Q2 – 2013
Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended
February 28, 2013 and February 29, 2012
(Unaudited)

theScore, Inc.

Condensed Consolidated Interim Statements of Financial Position
(in thousands of Canadian dollars)
(unaudited)

	February 28, 2013	August 31, 2012
ASSETS		
Current assets:		
Cash	$ 5,064	$ -
Accounts receivable	1,751	1,124
Other receivables (notes 1, 8)	3,663	1,863
Due from Remaining Group (note 6)	-	80
Prepaid expenses and deposits	291	142
	10,769	3,209
Non-current assets:		
Property and equipment (note 3)	1,066	246
Intangible assets (note 4)	7,509	7,206
Investment (note 5)	760	-
Investment in equity accounted investee (note 5)	-	916
	9,335	8,368
Total assets	$ 20,104	$ 11,577
LIABILITIES AND SHAREHOLDERS' EQUITY/FUNDED DEFICIENCY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,430	$ 1,799
Due to Former Parent (note 7)	-	23,574
Due to Remaining Group (note 6)	-	8,840
	2,430	34,213
Funded deficiency (note 1)	-	(22,636)
Shareholders' equity (note 14)	17,674	-
Commitments and contingencies (notes 1, 10)		
Subsequent Event (note 15)		
Total liabilities and shareholders' equity/funded deficiency	$ 20,104	$ 11,577

See accompanying notes to Condensed Consolidated Interim Financial Statements

theScore, Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss
(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Revenue (note 12)	$ 1,110	$ 701	$ 2,616	$ 1,716
Operating expenses:				
Personnel (note 8)	1,943	101	3,658	856
Content	424	656	804	1,104
Technology	665	384	1,454	1,079
Facilities, administrative and other	556	502	1,239	911
Management fees (note 7)	-	136	48	330
Depreciation of equipment	33	23	56	43
Amortization of intangible assets (note 8)	627	360	1,228	518
Share of loss of equity accounted for investee	31	35	33	23
Investment loss (note 5)	111	-	111	-
	4,390	2,197	8,631	4,864
Operating loss	(3,280)	(1,496)	(6,015)	(3,148)
Interest expense	-	129	99	248
Net and comprehensive loss	$ (3,280)	$ (1,625)	$ (6,114)	$ (3,396)
Earnings per share - basic and diluted (note 13)	$ (0.03)	$ (0.02)	$ (0.06)	$ (0.04)

See accompanying notes to Condensed Consolidated Interim Financial Statements

theScore, Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity/Funded Deficiency
(in thousands of Canadian 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/ Funded Deficiency	Total Shareholder's Equity/ Funded Deficiency
Six months ended February 28, 2013							
Balances, August 31, 2012	$ -	-	$ -	1	$ -	$ (22,636)	(22,636)
Net and comprehensive loss for the period	-	-	-	-	-	(6,114)	(6,114)
Contributions by Former Parent and Remaining Group	-	-	-	-	-	107	107
Share-based compensation expense for the period	-	-	-	-	60	-	60
Capitalization arising from the Arrangement (note 1):							
Amounts acquired - Due to Former Parent	-	-	-	-	-	25,198	25,198
Amounts acquired - Due to Remaining Group	-	-	-	-	-	9,371	9,371
Initial capitalization	15	5,566	11,579	95,015,275	-	-	11,594
Assets transferred at carrying value	-	-	-	-	-	94	94
Balances, February 28, 2013	$ 15	5,566	$ 11,579	95,015,276	$ 60	$ 6,020	$ 17,674
Six months ended February 29, 2012							
Balances, August 31, 2011	$ -	-	$ -	-	$ -	$ (14,627)	(14,627)
Net and comprehensive loss for the period	-	-	-	-	-	(3,396)	(3,396)
Contributions by Former Parent and Remaining Group	-	-	-	-	-	448	448
Balances, February 29, 2012	$ -	-	$ -	-	$ -	$ (17,575)	$ (17,575)

See accompanying notes to Condensed Consolidated Interim Financial Statements

theScore, Inc.

Condensed Consolidated Interim Statements of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Six months ended	
	February 28, 2013	February 29, 2012
Cash flows from (used in) operating activities		
Net and comprehensive loss	$ (6,114)	$ (3,396)
Adjustments for:		
Depreciation and amortization	1,284	561
Share of loss of equity accounted investee	33	23
Stock-based compensation (note 11)	60	-
Investment loss (note 5)	111	-
Contributions by Former Parent and Remaining Group (notes 6, 7)	107	448
	(4,519)	(2,364)
Change in non-cash operating working capital:		
Accounts receivable	(627)	(877)
Other receivable	-	(984)
Prepaid expenses and deposits	(149)	(78)
Accounts payable and accrued liabilities	631	491
	(145)	(1,448)
Net cash used in operating activities	(4,664)	(3,812)
Cash flows from financing activities		
Funding provided from Arrangement (note 1)	9,794	-
Due to Remaining Group (note 6)	531	2,723
Due to Former Parent (note 7)	1,624	3,055
Net cash from financing activities	11,949	5,778
Cash flows used in investing activities		
Additions of property and equipment	(694)	(94)
Additions of intangible assets	(1,527)	(1,871)
Net cash used in investing activities	(2,221)	(1,965)
Cash, beginning of period	-	-
Cash, end of period	$ 5,064	$ -

See accompanying notes to Condensed Consolidated Interim Financial Statements

---

1. Nature of operations:

(a) Business:

theScore Inc's ("theScore") mission is to provide a digital service to sports fans, delivering a personalized user experience across all major mobile platforms through our mobile apps and website. Users are provided with a comprehensive, customizable service that dispenses real-time sports new, scores, fantasy information and alerts, alongside compelling, relevant content that allows for seamless social sharing by users. theScore also enables advertisers to engage with users across theScore's mobile and web platforms and offers them a combination of reach, relevance, and customizable advertising and sponsorship products.

theScore principally operates in Canada and is currently headquartered at 500 King Street West, 4th floor, Toronto, Ontario, M5V 1L9. Common shares began trading on the TSX-V on October 25, 2012 under the symbol SCR.TO.

Prior to October 19, 2012, the digital media business ("Score Digital") of theScore was a business of Score Media Inc. (the "Former Parent"). Score Digital represented a portion of the Former Parent's business and did not constitute a separate consolidated group.

On August 25, 2012, the Former Parent entered into a definitive arrangement agreement (the "Arrangement Agreement") with Rogers Media Inc. ("Rogers") pursuant to which, by way of a court-approved plan of arrangement (the "Arrangement"): (i) Rogers would acquire the television business of the Former Parent via an acquisition of all of the outstanding shares of the Former Parent for $1.62 per share; and (ii) Score Digital would be spun out to the Former Parent's shareholders as a new corporation, theScore, formed to acquire Score Digital and certain assets of the Former Parent and its subsidiaries.

The Arrangement was approved by the Board of Directors of the Former Parent, and by the Former Parent's shareholders, on October 17, 2012, and the Arrangement closed on October 19, 2012. Under the terms of the Arrangement Agreement, Rogers acquired all of the outstanding shares of the Former Parent and an interest in theScore.

The Arrangement Agreement contemplated certain agreements which were executed on or prior to the closing date of the transaction. These agreements included:

- a three-year software license agreement, whereby Rogers will pay theScore $1.0 million per annum for the development and licensing of a white-label version of theScore's ScoreMobile application;

1. Nature of operations (continued):

- a transitional services agreement, which remains in effect, that provides the Former Parent with a non-transferable license to use certain trademarks in connection with the operation of the television business pending its rebranding by Rogers and pursuant to which the parties agree to provide each other with certain business transition services for a period defined therein; and

- a Business Separation Agreement that provided for the separation of the television and digital media businesses of the Former Parent prior to closing of the Arrangement and included certain indemnifications primarily related to taxation matters in favour of the Former Parent, and its affiliates, directors, officers and employees which are limited to $3.0 million in the aggregate.

Pursuant to the Business Separation Agreement, the Former Parent capitalized theScore for $11.6 million, inclusive of $1.8 million held in escrow until the first anniversary of the closing of the Arrangement being October 19, 2013. The amount held in escrow has been included as part of Other receivables in the statement of financial position

theScore consolidates the following entities, which up until October 19, 2012 were wholly owned subsidiaries of the Former Parent and were consolidated by and under the control of the Former Parent:

- Score Media Ventures Inc., together with its wholly owned consolidated subsidiaries, ScoreMobile Inc. and 2283546 Ontario Inc.;
- Hardcore Sports Radio Inc.;
- St. Clair Group Investments Inc.;
- Score Productions Inc.; and
- SMI International Holdings Inc., together with its wholly owned consolidated subsidiary, SMI International Ltd.

Together, the aforementioned subsidiaries are referred to in these unaudited Condensed Consolidated Interim Financial Statements (the "Interim Financial Statements") as the "Combined Subsidiaries".

Subsidiaries of the Former Parent that are not part of theScore and were related parties up until October 19, 2012 are referred to as the "Remaining Group" and include the following:

1. Nature of operations (continued):

- The Score Television Network Ltd., together with its wholly owned subsidiary, 1212895 Ontario Ltd.;
- Voice to Visual Inc.; and
- Score Fighting Inc.

(b) Basis of presentation and statement of compliance:

These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies theScore expects to apply in its consolidated financial statements as at and for the year ending August 31, 2013. These accounting policies are disclosed in note 2 of theScore's condensed consolidated Interim Financial Statements for the three months ended November 30, 2012.

These Interim Financial Statements are presented in Canadian dollars, which is theScore's functional currency.

These Interim Financial Statements were approved by the Board of Directors of theScore on April 23, 2013.

theScore has elected to present comparative condensed consolidated interim financial information and adjust its current reporting period before October 19, 2012 as if the acquisition of Score Digital had occurred before September 1, 2011 using the continuity of interest basis of accounting where book value accounting has been applied resulting in the acquired assets and liabilities of Score Digital being recorded at the carrying value of the Former Parent in its consolidated financial statements. The comparative periods in the Interim Financial Statements have been prepared on a combined consolidated "carve-out" basis from the books and records of the Former Parent and the Combined Subsidiaries and purport to represent the historical results of operations, financial position and cash flows of Score Digital as if it had existed as a separate stand-alone group of entities under the Former Parent's management, and applying International Accounting Standard ("IAS") 27, Consolidated and Separate Financial Statements ("IAS 27"), to account for intergroup investments and transactions. Amounts included in the current reporting period before October 19, 2012 have been prepared on the same basis. Entities included in the comparative periods in the Interim Financial Statements and the current reporting period before October 19, 2012 are the Combined Subsidiaries, that is those entities that, upon completion of the Arrangement, ceased to be wholly owned subsidiaries of the Former Parent and became wholly owned subsidiaries of theScore pursuant to the Arrangement.

1. Nature of operations (continued):

The results of operations, financial position and cash flows up to October 19, 2012 may not be indicative of what they would actually have been had Score Digital been a separate

stand-alone entity, nor are they indicative of what the theScore's results of operations, financial position and cash flows may be in the future.

Costs directly related to Score Digital have been entirely attributed to Score Digital in the comparative periods in the Interim Financial Statements and the current reporting period prior to October 19, 2012. From September 1, 2012 to October 19, 2012, Score Digital received services and support functions from the Former Parent and certain subsidiaries of the Former Parent and the Remaining Group. Up until October 19, 2012 Score Digital's operations were dependent upon the Former Parent's ability to perform these services and support functions. In addition to amounts historically charged to Score Digital from the Former Parent and Remaining Group for such services (notes 6 and 7), certain additional costs were allocated to Score Digital for purposes of preparation of the comparative periods in the Interim Financial Statements and the current reporting period prior to October 19, 2012. These allocated costs are as follows:

- Corporate administrative and other costs, including corporate costs used by Score Digital and paid by the Former Parent and Remaining Group. These costs have been allocated to Score Digital primarily based on proportionate revenue of theScore compared to consolidated revenue of the Former Parent. These allocated costs have been recorded in facilities, administrative and other costs.

- Technology costs paid by the Remaining Group but used by Score Digital. These costs have been allocated based primarily on relative usage or access by Score Digital.

- Finance costs representing interest incurred by the Former Parent prior to October 19, 2012 on its credit facility, allocated to Score Digital based on a pro rata share of accessed funding from the Former Parent's credit facility.

Costs that have been allocated to Score Digital from the Former Parent and Remaining Group that were not repayable have been recorded as contributions from the Former Parent and Remaining Group within the Funded Deficiency account. The Funded Deficiency account represents the cumulative net investment by the Former Parent and Remaining Group in Score Digital through the dates presented and includes cumulative operating results, including other comprehensive loss.

1. Nature of operations (continued):

Management believes the assumptions and allocations underlying the comparative periods in the Interim Financial Statements and the current reporting period before October 19, 2012 are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered to be a reasonable reflection of the utilization of services provided to or the benefit received by Score Digital during the periods presented. However, these assumptions and allocations are not necessarily indicative of the costs Score Digital would have incurred if it had operated on a stand-alone basis or as an entity independent of the Former Parent.

2. Significant accounting policies:

(a) Recent accounting pronouncements:

(i) IAS 1, Presentation of Financial Statements

In June 2011, the IASB published amendments to IAS 1, Presentation of Financial Statements ("IAS 1"). The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. theScore intends to adopt the amendments in its financial statements for the annual period beginning on September 1, 2013. As the amendments only require changes in the presentation of items in other comprehensive income, theScore does not expect the amendments to IAS 1 to have a material impact on the financial statements.

(ii) IAS 28, Investments in Associates and Joint Ventures:

In May 2011, the IASB published amendments to IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), which previously specified that the cessation of significant influence or joint control triggered re-measurement of any retained stake in all cases with gain recognition in profit or loss, even if significant influence was succeeded by joint control. IAS 28 now requires that in such scenarios the retained interest in the investment is not re-measured. This new standard is effective for theScore's financial statements commencing September 1, 2013. theScore is assessing the impact of this new standard on its financial statements.

2. Significant accounting policies (continued):

(iii) IFRS 10, Consolidated Financial Statements:

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12, Consolidation-Special Purpose Entities, and IAS 27, Consolidated and Separate Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for theScore's financial statements commencing September 1, 2013. theScore is assessing the impact of this new standard on its Financial Statements.

(iv) IFRS 11, Joint Arrangements:

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11"). IFRS 11, which replaces the guidance in IAS 31, Interests in Joint Ventures, which provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This new standard is effective for theScore's financial statements commencing September 1, 2013. theScore is assessing the impact of this new standard on its financial statements.

(v) IFRS 12, Disclosure of Interests in Other Entities:

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and uncombined structured entities. This new standard is effective for theScore's financial statements commencing September 1, 2013. theScore is assessing the impact of this new standard on its financial statements.

(vi) IFRS 13, Fair Value Measurement:

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 replaces the fair value guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard completes the IASB's project to converge fair value measurement in IFRS and United States generally accepted accounting principles. This new standard is effective for theScore's financial

2. Significant accounting policies (continued):

statements commencing September 1, 2013. theScore is assessing the impact of this new standard on its financial statements.

(vii) IFRS 9, Financial Instruments:

In October 2010, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”). IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for theScore's financial statements commencing September 1, 2015. theScore is assessing the impact of this new standard on its financial statements.

3. Property and equipment:

	Total
Cost	
Balance, August 31, 2012	$ 2,096
Additions	876
Balance, February 28, 2013	$ 2,972
Accumulated depreciation	
Balance, August 31, 2012	$ 1,850
Depreciation	56
Balance, February 28, 2013	$ 1,906
Carrying amounts	
Balance, August 31, 2012	$ 246
Balance, February 28, 2013	1,066

4. Intangible assets:

	Product development	Trademarks	Computer software	Acquired technology	Acquired customer relationships	Total
Cost						
Balance, August 31, 2012	$ 10,399	$ 166	$ 1,082	$ 239	$ 485	$ 12,371
Acquisitions - internally developed	1,490	–	37	–	–	1,527
Acquisitions – from Arrangement	–	4	–	–	–	4
Balance, February 28, 2013	$ 11,889	$ 170	$ 1,119	$ 239	$ 485	$ 13,902
Accumulated amortization						
Balance, August 31, 2012	$ 3,731	$ 96	$ 1,070	$ 89	$ 179	$ 5,165
Amortization	1,128	14	18	22	46	1,228
Balance, February 28, 2013	$ 4,859	$ 110	$ 1,088	$ 111	$ 225	$ 6,393
Carrying value						
Balance, August 31, 2012	$ 6,668	$ 70	$ 12	$ 150	$ 306	$ 7,206
Balance, February 28, 2013	7,030	60	31	128	260	7,509

4. Intangible assets (continued):

Internally developed intangible assets are $7,030 as at February 28, 2013 (August 31, 2012 - $6,668) and are made up of product development costs less accumulated amortization. Acquired intangible assets are $479 as at February 28, 2013 (August 31, 2012 - $538) and are made up of trademarks, computer software, acquired technology and acquired customer relationships less accumulated amortization.

5. Investment:

During the three months ended February 28, 2013, the equity investee completed a financing arrangement whereby theScore's ownership interest was diluted to 14% and it relinquished certain rights previously associated with the common shares held. As a consequence, theScore determined that it no longer has significant influence over the equity investee and, as a result, ceased using the equity method to account for its investment. theScore recorded a loss of $111 during the period representing the amount of the carrying value of its investment that exceeded the fair value at the date significant influence was lost. theScore commenced accounting for its investment as available-for-sale in January 2013.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified within loans and receivables or financial assets at fair value through profit or loss. Subsequent to initial recognition, the investment is measured at fair value and changes therein, other than impairment losses which are recognized in profit or loss, are recognized in other comprehensive income and presented within equity as a fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss for the period.

During the six months ended February 28, 2013, theScore incurred development fees under a development services agreement and incurred recruitment charges associated with hiring certain personnel previously employed by theScore's former equity investee, which were recorded at the exchange amounts agreed to by the parties. Total costs incurred in the three and six months ended February 28, 2013 amounted to nil and $716, respectively (three and six months ended February 29, 2012 – $541 and $1,134) of which $466 were capitalized as part of product development intangible assets (three and six months ended February 29, 2012 – $541 and $1,134). As at August 31, 2012, theScore's accounts payable balance due to its equity accounted investee for such development costs was $477. On September 30, 2012 theScore's development services agreement with its former equity accounted investee expired. The related party transactions are in the normal course of operations.

6. Transactions with Remaining Group:

	February 28, 2013	August 31, 2012
Due from Remaining Group		
Score Fighting Inc.	$ -	$ 80
Due to Remaining Group:		
The Score Television Network Ltd.	$ -	$ 8,743
Voice to Visual Inc.	-	97
	$ -	$ 8,840

Prior to October 19, 2012, the Combined Subsidiaries, The Score Television Network Ltd., Voice to Visual Inc. and Score Fighting Inc. were related by virtue of common ownership by the Former Parent.

During the period from September 1, 2012 to October 19, 2012, the Remaining Group paid $531 (three and six months ended February 28, 2012 - $2,054 and $2,723) for certain operating costs of Score Digital, including personnel costs and other operating costs.

These transactions were in the normal course of operations. The amounts due to/from Remaining Group were due on demand and non-interest bearing.

Prior to the closing of the Arrangement (refer to note 1) the balances due to and due from the Remaining Group were either settled or acquired by theScore.

7. Transactions with Former Parent:

(a) Due to Former Parent and transactions with Former Parent:

(i) Until October 19, 2012, the Former Parent provided the Combined Subsidiaries access to, at its discretion, the Former Parent's revolving credit facility with a Canadian chartered bank. Any amounts accessed by the Combined Subsidiaries represented obligations to the Former Parent and have been recorded as Due to Former Parent.

Until October 19, 2012, the Combined Subsidiaries were guarantors of the Former Parent's credit facility. Amounts drawn under the Former Parent's credit facility were secured by a pledge of substantially all the assets of the Combined Subsidiaries, a pledge of all the issued and outstanding shares of each of the Former Parent's operating subsidiaries (including the Combined Subsidiaries) and the subordination and pledge of intercompany loans.

(ii) Management fees represent a charge for costs incurred by the Former Parent until October 19, 2012, consisting of professional fees and other public company-related costs, including corporate costs and management compensation associated with operating the Former Parent's consolidated business. For the three and six months ended February 28, 2013, management fees recorded were nil and $48 (three and six months ended February 29, 2012 – $136 and $330).

(iii) During the period from September 1, 2012 to October 19, 2012, the Former Parent paid $1,624 (six months ended February 28, 2013 - $3,055) for certain operating costs of theScore, including personnel costs and other administrative costs.

These transactions were in the normal course of operations. The amounts due to Former Parent were due on demand and non-interest bearing.

Prior to the closing of the Arrangement (refer to note 1(a)) the due to Former Parent balances were either settled or acquired by theScore.

8. Tax credits:

In the second quarter of fiscal 2012 theScorecompleted its Ontario Interactive Digital Media Tax Credit ("OIDMTC") analysis and related application relating to costs previously incurred in fiscal 2010 and 2011. As a result, theScore recognized a $1,863 accrual relating to the eligible costs incurred during this period which theScore deemed to be reasonably assured of realization. $984 of this accrual related to employee salaries and benefits costs previously expensed in the digital media segment in fiscal years 2010 and 2011, $680 of this accrual related to costs previously capitalized and included as part of digital media development intangible assets and $199 of this accrual related to amortization relating to previously capitalized digital media development intangible assets.

An amount receivable of $793 pertaining to the Company's OIDMTC application for the three year period ended August 31, 2009, which was previously recognized in the first quarter of fiscal 2012, was subsequently collected during the second quarter of fiscal 2012.

9. Capital risk management:

theScore's objectives in managing capital are to maintain its ability to operate as a going concern, to fund future development and growth of the business. Up until October 19, 2012 the capital structure of theScore consisted of Due to Former Parent, Due to and from Remaining Group, and Funded Deficiency. Commencing October 19, 2012 the capital structure consists of shareholders' equity and cash.

theScore manages and adjusts the capital structure in consideration of changes in economic conditions and the risk characteristics of the underlying assets. Up until October 19, 2012, in order to maintain or adjust the capital structure, theScore could seek to borrow or repay amounts from the Former Parent or Remaining Group, or undertake other activities as deemed appropriate under the specific circumstances. theScore is not subject to any externally imposed capital requirements.

10. Financial risk management:

theScore has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about theScore's exposure to each of these risks and theScore's objectives, policies and processes for measuring and managing these risks.

10. Financial risk management (continued):

(a) Credit risk:

Credit risk is the risk of financial loss to theScore if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from theScore's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure. theScore's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

theScore establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivable but historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographical area. This allowance consists of a specific provision that relates to individually significant exposures. theScorehas customer concentration risk as one customer represented more than 10% of revenues for the three and six months ended February 28, 2013 (23% and 14%, respectively).

theScore does not believe that it is exposed to significant credit risk in respect of other receivables, which consist of tax credits receivable and amounts held in escrow, as the counterparties are a government related agency and a financial institution, respectively.

(b) Liquidity risk:

Liquidity risk is the risk that theScore will not be able to meet its financial obligations as they fall due.

theScore has the following firm commitments under agreements:

Contractual Obligations	2013	2014	2015	2016	2017 and thereafter	Total
Content	105	-	-	-	-	105
Office lease	64	384	390	422	1,256	2,516
Total	169	384	390	422	1,256	2,980

10. Financial risk management (continued):

During the three months ended November 30, 2012, theScore signed a lease agreement committing to rent new office space in Toronto, Ontario for 6 years, with a 5 year renewal term available at theScore's option.

As at February 28, 2013, theScore had cash of $5,064, receivables from customers of $1,751 (August 31, 2012 - $1,124), other receivables of $3,663 (August 31, 2012 – $1,863) and accounts payable and accrued liabilities to third parties of $2,430 (August 31, 2012 - $1,799). Accounts payable and accrued liabilities have contracted maturities of less than three months.

These Interim Financial Statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. theScore has a history of operating losses, and can be expected to generate continued operating losses and negative cash flows in the future while it carries out its current business plan to further develop and expand its digital media business.

Prior to October 19, 2012, theScore's operations and growth were financed through advances and borrowings from the Former Parent and the Remaining Group. Upon completion of Arrangement described in note 1, funding from these sources is no longer available, as the Combined Subsidiaries are now wholly owned by theScore. theScore was initially capitalized as described in note 1(a) and acquired from the Former Parent and the Remaining Group substantially all of the intercompany amounts due from the Combined Subsidiaries, with the remaining amounts being set off and/or settled as part of the steps in the Arrangement.

On April 23, 2013 theScore announced it had entered into subscription agreements in connection with a $16 million (less legal costs) round of financing of 100,000,000 Class A Subordinate Voting Shares at a price of $0.16. See Subsequent Event (note 15).

On this basis, management considers it appropriate to prepare the Interim Financial Statements on a going concern basis.

10. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates, will affect theScore's income or the value of its holdings of financial instruments.

theScore's head office is located in Canada and the majority of theScore's customers and suppliers are based in Canada and, therefore, transact in Canadian dollars. A small

number of customers and suppliers are based outside of Canada and the associated financial assets and liabilities originate in U.S. dollars, Euros or Pounds Sterling, thereby exposing theScore to foreign exchange risk. theScore's exposure to foreign exchange risk is deemed to be low as theScore does not engage in a significant amount of transactions denominated in currencies other than the Canadian dollar.

(d) Fair values:

The fair values of theScore's accounts receivable and accounts payable and accrued liabilities were deemed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The fair value of the available-for-sale financial asset is determined by reference to the most recent external capital financing transaction or other verifiable indicators of fair value as the entity is not a public company and therefore there is no quoted market price at theScore's reporting date.

11. Share-based compensation:

(a) Stock Option Plan:

theScore has a stock option plan (the "Plan") under which the Board of Directors, or a committee appointed for such purpose, may, from time to time, grant to directors, officers and full-time employees of, or consultants to, theScore options to acquire Class A Subordinate Voting shares. Under the Plan, the exercise price of an option is based on the closing trading price on the day prior to the grant. An option's maximum term is 10 years and options generally vest over three years. Certain of theScore's employees and consultants participate in the Plan in exchange for services provided to theScore.

11. Share-based compensation (continued):

The following table summarizes the status of options granted to employees of theScore under the Plan

	Number	Exercise price	Weighted average exercise	Options exercisable
Outstanding options, August 31, 2012	-	-	-	-
Granted November 28, 2012	4,570,000	$ 0.13	$ 0.13	nil
Cancelled	(10,000)	$ 0.13	$ 0.13	nil
Outstanding options, February 28, 2013	4,560,000	$ 0.13	$ 0.13	nil

Options exercisable, February 28, 2013 nil

As at February 28, 2013, the weighted average remaining contractual life of the options exercisable and outstanding was nil.

During the six months ended February 28, 2013 and February 29, 2012, share-based compensation expense relating to stock options of $60 and $31, respectively, was included in operating costs.

The estimated fair value of options granted was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1%-2%
Dividend yield	-
Volatility factor of the future expected market price of common shares	71%
Weighted average expected life of the options	3-10 years

During the three and six months ended February 28, 2013 share-based compensation recorded on stock options issued by theScore was $60 and $60 (three and six months ended February 29, 2012 – $9 and $31, which were included as part of contributions by Former Parent and Remaining Group).

12. Revenue:

theScore has two distinct sources of revenue – advertising on its digital media products and licensing of its mobile applications. The revenue earned in the period from each of these revenue sources is as follows:

	Three Months Ended		Six Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Advertising	$ 860	$ 701	$ 2,255	$ 1,716
Licensing	250	-	361	-
Total	$ 1,110	$ 701	$ 2,616	$ 1,716

13. Basic and diluted earnings per share:

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

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Net income available to shareholders - basic and diluted	$ (3,280)	$ (1,625)	$ (6,114)	$ (3,396)
Weighted average shares outstanding – basic	95,015,276	95,015,276	95,015,276	95,015,276
Effect of dilutive stock options	-	-	-	-
Weighted average shares outstanding – diluted	95,015,276	95,015,276	95,015,276	95,015,276
Earnings per share - basic and diluted	$ (0.03)	$ (0.02)	$ (0.06)	$ (0.04)

During the three and six months ended February 28, 2013 there were no outstanding options to purchase Class A Subordinate Voting shares included in the computation of diluted income per share as the impact would have been anti-dilutive.

14. Shareholders' equity:

Capital stock:

theScore is authorized to issue the following capital stock:

- 5,566 Special Voting shares, convertible into Class A Subordinate Voting shares on a one-for-one basis at the option of the shareholder
- Unlimited Class A Subordinate Voting shares
- Unlimited Preference shares

The Special Voting shares, each convertible into one Class A Subordinate Voting share, entitle the holders to vote separately as a class and to one vote for each share held. In addition, these shares shall have the right to elect that number of members of the Board of Directors of theScore that would constitute a majority of the authorized number of directors of theScore plus two, subject to the right of the holders of Class A Subordinate Voting shares to elect at least two members of the Board of Directors.

The holders of Class A Subordinate Voting shares are entitled to one vote for each share held at all meetings of the shareholders, other than meetings at which only the holders of another class or series of shares are entitled to vote separately.

The Preference shares are non-voting, except in certain circumstances and shall, with respect to the payment of dividends and the dissolution of assets in the event of liquidation or any other distribution of assets, rank on a parity with the Preference shares of other series and be entitled to preference in liquidation over the Special Voting shares and the Class A Subordinate Voting shares.

As at February 28, 2013, theScore had issued and outstanding 95,015,276 Class A Subordinate Voting share, 5,566 Special Voting shares, and nil Preference shares.

15. Subsequent Event

On April 23, 2013 theScore announced it had entered into subscription agreements in connection with a $16 million (less legal costs) round of financing of 100,000,000 Class A Subordinate Voting Shares at a price of $0.16. The Class A Subordinate Voting Shares issued upon completion of the private placement will be subject to a hold period under applicable securities laws. The private placement is expected to close on or about May 3, 2013. The closing is subject to certain customary closing conditions and remains subject to the approval of the TSX Venture Exchange.