Consolidated Financial Statements
(In Canadian dollars)

theScore, Inc.

Years ended August 31, 2013 and 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of theScore, Inc.

We have audited the accompanying consolidated financial statements of theScore, Inc., which comprise the consolidated statements of financial position as at August 31, 2013 and August 31, 2012, the consolidated statements of comprehensive loss, changes in shareholders' equity/funded deficiency and cash flows for the years ended August 31, 2013 and August 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of theScore, Inc. as at August 31, 2013 and August 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to the consolidated financial statements which indicates that the comparative consolidated financial statements as at and for the year ended August 31, 2012 have been prepared on a combined consolidated carve-out basis and describes the basis of preparation used in these consolidated financial statements.

Chartered Accountant, Licensed Public Accountants

October 23, 2013
Toronto, Canada

theScore, Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

August 31, 2013 and 2012

	2013	2012 (note 1(b))
ASSETS		
Current assets:		
Cash and cash equivalents (note 11)	$ 14,524	$ -
Accounts receivable	1,621	1,124
Other receivables (note 1)	2,030	-
Other assets (note 9)	1,295	1,863
Due from Remaining Group (note 7)	-	80
Prepaid expenses and deposits	386	142
	19,856	3,209
Non-current assets:		
Property and equipment (note 3)	2,313	246
Intangible assets (note 4)	6,523	7,206
Investment (note 5)	760	-
Investment in equity accounted investee (note 5)	-	916
Other assets (note 9)	1,782	-
	11,378	8,368
Total assets	$ 31,234	$ 11,577
LIABILITIES AND SHAREHOLDERS' EQUITY/FUNDED DEFICIENCY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,380	$ 1,799
Due to Former Parent (note 8)	-	23,574
Due to Remaining Group (note 7)	-	8,840
	2,380	34,213
Non-current liabilities:		
Deferred lease obligation	495	-
Funded deficiency (note 1)	-	(22,636)
Shareholders' equity (note 15)	28,359	-
Commitments and contingencies (notes 1, 11)		
Total liabilities and shareholders' equity/funded deficiency	$ 31,234	$ 11,577

See accompanying notes to consolidated financial statements

On behalf of the Board:

______________________________ Director

______________________________ Director

theScore, Inc.

Consolidated Statements of Comprehensive Loss

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

Years ended August 31, 2013 and 2012

	2013	2012 (note 1(b))
Revenue (note 13)	$ 5,269	$ 4,195
Operating expenses:		
Personnel (note 9)	6,443	3,592
Content	1,247	2,010
Technology	2,346	2,725
Facilities, administrative and other	3,314	1,621
Management fees (note 8)	48	713
Depreciation of property and equipment	279	92
Amortization of intangible assets (note 9)	2,788	1,801
Share of loss of equity accounted for investee (note 5)	33	41
Investment loss (note 5)	111	-
	16,609	12,595
Operating loss	(11,340)	(8,400)
Finance costs, net (note 1)	55	706
Net and comprehensive loss	$ (11,395)	$ (9,106)
Loss per share - basic and diluted (note 14)	$ (0.11)	$ (0.10)

See accompanying notes to consolidated financial statements

theScore, Inc.

Consolidated Statements of Changes in Shareholders' Equity/Funded Deficiency
(in thousands of Canadian dollars, except share amounts)
Years ended August 31, 2013 and 2012

	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
Balances, August 31, 2011 (note 1(b))	$ -	-	$ -	-	$ -	$ (14,627)	(14,627)
Net and comprehensive loss for the year	-	-	-	-	-	(9,106)	(9,106)
Contributions by Former Parent and Remaining Group	-	-	-	-	-	1,097	1,097
theScore, Inc. incorporation	-	-	-	1	-	-	-
Balances, August 31, 2012	$ -	-	$ -	1	$ -	$ (22,636)	$ (22,636)
Net and comprehensive loss for the year	-	-	-	-	-	(11,395)	(11,395)
Contributions by Former Parent and Remaining Group	-	-	-	-	-	104	104
Share-based compensation expense for the year	-	-	-	-	153	-	153
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	95,015,276	-	-	11,594
Assets transferred at carrying value	-	-	-	-	-	94	94
Shares issued on completion of private placement	-	-	15,874	100,000,000	-	-	15,874
Shares issued on exercise of stock options	-	-	3	19,997	-	-	3
Balances, August 31, 2013	$ 15	5,566	$ 27,455	195,035,274	$ 153	$ 736	$ 28,359

See accompanying notes to consolidated financial statements

theScore, Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Years ended August 31, 2013 and 2012

	2013	2012 (note 1(b))
Cash flows from (used in) operating activities		
Net and comprehensive loss	$ (11,395)	$ (9,106)
Adjustments for:		
Depreciation and amortization	3,067	1,893
Share of loss of equity accounted investee (note 5)	33	20
Share-based compensation (note 12)	153	-
Investment loss (note 5)	111	-
Contributions by Former Parent and Remaining Group (notes 7, 8)	104	1,097
	(7,927)	(6,096)
Change in non-cash operating working capital:		
Accounts receivable	(497)	114
Other receivables	(230)	-
Other assets	(979)	(984)
Prepaid expenses and deposits	(244)	(105)
Accounts payable and accrued liabilities	581	667
Deferred lease obligation	495	-
	(874)	(308)
Net cash used in operating activities	(8,801)	(6,404)
Cash flows from financing activities		
Funding provided from Arrangement (note 1)	9,794	-
Issuance of shares on completion of private placement, net of transaction costs (note 15)	15,874	-
Due to Remaining Group (note 7)	531	4,382
Due to Former Parent (note 8)	1,624	6,428
Net cash from financing activities	27,823	10,810
Cash flows used in investing activities		
Additions of property and equipment	(2,162)	(126)
Additions of intangible assets	(2,336)	(4,280)
Net cash used in investing activities	(4,498)	(4,406)
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	$ 14,524	$ -

See accompanying notes to consolidated financial statements

1. Nature of operations:

(a) Business:

theScore Inc. (“theScore” or “the Company”) creates mobile-first sports experiences, connecting fans to a combination of real time news, scores, fantasy information and alerts while creating and curating content that is mobile optimized, comprehensive, customizable and shareable. 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;

- a transitional services agreement, that remained in effect until July 31, 2013, that provided 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

1. Nature of operations (continued):

- 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. The indemnity period is 24 months from the closing of the Arrangement (October 19, 2012) for all non-tax related matters, and 30 days following the expiry of the applicable limitation periods in the Canadian Income Tax Act for all tax related matters. No indemnification claims have been made as of August 31, 2013.

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 has been released to the Company in full.

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 consolidated financial statements as the "Combined Subsidiaries”.

On September 1, 2013, Score Media Ventures Inc., 2283546 Ontario Inc., Hardcore Sports Radio Inc., St. Clair Investments Inc., Score Productions Inc., and SMI International Holdings Inc. amalgamated, pursuant to the provisions of the Business Corporations Act (Ontario), and will continue as one corporation, Score Media Ventures Inc.

1. Nature of operations (continued):

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:

- 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are presented in Canadian dollars, which is theScore's functional currency.

These consolidated financial statements were approved by the Board of Directors of theScore on October 23, 2013.

theScore has elected to present consolidated 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 consolidated financial statements as at and for the year ended August 31, 2012 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 financial performance, 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 for the period from September 1, 2012 to October 19, 2012 have been included in the consolidated financial statements for the year ended August 31, 2013 have been prepared on the same basis.

1. Nature of operations (continued):

Additionally, loss per share for the comparative consolidated financial statements has been determined using the net loss for the year and the number of shares issued on the initial capitalization of theScore as if those were the number of shares outstanding for that period. Entities included in the comparative consolidated financial statements and the 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.

The financial performance, 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. Costs directly related to Score Digital have been entirely attributed to Score Digital in the comparative consolidated financial statements and the 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 7 and 8), certain additional costs were allocated to Score Digital for purposes of preparation of the comparative consolidated financial statements and amounts included for the period prior to October 19, 2012 in the consolidated financial statements for the year ended August 31, 2013. 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.

1. Nature of operations (continued):

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 for the comparative period and up to October 19, 2012 and includes cumulative operating results, including other comprehensive loss. Upon the initial capitalization of theScore arising from the Arrangement Agreement and consideration of the related transactions steps, the amounts due to the Former Parent and Remaining Group, which were either settled or acquired, have been recorded as part of retained earnings of theScore.

Management believes the assumptions and allocations underlying the comparative period in the consolidated financial statements and the 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 theScore during the periods presented. However, these assumptions and allocations are not necessarily indicative of the costs theScore 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) Basis of measurement:

The consolidated financial statements have been primarily prepared using the historical cost basis.

(b) Principles of consolidation:

(i) Subsidiaries:

Subsidiaries are entities controlled by entities within theScore. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Investments in equity accounted for investee:

2. Significant accounting policies (continued):

theScore's interests in investments in associates are accounted for using the equity method of accounting. Associates are those entities in which theScore has significant influence, but not unilateral control, over the financial and operating policies.

Significant influence is presumed to exist when theScore holds between 20% and 50% of the voting power of another entity.

The investments in associates are initially recognized at cost. The carrying amount is increased or decreased to recognize, in income and loss, theScore's share of the income or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

(iii) Intercompany transactions:

All intercompany balances and transactions with entities within theScore, and any unrealized revenue and expenses arising from intercompany transactions are eliminated in preparing these consolidated financial statements. Up to October 19, 2012, transactions and balances with the Former Parent and the Remaining Group have not been eliminated but are presented as related party transaction balances with the Former Parent or the Remaining Group.

(c) Property and equipment:

(i) Recognition and measurement:

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenses that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment and depreciated accordingly. The carrying amount of any replaced component or a component no longer in use is derecognized.

(ii) Subsequent costs:

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item of property and equipment will flow to theScore and the costs of the item can

2. Significant accounting policies (continued):

be reliably measured. All other expenses are charged to operating expenses as incurred.

(iii) Depreciation:

Depreciation is based on the cost of an asset less its residual value. Depreciation is charged to income or loss over the estimated useful life of an asset. Depreciation is provided on a declining-balance basis using the following annual rates:

Computer equipment	30%
Office equipment	20%
Leasehold improvements	the shorter of the asset's useful life and the term of the lease

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life, or residual value is different from that estimated previously. The effect of such changes is recognized on a prospective basis in the consolidated financial statements.

(d) Intangible assets:

Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment, as described in note 2(e). Useful lives, residual values and amortization methods for intangible assets with finite useful lives are reviewed at least annually and revised if the current method, estimated useful life, or residual value is different from that estimated previously. The effects of such changes are recognized on a prospective basis in the consolidated financial statements.

Trademarks are being amortized on a straight-line basis over the expected useful life of the asset.

Computer software is amortized on a 100% declining-balance basis.

Product development costs represent both external and internal costs incurred by theScore in developing its website, tablet and mobile applications, when they meet the criteria for recognition as an intangible asset. Product development costs are amortized on a 30% declining-balance basis commencing when they are available for use and form part of the

2. Significant accounting policies (continued):

revenue producing activities of theScore. Research, maintenance, improvements, promotional and advertising expenses associated with theScore's products are expensed as incurred.

Acquired technology and related customer relationship intangibles represent additional mobile applications and the customers of those mobile applications that were previously acquired from a third party. Acquired technology and customer relationships are generally amortized on a 30% declining-balance basis.

(e) Impairment:

(i) Impairment of non-financial assets:

The carrying values of non-financial assets with finite useful lives, such as property and equipment and intangible assets are assessed for impairment at the end of each reporting date for indication of impairment or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount of the asset must be determined. Such assets are impaired if their recoverable amount is lower than their carrying amount. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit ("CGU") to which the asset belongs is tested for impairment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount is the greater of an asset's fair value less costs to sell or its value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The resulting impairment loss is recognized in income or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset or CGU in prior years.

2. Significant accounting policies (continued):

(ii) Impairment of financial assets (including receivables):

A financial asset not carried at fair value through income or loss is evaluated at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, or indications that a debtor will enter bankruptcy.

theScore considers evidence of impairment for receivables at a specific asset level, being each individually significant receivable account. Losses are recognized in income or loss and reflected in an allowance account included as part of the carrying amount of accounts receivable.

(f) Revenue recognition:

theScore recognizes revenue once services have been rendered, fees are fixed and determinable, and collectability is reasonably assured. theScore's principal sources of revenue are from advertising on its digital media properties and from licensing its mobile application, and have been recognized as follows:

(i) Advertising revenue is recorded at the time advertisements are displayed on theScore's digital media properties. Funds received from advertising customers in advance of the advertisement's airing are recorded as deferred revenue.

(ii) Software licensing fees are recorded over the effective period of the software licensing arrangement. Funds received from software licensees in advance of the effective licensing period are recorded as deferred revenue.

Periodically, theScore enters into customer arrangements that have separate components, however, due to the nature of the components, the arrangements have been accounted for as a single transaction or as an integrated package when the individual components do not have stand-alone value. In those instances, the arrangement consideration is generally recognized as revenue over the expected period of performance.

2. Significant accounting policies (continued):

(g) Financial instruments:

(i) Recognition:

theScore initially recognizes loans and receivables on the date they originate. All other financial assets and financial liabilities are initially recognized on the trade date at which theScore becomes a party to the contractual provision of the instrument. Financial assets expire when the rights to receive cash flows have expired or were transferred and theScore has transferred substantially all risks and rewards of ownership. theScore ceases to recognize a financial liability when its contractual obligations are discharged, cancelled or expired.

(ii) Classification and measurement:

(a) Non-derivative financial assets:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of accounts receivables, other receivables, and Due from Remaining Group companies.

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 loss and presented within equity as a fair value reserve. When an investment is sold, the cumulative gain or loss in other comprehensive income is transferred to profit or loss for the period.

theScore had no held-to-maturity financial assets at fair value through income and loss during the years ended August 31, 2013 and 2012.

2. Significant accounting policies (continued):

(b) Non-derivative financial liabilities:

Accounts payable and accrued liabilities, due to Remaining Group, and due to Former Parent balances are classified as non-derivative financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments:

All derivatives, including embedded derivatives that must be separately accounted for, are measured at fair value, with changes in fair value recorded in the consolidated statements of comprehensive income. theScore assesses whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when theScore first becomes a party to the contract. theScore did not hold any derivative financial instruments as at August 31, 2013 and 2012.

(h) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under employee short-term incentive compensation plans if there is legal or constructive obligation to pay this amount at the time and the obligation can be estimated reliably.

(i) Share-based payment transactions:

Certain members of theScore's personnel participate in share-based compensation plans (note 12). Prior to October 19, 2012 they participated in the Former Parent's share based compensation plans. The share-based compensation costs associated with theScore's and theScore's participating personnel were directly expensed by theScore under personnel expense in profit or loss. The Former Parent charged Score Digital a portion of the share-based compensation relating to the Former Parent's corporate personnel which is classified as part of management fees in the consolidated statements of comprehensive loss.

The grant date fair value of share-based payment awards granted to theScore's employees is recognized as a compensation cost, with a corresponding increase in contributed surplus within Shareholders' Equity, over the period that the employees unconditionally become

2. Significant accounting policies (continued):

entitled to the awards. The amount recognized as compensation cost is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as compensation cost is based on the number of awards that vest.

(j) Provisions:

Provisions are recognized when a present obligation as a result of a past event will lead to a probable outflow of economic resources from theScore and the amount of that outflow can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. theScore has no material provisions as at August 31, 2013 and 2012.

(k) Operating leases:

Operating leases are recognized in income or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

(l) Foreign currency transactions:

Transactions in foreign currencies are translated to the functional currency of theScore's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency of theScore at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

Foreign currency gains and losses are recognized in finance costs and reported on a net basis.

2. Significant accounting policies (continued):

(m) Income taxes and credits:

Deferred tax assets are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and their respective tax bases. A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled.

Refundable tax credits related to digital media development products are recognized in profit or loss when there is reasonable assurance that they will be received and theScore has and will comply with the conditions associated with the relevant government program. These investment tax credits are recorded and presented as either a deduction to the carrying amount of the asset and subsequently recognized over the useful life of the related asset or recognized directly to profit or loss based on the accounting of the initial costs incurred to which the tax credits were applied. theScore has applied an approach that reflects the economic substance of the applicable investment tax credit. Tax credits recoverable are recorded as other assets in the consolidated statements of financial position. When collection of the tax credits is not expected within twelve months of the end of the reporting period, then such amounts are classified as other non-current assets.

(n) Use of estimates and judgments:

The preparation of these consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates. Key areas of estimation, where management has made difficult, complex or subjective judgments, often as a result of matters inherently uncertain are as follows:

2. Significant accounting policies (continued):

(i) Intangible assets:

Measurement of intangible assets involves the use of estimates for determining the expected useful lives of amortizable assets. Management's judgment is also required to determine amortization methods and capitalization of internal labour costs in connection with internally developed intangible assets.

(ii) Tax credits:

Refundable tax credits related to expenditures to develop digital media products are recognized when there is reasonable assurance that they will be received and theScore has and will comply with the conditions associated with the relevant government program. Management's judgment is required in determining which expenditures and projects are reasonably assured of compliance and have, accordingly, met the recognition criteria.

(iii) Impairment of non-financial assets:

An impairment test is carried out whenever events or changes in circumstances indicate that carrying amounts may not be recoverable and is performed by comparing the carrying amount of an asset or CGU and their recoverable amount. Management's judgment is required in determining whether an impairment indicator exists. The recoverable amount is the higher of fair value, less costs to sell and its value in use.

This valuation process involves the use of methods which uses assumptions to estimate future cash flows. The recoverable amount depends significantly on the discount rate used, as well as the expected future cash flows and the terminal growth rate used for extrapolation.

(iv) Allowance for doubtful accounts:

The valuation of accounts receivable requires valuation estimates to be made by management. These accounts receivable are comprised of a large and diverse base of advertisers dispersed across varying industries and locations that purchase advertising on theScore's digital media platforms.

theScore determines an allowance for doubtful accounts based on knowledge of the financial conditions of its customers, the aging of the receivables, customer and

2. Significant accounting policies (continued):

industry concentrations, the current business environment and historical experience. A change in any of the factors impacting the estimate of the allowance for doubtful accounts will directly impact the amount of bad debt expense recorded in facilities, administrative and other expenses.

(o) Finance income and finance costs:

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise allocated interest expense on borrowings (note 1). Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized in the cost of the qualifying asset and is included under cash flows from investing activities. Borrowing costs that are not directly attributable to the acquisition or production of a qualifying asset are recognized in income or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income of finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(p) Segment information:

The Company is organized and operates as one operating segment for purposes of making operating decisions and assessing performance. The chief operating decision makers evaluate performance, make operating decisions, and allocate resources based on financial data consistent with the presentation in these consolidated financial statements. Virtually all of the Company's assets are located in Canada and most of the Company's expenses are incurred in Canada.

(q) 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

2. Significant accounting policies (continued):

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.

(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.

2. Significant accounting policies (continued):

(v) IFRS 12, Disclosure of Interest 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 2010, 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 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.

(viii) IAS 32, Offsetting Financial Assets and Liabilities:

In December 2011 the IASB published *Offsetting Financial Assets and Financial Liabilities.* The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default,

2. Significant accounting policies (continued):

insolvency or bankruptcy of the entity and all counterparties. The Company intends to adopt the amendments to IAS 32 in its financial statements for the annual period beginning September 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

(ix) IFRIC 21, Levies:

In May 2013, the IASB issued IFRIC 21, *Levies.* This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.* The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company intends to adopt IFRIC 21 in its financial statements for the annual period beginning September 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

(x) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36):

In May 2013, the IASB issued *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).* The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The IASB has issued amendments to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The Company intends to adopt the amendments in its financial statements for the annual period beginning on September 1, 2014. As the amendments impact certain disclosure requirements only, the Company does not expect the amendments to have a material impact on the financial statements.

3. Property and equipment:

	Computer equipment	Leasehold improvements	Office equipment	Total
Cost				
Balance, August 31, 2011	$ 410	$ -	$ 17	$ 427
Additions	126	-	-	126
Balance, August 31, 2012	$ 536	$ -	$ 17	$ 553
Additions	337	1,516	297	2,150
Acquisitions- from Arrangement	5	-	191	196
Balance, August 31, 2013	$ 878	$ 1,516	$ 505	$ 2,899
Accumulated depreciation				
Balance, August 31, 2011	$ 211	$ -	$ 4	$ 215
Depreciation	90	-	2	92
Balance, August 31, 2012	$ 301	$ -	$ 6	$ 307
Depreciation	112	109	58	279
Balance, August 31, 2013	$ 413	$ 109	$ 64	$ 586
Carrying amounts				
Balance, August 31, 2011	$ 199	$ -	$ 13	$ 212
Balance, August 31, 2012	235	-	11	246
Balance, August 31, 2013	465	1,407	441	2,313

In the years presented, no impairment charges were recognized in respect of individual assets within property and equipment and the Company did not dispose of any assets or adjust useful lives.