Management Discussion and Analysis

D-BOX Technologies Inc.

First Quarter ended June 30, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS

D-BOX Technologies Inc.

First Quarter ended June 30, 2013

1. Scope of the MD&A / Introduction

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, 2013 by comparison to those of the first quarter of the previous fiscal year. It also presents a comparison of the balance sheets as at June 30, 2013 and March 31, 2013.

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 the MD&A for the fiscal year ended March 31, 2013 and the unaudited interim condensed consolidated financial statements of the first quarter ended June 30, 2013. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements of the first quarter ended June 30, 2013 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, but not limited to, 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. Highlights

3.1 Financial and operational highlights

- D-BOX records a fifth consecutive quarterly positive adjusted EBITDA:
  - ✓ The entertainment market generates revenues from utilization rights, rental and maintenance fees up by more than 130% in comparison with the last quarter ended March 31, 2013.
  - ✓ Five productions from Hollywood's main studios shown in theatres by D-BOX were ranked #1 at the North American box-office during opening weekend.
  - ✓ The industrial market grows by 20% and continues to offer an interesting diversification to D-BOX's revenues.
  - ✓ Growth of the gross margin excluding amortization which represents 63% of revenues in comparison to 55% for the corresponding quarter of last year resulting from the utilization rights, rental and maintenance fees' exceptional performance.
- Continuous deployment with international and strategic commercial theatre chains:
  - ✓ Cinemark, the third largest chain in the United-States, continues its deployment in South America installing two new theatres equipped with D-BOX's technology in Colombia. These installations follow the deployment of two initial screens in Peru in November 2012.
  - ✓ Cineplex, the fifth most important theatre chain in North America and one of D-BOX's most significant customers in the entertainment market will offer going forward, the purchase of D-BOX tickets through the Internet.

4. Corporate Profile

D-BOX Technologies Inc. designs, manufactures and commercializes cutting-edge motion systems intended mainly for the entertainment and industrial markets. This unique and patented technology, the D-BOX Motion Code, 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. As of today, many major studios offer D-BOX Motion Code on their motion pictures in commercial theatres, on DVDs and Blu-rays. By reaching agreements with various industry leaders, D-BOX's award-winning motion technology is gradually proving itself as a new global standard. D-BOX is a public company whose shares are traded on the Toronto Stock Exchange under the symbol DBO. D-BOX® and D-BOX Motion Code® are registered trademarks of D-BOX Technologies Inc. Other names are for informational purposes only and may be trademarks of their respective owners.

Three components produce motion synchronized 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.

The Corporation's current revenue streams mainly consist of:

1. the sale or lease of D-BOX motion systems including motion controllers and in some cases, computer servers;
2. utilization rights (license) for the D-BOX technology on the sale of admission tickets in movie theatres which are equipped with this technology to view a motion picture encoded by D BOX. The Corporation also receives system maintenance revenues relating to the use of systems.

The entertainment experience provided by the Corporation's technology targets two distinct markets: the entertainment market and the industrial market which each have their respective submarkets. As at June 30, 2013, D-BOX had 67 employees compared to 69 as at June 30, 2012.

5. Corporate Strategy

The Corporation is positioning itself as the global reference in regard to the creation and design of motion systems mainly for the entertainment market. It is developing its brand awareness in addition to offering a differentiating asset generating revenues 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	• Casinos • Therapeutic care • Gaming (arcades and others) • Simulation and training • Amusement parks, museums and planetariums

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5.1 Revenue Model

The Corporation's targeted revenue streams are as follows:

1. utilization rights and maintenance fees from the premium on admissions tickets sold by for the use of the technology in movie theatres;
2. the sale or rental of D-BOX motion systems to movie theatre owners; and
3. direct sales of motion systems to a network of specialized resellers, integrators, equipment or seating manufacturers whom market the D-BOX technology under their own brands (Original Equipment Manufacturers ("OEM")). This marketing method offers the advantage of minimizing sales and marketing costs.

5.2 Growth Strategy / Entertainment Market

The Corporation is continuously pursuing negotiations with movie theatre owners to increase the number of venues equipped with its technology. The Corporation continues to increase the number of exhibitors while ensuring broader geographical coverage around the world.

Concurrently, the Corporation is counting on the contacts and credibility it has established with studios to increase the amount of content. The Corporation believes that an increase in the offering of motion pictures has a direct impact on the number of equipped venues and that box office revenue per D-BOX equipped theatre acts as a motivational agent to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors who wish to add a distinctive element to their offering;
2. stimulate motion system sales for a certain clientele of the home entertainment submarket who want to be able to watch encoded movies in the comfort of their homes;
3. entice video game customers to equip their gaming seats with D-BOX actuators allowing them to live the action;
4. promote the sale of the technology to existing exhibitors who wish to equip more than one of their sites or to equip more than one screen within the same site as illustrated by the two following tables:

Number of exhibitors with more than one site integrating the D-BOX technology

Q1 June 2012	Q2 Sept. 2012	Q3 Dec. 2012	Q4 March 2013	Q1 June 2013
24	25	30	32	34

Number of sites with more than one screen within the same complex integrating the D-BOX technology

Q1 June 2012	Q2 Sept. 2012	Q3 Dec. 2012	Q4 March 2013	Q1 June 2013
13	14	18	21	21

Furthermore, an increased number of equipped theatres has a direct impact on the offering of studios on the basis of a business model that is beneficial to all parties involved who split the new revenues generated by the technology. It should be noted that more than 95% of our commercial theatre exhibitors have added at least one additional screen equipped with the D-BOX MFX technology.

The D-BOX experience in movie theatres will continue to experience pronounced growth through the deployment of its technology. This vision is strengthened by the fact that the Corporation has continuously encoded content from major studios in addition to encoding local content in some countries where D-BOX is now present. Also, it has proven its technical and commercial merits 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 of commercial theatre business activities will not necessarily be linear but rather subject to a certain level of volatility on the basis of consecutive quarters. With respect to markets outside of North America, it is noteworthy that the launch date of movies are not necessarily the same in different geographical markets.

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 movie theatre chains are handled by an internal business development team and a few external partners in certain countries. In addition, the Corporation's representatives continue to attend major film exhibition trade shows. The Corporation believes that the entertainment market, in addition to being an excellent showcase for the demonstration of its technology to the largest number of people possible, generates increasing revenues through utilization rights earned from the use of the technology based on premiums on 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 systems 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 of the filing date of its most recent financial statements. The following tables show the progression as at August 13, 2013, of installed, or added to the backlog, D-BOX MFX systems since the end of the last quarter on March 31, 2013.

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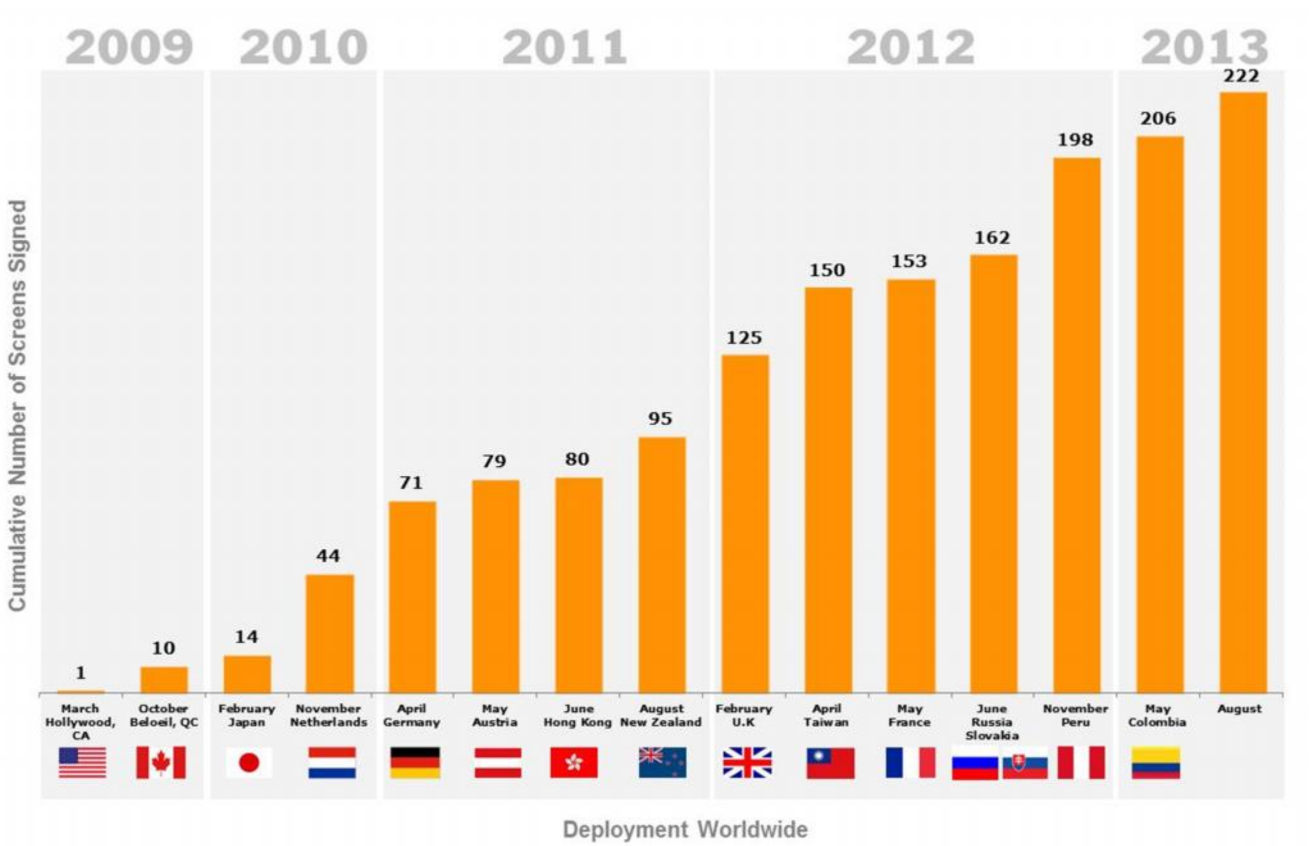
Increase of D-BOX MFX Systems
Variation for the quarter ended June 30, 2013 and on August 13, 2013

	Backlog*		Installed		Total	
	# screens	# D-BOX MFX systems	# screens	# D-BOX MFX systems	# screens	# D-BOX MFX systems
As at March 31, 2013	13	384	193	4,962	206	5,346
Additions to backlog during the quarter	6	130	—	—	6	130
Net installations during the quarter	(8)	(186)	5	149	(3)	(37)
As at June 30, 2013	11	328	198	5,111	209	5,439
Additions to the backlog during the period	13	317	—	—	13	317
Net installations during the period	(2)	(147)	2	147	—	—
As at August 13, 2013	22	498	200	5,258	222	5,756

* The final number may slightly fluctuate given certain constraints caused amongst others by the possible change of the layout of screening rooms or by changes made to contracts after their execution.

Worldwide growth of installed screens or in backlog
As at August 13, 2013



1. sell products under its own brand name and under original equipment manufacturers' (OEM), integrators' and resellers' brands;
2. increase the number of movies encoded by D-BOX.

Longer term, the Corporation intends to create products or forge partnerships with strategic players which will allow an eventual and progressive penetration of the consumer mass market.

In short, D-BOX has demonstrated so far:

- the willingness of moviegoers to pay a premium on an admission ticket to experience immersive Audio Video Motion (AVM);
- that more than 95% of our commercial theatre exhibitors add at least one other screen equipped with the D-BOX technology;
- that our close relations with major studios have allowed us to obtain 85 motion pictures set for a theatrical release since April 2009;
- that, in comparison with traditional theatre seats, the D-BOX zone has a significantly superior occupancy rate;
- that it generates a new source of business traffic and new revenues for movie theatre operators allowing them to stand out from competitors and increase their revenues ((i) direct revenues from the sale of tickets in the D-BOX section and (ii) indirect revenues from the sale of food and beverages); and
- that brings in an additional source of revenues for the studios.

5.3 Growth Strategy / Industrial Market

The industrial market continues to significantly increase global awareness to the D-BOX brand sparking consumer interest for the Audio Video Motion (AVM) experience in order to stimulate demand for the D-BOX experience in other submarkets, such as: arcades, casinos, industrial simulation, therapeutic care, virtual training, museums and planetariums. The Corporation is mobilizing resources that are devoted to the business development of this continuously-growing market with the goal of identifying new eventual partners, to properly satisfy their needs and answer their requests.

With respect to products earmarked for industrial simulation users, the Corporation is following its mission to sell products under its own brand as well as 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 longer term, the Corporation seeks to:

1. sell licenses to manufacturers of audio-video devices to integrate motion controller circuitry into new devices;

2. develop products or enter into partnerships with strategic players which will allow for the eventual and progressive penetration of new markets.

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

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The Corporation will continue to dedicate 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 readiness to invest the necessary effort and resources to generate significant new revenue streams.

5.4 Content for the Entertainment Market

Access to content is a key factor regarding the speed of D-BOX technology deployment. To date, the Corporation has developed business relationships with many theatrical and video game content providers.

As at June 30, 2013, D-BOX has encoded over the years 1,226 movies or TV series for the home entertainment submarket. As for video games, 61 titles are compatible with the D-BOX technology.

With respect to theatrical releases, the Corporation has been mandated to encode 85 motion pictures from various studios in North America.

Number of Movies Presented or to be Presented in Theatres

Fiscal Year	Number of Movies
2010	12
2011	13
2012	22
2013	28
2014 to date	10
Total	85

6. Outlook

D-BOX focuses on two major development areas: the entertainment market and the industrial market which have their respective submarkets.

In light of the business development activities in each of these two markets, D-BOX anticipates that the upward trend in revenues should be sustained despite remaining subject to a certain level of volatility. In combination with this expected growth of revenues over the next few quarters, D-BOX also forecasts to gradually increase the level of its operating expenses. The Corporation aims to maintain a positive adjusted EBITDA and intends to manage its operations based on attaining this objective.

7. Non-IFRS Measures

In this MD&A, the Corporation's management uses two measures which is not compliant with IFRS. These measures, gross profit excluding amortization and adjusted EBITDA, supply useful and complementary information to, among other things, assess the Corporation's financial performance, but does not have standardized meanings under IFRS. Moreover, these measures are not likely to be comparable to similar measures used by other issuers. The adjusted EBITDA designates the net loss before items not affecting cash, the foreign exchange gain or loss, financial expenses and interest income and income taxes (see the table explaining the reconciliation of adjusted EBITDA to the net loss on page 13).

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8. Main Financial Data

The following table presents selected significant financial data for the first quarter ended June 30, 2013 by comparing them with the corresponding period of the previous fiscal year.

	Quarter ended June 30	
	2013	**2012**
Information from the Consolidated Statements of Operations and Comprehensive Loss		
Revenues	3,499	3,568
Gross profit excluding amortization*	2,200	1,966
Adjusted EBITDA*	13	117
Net loss	(519)	(590)
Basic and diluted net loss per share	(0.0032)	(0.0036)
Information from the Consolidated Statements of Cash Flows		
Goods held for lease	(118)	(801)
Cash flows relating to operating activities	(1,000)	(61)
Additions to property, plant and equipment	(71)	(127)
Additions to intangible assets	(48)	(79)

* See the "Non IFRS measures" section.

The following table presents certain important financial data of the consolidated balance sheet as at June 30, 2013 and as at March 31, 2013.

	June 30 2013	**March 31 2013**
Information from the Consolidated Balance Sheets		
Cash and cash equivalents	4,577	5,708
Inventories	4,597	4,578
Working capital	11,394	11,568
Total assets	23,568	24,537
Total liabilities	1,950	2,531
Equity	21,618	22,006

9. Operating Results

9.1 Revenues

Revenues for the first quarter ended June 30, 2013 amounted to $3,499 k, down 2% compared to $3,568 k for the comparative quarter ended June 30, 2012. Revenues include motion system sales to customers in the industrial market which sell the D-BOX technology under their own brand names and system sales to customers of the entertainment market. The entertainment market is made up of D-BOX MFX system sales to commercial theatre operators, revenues from utilization rights, rental and maintenance fees with respect to admission tickets sold in commercial theatres and system sales to home entertainment customers.

Sales of motion systems to customers of the industrial market amounted to $1,403 k for the corresponding quarter ended June 30, 2013 representing a 20% increase compared to $1,165 k for the corresponding quarter of the previous fiscal year. For the last few years, our development strategy has consisted in selling our motion system technology to customers from the industrial market so they can integrate it into their products. The growth in sales is explained by efforts deployed, including attendance at commercial and industrial trade shows which contribute getting the D-BOX technology known, and the presentation in commercial theatres of movies integrating D-BOX Motion Code which creates an increasing demand for the D-BOX experience in numerous other submarkets such as: casinos and electronic gaming, therapeutic care, industrial simulation and virtual training. During the period, sales to our two main customers in the field of electronic gaming and casinos represented 29% of the Corporation's overall sales in comparison of 22% last year.

Revenues generated by the entertainment market during the quarter amounted to $2,096 k, representing a 13% decrease when compared to the $2,403 k realized in the corresponding quarter of the previous fiscal year. Revenues from commercial theatre exhibitors decreased by 5%, from $1,975 k in the first quarter of the 2012 fiscal year to $1,885 k in the first quarter of this year. These revenues are made up of sales of: i) D-BOX MFX systems sold which decreased by 52% to $625 k (compared to $1,312 k for the corresponding quarter of 2012) since a number of deliveries were postponed to the next quarter and ii) revenues from utilization rights, rental and maintenance fees in regards to admission tickets sold in commercial theatres which increased by more than 90% to $1,260 k ($663 k in 2012) given the good box-office performance, the quality of films presented in theatres during the quarter and the number of systems deployed which is steadily increasing. It should be noted that revenues from utilization rights, rental and maintenance fees have increased by more than 130% in comparison with the last quarter ended March 31, 2013, and fluctuate from one period to another, mainly because of the following factors:

- The average number of D-BOX MFX systems deployed which is constantly evolving as previously mentioned;
- The Box Office performance of the movies that are presented, which can fluctuate significantly;
- The individual performance of exhibitors;
- The split between D-BOX MFX systems sold in comparison to those that are leased;
- The number of weekly screenings of a D-BOX movie, which can change based on the country in which a film is presented;
- The number of weeks during which a movie is played, which can vary amongst others based on the country given different launch dates or the decision made by an exhibitor to present a film for a longer or shorter period.

As of June 30, 2013, 5,111 D-BOX MFX systems were installed in 198 auditoriums around the world compared to 3,711 D-BOX MFX systems installed in 143 auditoriums at the same date last year. The entertainment market also includes system sales for home entertainment which decreased to $211 k in comparison to $428 k last year.

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9.2 Gross Profit

	First quarter ended June 30	
	2013	**2012**
Revenues	3,499	3,568
Gross profit	1,687	1,540
Amortization related to cost of goods sold	513	426
Gross profit excluding amortization *	2,200	1,966
Gross margin excluding amortization	63%	55%

* See the "Non IFRS measure" section.

For the quarter ended June 30, 2013, gross profit increased by 10% amounting to $1,687 k in comparison to $1,540 k for the corresponding quarter of the previous fiscal year. Excluding amortization related to cost of goods sold, which mostly relates to goods held for lease for commercial exhibitors in the entertainment market, gross profit amounted to $2,200 k (63% of revenues) in 2013 or a 12% increase in comparison to the $1,966 k (55% of revenues) achieved last year. The increase in gross profit is explained by the good performance of revenues from utilization rights, rental and maintenance fees as previously explained that carry a much greater gross margin as opposed to the sale of systems.

9.3 Operating Expenses

Selling and Marketing Expenses: 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 industrial trade shows targeting both the industrial and entertainment markets. They also include expenses related to motion coding and other marketing expenses.

For the quarter ended June 30, 2013, selling and marketing expenses totaled $1,361 k (39% of revenues) representing a 22% increase in comparison to $1,120 k (31% of revenues) for the corresponding quarter of the previous fiscal year. This increase is explained by higher employee-related expenses and expenses associated to the attendance of industrial trade shows mostly for the entertainment market.

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

For the quarter ended June 30, 2013, administrative expenses amounted to $855 k (24% of revenues) which compares to $746 k (21% of revenues) for the corresponding quarter of the previous fiscal year. This 15% increase of administrative fees is explained for the most part by an increase of employee-related expenses and costs associated with being a public company.

Research and Development Expenses: Research and development expenses mainly include costs related to employees, share-based payment expenses, others costs associated with existing product enhancement and cost reduction initiatives and the cost of adapting products to various international standards less investment tax credits.

For the quarter ended June 30, 2013, research and development expenses decreased by 17% to $322 k (9% of revenues) compared with $388 k (11% of revenues) for the corresponding period of the previous fiscal year. The decrease comes for the most part from lower employee-related costs.

Foreign Exchange gain: The foreign exchange gain mainly results from the fluctuation of the Canadian currency in relationship to the US currency when converting US dollar operations at the prevailing rate on the date of a transaction and the translation of the US dollars monetary assets and liabilities at the end-of-period rate. During the quarter ended June 30 2013, the fluctuation of the exchange rate of the US dollar in relationship to the Canadian dollar translated into a foreign exchange gain of $344 k which compares to a foreign exchange gain of $118 k last year.

9.4 Financial Results

The financial results include financial expenses and interest income. For the quarter ended June 30, 2013, financial results amounted to a net expense of $6 k in comparison to a positive result of $10 k for the corresponding quarter of last 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 Loss

Given the previously-mentioned items, the net loss for the first quarter, is lower as it stands at $519 k ($0.0032 per share) in comparison to a net loss of $590 k ($0.0036 per share) for the corresponding quarter of last year.

10. Adjusted EBITDA

The adjusted EBITDA designates net loss before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest income and income taxes. This measure supplies useful and complementary information which allows amongst others to evaluate profitability and cash flows provided by operations.

As demonstrated by the following graph, D-BOX achieved an adjusted positive EBITDA for the last five quarters. This turnaround in the Corporation's profile is the result of strategies developed over the course of the last few years for the industrial and entertainment markets which resulted into much higher revenues and gross profit in combination with a tight control over operating expenses.

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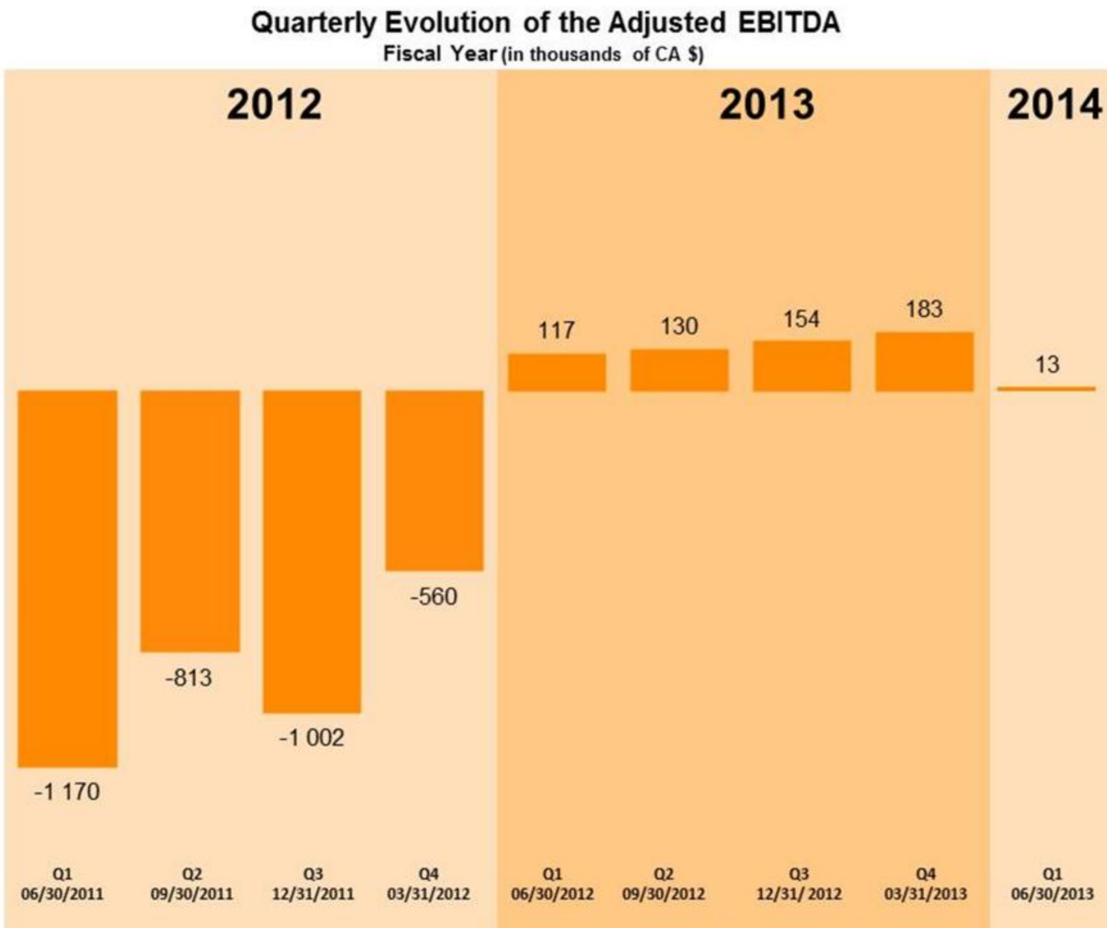

The following table explains the reconciliation of the adjusted EBITDA to the net loss.

	First quarter ended June 30	
	2013	**2012**
Net loss	(519)	(590)
Amortization of property, plant and equipment	588	486
Amortization of intangible assets	70	62
Amortization of other assets	23	22
Write-off of property, plant and equipment	16	—
Share-based payment expense	167	261
Foreign exchange gain	(344)	(118)
Financial results (financial expenses and interest income)	6	(10)
Income taxes	6	4
Adjusted EBITDA*	13	117

* See the "Non IFRS measure" section.

Adjusted EBITDA amounted to $13 k in the first quarter representing a decrease in comparison of $117 k for the corresponding quarter of the previous fiscal year.

11. Liquidity, Capital Resources and Financing Sources

As at June 30, 2013, total assets amounted to $23,568 k which compares to $24,537 k as at March 31, 2013. The decrease in total assets is mostly explained by cash and cash equivalents used for operating activities.

Working capital stood at $11,394 k as at June 30 2013 compared with $11,568 k as at March 31, 2013. Cash and cash equivalents totaled $4,577 k as at June 30, 2013 compared with $5,708 k as at March 31, 2013 and consisted of money market securities that are readily accessible by the Corporation. Accounts receivable, which mostly consist of trade accounts receivable, investment tax credits and commodity taxes receivable, amounted to $3,736 k as at June 30, 2013 in comparison to $3,411 k as at March 31, 2013. Inventories remained relatively stable amounting to $4,597 k as at June 30, 2013 in comparison to $4,578 k as at March 31, 2013. Short-term liabilities decreased by $581 k to $1,950 k as of June 30, 2013 which compares to $2,531 k on March 31, 2013. Short-term liabilities include accounts payable and accrued liabilities which, as a whole, decreased $719 k. This variation results for the most part from compensation-related and supplier-related payments.

Since the end of the quarter ended June 30, 2013, cash and cash equivalents increased by about $600 k to more than $5,200 k as of August 13, 2013.

11.1 Operating Activities

For the quarter ended June 30, 2013 cash flows used in operating activities totalled $1,000 k compared with $61 k for the corresponding quarter of the previous fiscal year. During the quarter, funds were used to pay accounts payable and accrued liabilities for $1,059 k (funds provided by operations of $255 k for the comparative quarter) and the increase of accounts receivable for $665 k (funds used by operations of $245 k for the comparative quarter). In addition, the use of funds for goods held for lease only equals a use of funds of $118 k in comparison to a use of funds of $801 k in the corresponding quarter of the previous fiscal year.

11.2 Investing Activities

For the quarter ended June 30, 2013, cash flows used by investment activities amounted to $119 k in comparison to cash flows used by investment activities of $206 k for the corresponding quarter of the previous fiscal year. Cash flows from investing activities include costs associated to patents and patent requests and the acquisition of tangible assets such as the D-BOX MFX demonstration booths installed in commercial theatres in North America.

11.3 Financing Activities

There were no financing activities for the quarters ended June 30, 2013 and 2012.

11.4 Equity

Equity amounted to $21,618 k as at June 30, 2013, compared with $22,006 k as at March 31, 2013. This $388 k decrease is mainly the result of the period’s net loss amounting to $519 k less the share-based payment expense of $167 k accounted to the share-based payment expense reserve account.

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12. Quarterly Data

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

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues from the industrial market	1,403	1,735	1,322	1,919	1,165	1,333	968	1,091
Revenues from the entertainment market Commercial Theatre exhibitors:								
- System sales	625	1,097	1,115	682	1,312	641	50	105
- Utilization rights, rental & maintenance	1,260	542	484	856	663	412	362	369
	1,885	1,639	1,599	1,538	1,975	1,053	412	474
System sales for home entertainment	211	211	471	251	428	197	430	465
Total revenues Entertainment market	2,096	1,850	2,070	1,789	2,403	1,250	842	939
TOTAL REVENUES	3,499	3,585	3,392	3,708	3,568	2,583	1,810	2,030
Adjusted EBITDA *	13	183	154	130	117	(560)	(1,002)	(813)
Net loss	(519)	(508)	(273)	(1,204)	(590)	(1,824)	(1,958)	(981)
Basic and diluted net loss per share	(0.0032)	(0.0031)	(0.002)	(0.007)	(0.004)	(0.011)	(0.012)	(0.006)
Weighted average number of common shares outstanding	163, 781, 129	163, 781, 129	163, 781, 129	163, 781, 129	163, 781, 129	163, 781, 129	163, 781, 129	163, 764, 825

* See the "Non-IFRS Financial Measures" section.

The variation of revenues during the last 8 quarters is explained amongst others by the uneven growth of the industrial and entertainment markets. More specifically for the entertainment market, revenues fluctuate in relationship to number of systems sold, the average number of systems installed, the number of systems which are leased, seasonality, the performance of presented films and the performance of commercial theatre exhibitors.

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13. Commitments

Future minimum payments under long-term contracts, mainly leases for the rental of the Corporation's premises, are as follows for future fiscal years.

Fiscal year	In thousand of $
2014	178
2015	134
2016	57
2017	1
2018	—
	370

The Corporation has pledged the universality of movable and personal property, both present and future, as collateral in favour of the lessor up to a maximum of $120 k.

14. Outstanding Share Capital (August 13, 2013)

	Class A common shares
Class A common shares outstanding	163,781,129
Convertible instruments	
Stock options outstanding	13,975,311
	177,756,440

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, 2013 which is available on www.sedar.com

16. Controls and Procedures

Internal control over financial reporting means a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS.

During the quarter ended June 30, 2013, no material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect these controls were brought to the attention of the Corporation.

17. Additional and continuous disclosure

This MD&A has been prepared as at August 13, 2013. Additional information can be found on the SEDAR website at www.sedar.com

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