



S C O R E
M E D I A

Q1 – 2007
Consolidated Financial Statements
For the Three Months Ended
November 30, 2006



*S C O R E
M E D I A*

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Three Months Ended November 30, 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 ended November 30, 2006. All amounts are in Canadian dollars unless otherwise stated. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts.

The discussion and analysis set out in this MD&A may contain certain forward-looking statements that involve risks and uncertainties. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties such as those related to the nature of the specialty television industry, dependence on broadcasters, programming and production costs, dependence on Broadcast Distribution Undertakings, regulatory environment, dependence on advertisers, reliance on key personnel, management of growth, general economic conditions, competition, possible strategic alliances and acquisitions, Canadian ownership, control and significant interest of concentrated shareholder base, possible volatility of stock price, regulatory approval of certain transactions involving the Corporation, risks related to online poker, and financial risks, which risks and uncertainties are discussed in the Company's Annual Information Form dated November 9, 2006. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. Unless otherwise stated, the information in this MD&A is presented as of January 10th, 2007.

HIGHLIGHTS

- *Revenue* for the three months ended November 30, 2006 increased \$1.8 million, or 24.9%, to \$9.2 million compared to \$7.4 million in the same period last year. This increase was due to a combination of increased television advertising revenue, greater television subscriber revenue, and revenues from Hardcore Sports Radio and Score Media's interactive properties that were launched in the past 15 months.
- *Net income before interest, income taxes, depreciation and amortization* (see "Definitions") for the Company for the three months ended November 30, 2006 increased \$0.5 million, or 34.7%, to \$2.0 million compared to \$1.5 million in the same period last year.
- *Net income* for the three months ended November 30, 2006 was \$0.9 million, compared to \$1.1 million in the prior year. During the three months ended November 30, 2006, net income was net of income tax expense of \$0.8 million compared to nil in the same period last year. In August 2006, the Company recorded a future tax asset of \$9.1 million pertaining to the release of a portion of a valuation allowance in respect of future tax assets. During the first quarter ended November 30, 2006, the income tax expense of \$0.8 million drew down the future tax asset.
- In October 2006, the Company announced that Hardcore Sports Radio was now available to over 5.1 million SIRIUS Satellite Radio subscribers across North America. Concurrently, it was announced that Hardcore Sports Radio was enhancing its programming with a new authentic, free speaking format that can only be heard on satellite radio. Also available to listeners is the Hardcore Sports Radio Ticker – the first of its kind on satellite radio, utilizing the radio's display screen to offer the latest, up-to-the-minute scores and odds for every major sport.
- In December 2006, the Company's wholly-owned subsidiary, The Score Television Network Ltd. announced that it had acquired the exclusive television broadcast rights to English Premier League soccer in Canada. The Score's broadcasts will start in the fall of 2007, and continue for three EPL seasons.
- In December 2006, The Score announced that it will be the exclusive Canadian television broadcast partner for NCAA Division I Men's and Division I Women's Basketball Championships for the next four years, starting in 2007. The Company's "*In Your Face*" coverage of NCAA March Madness will be a complete cross platform experience, featuring extensive coverage of the tournament on television, online, on mobile, and always on our ticker.

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. The Company'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 5.9 million homes. The Company also operates Hardcore Sports Radio, a satellite radio network available across North America on SIRIUS Satellite Radio, and is building an interactive platform, with assets including The Score's website, Score Mobile, Canada's leading wireless sports application, and Score Poker, an interactive play-for-fun poker site, which was re-launched in June 2006.

Definitions

The Company focuses its analysis on EBITDA (Net income before interest, income taxes, depreciation and amortization) and Net income. EBITDA and Net income are reconciled in the table below.

EBITDA is not a measure of performance under Canadian GAAP and should not be considered in isolation or as a substitute for Net income prepared in accordance with Canadian GAAP, or as a measure of operating performance or profitability. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures presented by other companies.

The Company uses EBITDA 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 EBITDA to measure operating performance and assess compliance with certain debt covenants.

The following tables reconcile net income to EBITDA:

	Three months ended November 30, 2006	Three months ended November 30, 2005
Net income for the period	\$ 871	\$ 1,109
Add back:		
Depreciation and amortization	368	260
Interest expense (net)	40	143
Income tax expense	758	-
Net income before interest, income taxes, depreciation and amortization	\$ 2,037	\$ 1,512

Consolidated Results

The following selected quarterly financial data of the Corporation relates to the eight quarters ended November 30, 2006.

Quarterly Results	Revenue	Income from continuing operations	Income from discontinued operations	Net income	Basic and diluted income per share from continuing operations	Basic and diluted income per share
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$)	(\$)
November 30, 2006	9,221	871	-	871	0.01	0.01
August 31, 2006	6,935	9,805	-	9,805	0.11	0.11
May 31, 2006	8,010	1,618	91	1,709	0.02	0.02
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

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 are not indicative of the performance for the balance of the year.

Three Months Ended November 30, 2006

Revenue for the three months ended November 30, 2006 increased 24.9% to \$9.2 million compared to \$7.4 million in the same period last year, an increase of \$1.8 million. This increase was due to a combination of increased television advertising revenue, greater television subscriber revenue, and revenues from Hardcore Sports Radio and Score Media's interactive properties that were launched in the past 15 months.

Television subscriber revenue increased approximately \$0.1 million in the first quarter reflecting modest growth in the subscriber base with several broadcast distribution undertakings, compared to the first quarter of fiscal 2005. Television advertising revenue increased by approximately \$1.4 million during the first quarter, reflecting continued 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 \$0.3 million from the new business units.

Operating expenses excluding rights fees were \$6.5 million during the quarter, compared to \$5.3 million in the prior year, representing an increase of \$1.1 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 \$0.5 million in the prior year. The increase in program rights at The Score reflects higher program rights fees for Toronto Raptors basketball, NCAA basketball as well as Canadian college football.

Net income before interest, income taxes, depreciation and amortization was \$2.0 million compared to \$1.5 million in the same period last year, an increase of \$0.5 million.

Interest expense (net) for the first quarter was approximately \$40,000 compared to \$143,000 in the same period last year due to lower average bank loan balances during the first quarter compared to the prior year. 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 during the second quarter of fiscal 2006 for net proceeds of \$10.4 million which resulted in interest income on cash and cash equivalents of \$119,000 in the quarter ended November 30, 2006.

Depreciation and amortization expense increased \$0.1 million in the first quarter to \$0.4 million compared to \$0.3 million in the prior year, reflecting the depreciation of new fixed assets in The Score as well as Hardcore Sports Radio and Score Media's interactive properties that were launched in the past 15 months. For the first quarter, fixed asset additions were approximately \$1.7 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 and for new software and computer equipment to support the new interactive properties.

Net income for the three months ended November 30, 2006 was \$0.9 million or \$0.01 per share based on a weighted average 97.1 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to \$1.1 million or \$0.01 per share based on a weighted average 82.9 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

During the three months ended November 30, 2006, net income was net of income tax expense of \$0.8 million compared to nil in the same period last year. In August 2006, the Company recorded a future tax asset of \$9.1 million pertaining to the release of a portion of a valuation allowance in respect of future tax assets. During the first quarter ended November 30, 2006, the income tax expense of \$0.8 million drew down the future tax asset. The Company's effective tax rate was approximately 47% compared to its statutory tax rate of 36% due to a valuation allowance being recorded against the losses of certain entities in the consolidated group.

Liquidity and Capital Resources

Cash flow provided by operations for the three months ended November 30, 2006 was \$1.8 million compared to cash flows provided by operations of \$0.7 million in the prior year, due to increased net income - adjusted for non-cash income tax expense and other non-cash working capital movements.

For the balance of fiscal 2007, the Company anticipates that cash flows provided by operations will increase compared to fiscal 2006 based on anticipated increases in both advertising and subscriber revenues with more moderate increases in operating expenses. The Company has sufficient cash and cash equivalents as well as working capital lines of credit to support its operations.

Cash flow used in financing activities was \$0.3 million compared to nil for the three months ended November 30, 2005. This resulted from a repayment instalment on the Company's term loan.

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. This bank credit facility is available for general corporate purposes.

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 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 November 30, 2006, the current portion of bank loan was \$1.0 million, which reflects the amount of the term loan due within 12 months; the long-term portion of the term loan was \$8.8 million.

Cash flow used in investment activities for the three months ended November 30, 2006 was \$1.7 million compared to cash flow used in investment activities of \$0.6 million in the prior year. Fixed asset additions were largely associated with expanding television broadcasting with a "high definition" channel and for new software and computer equipment to support the new interactive properties.

For the entire fiscal 2007 year, the Company anticipates that expenditures on new and replacement fixed assets will be approximately \$9.0 million, which can be financed by cash flow from operations and cash and cash equivalents on hand.

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.

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 November 30, 2006, and August 31, 2006 and the notes thereto.

Contractual operating obligations as at November 30, 2006 for the fiscal years noted below are as follows:

Contractual Obligations (in thousands of dollars)	2007	2008	2009	2010	2011	There - after	Total
Operating lease obligations	1,387	1,472	1,074	1,121	685	1,750	7,489
Programming rights obligations	2,093	2,719	1,610	1,639	-	-	8,061
Long-term debt obligations	750	1,000	1,500	6,500	-	-	9,750
Total	4,230	5,191	4,184	9,260	685	1,750	25,300

Related Party Transactions

During the quarter ended November 30, 2006, the Company retained consulting services from a director of the Company. In addition, in the prior year, the Company retained services from a law firm, one partner of which is a director of the Company. During the three months ended November 30, 2006, the services were provided in the ordinary course of business and amounted to \$8,000 and nil (2005 - \$5,000 and \$8,000), respectively.

The Company entered into a lease in December 2005 for a property partially owned by a director and officer of the Company. The lease ended August 31, 2006 and continued on a month-to-month basis; the aggregate rent paid during the quarter amounted to \$35,000.

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

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, but not limited to, the allowance

for doubtful accounts, income tax valuation allowances, and 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)

	November 30, 2006	August 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,914	\$ 11,101
Accounts receivable	7,759	6,279
Prepaid expenses and deposits	1,133	712
Future tax assets	1,741	1,741
	<u>21,547</u>	<u>19,833</u>
Fixed assets	5,644	4,275
Deferred charges	540	577
Future tax assets	6,643	7,401
	<u>\$ 34,374</u>	<u>\$ 32,086</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Term loan (note 1)	\$ 1,000	\$ 1,000
Accounts payable and accrued liabilities	4,955	3,330
Current portion of capital lease obligation	39	40
	<u>5,994</u>	<u>4,370</u>
Term loan (note 1)	8,750	9,000
Capital Lease obligation	80	90
Shareholders' equity (note 2)	19,550	18,626
	<u>\$ 34,374</u>	<u>\$ 32,086</u>

Commitments (note 5)

See accompanying notes to consolidated financial statements

Score Media Inc.

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

	Three months ended	
	November 30,	
	2006	2005
Revenue	\$ 9,221	\$ 7,380
Production and other direct expenses	3,743	3,319
Selling, general and administration	2,713	2,014
Program rights	748	535
	<u>7,204</u>	<u>5,868</u>
Income before undernoted	2,017	1,512
Gain on sale of investments	20	-
Income before interest, depreciation and amortization	2,037	1,512
Interest expense, net (note 1)	40	143
Depreciation	330	230
Amortization	38	30
	<u>1,629</u>	<u>1,109</u>
Income before income taxes	1,629	1,109
Income tax expense	758	-
Net income for the period	<u>\$ 871</u>	<u>\$ 1,109</u>
Deficit, beginning of period	(71,849)	(84,885)
Deficit, end of period	<u>\$ (70,978)</u>	<u>\$ (83,776)</u>
Income per share - basic and diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding (note 3) -		
Basic	96,388,206	82,775,482
Diluted	<u>96,588,766</u>	<u>82,929,044</u>

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

	Three months ended	
	November 30,	
	2006	2005
Cash provided by (used in):		
Operations:		
Net income for the period	\$ 871	\$ 1,109
Items not involving cash:		
Depreciation	330	230
Amortization	38	30
Non-cash compensation expense	36	66
Income tax expense	758	-
Change in non-cash operating working capital:		
Accounts receivable	(1,480)	(424)
Prepaid expenses and deposits	(421)	30
Accounts payable and accrued liabilities	1,624	(298)
Cash Flows provided by Operating Activities	<u>1,756</u>	<u>743</u>
Financing:		
Issuance of common shares	17	2
Loan repayments	(250)	-
Capital lease obligation repayments	(11)	-
	<u>(244)</u>	<u>2</u>
Investments:		
Additions to fixed assets	(1,699)	(580)
	<u>(1,699)</u>	<u>(580)</u>
Increase (decrease) in cash and cash equivalents	(187)	165
Cash and cash equivalents, beginning of period	11,101	26
Cash and cash equivalents, end of period	<u>\$ 10,914</u>	<u>\$ 191</u>

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended November 30, 2006 and 2005 (unaudited)

Nature of operations

Score Media Inc. (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. The Company'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 5.9 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, 2006. These unaudited interim consolidated financial statements follow the same accounting policies and methods of application as the consolidated financial statements for the year ended August 31, 2006.

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 November 30, 2006 and the results of operations and cash flows for the three months ended November 30, 2006 and November 30, 2005.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended November 30, 2006 and 2005 (unaudited)

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 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 credit facility allows the Company to borrow by way of prime rate loans, bankers' acceptances ("BAs") or letters of guarantee. Loans and BAs 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.

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.

As at November 30, 2006, \$9,750 of the five-year loan had been drawn. Of the \$9,750 term loan, \$1,000 has been classified as a current liability as the amount is due within 12 months. For the three months ended November 30, 2006, interest expense of \$40 is net of interest income of \$119. For the three months ended November 30, 2005, interest expense of \$143 is net of interest income of nil. 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 months ended November 30, 2006 and 2005 (unaudited)

2. Shareholders' Equity:

	2006	2005
Capital stock	\$ 88,952	\$ 88,935
Warrants	284	284
Contributed surplus	1,292	1,256
Deficit	(70,978)	(71,849)
	<u>\$ 19,550</u>	<u>\$ 18,626</u>

(a) Capital Stock

	Nov 30, 2006	Aug 31, 2006
Authorized:		
Unlimited Senior Preference shares		
Unlimited Junior Preference shares		
10,000 Special Voting shares, convertible into Class A Subordinated Voting shares on a one-for-one basis at the option of the shareholder		
Unlimited Class A Subordinated Voting shares		
Unlimited Class B Subordinated Voting shares, convertible into Class A Subordinated Voting shares on a one-for-one basis at the option of the shareholder		
Issued:		
10,000 Special Voting shares	\$ 30	\$ 30
96,397,034 Class A Subordinated Voting shares (August 31, 2006 – 96,357,034)	88,922	88,905
	<u>\$ 88,952</u>	<u>\$ 88,935</u>

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended November 30, 2006 and 2005 (unaudited)

2. Shareholders' Equity (cont'd):

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

	Number of shares issued		Amount credited to capital	
	Class A Subordinated Voting	Special Voting	Class A Subordinated Voting	Special Voting
Balance, August 31, 2006	96,357,034	10,000	\$ 88,905	\$ 30
Options exercised	40,000	–	17	–
Balance, November 30, 2006	96,397,034	10,000	\$ 88,922	\$ 30

The Company is seeking shareholder approval at its annual and special meeting of shareholders (the "Meeting") on January 11, 2007 of a special resolution authorizing a reduction in the stated capital account of the Corporation by an amount up to \$71,848,600. If approved by the shareholders at the Meeting, this reduction in stated capital will be reflected in the Corporation's balance sheet for the period ending on January 31, 2007 as a reduction in the stated capital amount appearing under shareholders' equity by an amount up to \$71,848,600, with a corresponding decrease in accumulated deficit shown as at January 31, 2007. The reduction in stated capital will also have no impact on the day-to-day operations of the Corporation and will not, on its own, alter the financial condition of the Corporation.

(b) Stock Option Plan:

The following table summarizes the status of the Plan:

	Number	Exercise price	Weighted average exercise price
Outstanding options, August 31, 2006	2,917,500	0.28 – 1.00	0.55
Granted	732,500	0.84	0.84
Cancelled	(98,333)	0.28 – 1.00	0.51
Exercised	(40,000)	0.28 – 0.55	0.42
Outstanding options, November 30, 2006	3,511,667	0.28 – 1.00	0.60
Options exercisable, November 30, 2006			2,315,832
Options exercisable, August 31, 2006			2,230,832

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended November 30, 2006 and 2005 (unaudited)

2. Shareholders' Equity (cont'd):

As at November 30, 2006, the weighted average remaining contractual life of the options exercisable and outstanding was 2.5 years and 3.2 years, respectively. The following summarizes information about the employee stock options at November 30, 2006, 2006:

Exercise price	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable
\$0.28	302,500	1.4	302,500
0.36	200,000	1.1	200,000
0.43	557,500	2.8	367,498
0.54	1,000,000	3.6	1,000,000
0.55	399,167	4.0	125,834
0.84	732,500	4.9	-
1.00	320,000	0.4	320,000
\$0.81	3,511,667	3.2	2,315,832

During the quarter ended November 30, 2006, 732,500 (November 30, 2005 – 510,000) options were granted. The weighted average estimated fair value at the date of the grant for the options granted was \$0.84 (November 30, 2005 – \$0.55). The fair value of each option granted during the quarters ended November 30, 2006 and 2005 was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

November 30, 2006 and 2005	
Risk-free interest rate	4%
Dividend yield	-
Volatility factor of the future expected market price of common shares	50%
Weighted average expected life of the options	5 years

The estimated fair value of the options is amortized to expense over the vesting period.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended November 30, 2006 and 2005 (unaudited)

3. Basic and diluted income per share:

Basic and diluted income per share have been calculated using the weighted average and maximum dilutive number of shares outstanding during the period, which amounted to 96,388,206 and 96,588,766 (November 30, 2005 – 82,775,482 and 82,929,044) shares, respectively.

The following table sets forth the computation of basic and diluted income per share:

	Nov 30, 2006	Nov 30, 2005
Numerator:		
Net income available to shareholders	\$ 871	\$ 1,109
Denominator:		
Weighted average shares outstanding - basic	96,388,206	82,775,482
Effect of dilutive stock options	200,560	153,562
Weighted average shares outstanding - diluted	96,588,766	82,929,044
Income per share:		
Basic	\$ 0.01	\$ 0.01
Diluted	0.01	0.01

During the three months ended November 30, 2006, options to purchase 320,000 (November 2005 – 2,200,000) Class A Subordinate Voting shares were outstanding but not included in the computation of diluted income per share because the exercise price was greater than the average market price of the Class A Subordinate Voting shares for the year.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three months ended November 30, 2006 and 2005 (unaudited)

4. Related party transactions:

During the quarter ended November 30, 2006, the Company retained consulting services from a director of the Company. In addition, in the prior year, the Company retained services from a law firm, one partner of which is a director of the Company. During the three months ended November 30, 2006, the services were provided in the ordinary course of business and amounted to \$8 and nil (2005 - \$5 and \$8), respectively.

The Company entered into a lease in December 2005 for a property partially owned by a director and officer of the Company. The lease ended August 31, 2006 and continued on a month-to-month basis; the aggregate rent paid during the quarter amounted to \$35.

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

5. Commitments:

In December 2006, The Score announced that it had acquired the exclusive television broadcast rights to English Premier League soccer in Canada. The Score's broadcasts will start in the fall of 2007, with its rights package to run for three EPL match seasons. In December, The Score Television Network Ltd. also announced that it will be the exclusive Canadian television broadcast partner for NCAA Division I Men's and Division I Women's Basketball Championships for the next four years, starting in 2007.

Including these agreements, the Company has entered into various program acquisition and rights agreements, the most significant of which oblige the Company to make aggregate annual payments for fiscal years as follows:

Remainder of 2007	\$ 2,093
2008	2,719
2009	1,610
2010	1,639
	<hr/>
	\$ 8,061
