Q2 – 2014
Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended
February 28, 2014 and 2013
(Unaudited)

theScore, Inc.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	February 28, 2014	August 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents (note 10)	$ 10,517	$ 14,524
Accounts receivable	1,632	1,621
Other receivables (note 1)	-	2,030
Other assets (note 8)	2,060	1,295
Prepaid expenses and deposits	528	386
	14,737	19,856
Non-current assets:		
Property and equipment (note 3)	2,303	2,313
Intangible assets (note 4)	5,302	6,523
Investment	760	760
Other assets (note 8)	4,318	1,782
	12,683	11,378
Total assets	$ 27,420	$ 31,234
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,340	$ 2,380
Non-current liabilities:		
Deferred lease obligation	504	495
Shareholders' equity	24,576	28,359
Commitments and contingencies (notes 1 and 10)		
Total liabilities and shareholders' equity	$ 27,420	$ 31,234

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss

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

(unaudited)

	Three months ended February 28,		Six months ended February 28,	
	2014	2013	2014	2013
Revenue (note 12)	$ 1,914	$ 1,110	$ 4,044	$ 2,616
Operating expenses:				
Personnel, net (note 8)	653	1,943	2,865	3,658
Content	276	530	600	946
Technology	309	559	550	1,231
Facilities, administrative and other	912	499	1,867	1,188
Marketing	453	57	1,133	132
Management fees (note 7)	-	-	-	48
Depreciation of property and equipment	130	33	258	56
Amortization of intangible assets, net (note 8)	157	627	827	1,228
Share of loss of equity accounted for investee	-	31	-	33
Investment loss (note 5)	-	111	-	111
	2,890	4,390	8,100	8,631
Operating loss	(976)	(3,280)	(4,056)	(6,015)
Finance costs (income), net (note 1)	(26)	-	(59)	99
Net and comprehensive loss	$ (950)	$ (3,280)	$ (3,997)	$ (6,114)
Loss per share - basic and diluted (note 13)	$ (0.00)	$ (0.03)	$ (0.02)	$ (0.06)

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(in thousands of Canadian dollars, except share amounts)
(unaudited)

	Special Voting Shares		Class A Subordinate Voting Shares				
	Amount	Number of Shares	Amount	Number of Shares	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholder's Equity
Six months ended February 28, 2014:							
Balances, August 31, 2013	$ 15	5,566	$ 27,455	195,035,274	$ 153	$ 736	$ 28,359
Net and comprehensive loss for the period	-	-	-	-	-	(3,997)	(3,997)
Share-based compensation expense for the period	-	-	-	-	209	-	209
Shares issued on exercise of stock options	-	-	5	35,333	-	-	5
Balances, February 28, 2014	$ 15	5,566	$ 27,460	195,070,607	$ 362	$ (3,261)	$ 24,576
Six months ended February 28, 2013:							
Balances, August 31, 2012 - Funded deficiency (note 1)	$ -	-	$ -	1	$ -	$ (22,636)	$ (22,636)
Net and comprehensive loss for the period	-	-	-	-	-	(6,114)	(6,114)
Share-based compensation expense for the period	-	-	-	-	60	-	60
Contributions by Former Parent and Remaining Group	-	-	-	-	-	107	107
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
Balances, February 28, 2013	$ 15	5,566	$ 11,579	95,015,277	$ 60	$ 6,020	$ 17,674

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

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

	Six months ended February 28, 2014	2013
Cash flows from (used in) operating activities		
Net and comprehensive loss	$ (3,997)	$ (6,114)
Adjustments for:		
Depreciation and amortization	1,085	1,284
Share of loss of equity accounted investee	-	33
Share-based compensation (note 11)	209	60
Investment loss	-	111
Contributions by Former Parent and Remaining Group	-	107
	(2,703)	(4,519)
Change in non-cash operating working capital:		
Accounts receivable	(11)	(627)
Other receivables	230	-
Other assets	(1,986)	-
Prepaid expenses and deposits	(142)	(149)
Accounts payable and accrued liabilities	(40)	631
Deferred lease obligation	9	-
	(1,940)	(145)
Net cash used in operating activities	(4,643)	(4,664)
Cash flows from financing activities		
Exercise of stock options	5	-
Funding provided from Arrangement (note 1)	1,800	9,794
Due to Remaining Group (note 6)	-	531
Due to Former Parent (note 7)	-	1,624
Net cash from financing activities	1,805	11,949
Cash flows used in investing activities		
Additions of property and equipment	(248)	(694)
Additions of intangible assets	(921)	(1,527)
Net cash used in investing activities	(1,169)	(2,221)
Cash, beginning of period	14,524	-
Cash, end of period	$ 10,517	$ 5,064

See accompanying notes to condensed consolidated interim 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 is 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. The Company is organized and operates as one operating segment for purposes of making operating decisions and assessing performance. Substantially all of the Company's assets are located in Canada and a majority of the Company's expenses are incurred in Canada.

The Company's revenues have historically reflected a seasonality trend, with the third quarter (ending May 31st) being the strongest, followed by the first quarter (ending November 30th), the fourth quarter (ending August 31st), and finally the second quarter (ending February 28th). This seasonality reflects general trends for sports media advertising, which in turn reflects the schedules of the major sports leagues.

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.

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 and

1. Nature of operations (continued):

presented as part of other receivables was released to the Company in full during the quarter ended November 30, 2013.

Also pursuant to the Business Separation Agreement, which provided for the separation of the television and digital media businesses of the Former Parent prior to closing of the Arrangement, certain indemnifications were included that 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 February 28, 2014.

Prior to the amalgamation noted below, theScore previously consolidated 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 as the "Combined Subsidiaries" for the period prior to October 19, 2012.

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 continues as one corporation, Score Media Ventures Inc.

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

1. Nature of operations (continued):

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

For more information on the Arrangement Agreement, refer to the annual consolidated financial statements for the year ended August 31, 2013.

(b) Basis of presentation and statement of compliance:

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) using International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), and using the same accounting policies and methods of computation theScore applied in its consolidated financial statements as at and for the year ended August 31, 2013, except as described below.

These accounting policies are disclosed in note 2 of theScore’s annual consolidated financial statements for the year ended August 31, 2013.

These interim financial statements are presented in Canadian dollars, which is theScore's functional currency, and have been prepared primarily using the historical cost basis.

These interim financial statements were approved by the Board of Directors of theScore on April 4, 2014.

theScore elected to present comparative condensed consolidated interim financial information before October 19, 2012 as if the acquisition of Score Digital had occurred before September 1, 2012 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. Amounts included in the comparative interim financial statements with respect to the period before October 19, 2012 have been prepared on a combined consolidated carve-out basis from the books and records of the Former Parent and its 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

1. Nature of operations (continued):

Standard "IAS") 27, Consolidated and Separate Financial Statements ("IAS 27"), to account for intergroup investments and transactions. Entities included in the comparative interim financial statements with respect to the period before October 19, 2012 are the subsidiaries 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 period prior to October 19, 2012. From September 1, 2012 to October 19, 2012, Score Digital received services and support functions from the Former Parent and certain subsidiaries of the Former Parent and the Remaining Group. Up until October 19, 2012 Score Digital's operations were dependent upon the Former Parent's ability to perform these services and support functions. In addition to amounts historically charged to Score Digital from the Former Parent and Remaining Group for such services (notes 6 and 7), certain additional costs were allocated to Score Digital for purposes of preparation of the comparative condensed consolidated interim financial statements and amounts included for the period prior to October 19, 2012. These allocated costs are as follows:

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

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

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

Costs prior to October 19, 2012 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 period 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

1. Nature of operations (continued):

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 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 period before October 19, 2012. 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:

Recently adopted accounting pronouncements:

(i) IAS 1, Presentation of Financial Statements:

In June 2011, the IASB published amendments to IAS 1, Presentation of Financial Statements ("IAS 1"). The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. theScore has adopted the amendments to IAS 1 in its consolidated financial statements for the period beginning on September 1, 2013. The amendments to IAS 1 did not have an impact on the Company's consolidated 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. The Company adopted the amendments in its consolidated financial statements for the period beginning on September 1, 2013. The amendments to IAS 28 did not have an impact on the Company's consolidated financial statements.

2. Significant accounting policies (continued):

(iii) IFRS 10, Consolidated Financial Statements:

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12, Consolidation-Special Purpose Entities, and IAS 27, Consolidated and Separate Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Company adopted this new standard in its consolidated financial statements for the period beginning on September 1, 2013. IFRS 10 did not have an impact on the Company's consolidated 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, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Company adopted this new standard in its consolidated financial statements for the period beginning on September 1, 2013. IFRS 11 did not have an impact on the Company's consolidated 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. . It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The Company adopted IFRS 13 prospectively in its condensed consolidated interim financial statements beginning on September 1, 2013. IFRS 13 is not expected to have a material impact on the Company's consolidated financial statements.

(In thousands of Canadian dollars, unless otherwise stated)

3. Property and equipment:

	Computer equipment	Leasehold improvements	Office equipment	Total
Cost				
Balance, August 31, 2013	$ 878	$ 1,516	$ 505	$ 2,899
Additions	56	31	161	248
Balance, February 28, 2014	$ 934	$ 1,547	$ 666	$ 3,147
Accumulated depreciation				
Balance, August 31, 2013	$ 413	$ 109	$ 64	$ 586
Depreciation	75	123	60	258
Balance, February 28, 2014	$ 488	$ 232	$ 124	$ 844
Carrying amounts				
Balance, August 31, 2013	465	1,407	441	2,313
Balance, February 28, 2014	446	1,315	542	2,303