DIGITAL SHELF SPACE CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three and Nine months ending September 30, 2012 and 2011

(Expressed in United States Dollars)

REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by Digital Shelf Space Corp. management.

The Corporation's independent auditor has not performed a review of the accompanying unaudited interim condensed consolidated financial statements in accordance with standards established by the CICA for a review of interim financial statements by an entity's auditor.

Digital Shelf Space Corp.
For the three month and nine month periods ending September 30, 2012 and 2011
(expressed in United States Dollars – Note 3(c); 4(g))
(Unaudited)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		As at September 30, 2012		As at December 31, 2011
ASSETS				
CURRENT				
Cash	**$**	243,528	**$**	557,912
Accounts Receivable		93,372		153,645
Taxes Receivable		7,014		62,882
Inventory (Note 4(c); 12)		260,011		127,216
Current portion of investment in film programs (Note 4(k); 10)		94,337		122,607
Prepaid Expenses		145,975		186,380
		844,237		1,210,642
DEPOSITS (Note 7)		3,600		3,600
INTANGIBLE ASSETS, NET (Note 4(e); 9)		15,750		62,059
INVESTMENT IN FILM PROGRAMS, NET (Note 4(k); 10)		1,435,405		509,812
TANGIBLE ASSETS, NET (Note 4(d); 8)		21,854		25,418
TOTAL ASSETS	**$**	2,320,846	**$**	1,811,531
LIABILITIES				
CURRENT				
Accounts Payable & Accrued Liabilities	**$**	476,581	**$**	393,314
Share Subscription Liability (Note 13(b))		109,846		-
Deferred Revenue (Note 4(f))		14,410		5,092
		600,837		398,406
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 13(b))		8,045,651		6,762,667
RESERVES (Note 13(c))		1,405,026		992,165
DEFICIT		(7,730,668)		(6,341,707)
		1,720,009		1,413,125
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**$**	2,320,846	**$**	1,811,531

Approved by the Director(s):

"Jeffrey Sharpe"
Director

"Thomas Lamb"
Director

Going concern (Note 2); Commitment (Note 14); Subsequent Event (Note 17)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Digital Shelf Space Corp.
For the three month and nine month periods ending September 30, 2012 and 2011
(expressed in United States Dollars – Note 3(c); 4(g))
(Unaudited)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three month period ending September 30,		Nine month period ending September 30,	
	2012	2011	**2012**	2011
REVENUE (Note 16)	**$** 324,877	**$** 656,388	**$** 1,114,785	**$** 1,773,777
EXPENSES				
Advertising - Media Purchases	123,714	226,172	538,118	609,684
Amortization of Tangible Assets (Note 4(d); 8)	2,216	4,002	6,526	8,077
Amortization of Intangible Assets (Note 4(e); 9)	15,340	15,314	46,021	119,326
Amortization of Film Programs (Note 4(k); 10)	6,350	11,189	21,278	20,519
Automotive	4,069	4,017	12,113	11,566
AGM Expenses	-	-	20,383	26,636
Bank Charges & Interest	11,227	9,386	36,770	46,184
Commissions & Royalties (Note 18)	60,090	441	223,502	3,873
Consulting Fees	51,267	14,550	144,077	100,061
Content Delivery & Web Hosting	9,237	8,288	26,436	24,885
Cost of Inventory (Note 12; 18)	64,119	136,193	225,951	288,421
Currency Exchange	(1,726)	(42,344)	16,758	(30,266)
Filing Fees	650	976	12,605	5,144
Insurance	8,649	5,701	22,959	15,288
Investor Relations Costs	11,943	43,143	108,322	74,546
License & Dues	3,609	3,481	11,059	8,986
Listing & Transfer Fees	8,578	14,069	25,836	29,319
Marketing - Creative & Design	6,801	35,001	69,130	103,095
Office & General	7,363	7,487	18,726	21,801
Professional Fees	29,980	35,075	89,277	123,957
Promotion	14,644	14,543	41,768	43,769
Rent	13,369	13,313	43,495	39,894
Salary & Benefits	144,229	100,002	407,313	223,847
Shipping & Handling Costs (Note 18)	59,435	34,712	185,343	179,486
Stock-based Compensation (Note 4(h))	31,693	47,145	71,738	65,555
Telephone & Utilities	7,215	7,195	22,288	20,044
Travel	17,883	23,308	55,954	65,107
Total Operating Expenses	711,944	772,359	2,503,746	2,248,804
LOSS FROM OPERATIONS	**$** (387,067)	**$** (115,971)	**$** (1,388,961)	**$** (475,027)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Currency Translation Adjustment (Note 3(c); 4(g))	4,548	(11,181)	11,203	(59,973)
NET LOSS AND COMPREHENSIVE LOSS	**$** (382,519)	**$** (127,152)	**$** (1,377,758)	**$** (535,000)
Loss per Share, Basic and Diluted	**$** ($0.007)	**$** ($0.003)	**$** ($0.024)	**$** ($0.011)
Weighted Average Number of Shares Outstanding	53,170,643	45,369,295	57,531,190	46,539,853

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Digital Shelf Space Corp.
For the three month and nine month periods ending September 30, 2012 and 2011
(expressed in United States Dollars – Note 3(c); 4(g))
(Unaudited)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Warrant Reserves	Options Reserves	Currency Reserves	Accumulated Deficit	Total Equity
Balance, January 1, 2011		$ 5,548,673	$ -	$ 661,135	$ -	$ (5,197,777)	$ 1,012,031
January 1, 2011 - Reclassify Convertible Debt		82,630	-	(82,630)	-	-	-
Net Operating Loss		-	-	-	-	(475,027)	(475,027)
Other Comprehensive Income (Loss) - Currency Translation	4(g); 4(i)	-	-	-	(59,973)	-	(59,973)
May 16, 2011 - Private Placement (Gross Proceeds)	13(b)	1,259,070	-	-	-	-	1,259,070
May 16, 2011 - Issuance Costs	13(b)	(139,072)	-	-	-	-	(139,072)
May 16, 2011 - Reclassify vested warrants issued with Private Placement shares	13(e)	(251,134)	251,134	-	-	-	-
June 28, 2011 - Debt Conversion		262,500	-	-	-	-	262,500
Cost of shares vested under the stock options granted to employees	4(h)	-	-	65,555	-	-	65,555
Balance, September 30, 2011		6,762,667	251,134	644,060	(59,973)	(5,672,804)	1,925,084
Net Operating Loss		-	-	-	-	(668,903)	(668,903)
Cost of shares vested under the stock options granted to employees	4(h)	-	-	174,563	-	-	174,563
Other Comprehensive Income (Loss) - Currency Translation	4(g); 4(i)	-	-	-	(17,619)	-	(17,619)
Balance, December 31, 2011		6,762,667	251,134	818,623	(77,592)	(6,341,707)	1,413,125
March 5, 2012 - Private Placement (Gross Proceeds	13(b)	1,563,231	-	-	-	-	1,563,231
March 5, 2012 - Issuance Costs	13(b)	(195,727)	-	-	-	-	(195,727)
March 5, 2012 - Warrants	13(e)	(308,395)	308,395	-	-	-	-
May 9, 2012 - Private Placement (Gross Proceeds)	13(b)	250,000	-	-	-	-	250,000
May 9, 2012 - Issuance Costs	13(b)	(4,600)	-	-	-	-	(4,600)
May 9, 2012 - Warrants	13(e)	(56,125)	56,125	-	-	-	-
May 16, 2012 - Expired non-exercised Warrants		34,600	(34,600)	-	-	-	-
Net Operating Loss		-	-	-	-	(1,388,961)	(1,388,961)
Other Comprehensive Income (Loss) - Currency Translation	4(g); 4(i)	-	-	-	11,203	-	11,203
Cost of shares vested under the stock options granted to directors, employees and consultants	4(h)	-	-	71,738	-	-	71,738
Balance, September 30, 2012		**$ 8,045,651**	**$ 581,054**	**$ 890,361**	**$ (66,389)**	**$ (7,730,668)**	**$ 1,720,009**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Digital Shelf Space Corp.
For the three month and nine month periods ending September 30, 2012 and 2011
(expressed in United States Dollars – Note 3(c); 4(g))
(Unaudited)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

	Three month period ending September 30,		Nine month period ending September 30,	
	2012	2011	**2012**	2011
CASH PROVIDED BY OPERATING ACTIVITIES				
Net Loss and Comprehensive Income (Loss) for the year	$ (382,519)	$ (127,152)	$ (1,377,758)	$ (535,000)
Items not affecting cash:				
Amortization of Tangible Assets (Note 8)	2,216	4,002	6,526	8,077
Amortization of Film Programs (Note 10)	15,340	15,314	46,021	119,326
Amortization of Intangible Assets (Note 9)	6,350	11,189	21,278	20,519
Payable to Related Parties	-	-	-	(250,000)
Stock-based Compensation	31,693	47,145	71,738	65,555
	(326,920)	(49,502)	(1,232,195)	(571,523)
CHANGES IN NON-CASH WORKING CAPITAL ITEMS				
(Increase) Decrease in Current Assets:				
Accounts Receivable	63,973	(29,881)	60,273	(40,971)
Taxes Receivable	42,169	(14,949)	55,868	(9,886)
Inventory	(126,252)	(28,376)	(132,795)	(75,702)
Deferred Costs	-	(22,478)	-	(22,478)
Prepaid Expenses	(2,250)	(93,531)	40,405	(128,959)
Increase (Decrease) in Current Liabilities:				
Accounts Payable & Accrued Liabilities	210,107	40,061	81,099	(145,930)
Deferred Revenue	12,706	(916)	9,318	(12,845)
Cash used in Operations	$ (126,467)	$ (199,572)	$ (1,118,027)	$ (1,008,294)
INVESTING ACTIVITIES				
Purchase of Tangible Assets	-	(480)	(2,674)	(4,472)
Purchase of Intangible Assets	-	-	-	(2,428)
Investment in Film Programs	(161,592)	(983)	(918,601)	(72,770)
Cash provided by (used in) Investing Activities	$ (161,592)	$ (1,463)	$ (921,275)	$ (79,670)
FINANCING ACTIVITIES				
Share Subscription Liability (Note 13(b))	109,846	-	109,846	
Shares Issued (Net Proceeds) (Note 13(b))	-	-	1,695,845	1,364,431
Cash provided by Financing Activities	$ 109,846	$ -	$ 1,805,691	$ 1,364,431
INCREASE (DECREASE) IN CASH	$ (178,213)	$ (201,035)	$ (233,611)	$ 276,467
EFFECTS OF CURRENCY TRANSLATION (Note 3(c); 4(g))	-	(1,166)	(82,941)	(2,500)
CASH, beginning of period	419,573	1,208,162	557,912	731,994
CASH, end of period	$ 241,360	$ 1,005,961	$ 241,360	$ 1,005,961

The accompanying notes are an integral part of these condensed consolidated interim financial statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Digital Shelf Space Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on December 11, 2009. The Company's registered offices are located at suite 214 – 1847 West Broadway, Vancouver, British Columbia. The Company is a publicly traded company listed on the TSX Venture Exchange (the "TSX-V" or the "Exchange").

The Company is an independent creator, producer and distributor of home entertainment content targeted at the fitness and sports instruction market. The Company's overall content partnership strategy is to align itself with world-class, global brand partners.

The Company through its subsidiary DSS Digital Shelf Space Inc. ("Digital") produced and has marketed since December 21, 2010, its flagship product GSP RUSHFIT, an 8-week home-based DVD workout program ("GSP RUSHFIT") starring Mixed Martial Arts ("MMA") welterweight world champion Georges St-Pierre.

Production of the Company's second product, the TOURAcademy® Home Edition ("TA Home Edition") comprehensive 8-week golf instruction DVD program, was completed in September 2012 and shipments began in early October 2012.

2. GOING CONCERN

The accompanying condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business. Severe adverse conditions and events cast substantial doubt upon the validity of this assumption.

At September 30, 2012, the Company has a working capital surplus of $243,400 (December 31, 2011 – $812,236), an operating loss of $1,388,961 (December 31, 2011 - $1,174,061), and had accumulated a deficit of $7,730,668 (December 31, 2011 - $6,341,707). Contributing uncertainties to the Company being a going concern include, but are not limited to, increased competition from existing competing products, new competition in the market and the unknown acceptance by the consumer of the Company's new product "TA Home Edition". Additional financing will be sought in order to expand the Company's operations. These financial statements do not indicate any adjustments that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities other than in the normal course of business.

On September 20, 2012, the Company announced that it had secured a $500,000 CAD revolving loan facility (the "Loan Facility") from Four Winds Financial Investments, S.A. at a rate of 12% per annum, with maturity at the first anniversary of the closing date of the Loan Facility. The Loan Facility is secured by the assets of the Company. This credit facility will help the Company to meet any short-term operational cash needs and for the costs related to the introduction of the new product "TA Home Edition".

3. BASIS OF PREPARATION

(a) Statement of compliance:

The Company has prepared these unaudited condensed consolidated interim financial statements in accordance with the International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements follow the same accounting policies, unless otherwise noted, and methods of their application as set out in, and therefore should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2011.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 28, 2012.

3. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for liabilities for share-based payment arrangements which are measured at fair value (note 4).

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year-ended December 31, 2011.

(c) Functional and presentation currency

Change in presentation currency

These unaudited consolidated condensed interim financial statements are presented in United State dollars ("USD"). Commencing with these interim financial statements the Company changed its presentation currency from Canadian dollars ("CAD") to USD in recognition of the functional currency of the Company's operating income. The Company has restated the comparable periods, using the USD exchange rates in effect as at the reporting period, to reflect this change. However, as a result of the change in presentation currency, the Company's prior fiscal year interim and annual financial statements as filed may not be comparable to results filed in the current year.

(d) Use of estimates and judgments

The preparation of these consolidated condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant of these estimates are related to revenue recognition, the amortization period for property and equipment, the valuation of property and equipment, amortization of intangible assets, impairment of intangible assets, estimates in the provision for deferred income taxes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 (e) – Intangible Assets
Note 4 (f) – Revenue Recognition
Note 4 (h); note 13(d) – Stock-based Compensation
Note 4 (k); note 10 – Investment in Film Programs

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, DSS Digital Shelf Space Corp. ("Digital"). Intercompany accounts and transactions among consolidated companies have been eliminated upon consolidation.

(b) Cash and equivalents

Cash and equivalents include cash and those market instruments which, at the time of acquisition, have a term to maturity of three months or less and which are intended to be used in operating activities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost has been determined using a weighted average cost basis.

(d) Tangible Assets

Tangible Assets are recorded at cost. Amortization of property and equipment has been calculated at the following rates and basis:

Furniture and fixtures	20%	declining balance
Computer hardware	55%	declining balance
Leasehold improvements	2.8	years straight line

The carrying amounts of the Company's tangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment as required by IAS 36, *Impairment of Assets* ("IAS 36"). If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statements of operations and comprehensive loss and deficit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(e) Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they arise from legal or contractual rights or are capable of being separated from the acquire and sold, transferred, licensed or exchanged. The cost of such intangible assets is their fair value at the acquisition date. Intangible assets developed internally (consisting of software used by the Company, including website development costs) are recognized to the extent the criteria in IAS 38, *Intangible Assets* are met. Development costs for internally generated intangible assets are recognized at cost if and only if the Company can demonstrate:

- The technical feasibility of completing the asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is charged to the income statement in the period in which it is incurred.

Internally developed intangibles include the cost of software and website development costs used in the Company's business. These items are not amortized until the assets are available for use.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Intangible Assets (cont'd)

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. Intangible assets are amortized, unless their useful lives are indefinite, as follows:

Computer software	3	years straight line
Digital materials	5	years straight line

The estimated useful life and amortization method are reviewed at the end of each period or annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

At each reporting date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

(f) Revenue recognition

i) Fitness equipment products and DVD sales
The Company recognizes revenue when the product is shipped to the customer and when there are no unfulfilled obligations that affect the customer's final acceptance of the product.

ii) Digital materials
The Company recognizes revenue for digital material when the customer completes the e-commerce transaction and there is reasonable assurance that the revenue will be collected from the customer.

(g) Foreign currency translations

These condensed interim consolidated financial statements are presented in United States dollars. The Company's functional currency is the Canadian Dollar, but the USD is used for presentation purposes due to the high proportion of US Dollar sales.

i) Translation of Foreign Currency Transactions
At each balance sheet date, foreign currency monetary items are translated to reflect the exchange rate at the balance sheet date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Foreign Currency Translation (cont'd)

ii) Translation of Foreign Operations

The translation of the Company's financial statements at each balance sheet date for consolidation purposes and presentation in the US Dollar requires that the assets and liabilities of each balance sheet presented to be translated at the closing rate at the date of that balance sheet.

Income and expenses for each statement of operations are translated at exchange rates at the dates of the transactions and all resulting exchange differences are recognized as a separate component of equity.

(h) Stock-based compensation

Employees

The Company uses the fair-value based method of accounting for stock-based compensation for all awards of shares and share options granted. The resulting compensation expense, based on the fair value of the awards granted, excluding the impact of any non-market service and performance vesting conditions, is charged to income over the period that the employees unconditionally become entitled to the award, with a corresponding increase to contributed surplus. Fair values of share options are calculated using the Black-Scholes valuation method as of the grant date and estimates for forfeitures. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. At each reporting date, the Corporation reassesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revision in the income statement with a corresponding adjustment to equity.

Non-employees

For stock-based compensation issued to non-employees, the Company recognizes an asset or expense based on the fair value of the goods or service received from the non-employees.

See note 13(d) for the Company's current fair values and estimates used in calculating stock-based compensation.

(i) Comprehensive income

Other comprehensive income represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments, changes in the fair market value of derivative instruments designated as cash flow hedges, and currency translation adjustments. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

(j) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(k) Investment in film programs

Investment in film programs represents the unamortized costs of film programs which have been produced by the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Investment in film programs (cont'd)

Costs of acquiring and producing film and television programs are capitalized and amortized using the individual film forecast method, whereby capitalized costs are amortized and ultimate participation costs are accrued in the proportion that current revenue bears to management's estimate of ultimate revenue expected to be recognized from the exploitation, exhibition or licensing of the film program. For film programs produced by the Company, capitalized costs include all direct production and financing costs incurred during production that are expected to benefit future periods. Financing costs are capitalized to the costs of a film or television program until the film or television program is complete. Capitalized production costs do not include administrative and general expenses, or charges for losses on properties sold or abandoned.

Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release. Ultimate revenue estimates are prepared on a title-by-title basis and are reviewed periodically based on current market conditions. Ultimate revenue estimates sale of DVDs, and licensing of other ancillary film rights to third parties.

Ultimate estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in film and television programs may be required as a consequence of changes in management's future revenue estimates.

The valuation of investment in film programs is reviewed on a title-by-title basis when an event or change in circumstances indicates that the fair value of a film or television program or the acquired participation right is less than its unamortized cost. The fair value of the film or television program is determined using management's estimates of future revenues and costs under a discounted cash flow approach. A write-down is recorded equivalent to the amount by which the unamortized costs exceed the estimated fair value of the film or television program or acquired participation right.

See note 10 for details of fair values and estimates used by the Company as to the life expectancy of the programs produced and estimated percentages of annual amortization.

(l) Future accounting pronouncements

The following Standards are effective for annual periods beginning on or after January 1, 2013.

Early adoption is permitted if all five Standards are adopted at the same time.

i) Financial instruments

IFRS 9 Financial Instruments ("IFRS 9") is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- establishes two primary measurement categories for financial assets: amortized cost and fair value;
- prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset;
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments. The Company will apply this standard to its financial statements beginning on January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Future accounting pronouncements (cont'd)

ii) Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements ("IFRS 10") will replace existing guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee in line with any changes in facts and circumstances. The Company has not early adopted this standard. The Company will apply this standard to its financial statements beginning on January 1, 2013. The adoption of this standard is not expected to have a significant impact on the Company's consolidated financial statements.

iii) Joint Arrangements

IFRS 11 Joint Arrangements ("IFRS 11") will replace IAS 31 Interests in Joint Ventures ("IAS 31"), and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control. The focus is not solely on the legal structure of joint arrangements, but rather on how the rights and obligations are shared by the parties to the joint arrangement. IFRS 11 eliminates the existing policy choice of proportionate consolidation for jointly controlled entities. In addition, the Standard categorizes joint arrangements as either joint operations or joint ventures. The Company has not early adopted this standard. The Company will apply this standard to its financial statements beginning on January 1, 2013. The adoption of this standard is not expected to have a significant impact on the Company's consolidated financial statements.

iv) Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. Matters covered include information about the significant judgments and assumptions that any entity has made in determining whether it has control, joint control or significant influence over another entity. The Company has not early adopted this standard. The Company will apply this standard to its financial statements beginning on January 1, 2013. The adoption of this standard is not expected to have a significant impact on the Company's consolidated financial statements.

v) Separate Financial Statements

IAS 27 Separate Financial Statements ("IAS 27") has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The amended IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent currently within the scope of the current IAS 27 Consolidated and Separate Financial Statements that is replaced by IFRS 10. The Company has not early adopted this standard. The Company will apply this standard to its financial statements beginning on January 1, 2013. The adoption of this standard is not expected to have a significant impact on the Company's consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Future accounting pronouncements (cont'd)

vi) IFRS 13 Fair Value Measurement (New)

In May 2011, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard on fair value measurements. This Standard applies when other IFRSs require or permit fair value measurements.

IFRS 13 defines fair value, establishes a single framework for measuring fair value and requires disclosures about fair value measurements.

Fair value is defined as 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. Fair value measurement requires an entity to determine:

- The particular characteristics of the asset or liability being measured;
- The principal market or the "most advantageous market" for the asset or liability;
- For non-financial assets, the highest and best use of the asset;
- The valuation technique(s) that is (are) appropriate for measuring the asset or liability;
- Valuation inputs consistent with those used by a market participant in pricing the asset or liability; and
- The level of the fair value hierarchy within which the valuation inputs are categorized. The levels are:
    - Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;
    - Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
    - Level 3 – inputs that are not based on observable market data.

The Standard requires disclosure for fair value measurements that enables financial statement users to assess the methods and inputs used to develop those measurements. In addition, for fair value measurements using significant unobservable inputs, an entity must disclose the effect of the measurements on profit or loss or other comprehensive income for the period.

This IFRS should be applied prospectively for annual periods beginning on or after January 1, 2013. Earlier application is permitted. If an entity applies this IFRS in its financial statements for a period beginning before January 1, 2013, it shall disclose that fact.

6. DUE TO SHAREHOLDERS

Amounts due to shareholders are without interest, security or stated terms of repayment.

7. DEPOSITS

		Sept 30, 2012		Dec 31, 2011
Lease and key deposits	$	3,600	$	3,600
	$	3,600	$	3,600

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. TANGIBLE ASSETS

Tangible Assets	Furniture & Fixtures	Computer Hardware	Total
Balance at January 1, 2011	$ 47,943	$ 54,901	$ 102,844
Additions	Nil	7,896	7,896
Balance at December 31, 2011	$ 47,943	$ 62,797	$ 110,740
Additions	Nil	2,674	2,674
Balance at Sept 30, 2012	**$ 47,943**	**$ 65,471**	**$ 113,414**

Depreciation	Furniture & Fixtures	Computer Hardware	Total
Balance at January 1, 2011	$ 23,052	$ 49,232	$ 72,284
Depreciation	4,978	8,060	13,038
Balance at December 31, 2011	$ 28,030	$ 57,292	$ 85,322
Depreciation	2,987	3,251	6,238
Balance at Sept 30, 2012	**$ 31,017**	**$ 60,543**	**$ 91,560**

Carrying Amounts	Furniture & Fixtures	Computer Hardware	Total
At January 1, 2011	$ 24,891	$ 5,669	$ 30,560
At December 31, 2011	$ 19,913	$ 5,505	$ 25,418
At Sept 30, 2012	**$ 16,926**	**$ 4,928**	**$ 21,854**

9. INTANGIBLE ASSETS

Intangible Assets	Computer Software	Digital Materials	Total
Balance as at January 1, 2011	$ 738,725	$ 306,285	$ 1,045,010
Additions	3,238	Nil	3,238
Balance as at December 31, 2011	$ 741,963	$ 306,285	$ 1,048,248
Additions	Nil	Nil	Nil
Balance as at Sept 30, 2012	**$ 741,963**	**$ 306,285**	**$ 1,048,248**

Amortization	Computer Software	Digital Materials	Total
Balance as at January 1, 2011	$ 677,010	$ 183,771	$ 860,781
Amortization	64,151	61,257	125,408
Balance as at December 31, 2011	$ 741,161	$ 245,028	$ 986,189
Amortization	366	45,943	46,309
Balance as at Sept 30, 2012	**$ 741,527**	**$ 290,971**	**$ 1,032,498**

9. INTANGIBLE ASSETS (cont'd)

Carrying Amounts	Computer Software	Digital Materials	Total
Balance as at January 1, 2011	$ 61,715	$ 122,514	$ 184,229
Balance as at December 31, 2011	$ 802	$ 61,257	$ 62,059
Balance as at Sept 30, 2012	**$ 436**	**$ 15,314**	**$ 15,750**

10. INVESTMENT IN FILM PROGRAMS

Investment		**Film Programs**
Balance as at January 1, 2011	$	646,503
Additions		36,761
Balance as at December 31, 2011	$	683,264
Additions		918,601
Balance as at Sept 30, 2012	**$**	**1,601,865**

Amortization		**Film Programs**
Balance as at January 1, 2011	$	Nil
Amortization		50,845
Balance as at December 31, 2011	$	50,845
Amortization		21,278
Balance as at Sept 30, 2012	**$**	**72,123**

Carrying Amount		**Film Programs**
As at January 1, 2011	$	646,503
As at December 31, 2011	$	632,419
As at Sept 30, 2012	**$**	**1,529,742**

As at September 30, 2012, the Company's investment in film programs of $1,601,865 was divided between the Georges St-Pierre Fitness DVD Series ("GSP RUSHFIT DVD Series") $683,264 and an investment to date of $918,601 for the TOURAcademy® Home Edition Instructional DVD Boxed set ("TA Home Edition"), a complete golf instruction program.

The Company expects that 17.9% of the costs or $122,607 related to film productions completed and released will be amortized during the year ending December 31, 2012. The Company expects that 100% of the costs related to film productions completed and released will be amortized during the four year period ending December 31, 2015.

The Company has estimated the current portion of investment in film and television programs by reference to production delivery schedules, expected revenues in the next twelve months and the related amortization on a production-by-production basis. These estimates are subject to change as ultimate revenues may differ from estimates.

12. INVENTORY

Inventory consists entirely of finished goods, which related to a nominal value for "Fit Kits", "GSP RUSHFIT" DVDs and the printed informational materials included with the purchase of the DVDs that are now available for purchase online. Inventory purchases and ending values increased as the Company began to produce inventory for the new product "TA Home Edition".

		Sept 30, 2012		December 31, 2011
Inventory, opening	$	127,216	$	10,286
Plus: Purchase, net		358,746		533,765
Less: Inventory, ending		(260,011)		(127,216)
Cost of Inventory	$	225,951	$	416,835

13. SHARE CAPITAL

(a) Authorized share capital:

Unlimited number of common shares without par value

(b) Changes in issued share capital for the period ended September 30, 2012 were as follows:

	Common Shares		Amount
Balance January 1, 2011	44,185,743	$	5,548,673
January 1, 2011 – Reclassify converted Convertible Debt	-		82,630
May 16, 2011 – Private Placement	5,575,307		1,259,070
May 16, 2011 – Issuance Costs	-		(139,072)
May 16, 2011 – Value of vested warrants issued with Private Placement	-		(251,134)
June 28, 2011 – Debt Conversion	1,193,182		262,500
Balance December 31, 2011	50,954,232	$	6,762,667
Mar 5, 2012 – Private Placement	10,415,500		1,563,231
Mar 5, 2012 – Issuance Costs	-		(195,727)
Mar 5, 2012 – Value of vested warrants issued with Private Placement	-		(308,395)
April 4, 2012 – Private Placement	1,250,000		250,000
April 4, 2012 – Issuance Costs	-		(4,600)
April 4, 2012 – Value of vested warrants issued with Private Placement	-		(56,125)
May 16, 2012 – Valuation of expired unexercised warrants	-		34,600
Balance September 30, 2012	**62,619,732**	**$**	**8,045,651**

13. SHARE CAPITAL (cont'd)

On May 16, 2011, the Company received gross proceeds of $1,259,070 for a non-brokered private placement of 5,575,307 Units at $0.225 per Unit, less issuance costs of $139,072. Each Unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.30 CAD per share (warrants are in CAD and until exercised the values will be expressed in CAD). The expiry date of the warrants is November 16, 2012. In the event that the Common Shares trade above $0.45 CAD per common share for 10 consecutive days, the Warrants, if unexercised, will expire 30 days thereafter. Of the proceeds $251,134 was allocated to warrants based on their estimated fair value calculated using the Black-Scholes model.

On June 28, 2011, a non-cash transaction occurred involving outstanding fees of $262,500 (Dec 31, 2010 - $262,500) payable to an Investment Bank and a company jointly controlled by a director of the Company and a former director of Digital who exercise influence over the Company. This debt was converted at $0.22 per share for a total issuance of 1,193,182 shares.

On March 5, 2012, the Company received gross proceeds of $1,563,231 for a brokered private placement of 10,415,500 Units at $0.15 per Unit, less issuance costs of $195,727. Each Unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.25 CAD per share (warrants are in CAD and until exercised the values will be expressed in CAD). The expiry date of the warrants is September 4, 2013. In the event that the Common Shares trade above $0.35 CAD per common share for 10 consecutive days, the Warrants, if unexercised, will expire 30 days thereafter.

An additional 708,085 broker warrants were issued to the sponsoring broker for the March 5, 2012 private placement. These broker warrants are exercisable at $0.15 CAD per share (warrants are in CAD and until exercised the values will be expressed in CAD) and have the conditions and expiry date as those warrants issued with the private placement.

Of the recognized proceeds a total of $308,394 was allocated to warrants based on their estimated fair value calculated using the Black-Scholes model.

On April 4, 2012, as part of the agreement with Golf Experiences, LLC ("GE") for the production, marketing and distribution of the TOURAcademy® Home Edition Golf DVD Series, the Company received gross proceeds of $250,000 for a non-brokered private placement of 1,250,000 Units at $0.20 per Unit, less issuance costs of $4,600. Each Unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles GE to purchase an additional common share at a price of $0.30 CAD per share (warrants are in CAD and until exercised the values will be expressed in CAD). The expiry date of the warrants is April 3, 2017.

Of the recognized proceeds a total of $56,125 was allocated to warrants based on their estimated fair value calculated using the Black-Scholes model.

On May 16, 2012, 500,000 non-exercised warrants expired. These warrants were issued May 17, 2010, and had an exercise price of $0.10. The Black-Scholes value of the warrants has been removed from the warrant reserve account and added back to the share capital account.

As at September 20, 2012, the Company announced its intent to complete a $500,000 CAD non-brokered private placement (the "Offering"). The Offering will consist of up to 10,000,000 units at a price of $0.05. Each unit will consist of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at the price of $0.10 per common share on or before the date occurring 18 months following the closing of the Offering. The Company may over allot the Offering to raise a maximum of $750,000 CAD.

13. SHARE CAPITAL (cont'd)

Included in the Offering is the Company option to pay a cash finder's fee to entities ("Finders") equal to 7% of the gross proceeds received by the Company from purchasers of units sold in the Offering introduced by or through such Finders, and/or an option to purchase such number of common shares of the Company having a value equal to 7% of the amount purchased by purchasers of units sold in the Offering introduced by or through such Finders (the "Finders Warrants"). The Finders Warrants have the same exercise price and term as the Offering Warrants. As at September 30, 2012 the Company had received net proceeds of $109,846 for a private placement announced and have recorded those proceeds as a liability to the Company under the account "Share Subscription Liability" until that when the private placement has been closed. See Note 15 "Subsequent Events" for a current status of the Offering.

(c) Reserves:

A summary of changes in the balance of Reserves for the period ended September 30, 2012 is as follows:

Balance, January 1, 2011	$	661,135
January 1, 2011 – Reclassify converted Convertible Debt		(82,630)
May 16, 2011 – Valuation of warrants issued with private placement (Note 13(e))		251,134
June 30, 2011 – Currency translation adjustment (Note 3(c); 4(g))		(48,792)
Value of stock based compensation granted to employees (Note 4(h))		240,118
December 31, 2011 – Currency translation adjustment (Note 3(c); 4(g))		(28,800)
Balance, December 31, 2011	$	992,165
March 5, 2012 – Valuation of warrants issued with private placement (Note 13(e))		308,395
April 4, 2012 – Valuation of warrants issued with private placement (Note 13(e))		56,125
May 16, 2012 – Valuation of expired non-exercised warrants		(34,600)
Value of stock based compensation granted to employees (Note 4(h))		71,738
September 30, 2012 – Currency translation adjustment (Note 3(c); 4(g))		11,203
Balance, September 30, 2012	**$**	**1,405,026**

(d) Stock options:

On September 30, 2011, termination notice was given to a consultant that had been granted 300,000 options. The options were vested quarterly effective February 1, 2011. At the time of the notice of termination, 150,000 options were vested and the remaining 150,000 options were terminated. The date of termination was October 31, 2011 and the vested options had to be exercised by November 15, 2011. The exercise price of these options was $0.20 CAD (options are in CAD and until exercised the values will be expressed in CAD). As at November 15, 2011, the vested options were not exercised and thus expired.

On January 11, 2011, the Board of Directors approved a resolution authorizing and granting 1,400,000 options to senior management. The exercise price of the options is $0.15 CAD (options are in CAD and until exercised the values will be expressed in CAD). The options have a contractual life of 5 years, vest quarterly over a period of 3 years and allow for the purchase of one common share per option.

13. SHARE CAPITAL (cont'd)

(d) Stock options (cont'd):

On June 27, 2011, the Board of Directors approved a resolution authorizing and granting 250,000 incentive stock options to a newly appointed director. The exercise price of the options is $0.12 CAD (options are in CAD and until exercised the values will be expressed in CAD). The options have a contractual life of 5 years, vest quarterly over a period of 3 years and allow for the purchase of one common share per option.

On May 10, 2012, at the Company's AGM the shareholders approved the 1,235,000 options authorized and granted on April 2, 2012 to directors, officers, senior management, employees and consultants. The exercise price of the options is CAD $0.15 (options are in CAD and until exercised the values will be expressed in CAD). All options have a contractual life of five years, and allow for the purchase of one common share per option. Of the total options granted, 300,000 vest quarterly over 12 months and the remaining 935,000 vest quarterly over 24 months.

As at September 30, 2012, there were 7,800,000 stock options authorized and granted and are summarized below:

	Number	Weighted Average Exercise Price (CAD)	
Outstanding, January 1, 2011	**4,205,000**	**$**	**0.15**
Senior management options granted on January 11, 2011	1,400,000		0.15
Consulting Agreement options granted February 1, 2011	300,000		0.20
Incentive Stock Options granted to a Director on June 27, 2011	250,000		0.12
Incentive Stock Options granted on July 1, 2011	710,000		0.22
Termination of Consulting Agreement non-vested options and expiry of non-exercised vested options	(300,000)		0.20
Outstanding, December 31, 2011	**6,565,000**	**$**	**0.16**
Senior management and employee options granted on April 2, 2012	710,000		0.15
Incentive Stock Options granted to consultants on April 2, 2012	150,000		0.15
Incentive Stock Options granted to a Director on April 2, 2012	375,000		0.15
Outstanding, September 30, 2012	**7,800,000**	**$**	**0.16**

The weighted average fair value of the remaining options was determined to be $0.1002 per unit using the Black-Scholes Option Pricing Model.

The Black-Scholes Option Pricing Mode, used by the Company to calculate option values, was developed to estimate fair value of freely tradable, fully transferable options without vesting restrictions. This model also requires highly subjective assumptions, including future stock price, volatility, and expected time until exercise, which greatly affects the calculated values.

As at September 30, 2012 a total of stock-based compensation that vested for the nine month period then ended equaled $71,738 (2011 - $65,555).

13. SHARE CAPITAL (cont'd)

(d) Stock options:

Information on options outstanding exercisable at September 30, 2012 is as follows:

Exercise Price (CAD)	Number Outstanding	Number Exercisable	Weighted average remaining contractual life (months)
$ 0.10	200,000	200,000	31.50
0.15	4,005,000	4,005,000	38.66
0.15	1,400,000	700,000	39.35
0.12	250,000	104,167	44.84
0.22	710,000	710,000	44.98
0.15	1,235,000	102,918	54.02
	7,800,000	5,822,085	

Information on options outstanding exercisable at December 31, 2011 is as follows:

Exercise Price (CAD)	Number Outstanding	Number Exercisable	Weighted average remaining contractual life (months)
$ 0.10	200,000	200,000	40.5
0.15	4,005,000	4,005,000	47.67
0.15	1,400,000	350,000	48.36
0.12	250,000	41,667	53.85
0.22	710,000	710,000	53.98
	6,565,000	5,306,667	

(e) Warrants:

As at December 31, 2011, there were 7,449,008 warrants authorized and granted. Of the total warrants authorized and granted 4,436,070 can be exercised to purchase one common share for a period of twenty four months at a weighted average price of $0.22 CAD per common share (warrants are in CAD and until exercised the values will be expressed in CAD).

On May 16, 2011, as part of the private placement, all shares purchased included a one-half common share purchase warrant eligible to be used to purchase one full common share at a price of $0.30 CAD per common share (warrants are in CAD and until exercised the values will be expressed in CAD) for a period of 18 months form the date of closing of the private placement. The total warrants granted to purchase were authorized in this period.

On March 5, 2012, as part of the private placement, all shares purchased included a one-half common share purchase warrant eligible to be used to purchase one full common share at a price of $0.25 CAD per common share (warrants are in CAD and until exercised the values will be expressed in CAD) for a period of 18 months form the date of closing of the private placement. The total warrants granted to purchase were authorized in this period.

13. SHARE CAPITAL (cont'd)

(e) Warrants (cont'd):

In conjunction with the March 5, 2012 private placement, 708,085 warrants were issued to the sponsoring broker. These broker warrants are exercisable at $0.15 CAD per common share (warrants are in CAD and until exercised the values will be expressed in CAD) for a period of 18 months form the date of closing of the private placement. The total warrants granted to purchase were authorized in this period.

On April 4, 2012, as part of the private placement with GE, all shares purchased included a one-half common share purchase warrant eligible to be used to purchase one full common share at a price of $0.30 CAD per common share (warrants are in CAD and until exercised the values will be expressed in CAD). The total warrants granted to purchase were authorized in this period. The expiry date of the warrants is April 3, 2017.

On May 16, 2012, 500,000 non-exercised warrants expired. These warrants were issued May 17, 2010, and had an exercise price of $0.10. The Black-Scholes value of the warrants has been removed from the warrant reserve account and added back to the share capital account.

The number of warrants outstanding at September 30, 2012 are summarized below:

	Number of Shares Eligible to be Purchased	Weighted Average Exercise Price (CAD)	
Outstanding, January 1, 2011	4,436,070	$	0.22
Issued pursuant to non-brokered private placement, May 16, 2011	1,506,469		0.30
Outstanding, December 31, 2011	5,942,539	$	0.24
Issued pursuant to brokered private placement, March 5, 2012	5,207,750		0.25
Issued to broker for private placement, March 5, 2012	708,085		0.15
Issued pursuant to non-brokered private placement, April 4, 2012	625,000		0.30
Expired non-exercised warrants, May 16, 2012	(500,000)		0.10
Outstanding, September 30, 2012	**11,983,374**	**$**	**0.25**

The weighted average fair value of the outstanding warrants was determined to be $0.052 per unit using the Black-Scholes Option Pricing Model.

14. COMMITMENTS

The Company currently has a one-year lease agreement (the agreement is in CAD and thus all values are expressed in CAD) for the existing office premises. Base monthly rent commitment is $2,310 CAD and estimated monthly operating expenses of $1,409 CAD for a total monthly commitment of $3,719 CAD plus applicable taxes.

The Company is committed to a royalty fee schedule to various parties that were fundamental in the production of the GSP RUSHFIT DVD series. The royalties are based on sales generated and royalty rates are adjusted according to the source of those sales, whether they are through direct channels, retail channels or digital download.

All parties have received prepayments against future royalties. Before any royalties are paid out, royalties earned are deducted against the prepayments until the prepayments have been fully spent. After which payments of the royalties will be made according to the terms of the individual royalty agreements.

15. RELATED PARTY TRANSACTIONS

(a) During the nine months ended September 30, 2012, there were salaries, stock-based compensation and benefits paid or accrued to directors and key management of the Company totaling $363,589 (2011 – $353,175).

These transactions are in the normal course of operations and are measured at the exchange amounts which are the amounts of consideration established and agreed to by the related parties.

16. SEGMENTED INFORMATION

The Company has one reportable segment, being the creation, production, and distribution of home entertainment content targeted at the fitness and sports instruction market. The Company's operations are currently located in a single geographical region in North America, specifically Canada. For the nine months ended September 30, 2012 and 2011, the Company had only one customer that accounted for more than 10% of total revenue. Revenue for these periods was generated from the following regions:

Regions	**Nine months ended September 30,**					
	2012			2011		
	%		**Revenue**	%		Revenue
United States	**80.8**	**$**	**900,747**	42.4	$	752,081
Canada	**8.2**	**$**	**91,412**	50.8	$	901,079
Great Britain	**2.7**	**$**	**30,099**	2.2	$	39,023
Australia	**6.3**	**$**	**70,231**	3.8	$	67,404
Other	**2.0**	**$**	**22,296**	0.8	$	14,190

As at September 30, 2012, other than the Company's inventory warehoused in a third party facility in the United States, all other long-lived assets were located in Canada.

17. SUBSEQUENT EVENTS

On October 5, 2012, the Company begins fulfilling and shipping all pre-ordered TOURAcademy® Home Edition comprehensive golf instruction program. Commencement of online sales and immediate shipment of orders through the Company's website at www.touracademydvds.com also became fully functional in October 2012.

On October 12, 2012, the Company announced the closure of the first tranche of its non-brokered private placement (the "Offering") previously announced on September 20, 2012 and issued 10,010,000 units at a price of $0.05 per unit for gross proceeds of approximately $500,500. Each unit consists of one common share and one common share purchase warrant. Each whole purchase warrant entitles the holder to purchase one common share of the Company at the price of $0.10 per common share on or before the date occurring 18 months following the closing of the Offering (the "Offering Warrants").

The Company paid finder's fees totaling $34,230 and issued 404,600 non-transferrable share purchase warrants as finder's fees. The non-transferrable share purchase warrants issued as finder's fees have the same exercise price and term as the Offering Warrants.

On October 26, 2012, at the Board of Directors approved a resolution authorizing and granting 500,000 options to a consultant, the exercise price of the options is CAD $0.10 (options are in CAD and until exercised the values will be expressed in CAD). All options vested immediately and have a contractual life of three years, and allow for the purchase of one common share per option.

17. SUBSEQUENT EVENTS (cont'd)

On November 15, 2012, the Company announced and subsequently received approval from the TSX Venture Exchange to extend the terms of warrants to purchase common shares of the Company issued pursuant to a May 2011 unit private placement (the "May 2011 Private Placement"). Warrants to purchase 2,787,654 common shares will be extended to expire on November 16, 2013. The warrants would have otherwise expired on November 16, 2012. No warrants issued pursuant to the May 2011 Private Placement to Agents as compensation will be amended. All other terms and conditions of the warrants, including the exercise price of $0.30, remain unchanged.

18. COMPARATIVE FIGURES

Ccomparative figures have been restated to conform to the USD currency presentation adopted by the Company effective the current period.

Also, comparative figures related to "Cost of Inventory" have been reclassified to "Commission & Royalties" and "Shipping & Handling" expenses. The amounts reclassified are immaterial in nature but the purpose of the reclassification is to more accurately reflect the costs related to inventory.