ZOOMERMEDIA LIMITED

Management's Discussion and Analysis
For the three months ended September 30, 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 months ended September 30, 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").

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 November 27, 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 in Vancouver, Victoria, Surrey and the Fraser Valley, and HOPETV (formerly JoyTV11), a lifestyle television service out of Winnipeg devoted to broadcasting Christian and local programming. 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.50plus.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 first quarter, revenue was $12,773,498 with an EBITDA[1] of $1,892,068 and operating income of $1,152,977 as compared to revenue of $13,358,017, EBITDA of $2,590,942 and operating income of $1,868,349 for the same period in the previous year.

After taking into account interest income of $14,637 and interest expense of $591,993, the income before income taxes was $575,621 for the three months ended September 30, 2013. For three months ended September 30, 2012, after taking into account interest income of $47,073 and interest expense of $723,324, the income before income taxes was $1,192,098.

Revenue of $12,773,498 for the three months ended September 30, 2013 reflects a decrease of $584,519 (4.4%) from the same period in the prior year. This decrease 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 in Vancouver and HOPETV in Winnipeg generated revenue of $8,865,060 for the three months ended September 30, 2013 as compared to revenue of $8,787,331 for the three months ended September 30, 2012, an increase of $77,729 (0.9%). Subscriber revenues for the three months ended September 30, 2013 have remained relatively flat compared to the previous year, and 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 $1,741,192 for the three months ended September 30, 2013 as compared to revenue of $2,167,067 for the three months ended September 30, 2012, a decrease of $425,875 (19.7%). This decrease is a result of a decline in commercial advertising revenue, as well as the decline in revenue received from radio transmitter rental.
3. The print operations of the Company, which produces ZOOMER magazine, generated revenue of $1,083,387 for the three months ended September 30, 2013 as compared to revenue of $1,231,303 for the same period last year, a decrease of $147,916 (12.0%). The decrease is primarily a result of a decline in advertising sales.
4. Royalty revenue for the three months ended September 30, 2013 was $644,430 as compared to $644,483 for the three months ended September 30, 2012.
5. Other revenue primarily consists of commercial advertising revenue derived from the operations of our websites. During the three months ended September 30, 2013, other revenue was $410,534 as compared to $501,439 for the three months ended September 30, 2012. This decrease in revenue of 18.1% was primarily the result of a decrease in the advertising market for our websites compared to the same period a year ago.

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

Operating expenses were $10,881,430 for the quarter compared to $10,767,075 for the first quarter in the prior year, an increase of $114,355 (1.1%). This increase is the result of increases in employee costs of $105,460, amortization of television program rights of $162,050, and other operating expenses of $54,869, partially offset by a decrease in distribution and transmission costs of $208,025.

The television division had operating expenses the three months ended September 30, 2013 of $4,972,505 compared to $4,684,108 in the same period in the previous year, an increase of $288,397 (6.2%). Operating expenses increased primarily due to higher programming costs as we invested in new programming for Vision and JoyTV and higher marketing and sales costs for Vision and JoyTV. The increase in marketing and sales costs related to advertising expenditures to promote new shows and schedule for both Vision and JoyTV.

The radio division operating expenses were $1,752,124 for the three months ended September 30, 2013 compared to $2,136,584 for the same period in the previous year, a decrease of $384,460 (18.0%). The decrease is the result of lower sales commissions on lower advertising sales, as well as a decrease in programming costs. We continue to seek efficiencies in our costs to offset the market declines in our revenues.

The operating expenses of the print operations for the three months ended September 30, 2013 were $1,466,869 compared to $1,342,732 for the same period in the previous year, an increase of $147,916 (12.0%). The increase is due to primarily to higher employee costs.

The operating expenses of the Royalty division were $370,817 for the three months ended September 30, 2013 as compared to $639,615 for the same period in the previous year. These operating expenses are comprised of 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 decrease in operating expenses reflects a decline in 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 $674,712 for the three months ended September 30, 2013 as compared to $788,660 for the same period in the previous year, a decrease of $113,948 (14.4%). The other divisions of the Company are comprised of the web division, the consumer shows division which runs the Zoomer Shows, a television production and distribution company, and JTM Classical Inc. (“JTM Classical”), a structured entity that creates television programming content. JTM Classical had no activity in the prior year, and in the current year production activities in this entity have resulted in the deferral of costs on the balance sheet as at September 30, 2013. Additionally in the prior year, we experienced increased costs related to the production of our websites as we worked on a more integrated web strategy with the launch of EverythingZoomer.com.

Operating expenses related to corporate overhead were $1,644,403 for the three months ended September 30, 2013 as compared to $1,175,375 for the same period in the prior year, an increase of $469,028 (39.9%). 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. The increase is due to primarily to higher employee costs related to increased personnel in our marketing area, as well higher property taxes and property operating costs.

Depreciation was $478,756 for the three months ended September 30, 2013 compared to $457,856 for the same period in the prior year.

Amortization of other intangible assets for the three months ended September 30, 2013 was $260,355 compared to $264,737 in the prior year.

Interest income for the three months ended September 30 2013 was $14,637 as compared to $47,073 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 $591,993 for the three months ended September 30, 2013 as compared to $723,324 in the prior year. Interest expense has decreased as a result of repayment on our debt.

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 Sept. 30	**2013 June 30**	**2013 Mar. 31**	**2012 Dec. 31**	**2012 Sept. 30**	**2012 June 30**	**2012 Mar. 31**	**2011 Dec. 31**
Revenue	$12,773	$15,083	$13,107	$14,879	$13,358	$15,129	$12,832	$15,269
Net income (loss)	368	3,287	351	736	934	(1,175)	(1,270)	(136)
Net income (loss) per share	$0.00	$0.00	$0.00	$0.00	$0.00	$(0.00)	$(0.00)	$(0.00)

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 spend activity.

LIQUIDITY, SOLVENCY AND CASH FLOW

At September 30, 2013, we had a cash balance of $3,064,300. During the three months ended September 30, 2013, we had cash inflow of $1,131,047 from operating activities as compared to a cash outflow of $1,194,704 for the same period in the previous year. Cash used for investing activities was $351,481 for the three months ended September 30, 2013 as compared to $29,301 in the same period in the previous year. During the three months ended September 30, 2013, cash outflow from financing activities was $544,999 compared to $506,377 during the same period in the previous year.

At September 30, 2013, excluding current deferred revenue, we had working capital deficit of $3,320,885 compared to working capital of $527,671 at June 30, 2013. The decrease in working capital position is primarily due to programming agreements signed during the quarter where we will be required to make payments over the next twelve months.

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 $27,595,001 as at September 30, 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 forecasts project us to generate sufficient cash flow from operations to meet our current obligations for the next twelve months and beyond. Over the remainder of fiscal 2014 and for fiscal 2015, there are requirements for capital investments in the transmission capabilities of our radio division.

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:

2014	$ 387,841
2015	408,728
2016	211,178
2017	33,747
2018	-
Thereafter	-
	$ 1,041,494

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 September 30, 2013, the remaining future minimum payments due under the lease is $3,019,118. 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 9% 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 three months ended September 30, 2013, we paid subsidies of $370,817 (three months ended September 30, 2012 – $639,615). As we receive royalties from affinity programs and other programs that benefit from increasing membership in CARP, we benefit from supporting CARP. During the three months ended September 30, 2013, we received from CARP advertising revenues of $26,000 (three months ended September 30, 2012 - $nil), computer maintenance services fees of $nil (three months ended September 30, 2012 - $7,678), management and accounting services fees of $nil (three months ended September 30, 2012 - $19,000) and rent of $25,536 (three months ended September 30, 2012 - $21,615). 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 on to us. Included in accounts receivable is a receivable from CARP as at September 30, 2013 of $462,583 (June 30, 2013 – net receivable of $476,743). This balance is unsecured, non-interest bearing, with no fixed terms of repayment.

b) Transactions with the parent company

During the three months ended September 30, 2013, we paid management fees of $300,000 (three months ended September 30, 2012 – $300,000) and fees for ancillary services of $89,056 (three months ended September 30, 2012 – $86,200) 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 $nil (three months ended September 30, 2012 - $2,238) to OML. At

September 30, 2013, included in accounts payable and accrued liabilities is a payable to OML of $231,004 (June 30, 2013 net payable - $345,219). This balance is unsecured, non-interest bearing, with no fixed terms of repayment.

c) Transactions with entities controlled by a principal shareholder

During the three months ended September 30, 2013, we received royalty revenues from Northbridge Financial Corporation (**"Northbridge"**), a wholly owned subsidiary of Fairfax who is a principal shareholder of the Company, of $557,809 (three months ended September 30, 2012 – $590,814) and advertising revenues of $111,991 (three months ended September 30, 2012 – $129,172)**.** Included in accounts receivable is a receivable from Northbridge of $283,301 (June 30, 2013 – $299,022).

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 International Financial Reporting Standards ("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, future 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 CGU and Radio group CGU.

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 flows 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 of 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) Agency Agreement

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. which were incurred in order to acquire the royalty rights. These deferred payment obligations, due over the next 5 fiscal years from September 30, 2013, may be summarized as follows:

	Payment to Megadak
1 year	$ 600,000
2 years	600,000
3 years	600,000
4 years	500,000
5 years	-
Total	**$ 2,300,000**

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 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. In addition, during the first three years of the royalty agreement, Northbridge received $316,045 for licensing revenues associated with financial products and services. 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 depended 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 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 for the three months ended September 30:

	Three months ended September 30,	
	2013	2012
Net income and comprehensive income	$ 368,292	$ 934,438
Depreciation	478,756	457,856
Amortization of other intangible assets	260,335	264,737
Interest income	(14,637)	(47,073)
Interest expense	591,993	723,324
Income tax expense	207,329	257,660
EBITDA	$ 1,892,068	$ 2,590,942

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 pended as at September 30, 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 September 30, 2013, the CEO and CFO have evaluated the effectiveness of 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 have 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 Certificate 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 change in the internal controls of the Company in the three months ended September 30. 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 November 27, 2013, there were 267,618,297 common shares issued and outstanding, 387,879,129 preference shares issued and outstanding and 19,997,059 stock options outstanding with a weighted average exercise price of $0.16 expiring between 2013 and 2016.