ZOOMERMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2013 and 2012

October 24, 2013

Independent Auditor's Report

To the Audit Committee of
ZoomerMedia Limited

We have audited the accompanying consolidated financial statements of ZoomerMedia Limited, which comprise the consolidated statement of financial position as at June 30, 2013 and June 30, 2012 and the consolidated statements of income (loss) and comprehensive income (loss), the consolidated statements of cash flows and the consolidated statements of changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ZoomerMedia Limited as at June 30, 2013 and June 30, 2012 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

ZOOMERMEDIA LIMITED
Consolidated Statements of Financial Position

(expressed in Canadian dollars)		June 30, 2013		June 30, 2012 (revised - Note 7)
ASSETS				
Current assets				
Cash	$	2,829,733	$	5,069,754
Restricted cash and investments (Note 5)		5,921,642		-
Trade and other receivables (Note 4)		13,227,045		13,876,209
Prepaid expenses		538,751		523,101
		22,517,171		19,469,064
Non-current assets				
Restricted cash and investments (Note 5)		-		6,420,758
Property and equipment (Note 6)		22,851,545		21,585,161
Deferred tax assets (Note 12)		6,817,751		777,967
Intangible assets (Note 7)		31,332,207		36,321,291
Goodwill (Note 7)		2,574,758		2,574,758
TOTAL ASSETS	$	86,093,432	$	87,148,999
LIABILITIES				
Current liabilities				
Trade and other payables (Note 23)	$	7,071,876	$	7,433,607
Deferred revenue (Note 8)		2,171,731		2,142,306
Income tax liabilities (Note 12)		802,387		160,996
Current portion of debt (Notes 9 and 23)		10,921,518		1,895,200
Current portion of other liabilities (Note 10)		2,472,870		6,747,779
Current portion of provisions (Note 11)		567,940		619,310
		24,008,322		18,999,198
Non-current liabilities				
Deferred revenue (Note 8)		1,064,453		1,224,496
Deferred tax liabilities (Note 12)		238,500		439,316
Debt (Note 9)		22,538,372		33,403,709
Other liabilities (Note 10)		332,762		471,936
Provisions (Note 11)		146,749		403,540
		48,329,158		54,942,195
EQUITY				
Equity attributable to owners of the parent				
Share capital		63,491,613		63,411,344
Contributed surplus		2,205,372		2,036,255
Deficit		(27,932,711)		(33,240,795)
Total equity		37,764,274		32,206,804
TOTAL LIABILITIES AND EQUITY	$	86,093,432	$	87,148,999

Commitments and contingencies (Note 21)

APPROVED ON BEHALF OF THE BOARD:

signed Director	*signed* Director
Moses Znaimer	Peter Palframan

See accompanying notes to consolidated financial statements

ZOOMERMEDIA LIMITED

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended June 30, 2013 and 2012

	2013	2012 (revised - Note 7)
Revenue	$ 56,424,047	$ 55,976,785
Operating expenses (Note 14)	47,949,596	48,921,614
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
Operating income (loss)	2,667,608	(2,853,350)
Interest income	(79,391)	(2,183)
Interest expense	2,561,431	2,179,649
Net interest expense	2,482,040	2,177,466
Net income (loss) before income taxes	185,568	(5,030,816)
Income tax recovery (Note 12)	(5,122,516)	(1,471,428)
Net income (loss) and comprehensive income (loss) for the year	5,308,084	(3,559,388)
Net income (loss) per share (basic and diluted) (Note 16)	$ 0.01	$ (0.01)
Weighted average number of shares outstanding	655,247,197	655,116,857

See accompanying notes to consolidated financial statements

ZOOMERMEDIA LIMITED

Consolidated Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	2013	2012 (revised - Note 7)
Operating activities		
Net income (loss) for the year	$ 5,308,084	$ (3,559,388)
Add (deduct) non-cash items:		
Depreciation	1,909,597	3,446,938
Amortization of program rights	10,589,027	11,203,955
Amortization of other intangibles	1,076,365	1,010,787
Impairment of goodwill and broadcast licenses	2,820,881	5,450,796
Amortization of deferred financing costs	70,755	-
Stock-based compensation	184,117	664,963
Non-cash interest expense	486,571	654,694
Deferred tax expense	(6,211,998)	(1,354,706)
Change in deferred revenue	(130,618)	(358,940)
Net change in non-cash working capital balances (Note 15)	442,333	(745,033)
	16,545,114	16,414,066
Purchase of program rights	(9,355,217)	(10,459,008)
Change in other liabilities related to program rights	(4,385,629)	(3,375,063)
	(13,740,846)	(13,834,071)
	2,804,268	2,579,995
Investing activities		
Decrease in (additions to) restricted cash and investments	385,007	(6,420,758)
Additions to property and equipment	(3,175,981)	(2,618,785)
Purchase of other intangible assets	(141,972)	(48,283)
	(2,932,946)	(9,087,826)
Financing activities		
Issuance of shares under stock option plan	36,667	22,950
Proceeds from property refinancing (Note 9)	-	13,843,472
Additions to capital lease obligation	-	106,813
Repayment of finance lease obligation	(52,705)	(64,687)
Repayment of debt	(2,095,305)	(1,751,319)
	(2,111,343)	12,157,229
Change in cash	(2,240,021)	5,649,398
Cash (bank indebtedness), beginning of the year	5,069,754	(579,644)
Cash, end of the year	$ 2,829,733	$ 5,069,754
Supplementary cash flow information:		
Interest paid	$ 2,070,697	$ 1,524,955
Income taxes paid	716,661	-

See accompanying notes to consolidated financial statements

ZOOMERMEDIA LIMITED
Consolidated Statements of Changes in Equity
For the years ended June 30, 2013 and 2012

	Common shares (Note 13)		Preference Shares		Contributed Surplus (Note 13)	Deficit (revised - Note 7)	Total Shareholders' Equity
	#	$	#	$	$	$	$
Balance - July 1, 2011	267,055,463	24,591,301	387,879,129	38,787,913	1,380,472	(29,681,407) [1]	35,078,279
Exercise of stock options	229,500	32,130			(9,180)		22,950
Stock-based compensation					664,963		664,963
Net loss and comprehensive loss						(3,559,388)	(3,559,388)
Balance - June 30, 2012	267,284,963	24,623,431	387,879,129	38,787,913	2,036,255	(33,240,795)	32,206,804
Balance - July 1, 2012	267,284,963	24,623,431	387,879,129	38,787,913	2,036,255	(33,240,795)	32,206,804
Exercise of stock options	333,334	51,667			(15,000)		36,667
Stock-based compensation					184,117		184,117
Deferred income taxes		28,602					28,602
Net income and comprehensive income						5,308,084	5,308,084
							-
Balance - June 30, 2013	267,618,297	24,703,700	387,879,129	38,787,913	2,205,372	(27,932,711)	37,764,274

(1) Includes opening deficit net increase of $1,170,862 for years prior to 2011 as a result of the revision adjustments explained in Note 7.

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: Body Mind Spirit Love, 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 Canada's provider of online content targeting the 45plus age group through many properties, the key one being www.EverythingZoomer.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".

As a result of prevailing economic conditions the Company may face liquidity risks. For a more detailed discussion of these risks please see Note 18 (b).

2. BASIS OF PREPARATION

The Company prepares its consolidated 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"**). The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated financial statements are disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets that are measured at fair value.

(b) Basis of Consolidation

These financial statements consolidate the accounts of the Company and its subsidiaries, all of which are wholly owned at June 30, 2013. Subsidiaries are those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as President and Chief Executive Officer.

(d) Cash

Cash includes cash on hand and deposits held with banks.

(e) Restricted Cash and Investments

Restricted cash and investments represents amounts the Company is required to deposit in escrow as collateral for a specified financing arrangement (see Note 5). These balances, together with any income earned on them, are restricted and cannot be used for any purpose other than to settle the Company's obligations under the specified financing arrangement. Income earned on escrow funds is included in interest income in the Company's consolidated statement of income (loss).

(f) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade and cash are included in current assets due to their short-term nature. Loans and receivables are initially recognized at fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(ii) Financial liabilities at amortized cost. Financial liabilities at amortized cost include trade and other payables, debt and other liabilities. Trade payables are initially recognized at fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Debt and other liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(iii) Held-to-maturity investments. The Company's restricted cash and investments are classified as held-to-maturity investments. Held-to-maturity investments are non-derivative instruments with fixed or determinable payments and fixed maturities that the Company's management has the positive intent and ability to hold to maturity. These investments are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

(g) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. For financial assets carried at amortized cost the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are recognized in earnings during the period in which they are incurred and are presented under operating expenses.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its

significant parts and depreciates separately each such part. The carrying amount of a replaced asset is derecognized.

Residual values, method of amortization and useful lives of assets are reviewed at least at each financial year-end and adjusted if appropriate.

The major categories of property and equipment are depreciated on a straight-line basis based on the useful life of each component as follows:

Land and assets not yet available for use	not depreciated
Building components:	
External structure	40 – 50 years
Interior upgrades	10 – 25 years
HVAC and building systems	18 – 25 years
Roof and parking lot	20 - 25 years
Broadcast equipment	5 – 10 years
Equipment and vehicles	5 – 10 years
Computer hardware	3 – 5 years
Leasehold improvements	Over the term of the lease

(i) Intangible Assets

Intangible assets, which include broadcast licenses, program rights, royalty stream rights, brand names, computer software and website domain names, are recorded at cost less accumulated impairment and accumulated amortization. Intangible assets with a definite life are amortized over the estimated useful life of these assets, as described below. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Broadcast licenses have indefinite lives and are not subject to amortization and are tested for impairment as described below. Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets as noted in (k) below. Intangible assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Broadcast Licenses

Broadcast licenses represent broadcasting rights and terms granted by the Canadian Radio-Television Telecommunications Commission (the "**CRTC**") which were acquired as part of an acquisition of certain businesses. Broadcast licenses are recorded at cost and are not amortized as they are considered to have an indefinite life based on the Company's intent and ability to renew the licenses without significant cost and without material modification of the existing terms and conditions of the license. Instead broadcast licenses are tested for impairment at least annually. Subsequent to year end, the Company's licenses were renewed by the CRTC for all of its Television group properties. Refer to Note 24.

(ii) Program Rights

Program rights represent contract rights acquired from third parties to broadcast television programs and feature films. The assets and liabilities related to these rights are recorded when the license period has begun and all of the following conditions have been met: (i) the cost of the rights is known or reasonably determinable; (ii) the program material is accepted by the Company in accordance with the license agreement; and (iii) the material is available to the Company for airing.

Program rights also include the cost of television programs produced by the Company. The costs capitalized in respect of these programs includes, production expenditures and other attributed costs that are expected to benefit future periods.

Program rights costs are amortized over the contracted exhibition period as the programs are aired. Amortization of program rights is included in operating expenses and is disclosed separately in the consolidated statement of cash flows.

Program rights are carried at cost less accumulated amortization and accumulated impairment. If it is determined that program rights will not be aired and no future economic benefits are expected from the use or disposal of program rights, their carrying value is derecognized. Programs planned to be used are reviewed and tested for impairment along with other long-lived assets in accordance with the impairment policies for non-financial assets described in (k) below.

(iii) Royalty Stream Rights

Royalty stream rights relate to marketing and licensing rights associated with the Canadian Association of Retired Persons ("**CARP**") name which has a contract term expiring December 31, 2099. The asset is recorded at cost less accumulated amortization and impairment and is amortized on a straight-line basis over the shorter of the economic life or the duration of the contract term, which for the Company is estimated to be 15 years.

(iv) Brand Names

Brand names acquired in connection with the acquisition of businesses are recorded at cost less accumulated amortization and impairment. Brand names are amortized on a straight-line basis over an estimated useful life of 10 years which represents the period that future economic benefits attributable to the asset are expected to flow to the Company.

(v) Computer Software and Domain Names

Computer software and domain names are recorded at cost less accumulated amortization and impairment and are amortized over their estimated useful lives of 3 years and 5 years respectively.

(j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to each cash generating unit (**"CGU"**) or group of CGUs that are expected to benefit from the related business combination. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is not amortized, but rather reviewed for impairment annually or at any time if an indicator of impairment exists. See the policy for impairment of non-financial assets as noted in (k) below.

(k) Impairment of Non-Financial Assets

Property and equipment and intangible assets with definite lives, (which includes program rights, royalty rights, brand names, computer software and domain names), are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (typically at the CGU level). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management).

Goodwill and indefinite life intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists. Management monitors goodwill for internal purposes based on its CGUs, which include the Television and Radio operating segments. The Company has 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.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration and accordingly, goodwill is assessed for impairment together with the assets and liabilities of the CGU.

(l) Leases

Leases are classified as either finance or operating. Leases that transfer substantially all of the risks and benefits of ownership of the leased asset to the Company are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of fair value of the leased asset and the present value of the minimum lease payments. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments, net of any incentives received from the lessor, are charged to earnings on a straight-line basis over the period of the lease.

Deferred lease liability relates to a property lease and is the cumulative difference between cash payments made under the lease and rental expenses calculated on a straight-line basis.

(m) Stock-based Compensation

The Company grants stock options to certain employees, directors and consultants providing services similar to those of employees. 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 three years following issuance. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period, based on the number of awards expected to vest, by increasing contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact recognized immediately in compensation expense with a corresponding adjustment to contributed surplus.

The Company may also grant stock options to certain other key service providers in exchange for goods and services. These options are measured at the fair value of the goods or services received and are recognized when the goods or services are delivered.

(n) Provisions

Provisions for restructuring costs, legal claims and other matters (refer to Note 11) are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(o) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income (loss) except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are presented as non-current.

(p) Revenue Recognition

Advertising revenues, net of agency commission, where applicable, are recognized when advertisements are aired or when the magazine in which the advertisements are placed is published and distributed.

Subscriber fee revenue from the Company's specialty television channels is recognized monthly based on subscriber levels.

Revenue from the sale of broadcast time, net of agency commissions, is recognized in the period in which the broadcast occurs.

Magazine subscription revenue is recognized upon delivery of each issue of the magazine over the term of the subscription period.

Royalty revenue comprises licensing fees from the CARP name and is calculated as a percentage of the volume of business conducted by the licensee in a given period. Royalty revenue is recognised in the period in which it is earned from each licensee.

Website revenue is primarily comprised of advertising and user maintenance fees. Website revenue is recognised when the related services are provided to customers. Revenue related to advertising and sponsorship exclusivity agreements is recognised over the term of the agreement.

Show and conference revenue is primarily comprised of sponsorships, booth rentals and ticket sales and is recognised when the related service or product has been delivered.

Cash payments or customer advances received relating to services to be delivered in future periods are recorded as deferred revenue until all of the foregoing conditions of revenue recognition are met.

In the normal course of business, the Company enters into non-monetary transactions to exchange advertising for various products and services. Revenue is recognized on these barter transactions only when the services exchanged are dissimilar in nature and when the fair value of the advertising services provided by the Company can be reliably measured by reference to non-barter transactions that:

a) Involve advertising similar to the advertising in the barter transaction;
b) Occur frequently;
c) Represent a predominant number of transactions and amount when compared to all transactions to provide advertising that is similar to the advertising in the barter transaction;
d) Involve cash and/or another form of consideration that has a reliably measurable fair value; and
e) Do not involve the same counterparty as in the barter transaction.

(q) Government Grants and Subsidies

Government grants and subsidies are reflected as a reduction of the cost of the asset or reduction of the expense to which they relate and are recognised when there is reasonable assurance that the Company complies with the conditions for receipt of the government assistance and the grants will be received. Such amounts are recognized as applicable costs or expenses are incurred (See Note 20).

(r) Net Income (Loss) per Share

Basic net income (loss) per share is calculated by dividing the net income (loss) for the period attributable to equity owners of the Company by the weighted average number of common shares and preference shares outstanding during the period.

The treasury stock method is used to calculate diluted net income (loss) per share. Diluted net income (loss) per share is similar to basic net income (loss) per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding assuming that warrants and stock options with an average market price for the period greater than their exercise price are exercised and the proceeds used to repurchase common shares. The diluted net income (loss) per share calculation excludes any potential conversion of options and warrants that would increase net income per share or decrease net loss per share.

(s) Accounting Standards Adopted In The Current Year

IAS 1, *Presentation of Financial Statements* (**"IAS 1"**), has been amended to require entities to separate items presented in other comprehensive income (**"OCI"**) in two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before income taxes will be required to show the amount of income taxes related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The adoption of IAS 1 amendments did not impact the consolidated financial statements.

IAS 12, *Income Taxes* (**"IAS 12"**), was amended to require entities to introduce an exception to the existing principle for the measurement of deferred income tax assets or liabilities arising on investment property measured at fair value. As a result of the amendment, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale when considering the expected manner of

recovery or settlement. SIC-21, *Income Taxes – Recovery of Revalued Non-depreciable Assets* (**"SIC-21"**), will no longer apply to investment properties carried at fair value. The amendment also incorporates into IAS 12 the remaining guidance previously contained in SIC-21, which is withdrawn. The amendment is effective for annual periods beginning on or after January 1, 2012, with earlier application permitted. The adoption of IAS 12 amendments did not impact the consolidated financial statements.

(t) Accounting Standards Issued But Not Yet Applied

The IASB has issued the following standards, which have not yet been adopted by the Company. Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted.

IFRS 9*, Financial Instruments* (**"IFRS 9"**), 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 9 is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company has not yet assessed the impact of this standard and amendments or whether it will early adopt them.

IFRS 10*, Consolidated Financial Statements* (**"IFRS 10"**)*,* 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*. The adoption of IFRS 10 will not have a significant impact on the consolidated financial statements.

IFRS 11, *Joint Arrangements* (**"IFRS 11"**), 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.* The adoption of IFRS 11 will not impact the consolidated financial statements.

IFRS 12, *Disclosure of Interests in Other Entities* (**"IFRS 12"**), 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. The adoption of IFRS 12 will not have a significant impact on the consolidated financial statements.

IFRS 13, *Fair Value Measurement* (**"IFRS 13"**), is a comprehensive standard for fair value measurement and disclosure for use across all IFRS. 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. The adoption of IFRS 13 will not have a significant impact on the consolidated financial statements.

<u>*Amendments to standards*</u>

IFRS 7, *Financial Instruments: Disclosures,* has been amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities. The amendment is effective on adoption of IFRS 9 which is effective for annual periods beginning on or after January 1, 2015.

IAS 32, *Financial Instruments: Presentation,* has been amended to clarify requirements for offsetting of financial assets and financial liabilities. The amendment is effective for annual periods beginning on or after January 1, 2014.

(u) Significant Accounting Judgements and Estimation Uncertainties

Critical accounting judgements and estimates

The preparation of financial statements under IFRS requires management to use judgement in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ materially from these 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:

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:

(i) Cash Generating Units ("CGUs")

The determination of the CGU's involves significant judgement. The Company has 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. The Company performs its annual test for goodwill impairment in accordance with the policy described in Note 3 (k). The determination of the recoverable amount involves significant management judgement. Refer to Note 7.

(ii) Impairment of goodwill and indefinite life intangible assets

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

The Company reviews 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. Refer to Note 7 for more details about the methods and assumptions used to estimate recoverable amounts.

(iii) Estimated period of use of program rights

The Company amortizes program rights over the estimated period of use. The amount of amortization recognized for any period is affected by management's 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 the Company's 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 Company's 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. Refer to Note 7.

(iv) Estimated useful lives

Management estimates 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. Refer to Note 6.

(v) Income taxes

Income tax liabilities must be estimated for the Company, 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 future profitability of the Company 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. Refer to Note 12.

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables includes a receivable of $nil (2012 – $1,480,558) related to an Interactive Digital Media Tax Credit from the Province of Ontario. Refer to Note 20.

5. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments consist of cash and Government of Canada bonds that have been pledged to First National Financial LP as security for a mortgage. The amounts and any income earned are held by a third party in an escrow account and can only be used to fund principal and interest payments on the mortgage held by First National Financial LP (refer to Note 9 (iii)). Restricted cash and investments is held until June 2014.

6. PROPERTY AND EQUIPMENT

	Land & building	Broadcast equipment	Equipment and vehicles	Computer hardware	Leasehold improvements	Total
At June 30, 2012						
Cost	18,928,334	4,837,404	746,388	1,074,610	2,252,296	27,839,032
Accumulated depreciation	(701,922)	(2,381,944)	(341,461)	(726,813)	(2,101,731)	(6,253,871)
Net book value	$ 18,226,412	$ 2,455,460	$ 404,927	$ 347,797	$ 150,565	$ 21,585,161
Year ended June 30, 2013						
Opening net book value	$ 18,226,412	$ 2,455,460	$ 404,927	$ 347,797	$ 150,565	$ 21,585,161
Additions	2,161,895	696,353	222,021	95,712	-	3,175,981
Depreciation for the year	(398,646)	(1,037,313)	(152,874)	(170,199)	(150,565)	(1,909,597)
Closing net book value	$ 19,989,661	$ 2,114,500	$ 474,074	$ 273,310	$ -	$ 22,851,545
At June 30, 2013						
Cost	$ 21,090,229	$ 5,533,757	$ 968,409	$ 1,170,322	$ -	$ 28,762,717
Accumulated depreciation	(1,100,568)	(3,419,257)	(494,335)	(897,012)	-	(5,911,172)
Net book value	$ 19,989,661	$ 2,114,500	$ 474,074	$ 273,310	$ -	$ 22,851,545

Certain long-term debt is secured by a first mortgage on land and buildings with a net book value of $19,363,835 at June 30, 2013 (2012 - $17,599,662).

Property and equipment includes the following amounts in respect of computer hardware held under finance leases:

	June 30, 2013	June 30, 2012
Cost - capitalized finance leases	$ 282,640	$ 282,640
Accumulated depreciation	(166,597)	(138,976)
	$ 116,043	$ 143,664

7. INTANGIBLE ASSETS AND GOODWILL

Details of intangible assets and goodwill are as follows:

	Broadcast licenses	Program rights	Royalty stream rights	Brand names	Computer software	Domain names	Total intangible assets	Goodwill
Year ended June 30, 2012								
Opening net book value - as revised	$ 20,120,244	$ 11,594,260	$ 9,698,391	$ 711,000	$ 154,830	$ 24,601	$ 42,303,326	$ 3,750,970
Additions	-	10,459,008	-	-	48,283	-	10,507,291	-
Amortization for the year	-	(11,203,955)	(843,336)	(79,000)	(80,632)	(7,819)	(12,214,742)	-
Impairment for the year - as revised	(4,274,584)	-	-	-	-	-	(4,274,584)	(1,176,212)
Closing net book value	15,845,660	10,849,313	8,855,055	632,000	122,481	16,782	36,321,291	2,574,758
At June 30, 2012								
Cost	22,620,517	40,818,535	12,650,072	790,000	600,290	141,235	77,620,649	8,537,899
Accumulated amortization	-	(29,969,222)	(3,795,017)	(158,000)	(251,176)	(21,260)	(34,194,675)	-
Accumulated impairment - as revised	(6,774,857)	-	-	-	(226,633)	(103,193)	(7,104,683)	(5,963,141)
Net book value	$ 15,845,660	$ 10,849,313	$ 8,855,055	$ 632,000	$ 122,481	$ 16,782	$ 36,321,291	$ 2,574,758
Year ended June 30, 2013								
Opening net book value	$ 15,845,660	$ 10,849,313	$ 8,855,055	$ 632,000	$ 122,481	$ 16,782	$ 36,321,291	$ 2,574,758
Additions	-	9,355,217	-	-	141,972	-	9,497,189	-
Amortization for the year	-	(10,589,027)	(843,336)	(92,500)	(134,471)	(6,058)	(11,665,392)	-
Impairment for the year	(2,820,881)						(2,820,881)	-
Closing net book value	$ 13,024,779	$ 9,615,503	$ 8,011,719	$ 539,500	$ 129,982	$ 10,724	$ 31,332,207	$ 2,574,758
At June 30, 2013								
Cost	$ 22,620,517	$ 26,749,108	$ 12,650,072	$ 790,000	$ 742,262	$ 141,235	$ 63,693,194	$ 8,537,899
Accumulated amortization	-	(17,133,605)	(4,638,353)	(250,500)	(385,647)	(27,318)	(22,435,423)	-
Accumulated impairment	(9,595,738)	-	-	-	(226,633)	(103,193)	(9,925,564)	(5,963,141)
Net book value	$ 13,024,779	$ 9,615,503	$ 8,011,719	$ 539,500	$ 129,982	$ 10,724	$ 31,332,207	$ 2,574,758

The net carrying amount of indefinite life intangibles and goodwill has been allocated to the following CGUs:

	2013	2012 (revised)
Television:		
Broadcast licenses	$ 7,864,000	$ 7,864,000
Goodwill	2,574,758	2,574,758
	10,438,758	10,438,758
Radio:		
Broadcast licenses	5,160,779	7,981,660
Goodwill	-	-
	5,160,779	7,981,660
Total		
Broadcast licenses	13,024,779	15,845,660
Goodwill	2,574,758	2,574,758
	$ 15,599,537	$ 18,420,418

Goodwill and indefinite lived intangible assets, such as broadcast licenses, are tested for impairment, annually on June 30, as part of the CGU to which they belong or when circumstances indicate the carrying value of the CGU may be impaired. The details of these impairment tests are discussed below.

The goodwill recorded in the consolidated financial statements relates to two groups of CGUs: the Radio group CGU and the Television group CGU. Goodwill relating to the Radio group CGU was fully impaired as of June 30, 2012. Broadcast licenses are recorded at the lowest level of CGU within each group of CGUs: AM radio CGU and FM radio CGU form the Radio group CGU and ONE TV CGU and Vision TV CGU form the Television group CGU respectively. The Company's assumptions used in testing goodwill and broadcast licenses for impairment are affected by current market conditions and expected revenue in each of the CGUs. In addition, while the Company continually monitors operating costs, these operating costs cannot be lowered as quickly in response to declines in revenue. The Company also has significant competition in the radio and television markets in which it operates, which may impact its revenues and operating costs.

In assessing goodwill and long-lived intangible assets for impairment, the Company compared the aggregate recoverable amount of the assets included in the relevant CGUs to their respective carrying amounts. This impairment testing was performed at the lowest CGU level followed by the impairment testing of the group of CGUs into which the goodwill was allocated. The recoverable amount was determined based on the fair value less costs to sell of the CGUs. This amount was determined with the financial budget approved by management, which was adjusted for market participants' expectations over a one-year period. Cash flows for the years thereafter are extrapolated using the estimated annual growth rates reflecting management's best estimate of the growth of the related markets based on industry reports. The key assumptions used to determine the recoverable amount for the different CGUs is discussed below with respect to the most recently completed impairment calculation as of June 30, 2013 and June 30, 2012.

During the year ended June 30, 2012, the Toronto radio market in which the Radio group CGU operates suffered a decline in advertising revenues as the advertising industry feared the onset of a recession in late calendar 2011. Based on management's estimates and review of industry reports, management estimates that revenue will recover and the market for radio advertising will continue to grow. Accordingly at June 30, 2012 it was determined that the decline in revenue experienced by the Radio group CGU during the fiscal year led to the recoverable amount being less than the carrying value. In its 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, the Company 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. The Company understated the impairment of the Radio broadcast licenses by $605,203 and impairment of goodwill by $969,595 as 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. Accordingly, the corresponding tax effect has also been revised; see Note 12. 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. The Company has revised its previously issued audited consolidated financial statements, as applicable.

The following table presents the impact of the revisions on the Company's 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)

During the year ended June 30, 2013, the Radio group CGU did not meet its budgeted growth targets and accordingly, given the expected growth rates as revised by management, the Company has recorded a further impairment on its broadcast licenses in the Radio group CGU in the amount of $2,820,881.

As at June 30, 2013 and June 30, 2012, the Company's estimate of the recoverable amounts for each of the ONE TV CGU and Vision TV CGU exceeded their respective carrying values by a significant margin, and as such the Company determined that the goodwill of the Television group CGU had not impaired.

Key assumptions used in fair value less costs to sell calculations

	June 30, 2013		June 30, 2012	
	Television	Radio	Television	Radio
Growth rate - year 1	0% - 11%	3.4% - 5.6%	1% - 4%	8% - 18%
Growth rate - years 2 to 5	2% - 4%	2% - 3%	2% - 5%	3% - 5%
Discount rate	17.3%	14.9% - 15.6%	17.3%	14.9% - 15.6%
Long-term growth rate	2%	2% - 3%	4%	2% - 3%

The calculations of fair value less costs to sell for the CGUs are most sensitive to the following assumptions:

- Growth rates
- Discount rates
- Long-term growth rates

Growth rates – Growth rates over the five-year period are a combination of managements estimate of annual growth for the next fiscal year based on historical growth rates achieved for the two or three proceeding years in combination with changes in planned business strategies, and the review of available market forecasts and data for growth rates for years two to five.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU regarding the time value of money and individual risks of the underlying assets. The discount rate for the Television group CGU was not changed to reflect the renewal of broadcast licenses subsequent to year end.

Long-term growth rates – Cash flows beyond the five-year period are based largely on management's estimate of the ability of the CGU to grow in a mature market.

Sensitivity to changes in assumptions

The determination of fair value less costs to sell is sensitive to the growth rate, discount rate and long-term growth rates used. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flow may differ, depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future assessments of the recoverable amount for the Radio group and the Television group CGUs and the Company would be required to recognize an impairment loss.

8. DEFERRED REVENUE

	June 30, 2013	June 30, 2012
Magazine subscriptions revenue	$ 1,850,773	$ 1,877,745
Royalty revenue (i)	644,842	763,889
Canada periodical fund (ii)	464,120	493,437
Show and conference	88,198	127,079
Advertising revenue	188,251	104,652
	$ 3,236,184	$ 3,366,802
Less: Current portion	(2,171,731)	(2,142,306)
	$ 1,064,453	$ 1,224,496

(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 June 30, 2013, the Company had $464,120 deferred revenue (2012 - $493,437) related to grants received from the Canada Periodical Fund.

9. DEBT

	June 30, 2013	June 30, 2012
Note payable - Megadak Enterprises (i)	$ 2,066,544	$ 2,428,308
Note payable - Vision charity (ii)	8,462,336	9,367,901
Mortgage - First National Financial (iii)	5,566,084	5,712,024
Note payable - Davpart (iii)	3,597,211	3,722,761
Term loan - Royal Bank of Canada (iv)	6,841,854	7,000,000
Mortgage - Royal Bank of Canada (v)	6,847,804	6,937,153
Finance lease obligation	78,057	130,762
	$ 33,459,890	$ 35,298,909
Less: Current portion	(10,921,518)	(1,895,200)
	$ 22,538,372	$ 33,403,709

(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 $238,236 during the current fiscal year (2012 – $275,757). The note matures on July 1, 2017.

(ii) As part of the acquisition of the television properties, the Company agreed to pay $11 million to the former owners 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. The note matures on June 30, 2020.

(iii) As part of the acquisition of the property at 64 Jefferson Avenue the Company assumed a mortgage held by First National Financial LP ("**First National**"). On June 27, 2012, First National's security interest on the 64 Jefferson Avenue property was discharged and as a substitute, the Company pledged its interest in the restricted cash and investments to First National as security for its mortgage. The remaining principal, net of deferred financing costs, of $5,566,084 (2012 – $5,712,024) is payable over 17 years at an interest rate of 6.47%. The current 5-year term ends June 1, 2014, therefore the mortgage has been classified with current liabilities as at June 30, 2013. Transaction costs of $99,610 have been netted against the carrying amount of the loan and will be amortized over the remaining current term.

The Company also assumed an unsecured promissory note payable to Davpart Inc., a former owner of the property, with remaining principal of $3,597,211 at June 30, 2013 (2012 – $3,722,761) payable over 17 years at an interest rate of 7%. The current 5-year term ends June 1, 2014, therefore the loan has been classified with current liabilities as at June 30, 2013.

(iv) On June 27, 2012, the Company entered into an amended and restated credit agreement with the Royal Bank of Canada. The amended credit facility consists of a $3 million revolving line of credit and a $7 million term loan, payable over 25 years and is secured by a general security agreement covering all of the assets of the Company.

Advances under the revolving line of credit bear interest at a variable rate of prime plus 2.0%. At June 30, 2013, $589,321 in letters of credit were issued against the line of credit to guarantee certain land transfer tax obligations (2012 - $589,321) and $2,410,679 was available under the line of credit.

The term loan's remaining principal of $6,841,854 (2012 – $7,000,000) is payable over 25 years at an interest rate of 6.297%. The current 3-year term ends June 27, 2015.

As at June 30, 2013, the Company was in compliance with its debt covenant.

(v) On June 27, 2012, the Company refinanced the property located at 64 Jefferson Avenue and entered into a $7,000,000 mortgage agreement with the Royal Bank of Canada. The mortgage is secured by a first mortgage on the property. The remaining principal, net of deferred financing costs, of $6,847,804 (2012 – $6,937,153) is payable over 25 years at an interest rate of 6.297%. The current 3-year term ends June 27, 2015. Transaction costs of $62,849 have been netted against the carrying amount of the loan and will be amortized over the remaining term.

(vi) The Company has entered into various finance leases for computer hardware. The monthly payments under these leases consist of principal repayments and interest. At June 30, 2013, the minimum payments under these lease agreements are as follows:

Gross payments:		
Due within 1 year	$	53,873
Due between 2 and 5 years		29,932
Due after 5 years		-
	$	83,805
Future interest		(5,748)
Present value of finance lease obligation	$	78,057
Less current portion		(46,793)
	$	31,264

The present value of the finance lease obligation is repayable as follows:

Due within 1 year	$	49,001
Due between 2 and 5 years		29,056
Due after 5 years		-
Present value of capital lease obligation	$	78,057

10. OTHER LIABILITIES

	June 30, 2013	June 30, 2012
Program rights obligation - bulk purchase (i)	$ -	$ 2,889,280
Other program rights obligations	2,472,870	3,858,499
Other	332,762	471,936
	$ 2,805,632	$ 7,219,715
Less: Current portion	(2,472,870)	(6,747,779)
	$ 332,762	$ 471,936

(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. During the year ended June 30, 2013, the Company made payments of $3,000,000 (2012 – $4,000,000). The fair value of this liability was determined using a discount rate of 7% and the Company recorded non-cash interest expense of $110,720 during the year ended June 30, 2013 (2012 - $342,412).

11. PROVISIONS

The analysis of provisions is as follows:

	Working capital settlement (i)	CRTC license requirements (ii)	Lease assignment (iii)	Total
At June 30, 2012	$ 260,796	$ 662,324	$ 99,730	$ 1,022,850
Additional provisions	-	59,200	-	59,200
Non-cash interest accretion	-	23,506	-	23,506
Paid during the year	-	(320,571)	(70,296)	(390,867)
At June 30, 2013	$ 260,796	$ 424,459	$ 29,434	$ 714,689
Less: Current Portion	(260,796)	(284,664)	(22,480)	(567,940)
	$ -	$ 139,795	$ 6,954	$ 146,749

(i) The Company has recognized a provision for the settlement of working capital items in connection with the acquisition of television properties that took place in fiscal 2010.

(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. Payments of $284,664 are due within the next twelve months.

(iii) In May 2012, the Company assigned its interest and obligations under a property lease to a third party. Under this arrangement, the Company has committed to make certain expenditures over the next 2 years.

12. INCOME TAX

The components of income tax recovery for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012 (revised - Note 7)
Current tax expense:		
Current tax on net income for the year	$ 1,089,482	$ 55,174
Adjustments in respect of prior years	-	(165,278)
Total current tax expense (recovery)	$ 1,089,482	$ (110,104)
Deferred tax expense:		
Origination and reversal of temporary differences	$ (890,753)	$ (676,324)
Reversal of previous write-down of deferred tax assets	(5,321,245)	(685,000)
Total deferred tax expense	$ (6,211,998)	$ (1,361,324)
Total income tax recovery	$ (5,122,516)	$ (1,471,428)

Income tax (recovery) expense varies from the amounts that would be computed by applying the statutory rate to income (loss) before income taxes as follows:

	2013	2012
Expected income tax recovery	$ 49,175	$ (1,370,897)
Stock based compensation not deductible for income tax purposes	48,791	181,202
Impact of future changes in enacted income tax rates	-	161,097
Permanent differences not deductible for income tax purposes	57,628	568,268
Recognition of deferred tax assets previously written down	(5,321,245)	(910,369)
Other	43,135	(100,729)
Income tax recovery	$ (5,122,516)	$ (1,471,428)

The weighted average applicable tax rate was 26.50% (2012 – 27.25%). The change in rate is the result of a change in both the federal and Ontario provincial income tax rates.

Deferred income tax assets and liabilities as previously reported as at June 30, 2012 did not reflect the offsetting of balances within the same tax jurisdiction. Accordingly, the deferred income tax asset and liability balances have been reduced in the amount of $1,156,565 at this date to conform to current financial statement presentation within the consolidated statement of financial position and in the note below. Additionally, as a result of the revision to impairment charges as described in Note 7, deferred tax assets have increased by $469,532 and deferred tax liabilities have decreased by $647,000 as at June 30, 2012.

The analysis of deferred tax assets and deferred tax liabilities as at June 30, 2013 and 2012 is as follows:

	2013	2012
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	$ 5,230,336	$ 622,374
Deferred tax asset to be recovered within 12 months	1,587,415	155,593
	$ 6,817,751	$ 777,967
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	$ 193,980	$ 351,453
Deferred tax liability to be recovered within 12 months	44,520	87,863
	$ 238,500	$ 439,316

The movement of deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

At June 30, 2012	$ 469,532	$ -	$ 308,435	$ -	$ 777,967
Credit/(charge) to income statement	833,820	4,427,111	575,702	174,549	6,011,182
Credit/(charge) to equity	-			28,602	28,602
At June 30, 2013	$ 1,303,352	$ 4,427,111	$ 884,137	$ 203,151	$ 6,817,751

Deferred tax liabilities	Goodwill and intangible assets	Provision and loans	Property and equipment	Other	Total
At June 30, 2012	$ 318,316	$ -	$ 121,000	$ -	$ 439,316
Charge/(credit) to income statement	(79,816)	-	(121,000)	-	(200,816)
At June 30, 2013	$ 238,500	$ -	$ -	$ -	$ 238,500

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. At June 30, 2013, deferred tax assets of $597,824 (2012 - $4,466,000) have not been recognized in respect of losses amounting to $2,255,940 (2012 - $17,413,483) that can be carried forward and used to reduce future taxable income. The losses expire over the following fiscal years:

2030	$ 439,293
2031	747,871
2032	576,602
2033	492,174
	$ 2,255,940

13. 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 June 30, 2013, the Company had 387,879,129 preference shares outstanding (2012 – 387,879,129).

Unlimited number of common shares. As at June 30, 2013, the Company had 267,618,297 common shares outstanding (2012 – 267,284,963).

(b) 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.

During the year ended June 30, 2013, 9,916,017 stock options expired unexercised and 1,300,000 stock options were cancelled.

As at June 30, 2013, the Company had 19,997,059 stock options outstanding with a weighted exercise price of $0.16 per share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	24,246,410	$ 0.16	24,325,910	$ 0.16
Issued	7,300,000	0.12	150,000	0.16
Exercised	(333,334)	0.11	(229,500)	0.10
Cancelled	(1,300,000)	0.25	-	-
Expired	(9,916,017)	0.14	-	-
Balance, end of year	19,997,059	$ 0.16	24,246,410	$ 0.16

Options exercised in 2013 resulted in 333,334 shares (2012 – 229,500 shares) being issued at a weighted average price of $0.11 (2012 - $0.10). The related weighted average share price at the date of exercise was $0.155 (2012 - $0.17) per share.

The fair value of options granted during the year has been estimated using the Black-Scholes Pricing Model based on the following assumptions:

	2013	2012
Risk-free interest rate	1.39%	1.45%
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	125.0%	138.9%
Forfeiture rate	10.1%	1.0%
Expected life of stock options	4.5 years	5.0 years
Weighted-average grant date fair value of stock options	$0.08	$0.12

At June 30, 2013, the range of exercise prices, the weighted average exercise price and the weighted average contractual life of the outstanding stock options are as follows:

	Options Outstanding as at June 30, 2013				Options Exerciseable as at June 30, 2013		
Exercise Price	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price		Number Exercisable	Weighted Average Exercise Price	
$0.10 - $0.15	13,899,996	3.3	$	0.13	6,549,996	$	0.14
$0.16 - $0.20	3,197,063	1.5		0.20	3,147,063		0.20
$0.21 - $0.25	2,033,339	2.9		0.23	1,933,339		0.23
$0.26 - $0.30	866,661	2.9		0.30	-		-
	19,997,059	2.9	$	0.16	11,630,398	$	0.17

(c) Issued upon Exercise of Options

During the year ended June 30, 2013, 333,334 stock options were exercised for net proceeds of $36,667 (2012 – 229,500 stock options exercised for net proceeds of $ 22,950).

14. OPERATING EXPENSES

	2013	2012
Employee benefits:		
Salaries and wages	$ 14,316,494	$ 13,834,627
Stock based compensation	184,117	664,963
Other employee costs	3,968,656	4,454,460
	$ 18,469,267	$ 18,954,050
Amortization of program rights	10,589,027	11,203,955
Distribution and transmission costs	11,494,877	11,634,066
Other operating expenses	7,396,425	7,129,543
	$ 47,949,596	$ 48,921,614

15. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2013	2012
Trade and other receivables	$ 649,164	$ (686,506)
Prepaid expenses	(15,650)	56,189
Trade and other payables	(361,731)	715,079
Provisions	(331,667)	(426,009)
Income tax liabilities	641,391	(443,104)
Deferred leasehold liability	-	(37,379)
Other liabilities	(139,174)	76,697
	$ 442,333	$ (745,033)

16. BASIC AND DILUTED INCOME (LOSS) PER SHARE

For the years ended June 30, 2013 and 2012, no effect has been given to the potential exercise of stock options in the calculation of diluted net income (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 64.3% 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**") holds 26.9% of the Company's shares. The remaining 8.8% of shares are widely held.

The Company's 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 year ended June 30, 2013, the Company paid subsidies of $1,325,626 (2012 – $1,036,001). As the Company receives royalties from affinity programs and other programs that benefit from increasing membership in CARP, the Company benefits from supporting CARP. During the year ended June 30, 2013, the Company received from CARP computer maintenance services fees of $30,708 (2012 - $39,600), management and accounting services fees of $nil (2012 - $42,000) and rent of $86,460 (2012 - $nil). 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. Included in accounts receivable is a receivable from CARP as at June 30, 2013 of $476,743 (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, the Company 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 services, home office costs, contractor services and talent fees. The Company charged computer maintenance service fees of $8,952 during the year ended June 30, 2013 (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, the Company 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). Included in accounts receivable at June 30, 2013 is a receivable from Northbridge of $299,022 (2012 - $310,993).

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

(d) Compensation of key management

Compensation recognized in employee benefits for key management included:

	2013	2012
Salaries and short-term employee benefits	$ 2,178,433	$ 2,161,407
Stock based compensation	126,800	281,937
	$ 2,305,233	$ 2,443,344

18. FINANCIAL INSTRUMENTS AND FAIR VALUES

a) Measurement categories and fair values

As described in Note 3(f), the Company's financial instruments are classified into three categories: loans and receivables, held-to-maturity investments and financial liabilities at amortized cost. The following table shows the carrying values of assets and liabilities included in each of these categories:

	June 30, 2013	June 30, 2012
Assets		
Loans and receivables:		
Cash and cash equivalents	$ 2,829,733	$ 5,069,754
Trade and other receivables	13,227,045	13,876,209
	$ 16,056,778	$ 18,945,963
Held to maturity:		
Restricted cash and investments	5,921,642	6,420,758
	$ 21,978,420	$ 25,366,721
Liabilities		
Liabilities at amortized cost:		
Trade and other payables	7,071,876	7,433,607
Debt	33,459,890	35,298,909
Other liabilties	2,805,632	7,219,715
	$ 43,337,398	$ 49,952,231

The carrying amounts of the Company's cash, trade and other receivables, bank indebtedness and trade and other payables approximate their fair value due to their short-term nature. At June 30, 2013 the fair value of restricted cash and investments was $5,921,642.

The fair value of the non-current portion of long-term debt and other liabilities at June 30, 2013 is approximately $22,903,000. The fair value is estimated using discounted cash flow analysis based on discount rates that reflect current market conditions for instruments with similar terms and risks. Fair value estimates are made at a specific point in time on relevant market information. These are estimates and involve uncertainties and matters of significant judgement and cannot be determined with precision. Changes in assumptions and estimates could significantly affect fair values.

b) Liquidity risk

Liquidity risk is the risk that a 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 19. 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 cash to complete the renovations of new office facilities and will continue to invest in new programming, expend funds on subscriber acquisition initiatives to increase subscribers to the magazine and invest in capital infrastructure in the radio and television production divisions. The Company has experienced net income for the current fiscal year but a net loss in fiscal 2012 and has an accumulated deficit of $27,932,711 as at June 30, 2013. Cash flows from operating activities were $2,804,268 during the year (2012 – $2,579,995). Cash used for investing activities was $2,932,946 (2012 – $9,087,826). During the year, cash used in financing activities was $2,111,343 (2012 – cash generated from financing activities of $12,157,229). At June 30, 2013, excluding current deferred revenue, the Company had working capital of $680,580 (2012 – $2,612,172).

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.

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 cash requirements for capital improvements.

The following table reflects the contractual maturity of the Company's undiscounted cash flows for its 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

The Company also has significant contractual obligations in the form of operating leases and commitments to purchase programming (refer to Note 21).

c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's 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, the Company performs periodic credit evaluations of the financial condition of its customers and typically does not require collateral from them. Management assesses 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, the Company had accounts receivable of $13,227,045 (2012 - $13,876,209) net of an allowance for doubtful accounts of $835,284 (2012 - $950,724), which adequately reflects the Company's 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

The Company believes that its 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)

d) Market and price risk

(i) 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.

(ii) 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.

19. 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 reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended June 30, 2013.

The Company is not subject to externally imposed capital requirements.

20. GOVERNMENT ASSISTANCE

The Company currently receives government assistance through two programs. Firstly, the Company receives Interactive Digital Media Tax Credits from the Province of Ontario (**"OIDMTCs"**). During the current year, OIDMTCs totalling $nil (2012 – $1,480,558) have been netted against operating expenses in the statement of income (loss) and comprehensive income (loss).

The Company also 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 annual grant for the current fiscal year is $696,180 (2012 - $740,155). These grants are recognized as a reduction of operating expenses in the following periods:

	Year ending June 30,					
	2014	**2013**	**2012**	**2011**	**2010**	**Total**
Annual grant - June 30, 2013	$ 464,120	$ 232,060	$ -	$ -	$ -	$ 696,180
Annual grant - June 30, 2012	-	493,437	246,718	-	-	740,155
Annual grant - June 30, 2011	-	-	526,749	263,374	-	790,123
Annual grant - June 30, 2010	-	-	-	577,885	288,942	866,827
	$ 464,120	$ 725,497	$ 773,467	$ 841,259	$ 288,942	$ 2,397,105

At June 30, 2013 $464,120 of the annual grant for the current fiscal year remained in deferred revenue (2012 - $493,437).

21. COMMITMENTS AND CONTINGENCIES

(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. The Company also earns royalty revenues earned from other affinity partners for the use of the CARP name.

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

2014	$ 563,069
2015	408,728
2016	211,178
2017	33,747
2018	-
Thereafter	-
	$ 1,216,722

(c) At June 30, 2013, 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 $9 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 television properties, the Company has 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

(e) In May 2012, the Company assigned its interests under a property lease to a third party. In the event that the third party does not fulfill its obligations, the Company will be liable for the remaining payments due under the lease. The Company's continuing obligation under the lease is secured by a general security agreement covering the assets of the Company 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 are $3,115,035. The lease expires in April 2021.

(f) The acquisition of the television properties in June 2010 required a minimum level of working capital to be delivered. Currently, the Company is in dispute with the former owners on the working capital. The Company has made a provision (refer to Note 11 (i)) representing 50% of the difference between the Company's claim and the claims of the former owner. Upon settlement, if the former owners claim is deemed to be valid, the Company will have to pay the remainder of the provision plus approximately $540,000.

22. SEGMENTED INFORMATION

Management has determined that during the year the Company operated within five reportable business segments: Television, Radio, Print, Royalty and Other operations. These business segments reflect the management structure of the Company and the way in which management reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment income (loss), as presented below.

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 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 year ended June 30, 2013, Corporate results also includes revenue earned from the rental of the Company's commercial property located in Toronto and the associated expenses.

2013	Television	Radio	Print	Royalty	Other	Corporate	Total
Revenue	$ 36,266,598	$ 8,310,485	$ 5,391,463	$ 2,319,785	$ 3,855,929	$ 279,787	$ 56,424,047
Operating expenses	22,491,694	7,716,907	6,395,450	1,325,626	4,416,166	5,603,753	47,949,596
Depreciation	1,108,157	167,792	136,178	-	97,393	400,077	1,909,597
Amortization	137,822	5,790	50,601	843,336	36,190	2,626	1,076,365
Impairment of goodwill and broadcast licenses	-	2,820,881	-	-	-	-	2,820,881
	$ 23,737,673	$ 10,711,370	$ 6,582,229	$ 2,168,962	$ 4,549,749	$ 6,006,456	$ 53,756,439
Non-cash interest expense	110,720	23,506	-	238,236	-	114,109	486,571
Interest expense (net of interest income)	627,066	94	-	-	2,716	1,365,593	1,995,469
Segmented income (loss)	$ 11,791,139	$ (2,424,485)	$ (1,190,766)	$ (87,413)	$ (696,536)	$ (7,206,371)	$ 185,568
Segmented assets	$ 35,713,461	$ 10,210,226	$ 3,354,933	$ 8,011,719	$ 2,399,420	$ 26,403,673	$ 86,093,432
Additions - property and equipment	170,591	495,735	-	-	-	2,509,655	3,175,981
Additions - program rights	9,355,217	-	-	-	-	-	9,355,217
Additions - other intangible assets	132,404	3,000	-	-	-	6,568	141,972

2012	Television	Radio (revised - Note 7)	Print	Royalty	Other	Corporate	Total
Revenue	$ 34,876,143	$ 8,873,414	$ 5,672,520	$ 2,501,454	$ 3,811,624	$ 241,630	$ 55,976,785
Operating expenses	24,569,066	7,979,066	6,407,671	1,186,832	3,055,413	5,723,566	48,921,614
Depreciation	2,741,825	165,935	107,717	-	110,291	321,170	3,446,938
Amortization	108,700	5,421	25,706	843,336	27,103	521	1,010,787
Impairment of goodwill and broadcast licenses	-	5,450,796	-	-	-	-	5,450,796
	$ 27,419,591	$ 13,601,218	$ 6,541,094	$ 2,030,168	$ 3,192,807	$ 6,045,257	$ 58,830,135
Non-cash interest expense	342,412	36,525	-	275,757	-	-	654,694
Interest (net of income)	688,116	527	-	-	4,209	829,920	1,522,772
Segmented income (loss)	$ 6,426,024	$ (4,764,856)	$ (868,574)	$ 195,529	$ 614,608	$ (6,633,547)	$ (5,030,816)
Total assets	$ 32,640,854	$ 11,797,241	$ 4,571,076	$ 9,427,163	$ 2,512,597	$ 26,200,068	$ 87,148,999
Additions - property and equipment	618,930	7,752	149,148	-	137,292	1,705,663	2,618,785
Additions - program rights	10,459,008	-	-	-	-	-	10,459,008
Additions - other intangible assets	17,700	17,370	8,803	-	4,410	-	48,283

23. COMPARATIVE FINANCIAL INFORMATION

The current portion of debt as previously reported as at June 30, 2012 included accrued interest payable of $58,257. This amount has been reclassified to be included with trade and other payables at this date to conform to current financial statement presentation within the consolidated statement of financial position and the related notes.

24. SUBSEQUENT EVENTS

a) Amalgamation

On July 1, 2013, the Company completed an amalgamation with its 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, the Company has 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 the Company's 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. The Company 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, the Company must negotiate with its distributors for carriage and the subscriber fee rate associated with carriage. Given the renewal agreements negotiated to date, the Company does 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 the Company's committed expenditures in excess of $2.5 million for the upcoming broadcast year when compared to the previous COL.