



S C O R E
M E D I A

Q2 – 2009
Consolidated Financial Statements
For the Three and Six Months Ended
February 28, 2009



*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 and Six Months Ended February 28, 2009**

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 and six months ended February 28, 2009. The MD&A should be read in conjunction with the interim consolidated financial statements of Score Media as at and for the three and six months ended February 28, 2009. 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 20, 2008. 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 April 8, 2009.

HIGHLIGHTS

- On February 24, 2009, Score Media announced that its Board of Directors authorized management to proceed with an offer to purchase for cancellation up to 18,000,000 of its Class A subordinate voting shares (“Class A Shares”) from CW Media Inc. and CanWest Global Communications Corp. at a price per share of \$0.40 (the “Offer”) or an aggregate amount of up to \$7.2 million.
- *Revenue* for the quarter ended February 28, 2009 increased by \$0.3 million to \$8.7 million compared to \$8.4 million in the quarter ended February 29, 2008.
- *EBITDA* for the quarter ended February 28, 2009 was \$0.2 million, compared to \$0.9 million in the quarter ended February 29, 2008.
- On January 30, 2009, Score Media launched “The MMA Show” featuring Mauro Ranallo of The Fight Network. The program will give fans the opportunity to tune into a dedicated show that covers weekly news, highlights and interviews from the world of mixed martial arts. Every week viewers will be given a breakdown of the biggest events in North America and beyond.
- With more than 5.5 million average monthly page views, theScore.com web traffic continues to grow rapidly. In the second quarter of 2009, unique visitors and page views were both up approximately 25% compared to the same period in the prior year.
- ScoreMobile iPhone Edition, The Score’s mobile sports application optimized specifically for the iPhone and its touch-screen capabilities, has been downloaded over 400,000 times since its launch in July and is generating approximately 7 million monthly page views.

Overview

Score Media is a media company committed to delivering interactive and authentic sports entertainment. Created in 1997 in response to the growing desire for increased participation in the consumption of sports, the Company has now established itself as the home for hardcore sports fans. Score Media's primary asset, The Score Television Network ("The Score"), is a national specialty television service providing sports news, information, highlights and live event programming in more than 6.5 million homes across Canada. Score Media also operates Hardcore Sports Radio, a satellite radio network available across North America on Sirius Satellite Radio, and other interactive assets including theScore.com and Score Mobile. Growing from a team of 60 in 1997 to over 220 employees in 2009, Score Media is a revolutionizing interactive media company.

Definitions

The Company focuses its analysis on EBITDA and net income. EBITDA and net income are reconciled in the tables 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), restructuring charges, gains and losses from investment sales, interest, 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 February 28, 2009	Three months ended February 29, 2008
	(000's)	(000's)
Net income (loss) for the period	\$ (1,026)	\$ 34
Less:		
Gain on sale of investments	-	462
Income tax recovery	-	226
Interest income	-	3
Add back:		
Restructuring charges	-	930
Depreciation and amortization	1,140	666
Interest expense (net)	65	-
Income tax expense	25	-
EBITDA	\$ 204	\$ 939

	Six months ended February 28, 2009	Six months ended February 29, 2008
	(000's)	(000's)
Net income (loss) for the period	\$ (787)	\$ 182
Less:		
Gain on sale of investments:	-	462
Income tax recovery	171	-
Add back:		
Restructuring charges	-	930
Depreciation and amortization	2,259	1,238
Interest expense (net)	123	9
Income tax expense	-	249
EBITDA	\$ 1,424	\$ 2,146

Consolidated Results

The following selected quarterly financial data of the Corporation relates to the eight quarters ended February 28, 2009.

Quarterly Results	Revenue	EBITDA	Net income (loss)	Income (loss) per share – basic and diluted
	(\$000's)	(\$000's)	(\$000's)	(\$)
February 28, 2009	8,662	204	(1,026)	(0.01)
November 30, 2008	10,498	1,220	239	0.00
August 31, 2008	8,524	1,565	1,160	0.01
May 31, 2008	10,206	2,185	684	0.01
February 28, 2008	8,363	939	34	0.00
November 30, 2007	9,290	1,207	148	0.00
August 31, 2007	7,218	788	931	0.01
May 31, 2007	9,364	1,924	723	0.01

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.

Three Months Ended February 28, 2009

Revenue for the three months ended February 28, 2009 increased by \$0.3 million to \$8.7 million compared to \$8.4 million in the prior year. This revenue increase was due to a combination of greater television, web, and mobile advertising revenue and increased television subscriber revenue.

Television advertising and subscriber revenue increased by \$0.1 million and \$0.1 million, respectively, in the second quarter reflecting continued growth in audience and the subscriber base with several broadcast distribution undertakings, compared to the second quarter of fiscal 2008. The emerging business units provided increased revenue of \$0.1 million compared to the second quarter of fiscal 2008 primarily due to increased advertising on theScore.com and the Company's mobile application.

Production and other direct expenses were \$4.0 million for the three months ended February 28, 2009 compared to \$3.6 million in the prior year, an increase of \$0.4 million. This increase resulted from higher technical and HD related studio costs that were anticipated in connection with the Company's new street-front presence and increased levels of HD content.

Selling, general and administrative expenses were \$2.9 million for the three months ended February 28, 2009 compared to \$2.5 million in the prior year, an increase of \$0.4 million. This increase was primarily due to increased professional and part II license fees in the amount of \$0.3 million, in addition to increased contra marketing costs of \$0.1 million.

Program rights expenses were \$1.6 million during the quarter, an increase of \$0.3 million compared to \$1.3 million in the prior year. The increase in program rights reflects increased fees associated with NBA television rights compared to the prior year.

EBITDA was \$0.2 million for the three months ended February 28, 2009 compared to \$0.9 million in the same period in the prior year, a decrease of \$0.7 million. Increased revenue as compared to the comparative period was offset by increased programming and production, marketing and other administrative expenses.

Interest expense (net) for the second quarter was \$0.1 million compared to nil in the same period last year. Interest expense for the Company relates to increased drawings from the credit facility to finance the last phase of the recently completed HD studio and street-front exterior.

Depreciation and amortization expense increased \$0.4 million in the first quarter to \$1.1 million compared to \$0.7 million in the prior year reflecting the depreciation of capital assets purchased in the latter portion of fiscal 2008 in connection with the Company's new HD studio and street-front exterior.

Net loss for the three months ended February 28, 2009 was \$1.0 million or \$0.01 per share based on a diluted weighted average 98.4 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to nil or \$0.00 per share based on a diluted weighted average 99.5 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

During the three months ended February 28, 2009, net income included nil income tax expense compared to a \$0.2 million income tax recovery in the same period in the prior year, a variance of \$0.2 million.

Six Months Ended February 28, 2009

Revenue for the six months ended February 28, 2009 increased by \$1.5 million to \$19.2 million compared to \$17.7 million in the prior year. This revenue increase was due to a combination of greater television advertising and subscriber revenue as well as increased revenues from Score Media's emerging web and mobile properties.

Television advertising and subscriber revenue increased by \$0.9 million and \$0.3 million, respectively, in the first six months reflecting continued growth in audience and the subscriber base with several broadcast distribution undertakings, compared to the first six months of fiscal 2008. Revenue from the emerging business units increased by \$0.3 million compared to the first six months of fiscal 2008 primarily due to increased advertising on theScore.com and the Company's mobile application.

Production and other direct expenses were \$8.3 million for the six months ended February 28, 2009 compared to \$8.0 million in the prior year, an increase of \$0.3 million. This increase resulted from higher technical and HD related studio costs that were anticipated in connection with the Company's new street-front presence and increased levels of HD content.

Selling, general and administrative expenses were \$6.9 million for the six months ended February 28, 2009 compared to \$5.0 million in the prior year, an increase of \$1.9 million. This increase was primarily due to contra marketing costs, marketing research, and the Company's studio launch event which totaled \$1.4 million, in addition to increased professional and part II license fees of \$0.5 million compared to the same period in the prior year.

Program rights expenses were \$2.5 million during the six months ended February 28, 2009, consistent with the same period in the prior. Increased NBA television rights fees were offset by reduced Canadian University football and EPL classic soccer rights fees compared to the prior year.

EBITDA was \$1.4 million for the six months ended February 28, 2009 compared to \$2.1 million in the same period in the prior year, a decrease of \$0.7 million. Increased revenue as compared to the comparative period was offset by increased production, marketing and other administrative expenses.

Interest expense (net) for the first six months of fiscal 2009 was \$0.1 million compared to nil in the same period last year. Interest expense for the Company relates to increased drawings from the credit facility to finance the last phase of the recently completed HD studio and street-front exterior.

Depreciation and amortization expense increased by \$1.1 million in the first six months of fiscal 2009 to \$2.3 million compared to \$1.2 million in the prior year reflecting the depreciation of capital assets purchased in the latter portion of fiscal 2008 in connection with the Company's new HD studio and street-front exterior.

Net loss for the six months ended February 28, 2009 was \$0.8 million or \$0.01 per share based on a diluted weighted average 98.4 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to net income of \$0.2 million or \$0.00 per share based on a diluted weighted average 99.4 million Class A Subordinate Voting Shares and Special Voting Shares outstanding in the prior year.

During the six months ended February 28, 2009, net income included an income tax recovery of \$0.2 million compared to an income tax expense of \$0.2 million in the same period in the prior year, a variance of \$0.4 million. Income tax recovery for the six months ended February 28, 2009 relates to a release of valuation allowance resulting from the Company's tax re-organization plan which began in 2008 and remains ongoing. In connection with this plan, the Company is converting expiring non-capital losses into cumulative eligible capital which can be amortized for tax purposes at a rate of 7% per annum.

Liquidity and Capital Resources

Cash flows provided by operations for the three and six months ended February 28, 2009 were \$0.1 million and \$2.8 million compared to \$0.4 million and \$2.3 million in the prior year. The decrease of \$0.3 million for the three months ended February 28, 2009 reflects reduced net income and movements in non-cash working capital which was partially offset by increased non-cash expenses. The increase of \$0.5 million for the six months ended February 28, 2009 reflects movements in non-cash working capital and increased non-cash expenses which was partially offset by reduced net income.

Cash flows provided by financing activities for the three and six months ended February 28, 2009 were \$0.7 million and \$1.9 million compared to cash flows used in financing activities of \$3.6 million and \$7.6 million in the prior year, a change of \$4.3 million and \$9.5 million, respectively. During the first two quarters of 2009, the Company drew additional funds from the credit facility to finance the final phase of the recently completed HD studio and street-front exterior.

On August 28, 2007, the Company entered into a \$25 million revolving three-year term credit facility with a Canadian chartered bank. On December 19, 2008, the Company amended this credit facility by extending the term by one year. The revolving credit facility is available to fund capital improvements, an Issuer Bid, 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, 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 operating subsidiaries and the subordination and pledge of shareholder and inter-company loans.

As of February 28, 2009, the Company had drawn \$5.7 million from the credit facility. The Company believes that its cash and cash equivalents, in addition to the bank credit facility, provide it with sufficient working capital to support its operations for the foreseeable future.

Cash flows used in investing activities for the three and six months ended February 28, 2009 were \$0.9 million and \$4.8 million compared to \$2.1 million and \$4.0 million in the prior year. The decrease of \$1.2 million for the three months ended February 28, 2009 reflects reduced capital expenditures as the Company's investment in its street-front presence, HD studio and related television broadcasting equipment was largely completed prior to the second quarter of fiscal 2009. The increase of \$0.8 million for the six months ended February 28, 2009 reflects payment for the last phase of the capital expenditure program which continued into the Company's first quarter of fiscal 2009. For the balance of fiscal 2009, the Company does not anticipate significant capital expenditures associated with the street-front presence and new HD studio in addition to what has already been recorded as of February 28, 2009.

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

Issuer Bid

On February 24, 2009, the Company announced that its Board of Directors authorized management to proceed with an offer to purchase for cancellation up to 18,000,000 of its Class A Subordinate voting shares (“Class A shares”) at a price per share of \$0.40 (the “Offer”) or an aggregate amount of up to \$7.2 million.

CW Media Inc. and CanWest Global Communications Corp. (CW Media) tendered an aggregate of approximately 16,560,902 Class A shares (the “Locked-Up Shares”) to the issuer bid pursuant to a “Lock-Up Agreement” with the Company, and the Company understands that CW Media Inc. and one of its affiliates have sold the balance of their Class A Shares through a prospectus-exempt private placement.

The Offer expired on April 6, 2009 and on April 7, 2009 Score Media purchased all Class A shares tendered to the Offer, totalling 17,301,169. This represents approximately 17.6% of Score Media’s issued and outstanding Class A shares.

In connection with this Offer, on December 19, 2008, the Company amended the terms of its \$25 million revolving credit facility which will be used to finance the Offer. Under the terms of the amended credit facility the Company has secured an additional year of financing and modified certain financial covenants. Upon completion of this transaction the Company will increase its debt and interest obligations. The Company does not anticipate any future issues in its ability to service and repay the debt associated with this transaction.

This transaction reflects Score Media’s continued commitment to enhancing shareholder value and positions the Company to continue growing in the competitive media space.

Contractual Obligations

The Company has no debt guarantees, significant capital leases or long-term obligations other than the credit facility which is disclosed on the Consolidated Balance Sheet as at February 28, 2009, and August 31, 2008, and the commitments which are disclosed in the notes to the Consolidated financial statements.

Contractual operating obligations as at February 28, 2009 for the fiscal years noted below are as follows:

Contractual Obligations (in thousands of dollars)	2009	2010	2011	2012	2013	Thereafter	Total
Operating lease obligations	767	1,275	743	620	583	583	4,571
Programming rights obligations	2,566	5,129	35	-	-	-	7,730
Long-term debt obligations	-	-	5,654	-	-	-	5,654
Total	3,333	6,404	6,432	620	583	583	17,955

Related Party Transactions

During the three and six months ended February 28, 2009, the Company obtained consulting services from a director of the Company. The services were provided in the ordinary course of business and amounted to nil and \$3,000 (2008 - \$6,000 and \$11,000), respectively.

The Company entered into a lease in May 2007 for a property partially owned by a director and officer of the Company. The aggregate rent paid during the three and six months ended February 28, 2009 amounted to \$8,000 and \$16,000 (2008 - \$8,000 and \$16,000), respectively.

All related party transactions have been reported at their exchange amounts agreed to by the parties which the Company believes is representative of 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, the useful lives of depreciable assets 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; and 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.

In our 2008 Annual Audited Consolidated Financial Statements and Notes thereto, as well as in our 2008 Annual MD&A, we have identified the accounting policies and estimates that are critical to the understanding of our business operations and our results of operations. For the three and six months ended February 28, 2009 there are no changes to the critical accounting policies and estimates from those found in our 2008 Annual MD&A.

Adoption of new accounting pronouncements

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS"). The Company will adopt IFRS effective September 1, 2011. The Company is currently evaluating accounting policy differences between Canadian GAAP and IFRS; however, the impact of the transition to IFRS on the Company's consolidated financial statements is not yet determinable.

In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets ("Section 3064"). Section 3064 replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs. It establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2009. The Company is currently assessing the impact of the new standard.

Risks and Uncertainties

Our significant risks and uncertainties are summarized in our 2008 Annual MD&A. There have been no significant changes to those risks and uncertainties since August 31, 2008.

Other

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

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

	February 28, 2009	August 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 201	\$ 292
Accounts receivable	7,437	7,651
Prepaid expenses and deposits	2,052	569
Future tax assets	1,665	1,665
	<u>11,355</u>	<u>10,177</u>
Fixed assets (note 3)	19,538	19,551
Deferred charges	415	344
Future tax assets	6,345	6,174
	<u>\$ 37,653</u>	<u>\$ 36,246</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	6,600	6,358
Revolving credit facility (note 4)	5,654	3,803
Shareholders' equity (note 5)	25,399	26,085
Contingent liability (note 9)		
Subsequent event (note 10)		
	<u>\$ 37,653</u>	<u>\$ 36,246</u>

See accompanying notes to unaudited interim consolidated financial statements

Score Media Inc.**Consolidated Statements of Operations and Retained Earnings**

(in thousands of dollars, except per share amounts)

(unaudited)

	Three months ended February 28, 2009	Three months ended February 29, 2008	Six months ended February 28, 2009	Six months ended February 29, 2008
Revenue	\$ 8,662	\$ 8,363	\$ 19,160	\$ 17,653
Production and other direct expenses	4,043	3,586	8,349	8,024
Selling, general and administration	2,853	2,493	6,887	5,033
Program rights	1,562	1,345	2,500	2,450
	<u>8,458</u>	<u>7,424</u>	<u>17,736</u>	<u>15,507</u>
Income before undernoted	204	939	1,424	2,146
Interest expense (income), net	65	(3)	123	9
Depreciation	1,088	633	2,162	1,178
Amortization	52	33	97	60
Restructuring charges	-	930	-	930
Gain on sale of investments	-	(462)	-	(462)
Income (loss) before income taxes	(1,001)	(192)	(958)	431
Future income tax expense (recovery) (note 7)	25	(226)	(171)	249
Net income (loss) and comprehensive income (loss) for the period	<u>\$ (1,026)</u>	<u>\$ 34</u>	<u>\$ (787)</u>	<u>\$ 182</u>
Retained earnings, beginning of period	3,919	1,802	3,680	1,654
Retained earnings, end of period	<u>\$ 2,893</u>	<u>\$ 1,836</u>	<u>\$ 2,893</u>	<u>\$ 1,836</u>
Income (loss) per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding (note 6) Basic	98,411,849	98,010,942	98,411,849	97,906,131
Diluted	98,411,849	99,520,256	98,411,849	99,418,597

See accompanying notes to unaudited interim consolidated financial statements

Score Media Inc.**Consolidated Statements of Cash Flows**

(in thousands of dollars)

(unaudited)

	Three months ended February 28, 2009	Three months ended February 29, 2008	Six months ended February 28, 2009	Six months ended February 29, 2008
Cash provided by (used in):				
Operations:				
Net income (loss) for the period	\$ (1,026)	\$ 34	\$ (787)	\$ 182
Items not involving cash:				
Depreciation	1,088	633	2,162	1,178
Amortization	52	33	97	60
Non-cash compensation expense	33	89	101	154
Gain on sale of investments	-	(462)	-	(462)
Future income tax expense (recovery)	25	(226)	(171)	249
Change in non-cash operating working capital:				
Accounts receivable	388	530	214	(907)
Prepaid expenses and deposits	(1,266)	55	(1,483)	228
Accounts payable and accrued liabilities	819	(290)	2,709	1,634
	113	396	2,842	2,316
Financing:				
Draw from (repayment of) credit facility	733	(3,678)	1,851	(7,693)
Issuance of common shares	-	119	-	132
	733	(3,559)	1,851	(7,561)
Investing:				
Additions to fixed assets	(283)	(3,165)	(2,149)	(4,346)
Change in non-cash working capital related to fixed assets	(437)	698	(2,467)	45
Deferred charges	(156)	(70)	(168)	(138)
Proceeds on sale of investments	-	462	-	462
	(876)	(2,075)	(4,784)	(3,977)
Decrease in cash and cash equivalents	(30)	(5,238)	(91)	(9,222)
Cash and cash equivalents, beginning of period	231	7,580	292	11,564
Cash and cash equivalents, end of period	\$ 201	\$ 2,342	\$ 201	\$ 2,342
Supplemental Cash Flow information				
Interest paid	\$ 60	\$ 51	\$ 119	\$ 166

See accompanying notes to unaudited 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, 2009 and February 29, 2008 (unaudited)

1. Nature of operations

Score Media Inc. (the “Company”) is a media company committed to delivering interactive and authentic sports entertainment. Created in 1997 in response to the growing desire for increased participation in the consumption of sports, the Company has now established itself as the home for hardcore sports fans. The Company’s primary asset, The Score Television Network, is a national specialty television service providing sports news, information, highlights and live event programming in more than 6.5 million homes across Canada. The Company also operates Hardcore Sports Radio, a satellite radio network available across North America on Sirius Satellite Radio, and other interactive assets including theScore.com and Score Mobile.

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, 2009, and the results of operations and cash flows for the three and six months ended February 28, 2009 and February 29, 2008.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

2. Significant accounting policies

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of GAAP 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, 2008. 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, 2008.

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS"). The Company will adopt IFRS effective September 1, 2011. The Company is currently evaluating accounting policy differences between Canadian GAAP and IFRS; however, the impact of the transition to IFRS on the Company's consolidated financial statements is not yet determinable.

In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets ("Section 3064"). Section 3064 replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs. It establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2009. The Company is currently assessing the impact of the new standard.

Score Media Inc.

Notes to Consolidated Financial Statements

(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

3. Fixed assets:

February 28, 2009	Cost	Accumulated depreciation	Net book value
Technical production equipment	\$ 22,570	\$ 10,543	\$ 12,027
Computer equipment	1,790	1,048	742
Computer software and video	3,364	2,154	1,210
Office equipment and furniture	1,270	577	693
Leasehold improvements	7,326	2,460	4,866
	<u>\$ 36,320</u>	<u>\$ 16,782</u>	<u>\$ 19,538</u>

August 31, 2008	Cost	Accumulated depreciation	Net book value
Technical production equipment	\$ 21,379	\$ 9,157	\$ 12,222
Computer equipment	1,616	939	677
Computer software and video	3,047	1,787	1,260
Office equipment and furniture	1,262	528	734
Leasehold improvements	6,867	2,209	4,658
	<u>\$ 34,171</u>	<u>\$ 14,620</u>	<u>\$ 19,551</u>

Depreciation expense for the three and six months ended February 28, 2009 amounted to \$1,088 and \$2,162 (2008 - \$633 and \$1,178), respectively.

Score Media Inc.

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

4. Revolving credit facility:

On August 28, 2007, the Company entered into a \$25,000 revolving three-year term credit facility with a Canadian chartered bank. On December 19, 2008, the Company amended this credit facility by extending the term by one year. 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 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. The revolving credit facility is available to fund capital improvements, an Issuer Bid, and for general corporate purposes. As at February 28, 2009, \$5,654 was drawn under the revolving credit facility.

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 operating subsidiaries and the subordination and pledge of shareholder and intercompany loans. The Company was in compliance with the financial covenants included in the loan agreement as at February 28, 2009.

For the three and six months ended February 28, 2009, interest expense includes interest on the bank loans of \$65 and \$123 (2008 - \$51 and \$166), respectively. Interest expense is net of interest income and other charges of nil and nil (2008 - \$54 and \$157) respectively.

The weighted average interest rate for the three and six months ended February 28, 2009 was 4.5% and 5.0% (2008 – 5.9% and 6.1%), respectively.

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

5. Shareholders' Equity:

	February 28, 2009	August 31, 2008
Capital stock (a)	\$20,158	\$20,158
Contributed surplus	2,348	2,247
Retained earnings	2,893	3,680
	\$25,399	\$26,085

(a) Capital Stock

	February 28, 2009	August 31, 2008
Authorized:		
Unlimited Senior Preference shares		
Unlimited Junior Preference shares		
10,000 Special Voting shares, convertible into Class A Subordinate Voting shares on a one-for-one basis at the option of the shareholder		
Unlimited Class A Subordinate Voting shares		
Issued:		
10,000 Special Voting shares	\$ 30	\$ 30
98,411,849 Class A Subordinate Voting shares (August 31, 2008 – 98,411,849)	20,128	20,128
	\$ 20,158	\$ 20,158

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Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

5. Shareholders' Equity (cont'd):

(b) Stock Option Plan:

The following table summarizes the status of the Plan:

	Number	Exercise price	Weighted average exercise price
Outstanding options, August 31, 2008	3,795,918	\$ 0.43 – 2.30	\$ 0.96
Granted	-	-	-
Cancelled	(330,834)	0.43 – 1.46	0.70
Exercised	-	-	-
Outstanding options, February 28, 2009	3,465,084	\$ 0.43 – 2.30	\$ 0.99
Options exercisable, February 28, 2009			2,980,087
Options exercisable, August 31, 2008			3,063,003

The maximum number of Class A Subordinate Voting Shares issuable under the Company's stock option plan is 8,000,000.

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

5. Shareholders' Equity (cont'd):

As at February 28, 2009, the weighted average remaining contractual life of the options exercisable and outstanding was 2.5 years and 2.6 years, respectively. The following summarizes information about the employee stock options at February 28, 2009:

Exercise price	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable
\$0.43	323,667	0.9	323,667
0.54	1,000,000	1.3	1,000,000
0.55	226,000	2.2	226,000
0.71	35,000	4.4	5,833
0.82	500,000	4.3	500,000
0.84	407,917	3.6	267,087
1.46	472,500	3.6	157,500
2.30	500,000	3.3	500,000
\$0.99	3,465,084	2.6	2,980,087

The estimated fair value of the options is amortized to expense over the vesting period. During the three and six months ended February 28, 2009, the Company recorded stock-based compensation expense of \$33 and \$101 (2008 - \$89 and \$154), respectively.

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(in thousands of dollars, except per share amounts)

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6. Basic and diluted income per share:

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

	Three months ended		Six months ended	
	February 28/29,		February 28/29,	
	2009	2008	2009	2008
Numerator:				
Net income (loss) available to shareholders	\$(1,026)	\$34	\$(787)	\$182
Denominator (000's):				
Weighted average shares outstanding – basic	98,412	98,011	98,412	97,906
Effect of dilutive stock options	-	1,509	-	1,513
Weighted average shares outstanding – diluted	98,412	99,520	98,412	99,419
Income (loss) per share:				
Basic and diluted	\$(0.01)	\$0.00	\$(0.01)	\$0.00

During the three and six months ended February 28, 2009, options to purchase 3,465,084 (2008 – 1,026,667) Class A Subordinate Voting shares were outstanding but not included in the computation of diluted income (loss) per share because the exercise price was greater than the average market price of the Class A Subordinate Voting shares for the year and the impact would be anti-dilutive.

7. Income taxes

During the six months ended February 28, 2009, net loss was net of an income tax recovery of \$171. Income tax expenses of \$189 for the six months ended February 28, 2009 were offset by a \$360 recovery in future income taxes in connection with the tax re-organization strategy being implemented by the Company.

Score Media Inc.

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

8. Related party transactions:

During the three and six months ended February 28, 2009, the Company obtained consulting services from a director of the Company. The services were provided in the ordinary course of business and amounted to nil and \$3 (2008 - \$6 and \$11), respectively.

The Company entered into a lease in May 2007 for a property partially owned by a director and officer of the Company. The aggregate rent paid during the three and six months ended February 28, 2009 amounted to \$8 and \$16 (2008 - \$8 and \$16), respectively.

All related party transactions have been reported at their exchange amounts, as agreed to between the parties.

9. Contingent liability:

The CRTC collects two different types of fees from broadcast licencees, which are known as Part I and Part II fees. In 2003 and 2004, lawsuits were commenced in the Federal Court alleging that Part II fees were taxes as opposed to fees and that regulation authorizing them was unlawful. On December 14, 2006, the Federal Court ruled that the CRTC did not have the authority to charge Part II fees. Both the Crown and the applicants brought this case to the Federal Court of Appeal. On April 28, 2008, the Federal Court of Appeal overturned the Federal Court and ruled that Part II fees were valid regulatory charges. As of February 28, 2009, the Company has accrued \$630 for CRTC fees related to the period from September 1, 2006 to February 28, 2009. The Company will continue to record these fees on a prospective basis. An application for leave to appeal was granted by the Supreme Court of Canada on December 18, 2008.

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(in thousands of dollars, except per share amounts)

Three and six months ended February 28, 2009 and February 29, 2008 (unaudited)

10. Issuer Bid:

On February 24, 2009, the Company announced that its Board of Directors authorized management to proceed with an offer to purchase for cancellation up to 18,000,000 of its Class A Subordinate voting shares (“Class A shares”) at a price per share of \$0.40 (the “Offer”) or an aggregate amount of up to \$7,200.

CW Media Inc. and CanWest Global Communications Corp. (CW Media) tendered an aggregate of approximately 16,560,902 Class A shares (the “Locked-Up Shares”) to the issuer bid pursuant to a “Lock-Up Agreement” with the Company, and the Company understands that CW Media Inc. and one of its affiliates have sold the balance of their Class A Shares through a prospectus-exempt private placement.

The Offer expired on April 6, 2009 and on April 7, 2009 Score Media purchased all Class A shares tendered to the Offer, totalling 17,301,169. This represents approximately 17.6% of Score Media’s issued and outstanding Class A shares.

In connection with this Offer, on December 19, 2008, the Company amended the terms of its \$25,000 revolving credit facility which will be used to finance the Offer. Under the terms of the amended credit facility the Company has secured an additional year of financing and modified certain financial covenants. Upon completion of this transaction the Company will increase its debt and interest obligations. The Company does not anticipate any future issues in its ability to service and repay the debt associated with this transaction.