ZOOMERMEDIA LIMITED

Management's Discussion and Analysis
For the year ended June 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 (**"**ZoomerMedia" or the "Company") for the year ended June 30, 2013.

We prepare our financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), defined as International Financial Reporting Standards ("IFRS") as set out 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 October 24, 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 Love Channel, offering programs on exercise, meditation, yoga, natural health and living a planet-friendly lifestyle; Joytv10 in Vancouver, Victoria, Surrey and the Frasier Valley, and the newly rebranded HOPETV (formerly JoyTV11), a lifestyle television service out of Winnipeg devoted to broadcasting Christian and local programming and available in approximately 6 million Canadian homes. Our radio properties include CFMZ-FM Toronto – The New Classical 96.3FM, CFMX-FM Cobourg – The New Classical 103.1FM, Canada's only commercial classical music radio stations serving the Greater Toronto Area (GTA) and eastern Ontario, and CFZM-AM 740 Toronto – The New AM740 Zoomer Radio, the last music service left on the AM dial in the GTA. We also publish ZOOMER Magazine, the largest paid circulation magazine in Canada for the mature market. We are Canada's leading provider of online content targeting the 45plus age group through many properties, the key one being www.EverythingZoomer.com. We also have a trade show and conference division that conducts the "Zoomer Shows", consumer shows directed to the Zoomer demographic and ideaCity, an annual Canadian conference also known as 'Canada's Premiere Meeting of the Minds'.

FINANCIAL HIGHLIGHTS

	2013	2012 (revised)	Change
Consolidated Statement of Operations			
Revenue	$ 56,424,047	$ 55,976,785	1%
Operating expenses	47,949,596	48,921,614	(2%)
Operating income (loss)	2,667,608	(2,853,350)	
Income (loss) before income taxes	185,568	(5,030,816)	
Income (loss) per share	$ 0.01	$ (0.01)	
Consolidated Statement of Cash Flows			
Cash from in operating activities	$ 2,804,268	$ 2,579,995	9%
Other Measures			
EBITDA[1]	$ 8,474,451	$ 7,055,171	20%

OPERATING RESULTS

Revenue was $56,424,047 for the year ended June 30, 2013 with EBITDA[1] of $8,474,451 and operating income of $2,667,608 as compared to revenue of $55,976,785, EBITDA of $7,055,171 and an operating loss of $2,853,350 for the year ended June 30, 2012.

After taking into account interest income of $79,391 and interest expense of $2,561,431, income before income taxes was $185,568 for the year ended June 30, 2013. For year ended June 30, 2012, after taking into account interest income of $2,183 and interest expense of $2,179,649, the loss before income taxes was $5,030,816.

Revenue of $56,424,047 for the year ended June 30, 2013 reflects an increase of $447,262 (0.8%) from the prior year. This increase is primarily the result of a number of factors;

1. The television division, which operates Vision TV, ONE: The Body Mind Spirit Love Channel, Joytv 10 in Vancouver and Joytv 11 in Winnipeg, generated revenue of $36,266,598 for the year ended June 30, 2013 as compared to revenue of $34,876,143 for the year ended June 30, 2012, an increase of $1,390,455 (4.0%). This

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

is a result of a 13.0% increase in commercial advertising revenue across all of our television properties and a 4.4% increase in revenues derived from block sales of religious airtime. The increase in commercial advertising is a result of the acquisition and production of television shows that have increased viewership. Also during the prior fiscal year we reorganized our sales efforts with respect to the sale of religious airtime which has led to increased revenue during the fiscal year. Subscription revenues for the year ended June 30, 2013 have increased by 0.4% compared to the previous year. The number of subscribers for Vision TV has declined 0.2% as a result of a general decline in television subscribers as disclosed by the industry while revenue per subscriber has remained constant compared to the prior year. The number of subscribers for ONE has increased 3.0% over the past year and fees earned from subscribers have increased 6.9% 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 $8,310,485 for the year ended June 30, 2013 as compared to revenue of $8,873,414 for the year ended June 30, 2012, a decrease of $562,929 (6.3%). This decline is a result of a decline in commercial advertising revenue. We continue to see softness in our advertising revenues across all of our radio stations. We have taken steps and will take further steps to seek revenue from new potential markets to offset this decline.

3. The print operations of the Company, which produces ZOOMER magazine, generated revenue of $5,391,463 for the year ended June 30, 2013 as compared to revenue of $5,672,520 for the year ended June 30, 2012, a decrease of $281,057 (5.0%). The magazine experienced a decline in commercial advertising revenue of 0.2% and a decrease in subscriber revenue of 13.3%. The decline in subscriber revenue is attributable to lower revenue per subscriber compared to the prior year. The number of subscribers has not changed significantly from year to year.

4. Royalty revenue for the year ended June 30, 2013 was $2,319,785 as compared to $2,501,454 for the year ended June 30, 2013. This decrease of $181,669 (7.3%) is a result of a decrease in sales of goods and services by our affinity partners.

5. Other revenue primarily consists of commercial advertising revenue derived from the operations of our websites, the Zoomer Shows and ideaCity, and production services revenue from services provided to outside television production companies. During the year ended June 30, 2013, other revenue was $3,855,929 compared to $3,811,624 for the year ended June 30, 2012. Revenue derived from our websites was unchanged year over year. Our Zoomershows including ideaCity saw a decline in revenue of 3.7% despite the addition of the Zoomershow in Calgary and Ottawa to complement our existing shows in Toronto and Vancouver. The shows suffered from a decline in sponsorship revenue resulting from major pharmaceutical sponsors from the past few years pulling back based on their own financial pressures. Sponsors from other industries were brought in but not in time to fully recover the lost sponsorship revenue. We were able to secure contracts to provide services to outside television production companies. There was no similar revenue in the prior year.

Operating expenses were $47,949,596 for the year compared to $48,921,614 for the prior year, a decline of $972,018 (2.0%). This decrease is the result of decrease in employee costs of $484,783, a decrease in amortization of television program rights of $614,928, a decrease in distribution and transmission costs of $139,189, partially offset by an increase in other operating expenses of $266,882.

The television division had operating expenses the year ended June 30, 2013 of $22,491,694 compared to $24,569,066 in the previous year, a decrease of $2,077,372 (8.5%). During the year we experienced reductions in our program amortization costs, distribution and transmission costs, and other operating expenses. These reductions were a result of more economical program purchases and continuing reductions in transmission and other expenses. After three years of continuous cost reductions in our television division there are fewer opportunities to reduce costs further.

The radio division operating expenses were $7,716,907 for the year ended June 30, 2013 compared to $7,979,066 for the previous year, a decrease of $262,159 (3.3%). The decline in revenues in the radio division compared to the prior year has resulted in lower commissions being paid and lower fees paid to various music rights organizations.

The operating expenses of the print operations for the year ended June 30, 2013 were $6,395,450 compared to $6,407,671 for the previous year, a decrease of $12,221 (0.2%). During the year we experienced reduced costs for editorial and production of the magazine. These reductions were offset by increased sales costs as a result of restructuring our sales group and from increased circulation costs as we invested more in subscription acquisition than in the prior year.

The operating expenses of the royalty division were $1,325,626 for the year ended June 30, 2013 as compared to $1,186,832 for the previous year, an increase of $138,794 (11.7%). 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 increase in operating expenses reflects the costs associated greater investment in membership acquisition compared to the prior year. 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 $4,416,166 for the year ended June 30, 2013 compared to $3,055,413 for the previous year, an increase of $1,360,753 (44.5%). The other divisions of the Company are comprised of the web division, the Zoomer Shows, a television production and distribution company and a creative services division. The cost for our Zoomer Shows increased year over year as we added two more cities, Calgary and Ottawa, to complement our existing shows in Toronto and Vancouver. Continuing a trend from our previous year, our television production company incurred increased costs as they took on more projects to provide content to our television properties.

Operating expenses related to corporate overhead were $5,603,753 for the year ended June 30, 2013 compared to $5,723,566 for the prior year. Corporate overhead comprises corporate management functions that are not directly attributable to the other segments of the ZoomerMedia and the costs of maintaining our property at 64 Jefferson Avenue.

Depreciation was $1,909,597 for the year ended June 30, 2013 compared to $3,446,938 for the prior year. The decline in depreciation is a result of a large write-down of leasehold improvements in the prior year when our television division was relocated to its current location. As at June 30, 2013 the majority of the renovations to our 64 Jefferson Ave. property have been completed and we anticipate that our depreciation expense will increase as other capital projects in our television and radio division move forward in the next fiscal year.

Amortization of other intangible assets for the year ended June 30, 2013 was $1,076,365 compared to $1,010,787 in the prior year.

As a result of conducting our annual impairment testing of goodwill and broadcast licenses it was determined that due to the lower operating results of the Radio group cash generating unit ("CGU") there was an impairment of broadcast licenses. During the fiscal year, the Radio group CGU continued to suffer a decline in advertising revenues that was experienced in the prior year. Based on management's estimates and review of industry reports, management estimates that revenue will recover based upon a change in management and a revision to the format of AM740 that we anticipate will help to grow advertising. At June 30, 2013 it was determined that the decline in revenue experienced by the Radio group CGU during the fiscal year led to the recoverable amount of the CGU being less than the carrying value. Accordingly, we have recorded an impairment charge of $2,820,881 related to broadcast licenses in the Radio group CGU.

During the year ended June 30, 2012, the Toronto radio market in which the Radio group CGU operates suffered a decline in advertising revenues. In reviewing our Radio operations and considering information contained in industry reports, management believes that revenue from radio advertising will recover and continue to grow, however, at June 30, 2012 we determined that the decline in revenue experienced by the Radio group CGU during the fiscal year led to the recoverable amount of the CGU being less than the carrying value. In our June 30, 2012 balance sheet the Company had recorded an impairment charge of $2,145,807 related to goodwill and $666,460 related to broadcast licenses in the Radio group CGU. As noted below, the impairment charge related to broadcast licenses has been revised.

During the annual impairment review of the Radio group CGU, we determined that the impairment calculation as at June 30, 2012 and July 1, 2010 had included an understatement of the allocation of corporate assets to the Radio group CGU, which also included deferred tax liabilities. We understated the impairment of the Radio broadcast licenses by $605,203 and impairment of goodwill by $969,595 at July 1, 2010 on transition to IFRS, and understated the impairment of the Radio broadcast licenses by $3,608,124 and overstated the impairment of the goodwill by $969,595 in 2012. In accordance with the relevant guidance, management assessed the materiality of the error and concluded that the errors were not material to any previously issued financial statements. We have revised our previously issued audited consolidated financial statements, as applicable.

The following table presents the impact of the revisions on our previously issued audited consolidated balance sheet as at June 30, 2012 [(1)]:

	As reported	As revised
Intangible Assets	40,534,618	36,321,291
Total Assets	92,049,359	87,148,999
Total Liabilities	56,745,760	54,942,195
Deficit	(30,144,000)	(33,240,795)
Shareholders' Equity	65,447,599	65,447,599

[(1)] The net impact of the revision adjustments to shareholders' deficit as of June 30, 2011 was a net increase of $1,170,862.

The following table presents the impact of the revisions on the Company's previously issued audited consolidated statement of loss and comprehensive loss for the year ended June 30, 2012:

	As reported	As revised
Impairment of goodwill and broadcast licenses	2,812,267	5,450,796
Operating Loss	(214,821)	(2,853,350)
Loss before income taxes	(2,392,287)	(5,030,816)
Income tax recovery	758,832	1,471,428
Net loss and comprehensive loss	(1,633,455)	(3,559,388)

Interest expense was $2,561,431 for the year ended June 30, 2013 compared to $2,179,649 in the prior year. Interest expense has increased as a result of amendments to our banking facility to include a term loan and a new mortgage on our building that were put in place at the end of the previous fiscal year. Refer to "LIQUIDITY, SOLVENCY AND CASH FLOW".

Fourth Quarter Results

Revenue was $15,082,805 for the quarter ended June 30, 2013 with EBITDA of $2,040,102 and an operating loss of $3,796,298 as compared to revenue of $15,129,270, EBITDA of $4,258,367 and operating income of $301,229 for the quarter ended June 30, 2012.

After taking into account interest income and expense, the loss before income taxes was $4,389,158 for the quarter ending June 30, 2013. For quarter ended June 30, 2012, after taking into account interest income and expense, the loss before income taxes was $223,240.

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 June 30	**2013 Mar. 31**	**2012 Dec. 31**	**2012 Sept. 30**	**2012[(1)] June 30**	**2012 Mar. 31**	**2011 Dec. 31**	**2011 Sept. 30**
Revenue	$15,083	$13,107	$14,879	$13,358	$15,129	$12,832	$15,269	$12,747
Net income (loss)	3,287	351	736	934	(1,175)	(1,270)	(136)	(978)
Net income (loss) per share	$0.00	$0.00	$0.00	$0.00	$(0.00)	$(0.00)	$(0.00)	$(0.00)

(1) As disclosed in note 7 to the accompanying audited consolidated financial statements, the Company identified an error in the fourth quarter of 2013. Management has assessed the materiality of the error and has determined it was not material to any prior period. The Company will revise the comparative numbers presented in future quarterly filings as filed.

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

LIQUIDITY, SOLVENCY AND CASH FLOW

At June 30, 2013 we had a cash balance of $2,829,733. During the year ended June 30, 2013, we had cash inflow of $2,804,268 from operating activities compared to a cash inflow of $2,579,995 for the previous year. Cash used for investing activities was $2,932,946 for the year compared to $9,087,826 in the previous year. During the year ended June 30, 2013 cash used for financing activities was $2,111,343 compared to a cash inflow from financing activities of $12,157,229 in the prior year. On June 27, 2012, we discharged First National Financials security interest on the 64 Jefferson Avenue property and as a substitute, we pledged their interest in the restricted cash and investments ($5,921,642 at June 30, 2013). We purchased these securities by securing a $7,000,000 mortgage on the 64 Jefferson property with the Royal Bank of Canada ("Royal Bank") which is payable over 25 years at an interest rate of 6.297% with an initial term of 3 years.

Concurrent with the mortgage with the Royal Bank, we amended our $10 million credit facility with the Royal Bank. The amended facility now consists of a $3 million revolving line of credit and a $7 million term loan payable over 25 years at an interest rate of 6.297% with an initial term of 3 years.

At June 30, 2013, excluding current deferred revenue, we had working capital of $680,580 compared to working capital of $2,612,172 at June 30, 2012.

Liquidity Risk

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

We have expended cash to complete the renovations of our facilities located at 64 Jefferson Avenue. We will continue to invest in new programming, to expend funds on subscriber acquisition initiatives to increase subscribers to the magazine and invest in capital infrastructure in our radio and television production divisions. We have experienced net losses in prior fiscal years and have an accumulated deficit of $27,932,711 as at June 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.

The following table reflects the contractual maturity of our undiscounted cash flows for our financial liabilities at June 30, 2013:

	1 year	2-3 years	4-5 years	Beyond 5 years	Total
Trade and other payables	$ 7,071,876	$ -	$ -	$ -	$ 7,071,876
Long-term debt - principal	10,992,013	3,711,562	3,731,791	15,120,389	33,555,755
Long-term debt - interest	2,208,393	2,796,200	2,131,943	8,867,528	16,004,064
Other liabilities	2,805,631	-	-	-	2,805,631
Provisions	567,940	151,527	-	-	719,467
	$ 23,645,853	$ 6,659,289	$ 5,863,734	$ 23,987,917	$ 60,156,793

As part of the CRTC approval of business acquisitions involving the transfer of the ownership of television broadcast licences, we have 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 our television division, we have committed to spend $3,315,557 over 7 years on programming and other activities. At June 30, 2013 $2,039,249 had been spent leaving a remaining commitment of $1,276,308.

Credit risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Our credit risk is attributable to cash and short term deposits and accounts receivable. Cash and short term deposits consist of deposits with major commercial banks and accordingly credit risk is minimal. With respect to accounts receivable, we perform periodic credit evaluations of the financial condition of our customers and we typically do not require collateral from them. We assess the need for allowances for the potential credit losses by considering the credit risk of specific customers, historical trends and other information.

Trade and other outstanding receivables are impaired when there is evidence that collection is unlikely. The factors that are considered in determining if collection is unlikely include the aging of the balance owing, the customer's financial condition and history of collections, whether the customer is in bankruptcy, under administration or the payments are in dispute, and general business conditions. At June 30, 2013, we had accounts receivable of $13,227,045 (June 30, 2011 - $13,876,209) net of an allowance for doubtful accounts of $835,284 (June 30, 2011 - $950,724), which adequately reflects our credit risk. The aging of accounts receivable past due is as follows:

	June 30, 2013	June 30, 2012
Trade accounts receivable		
Current	$ 5,687,743	$ 4,572,343
30 - 90 days past due date	4,189,415	3,685,576
Over 90 days past due date	2,506,029	2,823,730
	$ 12,383,187	11,081,649
Other receivables	1,679,142	3,745,284
	$ 14,062,329	14,826,933
Less: Allowance for doubtful accounts	(835,284)	(950,724)
	$ 13,227,045	$ 13,876,209

We believe that our allowance for doubtful accounts is sufficient to reflect the related credit risk based on the history of collections. The activity of the allowance for doubtful accounts for the period is as follows:

	June 30, 2013	June 30, 2012
Allowance for doubtful accounts - beginning of year	$ (950,724)	$ (1,049,370)
Provision for doubtful accounts	(378,968)	(873,676)
Write-off of bad debts	494,408	972,322
Allowance for doubtful accounts - end of year	$ (835,284)	$ (950,724)

Market and price risk

Market Risk

All of the Company's operations take place within Canada serving the Canadian market. Market risk concerns the potential loss associated with a general market decline in which the Company operates. Market risk is driven by changes in demand, price and costs of the advertising market. The Company is responsible for developing and marketing its brand names in the Canadian market and is impacted by changes in price and demand; therefore the Company is exposed to market risk.

Price risk

There is limited exposure to foreign currency denominated assets or liabilities. Other price risk is that the interest rate that the future cash of a financial instrument will fluctuate because of changes in market interest rates. The Company's short-term and long-term liabilities have fixed interest rates, thereby minimizing the exposure to cash flow interest rate risk.

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	$ 563,069
2015	408,728
2016	211,178
2017	33,747
2018	-
Thereafter	-
	$ 1,216,722

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 June 30, 2013 the remaining future minimum payments due under the lease is $3,115,035. 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 year ended June 30, 2013, we paid royalties and subsidies of $1,325,626 (2012 – $1,036,001). As we receive royalties from affinity programs and other programs that benefit from increasing membership in CARP, we benefit from supporting CARP. We received from CARP computer maintenance services fees of $30,708 (012 - $39,600), management and accounting services fees of $nil (2012 - $42,000) and rent of $86,460 (2012 - $nil). ZoomerMedia and CARP have an agreement with a third party that provides magazine subscriber and membership management services including the cash collection and processing of subscriptions and CARP memberships. Funds collected on our behalf for subscriptions as well as CARP membership funds are forwarded to CARP at which point CARP forwards the subscription funds onto us. Included in accounts receivable is a receivable from CARP as at June 30, 2013 of $476,743 (June 30, 2012 – net receivable of $767,183). This balance is unsecured, non-interest bearing, with no fixed terms of repayment.

b) Transactions with the parent company

During the year ended June 30, 2013, we paid management fees of $1,200,000 (2012 - $1,200,000) and fees for ancillary services of $358,437 (2012 – $184,942) to OML, the majority shareholder of the Company, for the provision of executive management, home office costs, contractor services and talent fees. We charged computer maintenance service fees of $8,952 (2012 - $6,480) to OML. At June 30, 2013, included in accounts receivable is $2,300 due from OML, and included in accounts payable and accrued liabilities is a payable to OML of $347,519 (2012 – net payable of $426,009). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

c) Transactions with entities controlled by a principal shareholder

During the year ended June 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 $2,038,575 (2012 – $2,092,041) and advertising revenues of $522,330 (2012 – $269,838).

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

CONTINGENT OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Our significant accounting policies are described in Note 3 to the consolidated financial statements. The preparation of financial statements in conformity with IFRS requires us to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring significant estimates and subject to measurement uncertainty include provision for allowance for doubtful accounts receivable, the carrying values of intangible assets, useful lives and valuation of program rights, carrying value of goodwill, long-term debt, 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 five years from June 30, 2013, may be summarized as follows:

	Payment to Megadak
1 year	$ 600,000
2 years	600,000
3 years	600,000
4 years	600,000
5 years	50,000
Total	**$ 2,450,000**

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 depending on accounting methods or non-operating factors such as historical cost.

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

The following is a reconciliation of EBITDA with net income (loss) for the years ended June 30:

Summary Financial Analysis

($000's)	Years ended June 30, 2013	2012 (1)
Net income (loss) and comprehensive income (loss)	$ 5,308,084	$ (3,559,388)
Depreciation	1,909,597	3,446,938
Amortization of other intangible assets	1,076,365	1,010,787
Impairment of goodwill and broadcast licenses	2,820,881	5,450,796
Interest income	(79,391)	(2,183)
Interest expense	2,561,431	2,179,649
Income tax recovery	(5,122,516)	(1,471,428)
EBITDA	$ 8,474,451	$ 7,055,171

(1) As disclosed in note 7 to the accompanying audited consolidated financial statements, the Company identified an error in the fourth quarter of 2013. Management has assessed the materiality of the error and has determined it was not material to any prior period.

LEGAL PROCEEDINGS

In the normal course of business, we become involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending as at June 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 June 30, 2013, the CEO and CFO have evaluated the effectiveness of the our disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and 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 changes in the internal controls of the Company in the year ended June 30. 2013.

SUBSEQUENT EVENTS

a) Amalgamation

On July 1, 2013, we completed an amalgamation of ZoomerMedia Limited with our wholly-owned subsidiaries, Christian Channel Inc., Zoomer Management Limited, Vision TV Digital Inc. and ONE: The Body Mind & Spirit Channel Inc. As a result of the amalgamation, we have the ability to recognize the benefit of non-capital losses carried forward of approximately $13,650,000 and tax pools associated with capital assets of $1,520,000 as at June 30, 2013, the deemed year end of the new amalgamated entity. The deferred tax assets related to these amounts have accordingly been recognized in the consolidated balance sheet at this date.

b) Broadcast license renewal

Subsequent to year end and prior to the date of these consolidated financial statements, the CRTC renewed the broadcast licenses for all of our television properties for the seven-year period from September 1, 2013 to August 31, 2020. There were changes in the Conditions of License (**"COL"**) associated with each of the licenses. The only significant COL changes were associated with the Vision TV broadcast license. We had applied for national mandatory distribution on digital basic cable pursuant to section 9(1)(h) of the Broadcasting Act, which would have fixed the subscriber fee rate for Vision TV, however, the CRTC did not approve this application. Without 9(1)(h) status, we must negotiate with our distributors for carriage and the subscriber fee rate associated with carriage. Given the renewal agreements negotiated to date, we do not expect this to have a significant impact on subscriber revenues. A favourable COL change for Vision TV is a reduction in Canadian program expenditure (**"CPE"**) requirements. The reduction in CPE requirements is expected to reduce our committed expenditures in excess of $2.5 million for the upcoming broadcast year when compared to the previous COL.

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 October 24, 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 2018.