

BIG STICK MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AS AT MAY 31, 2009

Unaudited

Big Stick Media Corporation
Consolidated Balance Sheets
As at May 31, 2009 and November 30, 2008
(Expressed in Canadian Dollars) - Unaudited

	May 31, 2009	November 30, 2008
ASSETS		
Current Assets		
Cash and Cash equivalents	\$ 961,372	\$ 1,573,379
Accounts Receivable (Note 8)	45,125	48,582
Cash Merchant Reserves (Note 4(c))	358,340	941,817
Prepaid Expenses and Deposits	102,149	148,962
Loan Receivable	39,467	37,469
Promissory Notes Receivable - current (Note 9)	3,578	15,110
	<u>1,510,031</u>	<u>2,765,319</u>
Property and Equipment (Note 10)	905,981	1,110,745
Intangible Assets (Note 11)	8,305,753	11,388,004
Goodwill	9,423,479	9,423,479
Loan Receivable - non current (Note 3)	10,620	31,476
Promissory Notes Receivable - non current (Note 9)	-	-
Restricted Cash (Note 4(d))	54,615	124,020
	<u>1,510,031</u>	<u>2,765,319</u>
Total Assets	\$ 20,210,479	\$ 24,843,043
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 12)	529,587	997,840
Commission and Chargeback Reserves (Note 4(h) and 4(i))	86,588	165,189
Loan Payable (Note 13)	850,611	-
Due to Related Parties (Note 14)	24,306	-
Capital Lease Obligation - current	1,796	14,142
Promissory Note Payable - current (Note 15)	-	2,457,399
Deferred Revenue - current	2,395,753	4,273,347
Convertible Debenture - current (Note 16)	1,272,476	220,146
Rent inducement - current	72,286	94,232
	<u>5,233,403</u>	<u>8,222,295</u>
Capital Lease Obligation - non current	-	-
Deferred Revenue - non current	99,023	53,841
Deferred Tax Liability	150,932	171,368
Lease inducement - non current	72,286	155,456
Convertible Debenture (Note 16)	1,685,858	2,364,042
	<u>1,685,858</u>	<u>2,364,042</u>
Total Liabilities	\$ 7,241,502	\$ 10,967,002
SHAREHOLDERS' EQUITY		
Share Capital (Note 17)	\$ 23,803,682	24,066,205
Contributed Surplus (Note 17(e))	5,391,327	5,027,931
Accumulated Other Comprehensive Income	570,831	1,659,177
Deficit	(16,796,863)	(16,877,272)
	<u>12,968,977</u>	<u>13,876,041</u>
Total Liabilities and Shareholders' Equity	\$ 20,210,479	\$ 24,843,043

Signed "**Christopher Kape**", Chief Executive Officer

Signed "**Robbie Manis**", Chief Financial Officer

Big Stick Media Corporation
Consolidated Statements of Operations and
Deficit
For the period ended May 31, 2009 and 2008
(Canadian Dollars) - unaudited

	May 31, 2009		May 31, 2008	
	3 Months	6 Months	3 Months	6 Months
Income				
Revenues	\$ 3,395,290	\$ 8,650,292	\$ 2,747,114	\$ 6,759,996
Interest	1,319	2,953	7,423	24,244
	3,396,609	8,653,245	2,754,537	6,784,240
Direct Costs (schedule A)	264,975	635,519	206,856	422,070
Selling Expenses (schedule A)	349,194	1,235,844	785,229	2,224,695
Administrative Expenses (schedule A)	2,102,250	4,060,049	1,694,404	3,387,047
Amortization of Property and Equipment	201,211	405,929	145,127	270,736
Amortization of Intangible Assets	957,415	1,916,395	560,093	895,488
Stock based compensation expense	74,724	178,471	14,584	17,451
Operating (Loss)	(553,160)	221,038	(651,756)	(433,246)
Other Income (Loss)				
Contract Cancellation Expense	-	-	(1,250,000)	(1,250,000)
Interest Expense	(287,272)	(567,925)	(67,282)	(67,563)
Gain (Loss) on Sale of Investments	27	4,589	-	-
Foreign Currency Translation Gain (Loss)	485,718	422,707	(90,630)	(75,532)
Net Income (Loss) for the Period	(354,687)	80,409	(2,059,668)	(1,826,341)
Deficit, Beginning of Period	(16,442,176)	(16,877,272)	(12,702,020)	(12,935,347)
Deficit, End of Period	\$ (16,796,863)	\$ (16,796,863)	\$ (14,761,688)	\$ (14,761,688)
Basic Net Income (Loss) per Common Share	\$ (0.0015)	\$ 0.003	\$ (0.13)	\$ (0.12)
Weighted average number of common shares outstanding				
- Basic and Diluted	24,038,283	24,113,844	15,864,136	14,808,690

Big Stick Media Corporation
Consolidated Statements of Comprehensive
Income (Loss)
For the period ended May 31, 2009 and 2008
(Canadian Dollars)

	May 31, 2009		May 31, 2008	
	3 Months	6 Months	3 Months	6 Months
Net Income (Loss) for the period	(354,687)	80,409	(2,059,668)	(1,826,341)
Currency translation adjustments	391,057	490,422	-	-
Comprehensive Income (Loss) for the period	\$ 36,370	\$ 570,831	\$ (2,059,668)	\$ (1,826,341)

Big Stick Media Corporation
Consolidated Statements of Cash Flow
For the period ended May 31, 2009 and 2008
(Canadian Dollars) - unaudited

	May 31st, 2008		May 31st, 2008	
	3 months	6 months	3 months	6 months
Cash provided by (Used in) Operating Activities	\$	\$	\$	\$
Net Income (Loss) for the Year	(354,687)	80,409	(2,059,668)	(1,826,341)
Items not Involving Cash				
Amortization	1,158,900	2,322,324	705,220	1,166,224
Lease Inducements - rent	(100,779)	(165,438)	(5,529)	(5,529)
Stock based compensation expense	74,724	178,471	14,584	17,451
Gain/Loss on disposal of assets	(27)	(4,589)	-	-
Accredited interest	227,037	452,853	-	-
Foreign Exchange (Gain)/Loss	(592,028)	(482,241)	134,264	69,153
	413,140	2,381,789	(1,211,129)	(579,042)
Changes in Non-Cash Working Capital				
(Increase) Decrease in Accounts Receivable	165	20,368	49,255	69,328
(Increase) Decrease in Merchant Reserves	(5,636)	530,007	16,510	(11,619)
(Increase) Decrease in Prepaid Expenses and Deposits	32,778	75,506	(47,729)	29,565
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(183,483)	(304,398)	1,108,454	901,461
Increase (Decrease) in Commission and Chargeback Reserves	(13,067)	(69,643)	(10,794)	(18,454)
(Increase) Decrease in Due to/from Related Parties	(36)	(36)	24	(553)
Increase (Decrease) in Deferred Revenue	(672,448)	(1,473,504)	(566,872)	(1,300,461)
	(841,727)	(1,221,700)	548,848	(330,733)
Net Cash Provided by (Used in) Operating Activities	(428,587)	1,160,089	(662,281)	(909,775)
Cash Provided by (Used in) Financing Activities				
Share Repurchase, Net of transaction costs	(34,880)	(77,475)	5,282,950	5,436,732
Increase (Decrease) in Loan Receivable	14,695	18,859	1,056	(3,446)
Increase (Decrease) in Loan Payable	850,611	850,611	-	-
Increase (Decrease) in Capital Lease	(5,958)	(11,945)	-	-
Increase (Decrease) in Promissory Note Payable	(2,463,855)	(2,463,855)	18,824	18,824
(Increase) Decrease in Promissory Note Receivable	4,934	10,904	6,259	14,861
Increase (Decrease) in Convertible Debenture	-	-	3,989,950	3,989,950
Net Cash Provided by (Used in) Financing Activities	(1,634,453)	(1,672,901)	9,299,039	9,456,921
Cash Provided by (Used in) Investing Activities				
Partnership Interest in DBS LP	(124)	(124)	(8,322,855)	(8,322,855)
Acquisitions of Property and Equipment	(94,556)	(99,071)	(5,460)	(5,460)
Acquisition of Intangible Assets	-	-	-	(89,267)
Increase (Decrease) in cash from assets acquisition	-	-	384,897	384,897
Net Cash Provided by (Used in) Investing Activities	(94,680)	(99,195)	(7,943,418)	(8,032,685)
Effect of Exchange Rate on Cash and Cash equivalents	-	-	-	-
Net Increase (Decrease) in Cash and Cash equivalents	(2,157,720)	(612,008)	693,340	514,461
Cash and Cash equivalent, Beginning of Period	3,119,092	1,573,379	2,157,337	2,336,216
Cash and Cash equivalent, End of Year	961,372	961,372	2,850,677	2,850,677
Supplementary Information				
Interest Paid	61,349	115,072	67,282	67,563
Taxes Paid	-	-	-	-

BIG STICK MEDIA CORPORATION
Notes to Consolidated Financial Statements
May 31, 2009
(Expressed in Canadian Dollars)

Note 1 - Nature of Operations

Big Stick Media Corporation (the "Corporation") previously carried on business under the name DPC Biosciences Corporation. Together with its wholly-owned subsidiary, DPC Biosciences Inc., it was engaged in the field of biotechnology. Both corporations ceased active operations in 2001 and remained relatively inactive until February, 2006 whereupon a reactivation process was commenced. In September, 2006 the Corporation was reactivated as a company involved in the sale of fact-based and opinion-oriented information relevant to the North American sports industry. The fact-based information relates to scores, statistics and other live information pertaining to sports contests carried on primarily in North America. The opinion-oriented information consists primarily of handicapping services provided in relation to the same sports contests. In conjunction with the reactivation, the Corporation changed its name from DPC Biosciences Corporation to iGaming Corporation. On June 15, 2007, the Corporation further changed its name to Big Stick Media Corporation.

The Corporation carries on its business operations via seven wholly-owned subsidiaries, IGC Entertainment Corporation, BSM GP Corporation and DBS Limited Partnership, each a resident of British Columbia; DBS Technology Corporation, a resident of Ontario; and National Sports Services (IGC), Inc., Corcom, Inc., and LL Agency Corporation each a resident of Nevada, USA.

The accompanying consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Corporation generated net income of \$80,409 for the six months ended May 31, 2009 [the net income for corresponding period ended May 31, 2008 was a loss of \$1,826,341] and as at May 31, 2009 has incurred cumulative losses of \$16,796,863 with a working capital deficiency of \$3,723,372 [working capital deficiency as at November 30, 2008 - \$5,456,976] that raise substantial doubt about its ability to continue as a going concern. Management has been able, thus far, to finance the operations through equity and debt financing and cash on hand. There is no assurance that the Corporation will be able to continue to finance itself on this basis.

In view of these conditions, the ability of the Corporation to continue as a going concern is in substantial doubt and dependant upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing as may be required, to receive the continued support of the Corporation's shareholders, and ultimately to obtain successful operations. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Note 2 – Change in Accounting Policy

Effective December 1, 2007, the Corporation adopted the following new accounting policies on a prospective basis without retroactive restatement of prior periods:

(a) Capital Disclosures

Handbook Section 1535 details the disclosure obligations relative to (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not so complied, the consequences of such non-compliance.

The Corporation has included disclosure recommended by the new Handbook section in note 5 to these consolidated financial statements.

(b) Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation has included disclosures recommended by the new Handbook sections in note 6 to these consolidated financial statements

Note 3 – Assets and Business Acquisitions

1. On December 11, 2006, the Corporation completed the purchase of certain of the assets related to the fantasy sports website www.rotoplay.com from RotoPlay, Inc. (the "Rotoplay Assets"), a Pennsylvania-based corporation specializing in the online fantasy sports industry. The Rotoplay Assets include all customer databases, all hardware and software associated with the www.rotoplay.com website and all related intellectual property. Except for the assumption of customer deposits, the Corporation did not assume any other liabilities, obligations or commitments of RotoPlay Inc.

The total consideration payable for the assets as set forth in the agreement of sale was \$344,250 (US\$300,000). The initial consideration totalling \$131,963 (US\$115,000) consisted of a cash payment of \$94,050 (US\$83,000) and the assumption of a customer deposit liability of \$37,913 (US\$33,000). The balance of the purchase price was to be payable based on the attainment of certain revenue thresholds during the four quarters of the Corporation's fiscal 2007 year. During the first quarter of 2007, the Corporation accrued additional purchase price consideration of \$40,646 (US\$35,000) based on the attainment of revenues for the quarter then ended.

In March 8, 2007, the Corporation and RotoPlay, Inc. agreed to amend the terms of payment such that the purchase price was reduced by \$29,032 (US\$25,000). As such, the full remaining balance of \$188,320 (US\$160,000) was paid at that time.

Note 3 – Assets and Business Acquisitions (cont'd)

The total acquisition cost, including applicable legal fees, is detailed below:

Purchase price:

Initial consideration	\$131,963
Acquisition costs	\$ 11,095
Additional consideration	\$ 40,646
Final consideration	<u>\$147,674</u>
Total purchase price	<u>\$331,378</u>

Purchase price allocation:

	<u>Purchase Price Allocation</u>
Revenue Generating Websites and Domain Names	\$16,261
Customer Lists	\$315,117
Total	\$331,378

On October 22, 2008, the Corporation sold all of the Rotoplay Assets to Pressure Packed Sports Inc (“PPS”), a resident of Pennsylvania. In consideration for the assets, PPS assumed the customer deposit liabilities associated with the website’s operations in the amount of \$16,331 as well as the prize payout obligation with respect to in-transit fantasy sports contests in the amount of \$10,407. In addition to the liabilities assumed, PPS effected a deferred cash payment of \$11,881 (US\$10,000) on April 22, 2009. Finally, PPS is contingently obligated to pay additional purchase price consideration to a maximum amount of US\$250,000 based primarily upon the subject assets’ generation of operating income during the ensuing five year period. Upon disposition of the Rotoplay Assets, the Corporation recognized a loss on disposal of capital assets of \$100,445.

Due to the uncertainty of the Rotoplay Assets achieving the designated post-sale operating income targets, the Corporation has not accrued for or otherwise recognized the additional contingent consideration in its May 31, 2009 consolidated financial statements.

2. On July 16, 2007, the Corporation acquired certain assets (the “W2 Assets”) related to the operation of the website domiciled at www.who2beton.com. The acquired assets included the intellectual property related to the website, an array of reserved domain names as well as certain customer lists. The W2 Assets were collectively used by the Corporation to sell additional opinion-oriented information relevant to the North American sports industry. The purchase price consisted of initial consideration of \$6,850 as well as additional consideration payable out of prospective operating income to be produced by the acquired assets until November 30, 2015. The maximum additional consideration that could have become payable was \$3 million. The initial consideration was allocated entirely to revenue generating websites and domain names.

The terms of the asset purchase agreement provided the Corporation with the ability to re-sell the W2 Assets back to the vendor for an amount equal to the cumulative amount expended by the Corporation in marketing the purchased assets to the effective date of resale at any time between November 1, 2007 and November 30, 2008. On December 15, 2007, the Company exercised its re-sell right and transferred the W2 Assets back to the vendor. During the period of time that the Corporation operated the W2 Assets, it realized a net loss of \$87,199 which was classified as a project investigation cost on the November 30, 2007 financial statements. The Corporation and the original vendor of the W2 Assets have agreed on a payment schedule regarding the re-payment of marketing dollars spent by the Corporation during its period of operating the assets. As at May 31, 2009, the net present value of such scheduled payments was \$50,087

Note 3 – Assets and Business Acquisitions (cont'd)

3. On April 28, 2008, the Corporation acquired 100% of the outstanding shares of Corcom, Inc. (“Corcom”). Corcom is engaged in the business of providing real-time, fact-based information to registered subscribers pertaining to the North American sports market. Prior to its acquisition by the Corporation, Corcom represented a significant competitor of the Corporation. The aggregate consideration paid or accrued to acquire the shares of Corcom was US\$17,249,320 (\$17,490,501) (the “Purchase Price”). Of the aggregate Purchase Price, US\$12,642,627 (\$12,825,792) was paid at closing with US\$8,142,627 (\$8,261,442) of such amount paid in cash and US\$4,500,000 (\$4,564,350) paid in the form of consideration warrants which were convertible into 22,500,000 common shares from the treasury of the Corporation at a nominal exercise price (exercised on June 16, 2008). With respect to the deferred portion of the Purchase Price not payable on the closing date (US\$4,090,000), US\$2,045,000 was due and payable in cash on October 28, 2008 and US\$2,045,000 was due and payable in cash on April 28, 2009. As at April 28, 2008, the deferred cash payment was estimated at US\$3,864,777 (\$3,919,386), which implied an annual discount rate of 7.6%. Each of the two deferred cash payments was made by the Corporation on the requisite due dates.

Furthermore, upon closing, the Corporation granted 4,753,476 common share purchase warrants (subsequently adjusted to 950,695 due to the 5:1 share consolidation effected by the Corporation on May 14, 2009 (the “Share Consolidation”) – see Note 16(b)(7)) to the vendor providing for the purchase of common shares at an exercise price of US\$0.20 per share (subsequently adjusted to US\$1.00 due to the Share Consolidation) for a period extending to April 28, 2010. For accounting purposes, the Corporation has ascribed a value of \$683,909 (US\$681,368) to the warrants which amount has been included in the Purchase Price and credited to contributed surplus. Finally, legal and related costs associated with the acquisition of the shares of Corcom in the amount of \$61,414 (US\$60,548) were capitalized as part of purchase price.

The summary of the Purchase Price is as follows:

Cash payment on closing	\$ 8,261,442
Stock consideration – 22,500,000 common shares	\$ 4,564,350
Deferred cash payments	\$ 3,919,386
Fair value of 950,695 warrants	\$ 683,909
Acquisition costs (including legal and others)	<u>\$ 61,414</u>
Total	<u>\$17,490,501</u>

Note 3 – Assets and Business Acquisitions (cont'd)

The summary of the assets acquired and the liabilities assumed at fair value is as follows:

As April 28, 2008	US\$	\$
Assets and liabilities		
Cash	400,882	406,614
Accounts Receivable	11,531	11,696
Prepaid Expense and Deposit	85,316	86,536
Fixed Assets	846,693	858,800
Intangible - Customer List	4,419,181	4,482,375
Intangible – Technology	2,980,219	3,022,836
Intangible – Tradename	1,368,996	1,388,573
Accounts Payable and Accrued Liabilities	(740,176)	(750,761)
Deferred Revenue	(836,562)	(848,525)
Deferred Tax Liability	(582,789)	(591,122)
Net assets	7,953,291	8,067,022
Goodwill		9,423,479
Total purchase price		17,490,501

4. On December 1, 2008, the Don Best Sports fact-based, feed-service business unit operated by Corcom, Inc. with reliance upon the use of certain intangible assets held by the Corporation, was transferred to the DBS Limited Partnership. In effecting the transfers of the relevant assets to DBS Limited Partnership, each of the Corporation and Corcom, Inc. became a limited partner of the partnership. BSM GP Corporation was established to act as the general partner of the partnership and to hold a nominal interest therein. As consideration for the Corporation's transfer of the relevant intangible assets, it received a total of 15,600,000 Class A units of the partnership. As consideration for Corcom Inc.'s transfer of net assets employed by the business unit, it received a total of 14,651,435 Class B units of the partnership. For accounting purposes, the transfer of assets from each transferor to the partnership was effected at the carrying cost of each such assets of such transferor. The details of the assets so transferred are as follows:

As at December 1, 2008	US \$
Intangible - Customer Relationship	3,726,233
Intangible – Technology	2,359,776
Intangible – Tradename	1,368,996
Prepaid expenses	33,272
Deferred Revenue	(1,693,983)
BSM exclusivity agreements	1
Total contribution	5,794,295

Note 4 - Significant Accounting Policies

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries, namely IGC Entertainment Corporation, BSM GP Corporation, DBS Limited Partnership, DBS Technology Corporation, National Sports Services (IGC), Inc., Corcom, Inc. and LL Agency Corporation. All intercompany balances and transactions have been eliminated in the consolidation process.

b) Cash and Cash Equivalents

Cash and cash equivalents consist entirely of readily available cash balances. As at each of May 31, 2009 and May 31, 2008, the Corporation had no cash equivalents.

c) Cash Merchant Reserves

Cash merchant reserves consist of cash withheld by merchant banks as security for potential future chargebacks. The terms related to the quantum of funds placed in reserve and the conditions for release thereof vary from one bank to another. In certain cases, the reserve amount represents a fixed percentage of annual sales while in other cases a flat 10% of each sale is reserved and released on a rolling basis after six months.

d) Restricted Cash

Restricted cash represents funds that have been deposited in a segregated account at a financial institution in connection with the granting of business licenses by the Nevada Division of Consumer Affairs. As at May 31, 2009, the Corporation had certificates of deposit in support of such licenses totalling US\$50,000.

e) Property and Equipment

Property and equipment are recorded at cost and amortized over its estimated useful life as follows:

Computer Equipment	- 2 - 5 years straight line
Automobile	- 3 years straight line
Office Equipment	- 2 - 5 years straight line
Software	- 5 years straight line
Communication Equipment	- 5 years straight line
Information Database	- 3 years straight line
Websites and Domain Names	- 3 years straight line
Furniture and Fixtures	- 3 years straight line
Leasehold Improvements	- Term of lease

f) Intangible Assets

Intangible assets are recorded at cost and amortized over their estimated useful lives as follows:

Customer Lists	- 3 years straight line
Customer Relations	- 7 years straight line
Technology	- 7 years straight line

g) Goodwill

Goodwill represents the excess of the purchase price paid for an acquired business over and above the fair market value of the underlying net assets so acquired. Goodwill is recorded at the ascribed cost amount and is reduced from time to time to the extent that an impairment in its value has occurred. To date, the Corporation does not feel that any such impairment has resulted.

Note 4 - Significant Accounting Policies (cont'd)

h) Commission Reserves

Commission reserves consist of accrued commissions owing to salespersons that are held back pending future chargebacks against the revenue that gave rise to the commission obligation. Once the likely chargeback period has passed, commission reserves are paid to the particular salesperson.

i) Chargeback Reserves

The Corporation establishes a chargeback reserve equal to 3% of every handicapping services receipt. This amount is treated as a direct reduction of sales and a liability is established for the anticipated return of customer funds.

j) Revenue Recognition

The Corporation generates revenue from the sale of information that is either fact-based or opinion-oriented in nature, the sale of advertising space on its various website properties and the sale of entry tickets into various fantasy sports contests. The Corporation recognises revenue from each source based on the terms and conditions of the particular sale.

Generally, information sales either consist of the sale of a single piece of advisory content (referred to herein as a "Pick"), a package comprising multiple Picks or a subscription for continuous access to information for a specific length of time. The revenue recognition methodology for each type of revenue is as follows:

i) Sale of single Picks

Revenue associated with the sale of a single Pick is recognised when the particular transaction is processed and approved by the merchant account and the delivery of service has been completed.

ii) Sale of a package of Picks

Revenue from the sale of packages is recognised straight-line over the period during which the Picks are provided to the client. The unearned portion related to the sale is classified as deferred revenue.

iii) Sale of guaranteed Picks

Single Picks sold via the www.who2beton.com website were guaranteed such that if the Pick did not ultimately prove to be correct, the Corporation credited the customer's account by the amount of the initial sale plus a 10% bonus. The Corporation would only recognize the cash received from the customer as revenue upon the earlier of the time when a further correct Pick was provided or 60 days from the date of the initial sale transaction. Bonus credits provided were never recognized as revenue. When initially granted, they were treated as a promotion expense. When the bonus credit was used by the customer or when it expired at the end of the fiscal quarter in which it was granted if not otherwise applied, the related promotion expense was reversed.

iv) Subscriptions

Revenue related to the sale of subscriptions for on-line content is recognised straight-line over the subscription period. The unearned portion related to the sale is classified as deferred revenue.

v) Advertising Revenue

Advertising contracts are sold on the basis of providing space on the Corporation's various operating websites for specified time periods. Advertising revenue is recognised straight-line over the particular time period governing the contract. The unearned portion related to the sale is classified as deferred revenue.

Note 4 - Significant Accounting Policies (cont'd)

vi) **Fantasy Sports Contests**

Prior to the sale of the Rotoplay Assets, the Corporation generated two types of revenue from this source:

- a. Revenue generated from the operation of regular fantasy sports contests involving a number of contestants and a defined contest period was recognised once entry fees had been received and processed and the contest had ended. The amount of cash prizes paid to contest winners was recognised as a cost of sales.
- b. In certain cases, the Corporation provided the facilities in which two contestants could carry on a fantasy contest in a head-to-head format with the winner receiving the prize pool net of the facility utilization fee charged by the Corporation. In such cases, only the facility utilization fee was recognised as revenue by the Corporation at the time of completion of the particular contest.

k) Income Taxes

The Corporation follows the liability method based on the accounting recommendations for income taxes issued by the CICA. Under the liability method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates at each balance sheet date. Future income tax assets can also result by applying unused loss carry-forwards and other deductions. The valuation of any future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount. Despite the existence of unused loss carry-forwards and tax values that exceed the corresponding cost base for accounting purposes, the Corporation is currently estimating a valuation adjustment equal in amount to the value of the tax assets for which the realization is unlikely. Accordingly, no future income tax asset is reflected on the Corporation's consolidated balance sheets as at May 31, 2009 and May 31, 2008.

l) Foreign Currency Translation

The functional currency of the Corporation, IGC Entertainment Corporation, BSM GP Corporation and DBS Technology Corporation is the Canadian dollar. The functional currency of National Sports Services (IGC), Inc., Corcom, Inc., the DBS Limited Partnership and LL Agency Corporation is the U.S. dollar. The Corporation utilizes the temporal method to account for National Sports Services (IGC), Inc. as follows:

- (i) Monetary assets, liabilities and long-term monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities, at the historical exchange rates prevailing at the time of the acquisition of the assets or the assumption of the liabilities unless such items are carried at market, in which case they are translated at the rate of exchange in effect at the balance sheet date; and
- (iii) Revenues and expenses, at the rates in effect at the time of the transaction.
- (iv) Depreciation or amortization of assets is translated at historical exchange rate as the assets to which they relate.

Exchange gains and losses arising from conversion are included in other income or expense.

Each of Corcom, Inc., the DBS Limited Partnership and LL Agency Corporation is a self-sustaining operation. As such, the Corporation uses the current rate method to translate the financial accounts of these subsidiaries in the consolidation process. The application of the current rate method results in the recognition of gains or losses arising from foreign currency translation which are reported as Other Comprehensive Income or Loss.

Note 4 - Significant Accounting Policies (cont'd)

m) Fair Value of Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Corporation is not subject to significant interest and credit risks arising from these financial instruments. The Corporation derives almost all of its revenues in U.S. dollars and significant operating expenses are denominated in U.S. dollars. Fluctuation in the exchange rate between the Canadian dollar and the U.S. dollar could have a material impact on the Corporation's operations and financial position. The Corporation does not currently have any hedging programs in place to mitigate this risk.

n) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

o) Stock Based Compensation

The Company adopted the new recommendations of Handbook Section 3870 with respect to stock-based compensation awards. Handbook Section 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation for all awards be measured and recorded in the financial statements at fair value. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options.

p) Impairment of Long-Lived Assets

Long-lived assets, including property, equipment and intangible assets subject to amortization, are reviewed when changes in circumstances suggest their carrying value may be impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows expected to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets are written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

q) Disposal of Long-Lived Assets and Discontinued Operations

Long-lived assets are classified as held for sale when specific criteria are met, in accordance with Handbook Section 3475, Disposal of Long-Lived Assets and Discontinued Operations. Assets held for sale are measured at the lower of their carrying amounts and fair value less costs to dispose and are no longer amortized.

r) Advertising Expenses

The Corporation expenses advertising costs as the expenditures are incurred. The total expense for the six month period ended May 31, 2009 was \$49,834 (May 31, 2008: \$385,151).

Note 4 - Significant Accounting Policies (cont'd)

s) Income (Loss) Per Share

Income or loss per share is calculated using the weighted average number of shares outstanding during the year.

Diluted income or loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other instruments. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rates. Stock options and warrants that are anti-dilutive are not included in the calculation. Shares held in escrow are excluded in the computation of income or loss per share until the conditions for their release are satisfied.

t) Financial Instruments and Comprehensive income

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable and promissory notes receivable, accounts payable and accrued liabilities, due to related parties, capital lease obligation, promissory note payable and convertible debentures.

The Corporation has classified its cash and cash equivalents as held for trading, which are measured at fair value. Accounts receivable, loans receivable and promissory notes receivable are classified as loans and receivables, all of which are measured at amortized cost. Accounts payable and accrued liabilities, capital lease obligation and due to related parties are classified as other financial liabilities, all of which are measured at amortized cost. The Corporation has classified promissory note payable and convertible debenture as financial liabilities held to maturity which are measured at amortized cost.

As at May 31, 2009, the carrying and fair value of the Corporation's financial instruments related to cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due to related parties are the same due to their short terms to maturity.

As at May 31, 2009 the carrying value of loan receivable, promissory notes receivable, capital lease obligation, promissory note payable and convertible debenture approximates the fair value based on the discounted cash flows at market rate.

Comprehensive income represents the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income which are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

For the period ended May 31, 2009 the Corporation generated other comprehensive loss of \$1,088,346 resulting from currency translation adjustments as at the balance sheet date which has been included in the Accumulated Other Comprehensive Income totalling \$570,831.

Note 5 – Capital Management

The Corporation manages its capital structure and makes adjustments thereto, based on the funds available in order to support the daily operations of the Corporation's various subsidiaries. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to carry out the Corporation's operations.

The Corporation will continue to look into opportunities to expand its operations through merger or acquisition of other compatible companies if the Corporation has adequate financial resources to do so.

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

There were no changes in the Corporation's approach to capital management during the six months ended May 31, 2009. Neither the Corporation nor its subsidiaries are subject to externally imposed capital requirements.

Note 6 – Financial Instruments

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

The Corporation's risk management activities include the preservation of its capital by minimizing risk related to its cash and cash equivalents. The Corporation does not trade financial instruments for speculative purposes. The Corporation's risk management activities fall within the mandate of its corporate governance committee. The Corporation's financial instruments are exposed to the risks described below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is primarily attributable to cash and cash equivalents and accounts receivables. The Corporation has no significant concentration of credit risk arising from operations. Other receivables consist of goods and services tax refunds due from the federal government of Canada and a promissory note receivable. Management believes that the credit risk concentration with respect to accounts receivable and other receivables is remote. Management does not believe the receivables are impaired.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has in place a planning and budgeting process to help determine the funds required to support its normal operating requirements on an ongoing basis and its planned capital expenditures.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Note 6 – Financial Instruments (cont'd)

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to short term interest rates through the interest earned on cash balances. The Corporation has significant cash balances and interest bearing debt at annual fixed interest rate of 5%. From time to time, the Corporation invests its excess cash in short term deposits issued by its primary bank. The term of such instruments does not exceed 90 days and as such the interest rate risk is immaterial.

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Corporation's functional currency is the Canadian dollar and major transactions are transacted in Canadian dollars and US dollars. The Corporation maintains U.S. dollar bank accounts in the United States to support the cash needs of its operations. Management believes the foreign exchange risk related to currency conversions are minimal and therefore does not hedge its foreign exchange risk.

Note 7 – Seasonality

The Corporation's revenue is seasonal in nature. While most of the sales receipts are generated during football and basketball seasons, the recognition of such receipts as revenue is often deferred into the subsequent three or four fiscal quarters. Nonetheless, costs associated with the generation of such revenues are generally recognised as incurred. Therefore, seasonality is a significant factor to consider in analyzing the Corporation's current and future financial results.

Note 8 - Accounts Receivable

Accounts receivable is comprised of the following:

	May 31, 2009	November 30, 2008
Trade receivables	\$28,124	\$41,625
GST receivable	17,001	6,957
	<u>\$45,125</u>	<u>\$48,582</u>

Note 9 – Promissory Notes Receivable

Promissory note receivable is comprised of an unsecured note receivable of \$3,578 bearing interest at 3.90% per annum and having a final maturity in June 2009.

Note 10 – Property and Equipment

	May 31, 2009			November 30, 2008		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Furniture, Fixtures & Leasehold Improvements	\$1,283,288	\$773,111	\$510,177	\$1,354,722	\$756,497	\$598,225
Computer equipment	708,147	566,164	141,983	792,641	532,851	259,790
Office equipment	140,009	138,178	1,831	140,009	137,805	2,205
Communication equipment	23,753	14,641	9,112	23,489	12,393	11,096
Automobile	4,366	3,881	485	4,366	3,153	1,213
Software	100,997	86,489	14,508	110,959	91,571	19,388
Website and Domain Names	1,060,344	832,459	227,885	875,314	656,485	218,828
	\$3,320,904	\$2,414,923	\$905,981	\$3,301,500	\$2,190,755	\$1,110,745

Note 11 - Intangible Assets

	May 31, 2009			November 30, 2008		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Customer Lists	\$4,406,311	\$3,194,017	\$1,212,294	\$4,406,311	\$2,453,916	\$1,952,395
Customer Relations	5,555,405	2,127,899	3,427,506	6,307,620	1,686,346	4,621,274
Technology	3,526,568	1,355,970	2,170,598	4,263,908	1,147,402	3,116,506
Tradenname	1,495,355	-	1,495,355	1,697,829	-	1,697,829
	\$14,983,639	\$6,677,886	\$8,305,753	\$16,675,668	\$5,287,664	\$11,388,003

Note 12 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	May 31, 2009	November 30th, 2008
Accounts payable	\$285,357	\$169,348
Accrued liabilities	115,380	374,602
Payroll accrual	108,651	361,153
Other payables	20,200	92,738
	\$529,587	\$997,840

Note 13 – Loan Payable

On April 24, 2009, three lenders, two of which are parties related to the Corporation, extended an aggregate loan in the amount of US\$800,000 to the Corporation. The loan bears interest at a rate of 10% per annum and entails monthly payments of interest and principal until final maturity in April 2010.

Note 14 – Due to Related Parties

The amount due to related parties represents the amounts due to companies controlled by a shareholder and former director and senior officer of the Corporation. The amount due to related parties is unsecured, non-interest bearing and due on demand.

Note 15 - Promissory Note Payable

Prior to its repayment in full, promissory notes payable was comprised of an unsecured, non-interest bearing note payable in the face amount of US\$4,090,000 (or \$4,148,487) that was issued in connection with the purchase of the shares of Corcom, Inc. The note was payable via equal payments of US\$2,045,000 on each of October 28, 2008 and April 28, 2009. The following is a summary of the note payable:

May 31, 2009	US\$	CAD\$
Face value	4,090,000	4,148,487
Effective interest rate - 7.6%	(225,223)	(229,101)
Net Present Value - April 28, 2008	3,864,777	3,919,386
Accredited interest	199,564	220,540
Payment – October 28, 2008	(2,045,000)	(2,623,735)
Currency translation adjustment	-	1,028,178
Balance – February 28, 2009	2,019,341	2,544,369
Accredited interest	25,659	31,976
Payment – April 28, 2009	(2,045,000)	(2,623,735)
Currency translation adjustment	-	47,390
Balance as at May 31, 2009	-	-

The second instalment of the promissory note payable balance of US\$2,045,000 was paid on April 28, 2009 resulting in a nil balance payable as at May 31, 2009.

Note 16 – Convertible Debenture

As part of the financing completed by the Corporation on April 28, 2008 in support of the acquisition of the shares of Corcom, Inc., the Corporation issued convertible debentures in the aggregate amount of US\$4,000,000 (or \$4,057,000). The debentures entail a three year term and an annual interest rate of 5% and are secured by all the outstanding shares of Corcom. Furthermore, the debentures are convertible by the holders into common shares of the Corporation at a per share price of US\$1.25 (previously US\$0.25 prior to the Share Consolidation). On September 1, 2008, the Corporation and the convertible debenture holders agreed that given the fact that the Canadian dollar and U.S. dollar were trading at relative par and given the fact the Corporation's operative currency is the Canadian dollar, the currency of the convertible debentures would be denominated in Canadian dollars effective April 28, 2008. Accordingly, all future interest payments as well as the principal repayment obligations would be denominated and effected in Canadian dollars.

Note 16 – Convertible Debenture (cont'd)

As additional consideration, the convertible debenture holders were issued an aggregate 800,000 (previously 4,000,000 prior to the Share Consolidation) warrants to purchase common shares of the Corporation at a price of US\$1.50 per share (previously US\$0.30 prior to the Share Consolidation) for a term of 2 years.

The Corporation allocated the proceeds of \$4,000,000 as to \$2,221,304, \$1,309,131 and \$469,564 to the debt component, equity component (conversion feature) and warrants respectively, based on their relative fair values of \$3,791,132, \$2,234,314 and \$504,238 respectively. The fair value of the debt component was estimated by applying effective interest rate of 7.6% per annum. The fair value of each of the equity component (conversion feature) and the warrant has been estimated as of the date of the issued using the Black Scholes option pricing model with the following assumptions:

Expected volatility	122.24%
Risk-free interest rate	2.87%
Expected life	2 – 2.2 years
Dividend yield	0.00%

During the six month period ended May 31, 2009, the Corporation recognized accredited interest of \$374,146 and paid or accrued interest payable of \$100,000 with a total balance of \$2,958,334 as at May 31, 2009.

Note 17 - Share Capital

a) Authorized:

Unlimited common shares without par value

b) Issued and fully paid:

	Number of Shares	Amount
Balance November 30th, 2007	67,055,842	\$13,203,272
Exercise of stock options, including contributed surplus attributed to stock option compensation expense recognized (1)	1,000,000	\$153,779
Common shares issued as consideration for assets acquired (2)	4,879,259	\$941,398
Private Placement (3)	26,250,000	\$5,282,950
Exercise of warrants - Skilljam Technologies Corporation (4)	22,500,000	\$4,564,575
Cancellation of Shares Pursuant to Normal Course Issuer Bid (5)	(402,000)	\$(79,769)
Balance November 30th, 2008	121,283,101	\$24,066,205
Cancellation of Shares Pursuant to Normal Course Issuer Bid (6)	(637,000)	\$(126,400)
Balance February 28, 2009	120,646,101	\$23,939,805
Cancellation of Shares Pursuant to Normal Course Issuer Bid (7)	(686,000)	\$(136,123)
5:1 Common Share Consolidation (8)	(95,968,081)	\$-
Balance May 31, 2009	23,992,020	\$23,803,682

Note 17 - Share Capital (cont'd)

(1) During the fiscal year 2008, an aggregate 1,000,000 stock options were exercised for total cash consideration of \$150,000. In addition, \$3,779 of contributed surplus previously attributed to stock option compensation expense recognised was transferred to the share capital amount.

(2) On January 15, 2008, April 14, 2008 and June 16, 2008 pursuant to the terms of the asset purchase agreement governing the acquisition of certain assets from National Sports Services, Inc., a total of 4,879,259 common shares of the Corporation was issued as additional purchase price consideration. The shares issued on the various dates were accounted for at per share prices of \$0.13, \$0.20 and \$0.20 (prior to the effects of the Share Consolidation) respectively for aggregate consideration of \$941,398.

(3) On April 28, 2008, the Corporation completed a non-brokered private placement of 26,250,000 common shares at US\$0.20 per share (prior to the effects of the Share Consolidation) for proceeds of \$5,282,950 net of stock issuance cost of \$42,125.

(4) On June 16, 2008, 22,500,000 warrants were exercised for total cash consideration of \$225. In addition, the amount of \$4,564,350 previously classified as shares to be issued in conjunction with the issuance of the warrants was transferred to share capital upon the exercise.

(5) On September 12, 2008, the Corporation filed a notice of intention with the TSX Venture Exchange (the "Exchange") relating to the repurchase by the Corporation of certain of its issued and outstanding common shares pursuant to a normal course issuer bid undertaken in accordance with the rules and policies of the Exchange. The Corporation proposed to purchase up to 6,084,255 (prior to the effects of the Share Consolidation) common shares, representing 5% of the total common shares issued and outstanding as at the date of application, during the twelve month period commencing upon receipt of the Exchange approval for such program. During the year ended November 30, 2008, an aggregate 402,000 shares were purchased by the Corporation for cancellation in conjunction with the issuer bid. The allocated cost for the cancelled common shares was \$79,769.

(6) During the quarters ended February 28, 2009 and May 31, 2009, prior to the Share Consolidation an aggregate of 637,000 and 686,000 shares respectively were purchased by the Corporation for cancellation in conjunction with the above issuer bid. The allocated costs for the cancelled common shares were \$126,400 and \$136,123 respectively.

(7) On May 14, 2009 the shareholders of the Corporation approved a 5:1 common share consolidation such that the then outstanding total of 119,960,100 shares became 23,992,020.

As at May 31, 2009, 155,515 (previously 777,575 prior to the effects of the Share Consolidation) common shares are held in escrow subject to release upon approval of regulatory authorities.

c) Options

The Corporation has a stock option plan (the "Plan") and has allotted and reserved up to 10% of the issued and outstanding common shares to be issued upon the exercise of options granted pursuant to the Plan. During the period ended May 31, 2009, the Corporation did not grant any stock options nor were any options exercised. A total of 1,800,000 previously issued options expired or were cancelled during the six month period ended May 31, 2009. The Corporation recognized stock based compensation expense of \$178,471 (2008 - \$17,451) in relation to a pro rated portion of the aggregate expense to be recognized in regards to options granted in the previous years. On May 14, 2009, as a result of the Share Consolidation, 3,650,000 options then outstanding were consolidated into 730,000 options which remained outstanding as at May 31, 2009.

Note 17 - Share Capital (cont'd)

A summary of the stock options is as follows:

	<u>Options Outstanding</u>	
	Number of Shares	Weighted Average Exercise Price
Balance - November 30, 2008	5,450,000	0.18
Granted	0	N/A
Expired / Cancelled	(1,800,000)	0.12
5:1 consolidation	(2,920,000)	0.20
Exercised	0	N/A
Balance – May 31, 2009	730,000	1.00

d) Warrants

(1) As part of the purchase price paid for the acquisition of the shares of Corcom, the Corporation was obligated to issue to the vendor of such shares an aggregate of 22,500,000 million common shares of the Corporation representing purchase price consideration of US\$4.5 million (\$4,564,350). In lieu of such issuance, the vendor and the Corporation agreed that the Corporation would instead issue 22,500,000 consideration warrants exercisable into common shares at a nominal exercise price. On June 16, 2008, these warrants were exercised for cash consideration of \$225 and the amount of \$4,564,350 is recognised in share capital.

As additional purchase price consideration, the Corporation further issued to such vendor a total of 4,753,476 common share purchase warrants (which was subsequently adjusted to 950,695 following the Share Consolidation) at a per share exercise price of US\$0.20 (which was subsequently adjusted to US\$1.00 following the Share Consolidation) for a term of two years with an expiry date of April 28, 2010. The fair value of the warrants totalling \$683,910 was added to the Corporation's contributed surplus. As at May 31, 2009 none of these common share purchase warrants were exercised.

The fair value of each warrant has been estimated as of the date of the issuance using the Black Scholes option pricing model with the following assumptions:

Expected volatility	122.24%
Risk-free interest rate	2.87%
Expected life	2 years
Dividend yield	0.00%

(2) As an enhancement to the convertible debentures issued by the Corporation, 4,000,000 common share purchase warrants (which was subsequently adjusted to 800,000 following the Share Consolidation) were issued to the debenture holders. These warrants have an exercise price of US\$1.50 per share (previously US\$0.30 per share prior to the Share Consolidation) and a term of two years. A value of \$469,564 was ascribed to this group of warrants with such amount being added to the Corporation's contributed surplus. As at May 31, 2009 none of these common share purchase warrants had been exercised.

Note 17 - Share Capital (cont'd)

A summary of warrants outstanding and exercisable for the period ended May 31, 2009 and November 30, 2008 as follows:

	Warrants Outstanding		
	Number of Shares	Weighted Average Exercise Price	Expiry Date
Balance - November 30, 2006	10,875,000	0.30	23-Feb-08
Issued in connection with private placement	2,875,000	0.30	23-Feb-08
Balance - November 30, 2007	13,750,000	0.30	23-Feb-08
Issued - additional purchase price consideration	4,753,476	0.20	28-Apr-10
Issued in connection with convertible debenture	4,000,000	0.30	28-Apr-10
Issued - warrant consideration in connection with the acquisition of Corcom	22,500,000	-	28-Apr-10
Expired	(13,750,000)	0.30	23-Feb-08
Exercised	(22,500,000)	-	28-Apr-10
Balance - November 30, 2008	8,753,476	0.25	28-Apr-10
5:1 Common Share consolidation	(7,002,780)	0.25	
Balance - May 31, 2009	1,750,696	1.25	28-Apr-10

e) Contributed Surplus

A summary of contributed surplus for the periods ended May 31, 2009 and November 30, 2008 is as follows:

Balance, November 30, 2008	5,027,931
Stock-based compensation expense	178,471
Cancellation of Shares Pursuant to Normal Course Issuer Bid	184,925
Balance, May 31, 2009	<u>\$5,391,327</u>

Note 18 - Income Taxes

As May 31, 2009 and November 30, 2008 the significant components of the Corporation's net future income tax assets were as follows:

	<u>2009</u>	<u>2008</u>
Future income tax assets:		
Net operating loss carry forward	\$ 2,087,613	\$ 1,687,721
Allowable Capital Loss carryforward	929,250	929,250
Net property, plant and equipment and others	461,433	142,447
Total future income tax assets	3,478,295	2,759,418
Valuation allowance	(3,629,227)	(2,930,786)
Net future income tax assets	<u>\$ (150,932)</u>	<u>(171,368)</u>

Note 18 - Income Taxes (cont'd)

Changes in the valuation allowance relate primarily to an increase in accumulated operating losses as well as a similar increase in the excess of carrying value of assets for income tax purposes versus the corresponding figure for accounting purposes. The Corporation has reviewed its future income tax assets and has not recognized any potential tax benefits as at this time management believes it is more likely than not that the benefits will not be realized in the near future.

For income tax purposes, as of its most recently completed taxation year end of November 30, 2008, the Corporation has the approximate operating loss carryforwards as shown in the table below, which expire in 2009 through 2029 for Canadian tax purposes and 2029 for U.S. tax purposes.

	Canada	US	Total
Operating loss carryforwards	\$ 4,350,000	\$ 1,626,000	\$ 5,976,000

In addition, the Corporation has a capital loss carried forward of approximately \$5,900,000 which resulted from the disposal of the shares and debt of a subsidiary. This loss can only be applied against prospective capital gains to be realized by the Corporation indefinitely.

Note 19 - Related Party Transactions

The following expenses were paid or accrued in favour of directors, shareholders and senior officers of the Corporation or corporations controlled by such individuals during the six months ended May 31, 2009 and May 31, 2008:

	2009	2008
Consulting fees	\$486,714	\$100,000
Consulting commissions	184,216	107,974
Service fees	257,601	80,677
Totals	\$928,530	\$288,651

During the quarter ended May 31, 2009, in relation to the Loan Payable described in Note 13, the Corporation effected payments of interest and principal to the three lenders, two of whom are parties related to senior officers and directors of the Corporation. The aggregate interest paid during such quarter to the related parties was \$3,517.

Note 20 - Subsequent Events

1. On June 5, 2009, the Corporation granted an aggregate of 790,000 option to its directors and employees. The options have a term of 5 years, entail an exercise price of \$0.27 per common share and vest immediately upon issuance.
2. On June 15, 2009, a total of 40,000 stock options entailing an exercise price of \$1.00 previously granted by the Corporation to a director has expired unexercised.

Note 21 – Commitments and Guarantees

1. The Corporation is party to two separate consulting agreements with two corporations each controlled by an officer and director of the Corporation. Effective May 1, 2008, the Corporation is committed to pay each such party an annual consulting fee of \$250,000 (the “Basic Fees”) plus an annual bonus to be determined at the discretion of the Corporation’s board of directors. Each agreement can be terminated by providing the respective consultant with six months’ working notice or, at the Corporation’s sole option, payment in lieu of such notice equal to six months’ of the Basic Fees. An annual bonus of \$100,000 for each consultant was approved by the board of directors in March, 2009 and paid as of May 31, 2009.
2. The Corporation entered into an employment agreement with an employee on October 24, 2006 providing for an annual salary of \$85,000. The annual salary was increased to \$105,000 effective December 1, 2007. Upon transfer of the employee from the Vancouver, British Columbia office of the Corporation to its office in Las Vegas, Nevada, the agreement was revised to reflect an annual base salary of US\$115,000. The agreement is terminable as and when the employer and employee shall mutually agree. The Corporation agreed to make available to the employee for purchase by the employee up to \$20,000 of common shares to be purchased in each of 2007 to 2009 at a price to be determined by the board of directors.
3. The Corporation entered into an employment agreement with an employee on April 11, 2007 providing for \$120,000 of salary per annum (“Base Salary”) and variable compensation based on various initiatives (“Variable Compensation”). The agreement was revised on September 1, 2008 upon transfer of the employee from the Vancouver, British Columbia office of the Corporation to its office located in Las Vegas, Nevada. As part of the revision, the employee’s annual base salary was amended to US\$120,000 with the Variable Compensation becoming primarily based on the operating income of NSS. The agreement is terminable as and when the employer and employee shall mutually agree. If the termination of the Employee is other than for cause, where such termination occurs within the Employee’s first year of employment with the Corporation, the Employee will be paid a severance amount equal to one year of Base Salary plus any accrued but unpaid Variable Compensation. Where such termination occurs after the Employee’s first anniversary of employment but before the second such anniversary, the Employee will be paid a severance amount equal to a half of the annual Base Salary plus any accrued but unpaid Variable Compensation. Finally, where such termination occurs at any time after the Employee’s second anniversary of employment, the Employee will be paid a severance amount equal to a quarter of the annual Base Salary plus any accrued but unpaid Variable Compensation.
4. The Corporation is presently party to two office lease agreements. The leased premises in support of the operations of National Sports Services (IGC), Inc. and Corcom, Inc. has a term extending to May 31, 2011 with monthly payments of US\$17,753 until May 31, 2009; monthly payments of \$18,285 until May 31, 2010 and monthly payments of \$18,834 until May 31, 2011. The leased premises in support of the operations of the Corporation, IGC Entertainment Corporation, DBS Limited Partnership, LL Agency Corporation, BSM GP Corporation and DBS Technology Corporation entails a monthly payment of \$2,630 on a month-to-month lease agreement.

Note 21 – Commitments and Guarantees (cont'd)

5. Corcom is party to an agreement with an employee which requires annual compensation of approximately US\$19,000 together with health and dental benefits for such employee and her spouse. The agreement terminates on December 31, 2009. The employee had claimed that the employee portion of required health and dental premiums had been improperly deducted by the Corcom, Inc. from the net pay remitted to the employee. Via her counsel, she has sought repayment of such amounts from Corcom, Inc. While the Corporation does not believe that the existing arrangements require any repayment to the employee, for purposes of the November 30, 2008 financial statements an amount of approximately \$27,000 has been accrued in this regard. Based on discussions with the employee following the November 30, 2008 year end date, the Corporation is confident that a written agreement will be executed to clarify that no amounts are or will become payable by Corcom, Inc. in this regard.
6. In connection with the issuance of the \$4,000,000 convertible debenture (Note 15), the Corporation agreed to pledge all of the shares of Corcom Inc. as security to the debt holder. A summary of Corcom's net assets as at May 31, 2009 is as follows:

<u>As at May 31, 2009</u>	<u>US\$</u>
Cash and cash equivalents	46,738
Accounts receivable	9,012
Prepaid expenses and deposits	19,093
Property, plant and equipment	556,072
Intercompany balance	1,404,000
Partnership Interest in DBS LP	5,794,293
Accounts payable and accrued liabilities	(416,964)
Future income tax liability	(138,178)
Net assets	7,274,066

Note 22 – Litigation

1. Corcom has filed a complaint for damages and injunctive relief against certain competitors and their principals alleging trade secret misappropriation by all defendants, breach of contract by certain of the principals, and intentional interference with contract by two such competitors. Corcom had obtained a preliminary injunction preventing further misappropriation of trade secret information from the Don Best Sports web service operated by Corcom. Despite such injunction, one such defendant continued to misappropriate the trade secrets and was subsequently found to be in contempt of court. The court proceeded to award Corcom legal fees of approximately US\$20,000. However, it is envisioned that the defendant will appeal such award. Nonetheless, Corcom is moving forward with the prosecution of its claims. The Corporation is not presently capable of estimating what costs or recoveries may result from this litigation and accordingly nothing has been accrued in this regard in the Corporation's May 31, 2009 consolidated financial statements.
2. In January of 2009, one of the defendants in the Corcom litigation noted above who was a former employee of Corcom, sued Corcom for breach of contract, breach of implied covenant of good faith and fair dealing, unjust enrichment and declaratory relief. In addition, such plaintiff named certain previous owners of Corcom as additional defendants and made specific additional claims against them. The claim was subsequently dropped by the plaintiff with no payments due by any of the defendants.

Note 23 – Segmented Information

The Corporation carries on operations in a single business segment, namely the marketing of information, advisory content and fantasy contests related to the sports enthusiasts market. The Corporation carries on its primary business activities via its four active subsidiaries, IGC Entertainment Corporation and DBS Limited Partnership which are based in British Columbia, Canada and National Sports Services (IGC) Inc. and Corcom, Inc. which are based in Nevada, USA. The Corporation's customers are based almost exclusively in the United States.

The Company's net income or loss and total assets by geographic locations for the six month period ending May 31, 2009 and full year ended November 30, 2008 are as follows:

Net income (loss)	2009	2008
USA	\$(723,296)	\$(86,703)
Canada	803,705	(3,855,222)
Total	\$80,409	\$(3,941,925)

Total assets	2009	2008
USA	\$11,692,839	\$23,352,895
Canada	8,449,075	1,490,148
Total	\$20,141,914	\$24,843,043

Note 24 – Comparative Figures

Certain 2008 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for 2009. In addition, certain share amounts and per share calculations for 2008 have been re-calculated to give affect to the Share Consolidation effected by the Corporation on May 14, 2009.

Big Stick Media Corporation
Schedule A
For the period ended May 31, 2009 and
2008
(Canadian Dollars) – unaudited

Direct Costs	May 31, 2009		May 31, 2008	
	3 Months	6 Months	3 Months	6 Months
Sports Schedule production	\$ 112,761	\$ 248,794	\$ 71,322	\$ 219,108
Database	(9,482)	43,238	20,759	43,031
Internet	17,837	37,799	19,335	38,125
Software Development	143,859	305,688	63,187	63,187
Contest Prize Payout	-	-	32,253	58,619
Total	\$ 264,975	\$ 635,519	\$ 206,856	\$ 422,070

Schedule of Selling Expenses

TV and Radio production	\$ -	\$ 987	\$ 1,833	\$ 316,194
Commissions	319,395	1,098,992	518,972	1,417,865
Telephone	14,962	58,679	38,636	95,963
Advertising	13,014	48,848	30,579	68,957
Customer Service	-	24,666	193,700	322,700
License fee	1,823	3,672	1,509	3,016
Total	\$ 349,194	\$ 1,235,844	\$ 785,229	\$ 2,224,695

Schedule of Administrative Expense

Salaries and Benefits	\$ 1,044,003	\$ 2,203,507	\$ 1,062,304	\$ 2,147,653
Legal, Accounting and Audit	269,513	404,910	(3,793)	75,117
Consulting and Professional fees	444,122	697,499	234,673	363,675
Travel, Meals and Entertainment	37,635	88,429	54,622	118,354
Bank Charges	98,300	182,755	85,289	195,240
Rent	95,253	190,184	79,750	148,003
Regulatory fees	5,412	6,060	33,767	42,309
Office Expenses	26,145	111,174	69,670	151,637
Project Investigation Cost	-	-	-	-
Utilities	44,147	85,910	50,911	96,470
Transfer Agent fees	8,503	10,600	3,545	5,997
Shareholder Communication	-	-	-	-
Training and Education	22,331	51,920	8,486	9,077
Insurance	6,928	17,117	15,180	33,515
Other Expenses	(40)	9,984	-	-
Total	\$ 2,102,250	\$ 4,060,049	\$ 1,694,404	\$ 3,387,047