ZOOMERMEDIA LIMITED

Management's Discussion and Analysis
For the three and nine months ended March 31, 2013

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial condition and operating performance of ZoomerMedia Limited for the three and nine months ended March 31, 2013.

We prepare our consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

This document contains forward-looking statements, which are qualified with reference to, and should be read in conjunction with the Cautionary Statement on Forward-Looking Statements section of this MD&A.

Unless the context otherwise requires, all references to "ZoomerMedia", "Company", "our", "us", and "we" refers to ZoomerMedia Limited and its subsidiaries. Additional information regarding the Company is available on SEDAR at www.sedar.com. This MD&A is dated May 28, 2013. All amounts herein are presented in Canadian dollars, unless otherwise stated.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements made in this report are 'forward-looking statements' which may include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words 'believe', 'anticipate', 'expect', 'estimate', 'project', 'will be', 'will continue', 'will likely result' or similar words or phrases. Forward-looking statements involve risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in filings by us with provincial securities commissions. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- the risks inherent in magazine publishing generally;
- the risks inherent in the operation of Internet media properties generally;
- the risks inherent in the operation of television broadcast properties generally;
- the risks inherent in the operation of radio broadcast properties generally;
- the risks inherent in the operations of affinity partners with respect to royalty revenue;
- the risks inherent in the operation of consumer shows generally;
- the competition within the media industry for the baby boomer generation's business;
- the risks associated with governmental regulation of the publishing, internet, radio and television broadcasting businesses;
- the results of legal claims made by or against the Company;
- the dependence of the business on the continuing operation of its computer systems; and
- the dependence of the business on key personnel.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We do not intend and do not assume any obligation to update these forward-looking statements.

OVERVIEW OF THE BUSINESS

We are a multimedia company that serves the 45plus "Zoomer" demographic through television, radio, magazine, internet, conferences and trade shows. Our television properties include; Vision TV, Canada's only multi-faith specialty television service; ONE: The Body, Mind, Spirit and Love Channel, offering programs on exercise, meditation, yoga, natural health and living a planet-friendly lifestyle; Joytv 10 in Vancouver and Joytv 11 in Winnipeg, two conventional stations, available over the air and on cable in their respective markets. Our radio properties include CFMZ-FM Toronto – The New Classical 96.3FM, CFMX-FM Cobourg – The New Classical 103.1FM, Canada's only commercial classical music radio stations serving the Greater Toronto Area (GTA) and eastern Ontario, and CFZM-AM 740 Toronto – The New AM740 Zoomer Radio, the last music service left on the AM dial in the GTA. We also publish ZOOMER Magazine, the largest paid circulation magazine in Canada for the mature market. We are Canada's leading provider of online content targeting the 45plus age group through many properties, the key one being www.EverythingZoomer.com. We also have a trade show and conference division that conducts the "Zoomer Shows", consumer shows directed to the Zoomer demographic and ideaCity, an annual Canadian conference also known as 'Canada's Premiere Meeting of the Minds'.

OPERATING RESULTS

For the 3rd quarter, revenue was $13,107,093 with an EBITDA[1] of $1,483,523 and operating income of $738,893 as compared to revenue of $12,831,597, EBITDA of $710,472 and an operating loss of $683,340 for the same period in the previous year. For the nine months ended March 31, 2013, revenue was $41,341,242 with an EBITDA of $6,434,349 and operating income of $4,244,122 as compared to revenue of $40,847,515 with an EBITDA of $2,796,804 and operating loss of $516,051 for the nine months ended March 31, 2012.

After taking into account interest income of $32,454 and interest expense of $628,134, income before income taxes for the 3rd quarter was $143,213. For the three months ended March 31, 2012, interest expense was $528,303 and the loss before income taxes was $1,212,143. For nine months ended March 31, 2013, after taking into account interest income of $64,972 and interest expense of $1,954,152, income before income taxes was $2,354,942. For the nine months ended March 31, 2012, interest expense was $1,652,997 and the loss before income taxes was $2,169,048.

Revenue of $13,107,093 for the 3rd quarter reflects an increase of $275,496 (2.1%) from the same period in the prior year. For the nine months ended March 31, 2013, revenue was $41,341,242, an increase of $493,727 (1.2%) from the nine months ended March 31, 2012. This increase is primarily the result of a number of factors;

1. The television division, which operates Vision TV, ONE: The Body Mind Spirit and Love Channel, Joytv 10 in Vancouver and Joytv 11 in Winnipeg, generated revenue of $9,085,399 and $27,031,461 for the three and nine months ended March 31, 2013 as compared to revenue of $8,605,634 and $26,130,744 for the three and nine months ended March 31, 2012, an increase of $497,765 (5.6%) and $900,717 (3.5%) respectively. This is a result of a 13.6% increase in commercial advertising revenue across all of our television properties and an increase of 1.2% in revenues derived from block sales of religious airtime. These increases were partially offset by a 1.7% decrease in subscriber revenues for the nine months ended March 31, 2013 as compared to the previous year. The number of subscribers and the revenue per subscriber for Vision TV has remained relatively constant over the past year.
2. The radio division, which operates CFMZ-FM Toronto – The New Classical 96.3FM, CFMX-FM Cobourg – The New Classical 103.1FM and CFZM-AM 740 generated revenue of $1,864,878 and $6,380,994 for the three and nine months ended March 31, 2013 as compared to revenue of $2,083,847 and $6,695,638 for the three and nine months ended March 31, 2012, a decrease of $218,969 (10.5%) and $314,644 (4.9%) respectively. This decrease is a result of a decrease in commercial advertising revenue. We are still experiencing a difficult commercial advertising market for our radio stations. Despite these revenue declines we have reduced costs to maintain our margins in the radio division.
3. The print operations of the Company, which produces ZOOMER magazine generated revenue of $1,014,346 and $3,573,972 for the three and nine months ended March 31, 2013 as compared to revenue of $1,178,648 and $3,763,014 for the three and nine months ended March 31, 2012, a decrease of $164,302 (13.9%) and $189,042 (5.0%) respectively. The magazine experienced a decline in both commercial advertising revenue and subscriber revenue.
4. Royalty revenue for the three and nine months ended March 31, 2013 was $408,383 and $1,658,727 respectively as compared to $444,314 and $1,740,119 for the three and nine months ended March 31, 2012.

[1] EBITDA is a Non-GAAP measure. Please refer to the section entitled "RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES" of this MD&A

5. Other revenue primarily consists of commercial advertising revenue derived from the operations of our websites and the Zoomer Shows. During the three and nine months ended March 31, 2013, other revenue was $683,480 and $2,577,889 compared to $425,853 and $2,330,103 for the three and nine months ended March 31, 2012. This increase in revenue of 60.5% for the quarter was the result of our decision to move the date of our Vancouver Zoomer Show from the 2nd quarter to the 3rd quarter in fiscal 2013. In the prior year, we held both the Toronto and Vancouver Zoomer Shows in the 2nd quarter. The 10.6% increase for the nine months was due mainly to a rebound in the advertising market for our websites compared to the same period a year ago.

Operating expenses were $11,623,570 for the quarter compared to $12,121,125 for the 3rd quarter in the prior year, a decline of $497,555 (4.1%). For the nine months ended March 31, 2013, operating expenses were $34,906,893 compared to $38,050,711 for the nine months ended March 31, 2012, a decline of $3,143,818 (8.3%). This decrease is the result of a decrease in employee costs of $967,114 (including a decrease in stock-based compensation of $405,800), a decrease in amortization of television program rights of $1,087,016, a decrease in distribution and transmission costs of $376,117 and a decrease in other operating expenses of $713,571.

The television division had operating expenses for the three and nine months ended March 31, 2013 of $5,621,646 and $16,447,465 compared to $6,162,500 and $18,778,552 for the comparable periods in the previous year, a decrease of $540,854 (8.8%) and $2,331,087 (12.4%) respectively. Employee and other operating costs have declined as a result of staffing and cost reductions that have taken place over the past year. Amortization of program rights has decreased as a result lower program spending.

The radio division operating expenses were $1,945,028 and $6,081,602 for the three and nine months ended March 31, 2013 compared to $1,927,759 and $6,283,654 for the comparable periods in the previous year, an increase of $14,269 (0.7%) and a decrease of $202,052 (3.3%) respectively. We undertook a restructuring of the sales group in the radio division which along with other staff reductions has lowered employee costs. This decline was partially offset by higher costs related to the transmission of our broadcast signals.

The operating expenses of the print operations for the three and nine months ended March 31, 2013 were $1,575,440 and $4,695,977 compared to $1,526,172 and $4,696,763 for the same periods in the previous year. We negotiated a reduction in our printing costs which took effect in the middle of the previous year and has led to a reduction in costs. These cost reductions were offset by increased costs in editorial and circulation.

The operating expenses of the royalty division were $92,707 and $1,238,005 for the three and nine months ended March 31, 2013 as compared to $161,964 and $838,269 for the same periods in the previous year. These operating expenses comprise payments made to the Canadian Association of Retired Persons (“CARP”) to provide support to their membership and advocacy efforts. In return, we receive royalty revenues from affinity partners who are granted access to CARP members. The increase in operating expenses reflects the costs associated with new membership campaigns. Please refer to the section “MATERIAL CONTRACTS” below for further discussion of our relationship to CARP.

The operating expenses of the other divisions of the Company were $1,049,803 and $2,761,161 for the three and nine months ended March 31, 2013 compared to $732,859 and $3,106,369 for the same periods in the previous year, an increase of $316,944 (43.2%) and a decrease of $345,208 and (11.1%) respectively. The other divisions of the Company are comprised of the web division, the Zoomer Shows, a television production and distribution company, and a creative services division. We decided to move the date of our Vancouver Zoomer Show from the 2nd quarter to the 3rd quarter in fiscal 2013 and thus the costs were incurred one quarter later than during the prior year. We also reduced the costs of the Toronto Zoomer Show held during the 2nd quarter compared to the same show held in the prior year. Our web division has reduced costs as a result of consolidating many of our websites into one website, “EverythingZoomer.com”.

Operating expenses related to corporate overhead were $1,338,946 and $3,682,683 for the three and nine months ended March 31, 2013 compared to $1,609,871 and $4,347,104 for the same periods in the prior year. Corporate overhead comprises corporate management functions including marketing, finance and information technology that is not directly attributable to the other segments of ZoomerMedia as well as the costs of maintaining our property at 64 Jefferson Avenue.

Depreciation was $468,582 and $1,386,402 for the three and nine months ended March 31, 2013 compared to $1,152,964 and $2,543,416 for the same periods in the prior year. In March 2012, we consolidated our television division and other corporate departments into our property at 64 Jefferson Avenue. As a result of vacating our previous rented space, we no longer have any depreciation related to tenant improvements on those spaces. This reduction in depreciation has been offset to some degree by increased depreciation expense related to the renovations that were undertaken in our new facilities.

Amortization of other intangible assets for the three and nine months ended March 31, 2013 was $276,048 and $803,825 compared to $241,348 and $769,439 for the same periods in the prior year.

Interest income for the three and nine months ended December 31 2012 was $32,454 and $64,972 with no comparable amounts in the prior year. We earn interest income on the restricted cash and investments that are being held as security for a loan. The funds generated from the restricted cash and investments are used exclusively for paying down this loan.

Interest expense was $628,134 and $1,954,152 for the three and nine months ended March 31, 2013 compared to $528,303 and $1,652,997 in the comparable periods in the prior year. Interest expense has increased as a result of amendments that were done at the end of the previous fiscal year to our banking facility to include a term loan and a new mortgage on our property.

QUARTERLY RESULTS OF OPERATIONS

The following table sets out certain unaudited quarterly results for the previous eight quarters. The information contained herein is drawn from the consolidated interim financial statements for each of the aforementioned periods.

	(000's of dollars – except per share amounts)							
	2013 Mar. 31	**2012 Dec. 31**	**2012 Sept. 30**	**2012 June 30**	**2012 Mar. 31**	**2011 Dec. 31**	**2011 Sept. 30**	**2011 June 30**
Revenue	$13,107	$14,876	$13,358	$15,129	$12,832	$15,269	$12,747	$15,207
Net income (loss)	351	736	934	751	(1,270)	(136)	(978)	(6,181)
Net income (loss) per share	$0.00	$0.00	$0.00	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.01)

Quarterly results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. As a result, one quarter's operating results are not necessarily indicative of what a subsequent quarter's operating results will be. In particular, as one of our major sources of revenue is advertising, operating results are dependent on general advertising and retail cycles associated with consumer spending activity.

LIQUIDITY, SOLVENCY AND CASH FLOW

At March 31, 2013, we had a cash balance of $4,563,671. During the nine months ended March 31, 2013, we had cash inflow of $2,921,702 from operating activities compared to $1,733,879 for the same period in the previous year. Cash used for investing activities was $1,854,421 for the nine months compared to $2,526,944 in the same period in the previous year. During the nine months ended March 31, 2013, cash outflow from financing activities was $1,573,364 compared to a cash inflow from financing activities of $2,568,135 during the same period in the previous year.

At March 31, 2013, excluding current deferred revenue, we had working capital of $2,403,733 compared to working capital of $2,612,172 at June 30, 2012.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk through the management of our capital structure. We also manage liquidity risk by monitoring actual and projected cash flows, taking into account our revenues and receipts and matching the maturity profile of financial assets and liabilities. The Board of Directors reviews and approves the Company's annual operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions and other major investments.

We have expended and will continue to expend cash to complete the renovations of new office facilities, invest in new programming and increase subscribers to the magazine. We have experienced net losses in prior fiscal years, and have an accumulated deficit of $28,122,065 as at March 31, 2013.

While some of our costs are variable based on the revenue generated, a significant portion of our costs, including programming and interest costs, are fixed and some cannot be reduced quickly. Some of these factors are beyond our control and may impact the future cash flows from operating activities.

Our current cash flow projections reflect positive cash flow from operations for the remainder of the fiscal year and then improving significantly in the subsequent two years. Over the remainder of fiscal 2013, there are major cash requirements for the capital improvements to our 64 Jefferson Avenue property.

Contractual Obligations

Future minimum lease payments under operating leases for premises (excluding our proportionate share of building operating costs) and equipment over the next five fiscal years and in aggregate are as follows:

2013	$ 551,653
2014	563,069
2015	408,728
2016	211,178
2017	33,747
Thereafter	-
	$ 1,768,375

In May 2012, we assigned our interests under a property lease to a third party. In the event that the third party does not fulfill its obligations, we will be liable for the remaining payments due under the lease. Our continuing obligation under the lease is secured by a general security agreement covering our assets excluding the property located at 64 Jefferson Avenue and the assets of the Radio business segment. At March 31, 2013 the remaining future minimum payments due under the lease is $3,210,953. The lease expires in April 2021.

RELATED PARTY TRANSACTIONS

ZoomerMedia is controlled by Olympus Management Limited ("OML"), which owns 64.3% of ZoomerMedia's shares. The President and Chief Executive Officer of ZoomerMedia controls OML and is the ultimate controlling party of ZoomerMedia. Fairfax Financial Holdings Limited ("Fairfax"), through its subsidiary Northbridge Financial Corporation, holds 26.9% of ZoomerMedia's shares. The remaining 8.8% of ZoomerMedia's shares are widely held.

Our material related party transactions are summarized below. These transactions are in the normal course of operations.

a) Transactions with a related special purpose entity

We publish a magazine called ZOOMER (formerly called "CARP, the magazine") which is directed to adults 45 years of age and up and whose subscribers are primarily members of CARP. Our majority shareholder, who is also the President and Chief Executive Officer and a director of the Company, is also the President of CARP. CARP is a not-for-profit organization that is focused on providing support for adults 45 years of age and up in Canada. During the nine months ended March 31, 2013, we paid subsidies of $1,238,005 (nine months ended March 31, 2012 – $944,102). As we receive royalties from affinity programs and other programs that benefit from increasing membership in CARP, we benefit from supporting CARP. We received from CARP computer maintenance services fees of $23,031 (nine months ended March 31, 2012 - $29,700) management and accounting service fees of $56,997 (nine months ended March 31, 2012 - $31,500) and rent of $64,845 (nine months ended March 31, 2012 - $nil). ZoomerMedia and CARP have an agreement with a third party that provides magazine subscriber and membership management services including the cash collection and processing of subscriptions and CARP memberships. Funds collected on our behalf for subscriptions as well as CARP membership funds are forwarded to CARP at which point CARP forwards the subscription funds onto us. Included in accounts receivable is a receivable from CARP as at March 31, 2013 of $625,475 (June 30, 2012 net receivable of $767,183). This balance is unsecured, non-interest bearing, with no fixed terms of repayment.

b) Transactions with the parent company

During the nine months ended March 31, 2013, we paid management fees of $900,000 (nine months ended March 31, 2012 - $900,000) and fees for ancillary services of $269,215 (nine months ended March 31, 2012 – $83,802) to OML, the majority shareholder of the Company, for the provision of executive management services, home office costs, contractor services and talent fees. We charged computer maintenance service fees of $6,714 (nine months ended March 31, 2012 - $4,860) to OML. At March 31, 2013, included in accounts receivable is $11,516 due from OML and included in accounts payable and accrued liabilities is a payable to OML of $256,325 (June 30, 2012 net payable - $426,009). These balances are unsecured, non-interest bearing, with no fixed terms of repayment.

c) Transactions with entities controlled by a principal shareholder

During the nine months ended March 31, 2013, we received royalty revenues from Northbridge Financial Corporation ("Northbridge", formerly Lombard Canada Limited), a wholly owned subsidiary of Fairfax who is a principal shareholder of the Company, of $1,452,819 (nine months ended March 31, 2012 - $1,473,868) and advertising revenues of $405,254 (nine months ended March 31, 2012 – $250,220). Included in accounts receivable at March 31, 2013 is a receivable from Northbridge of $205,443 (June 30, 2012 - $310,993).

A director of the Company is employed by a subsidiary of Fairfax.

CONTINGENT OFF-BALANCE SHEET ARRANGEMENTS

We do not have off-balance sheet financial commitments and do not anticipate entering into any contracts of such nature, other than the addition of such operating leases for equipment as may be required in the normal course of business.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Our significant accounting policies are described in Note 3 to the consolidated financial statements. The preparation of financial statements in conformity with IFRS requires us to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring significant estimates and subject to measurement uncertainty include provision for allowance for doubtful accounts receivable, the carrying values of intangible assets, useful lives and valuation of program rights, carrying value of goodwill, long-term debt, deferred income taxes and the valuation of stock options. Actual results could differ from those estimates.

The key judgements, estimates and assumptions made in applying accounting policies which have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Cash Generating Units (CGUs)

The determination of the CGUs involves significant judgement. We have identified several non-goodwill CGUs which include Vision TV, ONE, JOY 10, JOY 11, Zoomer Magazine, AM Radio, FM Radio, Royalty, Website and Shows and Conferences. Goodwill recorded in the consolidated financial statements relates to the Television group of CGUs and Radio group of CGUs.

Impairment of goodwill and indefinite life intangible assets

The values associated with indefinite life intangible assets and goodwill involve significant estimates and assumptions made by us with respect to future cash flows, growth rates and discount rates. These significant estimates and judgments could affect future results if the current estimates of future performance and fair values change.

We review goodwill and indefinite life intangible assets at least annually for impairment. The impairment test is carried out by allocating these assets to the relevant CGUs and comparing the aggregate recoverable amount of the assets included in the CGUs to their respective carrying amounts. Recoverable amount has been determined based on the fair value less costs to sell of the CGUs using discounted cash flow models that require assumptions about future cash flows, margins and discount rates.

Estimated period of use of program rights

We amortize program rights over the estimated period of use. The amount of amortization recognized for any period is affected by our estimated period of use. These significant estimates are reviewed at least annually and are updated if expectations change as a result of changes in the broadcast schedules of our television stations. It is possible that changes in the broadcast schedules of the television stations may cause significant changes in the estimated period of use of the program rights. When there is a change in the intended use of the program rights, the useful life will be revised and an additional amortization will be recorded.

Estimated useful lives

We estimate the useful lives of non-financial assets with definite useful lives, such as property and equipment and intangible assets with definite useful lives, based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for the depreciation and amortization on these assets are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence or other limits of use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of these assets in the future.

Income taxes

Income tax liabilities must be estimated by us, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Significant judgement is required regarding our future profitability to be able to realize deferred taxes. Changes in market conditions, changes in tax legislation and other factors could adversely affect the ongoing value of deferred taxes.

MATERIAL CONTRACTS

We have the right to implement CARP affinity programs, as well as control over certain other rights to license the use of the CARP logo, and to control the use of the CARP name and other intellectual property in certain media as follows:

a) <u>Agency Agreement</u>

An assignment of the agency agreement dated May 1, 2001, pursuant to which we have the right to act as the exclusive representative and agent with regard to contracts, dealings and endeavours of any type by virtue of which CARP could receive certain remuneration. The agreement has terms which continue until December 31, 2099 subject to cancellation by us on three years' notice. Our rights under this agreement include the following rights:

(i) to publish articles, newsletters, tabloids, newspapers, magazines and other periodicals in any form of media featuring, using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(ii) to publish books featuring, using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(iii) to produce and distribute radio programs, television programs, and programs in any other media using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(iv) to produce and distribute motion pictures in film, video and any other media using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(v) to affix any one or more of CARP's tradenames, trademarks or other like intellectual property to products, packaging, sales or promotional materials, except those soliciting membership in CARP;

(vi) to mark products and/or their packaging as having been approved by CARP, or as having been manufactured under license from CARP, or as having been produced for members of CARP;

(vii) to hold out products or services as having been approved by CARP or as having been designed or formulated for members of CARP, including without limitation offering products or services at prices which purportedly for members of CARP afford a discount from the regular prices thereof;

(viii) to promote and market goods and services to the members of CARP, including, but without limiting the generality of the foregoing, newspapers; publications other than newspapers; residences; nursing care facilities; medical facilities; communication equipment and services; appliances; vehicles (rental, lease and sale); transportation facilities and services; vacations; travel accommodation and services; financial services; insurance services, policies and programs; educations services; and entertainment;

(ix) to establish and maintain any one or more remotely accessible information or communication sites (including but without limitation any one or more sites on the worldwide web) which are targeted to members of CARP, under any contractual format or regime which is contemplated to generate revenues; and

(x) to use CARP's membership list subject to and in compliance with applicable legislation.

We are entitled to utilize such rights at our own discretion and to remunerate CARP as we may determine at our own discretion. Subject to certain terms and conditions including the obligation to ensure that no published material is obscene, lewd or lascivious, or promotes or could incite hatred or intolerance of, or discrimination against, any persons because of their race, colour, religion or national origin, sex, sexual orientation, handicap or family status.

The royalty revenues earned under the agency agreement will be offset by certain deferred payment obligations to Megadak Enterprises Inc. ("Megadak") which were incurred in order to acquire the royalty rights. These deferred payment obligations, due over the next five years from March 31, 2013, may be summarized as follows:

		Payment to Megadak
1 year	$	600,000
2 years		600,000
3 years		600,000
4 years		600,000
5 years		200,000
Total	**$**	**2,600,000**

b) Publishing Contract

An assignment of a publishing contract dated May 1, 2001, pursuant to which we have been given the sole and exclusive right, license and authority to publish magazines, newspapers, newsletters, tabloids and other periodicals, as well as books, pamphlets, catalogues and other publications, intended principally for members of CARP, in any form of media now known or which hereafter comes into existence (including without limitation, in print form or in any electronic form, which expression includes the worldwide web) under, featuring, using or exploiting any one or more of CARP's tradenames, trademarks and other intellectual property.

c) Northbridge Financial Corporation (formerly Lombard Canada Ltd.) Royalty Agreement

An assignment of a royalty agreement dated August 1, 2007 pursuant to which Northbridge agreed to pay us a royalty calculated on the amount of direct premiums for insurance coverage payable until August 1, 2022 under policies of insurance insuring any member of CARP and issued or placed by Northbridge or its affiliates. The royalty payment agreement permits an annual offset of $720,765 which totals $10,811,475 over the term of the agreement. Pursuant to this agreement, Northbridge is required to spend a minimum of $250,000 in advertising with ZOOMER magazine, increased annually by the Consumer Price Index for a period of 15 years, except that for every 10% reduction in the subscription levels for ZOOMER magazine during a contract year from a threshold level of 90% of the paid subscribers as at August 1, 2007 (approximately 190,000 paid subscribers), such minimum advertising commitment may be reduced by 10%. Northbridge may elect to cease making advertising expenditures where the ZOOMER magazine subscription level falls to less than 60% of such threshold and there is a failure to raise the ZOOMER magazine subscription level to greater than 60% of such threshold upon 60 days' notice.

RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") is a non-GAAP measure used by management to provide additional insight into our performance and financial condition. We believe that these non-GAAP measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the consolidated financial statements. Accordingly, we are presenting EBITDA in this MD&A to enhance the usefulness of our MD&A. We have provided a reconciliation of EBITDA to the most directly comparable IFRS number, disclosure of the purpose of the non-GAAP measure, and how the non-IFRS measure is used in managing the business.

We report EBITDA because it is a key measure used by management to evaluate performance of our business segments and the Company. EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to service debt, and as a valuation metric. The Company believes EBITDA assists investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending on accounting methods or non-operating factors such as historical cost.

EBITDA is not a calculation based on IFRS and should not be considered an alternative to net income (loss) in measuring the Company's performance, nor should it be used as an exclusive measure of cash flow, because it does not consider the impact of movements in working capital (including liabilities relating to program rights), capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows. Investors should carefully consider the specific items included in our computation of EBITDA.

The following is a reconciliation of EBITDA with net income (loss) for the three and nine months ended March 31:

Summary Financial Analysis

	Three months ended March 31,		Nine months ended March 31,	
($000's)	**2013**	**2012**	**2013**	**2012**
Net income (loss) and comprehensive income (loss)	$ 765	$ (1,270)	$ 2,435	$ (2,384)
Depreciation	469	1,153	1,386	2,543
Amortization of other intangible assets	276	241	804	769
Interest income	(32)	-	(65)	-
Interest expense	628	528	1,954	1,653
Income tax (recovery) expense	(688)	58	(147)	215
EBITDA	$ 1,417	$ 710	$ 6,368	$ 2,797

LEGAL PROCEEDINGS

In the normal course of business, we become involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending as at March 31, 2013 cannot be predicted with certainty, these matters are not expected to have a material adverse effect on our financial position.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2013, the CEO and CFO have evaluated the effectiveness of the our disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and has concluded that such controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING and DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") file Venture Issuer Basic Certificates with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

As part of our corporate governance practices, internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") have been designed. There has been no formal evaluation of the operation of these controls. We have designed our ICFR to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with Canadian GAAP. Management works to mitigate the risk of a material misstatement in financial reporting; however a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Our DC&P has been designed to ensure that the information required to be disclosed by ZoomerMedia is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. It should be noted that while the Company's CEO and CFO believe that our DC&P provide reasonable assurance that they are effective, they do not expect that the DC&P and ICFR will prevent all errors or fraud. There has been no material changes in the internal controls of the Company in the nine months ended March 31, 2013.

DISCLOSURE OF OUTSTANDING SHARE DATA

ZoomerMedia Limited common shares trade on the TSX Venture Exchange under the symbol "ZUM". The Company is authorized to issue an unlimited number of preference shares in one or more series and an unlimited number of common shares without par value. On May 28, 2013, there were 267,618,297 common shares issued and outstanding, 387,879,129 preference shares issued and outstanding and 12,897,059 stock options outstanding with a weighted average exercise price of $0.18 expiring between 2013 and 2016.