Management Discussion and Analysis

D-BOX Technologies Inc.

First quarter ended June 30, 2015

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MANAGEMENT DISCUSSION AND ANALYSIS
D-BOX Technologies Inc.
First Quarter ended June 30, 2015

1. Scope of the MD&A

This Management's Discussion and Analysis ("MD&A") is intended to provide the reader with a better understanding of the activities of D-BOX Technologies Inc. and its subsidiary, and key elements of its financial results. In particular, it explains changes in the Corporation's financial position and operating results for the first quarter ended June 30, 2015 by comparing them to the results of first quarter of the previous fiscal year. It also presents a comparison of the balance sheets as at June 30, 2015 and March 31, 2015.

This MD&A has been prepared in accordance with *National Instrument 51-102*, *Continuous Disclosure Obligations,* and should be read in conjunction with the information included in the audited consolidated financial statements and management discussion and analysis for the fiscal year ended March 31, 2015 and the unaudited interim condensed consolidated financial statements for the first quarter ended June 30, 2015. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the first quarter ended June 30, 2015 and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors. Unless otherwise indicated, all the amounts in this MD&A are in thousands of Canadian dollars.

2. Forward-looking Statements

Some of the statements made in this MD&A, including, but not limited to, statements about the opinions, the projects, the objectives, the strategies, the estimates, the intentions and the expectations of the Corporation, as well as other statements not referring to historical facts, are forward-looking statements. Forward-looking statements can be identified by terms such as "expects," "anticipates," "estimates," "predicts," "undertakes" and other similar terms and expressions. These statements are based on the information available at the time they were prepared and management's good faith assumptions and expectations regarding future events, and inherently involve known and unknown risks and uncertainties such as, without limitation, competition, the Corporation's ability to build on its technology, the Corporation's ability to continue developing its distribution network and enter into new commercial agreements in the entertainment and industrial markets, exchange rate fluctuations, and other factors discussed herein (see "Risks and Uncertainties") or in the Corporation's continuous disclosure filings. The Corporation's actual results may be materially different from those expressed or implied in these forward-looking statements. As a result, you are cautioned not to place undue reliance on these forward-looking statements. These statements do not reflect the potential impact of any special items or of any business combination or other transaction that may be announced or that may occur after the date hereof. Except as required by law, the Corporation does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events.

3. Quarterly Highlights

3.1 Financial Highlights

- Growth in revenue:
  - ✓ Quarterly revenue up by 58% to $7,188 k.
  - ✓ Entertainment market:
    - System sales to commercial theatres up by 37% to $2,564 k.
    - Revenue for rights for use, rental and maintenance up by nearly 100% to $2,276 k mostly as a result of the box office performance of featured movies.
  - ✓ Industrial market:
    - Revenue up by 53% mostly attributable to systems sold to clients in the simulation and training and amusement parks sub-markets.
- A second consecutive quarter of positive net income:
  - ✓ Net income of $30 k for the quarter compared to a net loss of $1,205 k last year.
- Record adjusted EBITDA*:
  - ✓ Adjusted EBITDA of $1,151 k for the quarter compared to $19 k last year.
- Five-year interest bearing loan of $5,000 k received from the Caisse de dépôt et placement du Québec on August 5, 2015 and issuance of 4,500,000 warrants at $0.50.

First quarter ended June 30 (in thousands of $, except per share amounts)		
	2015	**2014**
Revenue	7,188	4,560
Adjusted EBITDA*	1,151	19
Net income (loss)	30	(1,205)
Basic and diluted net income (loss) per share	0.0002	(0.0074)

Information from the consolidated balance sheet		
	As at June 30, 2015	**As at March 31, 2015**
Cash and cash equivalents	6,240	6,710

* See the "Non IFRS Measures" section on page 7 and the reconciliation table of adjusted EBITDA to the net income (loss) on page 8.

3.2 Operational Highlights

- Ongoing installations throughout the quarter with, among others, Cinemark and Cineplex, two of the largest commercial theatre exhibitors in the Americas;
- Six movies from Hollywood's main studios with D-BOX motion code were presented in theatres during the quarter including five which ranked no. 1 at the North American box office on opening weekend. This list also includes the top three grossing movies at the North American box office; and
- 402 screens installed or in backlog as at June 30, 2015 in comparison to 282 screens a year ago representing an increase of 43%.

4. Outlook

D-BOX focuses on two major development areas: the entertainment market and the industrial market which have their respective sub-markets. In light of the business development activities in each of these two markets, D-BOX anticipates the general upward trend in revenue to continue.

In combination with this expected growth of revenue, D-BOX also forecasts to gradually increase the level of its operating expenses aiming, amongst others, to support the sales and marketing of technological innovations that will help solidify D-BOX's position in existing sub-markets and will facilitate entering new ones. Generally speaking, the Corporation aims to maintain a positive adjusted EBITDA and intends to manage its operations accordingly.

5. Corporate Profile

D-BOX designs, manufactures and commercializes cutting-edge motion systems intended for the entertainment and industrial markets. This unique and patented technology uses motion effects specifically programmed for each visual content which are sent to a motion system integrated into either, a platform, a seat or any other product. The resulting motion is perfectly synchronized with the on-screen action, thus creating an unparalleled realistic immersive experience.

Three components produce motion synchronized in perfect harmony with image and sound:

1. the creation of motion effects making up the motion code known as D-BOX Motion Code;
2. a motion controller serving as an interface between the optical disk reader or the video server that contains the film and the D BOX motion system; and
3. the D-BOX motion system, consisting amongst other things of electromechanical pistons (actuators) built into a platform, a seat, or another type of equipment.

As at June 30, 2015, D-BOX had 91 employees up from 75 as at June 30, 2014.

6. Corporate Strategy

The Corporation is a leader with respect to the creation and design of non-distractive immersive motion systems. It continues to develop brand awareness in addition to offering a differentiated asset generating revenue in various business sectors. The Corporation's cutting-edge motion systems target two distinct markets: the entertainment market and the industrial market.

Examples of Applications

Entertainment Market	Industrial Market
• Commercial theatres • Home entertainment: o Home theatre o Home video games	• Simulation and training / virtual reality • Amusement parks, arcades, museums and planetariums

6.1 Revenue Models

The Corporation's revenue streams consist mainly of:

1. the sale or lease of D-BOX motion systems including motion controllers and computer servers in the case of larger installations such as commercial theatres;
2. utilization rights (license) for the D-BOX technology on the sale of admission tickets in commercial theatres which are equipped with this technology to view a motion picture encoded by D-BOX. The Corporation also receives system maintenance revenue relating to the use of systems;
3. direct sales of motion systems to a network of specialized resellers, integrators, equipment or seating manufacturers who market the D-BOX technology under their own brands (Original Equipment Manufacturers or OEMs). This marketing method offers the advantage of minimizing sales and marketing costs; and
4. coding rights for visual content.

6.2 Growth Strategy / Entertainment Market

The Corporation is constantly pursuing opportunities with commercial theatre owners to increase the number of venues equipped with its technology.

Concurrently, the Corporation leverages its relationships and credibility established with Hollywood's major studios and some Asian and European studios in order to provide a wide array of content to its commercial theatres. The Corporation believes that an increase in the offer of motion pictures has a direct impact on the number of equipped venues and that box office revenue for D-BOX MFX (D-BOX Motion Effects) equipped theatres acts as an incentive to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors that want to add a distinctive element to their offering;
2. facilitate the sale of its technology to current exhibitors that may want to equip more than one of their complexes or equip more than one screen within the same complex;
3. generate motion system sales to the home entertainment clientele, who want to experience D-BOX in the comfort of their homes;
4. encourage video game customers to purchase gaming seats equipped with D-BOX motion systems thereby allowing them to add a new level of immersion to their gaming experience;
5. promote the technology to potential customers in the industrial market.

As of June 30, 2015, over 30 exhibitors had more than one location that integrated the D-BOX technology and more than 80 installed locations had more than one screen incorporating our technology within the same complex.

An increase in the number of equipped theatres has a direct impact on the offering of studios which is based on a business model that benefits all parties since they share the new revenue generated by the D-BOX technology.

Access to content is a key factor in accelerating the deployment of the D-BOX technology. The Corporation is constantly expanding its business relationships with new film and gaming content providers. For instance, over 160 titles, including more than 80 which ranked number 1 at the box office on opening weekend, have been coded so far for presentation in commercial theatres.

The D-BOX experience in commercial theatres will continue to expand significantly through the deployment of its technology. This vision is strengthened by the fact that the Corporation has continuously coded content from major studios in addition to coding local content in some countries where D-BOX is now present. Furthermore, it has proven its technical and commercial benefits and has received several awards over the last few years.

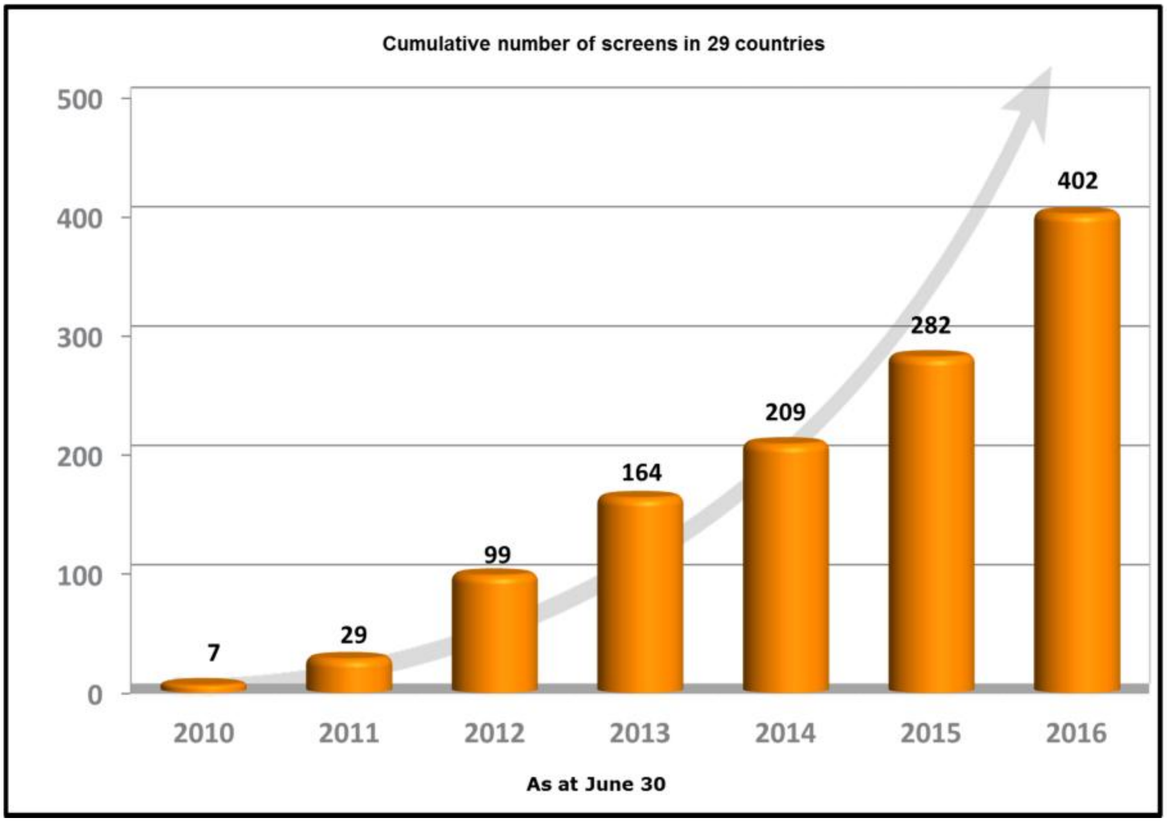
However, certain seasonal factors may impact the deployment of new D-BOX MFX systems in commercial theatres. The Corporation's growth rate for its commercial theatre business activities will not necessarily be linear but rather subject to a certain level of volatility when comparing consecutive quarters.

In this respect, the Corporation wishes to remind readers that it remains subject to a number of risks and uncertainties pertaining to its operations (see the "Risks and Uncertainties" section).

Business development efforts targeting commercial theatre chains are handled by an internal business development team and a few external partners in certain countries. Moreover, the Corporation's representatives continue to attend major trade shows. The Corporation believes that the entertainment market, in addition to demonstrate its technology to the largest number of people possible, generates significant revenue through utilization rights earned from the use of the technology based on premiums for admission tickets, the sale or rental of motion systems and motion system maintenance contracts. This strategy drives a significant increase in brand awareness.

In measuring achievement of its deployment objectives for theatre chains, the Corporation tracks the installed base of its D-BOX MFX systems as well as its backlog. From a practical standpoint, the Corporation defines system backlog as follows: an order for D-BOX MFX systems received as part of a contractual agreement and for which the installation is scheduled within a twelve-month period. The total installed or in backlog screens increased by 43% and stood at 402 at the end of the quarter in comparison to 282 a year ago.

Worldwide growth of installed screens or in backlog
As at June 30, 2015



With respect to products targeting home entertainment, the Corporation aims to:

1. sell products under its own brand name and under original equipment manufacturers' (OEM), integrators' and resellers' brands;
2. increase the offer of content coded by D-BOX; and
3. create products and form partnerships with strategic players that should accelerate the penetration of mass markets.

In short, D-BOX has demonstrated so far:

- the willingness of moviegoers to pay a premium on an admission ticket to live a non-distractive motion experience;
- that it generates a new source of business traffic and new revenue for commercial theatre operators allowing them to stand out from competitors and increase their revenue ((i) direct revenue from the sale of tickets in the D-BOX zone and (ii) indirect revenue from the sale of food and beverages); and
- that it brings in additional visibility and a new source of revenue for the studios.

6.3 Growth Strategy / Industrial Market

The industrial market contributes significantly to the global awareness of the D-BOX brand thereby sparking consumer interest for the realism and efficiency which can stimulate demand for the D-BOX experience in other sub-markets, such as: simulation and training, arcades, military, virtual reality, amusement parks, museums and planetariums. The Corporation is mobilizing resources devoted to the business development of this market with the goal of identifying new partners and meeting their needs.

With respect to products earmarked for industrial simulation users, the Corporation is following its mission to sell products under its own brand, under original equipment manufacturers' brands (OEM's) and through a network of integrators and resellers. It is also adapting its products to address specific requests of manufacturers and OEM's to penetrate new markets.

In the last few years, the Corporation has stepped up its presence at commercial and industrial trade shows, which raises awareness of D-BOX and its motion technology.

The Corporation recently developed motion systems adapted to the needs of the industrial market and their sales should accelerate over the course of the next few quarters.

The Corporation will continue dedicating a team to develop and service this market to identify new potential customers and adequately meet their demands. The main selection criteria for new customers include an efficient international distribution network, a well-renowned name in the market and the willingness to invest the necessary effort and resources to generate new and important revenue streams.

7. Non-IFRS Measures

In this MD&A, the Corporation uses two measures that are non-compliant with IFRS: 1) the adjusted EBITDA and 2) the gross profit excluding amortization. Although these measures supply useful and complementary information, they do not have a standardized meaning under IFRS and are not likely to be comparable to similar measures used by other issuers.

1) The adjusted EBITDA provides useful and complementary information which allows, among other things, the evaluation of profitability and cash flows provided by operations. It is comprised of the net income (loss) but excludes the following: items not affecting cash, foreign exchange gain or loss, financial expenses, interest income and income taxes.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares, options, warrants and per-share amounts) Page 8

The following table explains the reconciliation of adjusted EBITDA to the net income (loss).

	First quarter ended June 30	
	2015	**2014**
Net income (loss)	**30**	(1,205)
Amortization of property and equipment	**599**	515
Amortization of intangible assets	**130**	76
Amortization of other assets	**63**	21
Write-off of property and equipment	**90**	54
Gain on disposal of property and equipment	**—**	(36)
Share-based payment expense	**57**	115
Foreign exchange loss	**159**	471
Financial expenses (income)	**12**	3
Income taxes	**11**	5
Adjusted EBITDA	**1,151**	19

2) The gross profit excluding amortization serves to evaluate the Corporation's capacity to generate funds through product sales by considering the cost of these products while excluding the main non-cash item, namely amortization (see the table explaining the reconciliation of gross profit to gross profit excluding amortization on page 10).

8. Main Financial Data

The following tables present selected significant financial data for the first quarter ended June 30, 2015 by comparing them with the corresponding period of the previous fiscal year.

Information from the Consolidated Statements of Net Income (Loss) and Other Comprehensive Income (Loss)	**First quarter ended June 30**	
	2015	**2014**
Revenue	**7,188**	4,560
Gross profit excluding amortization*	**4,470**	2,566
Net income (loss)	**30**	(1,205)
Adjusted EBITDA*	**1,151**	19
Basic net income (loss) per share	**0.0002**	(0.0074)
Diluted net income (loss) per share	**0.0002**	(0.0074)

* See the "Non-IFRS measures" section on page 7.

Information from the Consolidated Statements of Cash Flows	**First quarter ended June 30**	
	2015	**2014**
Goods held for lease	**(362)**	(111)
Cash flows relating to operating activities	**111**	(2,211)
Additions to property and equipment	**(367)**	(101)
Additions to intangible assets	**(203)**	(351)

* See the "Non-IFRS measures" section on page 7.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares, options, warrants and per-share amounts) Page 9

The following table presents certain important financial data of the consolidated balance sheets as at June 30, 2015 and as at March 31, 2015.

Information from the Consolidated Balance Sheets	June 30 2015	March 31, 2015
Cash and cash equivalents	6,240	6,710
Inventories	4,457	3,903
Working capital	11,433	11,238
Total assets	24,596	24,838
Total liabilities	3,895	4,245
Equity	20,701	20,593

9. Operating Results

9.1 Revenue

Revenue for the first quarter ended June 30, 2015 increased by 58% to $7,188 k compared to $4,560 k for the first quarter ended June 30, 2014. Revenue includes motion system sales to customers in the industrial market who sell the D-BOX technology under their own brand names and system sales to customers in the entertainment market. The entertainment market consists of D-BOX MFX system sales to commercial theatre operators, revenue from right of use, rental and maintenance with respect to admission tickets sold in commercial theatres and system sales to home entertainment customers.

For the industrial market, our development strategy consists of selling our motion system technology to customers so they can integrate it into their products. Industrial market sales are driven, among other things, by the attendance at commercial and industrial trade shows which contributes to raising awareness to the D-BOX technology and the presentation in commercial theatres of movies integrating the D-BOX Motion Code, which creates a growing demand for the D-BOX experience in numerous other sub-markets.

Sales of motion systems to customers of the industrial market increased by 53% to $2,016 k for the first quarter ended June 30, 2015 compared to $1,316 k for the quarter ended June 30, 2014. The increase in sales for the industrial market was mainly driven by simulation and training systems sold to customers in the construction and automotive sub-markets as well as sales to our main client in amusement parks and arcades. During the first quarter, sales to our two main customers represented 40% (23% and 17%) of the Corporation's sales in the industrial market in comparison with 52% (43% and 9%) for the corresponding quarter last year.

During the first quarter ended June 30, 2015, the entertainment market generates a 59% increase in revenue to $5 172 k compared to the $3,244 k realized last year. Revenue from commercial theatres increased by 60% from $3,021 k in the first quarter of 2014 to $4,840 k in the first quarter of this year. These revenues consist of: i) the sale of D-BOX MFX systems which increased by 37% to $2,564 k ($1,878 k for the corresponding quarter in 2014) and ii) revenue from rights for use, rental and maintenance on the sale of admission tickets in commercial theatres which increased by 99% to $2,276 k ($1,143 k in 2014) and mainly due to the box office performance of the movies presented during the quarter. During the first quarter, sales to our two most important customers of the entertainment market represented 9% (5% and 4%) compared to 12% (7% and 5%) for the corresponding quarter last year.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares, options, warrants and per-share amounts) Page 10

It is important to note that revenue from rights for use, rental and maintenance can fluctuate from one period to another based on the following factors:

- the box office performance of the movies that are presented, which can vary significantly from one movie to another;
- the revenue sharing with exhibitors and studios;
- the individual performance of exhibitors;
- the average number of D-BOX MFX systems deployed, which is constantly evolving;
- the number of weekly screenings of a D-BOX movie, which can vary based on the country in which a film is presented, or from one exhibitor to another; and
- the number of weeks a movie is played, which can vary based on the country due to different launch dates or the decision made by an exhibitor to present a film for a longer or shorter period of time.

As at June 30, 2015, 8,935 D-BOX MFX systems were installed in 357 screens around the world compared to 6,479 D-BOX MFX systems installed in 249 screens at the same date last year.

The entertainment market also includes system sales for home entertainment which increased by 49 % to $332 k in comparison to $223 k last year.

9.2 Gross Profit

The following table explains the reconciliation of gross profit to gross profit excluding amortization.

	First quarter ended June 30	
	2015	**2014**
Revenue	7,188	4,560
Gross profit	3,845	2,110
Amortization related to cost of goods sold	625	456
Gross profit excluding amortization*	4,470	2,566
Gross margin excluding amortization	62%	56%

* See the "Non-IFRS measure" section on on page 7.

For the first quarter ended June 30, 2015, gross profit increased by 82% amounting to $3,845 k in comparison to $2,110 k for the corresponding quarter of the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit amounted to $4,470 k (62% of revenue) in the first quarter of the current fiscal year in comparison to the $2,566 k (56% of revenue) achieved for the same period last year. This 74% increase in gross profit excluding amortization is mainly explained by the 99% increase of revenue from utilization rights, rental and maintenance fees on the sale of admission tickets in commercial theatres.

9.3 Operating Expenses

Selling and Marketing: Selling and marketing expenses consist primarily of salaries paid to staff including share-based payment expenses, professional fees, advertising and point-of-sales material expenses and attendance at trade shows. They also include expenses related to motion coding and other marketing expenses.

For the first quarter ended June 30, 2015, selling and marketing expenses totaled $1,667 k (23% of revenue) representing a 8% increase in comparison to $1,545 k (34% of revenue) for the corresponding quarter of the previous fiscal year. This is explained for the most part by an increase in professional fees and trade show expenses.

Administration: Administrative expenses consist primarily of employee costs including share-based payment expenses, professional fees as well as other general and administrative expenses.

For the first quarter ended June 30, 2015, administrative expenses amounted to $991 k (14% of revenue) representing an 8% increase compared to the $915 k (20% of revenue) spent in the quarter ended June 30, 2014. This increase is primarily explained by the increase of employee-related costs.

Research and Development: Research and development expenses mainly include costs related to employees, amortization of assets and patents, others costs associated with existing product enhancement, and the cost of adapting products to various international standards, less investment tax credits.

For the first quarter ended June 30, 2015, research and development expenses amounted to $975 k (14% of revenue) which compares to $376 k (8% of revenue) for the corresponding quarter of the previous fiscal year. The $599 k increase is mostly explained by: i) a change of estimate of $356 k coming from a reduction of investment tax credits receivable, and an increase related to a liability for investment tax credits (this liability follows reception from relevant tax authorities of an assessment project relative to a previous fiscal year), and ii) an increase of $145 k in employee costs for the hiring of additional resources associated to product development and enhancement.

Foreign Exchange: The foreign exchange loss mainly results from the fluctuation of Canadian currency relative to US currency when converting US dollar operations at the prevailing rate on the date of a transaction and the conversion of US dollar monetary assets and liabilities at the end-of-period rate.

Thus, for the first quarter ended June 30, 2015, the foreign exchange loss amounts to $159 k in comparison to a foreign exchange loss of $471 k for the corresponding quarter last year.

9.4 Financial Expenses (Income)

For the first quarter ended June 30, 2015, financial expenses amounted to $12 k in comparison to $3 k for the corresponding quarter of the previous fiscal year.

9.5 Income Taxes

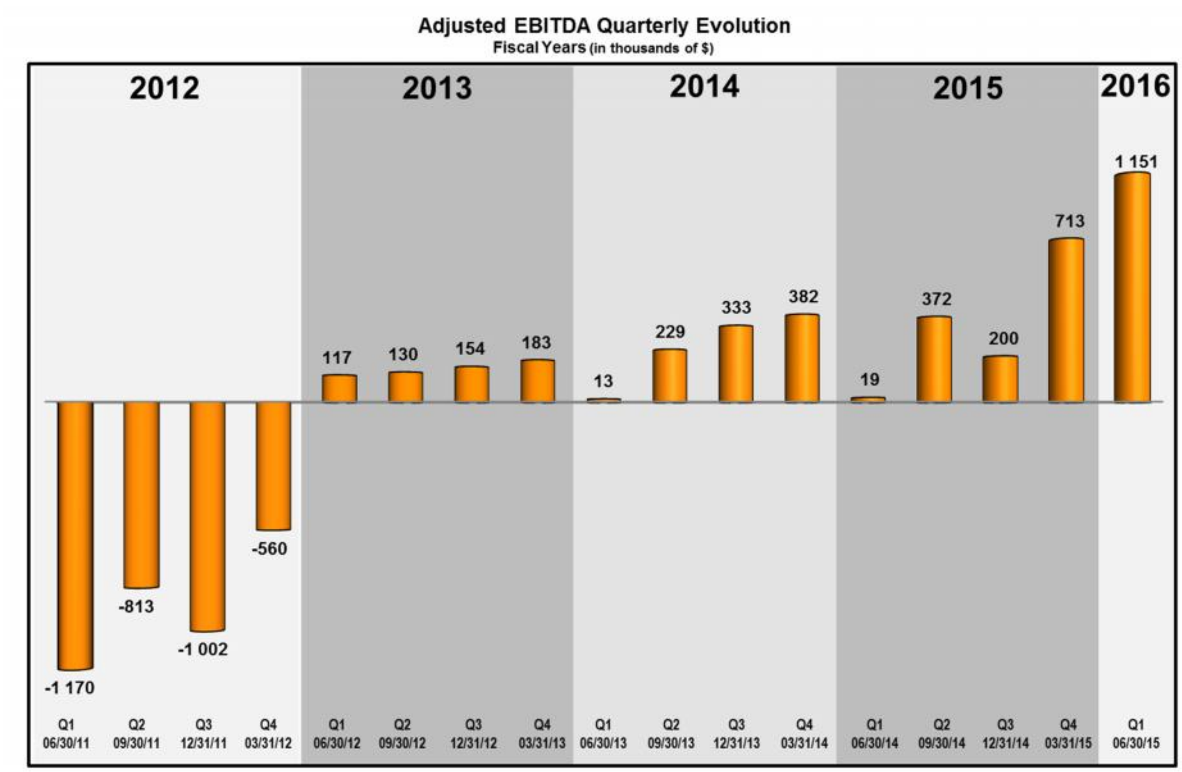
With respect to accounting for future income taxes, the Corporation has concluded that a valuation allowance equal to its future income tax assets should be recorded.

9.6 Net Income (Loss)

Given the aforementioned facts, but more specifically given the 58% increase in revenue, the net income for the first quarter ended June 30, 2015 amounted to $30 k ($0.0002 basic and diluted net income per share) in comparison to a net loss of $1,205 k ($0.0074 net loss per share) in 2014.

10. Adjusted EBITDA

The adjusted EBITDA is comprised of net income (loss) but excludes the following: items not affecting cash, foreign exchange gain or loss, financial expenses, interest income and income taxes. This measure provides useful and complementary information which allows, among other things, the evaluation of profitability and cash flows provided by operations.



D-BOX achieved a positive adjusted EBITDA in the first quarter of the 2013 fiscal year. It has remained positive and has been trending upwards ever since as a result of sustained growth in revenue and a tight control over operating expenses.

In the first quarter ended June 30, 2015, D-BOX achieved an adjusted positive EBITDA of $1,151 k in comparison to a positive adjusted EBITDA of $19 k for the same period last year.

11. Liquidity, Capital Resources and Financing Sources

As at June 30, 2015, total assets amounted to $24,596 k compared to $24,838 k as at March 31, 2015.

Working capital increased to $11,433 k as at June 30, 2015 compared with $11,238 k as at March 31, 2015. Cash and cash equivalents decreased by $470 k at $6,240 k compared with $6,710 k as at March 31, 2015 and is explained in the operating section and also in the investment activities section. Accounts receivable, which mostly consists of trade accounts receivable, investment tax credits and commodity taxes receivable, decrease by $280 k to $4,022 k as at June 30, 2015 in comparison to $4,302 k as at March 31, 2015. Inventories increased by $554 k from $3,903 k on March 31, 2015 to $4,457 k on June 30, 2015. Inventories increased due to open orders at the end of the quarter and available inventories for new products.

Current liabilities decreased by $350 k to $3,895 k as of June 30, 2015 which compares to $4,245 k as at March 31, 2015. Current liabilities include accounts payable and accrued liabilities which as a whole decreased by $316 k to $3,470 k compared to $3,786 k as at March 31, 2015. This decrease in accounts payable and accrued liabilities is mostly explained by higher employee compensation accrued liabilities as at March 31, 2015 compared to June 30, 2015.

11.1 Operating Activities

For the first quarter ended June 30, 2015, cash flows generated by operating activities totalled $111 k compared to a use of funds of $2,211 k for the corresponding quarter of the previous fiscal year. This favorable variance of $2,322 is the result of a positive variance of $1,200 k in net income when excluding items not affecting cash, plus a positive variance in changes in working capital items of $1,122 k coming mainly from accounts receivable.

11.2 Investing Activities

For the first quarter ended June 30, 2015, cash flows used by investment activities amounted to $570 k in comparison to $413 k for the corresponding quarter of the previous fiscal year.

Cash flows from investing activities include costs associated to the acquisition of property and equipment which required investments of $367 k this quarter compared to $101 k last year.

11.3 Financing Activities

There were no financing activities for the first quarter ended June 30, 2015 and 2014.

Subsequent to quarter-end, on August 5, 2015, the Corporation issued a loan and 4,500,000 warrants for gross proceeds of $5,000 k. Each warrant entitles its holder to purchase one Class A common share at $0.50 per share for a 48-month period ending August 5, 2019. The loan bears interest under specific conditions at a rate of either 7% or 10% and matures in full on February 5, 2020 and can be reimbursed at any time by the Corporation. The loan is secured and contains certain restrictions, including limitations on the Corporation’s ability to incur additional indebtedness, pay dividends and make other distributions. The loan is guaranteed by a general pledge and security agreement against the assets (except for the intellectual property) of the Corporation and its subsidiary.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares, options, warrants and per-share amounts) Page 14

11.4 Equity

Equity amounted to $20,701 k as at June 30, 2015, compared with $20,593 k as at March 31, 2015. This $108 k increase in the first quarter results mainly from the net income of $30 k plus the share-based payment expense of $57 k accounted to the share-based payment expense reserve account.

12. Quarterly Data

Operating results for each of the past eight quarters are presented in the table below.

	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue from the industrial market	**2,016**	**1,350**	**1,544**	**998**	**1,316**	**1,779**	**1,857**	**1,964**
Revenue from the entertainment market								
Commercial theatres:								
- System sales	2,564	4,418	2,150	1,880	1,878	2,120	1,499	1,889
- Rights for use, rental and maintenance	2,276	658	991	1,238	1,143	815	1,081	498
	4,840	5,076	3,141	3,118	3,021	2,935	2,580	2,387
Home entertainment system sales	332	254	309	238	223	266	182	144
Total revenue Entertainment market	**5,172**	**5,330**	**3,450**	**3,356**	**3,244**	**3,201**	**2,762**	**2,531**
TOTAL REVENUE	**7,188**	**6,680**	**4,994**	**4,354**	**4,560**	**4,980**	**4,619**	**4,495**
Adjusted EBITDA*	1,151	713	200	372	19	382	333	229
Net income (loss)	30	850	(315)	192	(1,205)	(43)	(352)	(675)
Basic and diluted net income (loss) per share	0.000	0.005	(0.002)	0.001	(0.007)	(0.001)	(0.002)	(0.004)
Weighted average number of common shares outstanding	163,784,462	163,784,462	163,784,462	163,783,665	163,781,129	163,781,129	163,781,129	163,781,129
Diluted weighted average number of common shares	171,180,329	167,491,996	163,784,462	163,783,665	163,781,129	163,781,129	163,781,129	163,781,129

* See the "Non-IFRS Financial Measures" section on page 7.

The fluctuation of revenue during the last eight quarters is explained, among other reasons, by the uneven growth of the industrial and entertainment markets. More specifically, for the entertainment market, revenue fluctuated based on the number of systems sold, the average number of systems installed, the number of systems leased, seasonality, the performance of presented films and the performance of commercial theatre exhibitors.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares, options, warrants and per-share amounts) Page 15

13. Commitments

The Corporation rents premises and equipment under operating leases and has entered into long-term commitments to purchase services. The minimum payments for the coming years are as follows:

	Leases	Other Commitments
Next twelve months	253	24
Following four years	769	1
Five years and thereafter	210	—
	1,232	**25**

The Corporation's operating lease expenses amounted to $122 k in the first quarter ended June 30, 2015 ($81 k in 2014) and has pledged the universality of movable property, both present and future, in favour of the lessors.

14. Fully Diluted Share Capital (August 11, 2015)

	Class A common shares
Class A common shares outstanding	163,784,462
Convertible instruments	
Stock options outstanding	15,052,678
Warrants	4,500,000
	183,337,140

15. Risk and Uncertainties

We are active in an industry which presents many risks and uncertainties. These risks and uncertainties are described in the Annual Information Form (AIF) dated June 18, 2015 which is available on www.sedar.com

16. Disclosure Controls and Internal Controls over Financial Reporting

Internal control over financial reporting aims to provide reasonable insurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the quarter ended June 30, 2015, there were no changes in the Corporation's internal control over financial reporting that materially affected, or are likely to materially affect, the Corporation's internal control over financial reporting.

17. Continuous Information and Additional Disclosure

This MD&A was prepared as at August 11, 2015. Additional information can be found on the SEDAR website at www.sedar.com

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