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 2003 (unaudited)

3. Capital stock (cont.):

Stock Option Plan:

The following table summarizes the outstanding options of the Plan:

Three months ended November 30, 2002	Number	Exercise price	Weighted average exercise price	Options exercisable
Outstanding options, September 1, 2003	2,697,499	\$0.28 – 3.11	\$1.84	
Granted	--	--	--	
Cancelled	(11,249)	\$0.28 - \$3.00	0.70	
Outstanding options, November 30, 2003	2,686,250	\$0.28 – 3.11	\$1.84	1,697,083

As at November 30, 2003 the weighted average remaining contractual life of the options exercisable and outstanding was 2.1 years and 2.7 years, respectively.

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 2003 (unaudited)

4. Segmented information:

The Company has three business units comprised of The Score Television Network Ltd., St. Clair Group Investments Inc. and Corporate. These operating segments are substantially in Canada. The Score is a specialty television network. St. Clair provides 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, income 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 in the August 31, 2003 consolidated financial statements.

Information by operating group is as follows:

Three months ended November 30, 2003	The Score	St. Clair	Corporate	Consolidated Total
Revenue				
Advertising	\$ 3,468	\$ 1,043	\$ --	\$ 4,511
Subscriber fees	1,723	--	--	1,723
	<u>5,191</u>	<u>1,043</u>	<u>--</u>	<u>6,234</u>
Income (loss) before undernoted	110	(152)	(496)	(538)
Gain on sale of investment	--	--	--	--
Income (loss) before interest, income taxes, depreciation and amortization	\$ 110	\$ (152)	\$ (496)	\$ (538)
Interest expense, net				365
Depreciation and amortization				346
Income (loss) from continuing operations				<u>(1,249)</u>
Income (loss) from discontinued operations				145
Loss for the period				<u>\$ (1,104)</u>
Total assets	\$ 7,288	\$ 2,166	\$ 1,838	\$ 11,292

Headline Media Group Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and nine months ended May 31, 2003 (unaudited)

4. Segmented information (continued):

Three months ended November 30, 2002	The Score	St. Clair	Corporate	Consolidated Total
Revenue				
Advertising	\$ 3,977	\$ 2,279	\$ --	\$ 6,256
Subscriber fees	1,575	--	--	1,575
	<u>5,552</u>	<u>2,279</u>	<u>--</u>	<u>7,831</u>
Income (loss) before undernoted	140	(347)	(646)	(853)
Gain on sale of investment	--	--	443	443
Income (loss) before interest, income taxes, depreciation and amortization	\$ 140	\$ (347)	\$ (203)	\$ (410)
Interest expense, net				295
Depreciation and amortization				325
Income (loss) from continuing operations				<u>(1,030)</u>
Income (loss) from discontinued operations				(1,575)
Loss for the period				<u>\$ (2,605)</u>
Total assets	\$ 9,493	\$ 2,950	\$ 4,199	\$ 16,642