



S C O R E
M E D I A

Q2 – 2006
Consolidated Financial Statements
For the Three and Six Months Ended
February 28, 2006



SCORE
MEDIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Three and Six Months Ended February 28, 2006**

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Score Media Inc. ("Score Media" or the "Company") and our financial performance for the three months and six months ended February 28, 2006. All amounts are in Canadian dollars unless otherwise stated. As a result of rounding differences, certain figures in this MD&A may not total.

Statements in this MD&A 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. The information presented in this MD&A is as of April 11th, 2006.

HIGHLIGHTS

- *Net income before interest, income taxes, depreciation and amortization* (see "Definitions") for the Company for the three months ended February 28, 2006 was \$0.8 million compared to \$0.7 million in the same period last year, an increase of \$0.1 million. Net income before interest, income taxes, depreciation and amortization for the six months ended February 28, 2006 was \$2.3 million compared to \$1.7 million in the same period last year, an increase of \$0.6 million.
- *Net income* for the Company for the three months ended February 28, 2006 was \$0.4 million, compared to \$0.2 million in the prior year, an increase of \$0.2 million. For the six months ended February 28, 2006, net income was \$1.5 million, compared to \$0.7 million in the prior year, an increase of \$0.8 million.
- On February 8, 2006 the Company completed the sale of 11,800,000 Class A Subordinate voting shares to the public at a price of \$0.85 per share. On February 15, 2006, the underwriter exercised an option to acquire 1,770,000 Class A Subordinate voting shares at \$0.85 per share, being the price of the offering to cover over-allotments, representing an amount of 15% of total number of Class A Subordinate voting shares initially offered.

The net proceeds of the offering amounted to \$10.4 million. The proceeds of the offering will be used to (i) finance upgrades to existing studio facilities to implement "High Definition TV" broadcasting capabilities (ii) to provide funds for marketing, application development, programming and working capital to Score Poker, Score Mobile, and Hardcore Sports Radio and (iii) for general corporate purposes.

Overview

The Company is a media company committed to creating consumer value through creative solutions, technology, and innovation in response to sports fans' growing desire for increased participation in their consumption of sports content. Score Media's main asset is The Score Television Network ("The Score"), a national specialty television service providing sports, news, information, highlights and live event programming, available across Canada in more than 5.8 million homes.

During the third quarter of fiscal 2005, the Company launched Score Poker, an interactive, "play for fun" poker website, that the Company believes is the largest "play-for-fun" poker website in Canada. With weekly and monthly tournaments targeted to similar demographic markets as The Score, this website and the attendant database of "play-for-fun" poker players complement the Company's other sports media properties.

In October 2005, Score Mobile was launched to extend The Score brand and content into the wireless medium. The Company believes the Canadian mobile market represents a new business platform for The Score to expand its audience and grow its business with Canadian "hardcore" sports fans.

In December 2005, the Company launched Hardcore Sports Radio, as part of the introduction of Sirius Satellite Radio to the Canadian market. Hardcore Sports Radio offers up-to-the-minute sports news and information on a dedicated satellite radio channel available across North America. These opportunities extend the Company's reach to sports fans who are increasingly interactive in their consumption of sports.

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 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) from operations 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 and is a standard measure that is commonly reported and widely used in the industry to assist in understanding and comparing operating results. The Company utilizes Net income (loss) from operations before interest, income taxes, depreciation and amortization to measure operating performance and assess compliance with certain debt covenants.

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

	Three months ended February 28, 2006	Three months ended February 28, 2005
	(\$000's)	(\$000's)
Income for the period	\$ 413	\$ 153
Add back:		
Depreciation and amortization	280	286
Interest expense	121	262
Income before interest, income taxes, depreciation and amortization	\$ 814	\$ 701
	Six months ended February 28, 2006	Six months ended February 28, 2005
	(\$000's)	(\$000's)
Income for the period	\$ 1,522	\$ 666
Add back:		
Depreciation and amortization	539	568
Interest expense	266	498
Income before interest, income taxes, depreciation and amortization	\$ 2,327	\$ 1,732

Consolidated Results

The following selected quarterly financial data of the Corporation relates to the eight quarters ended February 28, 2006.

Quarterly Results	Revenue	Income (loss) from continuing operations	Income (loss) from discontinued operations	Net income (loss)	Income (loss) per share from continuing operations	Income (loss) per share
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$)	(\$)
February 28, 2006	6,750	413	-	413	0.00	0.00
November 30, 2005	7,380	1,109	-	1,109	0.01	0.01
August 31, 2005	6,104	211	-	211	0.00	0.00
May 31, 2005	7,326	1,728	148	1,876	0.02	0.02
February 28, 2005	5,587	153	-	153	0.00	0.00
November 30, 2004	6,046	513	-	513	0.01	0.01
August 31, 2004	4,766	(568)	1,353	785	(0.01)	0.01
May 31, 2004	5,623	161	231	392	0.00	0.00

The Company's revenues have historically reflected a seasonality trend, with the third quarter (ending May 31st) being the strongest, followed by the first quarter (ending November 30th), the fourth quarter (ending August 31st) and finally the second quarter (ending February 28th). This seasonality reflects general trends for sports media advertising, which in turn reflects the schedules (particularly the playoffs) of the major sports leagues. Therefore, one quarter's operating results is not indicative of the performance for the balance of the year.

Three Months Ended February 28, 2006

Revenue for the three months ended February 28, 2006 increased by \$1.2 million to \$6.8 million compared to \$5.6 million in the prior year. This increase was due to a combination of greater television subscriber revenue, increased television advertising revenue, and revenues from new business units - Score Mobile, Score Interactive and Hardcore Sports Radio – that were launched in the past 12 months.

Television subscriber revenue increased approximately \$0.1 million in the second quarter reflecting continued growth in the subscriber base with several broadcast distribution undertakings, compared to the second quarter of fiscal 2005. Television advertising revenue increased by approximately \$0.8 million during the second quarter, reflecting successes in marketing several new live event sports programs, as well as continued advertising growth associated with the Company's news programs. This advertising growth was supplemented with revenue of approximately \$0.2 million from the new business units.

Operating expenses excluding rights fees were \$5.2 million during the quarter, compared to \$4.5 million in the prior year, representing an increase of \$0.7 million due to increased programming

expenses resulting from more live event programming, higher compensation costs from general staffing increases, marketing expenses associated with the launch of new initiatives and greater occupancy costs at the Company's facilities.

Program rights expenses were \$0.7 million during the quarter, compared to \$0.4 million in the prior year. The increase in program rights at The Score reflects higher program rights fees for English Premier League football, NHL hockey, Toronto Raptors basketball as well as NCAA basketball.

Net income before interest, income taxes, depreciation and amortization was \$0.8 million during the quarter, an improvement of \$0.1 million from \$0.7 million in the same period last year.

Interest expense for the second quarter of approximately \$0.1 million compared to \$0.3 million due to lower average bank loan balances during the second quarter compared to the prior year.

Depreciation and amortization expense of \$0.3 million in the second quarter was comparable to the prior year. For the second quarter, fixed asset additions were approximately \$0.4 million compared to \$0.6 million in the prior year; fixed asset additions were largely associated with expanding television broadcasting with a "high definition" channel that was launched following the end of the second quarter.

Net income for the three months ended February 28, 2006 was \$0.4 million or \$0.00 per share based on a weighted average 86.7 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, an improvement of \$0.2 million from \$0.2 million or \$0.00 per share based on a weighted average 83.0 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

Six Months Ended February 28, 2006

Revenue for the six months ended February 28, 2006 increased by \$2.5 million to \$14.1 million compared to \$11.6 million in the prior year. This increase was due to approximately \$0.7 million increased television subscriber revenue, approximately \$1.5 million increased television advertising revenue and approximately \$0.3 million of revenues from new business units: Score Mobile, Score Interactive and Hardcore Sports Radio.

Operating expenses excluding rights fees were \$10.6 million for the six months ended February 28, 2006 compared to \$9.2 million in the prior year, representing an increase of \$1.4 million. This increase resulted from higher programming expenses associated with more live event programming, higher compensation costs from general staffing increases, marketing expenses associated with the launch of new initiatives and greater occupancy costs at the Company's facilities.

Program rights were \$1.2 million during the six month period ended February 28, 2006, compared to \$0.7 million in the prior year. Certain program rights for the six month period ended February 28, 2006 increased for live events such as Toronto Raptors basketball and NCAA basketball, while new live event programs such as English Premier League football were

added to the television broadcast schedule. In addition, no expenses were incurred for NHL hockey rights in the prior year due to a labour dispute between the league and its players association, and thus these rights were re-instated during the six month period ended February 28, 2006.

Net income before interest, income taxes, depreciation and amortization for the six months ended February 28, 2006 was \$2.3 million, compared to \$1.7 million for the same period last year, resulting in an improvement of \$0.6 million.

Interest expense for the six month period ended February 28, 2006 was \$0.3 million compared to the \$0.5 million in the prior year. The decrease of approximately \$0.2 million reflects lower borrowings of bank debt for the six month period ended February 28, 2006 while in the prior year both bank and related party debt were outstanding.

Depreciation and amortization expense for the six month period ended February 28, 2006 was \$0.5 million compared to \$0.6 million in the prior year. For the six month period ended February 28, 2006, fixed asset additions were approximately \$0.9 million compared to \$1.1 million in the prior year.

Net income for the six months ended February 28, 2006 was \$1.5 million or \$0.02 per share based on a weighted average 84.7 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to \$0.7 million or \$0.01 per share based on a weighted average 83.0 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

Liquidity and Capital Resources

Cash flows provided by continuing operations for the three months ended February 28, 2006 were \$0.8 million compared to cash flows provided by operations of \$0.6 million in the prior year reflecting improved net income in the current year offset by non-cash working capital movements. Cash flows used in discontinued operations were \$4,000 compared to cash flows used in discontinued operations of \$16,000 in the prior year.

Cash flows provided by continuing operations for the six months ended February 28, 2006 were \$1.6 million compared to cash flows used in continuing operations of \$96,000 in the prior year reflecting significantly improved income from continuing operations in the current year offset by non-cash working capital movements. Cash flows used in discontinued operations for the six months ended February 28, 2006 were \$4,000 compared to cash flows provided by discontinued operations of \$0.3 million in the prior year.

For the balance of fiscal 2006, the Company anticipates that cash flows provided by operations will increase compared to fiscal 2005 based on anticipated increases in both advertising and subscriber revenues with more moderate increases in operating expenses. The Company has sufficient cash, cash equivalents and marketable securities as well as working capital lines of credit to support its operations.

Cash flow provided by financing activities for the three months ended February 28, 2006 was \$9.7 million compared to nil in the prior year as a result of the proceeds of an issue of equity securities. On February 8, 2006 the Company completed the sale of 11,800,000 Class A Subordinate voting shares to the public at a price of \$0.85 per share. On February 15, 2006, the underwriter exercised an option to acquire 1,770,000 Class A Subordinate Voting shares at \$0.85 per share, being the price of the offering to cover over-allotments, representing an amount of 15% of total number of Class A Subordinate voting shares offered. The net proceeds of the offering amounted to \$10.4 million.

The proceeds of the offering will be used over the next eighteen to twenty four months to (i) finance upgrades to existing studio facilities to implement "High Definition TV" broadcasting capabilities (ii) to provide funds for marketing, application development, programming and working capital to Score Poker, Score Mobile, and Hardcore Sports Radio and (iii) for general corporate purposes.

Cash flow provided by financing activities was \$9.7 million for the six ended February 28, 2006, largely due to the equity issue described above, compared to \$0.5 million for the comparable period in the prior year. During the six months ended February 28, 2006, the Company reduced its revolving bank credit facility by \$0.7 million; in the prior year, bank borrowings increased by \$0.5 million.

On May 26, 2005 the Company entered into a \$15.0 million credit facility with a Canadian chartered bank. The credit facility is comprised of a \$10.0 million, 5-year term loan maturing on August 31, 2010, and a \$5.0 million revolving credit facility. The proceeds of the loans made under this new credit facility were used to retire all existing credit facilities of Score Media, including the secured standby credit facility with Levfam Finance Inc., a company related by virtue of common control, and a bank line of credit provided to its wholly-owned subsidiary, The Score Television Network Ltd. This new bank credit facility is available for general corporate purposes.

The provisions of the Company's new bank credit facility impose restrictions, the most significant of which are restrictions on investments, sales of assets, distributions to shareholders, restrictions on new or renewed programming rights agreements, and the maintenance of certain financial covenants. Financial covenants include total funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) and maximum capital expenditure amounts.

At February 28, 2006, the current portion of bank loans was \$0.5 million, which reflected the amount of the term loan due within 12 months; the long-term portion of the term loan was \$9.5 million.

Cash flows used in investment activities for the three months ended February 28, 2006 was \$0.4 million compared to cash flow used in investment activities of \$0.6 million in the prior year. These amounts relate to capital expenditures to expand and improve programming and production facilities at The Score.

Cash flows used in investment activities for the six months ended February 28, 2006 was \$0.9 million compared to cash flow used in investment activities of \$1.1 million in the prior year. These amounts also relate to capital expenditures to expand and improve programming and production facilities at The Score.

For the entire fiscal 2006 year, the Company anticipates that expenditures on new and replacement fixed assets will be approximately \$2.0 million, which can be financed by cash flows from operations.

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

Related Party Transactions

During the three months ended February 28, 2006, the Company retained legal services from a firm, one partner of which is a director of the Company. In addition, a second director provided consulting services to the Company. The services were provided in the ordinary course of business and amounted to \$1,000 and \$5,000 (2005 - \$8,000 and \$5,000), respectively. For the six month period ended February 28, 2006, the services amounted to \$9,000 and \$10,000 (2005 - \$30,000 and \$17,000).

The Company entered into a lease in December 2005 for a property partially owned by a director and officer of the Company. The lease is for a term up to August 2006 and the aggregate rent during the quarter amounted to \$35,000.

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

Contractual Obligations

The Company has no debt guarantees, capital leases or long-term obligations other than loans which are disclosed on the Consolidated Balance Sheets as at February 28, 2006, and August 31, 2005 and the notes thereto.

Contractual operating obligations as at February 28, 2006 for the fiscal years noted below are as follows:

Contractual Obligations (in thousands of dollars)	2006	2007	2008	2009	2010	There - after	Total
Operating lease obligations	952	930	808	801	849	1,597	5,937
Programming rights obligations	668	307				-	975
Long-term debt obligations	-	1,000	1,000	1,500	6,500	-	10,000
Total	1,620	2,237	1,808	2,301	7,349	1,597	16,912

On December 22, 2005, the Company executed a final lease renewal and amendment to its original lease for the 370 King Street West premises for a term of eight years with the right to renew the lease for a further period of five years. The amendment will result in an approximate annual operating lease charge of \$345,000 for the premise. The Company also has the option to lease additional space on the fourth and ground floors.

Critical Accounting Policies and Estimates

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

Disclosure Controls and Procedures

Based on their evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this Management's Discussion and Analysis, the Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures are effective.

Other

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

John Levy
Chairman and C.E.O.

Score Media Inc.
Consolidated Balance Sheets
(in thousands of dollars)
(unaudited)

	February 28 2006	August 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,339	\$ 26
Accounts receivable	5,605	5,214
Prepaid expenses and deposits	338	299
Current assets of discontinued operations	3	6
	<u>16,285</u>	<u>5,545</u>
Fixed assets	3,600	3,136
Deferred charges	533	593
	<u>\$ 20,418</u>	<u>\$ 9,274</u>
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Term loan (note 1)	\$ 500	\$ 700
Accounts payable and accrued liabilities	3,315	3,526
Current liabilities of discontinued operations	103	110
	<u>3,918</u>	<u>4,336</u>
Term loan (note 1)	9,500	10,000
Shareholders' equity (deficiency):		
Capital stock (note 2)	88,933	78,812
Warrants (note 2)	284	-
Contributed surplus	1,146	1,011
Deficit	<u>(83,363)</u>	<u>(84,885)</u>
	7,000	(5,062)
Commitments (note 4)		
	<u>\$ 20,418</u>	<u>\$ 9,274</u>

See accompanying notes to interim consolidated financial statements

Score Media 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,	
	2006	2005	2006	2005
Revenue	\$ 6,750	\$ 5,587	\$ 14,130	\$ 11,632
Production and other direct expenses	3,164	2,681	6,483	5,759
Selling, general and administrative expenses	2,060	1,784	4,075	3,470
Program rights	712	421	1,245	670
	<u>5,936</u>	<u>4,886</u>	<u>11,803</u>	<u>9,900</u>
Income before interest, depreciation and amortization	814	701	2,327	1,732
Interest expense	121	262	265	498
Depreciation	250	161	480	318
Amortization	30	125	60	250
	<u>\$ 413</u>	<u>\$ 153</u>	<u>\$ 1,522</u>	<u>\$ 666</u>
Net income for the period				
Deficit, beginning of period	(83,776)	(87,125)	(84,885)	(87,564)
Adjustment for change in accounting for stock based compensation	-	-	-	(74)
Deficit, end of period	<u>\$ (83,363)</u>	<u>\$ (86,972)</u>	<u>\$ (83,363)</u>	<u>\$ (86,972)</u>
Income per share - basic and diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding - Basic	85,775,441	82,773,284	84,275,425	82,772,583
Diluted	<u>86,651,420</u>	<u>82,976,169</u>	<u>84,707,753</u>	<u>82,975,468</u>

See accompanying notes to interim consolidated financial statements

Score Media Inc.**Consolidated Statements of Cash Flows****(in thousands of dollars)****(unaudited)**

	Three months ended		Six months ended	
	February 28		February 28	
	2006	2005	2006	2005
Cash provided by (used in):				
Operations:				
Net income for the period	\$ 413	\$ 153	\$ 1,522	\$ 666
Items not involving cash:				
Depreciation	250	161	480	318
Amortization	30	125	60	250
Non-cash compensation expense	69	38	135	59
Change in non-cash operating working capital:				
Accounts receivable	33	(202)	(391)	(1,150)
Prepaid expenses and deposits	(69)	220	(39)	(65)
Accounts payable and accrued liabilities	87	103	(211)	(175)
Cash Flows Provided by (Used in) Continuing Operations	813	598	1,556	(96)
Cash Flows Provided by (Used in) Discontinued Operations	(4)	(16)	(4)	327
Cash Flows Provided by Operating Activities	809	582	1,552	231
Financing:				
Issuance of common shares and warrants (note 2)	10,403	-	10,405	1
Repayment of loans	(700)	-	(700)	525
	9,703	-	9,705	526
Investments:				
Additions to Fixed Assets	(364)	(586)	(944)	(1,075)
	(364)	(586)	(944)	(1,075)
Increase(decrease) in cash	10,148	(4)	10,313	(318)
Cash and Cash Equivalents, beginning of period	191	312	26	626
Cash and Cash Equivalents, end of period	\$ 10,339	\$ 308	\$ 10,339	\$ 308

See accompanying notes to interim consolidated financial statements

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2006 and 2005 (unaudited)

Nature of operations

Score Media Inc. ("Score Media" or the "Company") is a media company committed to creating consumer value through creative solutions, technology and innovation in response to sports fans' growing desire for increased participation in their consumption of sports content. Score Media's main asset is The Score Television Network Ltd. ("The Score"), a national specialty television service providing sports, news, information, highlights and live event programming, available across Canada in more than 5.8 million homes.

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, 2005. These unaudited interim financial statements follow the same accounting policies and methods of application as the most recent audited consolidated financial statements for the year ended August 31, 2005.

The Company's revenues have historically reflected a seasonality trend, with the third quarter (ending May 31st) being the strongest, followed by the first quarter (ending November 30th), the fourth quarter (ending August 31st) and finally the second quarter (ending February 28th). This seasonality reflects general trends for sports media advertising, which in turn reflects the schedules (particularly the playoffs) of the major sports leagues. Therefore, one quarter's operating results is not necessarily indicative of the performance for the balance of the year.

The unaudited interim consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position of the Company as of February 28, 2006 and the results of operations and cash flows for the three and six months ended February 28, 2006 and February 28, 2005.

1. Loans:

On May 26, 2005, the Company entered into a \$15,000 credit facility with a Canadian chartered bank. The credit facility is comprised of a \$10,000, five-year term loan maturing on August 31, 2010, and a \$5,000 revolving credit facility. The credit facility allows the Company to borrow by way of prime rate loans, bankers' acceptances ("BAs") or letters of guarantee. Loans and bankers' acceptances bear interest at rates that are dependent on financial ratios. The provisions of the Company's bank credit facility impose restrictions, the most significant of which are restrictions on investments, sales of assets, distributions to shareholders, restrictions on programming rights agreements and the maintenance of certain financial covenants. Financial covenants include total funded debt to EBITDA (earnings before interest, taxes, depreciation and amortization) and maximum capital expenditure amounts.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2006 and 2005 (unaudited)

1. Loans (cont.):

Loans under the credit facility are secured by a pledge of substantially all the assets of the Company, including a pledge of all the issued and outstanding shares of each of its subsidiaries and the subordination and pledge of shareholder and inter-company loans.

The proceeds of the loans made under this new credit facility were used to retire all existing credit facilities then in existence and for general corporate purposes. The Score repaid in full its revolving bank operating line of credit (then drawn at \$11,465) with the proceeds of this bank credit facility. In addition, the Company repaid \$1,200, including accrued interest of \$262, and cancelled the credit facility provided to it by Levfam Finance Inc., a company related by virtue of common control.

As at February 28, 2006, \$10,000 of the five-year loan had been drawn. Of the \$10,000 term loan, \$500 has been classified as a current liability as the amount is due within 12 months. During the three months ended February 28th, 2006, the Company repaid the \$700 outstanding under the revolving credit facility.

For the three and six months ended February 28, 2006, interest expense is comprised entirely of interest on the bank loans. For the three months ended February 28, 2005, interest expense includes interest on the bank loan of \$ 235 and interest on amounts due to related parties of \$27. For the six months ended February 28th, 2005, interest expense includes bank loan interest of \$461 and interest on amounts due to related parties of \$37. The Company was in compliance with all terms of its credit facility during the reporting periods.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2006 and 2005 (unaudited)

2. Capital stock:

	Feb 28, 2006	Aug 31, 2005
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:		
10,000 Special Voting shares	\$ 30	\$ 30
96,349,534 Class A Subordinate Voting shares (August 31, 2005 - 82,763,284)	88,903	78,782
	\$ 88,933	\$ 78,812

On February 8, 2006 the Company completed the sale of 11,800,000 Class A Subordinate voting shares to the public at a price of \$0.85 per share. On February 15, 2006, the underwriter exercised an option to acquire 1,770,000 Class A Subordinate voting shares at \$0.85 per share being the price of the offering to cover over-allotments, representing an amount of 15% of total number of Class A Subordinate voting shares initially offered. As a result, a total of 13,570,000 Class A Subordinate voting shares were issued for gross proceeds of \$11,535. Costs of the transaction totalled \$1,135 and net proceeds were \$10,400.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2006 and 2005 (unaudited)

2. Capital stock (cont):

Details of capital stock transactions during the period are as follows:

	Number of shares issued		Amount credited to capital	
	Class A Subordinate Voting	Special Voting	Class A Subordinate Voting	Special Voting
Balance, August 31, 2005	82,763,284	10,000	\$ 78,782	\$ 30
Equity Issuance	13,570,000		10,116	
Options exercised	16,250	–	5	–
Balance, February 28, 2006	96,349,534	10,000	\$88,903	\$30

Warrants:

As part of the offering of the Class A Subordinate voting shares, the Company granted the Underwriter 949,900 warrants to acquire 949,900 Class A Subordinate voting shares at an exercise price of \$0.85 per warrant as partial compensation for services rendered. These warrants expire in August 2007. The Company has estimated the fair value of the warrants to be \$284.

Stock Option Plan:

The following table summarizes the status of the Plan:

	Number	Exercise price	Weighted average exercise price
Outstanding options, August 31, 2004	2,305,000	0.28 - 3.11	2.02
Granted	1,645,000	0.43 - 0.54	0.50
Cancelled	(1,065,833)	0.28 - 3.00	2.87
Exercised	(2,500)	0.28	0.28
Outstanding options, August 31, 2005	2,881,667	0.28 - 3.11	0.84
Granted	510,000	0.55	0.55
Cancelled	(47,917)	0.28 - 3.00	1.43
Exercised	(16,250)	0.28 - 0.43	0.33
Outstanding options, February 28, 2006	3,327,500	0.28 - 3.11	0.81
Options exercisable, end of period			1,856,249

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2006 and 2005 (unaudited)

2. Capital stock (cont):

As at February 28, 2006, the weighted average remaining contractual life of the options exercisable and outstanding was 2.4 years and 3.1 years, respectively.

The following summarizes information about the employee stock options at February 28, 2006:

Exercise price	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable
\$0.28	327,500	2.1	272,916
0.36	200,000	1.8	200,000
0.43	625,000	3.6	208,333
0.54	1,000,000	4.3	500,000
0.55	500,000	4.7	-
1.00	327,500	1.2	327,500
3.00	327,500	0.1	327,500
3.11	20,000	0.1	20,000
\$0.81	3,327,500	3.1	1,856,249

Stock-based Compensation:

During the six months ended February 28th, 2006, 510,000 options were granted. The estimated fair value at the date of the grant for the options granted was \$0.52. The fair value of each option granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	4%
Dividend yield	-
Volatility factor of the future expected market price of Class A Subordinate Voting shares	50%
Weighted average expected life of the options	5 years

The estimated fair value of the options is amortized and expensed over the options' vesting period on a straight-line basis.

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2006 and 2005 (unaudited)

3. Related party transactions:

During the three months ended February 28, 2006, the Company retained legal services from a firm, one partner of which is a director of the Company. In addition, a second director provided consulting services to the Company. The services were provided in the ordinary course of business and amounted to \$1 and \$5 (2005 - \$8 and \$5), respectively. For the six month period ended February 28, 2006, the services amounted to \$9 and \$10 (2005 - \$30 and \$17).

The Company entered into a lease in December 2005 for a property partially owned by a director and officer of the Company. The lease is for a term up to August 2006 and the aggregate rent during the quarter amounted to \$35.

4. Commitments:

On December 22, 2005, the Company executed a final lease renewal and amendment to its original lease for the 370 King Street West premises for a term of eight years with the right to renew the lease for a further period of five years. The amendment will result in an approximate annual operating lease charge of \$345 for the premises. The Company also has the option to lease between 6,000 and 7,000 square feet of additional space on the fourth and ground floors.