ZOOMERMEDIA LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the Three and Nine Months Ended March 31, 2012 and 2011

(These financial statements have not been reviewed nor audited by an independent audit firm)

ZOOMERMEDIA LIMITED

Consolidated Statements of Financial Position
(Unaudited)

(expressed in Canadian dollars)	March 31, 2012	June 30, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,195,426	$ -
Trade and other receivables	11,061,875	13,189,703
Prepaid expenses	738,273	579,290
	12,995,574	13,768,993
Non-current assets		
Property and equipment (Note 6)	22,348,558	22,413,314
Deferred tax assets	1,466,000	1,466,000
Intangible assets (Note 7)	42,590,852	42,908,529
Goodwill (Note 8)	4,720,565	4,720,565
TOTAL ASSETS	$ 84,121,549	$ 85,277,401
LIABILITIES		
Current liabilities		
Bank indebtedness	$ -	$ 579,644
Trade and other payables	6,622,418	6,664,551
Deferred revenue (Note 9)	2,417,558	2,335,224
Income tax liabilities	759,900	604,100
Current portion of debt (Note 10)	5,426,300	1,620,247
Current portion of other liabilities (Note 12)	7,731,655	6,891,150
Current portion of provisions (Note 13)	505,415	800,880
	23,463,246	19,495,796
Non-current liabilities		
Deferred revenue (Note 9)	1,324,819	1,390,518
Deferred tax liabilities	3,580,201	3,520,991
Deferred lease liability	134,751	37,379
Debt (Note 10)	20,271,909	21,322,601
Other liabilities (Note 12)	1,193,947	3,284,519
Provisions (Note 13)	382,675	611,456
	50,351,548	49,663,260
EQUITY		
Equity attributable to owners of the parent		
Share capital	63,411,344	63,379,214
Contributed surplus	1,888,260	1,380,472
Deficit	(31,529,603)	(29,145,545)
Total equity	33,770,001	35,614,141
TOTAL LIABILITIES AND EQUITY	$ 84,121,549	$ 85,277,401

Commitments and contingent liabilities (Note 21)
Subsequent event (Note 23)

APPROVED ON BEHALF OF THE BOARD:

_______________________ Director
Moses Znaimer

_______________________ Director
Peter Palframan

See accompanying notes to consolidated financial statements

ZOOMERMEDIA LIMITED
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and Deficit
For the three and nine months ended March 31, 2012 and 2011
(Unaudited)

	Three months ended March 31,		Nine months ended March 31,	
	2012	**2011**	**2012**	**2011**
Revenue	$ 12,831,597	$ 13,572,335	$ 40,847,515	$ 44,780,869
Operating expenses (Note 15)	12,121,125	12,733,858	38,050,711	40,753,544
Depreciation	1,152,964	540,755	2,543,416	1,628,226
Amortization of other intangible assets	241,348	321,610	769,439	884,293
Operating income/(loss)	(683,840)	(23,888)	(516,051)	1,514,806
Interest expense	528,303	600,996	1,652,997	1,894,143
Loss before income taxes	(1,212,143)	(624,884)	(2,169,048)	(379,337)
Income taxes - deferred tax expense	510	-	59,210	-
Income taxes - current	57,440	-	155,800	-
Net loss and comprehensive loss for the period	(1,270,093)	(624,884)	(2,384,058)	(379,337)
Net loss and comprehensive loss attributable to:				
Owners of the parent	(1,270,093)	(583,759)	(2,384,058)	(625,306)
Non-controlling interest	-	(41,125)	-	245,969
	(1,270,093)	(624,884)	(2,384,058)	(379,337)
Net loss per share (basic and diluted) (Note 16)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	655,164,092	638,497,103	655,116,857	637,761,543

See accompanying notes to consolidated financial statements

ZOOMERMEDIA LIMITED
Consolidated Statements of Cash Flows
For the three and nine months ended March 31, 2012 and 2011
(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011	Nine months ended March 31, 2012	Nine months ended March 31, 2011
Operating activities				
Net loss for the period	$ (1,270,093)	$ (624,884)	$ (2,384,058)	$ (379,337)
Add (deduct) non-cash items:				
Depreciation	1,152,964	540,755	2,543,416	1,628,226
Amortization of program rights	3,001,469	3,596,488	8,650,238	10,588,540
Amortization of other intangibles	241,348	321,610	769,439	884,293
Stock-based compensation	169,390	114,039	516,968	378,241
Non-cash interest expense	154,294	223,482	518,911	733,261
Deferred tax expense	510	-	59,210	-
Change in deferred revenue	280,535	(8,367)	16,635	(556,105)
Net change in non-cash working capital balances (Note 18)	870,794	1,106,381	1,685,152	(275,642)
	4,601,211	5,269,504	12,375,911	13,001,477
Purchase of program rights	(1,583,599)	(2,073,832)	(9,053,716)	(8,306,943)
Change in other liabilities related to program rights	(1,225,971)	(836,113)	(1,588,316)	(2,360,008)
	(2,809,570)	(2,909,945)	(10,642,032)	(10,666,951)
	1,791,641	2,359,559	1,733,879	2,334,526
Investing activities				
Additions to property and equipment	(684,868)	(21,731)	(2,478,660)	(130,919)
Purchase of other intangible assets	-	(74,260)	(48,284)	(171,609)
Acquistion of additional ownership interest (Note 5)	-	(3,516,568)	-	(3,516,568)
	(684,868)	(3,612,559)	(2,526,944)	(3,819,096)
Financing activities				
Issuance of shares under stock option plan	-	15,000	22,950	142,050
Net issuance / (repayment) of credit facility	(640,000)	3,440,010	3,780,000	4,300,000
Additions to capital lease obligation	106,813	-	106,813	-
Capital lease payments	(15,987)	(10,425)	(38,781)	(28,376)
Repayment of other debt	(439,179)	(319,977)	(1,302,847)	(1,406,904)
	(988,353)	3,124,608	2,568,135	3,006,770
Change in cash	118,420	1,871,608	1,775,070	1,522,200
Cash (bank indebtedness), beginning of period	1,077,006	3,119,983	(579,644)	3,469,391
Cash, end of the period	$ 1,195,426	$ 4,991,591	$ 1,195,426	$ 4,991,591
Supplementary cash flow information:				
Interest paid	$ 374,009	$ 377,514	$ 1,134,086	$ 1,160,882
Income taxes paid	$ -	$ -	$ -	$ -

See accompanying notes to consolidated financial statements

ZOOMERMEDIA LIMITED

Consolidated Statements of Equity

For the periods ended March 31, 2012 and 2011

(Unaudited)

	Common shares		Preference Shares		Contributed Surplus	Deficit	Total Shareholders' Equity	Non-controlling interest (Note 5)	Total
	#	$	#	$	$	$	$	$	$
Balance at July 1, 2010	249,206,896	20,502,480	387,879,129	38,787,913	919,586	(19,432,798)	40,777,181	364,445	41,141,626
Exercise of stock options	1,420,500	194,670	-	-	(52,620)	-	142,050	-	142,050
Stock based compensation	-	-	-	-	378,241	-	378,241	-	378,241
Acquisition of additional ownership interest (Note 5)	-	-	-	-	(2,906,154)	-	(2,906,154)	(610,414)	(3,516,568)
Net loss and comprehensive loss	-	-	-	-	-	(625,306)	(625,306)	245,969	(379,337)
Balance, March 31, 2011	250,627,396	20,697,150	387,879,129	38,787,913	(1,660,947)	(20,058,104)	37,766,012	-	37,766,012
Balance at July 1, 2011	267,055,463	24,591,301	387,879,129	38,787,913	1,380,472	(29,145,545)	35,614,141	-	35,614,141
Exercise of stock options	229,500	32,130	-	-	(9,180)	-	22,950	-	22,950
Stock based compensation	-	-	-	-	516,968	-	516,968	-	516,968
Net loss and comprehensive loss	-	-	-	-	-	(2,384,058)	(2,384,058)	-	(2,384,058)
							-		
Balance, March 31, 2012	267,284,963	24,623,431	387,879,129	38,787,913	1,888,260	(31,529,603)	33,770,001	-	33,770,001

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS

ZoomerMedia Limited (the "**Company**" or "**ZoomerMedia**") is a multimedia company that serves the 45plus "Zoomer" demographic through television, radio, magazine, internet, conferences and trade shows. ZoomerMedia's 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 television stations, available over the air and on cable in their respective markets. ZoomerMedia's radio properties include CFMZ-FM Toronto – The New Classical 96.3FM, CFMX-FM Cobourg – The New Classical 103.1FM, and CFZM-AM 740 Toronto – The New AM740 Zoomer Radio. ZoomerMedia also publishes Zoomer Magazine. ZoomerMedia is a provider of online content targeting the 45plus age group through many properties, the key one being www.50plus.com. ZoomerMedia also has a trade show and conference division that produces the ZoomerShows, annual consumer shows directed to the Zoomer demographic and ideaCity, an annual Canadian conference also known as 'Canada's Premiere Meeting of the Minds'.

The Company is incorporated and domiciled in Canada and its registered office is located at 70 Jefferson Avenue, Toronto, Ontario, M6K 1Y4. The Company's shares are publicly traded on the TSX Venture Exchange under the symbol "ZUM".

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

The Company prepares its 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 to require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in the interim consolidated financial statements for the period ended September 30, 2011. In these interim consolidated financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These unaudited interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard (**"IAS"**) 34 and IFRS 1. The accounting policies followed in these consolidated financial statements are the same as those applied in the Company's interim consolidated financial statements for the period ended September 30, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported interim consolidated balance sheet and interim consolidated statement of operations and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's annual consolidated financial statements for the year ended June 30, 2011.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of May 24, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2012 could result in restatement of these interim consolidated financial statements, including transition adjustments recognized on change-over to IFRS.

These interim consolidated financial statements should be read in conjunction with the Company's interim consolidated financial statements for the three months ended September 30, 2011 and the Canadian GAAP annual financial statements for the year ended June 30, 2011. Note 4 of the Company's consolidated interim financial statements for the three months ended September 30, 2011 discloses IFRS information for the year ended June 30, 2011 that is material to an understanding of these consolidated interim consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements follow the same accounting policies and methods of application as the unaudited interim consolidated financial statements for the three months ended September 30, 2011.

(a) Accounting standards not yet effective

The IASB has issued the following standards, which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact these new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in *IAS 39, Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

IFRS 10, Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12, Consolidation—Special Purpose Entities* and parts of IAS 27, Consolidated and Separate Financial Statements.

IFRS 11, Joint Arrangements

IFRS 11, *Joint Arrangements*, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers.*

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair Value Measurement

IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is 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. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

4. TRANSITION TO IFRS

The effect of the Company's transition to IFRS, described in Note 2, is summarized in this note as follows: (i) transition elections; (ii) reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS; and (iii) adjustments to the interim consolidated statement of cash flows.

(i) Transition elections

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of the Company's first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions from retrospective application. The transition elections used in the preparation of these interim consolidated financial statements are the same transition elections as disclosed in the interim consolidated financial statements for the three months ended September 30, 2011. Refer to the interim consolidated financial statements for the three months ended September 30, 2011 for details of the transitional exceptions and exemptions for full retrospective application of IFRS applied by the Company in its preparation of the opening IFRS consolidated balance sheet as at July 1, 2010, which is the Company's date of transition to IFRS (**"Transition Date").**

(ii) Reconciliation of equity and net income and comprehensive income as previously reported under Canadian GAAP to IFRS

	Reference Note 4(ii)	March 31, 2011 Cdn GAAP	Adj	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 4,991,591	$ -	$ 4,991,591
Trade and other receivables		11,785,467	-	11,785,467
Prepaid expenses		1,172,380	-	1,172,380
		17,949,438	-	17,949,438
Non-current assets				
Property and equipment	a.	21,968,920	(638,626)	21,330,294
Deferred tax assets		745,000	-	745,000
Intangible assets	a., b.	51,711,296	(2,612,081)	49,099,215
Goodwill	a., b.	8,365,032	(3,644,467)	4,720,565
TOTAL ASSETS		$ 100,739,686	$ (6,895,174)	$ 93,844,512
LIABILITIES				
Current liabilities				
Bank indebtedness		$ -	$ -	$ -
Trade and other payables	a., e., f.	7,602,919	371,525	7,974,444
Deferred revenue		2,526,658	-	2,526,658
Income tax liabilities		-	-	-
Current portion of debt		5,880,085	-	5,880,085
Current portion of other liabilities	d.	10,054,330	(2,401,879)	7,652,451
Current portion of provisions	d., e.	-	1,576,067	1,576,067
		26,063,992	(454,287)	25,609,705
Non-current liabilities				
Deferred revenue		844,122	-	844,122
Deferred tax liabilities	a., b., c.	986,000	2,327,806	3,313,806
Deferred lease liability	a.	748,127	(717,812)	30,315
Debt		21,724,610	-	21,724,610
Other liabilities	d.	4,555,942	(405,971)	4,149,971
Provisions	d.	-	405,971	405,971
		54,922,793	1,155,707	56,078,500
EQUITY				
Equity attributable to owners of the parent				
Share capital		59,485,063	-	59,485,063
Contributed surplus		(1,660,947)	-	(1,660,947)
Deficit	a., b., c.	(12,007,223)	(8,050,881)	(20,058,104)
		45,816,893	(8,050,881)	37,766,012
Non-controlling interest		-	-	-
Total equity		45,816,893	(8,050,881)	37,766,012
TOTAL LIABILITIES AND EQUITY		$ 100,739,686	$ (6,895,174)	$ 93,844,512

	Reference Note 4(ii)	Three months ended March 31, 2011			Nine months ended March 31, 2011		
		Cdn GAAP	**Adj**	**IFRS**	**Cdn GAAP**	**Adj**	**IFRS**
Revenue		$ 13,572,335	$ -	$ 13,572,335	$ 44,780,869	$ -	$ 44,780,869
Operating expenses [1]	a.	13,076,728	(342,871)	12,733,857	40,425,770	327,774	40,753,544
Depreciation	a.	479,532	61,223	540,755	1,104,557	523,669	1,628,226
Amortization of other intangible assets	a.	301,861	19,750	321,611	825,043	59,250	884,293
		(285,786)	261,898	(23,888)	2,425,499	(910,693)	1,514,806
Interest expense		600,996	-	600,996	1,894,143	-	1,894,143
Income (loss) before income taxes		(886,782)	261,898	(624,884)	531,356	(910,693)	(379,337)
Income taxes - deferred tax expense		-	-	-	-	-	-
Income taxes - current		-	-	-	-	-	-
Net income (loss) and comprehensive income (loss) for the period		$ (886,782)	$ 261,898	$ (624,884)	$ 531,356	$ (910,693)	$ (379,337)
Net income (loss) and comprehensive income (loss) attributable to:							
Owners of the parent		$ (845,657)	$ 261,898	$ (583,759)	$ 285,387	$ (910,693)	$ (625,306)
Non-controlling interest		(41,125)	-	(41,125)	245,969	-	245,969
		$ (886,782)	$ 261,898	$ (624,884)	$ 531,356	$ (910,693)	$ (379,337)
Net loss per share (basic and diluted)		$ (0.00)		$ (0.00)	$ 0.00		$ (0.00)
Weighted average number of shares outstanding		638,497,103		638,497,103	637,761,543		637,761,543

[1] Adjustments to operating expenses includes a $605,322 adjustment for restructuring provisions (see Note 4(ii)(a.))

a. The Company elected to apply IFRS 3, Business Combinations prospectively to business combinations occurring on or after its Transition Date. The Company acquired various assets (the "**Vision Assets**") that constituted a business from VisionTV: Canada's Faith Network/Réseau Religieux Canadien ("**VTV**") before the Transition Date. The acquisition was accounted for using the purchase method under Canadian GAAP and the Canadian GAAP balances have been carried forward and adjusted as described below.

Under Canadian GAAP the July 1, 2010 financial statements included preliminary estimated values of the assets acquired and liabilities assumed as the Company had not finalized the determination of the fair value of these assets and liabilities at that date. The Company subsequently determined the final fair values and has concluded that the final fair values established under Canadian GAAP should be used as the deemed cost of these assets and liabilities at the date of acquisition. As a result, the opening IFRS balance sheet reflects an adjustment to the assets and liabilities as well as an adjustment to opening retained earnings. The effect on the interim consolidated statement of financial position is as follows:

Balance sheet item		
Property and equipment	$	(638,626)
Intangible assets:		
Broadcast licenses		(6,744,165)
Brand names		730,750
Program rights		5,370,704
		(642,711)
Goodwill		473,317
Trade and other payables		1,817,652
Other liabilities		(1,971,489)
Deferred tax liabilities		369,000
Deferred lease liability		(717,812)
Total equity		(305,371)

The effect on the interim consolidated statement of operations is as follows:

	Three months ended March 31, 2011	Nine months ended March 31, 2011
Amortization of program rights	$ (310,835)	$ (201,827)
Depreciation	61,223	523,669
Amortization of other intangible assets	19,750	59,250
Other operating expenses	(32,036)	(75,721)
Net loss for the period	(261,898)	(305,371)

Additionally, under Canadian GAAP the Company recognized a liability of $605,322 for severance related to a restructuring program in respect of this acquisition. Under IFRS a liability for severances may only be recognized when an obligating event has occurred. No obligating event had occurred at the Transition Date as the program was not announced and communicated to the affected employees until the first quarter of fiscal 2011. Accordingly, the Company has reduced its deficit in the opening IFRS balance sheet by $605,322 and has recognized these severance costs in the nine months ended March 31, 2011. The Company's opening IFRS deficit has also been increased to reflect taxes of $151,331 related to this adjustment.

Purchase consideration has also been adjusted by $300,450 to exclude certain transaction costs that had been capitalized under Canadian GAAP which should be expensed under IFRS. As a result, other operating expenses for the year ended June 30, 2011 were increased by $300,450.

b. Under IFRS goodwill and broadcast licenses are assessed for impairment by comparing the aggregate recoverable amount of the assets included in the relevant cash generating units ("**CGU**s") to their respective carrying amount. Under Canadian GAAP broadcast licenses are tested for impairment by comparing their carrying value to their fair value and goodwill is tested for impairment by comparing the estimated fair value of the relevant reporting units to their carrying amounts. The Company reperformed its impairment tests at the Transition Date and has recorded an impairment charge of $1,895,070 related to intangible assets of a CGU in the Radio operating segment and an impairment charge of $3,609,441 for goodwill attributable to the segment. The Company has also recognized impairment charges of $74,300 and $207,893 for intangible assets and goodwill attributable to its website and has reduced amortization expense on other intangible assets for the year ended June 30, 2011 by $29,667. The tax impact of these adjustments was $457,886.

c. Under IFRS the difference between the tax basis and carrying value of certain acquired assets has increased. As a result, the Company has recognized additional deferred tax liabilities of $2,265,361 in its opening IFRS balance sheet and has reduced the valuation allowance recognized during the year ended June 30, 2011 by $977,484.

d. Certain liabilities that were previously classified as other liabilities have been reclassified as provisions.

e. Obligations relating to the settlement of working capital issues and for a restructuring provision (refer to note 13) have been reclassified from trade and other payables to provisions.

f. Current income tax liabilities have been reclassified from trade and other payables to income tax liabilities.

g. The following is a summary of transition adjustments (each net of related tax) to the Company's deficit from Canadian GAAP to IFRS:

Deficit as reported under Canadian GAAP		$	(12,007,223)
IFRS adjustments increase (decrease):			
Finalization of fair values	a.		(305,371)
Restructuring liability	a.		(151,331)
Adjustment of consideration	a.		-
Impairment of goodwill and intangible assets	b.		(5,328,818)
Deferred income taxes	c.		(2,265,361)
Deficit as reported under IFRS		$	(20,058,104)

(iii) Adjustments to interim consolidated statements of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.

5. ACQUISITION OF ADDITIONAL OWNERSHIP INTEREST IN ONE

On March 22, 2011 the Company purchased the remaining 52.78% of the shares of ONE from the non-controlling interests for cash consideration of $3,516,568. This purchase has been accounted for as an equity transaction. The consideration paid was debited to deficit and partially offset by the reclassification of $610,414 of non-controlling interests on the balance sheet. Prior to March 22, 2011 ONE was consolidated as the Company had the right to vote the shares of certain minority shareholders.

6. PROPERTY AND EQUIPMENT

	Land & building	Broadcast equipment	Equipment and vehicles	Computer hardware	Leasehold improvements	Total
At 1 July 2010						
Cost	$ 15,888,415	$ 4,054,986	$ 526,834	$ 790,917	$ 2,252,296	$ 23,513,448
Accumulated depreciation	-	-	(142,512)	(455,321)	(66,528)	(664,361)
Net book value	$ 15,888,415	$ 4,054,986	$ 384,322	$ 335,596	$ 2,185,768	$ 22,849,087
Year ended June 30, 2011						
Opening net book value	$ 15,888,415	$ 4,054,986	$ 384,322	$ 335,596	$ 2,185,768	$ 22,849,087
Additions	1,345,425	186,065	62,370	112,939	-	1,706,799
Depreciation for the period	(374,683)	(814,224)	(76,140)	(142,468)	(735,057)	(2,142,572)
Closing net book value	16,859,157	3,426,827	370,552	306,067	1,450,711	22,413,314
At June 30, 2011						
Cost	17,233,840	4,241,051	589,204	903,856	2,252,296	25,220,247
Accumulated depreciation	(374,683)	(814,224)	(218,652)	(597,789)	(801,585)	(2,806,933)
Net book value	$ 16,859,157	$ 3,426,827	$ 370,552	$ 306,067	$ 1,450,711	$ 22,413,314
Period ended March 31, 2012						
Opening net book value	$ 16,859,157	$ 3,426,827	$ 370,552	$ 306,067	$ 1,450,711	$ 22,413,314
Additions	1,573,150	596,272	141,698	167,540	-	2,478,660
Depreciation for the period	(236,864)	(1,395,031)	(76,665)	(89,247)	(745,609)	(2,543,416)
Closing net book value	18,195,443	2,628,068	435,585	384,360	705,102	22,348,558
At March 31, 2012						
Cost	18,806,990	4,837,323	730,902	1,071,396	2,252,296	27,698,907
Accumulated depreciation	(611,547)	(2,209,255)	(295,317)	(687,036)	(1,547,194)	(5,350,349)
Net book value	$ 18,195,443	$ 2,628,068	$ 435,585	$ 384,360	$ 705,102	$ 22,348,558

The Company is currently renovating one of its commercial properties and has committed to spend approximately $33,077 on additions to property and equipment subsequent to March 31, 2012.

7. INTANGIBLE ASSETS

	Broadcast licenses	Program rights	Royalty stream rights	Brand names	Computer software	Domain names	Total
At 1 July 2010							
Cost	$ 20,716,415	$ 19,944,695	$ 12,650,072	$ 790,000	$ 282,197	$ 110,942	$ 54,494,321
Accumulated depreciation	-	-	(2,108,345)	-	(226,633)	(87,334)	(2,422,312)
Net book value	$ 20,716,415	$ 19,944,695	$ 10,541,727	$ 790,000	$ 55,564	$ 23,608	$ 52,072,009
Year ended June 30, 2011							
Opening net book value	$ 20,716,415	$ 19,944,695	$ 10,541,727	$ 790,000	$ 55,564	$ 23,608	$ 52,072,009
Additions	9,032	10,414,832	-	-	269,810	30,293	10,723,967
Amortization for the period	-	(18,765,267)	(843,336)	(79,000)	(170,544)	(29,300)	(19,887,447)
Closing net book value	20,725,447	11,594,260	9,698,391	711,000	154,830	24,601	42,908,529
At June 30, 2011							
Cost	20,725,447	30,359,527	12,650,072	790,000	552,007	141,235	65,218,288
Accumulated depreciation	-	(18,765,267)	(2,951,681)	(79,000)	(397,177)	(116,634)	(22,309,759)
Net book value	$ 20,725,447	$ 11,594,260	$ 9,698,391	$ 711,000	$ 154,830	$ 24,601	$ 42,908,529
Period ended March 31, 2012							
Opening net book value	$ 20,725,447	$ 11,594,260	$ 9,698,391	$ 711,000	$ 154,830	$ 24,601	$ 42,908,529
Additions	-	9,053,716	-	-	48,284	-	9,102,000
Amortization for the period	-	(8,650,238)	(632,502)	(59,250)	(71,382)	(6,305)	(9,419,677)
Closing net book value	20,725,447	11,997,738	9,065,889	651,750	131,732	18,296	42,590,852
At March 31, 2012							
Cost	20,725,447	39,413,243	12,650,072	790,000	600,291	141,235	74,320,288
Accumulated depreciation	-	(27,415,505)	(3,584,183)	(138,250)	(468,559)	(122,939)	(31,729,436)
Net book value	$ 20,725,447	$ 11,997,738	$ 9,065,889	$ 651,750	$ 131,732	$ 18,296	$ 42,590,852

At the end of fiscal 2011 the Company reduced the expected useful lives of certain program rights and recorded accelerated amortization of $4,193,391.

8. GOODWILL

Goodwill has been allocated to the following cash generating units:

	March 31, 2012	June 30, 2011
Television	$ 2,574,758	$ 2,574,758
Radio	2,145,807	2,145,807
	$ 4,720,565	$ 4,720,565

9. DEFERRED REVENUE

	March 31, 2012	June 30, 2011
Magazine subscriptions revenue	$ 2,078,072	$ 1,800,298
Royalty revenue (i)	793,651	882,937
Canada periodical fund (ii)	-	526,749
Show and conference	514,709	88,841
Advertising revenue	355,945	426,917
	3,742,377	3,725,742
Less: Current portion	(2,417,558)	(2,335,224)
	$ 1,324,819	$ 1,390,518

(i) Pursuant to an affinity agreement entered into with MBNA Canada Bank ("**MBNA**"), effective December 1, 2008, the Company received $1,250,000 from MBNA as an advance against future royalties ("**Advanced Amount**") to be earned over the ten year period ending November 30, 2018. All royalties accrued in each contract year shall be applied against the Advanced Amount to a maximum of $125,000. Any royalties accrued in a contract year in excess of $125,000 will be payable to the Company. The Company is guaranteed to earn royalties equal to the Advanced Amount by the end of the ten-year contract term. If the agreement is terminated for whatever reason, other than material breach by MBNA, the unearned balance would be repayable.

(ii) On April 1, 2010 the department of Canadian Heritage of the Government of Canada replaced both the Canada Magazine Fund and the Periodical Assistance Program for Canadian magazines with the Canada Periodical Fund. At March 31, 2012 the Company had no deferred revenue related to grants received from the Canada Periodical Fund (June 30, 2011 - $526,749). (see Note 19).

10. DEBT

	March 31, 2012	June 30, 2011
Note payable - Megadak Enterprises (i)	2,512,728	$ 2,752,552
Note payable - Vision charity (ii)	9,584,589	10,212,418
Mortgage - First National Financial (iii)	5,889,824	6,027,201
Note payable - Davpart (iii)	3,774,402	3,862,043
Royal Bank of Canada credit facility (iv)	3,780,000	-
Captial lease obligation	156,666	88,634
	25,698,209	22,942,848
Less: Current portion	(5,426,300)	(1,620,247)
	$ 20,271,909	$ 21,322,601

(i) The Company acquired certain marketing rights related to CARP and royalty revenues from Megadak Enterprises ("**Megadak**"). In exchange the Company agreed to pay Megadak $50,000 per month for 115 months. The loan is unsecured and non-interest bearing. The fair value of the loan was determined using a discount rate of 11% and the Company recorded non-cash interest expense of $67,861 and $210,176 during the three and nine months ended March 31, 2012, respectively (three and nine months ended March 31, 2011 - $76,380 and $235,050).

(ii) As part of the acquisition of the Vision Assets the Company agreed to pay $11 million to VTV by way of a promissory note payable, secured by a general security agreement covering the assets of the Company excluding the property located at 64 Jefferson Avenue, over 10 years at an interest rate of 7% per annum in blended monthly payments.

(iii) On June 28, 2010 the Company acquired a property at 64 Jefferson Avenue. As part of the acquisition the Company assumed a mortgage held by First National Financial LP, secured by a first mortgage on the land and building. The remaining principal plus accrued interest of $5,889,824 (June 30, 2011 - $6,027,201) is payable over 18 years at an interest rate of 6.47%. The current 5 year term ends June 1, 2014. Subsequent to March 31, 2012 the Company came to an agreement with the Royal Bank of Canada to provide financing to the Company through a $7,000,000 mortgage on the property at 64 Jefferson Avenue. If the Company is successful in closing this financing, this new mortgage will replace the mortgage currently held by First National Financial LP (refer to Note 11).

The Company also assumed an unsecured promissory note payable to Davpart Inc., the former owner of the land and building, with remaining principal plus accrued interest of $3,774,402 (June 30, 2011 - $3,862,043) payable over 17 years at an interest rate of 7%. The current 5 year term ends June 1, 2014.

(iv) The Company established a line of credit facility with the Royal Bank of Canada for $10,000,000 which was subsequently reduced to $5,000,000. The credit facility is repayable on demand, bears interest at a variable rate of prime plus 2.0% and is secured by a general security agreement covering all of the assets of the Company except for the property located at 64 Jefferson Ave. As at March 31, 2012 $3,780,000 has been drawn against the credit facility and $589,321 in letters of credit were issued to guarantee certain land transfer tax obligations. The Company has recorded interest expense of $49,696 and $119,170 for the three and nine months ended March 31, 2012. At March 31, 2012 $630,679 was available under the facility (June 30, 2011 $9,412,679). The credit facility requires the Company to meet certain financial covenants on a quarterly basis. The Company was not in compliance with these covenants at June 30, 2011 and March 31, 2012. As a result, the bank could have terminated the facility for non-compliance. However, subsequent to March 31, 2012 the Company came to an agreement with the Royal Bank of Canada to provide alternative financing (refer to Note 11).

11. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 20. It also manages liquidity risk by monitoring actual and projected cash flows, taking into account the Company's 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.

The Company has expended and will continue to expend cash to integrate the recently acquired television businesses, complete the renovations of new office facilities, invest in new programming and increase subscribers to the magazine. The Company has experienced net losses for the three and nine months ended March 31, 2012, fiscal 2011 and 2010 periods and has an accumulated deficit of $31.5 million as at March 31, 2012. Cash in flows from operating activities was $1,791,641 and $1,733,879 during the three and nine months ended March 31, 2012 (three and nine months ended March 31, 2011 – $2,359,559 and $2,334,526). Cash used for investing activities during the three and nine months ended March 31, 2012 was $684,868 and $2,526,944 (three and nine months ended March 31, 2011 – $3,612,559 and $3,819,096). During the three ended March 31, 2012 cash used for financing activities was $988,353 while cash generated from financing activities for the nine months ended March 31, 2012 was $2,568,135 (three and nine months ended March 31, 2011 – cash generated $3,124,608 and cash used $3,006,770). At March 31, 2012, excluding current deferred revenue, the Company had negative working capital of $8,050,114 (June 30, 2011 – negative working capital of $3,391,579).

The Company expects cash flows from operating activities to improve as a result of investments in new programming and increasing audience levels in its television operations. However, prevailing economic conditions may affect the Company's ability to generate revenue growth or maintain current levels of revenue and there is a risk operating cash flow may not increase. The Company plans to expend funds to complete the renovation of its new facilities which will result in significant investment and cash out flows during the current fiscal year.

While some of the Company's costs are variable based on the revenue generated, a significant portion of the costs, including programming and interest costs, are fixed and some cannot be reduced quickly. Some of these factors are beyond the Company's control and may impact the future cash flows from operating activities. The Company plans to use the bank credit facility to fund cash requirements over the next 12 months. However, should the cash flow from operations and the bank credit facility not be sufficient, additional liquidity through equity or debt financing may be required. The availability of the bank facility is also dependent on meeting certain financial covenants on a quarterly basis. As noted in Note 10(iv) the Company was not in compliance with these covenants at June 30, 2011 and March 31, 2012 and as a result the credit facility may not be available. If the bank credit facility is not available, certain shareholders of the Company have pledged to provide up to $5,000,000 in additional financial support to the Company at an interest rate of 6.5%. The pledge expires on October 26, 2012.

Subsequent to March 31, 2012, the Company came to an agreement with the Royal Bank of Canada to provide $14,000,000 in financing through a $7,000,000 mortgage on the property located at 64 Jefferson Avenue and a $7,000,000 term loan. In addition, the bank will continue to make available a credit facility of $3,000,000. This new $7,000,000 mortgage will replace the current mortgage on the 64 Jefferson Avenue property. The replacement of this mortgage will result in defeasance fees to be incurred when the financing closes. At March 31, 2012 the outstanding balance of the current mortgage on the 64 Jefferson Avenue property was $5,889,824. The Company is in the process of completing the legal documentation and anticipates closing this financing in June 2012. If the Company is successful in closing this bank financing, the pledge made by certain shareholders of the Company to provide up to $5,000,000 in additional financial support will expire.

Management's current cash flow projections reflect positive cash flow from operations for the next twelve months and then improving significantly in the subsequent two years. Over the remainder of the current fiscal year, there are major cash requirements for the capital improvements to 64 Jefferson Avenue which exceed the positive cash flow from operations and will require financing.

The following table reflects the undiscounted amounts based on contractual maturities and other commitments including interest, of the Company's financial liabilities and other commitments as at March 31, 2012:

	Fiscal year(s) ending June 30,				
Commitments and financial liabilities	**2012**	**2013 -2014**	**2015-2016**	**Beyond 2016**	**Total**
Trade and other payables	$ 6,622,418	$ -	$ -	$ -	$ 6,622,418
Long-term debt - principal	4,333,532	3,410,671	3,897,971	14,056,035	25,698,209
Long-term debt - interest	333,549	2,847,762	2,276,331	4,750,383	10,208,025
Other liabilities	4,247,258	4,445,988	-	452,609	9,145,855
Program rights purchase commitments	1,514,693	1,270,020	-	-	2,784,713
Operating leases	767,463	2,863,879	1,303,743	2,090,071	7,025,156
Additions to property and equipment	33,077	-	-	-	33,077
Provisions	260,796	504,472	144,572	-	909,840
	$ 18,112,786	$ 15,342,792	$ 7,622,617	$ 21,349,098	$ 62,427,293

In May 2012 the Company assigned its interest and obligations under a property lease to a third party. This assignment will result in a $3 million cumulative reduction in operating lease payments over the next 9 years. This reduction has not been reflected in the table above (refer to Note 23).

12. OTHER LIABILITIES

	March 31, 2012	June 30, 2011
Program rights obligation - bulk purchase (i)	$ 3,827,747	6,546,868
Other program rights obligations	4,645,246	3,233,562
Other	452,609	395,239
	8,925,602	10,175,669
Less: Current portion	(7,731,655)	(6,891,150)
	$ 1,193,947	$ 3,284,519

(i) During 2010 the Company acquired certain program rights under a bulk purchase agreement. In exchange the Company is contractually committed to pay $12 million, starting July 1, 2010, over three years for the acquired rights. For the three and nine months ended March 31, 2012 the Company made payments of $1,000,000 and $3,000,000 (three and nine months ended March 31, 2011 $1,250,000 and $3,750,000). The fair value of this liability was determined using a discount rate of 7% and the Company recorded non-cash interest expense during the three and nine months ended March 31, 2012 of $77,765 and $280,879 (three and nine months ended March 31, 2011 - $147,102 and $498,211).

13. PROVISIONS

	Working capital settlement (i)	CRTC license requirements (ii)	Restructuring provision (i)	Total
At July 1, 2011	$ 540,354	$ 847,672	$ 24,310	$ 1,412,336
Additional provisions	-	52,554	-	52,554
Paid during the period	(279,558)	(272,932)	(24,310)	(576,800)
At March 31, 2012	260,796	627,294	-	888,090
Less: Current portion	(260,796)	(244,619)	-	(505,415)
	$ -	$ 382,675	$ -	$ 382,675

(i) In connection with the acquisition of the Vision Assets, the Company has recognized a provision for the settlement of working capital items and severance costs in connection with the acquisition of the Vision Assets. The ultimate amount payable is uncertain and subject to final resolution.

(ii) The Company is committed to pay amounts to third parties related to the transfer of radio broadcast licenses on change of control. These were recorded as constructive obligations in the purchase accounting related to the Company's radio stations. During the three and nine months ended March 31, 2012 the Company recorded non-cash interest expense of $8,668 and $27,856. Payments of $252,186 are due within the next twelve months.

14. SHARE CAPITAL

(a) Authorized

Unlimited preference shares that may be issued in one or more series by the Board of Directors. Preference shares are non-voting, are convertible into common shares at the option of the holder on a one for one basis at any time and have rights to dividends. As at March 31, 2012 the Company had 387,879,129 preference shares outstanding (June 30, 2011 – 387,879,129).

Unlimited number of common shares. As at March 31, 2012 the Company had 267,284,963 common shares outstanding (June 30, 2011 – 267,055,463).

(b) Issued upon Exercise of Options

During the nine months ended March 31, 2012, 229,500 stock options were exercised (nine months ended March 31, 2011 – 1,420,500) for net proceeds of $22,950 (nine months ended March 31, 2011 – $142,050). The attributed value of the stock options in the amount of $9,180 (nine months ended March 31, 2011 – $52,620) was reallocated from contributed surplus to capital stock when the options were exercised.

(c) Stock Options

The Company has a stock option plan for the benefit of employees and directors of the Company and certain key service providers to the Company. Under the plan the Company is authorized to issue stock options up to 10% of the shares issued and outstanding at the time of the grant.

The options either vest on issuance or vest one-third upon issuance and one-third in each of the following two years, or one-third in each of the following three years.

As at March 31, 2012 the Company had 24,246,410 options outstanding with a weighted average remaining life of 2.1 years and a weighted average exercise price of $0.16 per share. Of the remaining options outstanding at March 31, 2012 14,929,739 had vested with a weighted average exercise price of $0.14 per share.

15. OPERATING EXPENSES

	Three months ended		Nine months ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Employee benefits:				
Salaries and wages	$ 3,309,277	$ 2,515,232	$ 10,644,014	$ 10,776,518
Stock based compensation	169,390	114,039	516,968	378,241
Other employee costs	1,334,082	1,949,119	3,484,617	3,932,364
	4,812,749	4,578,390	14,645,599	15,087,123
Amortization of program rights	3,001,469	3,596,488	8,650,238	10,588,540
Distribution and transmission costs	2,907,684	4,421,021	8,579,243	8,964,797
Other operating expenses	1,399,223	137,959	6,175,631	6,113,084
	$ 12,121,125	$ 12,733,858	$ 38,050,711	$ 40,753,544

16. BASIC AND DILUTED LOSS PER SHARE

For the three and nine months ended March 31, 2012 and 2011 no effect has been given to the potential exercise of stock options in the calculation of diluted net loss per share as the effect would be anti-dilutive.

17. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (**"OML"),** which owns approximately 64% of the Company's shares. The President and Chief Executive Officer of the Company controls OML and is the ultimate controlling party of the Company. Fairfax Financial Holdings Limited (**"Fairfax"),** through its subsidiary Northbridge Financial Corporation, holds approximately 27% of the Company's shares. The remaining 9% of shares are widely held.

The Company's material related party transactions are summarized below. These transactions are in the normal course of operations.

(a) Transactions with a related special purpose entity

The Company publishes 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. The majority shareholder of the Company, 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 2012, the Company paid royalties and subsidies of $944,102 (nine months ended March 31, 2011 – $1,121,767). As the Company receives royalties from affinity programs and other programs that benefit from increasing membership in CARP, the Company benefits from supporting CARP. The Company received from CARP computer maintenance services fees of $29,700 (nine months ended March 31, 2011 - $29,700) and accounting services fees of $31,500 (nine months ended March 31, 2011 - $31,500). The Company 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 behalf of the Company for subscriptions as well as CARP membership funds are forwarded to CARP at which point CARP forwards the subscription funds onto the Company. At March 31, 2012 no amounts were receivable from CARP in respect of subscriptions. Included in accounts receivable at March 31, 2012 is a $6,800 receivable from CARP related to service fees and a payable related to cash received by the Company on behalf of CARP of $124,750 (June 30, 2011 net receivable of $205,735). These balances are unsecured, non-interest bearing, with no fixed terms of repayment.

(b) Transactions with the parent company

During the nine months ended March 31, 2012, the Company paid management fees of $900,000 (nine months ended March 31, 2011 - $900,000) and fees for ancillary services of $83,802 (nine months ended March 31, 2011 – $45,000) to OML, the majority shareholder of the Company, for the provision of executive management and other services. The Company charged computer maintenance service fees of $4,860 (nine months ended March 31, 2011 - $4,860) to OML. Included in accounts receivable is a receivable from OML as at March 31, 2012 of $1,080 and included in accounts payable and accrued liabilities is a payable to OML as at March 31, 2012 of $289,992 (June 30, 2011 net payable - $197,076). These balances are unsecured, non-interest bearing, with no fixed terms of payment.

(c) Transactions with entities controlled by a principal shareholder

During the nine months ended March 31, 2012 the Company received royalty revenues from Northbridge Financial Corporation (formerly Lombard Canada Limited), who is a principal shareholder of the Company, of $1,473,868 (nine months ended March 31, 2011 - $1,393,493) and advertising revenues of $250,220 (nine months ended March 31, 2011 – $225,347). The Company also received advertising revenues of $263,045 (nine months ended March 31, 2011 - $251,369) from The McLennan Insurance Group Inc., a wholly-owned subsidiary of Northbridge Financial Corporation. Included in accounts receivable is a receivable from these companies of $179,876 (June 30, 2011 - $316,347).

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

18. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances consists of the following:

	Three months ended		Nine months ended	
	March 31, 2012	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
Trade and other receivables	972,710	1,408,265	2,127,828	(1,664,204)
Prepaid expenses	(268,582)	(503,802)	(158,983)	(586,437)
Trade and other payables	(811)	410,239	(42,133)	1,730,074
Provisions	(14,346)	-	(552,102)	433,036
Income tax liabilities	57,440	-	155,800	-
Deferred leasehold liability	86,285	10,105	97,372	30,315
Other liabilities	38,098	(218,426)	57,370	(218,426)
	870,794	1,106,381	1,685,152	(275,642)

19. GOVERNMENT ASSISTANCE

The Company receives an annual grant from the Canada Periodical Fund administered by the Department of Canadian Heritage. This grant is recognized as a reduction of operating expenses as each issue of the magazine is published. The Company's annual grant for the fiscal year ending June 30, 2011 was $790,123, $175,583 and $526,749 has been netted against operating expenses during the three and nine months ended March 31, 2012, $263,374 was netted against operating expenses during the year ended June 30, 2011 (see Note 9).

The Company's annual grant for the fiscal year ending June 30, 2010 was $866,827, $192,628 and $577,885 was netted against operating expenses during the three and nine months ended March 31, 2011, $288,942 was netted against operating expenses during the year ended June 30, 2010.

20. CAPITAL MANAGEMENT

The Company considers its capital structure as the aggregate of shareholders' equity and long-term debt less cash and short-term deposits. The Company manages its capital structure and makes adjustments to it in order to have funds available to support the business activities which the Board of Directors intends to pursue in addition to maximizing the return to shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out current operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management is currently assessing the appropriateness of its existing capital management structure.

There were no changes in the Company's approach to capital management during the nine months ended March 31, 2012.

The Company is not subject to externally imposed capital requirements.

21. COMMITMENTS AND CONTINGENT LIABILITIES

(a) The Company is committed to fixed and contingent royalty payments for certain marketing rights and royalty revenue derived from the CARP name which has a term expiring December 31, 2099. However there will be a deduction of $720,765 each year from the revenues received from Northbridge Financial Corporation (formerly Lombard Canada Limited), until July 31, 2022 (Note 17(c)). The Company also earns royalty revenues earned from other affinity partners. In addition, $600,000 is payable to Megadak each year until July 1, 2017 (Note 10(i)).

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

2012	$	767,463
2013		1,924,052
2014		939,827
2015		727,380
2016		576,363
Thereafter		2,090,071
	$	7,025,156

In May 2012 the Company assigned its interest and obligations under a property lease to a third party. This assignment will result in a $3 million cumulative reduction in operating lease payments over the next 9 years. This reduction has not been reflected in the table above (refer to Note 23).

(c) At March 31, 2012, the Company has entered into various agreements for the right to broadcast certain television programs in the future. The acquisition of these broadcast rights is contingent on the actual delivery of the productions. Management estimates that these arrangements will result in future program expenditures of approximately $2.7 million.

(d) As part of the CRTC approval of business acquisitions involving the transfer of the ownership of television broadcast licences, the Company has committed to spend 10% of the value of the transaction, as determined by the CRTC, on activities that are intended to benefit the Canadian broadcasting system. As part of the decision relating to the acquisition of the Vision Assets the Company committed to spend $3,127,591 over 7 years on programming and other activities. At March 31, 2012 $465,850 had been spent leaving a remaining commitment of $2,661,741. Approximately $780,220 of the remaining commitment must be spent by August 31, 2012.

22. SEGMENTED INFORMATION

Management has determined that during the nine month period ended March 31, 2012 the Company operated within five reportable business segments: Television, Radio, Print, Royalty and Other operations.

The Television segment consists of the Company's specialty and conventional television stations and generates revenues from subscriber fees, the sale of broadcast time and advertising. The Radio segment consists of the Company's three radio stations and generates revenues primarily from the sale of advertising. The Print segment publishes Zoomer Magazine and generates revenue from advertising, subscriptions and sundry sources. The Royalty segment provides exclusive membership and marketing services to CARP and earns revenue from royalties.

Other activities include the operation of a number Canadian websites and the production of ZoomerShows, and other trade and consumer shows and conferences directed to the 45plus age group. Other activities generate revenue from advertising, sponsorship, booth rentals and ticket sales.

Corporate results primarily represent the incremental cost of corporate overhead in excess of the amount allocated to the segments. During the three and nine months ended March 31, 2011, Corporate results also includes revenue earned from the rental of the Company's commercial property located in Toronto and the associated expenses.

	Nine months ended March 31, 2012						
	Television	Radio	Print	Royalty	Other	Corporate	Total
Revenue	$ 26,130,744	$ 6,695,638	$ 3,763,014	$ 1,740,119	$ 2,330,103	$ 187,897	$ 40,847,515
Operating expenses	18,778,552	6,283,654	4,696,763	838,269	3,106,369	4,347,104	38,050,711
Depreciation	2,029,467	123,888	78,066	-	77,643	234,352	2,543,416
Amortization of other intangible assets	81,294	3,825	24,883	632,502	25,671	1,264	769,439
	20,889,313	6,411,367	4,799,712	1,470,771	3,209,683	4,582,720	41,363,566
Non-cash interest expense	280,879	27,856	-	210,176	-	-	518,911
Interest	521,645	-	-	-	3,344	609,097	1,134,086
Segmented income (loss)	4,438,907	256,415	(1,036,698)	59,172	(882,924)	(5,003,920)	(2,169,048)
Segmented assets	34,438,268	18,129,130	2,477,522	9,189,519	2,028,625	17,858,485	84,121,549
Additions - property and equipment	618,930	7,672	147,666	-	123,733	1,580,659	2,478,660
Additions - program rights	9,053,716	-	-	-	-	-	9,053,716
Additions - other intangible assets	17,701	17,370	8,803	-	4,410	-	48,284

	Nine months ended March 31, 2011						
	Television	Radio	Print	Royalty	Other	Corporate	Total
Revenue	$ 26,492,409	$ 7,581,532	$ 4,010,482	$ 1,593,169	$ 2,731,495	$ 2,371,782	$ 44,780,869
Operating expenses	21,554,053	6,720,437	4,762,766	1,121,767	2,773,211	3,821,310	40,753,544
Depreciation	1,067,147	162,203	44,724	-	28,299	325,853	1,628,226
Amortization of other intangible assets	77,370	1,279	60,585	678,854	65,496	709	884,293
	22,698,570	6,883,919	4,868,075	1,800,621	2,867,006	4,147,872	43,266,063
Non-cash interest expense	498,211	-	-	235,050	-	-	733,261
Interest	507,169	7,318	-	-	-	646,395	1,160,882
Segmented income (loss)	2,788,459	690,295	(857,593)	(442,502)	(135,511)	(2,422,485)	(379,337)
Segmented assets	44,169,224	19,610,550	2,543,303	9,991,494	1,721,949	15,807,992	93,844,512
Additions - property and equipment	16,344	-	-	-	-	114,575	130,919
Additions - program rights	8,306,943	-	-	-	-	-	8,306,943
Additions - other intangible assets	18,052	1,024	-	-	30,963	121,570	171,609

	Three months ended March 31, 2012						
	Television	Radio	Print	Royalty	Other	Corporate	Total
Revenue	$ 8,605,634	$ 2,083,847	$ 1,178,648	$ 444,314	$ 425,853	$ 93,301	$ 12,831,597
Operating expenses	6,162,500	1,927,759	1,526,172	161,964	732,859	1,609,871	12,121,125
Depreciation	1,007,592	41,441	41,136	-	22,901	39,894	1,152,964
Amortization of other intangible assets	27,407	1,595	3,524	210,834	7,590	(9,602)	241,348
	7,197,499	1,970,795	1,570,832	372,798	763,350	1,640,163	13,515,437
Non-cash interest expense	77,765	8,668	-	67,861	-	-	154,294
Interest	319,447	(2,229)	-	-	3,344	53,447	374,009
Segmented income (loss)	1,010,923	106,613	(392,184)	3,655	(340,841)	(1,600,309)	(1,212,143)
Segmented assets	34,438,268	18,129,130	2,477,522	9,189,519	2,028,625	17,858,485	84,121,549
Additions - property and equipment	98,026	6,871	69,068	-	72,435	438,468	684,868
Additions - program rights	1,583,599	-	-	-	-	-	1,583,599
Additions - other intangible assets	-	-	-	-	-	-	-

	Three months ended March 31, 2011						
	Television	Radio	Print	Royalty	Other	Corporate	Total
Revenue	$ 8,622,845	$ 2,365,217	$ 994,007	$ 390,198	$ 624,285	$ 575,783	$ 13,572,335
Operating expenses	6,529,651	2,441,768	1,591,190	92,005	833,555	1,245,689	12,733,858
Depreciation	351,288	63,642	15,453	-	5,164	105,208	540,755
Amortization of other intangible assets	27,203	(10,442)	49,496	226,285	36,105	(7,037)	321,610
	6,908,142	2,494,968	1,656,139	318,290	874,824	1,343,860	13,596,223
Non-cash interest expense	147,102	-	-	76,380	-	-	223,482
Interest	137,752	7,318	-	-	-	232,444	377,514
Segmented income (loss)	1,429,849	(137,069)	(662,132)	(4,472)	(250,539)	(1,000,521)	(624,884)
Segmented assets	44,169,224	19,610,550	2,543,303	9,991,494	1,721,949	15,807,992	93,844,512
Additions - property and equipment	16,344	-	-	-	-	5,387	21,731
Additions - program rights	2,073,832	-	-	-	-	-	2,073,832
Additions - other intangible assets	11,390	-	-	-	30,292	32,578	74,260

23. SUBSEQUENT EVENT

In May 2012 the Company assigned its interest and obligations under a property lease to a third party. This assignment will result in a $3 million cumulative reduction in operating lease payments over the next 9 years. In addition, a one-time charge of approximately $600,000 will be recognized in the fourth quarter for the write-off of assets and the recognition of an unfavourable provision related to the assignment.