theScore, Inc.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Year Ended August 31, 2013

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of theScore, Inc. (“theScore” or the “Company”) and our financial performance for the year ended August 31, 2013. This MD&A should be read in conjunction with theScore’s Consolidated Financial Statements for the year ended August 31, 2013 (“Financial Statements”) and Notes thereto. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Company’s significant accounting policies are disclosed in note 2 of theScore’s Financial Statements. 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. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

Except for the historical information contained herein, this MD&A may contain forward-looking information based on the best estimates of theScore of the current operating environment. These forward-looking statements are related to, but not limited to, theScore’s operations, anticipated financial performance, business prospects and strategies. Forward looking information typically contains statements with words such as ‘‘anticipate’’, ‘‘believe’’, ‘‘expect’’, ‘‘plan’’, ‘‘estimate’’, ‘intend’’, ‘‘will’’, ‘‘may’’, ‘‘should’’ or similar words suggesting future outcomes. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A, October 23, 2013. There is significant risk that theScore’s predictions and other forward-looking statements will not prove to be accurate. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include, but are not limited to, economic, competitive and media industry conditions. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by theScore. By its nature, theScore’s forward-looking information involves numerous assumptions, inherent risks and uncertainties including, but not limited to, the following factors: a new and developing industry, historical losses associated with theScore, competition, dependence on key suppliers, mobile device users choosing not to allow advertising, limited long-term agreements with advertisers, substantial capital requirements, protection of intellectual property, infringement on intellectual property, brand development, dependence on key personnel and employees, rapid technology developments, defects in products and services, user data, reliance on collaborative partners, new business areas and geographic markets, operational and financial infrastructure, information technology defects, indemnified liability risk, reliance on third-party owned communication networks, uncertain economic health of the wider economy, governmental regulation of the Internet, currency fluctuations, changes in taxation, exposure to taxable presences, risk of litigation, internal controls, and credit risk all of which are noted in the Company's listing application with the TSX Venture Exchange dated October 17, 2012.

Fiscal 2013 Operational Highlights

- Average monthly active users of theScore's mobile platforms reached 4 million across F2013, an increase of 15% compared to 3.5 million average monthly mobile active users in F2012.

- In August 2013, theScore announced a major update to its iOS app, transforming its news offering to provide a truly mobile-first, comprehensive, curated and real-time experience for sports fans.
    - theScore assembled a mobile-first newsroom, powered by an in-house, custom-designed Content Management System (CMS) that allows journalists to deliver mobile news quicker than ever.

- In May 2013, theScore announced the closing of a $16 million private placement financing, allowing the Company to accelerate the development and marketing of its mobile sports apps.

- In January 2013, theScore re-launched its popular app for Android based on the functionality of theScore's critically acclaimed iOS app, including a completely re-designed interface.

- In October 2012, theScore closed a plan of arrangement, pursuant to which Rogers Media Inc. acquired the television business of Score Media Inc., and the digital media business of Score Media was spun out to its shareholders

- EBITDA loss for the year ended August 31, 2013 was $8.3 million compared to $6.5 million in the previous year, primarily as a result of increased investment in personnel related to the development of theScore's mobile apps. Net and comprehensive loss for the year ended August 31, 2013 was $11.4 million compared to $9.1 million in the previous year.

- EBITDA loss for the fourth quarter ended August 31, 2013 was $1.2 million compared to $1.9 million in the previous year. In the fourth quarter of the current year, the Company accrued digital media tax credits which reduced personnel costs by $1.0 million.

Overview

theScore creates mobile-first sports experiences, connecting fans to what they love through a combination of real time news, scores, fantasy information and alerts while creating and curating content that is mobile optimized, comprehensive, customizable and seamlessly 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. At August 31, 2013 theScore had 5,566 special voting shares and 195,035,274 Class A Subordinate Voting Shares outstanding.

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 mobile sports application;

- a transitional services agreement, which remained in effect until July 31, 2013, representing the end of a three month period subsequent to the approval granted by the Canadian Radio-television Telecommunications Commission for the transfer of the television broadcast license to Rogers, 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 agreed 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 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 Arrangement close (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 had been made as of August 31, 2013.

Pursuant to the Business Separation Agreement, the Former Parent capitalized theScore with $11.6 million, inclusive of $1.8 million that was held in escrow until the first anniversary of the closing of the Arrangement being October 19, 2013. The amount held in escrow has been released to the Company in full.

theScore has elected to present comparative consolidated financial information and adjust its current reporting period before October 19, 2012 as if the acquisition of Score Digital by theScore 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 (as defined below) 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 consolidated 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.

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.

As at August 31, 2013, theScore had the following wholly owned subsidiaries, 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 this MD&A as the "Combined Subsidiaries".

On September 1, 2013 Score Media Ventures Inc., 2283546 Ontario Inc., Hardcore Sports Radio Inc., St. Clair Group 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.

Subsidiaries of the Former Parent that are not part of theScore 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.

Selected Annual Financial Data

The following selected financial data of theScore as it relates to each of the years in the three year period ended August 31, 2013 have been derived from the consolidated financial statements of theScore for the years ended August 31, 2013 and 2012 and the combined consolidated carve-out financial statements of Score Digital for the year ended August 31, 2011.

	Year ended August 31,		
	2013	2012	2011
Statement of Comprehensive Loss data			
Revenue	$5,269	$4,195	$4,099
EBITDA loss	(8,273)	(6,466)	(4,230)
Net and comprehensive loss	(11,395)	(9,106)	(5,961)
Statement of Financial Position data			
Total assets	$31,234	$11,577	$8,218

Revenue

	Year ended August 31			
		2013		2012
Advertising	$	4,408	$	4,195
Licensing		861		-
Total	$	5,269	$	4,195

Revenue from Canadian sources was $3,299 (2012 - $3,630), while revenue from non-Canadian sources (predominantly United States) revenue was $1,970 (2012 - $565).

Revenues for the year ended August 31, 2013 were $5.3 million, an increase of $1.1 million compared to the prior year. Advertising revenues for the year ended August 31, 2013 increases by $0.2 million compared to the prior year. This was the result of increased mobile advertising revenues offset by reduced web advertising revenues. Mobile advertising revenues for the year ended August 31, 2013 increased 69% as compared to the prior year primarily due to stronger advertising sales in the United States. Web advertising revenues declined 50% as compared to the prior year due to combined television and digital contracts with third parties in fiscal 2012 in Canada that were not renewed following the separation of the television and digital media assets pursuant to the Arrangement. Licensing revenues related to a software licensing agreement with Rogers Media Inc. were $0.9 million in the year ended August 31, 2013 compared to nil in the prior year. theScore recognizes advertising revenue based on the sale and delivery of advertising impressions on its digital media platforms. Licensing revenue is recognized on a straight line basis over the term of the licensing agreement. theScore is currently expanding its sales execution strategy across North America to drive further revenue growth associated with its increased user base and traffic.

Operating Expenses

	Year ended August 31			
		2013		2012
Personnel	$	6,443	$	3,592
Content		1,247		2,010
Technology		2,346		2,725
Facilities, administrative, and other		3,314		1,621
Management fees		48		713
Depreciation of equipment		279		92
Amortization of intangible assets		2,788		1,801
Share of loss of equity accounted for investee		33		41
Investment loss		111		-
	$	16,609	$	12,595

Operating expenses for the year ended August 31, 2013 were $16.6 million compared to $12.6 million in the prior year, an increase of $4.0 million. This increase is primarily a result of increases in personnel expenses of $1.4 million and refundable tax credits of $1.5 million recognized and recorded against personnel expenses in the first and second quarters of the prior year associated with the Ontario Interactive Digital Media Tax Credit ("OIDMTC") compared to $1.0 million in the current year. As noted below, in the year ended August 31, 2013 the Company adjusted its accrual for the refundable tax credits recognized in the prior year in relation to the claim filed for the 2010 and 2011 fiscal years, and also accrued $1.8 million of refundable tax credits in the fourth quarter of the current fiscal year in relation to the claims to be filed for the 2012 and 2013 fiscal years, where the expenditures incurred were deemed to eligible for refundable tax credit purposes and thus reasonably assured of realization.

Average annual full time personnel for the years ended August 31, 2013 and August 31, 2012 were 80 and 67, respectively.

Facilities, administration and other costs were $3.3 million compared to $1.6 million for the prior year, an increase of $1.7 million. These costs increased primarily due to theScore being a standalone company in the year ended August 31, 2013, with independent costs for rent, legal, audit and directors fees being higher as compared to the allocation of corporate costs incurred by the Former Parent. Partially offsetting the increase in these expenses were decreased technology costs related to increased efficiencies in hosting charges, and lower content costs due to the elimination of certain joint television and digital media content rights agreements which did not continue following the closing of the Arrangement.

Amortization of intangible assets also increased as a result of continued investment in the Company's digital media products and the recognition of $0.3 million of OIDMTC related receivables, which served to offset a portion of the amortization expense that was recorded in the same period in the prior year.

Impact of OIDMTCs

These refundable credits are available as part of the OIDMTC legislation created by the provincial government and managed by the Ontario Media Development Corporation ("OMDC") and is aimed at encouraging growth in the digital media sector in Ontario.

For Fiscal 2012 and 2013

In the fourth quarter of fiscal 2013 theScore completed its OIDMTC analysis and commenced the application process relating to costs incurred in fiscal 2012 and 2013. As a result, theScore recognized a $1.8 million accrual relating to the eligible costs incurred during this period which theScore deemed to be reasonably assured of realization. $1.0 million of this accrual related to employee salaries and benefits costs previously expensed in the digital media segment in fiscal years 2012 and 2013, $0.6 million of this accrual related to costs previously capitalized and included as part of digital media development intangible assets and $0.2 million of this accrual related to amortization relating to previously capitalized digital media development intangible assets.

For Fiscal 2010 and 2011

In the second quarter of fiscal 2012 theScore completed its OIDMTC analysis and related application relating to costs previously incurred in fiscal 2010 and 2011. As a result, theScore recognized a $1.9 million accrual relating to the eligible costs incurred during this period which theScore deemed to be reasonably assured of realization given historical precedence and interpretation of the applicable rules governing the tax credit program. $1.0 million of this accrual related to employee salaries and benefits costs previously expensed in the digital media segment in fiscal years 2010 and 2011, $0.7 million of this accrual related to costs previously capitalized and included as part of digital media development intangible assets and $0.2 million of this accrual related to amortization relating to previously capitalized digital media development intangible assets.

In the fourth quarter of fiscal 2013 theScore adjusted its accrual related to its application for fiscal 2010 and 2011 based on correspondence received from the OMDC related to the eligibility of certain digital media products claimed. theScore reduced its previously recognized accrual by $0.6 million in relation to certain expenditures attributable to mobile products whose claims may be withdrawn and potentially re-submitted. $0.3 million of this accrual related to previously capitalized digital media development intangible assets and $0.3 million related to amortization associated with these intangible assets.

For Fiscal 2009 and prior

In the first quarter of fiscal 2012, theScore received correspondence from the OMDC, indicating that claims filed for fiscal years 2009 and prior had been assessed and accepted totaling $0.8 million.

$0.5 million of the refundable amount related to costs previously expensed as part of personnel costs in fiscal years 2009 and prior with the balance of $0.3 million related to costs previously capitalized and included as part of product development intangible assets. Accordingly, theScore recognized $0.5 million of the credit to personnel costs during the year ended August 31, 2012 and the remaining $0.3 million was credited to reduce capitalized intangible assets. theScore also recognized a $0.2 million credit to reduce amortization expense during the year ended August 31, 2012 to reflect the cumulative offset, or reduction, of amortization relating to capitalized intangible assets noted above. The refundable tax credit receivable was collected during the second quarter of fiscal 2012.

EBITDA and Net and Comprehensive losses

theScore utilizes earnings before interest, taxes, depreciation and amortization ("EBITDA") to measure operating performance. theScore's definition of EBITDA excludes depreciation and amortization, finance costs, and income taxes, which in theScore's view do not adequately reflect its core operating results. EBITDA is used in the determination of short-term incentive compensation for all senior management personnel.

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

The following table reconciles net and comprehensive loss to EBITDA:

	Year ended August 31	
	2013	2012
Net and comprehensive loss for the period	$ (11,395)	$ (9,106)
Adjustments:		
Depreciation and amortization	3,067	1,893
Finance costs	55	706
EBITDA	$ (8,273)	$ (6,507)

EBITDA loss for the year ended August 31, 2013 was $8.3 million compared to $6.5 million in the prior year, an increase of $1.8 million. Net and comprehensive loss for the year ended August 31, 2013 was $11.4 million compared to $9.1 million for the year ended August 31, 2012.

The increases in EBITDA loss and net and comprehensive loss were primarily due to higher facilities administrative and other costs as previously discussed, and increased personnel costs related to the hiring of additional content and product development staff during the year, partially offset by continued revenue growth.

Loss per share for the year ended August 31, 2013 was $(0.11) compared to $(0.10) in the prior year. The shares outstanding in the prior year were based on the shares outstanding as of the initial capitalization of theScore, utilizing the continuity of interest basis of accounting as discussed in the overview section above.

Additions to Intangible Assets

Additions to intangible assets totaled $2.3 million for the year ended August 31, 2013 compared to $4.3 million in the prior year, a decrease of $2.0 million. The reduction is due to lower external development costs in fiscal 2013 compared to the prior year.

Approximately $0.9 million of the OIDMTC was recognized as a reduction of the net carrying value of intangible assets during the prior year. Additions to intangible assets relate to employee compensation and external contractor costs incurred to develop products and features that will grow the audience, and thus revenues, of theScore's digital properties. theScore is committing increased resources to develop dynamic products with the objective of being a leader in the mobile sports news, data, and information industry and therefore expects additions to intangible assets in upcoming interim periods to remain at similar levels.

Consolidated Quarterly Results

The following selected consolidated quarterly financial data of the Company relates to the preceding eight quarters, inclusive of the quarter ended August 31, 2013.

Quarterly Results	**Revenue**	**EBITDA**	**Net and comprehensive loss**	**Loss per share – basic and diluted**
	($000's)	**($000's)**	**($000's)**	**($)**
August 31, 2013	1,285	(1,192)	(2,156)	(0.02)
May 31, 2013	1,368	(2,350)	(3,126)	(0.03)
February 28, 2013	1,110	(2,620)	(3,280)	(0.03)
November 30, 2012	1,506	(2,111)	(2,833)	(0.03)
August 31, 2012	1,334	(1,853)	(2,837)	(0.03)
May 31, 2012	1,145	(2,067)	(2,873)	(0.03)
February 29, 2012	701	(1,113)	(1,625)	(0.02)
November 30, 2011	1,015	(1,474)	(1,771)	(0.02)

The Company’s revenues have historically reflected a seasonality trend, with 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 major sports leagues. The Company continues to make increased investments in personnel related to the development of theScore’s mobile applications, which results in increased EBITDA losses. In the fourth quarter of fiscal 2013 and second quarter of fiscal 2012, the Company accrued digital media tax credits which reduced personnel costs by $1.0 million in those quarters.

Liquidity and Capital Resources

Cash and cash equivalents as of August 31, 2013 was $14.5 million compared to nil as of fiscal year ended August 31, 2012.

Liquidity

Management prepares budgets and cash flow forecasts to assist in managing liquidity risk. 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. While theScore can utilize its cash and cash equivalents to fund its operating and development expenditures, it does not have access to committed credit facilities or other committed sources of funding, and depending upon the level of expenditures and whether profitable operations can be achieved, may be required to seek additional funding in the future.

Operations

Cash flows used in operating activities for the year ended August 31, 2013 were $8.8 million compared to $6.4 million in the prior year, representing an increase of $2.4 million. This increase was primarily due to an increase in net and comprehensive loss, partially offset by changes in non-cash operating working capital and increased adjustments for depreciation and amortization.

Financing

Cash flows provided by financing activities for the year ended August 31, 2013 were $27.8 million compared to $10.8 million in the prior year, representing an increase of $17.0 million. This increase in cash flows provided by financing activities related to the initial capitalization of the Company in connection with the Arrangement Agreement and the private placement financing noted below, resulting in cash infusions of $9.8 million and $15.9 million, respectively, offset by reduced contributions by the Former Parent and the Remaining Group.

On May 6, 2013 theScore announced it had closed a subscription agreement in connection with a $16 million (less $0.1 million in legal costs and listing fees) private placement equity financing involving the issuance of 100,000,000 Class A Subordinate Voting Shares at a price of $0.16. The financing will allow the Company to accelerate the development and marketing of its mobile sports platforms while further expanding its advertising sales and marketing capabilities in the United States. The Class A Subordinate Voting Shares issued upon completion of the private placement were subject to a four month hold period under applicable securities laws.

Cash flows provided by financing activities for the year ended August 31, 2012 were $10.8 million and represented funding provided by the Former Parent and the Remaining Group. Prior to the completion of the Arrangement Agreement 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. All Due to Former Parent balances were acquired and/or settled on October 19, 2012 as part of the completion of the Arrangement Agreement, and theScore and its Combined Subsidiaries no longer have access to the Former Parent's revolving credit facility. As at August 31, 2013 and August 31, 2012, Due to Former Parent included nil and $23.6 million, respectively, in respect of theScore's access to the Former Parent's credit facility.

Investing

Cash flows used in investing activities for the year ended August 31, 2013 were $4.5 million compared to $4.4 million in the prior year; representing an increase of $0.1 million. This increase primarily related to equipment and leasehold improvements associated with the new facility, offset by reduced additions to intangible assets.

Contractual Obligations

The Company has no debt guarantees, significant capital leases, off-balance sheet arrangements or long term obligations other than the lease agreement noted below.

In the first quarter of the current year, theScore signed a lease agreement committing to lease new office space in Toronto for 6 years, with a 5 year renewal term available at the Company's option. The firm commitment under this agreement is $2.5 million. theScore moved into the new facility in the third quarter of fiscal 2013.

In the fourth quarter of the current year, theScore entered into a three year agreement with a licensor, allowing them the access to the use of certain sports-related content on their digital media platforms.

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Content	386	624	-	$ 1,010
Office lease	384	1,691	377	$ 2,452
Total	770	2,315	377	$ 3,462

Change in Investment and Related Party Transactions

In January 2013, an equity investee of the Company completed a financing arrangement whereby theScore's ownership interest was diluted to 14% and it relinquished certain rights previously associated with the common shares it 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 $0.1 million 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.

During the year ended August 31, 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 year ended August 31, 2013 amounted to $0.7 million (2012 - $2.4 million) of which $0.5 million were capitalized as part of product development intangible assets (2012 - 2.4 million). As at August 31, 2012, theScore's accounts payable balance due to its equity accounted investee for such development costs was $0.4 million. 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.

Transactions with the Former Parent and Remaining Group

	August 31, 2013	August 31, 2012
Due to Parent	$ -	$ 23,574
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

During the period from September 1, 2012 to October 19, 2012, and for the year ended August 31, 2012, the Former Parent and Remaining Group paid for certain costs of theScore including personnel costs, management fees and other operating costs. Management fees represent an allocation of costs incurred by the Former Parent 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. Refer to notes 7 and 8 in theScore's Financial Statements for further details regarding theScore's transactions with the Former Parent and the Remaining Group.

Up until October 19, 2012 theScore and the Remaining Group were related by virtue of common ownership by the Former Parent.

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

On May 6, 2013, theScore issued 100,000,000 Class A Subordinate Voting Shares at a price of $0.16 per share for proceeds of $15,874 (net of legal costs and listing fees totaling $124). The Class A Subordinate Voting Shares issued upon completion of the private placement were subject to a four-month hold period under applicable securities laws, which expired on September 6, 2013.

A company controlled and directed by theScore's Chairman and CEO and largest shareholder participated in the private placement, purchasing 11,877,327 shares.

Critical Accounting Estimates:

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:

(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 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.

Recent Accounting Pronouncements

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.

IAS 28, Investments in Associates and Joint Ventures:

In August 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.

IFRS 10, Consolidated Financial Statements

In August 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 for the fiscal year commencing September 1, 2013. theScore is assessing the impact of this new standard on its Financial Statements.

IFRS 11, Joint Arrangements

In August 2011, the International Accounting Standards Board ("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 for the fiscal year commencing September 1, 2013. theScore is assessing the impact of this new standard on its Financial Statements.

IFRS 12, Disclosure of Interests in Other Entities

In August 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 unconsolidated structured entities. This new standard is effective for theScore's financial statements for the fiscal year commencing September 1, 2013. theScore is assessing the impact of this new standard on its Financial Statements.

IFRS 13, Fair Value Measurement

In August 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 statements for the fiscal year commencing September 1, 2013. theScore is assessing the impact of this new standard on its Financial Statements.

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 for the fiscal year commencing September 1, 2015. theScore is assessing the impact of this new standard on its Financial Statements.

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, 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.

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.

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.