Q2 – 2010
Consolidated Financial Statements
For the Three and Six Months Ended
February 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the Three and Six Months Ended February 28, 2010

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, 2010. The MD&A should be read in conjunction with the interim consolidated financial statements of Score Media as at February 28, 2010 and for the three and six months ended February 28, 2010. 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, and financial risks, which are discussed in the Company's Annual Information Form dated November 27, 2009. 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 13, 2010.

HIGHLIGHTS

- Revenue for the quarter ended February 28, 2010 increased by $1.3 million or 15% to $10.0 million compared to $8.7 million in the quarter ended February 28, 2009.

- *EBITDA* (see "Definitions") for the quarter ended February 28, 2010 increased by $0.8 million to $1.0 million compared to $0.2 million in the quarter ended February 28, 2009.

- ScoreMobile for BlackBerry smartphones achieved its 1 millionth download, a significant milestone for the industry-leading mobile sports application. Together, ScoreMobile iPhone Edition and ScoreMobile for BlackBerry had over 1.1 million average monthly unique visitors during the quarter ended February 28, 2010.

- Score Media and the Canadian Broadcasting Corporation (CBC) established a partnership to deliver exclusive 2010 FIFA World Cup South Africa™ content to viewers on The Score. The deal gives The Score access to extended highlights of each FIFA World Cup™ match as well as the ability to create additional exclusive FIFA World Cup™ content, including in-depth news content and behind-the-scenes coverage of every team.

- In keeping with its reputation for unique sports coverage and its undeniable connection to hardcore sports fans, Score Media re-launched its website, theScore.com. The new site includes a new home-page ticker, enhanced news sections with real-time video, and a revamped TV section with features allowing fans to have their opinions heard on-air.

- Renowned radio personality, Bomani Jones, joined the voices of Hardcore Sports Radio with his new morning show, The Morning Jones. The three-hour broadcast debuted on SIRIUS Channel 98 air waves on January 11, 2010 and airs weekdays from 7-10 a.m.

- Score Media reached a deal with the National Hockey League (NHL) to bring video highlights and NHL content features to its newly relaunched website, www.theScore.com.

- The Score inked an exclusive Canadian multi-platform partnership agreement with World Extreme Cagefighting ("WEC"), one of the world's leading mixed martial arts sports organizations. The deal, which kicked-off in January 2010, brings seven live WEC events, online content and exclusive features to The Score.

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 6.7 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 ScoreMobile. Growing from a team of 60 in 1997 to over 230 employees in 2010, Score Media is a revolutionizing interactive media company.

Definitions

The Company focuses its analysis on EBITDA (earnings before interest, taxes, depreciation and amortization) and net income. EBITDA and net income for the three and six months ended February 28, 2010 and 2009 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 in accordance with Canadian GAAP. 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, amortization, and 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, 2010	**Three months ended February 28, 2009**
	(000's)	(000's)
Net loss for the period	$ (239)	$ (1,017)
Add back:		
Depreciation and amortization	1,049	1,131
Interest expense, net	154	65
Income tax expense	16	25
EBITDA	$ 980	$ 204

	Six months ended February 28, 2010		Six months ended February 28, 2009	
		(000's)		(000's)
Net income (loss) for the period	$	826	$	(769)
Add back:				
Depreciation and amortization		2,048		2,241
Interest expense, net		303		123
Income tax expense (recovery)		1,084		(171)
EBITDA	$	4,261	$	1,424

Consolidated Results

The following selected quarterly financial data of the Company relates to the preceding eight quarters, inclusive of the quarter ended February 28, 2010.

Quarterly Results	Revenue	EBITDA	Net income (loss)	Income (loss) per share – basic and diluted
	($000's)	($000's)	($000's)	($)
February 28, 2010	9,958	980	(239)	0.00
November 30, 2009	11,371	3,281	1,065	0.01
August 31, 2009	8,909	677	(675)	(0.01)
May 31, 2009	10,816	1,654	12	0.00
February 28, 2009	8,662	204	(1,017)	(0.01)
November 30, 2008	10,498	1,220	248	0.00
August 31, 2008	8,524	1,565	1,169	0.01
May 31, 2008	10,206	2,185	693	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, 2010

Revenue for the three months ended February 28, 2010 increased by $1.3 million or 15% to $10.0 million compared to $8.7 million for the same period 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 digital media properties that include theScore.com and ScoreMobile.

Television advertising and subscriber revenue increased by $0.8 million and $0.1 million, respectively, in the second quarter of fiscal 2010 reflecting continued growth in audience and the subscriber base with several broadcast distribution undertakings, compared to the second quarter of fiscal 2009. The digital media unit provided increased revenue of $0.4 million compared to the second quarter of fiscal 2009 primarily due to increased advertising on theScore.com and ScoreMobile.

Production and other direct expenses were $3.9 million for the three months ended February 28, 2010 compared to $4.2 million in the prior year, a decrease of $0.3 million. This decrease in production expenses resulted from efficiencies realized in the Company's efforts to produce multi-platform content, including lower compensation costs and reduced transmission and camera charges.

Selling, general and administrative expenses were $3.3 million for the three months ended February 28, 2010 compared to $2.7 million in the prior year, an increase of $0.6 million. This increase was primarily driven by higher stock-based and other compensation including sales commissions, as well as increased professional fees.

Program rights expenses were $1.7 million during the quarter, an increase of $0.1 million compared to $1.6 million in the prior year. This increase reflects increased fees associated with NBA and NCAA rights compared to the prior year.

EBITDA was $1.0 million for the three months ended February 28, 2010, an increase of $0.8 million compared to $0.2 million in same period of the prior year. Increased revenue of $1.3 million was offset by increased operating expenses of $0.5 million.

Interest expense, net was $0.2 million for the three months ended February 28, 2010 an increase of $0.1 million period compared to last year at $0.1 million. Increased interest in the comparative periods resulted from higher borrowing by the Company primarily related to the Issuer Bid completed in April 2009.

Depreciation and amortization expense decreased $0.1 million in the first quarter to $1.0 million compared to $1.1 million in the prior year. Depreciation is largely related to fixed assets associated with the Company's new HD studio and street-front exterior completed in fiscal 2009.

Net loss for the three months ended February 30, 2010 was $0.2 million or $0.00 per share based on a diluted weighted average 81.4 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to $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 in the same period of the prior year.

During the three months ended February 28, 2010, net income included income tax expense of nil which was consistent with the same period last year.

Six Months Ended February 28, 2010

Revenue for the six months ended February 28, 2010 increased by $2.1 million or 11% to $21.3 million compared to $19.2 million for the same period 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 digital media properties that include theScore.com and ScoreMobile.

Television advertising and subscriber revenue increased by $1.2 million and $0.2 million, respectively, in the first six months of fiscal 2010 reflecting continued growth in audience and the subscriber base with several broadcast distribution undertakings, compared to the first six months of fiscal 2009. The digital media unit provided increased revenue of $0.7 million compared to the first six months of fiscal 2009 primarily due to increased advertising on theScore.com and ScoreMobile.

Production and other direct expenses were $8.2 million for the six months ended February 28, 2010 compared to $8.7 million in the prior year, a decrease of $0.5 million. This decrease in production expenses resulted from efficiencies realized in the Company's efforts to produce multi-platform content, including lower compensation costs and reduced transmission and camera charges.

Selling, general and administrative expenses were $6.0 million for the six months ended February 28, 2010 compared to $6.5 million in the prior year, a decrease of $0.5 million. This decrease was primarily due to the reversal of the Company's accrual of CRTC Part II fees related to the 2007, 2008, and 2009 fiscal years.

Program rights expenses were $2.8 million during the six months ended February 28, 2010, an increase of $0.3 million compared to $2.5 million in the prior year. The increase reflects increased fees associated with NBA and NCAA rights compared to the prior year.

EBITDA was $4.3 million for the six months ended February 28, 2010, an increase of $2.9 million compared to $1.4 million in same period of the prior year. The increase resulted from increased revenue of $2.1 million and reduced operating expenses of $0.8 million.

Interest expense, net was $0.3 million for the six months ended February 28, 2010, an increase of $0.2 million period compared to last year at $0.1 million. Increased interest resulted from higher borrowing by the Company primarily related to the Issuer Bid completed in April 2009.

Depreciation and amortization expense decreased $0.2 million in the six months ended February 28, 2010 to $2.0 million compared to $2.2 million in the prior year. Depreciation is largely related to fixed assets associated with the Company's new HD studio and street-front exterior completed in fiscal 2009.

Net income for the six months ended February 28, 2010 was $0.8 million or $0.01 per share based on a diluted weighted average 81.2 million Class A Subordinate Voting Shares and Special Voting Shares outstanding, compared to a net loss of $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 in the prior year.

During the six months ended February 28, 2010, net income included income tax expense of $1.1 million compared to an income tax recovery of $0.2 million in the same period in the prior year, a variance of $1.3 million. In November 2009, a provincial corporate tax rate reduction was substantively enacted by the Government of Ontario. The revised combined future statutory tax rate for the Company is expected to be reduced by 4% and will be phased in over the next four years. The impact of this rate change was a reduction in the future tax asset of $0.9 million, which was entirely recorded in the first quarter of fiscal 2010. Excluding the impact of this rate reduction, normalized future income tax expense based on income in the Company's taxable entities was $0.2 million for the six months ended February 28, 2010.

Liquidity and Capital Resources

Cash flows provided by operations for the three and six months ended February 28, 2010 were $0.3 million and $1.9 million compared to $0.1 million and $2.8 million in the prior year. The increase of $0.2 million for the three months ended February 28, 2010 reflects increased net income, which was partially offset by movements in non-cash working capital. The decrease of $0.9 million for the six months ended February 28, 2010 primarily reflects movement in accounts receivable, which was partially offset by increases in net income and future income tax expense.

Cash flows provided by financing activities for the three months ended February 28, 2010 were $0.8 million compared to $0.7 million in the prior year. The increase of $0.1 million primarily reflects proceeds from the exercise of stock options. Cash flows provided by financing activities for the six months ended February 28, 2010 were $0.4 million compared to $1.9 million in the prior year. The decrease of $1.5 million reflects lower levels of cash drawn from the credit facility subsequent to the completion of the HD studio in fiscal 2009. The Company anticipates credit facility repayments in the second half of fiscal 2010 following the completion of the new HD studio, street-front exterior and Issuer Bid in the prior year.

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 and modified certain financial covenants. The credit facility is available to fund capital improvements 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 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, 2010 the Company had drawn $11.8 million from the credit facility through a combination of its line of credit and bankers' acceptance notes. 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, 2010 were $0.8 million and $1.8 million compared to $0.9 million and $4.8 million in the prior year, representing a decrease of $0.1 million and $3.0 million, respectively. For fiscal 2010, with the capital expenditure program related to the activities noted in the financing section above complete, the Company anticipates reduced cash flows used in investment activities compared to the last two fiscal years.

Other than the credit facilities described above and the interest rate swap described below, 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 to which the Company is exposed.

Interest Rate Swap

On May 13, 2009, the Company entered into an interest rate swap agreement with a notional amount of $7.0 million in order to limit its exposure to variability in forecasted cash flows due to changes in the general level of market interest rates. For accounting purposes, the Company designated $6.7 million of the swap as an effective cash flow hedge against the designated BA based borrowings under the credit facility.

As of February 28, 2010, the fair value of the swap was a liability of $54 which was recorded in accounts payable and accrued liabilities.

Contractual Obligations

The Company has no debt guarantees, capital leases or long-term obligations other than the credit facility, which is presented on the Consolidated Balance Sheets as at February 28, 2010 and August 31, 2009, and the commitments which are disclosed in the notes to these consolidated financial statements.

As at February 28, 2010, contractual operating obligations for the fiscal years noted below are as follows:

Contractual Obligations (in thousands of dollars)	2010	2011	2012	2013	2014	Thereafter	Total
Operating lease obligations	1,367	2,171	2,010	1,901	1,193	-	8,642
Programming rights obligations	2,290	31	-	-	-	-	2,321
Long-term debt obligations	-	11,788	-	-	-	-	11,788
Total	3,657	13,990	2,010	1,901	1,193	-	22,751

Related Party Transaction

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, 2010 amounted to $8,000 and $16,000 (three and six months ended February 28, 2009 - $8,000 and $16,000).

The related party transaction was reported at its exchange amount agreed to by the parties which the Company believes is representative of fair value.

Critical Accounting 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 long lived assets. 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 2009 Annual Audited Consolidated Financial Statements and Notes thereto, as well as in our 2009 Annual MD&A, we have identified the accounting 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, 2010 there are no changes to the critical accounting policies and estimates from those found in our 2009 Annual MD&A.

Adoption of new accounting pronouncements

In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets ("Section 3064"). Section 3064 replaced 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 and harmonizes the relevant literature of IFRS with Canadian GAAP. This new standard was retrospectively adopted for the Company's interim and annual consolidated financial statements commencing September 1, 2009.

Upon initial application, pre-operating costs of $26 previously capitalized were expensed and computer software and interactive development of $1,581 (August 31, 2009 - $1,410), license costs of $30 (August 31, 2009 - $40), trademark costs of $100 (August 31, 2009 - $103), and financing costs of $159 (August 31, 2009 - $182) were reclassified as intangible assets.

Recent 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 has completed a preliminary assessment of the accounting and reporting differences under IFRS as compared to Canadian GAAP, however, management has not yet finalized its determination of the impact of these differences on the consolidated financial statements. As this assessment progresses, the Company intends to disclose such impacts in its future consolidated financial statements.

The Company has identified three phases to its conversion: planning and initial diagnostic, comprehensive analysis, and implementation. The planning and initial diagnostic phase involves performing a high-level impact assessment to identify key areas that are expected to be influenced by the transition to IFRS. The result of these procedures will be prioritizing IFRS conversion issues to assess the timing and complexity of transition efforts that will be required in subsequent phases. This planning and initial diagnostic phase is substantially complete.

In the comprehensive analysis phase, each area identified from the planning and initial diagnostic phase will be addressed in order of priority. This phase involves a detailed comparison between IFRS and the Company's existing policies, specification of changes required to existing accounting policies, processes and documentation, analysis of policy choices permitted under IFRS and the development of draft IFRS financial statement content. The Company anticipates completing this phase in the second half of fiscal 2010.

The implementation phase includes finalizing accounting policy changes, execution of changes to information systems, controls and processes, preparing documentation to reflect IFRS guidance and completing training programs across the organization, as necessary. It will culminate in the Company fully grasping the impact of IFRS and having the capability to create pro-forma IFRS financial statements during the year leading up to the actual transition date. The Company anticipates completion of this phase in fiscal 2011.

In the period leading up to the changeover, the AcSB has indicated that it will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS on the conversion date. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS applicable at the conversion date are known.

Controls and Procedures

There have been no changes in our internal controls over financial reporting during the first six months of fiscal 2010 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Risks and Uncertainties

Our significant risks and uncertainties are summarized in our 2009 Annual MD&A. There have been no significant changes to those risks and uncertainties since August 31, 2009.

Other

Please refer to the attached interim Consolidated Financial Statements for the three and six months ended February 28, 2010, including the Notes thereto.

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

	February 28, 2010	August 31, 2009 (restated, note 2)
Assets		
Current assets:		
Cash and cash equivalents	$ 698	$ 276
Accounts receivable	9,380	6,875
Prepaid expenses and deposits	1,482	616
Future tax assets	834	663
	12,394	8,430
Fixed assets (note 3)	16,269	17,174
Intangible assets (note 4)	2,111	1,735
Future tax assets	5,756	7,011
	$ 36,530	$ 34,350
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	5,794	5,132
Revolving credit facility (note 5)	11,788	11,449
Shareholders' equity (note 6)	18,948	17,769
	$ 36,530	$ 34,350

See accompanying notes to unaudited interim consolidated financial statements

Score Media Inc.

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

	Three months ended		Six months ended	
	February 28, 2010	February 28, 2009 (restated, note 2)	February 28, 2010	February 28, 2009 (restated, note 2)
Revenue	$ 9,958	$ 8,662	$ 21,329	$ 19,160
Production and other direct expenses	3,945	4,197	8,222	8,691
Selling, general and administration	3,349	2,699	6,044	6,545
Program rights	1,684	1,562	2,802	2,500
	8,978	8,458	17,068	17,736
Income before undernoted	980	204	4,261	1,424
Interest expense, net	154	65	303	123
Depreciation and amortization	1,049	1,131	2,048	2,241
Income (loss) before income taxes	(223)	(992)	1,910	(940)
Future income tax expense (recovery) (note 8)	16	25	1,084	(171)
Net income (loss) for the period	$ (239)	$ (1,017)	$ 826	$ (769)
Income (loss) per share - basic and diluted (note 7)	$ 0.00	$ (0.01)	$ 0.01	$ (0.01)
Weighted average number of Class A Subordinate Voting and Special Voting Shares outstanding (note 7) Basic	81,166,642	98,411,849	81,161,684	98,411,849
Diluted	81,353,504	98,411,849	81,227,489	98,411,849

See accompanying notes to unaudited interim consolidated financial statements

Score Media Inc.
Consolidated Statements of Shareholders' Equity
(in thousands of dollars, except share amounts)
(unaudited)

	Special Voting Shares		Class A Subordinate Voting Shares					
	Amount	Number of Shares	Amount	Number of Shares	Contributed surplus	Retained Earnings (Deficit)	Accumulated other comprehensive loss	Total Shareholders' Equity
Six months ended February 28, 2010								
Balances, August 31, 2009, as reported	$ 17	5,566	$ 16,695	81,146,781	$ 2,331	$ (1,244)	(28)	$ 17,771
Cumulative effect of HB 3064 adoption	-	-	-	-	-	(2)	-	(2)
Balances, August 31, 2009, as restated (note 2)	$ 17	5,566	$ 16,695	81,146,781	$ 2,331	$ (1,246)	$ (28)	$ 17,769
Stock based compensation expense for the period	-	-	-	-	336	-	-	336
Net income for the period	-	-	-	-	-	826	-	826
Change in fair value of interest rate swap	-	-	-	-	-	-	(24)	(24)
Shares issued on exercise of stock options	-	-	41	78,332	-	-	-	41
Balances, February 28, 2010	**$ 17**	**5,566**	**$ 16,736**	**81,225,113**	**$ 2,667**	**$ (420)**	**$ (52)**	**$ 18,948**
Six months ended February 28, 2009								
Balances, August 31, 2008, as reported	$ 30	10,000	$ 20,128	98,411,849	$ 2,247	$ 3,680	-	$ 26,085
Cumulative effect of HB 3064 adoption	-	-	-	-	-	26	-	26
Balances, August 31, 2008, as restated (note 2)	30	10,000	20,128	98,411,849	2,247	3,706	-	26,111
Stock based compensation expense for the period	-	-	-	-	101	-	-	101
Net loss for the period	-	-	-	-	-	(769)	-	(769)
Balances, February 28, 2009, as restated (note 2)	**$ 30**	**10,000**	**$ 20,128**	**98,411,849**	**$ 2,348**	**$ 2,937**	**$ -**	**$ 25,443**

See accompanying notes to unaudited interim consolidated financial statements

Score Media Inc.

Consolidated Statements of Comprehensive Income
(in thousands of dollars)
(unaudited)

	Three months ended		Six months ended	
	February 28, 2010	**February 28, 2009 (restated, note 2)**	**February 28, 2010**	**February 28, 2010 (restated, note 2)**
Net income (loss) for the period	**$ (239)**	**$ (1,017)**	**$ 826**	**$ (769)**
Other comprehensive income (loss):				
Cash flow hedging derivative instruments:				
Change in fair value of interest rate swap (note 5)	**$ 10**	**$ -**	**$ (24)**	**$ -**
Comprehensive income (loss) for the period	**$ (229)**	**$ (1,017)**	**$ 802**	**$ (769)**

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		Six months ended	
	February 28, 2010	February 28, 2009 (restated, note 2)	February 28, 2010	February 28, 2009 (restated, note 2)
Cash provided by (used in):				
Operations:				
Net income (loss) for the period	$ (239)	$ (1,017)	$ 826	$ (769)
Items not involving cash:				
Depreciation and amortization	1,049	1,131	2,048	2,241
Stock-based compensation expense	159	33	336	101
Future income tax expense (recovery)	16	25	1,084	(171)
Change in non-cash operating working capital:				
Accounts receivable	37	388	(2,505)	214
Prepaid expenses and deposits	(539)	(1,266)	(866)	(1,483)
Accounts payable and accrued liabilities	(175)	819	948	2,709
	308	113	1,871	2,842
Financing:				
Draw from credit facility	10,475	13,500	19,356	21,031
Repayments to credit facility	(9,713)	(12,767)	(19,017)	(19,180)
Issuance of Class A subordinate voting shares	37	-	41	-
	799	733	380	1,851
Investing:				
Additions to fixed assets	(277)	(146)	(754)	(1,832)
Change in non-cash working capital related to fixed assets	(77)	(437)	(310)	(2,467)
Acquisition of intangible assets	(454)	(293)	(765)	(485)
	(808)	(876)	(1,829)	(4,784)
Increase (decrease) in cash and cash equivalents	299	(30)	422	(91)
Cash and cash equivalents, beginning of period	399	231	276	292
Cash and cash equivalents, end of period	$ 698	$ 201	$ 698	$ 201
Supplemental Cash Flow information				
Interest paid	$ 97	$ 60	$ 246	$ 119

See accompanying notes to unaudited interim consolidated financial statements

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 6.7 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 digital media assets, theScore.com and ScoreMobile.

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, 2010, and the results of operations and cash flows for the three and six months ended February 28, 2010 and February 28, 2009.

2. Significant accounting policies

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, 2009. With the exception of Handbook Section 3064 as discussed below, 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, 2009.

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

2. Significant accounting policies (cont'd)

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that significantly affects financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period.

In February 2008, the AcSB confirmed that IFRS will be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011. The Company's first annual IFRS financial statements will be for the year ending August 31, 2012 and will include the comparative period of fiscal 2011. Starting in the first quarter of fiscal 2012, the Company will provide unaudited consolidated financial information in accordance with IFRS including comparative figures for fiscal 2011.

The Company has completed a preliminary assessment of the accounting and reporting differences under IFRS as compared to Canadian GAAP, however, management has not yet finalized its determination of the impact of these differences on the consolidated financial statements. As this assessment is finalized, the Company intends to disclose such impacts in its future consolidated financial statements.

In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS applicable at the conversion date are known.

Goodwill and Intangible Assets

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 and was applied retrospectively with restatement of prior periods.

Upon initial application, pre-operating costs of $26 previously capitalized were expensed and computer software and interactive development of $1,581 (August 31, 2009 - $1,410), license costs of $30 (August 31, 2009 - $40), trademark costs of $100 (August 31, 2009 - $103), and financing costs of $159 (August 31, 2009 – $182) were reclassified as intangible assets.

(in thousands of dollars, except share and per share amounts)

3. Fixed assets:

February 28, 2010	Cost	Accumulated depreciation	Net book value
Technical production equipment	$ 23,225	$ 13,235	$ 9,990
Computer equipment	2,575	1,372	1,203
Office equipment and furniture	1,178	581	597
Leasehold improvements	7,425	2,946	4,479
	$ 34,403	$ 18,134	$ 16,269

August 31, 2009 (restated, note 2)	Cost	Accumulated depreciation	Net book value
Technical production equipment	$ 22,908	$ 11,923	$ 10,985
Computer equipment	2,157	1,178	979
Office equipment and furniture	1,125	540	585
Leasehold improvements	7,339	2,714	4,625
	$ 33,529	$ 16,355	$ 17,174

Depreciation expense for the three and six months ended February 28, 2010 amounted to $836 and $1,659 (three and six months ended February 28, 2009 - $900 and 1,796).

(in thousands of dollars, except share and per share amounts)

4. Intangible assets:

	February 28, 2010	August 31, 2009 (restated, note 2)
Licence costs, less accumulated amortization of $260 (2008 - $240)	$ 20	$ 40
Trademarks, less accumulated amortization of $41 (2008 - $35)	147	103
Financing costs, less accumulated amortization of $200 (2008 - $155)	137	182
Computer software and interactive development less accumulated amortization of $2,776 (2008 - $2,456)	1,807	1,410
	$ 2,111	$ 1,735

Amortization expense for the three and six months ended February 28, 2010 amounted to $213 and $389 (three and six months ended February 28, 2009 - $231 and $445).

5. 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 to August 15, 2011. Loans and bankers' acceptances ("BA") 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. The credit facility is available to fund capital improvements and for general corporate purposes. As at February 28, 2010, $11,788 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 intercompany loans. The Company was in compliance with the financial covenants included in the loan agreement as at February 28, 2010.

5. Revolving credit facility (cont'd):

For the three and six months ended February 28, 2010, interest expense includes interest on the bank loans of $154 and $303 (three and six months ended February 28, 2009 - $65 and $123), respectively.

The weighted average interest rate for the three and six months ended February 28, 2010 was 5.4% and 5.2% (three and six months ended February 28, 2009 – 4.5% and 5.0%), respectively.

On May 13, 2009, the Company entered into an interest rate swap agreement with a notional amount of $7,000 in order to fix the floating interest under its BA based on borrowings and limit its exposure to variability in forecasted cash flows due to changes in the general level of market interest rates. The Company designated $6,700 of the swap as a cash flow hedge against the designated BA based borrowings under the credit facility.

As of February 28, 2010, the fair value of the swap was a liability of $54 which is recorded in accounts payable and accrued liabilities. Included in other comprehensive income for the six month period ending February 28, 2010 is a loss of $24 which results from the portion of the swap that was determined to be a cash flow hedge. Included in net income for the period is a nil gain resulting from the portion of the swap that was excluded from the assessment of hedge effectiveness.

6. Shareholders' Equity:

(a) Capital Stock:

The Company is authorized to issue the following capital stock:

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

(in thousands of dollars, except share and per share amounts)

6. Shareholders' Equity (cont'd):

(b) Stock Options:

The following table summarizes the status of the Company's stock option plan:

	Number	**Exercise price**	**Weighted average exercise price**
Outstanding options, August 31, 2009	4,702,167	$0.43 – 0.84	$0.59
Granted	1,590,000	0.47	0.47
Cancelled	(493,667)	0.43 – 0.84	0.54
Exercised	(78,332)	0.43 – 0.56	0.54
Outstanding options, February 28, 2010	5,720,168	$0.47 – 0.84	$0.56
Options exercisable, February 28, 2010			2,853,501
Options exercisable, August 31, 2009			3,019,666

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

As at February 28, 2010, the weighted average remaining contractual life of the options exercisable and outstanding was 6.3 years and 3.8 years, respectively.

As at February 28, 2010, the weighted average exercise price of the options exercisable and outstanding was $0.60 and $0.56, respectively. The following summarizes information about the employee stock options at February 28, 2010:

(in thousands of dollars, except share and per share amounts)

6. Shareholders' Equity (cont'd):

Exercise price	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable
$0.47	1,590,000	9.6	-
0.48	693,333	9.4	625,833
0.54	1,000,000	0.3	1,000,000
0.55	111,000	0.7	111,000
0.56	1,500,835	7.7	309,168
0.71	35,000	3.4	17,500
0.82	500,000	3.3	500,000
0.84	290,000	1.7	290,000
$0.60	5,720,168	6.3	2,853,501

On October 21, 2009 the Company granted 1,590,000 stock options. The weighted average estimated fair value at the date of the grant for the options granted was $0.30. 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	2% - 3%
Dividend yield	–
Volatility factor of the future expected market price of common shares	66%
Weighted average expected life of the options	4 - 10 years

(in thousands of dollars, except share and per share amounts)

7. Basic and diluted income per share:

The estimated fair value of the options is amortized to expense over the vesting period. During the three and six months ended February 28, 2010, the Company recorded stock-based compensation expense of $159 and $336 (three and six months ended February 28, 2009 - $33 and $101), respectively.

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

	Three months ended February 28,		Six months ended February 28,	
	2010	**2009**	**2010**	**2009**
Numerator:				
Net income (loss) available to shareholders	$ (239)	$(1,017)	$ 826	$ (769)
Denominator (000's):				
Weighted average shares outstanding – basic	81,167	98,412	81,162	98,412
Effect of dilutive stock options	187	-	65	-
Weighted average shares outstanding – diluted	81,354	98,412	81,227	98,412
Income (loss) per share:				
Basic and diluted	$0.00	($0.01)	$0.01	($0.01)

During the three and six months ended February 28, 2010, options to purchase 825,000 (three and six months ended February 28, 2009 – 3,465,084) Class A Subordinate Voting shares were outstanding but not included in the computation of diluted income per share because the impact would be anti-dilutive.

8. Income taxes

During the six months ended February 28, 2010, net income included future income tax expense of $1.1 million. In November 2009, a provincial corporate tax rate reduction was substantively enacted by the Government of Ontario. The revised combined future statutory tax rate for the Company will be reduced by 4% and phased in over the next four years. The impact of this rate change was a reduction in the future tax asset of $0.9 million, which was recorded in the first quarter of fiscal 2010.

9. Related party transaction:

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, 2010 amounted to $8 and $16 (three and six months ended February 28, 2009 - $8 and $16).

The related party transaction was reported at its exchange amount, as agreed to between the parties.