D-BOX

Motion Architects™

Management Discussion and Analysis

D-BOX Technologies Inc.

First quarter ended June 30, 2014

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D-BOX
Motion Architects™

MANAGEMENT DISCUSSION AND ANALYSIS

D-BOX Technologies Inc.

First quarter ended June 30, 2014

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, 2014 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, 2014 and March 31, 2014.

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, 2014 and the unaudited interim condensed consolidated financial statements of the first quarter ended June 30, 2014. 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, 2014 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

- Quarterly revenues up 30% to $4,560 k including $1,143 k of recurring revenue from utilization rights, rental and maintenance and $1,878 k in system sales for the entertainment market.
- Adjusted EBITDA* of $19 k for the quarter representing a ninth consecutive positive adjusted EBITDA and net loss of $1,205 k. As expected, D-BOX increased the level of sales and marketing and R&D expenses to support the planned launch of new products and the anticipated revenue growth.
- Investments in intangible assets of $351 k including $266 k for the development of new products. These new products have brought in revenues of more than $100 k during the quarter.

First quarter ended June 30 (in thousands of $CA, except per share amounts)		
	First quarter	
	2014	2013
Revenues	4,560	3,499
Adjusted EBITDA*	19	13
Net loss	(1,205)	(519)
Basic and diluted net loss per share	(0.0074)	(0.0032)

Information from the consolidated balance sheet		
	As at June 30, 2014	As at March 31, 2014
Cash and cash equivalents	4,057	6,717

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

3.2 Operational Highlights

- Signing new contracts in the entertainment market representing 20 screens including;
  - ✓ 8 in South America
  - ✓ 4 in Japan
  - ✓ 3 in Germany
  - ✓ 3 in Malaysia
  - ✓ 2 in the United States

- Nine productions from major Hollywood studios were coded by D-BOX for presentation in theatres during the quarter, of which 6 ranked # 1 at the North American box office on opening weekend.

4. Corporate Profile

D-BOX Technologies Inc. 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 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;
3. coding rights for visual content.

The entertainment experience provided by the Corporation's technology essentially targets two distinct markets: the entertainment market and the industrial market which each have their respective sub-markets. As at June 30, 2014, D-BOX had 75 employees compared to 67 as at June 30, 2013.

5. Corporate Strategy

The Corporation is establishing itself as the global reference with respect to the creation and design of immersive motion systems. It is developing brand awareness in addition to offering differentiated 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	• Simulation and training • Amusement parks, arcades, museums and planetariums • Casinos • Therapeutic care

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. 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 constantly pursuing negotiations with movie theatre owners to increase the number of venues equipped with its technology.

Concomitantly, the Corporation relies on the contacts and credibility established with Hollywood's major studios and certain Asian and European studios in order to obtain more content. 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 equipped theatres acts as an incentive to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors that want to add a unique element to their offering;
2. facilitate the sale of the technology to current film 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 clientele, in the home entertainment sub-market, who want to be able to watch coded movies in the comfort of their homes;
4. entice video game customers to gaming seats equipped with D-BOX actuators thereby allowing them to feel all the action that can be brought by a specific game.

As of June 30, 2014, 30 or so exhibitors had more than one site that integrated D-BOX technology and more than 35 sites had more than one screen incorporating our technology within the same complex.

In turn, an increase in the number of equipped theatres has a direct impact on the offers from studios because it is based on a business model in which all parties involved benefit since they share the new revenue generated by the technology.

Access to content is a key factor in rapidly deploying D-BOX technology. As of today, the Corporation has developed business relations with many content providers either for movies or gaming. For instance, thus far, over 125 titles, including more than 60 which ranked no 1 at the box office on opening weekend, have been coded for presentation in commercial theatres.

The D-BOX experience in movie 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 present. Furthermore, it has proven its technical and commercial merits and has received several awards over the last few years.

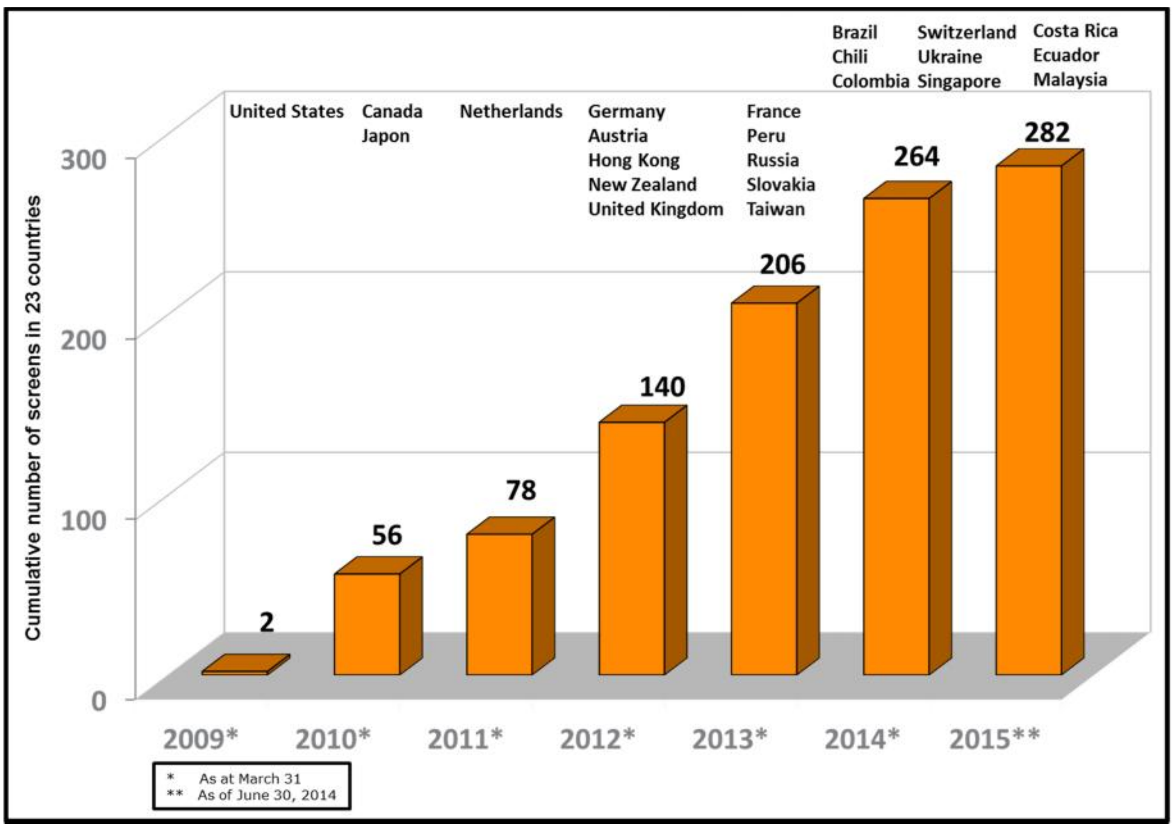
However, certain seasonal factors may impact the deployment of new D-BOX MFX systems in commercial theatres. The Corporation's growth rate for its commercial theatre business activities will not necessarily be linear but rather subject to a certain level of volatility through consecutive quarters. With respect to markets outside of North America, it is worth noting that the launch dates 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. Moreover, the Corporation's representatives continue to attend major 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 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 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 date of its most recent financial statements. As at June 30, 2014, 6,479 D-BOX MFX systems were installed in 249 theatres. Furthermore, on the same date, the backlog represented 656 D-BOX MFX systems to be installed in 33 theatres. The total installed or in backlog screens stood at 282 at the end of the quarter in comparison to 264 as at March 31, 2014.

Worldwide growth of installed screens or in backlog
As at June 30, 2014



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;
3. create products and form partnerships with strategic players who allow for progressive 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 experience immersive Audio Video Motion (AVM);
- 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 zone and (ii) indirect revenues from the sale of food and beverages); and
- that it brings in additional visibility and a new source of revenues for the studios.

5.3 Growth Strategy / Industrial Market

The industrial market contributes significantly to the global awareness of the D-BOX brand thereby sparking consumer interest for the Audio Video Motion (AVM) experience which stimulates demand for the D-BOX experience in other sub-markets, such as: industrial simulation, arcades, casinos, therapeutic care, virtual training, museums and planetariums. The Corporation is mobilizing resources devoted to the business development of this continuously-growing market with the goal of identifying new eventual partners, properly satisfying their needs and meeting their demands.

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.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares and per-share amounts) Page 7

6. 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 expects to maintain the upward trend in revenue.

In conjunction with the anticipated growth in revenue, D-BOX expects to gradually increase the level of its operating expenses including fees related to sales, marketing research and development that will support the commercialization of new products. In general, the Corporation aims, however, 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 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 allows to evaluate the Corporation's profitability and its capacity to generate funds from its operating activities. It designates the net loss before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest income and income taxes.

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

	First quarter ended June 30	
	2014	2013
Net loss	(1,205)	(519)
Amortization of property, plant and equipment	515	588
Amortization of intangible assets	76	70
Amortization of other assets	21	23
Write-off of property, plant and equipment	54	16
Gain on disposal of property, plant and equipment	(36)	–
Share-based payment expense	115	167
Foreign exchange loss (gain)	471	(344)
Financial results (financial expenses and interest income)	3	6
Income taxes	5	6
Adjusted EBITDA	19	13

2) The gross profit excluding depreciation also allows 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 depreciation (See the table explaining the reconciliation of gross profit to gross profit excluding depreciation on page 7).

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

8. Main Financial Data

The following table presents selected significant financial data for the first quarter ended June 30, 2014 by comparing them with the corresponding period from the previous fiscal year.

	First quarter ended June 30	
	2014	2013
Information from the Consolidated Statements of Operations and Comprehensive Loss		
Revenues	4,560	3,499
Gross profit excluding amortization*	2,566	2,200
Adjusted EBITDA*	19	13
Net loss	(1,205)	(519)
Basic and diluted net loss per share	(0.0074)	(0.0032)
Information from the Consolidated Statements of Cash Flows		
Goods held for lease	(111)	(118)
Cash flows relating to operating activities	(2,211)	(1,000)
Additions to property, plant and equipment	(101)	(71)
Additions to intangible assets	(351)	(48)

* See the "Non-IFRS measures" section.

The following table presents certain important financial data of the consolidated balance sheet as at June 30, 2014 and as at March 31, 2014.

	June 30, 2014	March 31, 2014
Information from the Consolidated Balance Sheets		
Cash and cash equivalents	4,057	6,717
Inventories	4,849	4,389
Working capital	10,873	11,502
Total assets	22,499	24,204
Total liabilities	2,600	3,264
Equity	19,899	20,940

9. Operating Results

9.1 Revenues

Revenue for the first quarter ended June 30, 2014 amounted to $4,560 k, an increase of 30% compared to $3,499 k for the first quarter ended June 30, 2013. Revenues include 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, 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 $1,316 k for the first quarter ended June 30, 2014 representing a 6% decrease compared to $1,403 k for the quarter ended June 30, 2013. Our development strategy consists of selling our motion system technology to customers in the industrial market so they can integrate it into their products. Industrial market sales are driven by, among other things, attendance at commercial and industrial trade shows which contributes to the awareness of D-BOX technology and the presentation, in commercial theatres, of movies integrating D-BOX Motion Code, which creates a growing demand for the D-BOX experience in numerous other sub-markets such as: amusement parks, arcades, museums and planetariums, industrial simulation and training. During the first quarter, sales to our two main customers represented 52% (43% and 9%) of the Corporation's sales in the industrial market in comparison with 71% (36% and 35%) last year.

During the first quarter, revenue generated by the entertainment market amounted to $3,244 k, representing a 55% increase compared to the $2,096 k realized last year. Revenue from commercial theatre exhibitors increased 60% from $1,885 k in the first quarter of 2013 to $3,021 k in the first quarter of this year. This revenue consists of: i) the sale of D-BOX MFX systems which increased by 200% to $1,878 k ($625 k for the corresponding quarter in 2013) and ii) revenue from utilization rights, rental and maintenance fees due to the sale of admission tickets in commercial theatres which decreased by 9% to $1,143 k ($1,260 k in 2013). Despite an increase in total tickets sold, the average revenue per-ticket in newly-signed screens on the international markets decreased.

It is important to remember that revenues from utilization rights, rental and maintenance fees can fluctuate from one period to another based on the following factors:

- the box office performance of the movies that are presented, which can fluctuate significantly;
- 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;
- 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, 2014, 6,479 D-BOX MFX systems were installed in 249 auditoriums around the world compared to 5,111 D-BOX MFX systems installed in 198 auditoriums at the same date last year.

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

The entertainment market also includes system sales for home entertainment which increased by 6% to $223 k in comparison to $211 k last year.

During the first quarter ended June 30, 2014, sales to our two most important customers represented 12% (7% and 5%) of the entertainment market sales relative to 19% (13% and 6%) for the corresponding quarter last year.

9.2 Gross Profit

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

	First quarter ended June 30	
	2014	2013
Revenues	4,560	3,499
Gross profit	2,110	1,687
Amortization related to cost of goods sold	456	513
Gross profit excluding amortization *	2,566	2,200
Gross margin excluding amortization	56%	63%

* See the "Non-IFRS measure" section.

For the first quarter ended June 30, 2014, gross profit increased by 25% amounting to $2,110 k in comparison to $1,687 k for the corresponding quarter of the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit amounted to $2,566 k (56% of revenues) in the first quarter of the current fiscal year in comparison to the $2,200 k (63% of revenues) achieved last year. This 17% increase in gross profit excluding amortization is explained by the 60% increase in revenue from film exhibitors. The decrease of gross margin from 63% to 56% is explained by the mix of realized revenues of which the most important component is the impact of revenues from utilization rights, rental and maintenance representing 36% of revenues in the first quarter of last year in comparison to 25% this year.

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 the industrial and entertainment markets. They also include expenses related to motion coding and other marketing expenses.

For the first quarter ended June 30, 2014, selling and marketing expenses totaled $1,545 k (34% of revenues) representing a 14% increase in comparison to $1,361 k (39% of revenues) for the corresponding quarter of the previous fiscal year. This increase in expenses is explained for the most part by employee-related costs given the addition of new resources to drive the sales and marketing strategy.

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 first quarter ended June 30, 2014, administrative expenses amounted to $915 k (20% of revenues) representing a 7% increase compared to the $855 K (24% of revenue) spent in the quarter ended June 30, 2013. This increase is primarily explained by the increase of employee-related costs and the hiring of a new person.

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

For the first quarter ended June 30, 2014, research and development expenses amounted to $376 k (8% of revenues) which compares to $322 k (9% of revenues) for the corresponding quarter of the previous fiscal year. The 17% increase is mostly explained by employee-related costs including the addition of qualified employees responsible for the improvement and cost reduction of existing products.

Foreign Exchange gain or loss: The foreign exchange gain or 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, 2014, the foreign exchange loss amounts to $471 k in comparison to a foreign exchange gain of $344 k for the corresponding quarter last year. The quarterly foreign exchange loss is explained by the strong fluctuation of the Canadian currency in comparison to the US currency over the course of the period in comparison to the same period last year.

9.4 Financial Results

The financial results include financial expenses and interest income. For the first quarter ended June 30, 2014, financial results amounted to a net expense of $3 k in comparison to a net expense of $6 k for the corresponding quarter of the previous fiscal year.

9.5 Income Taxes

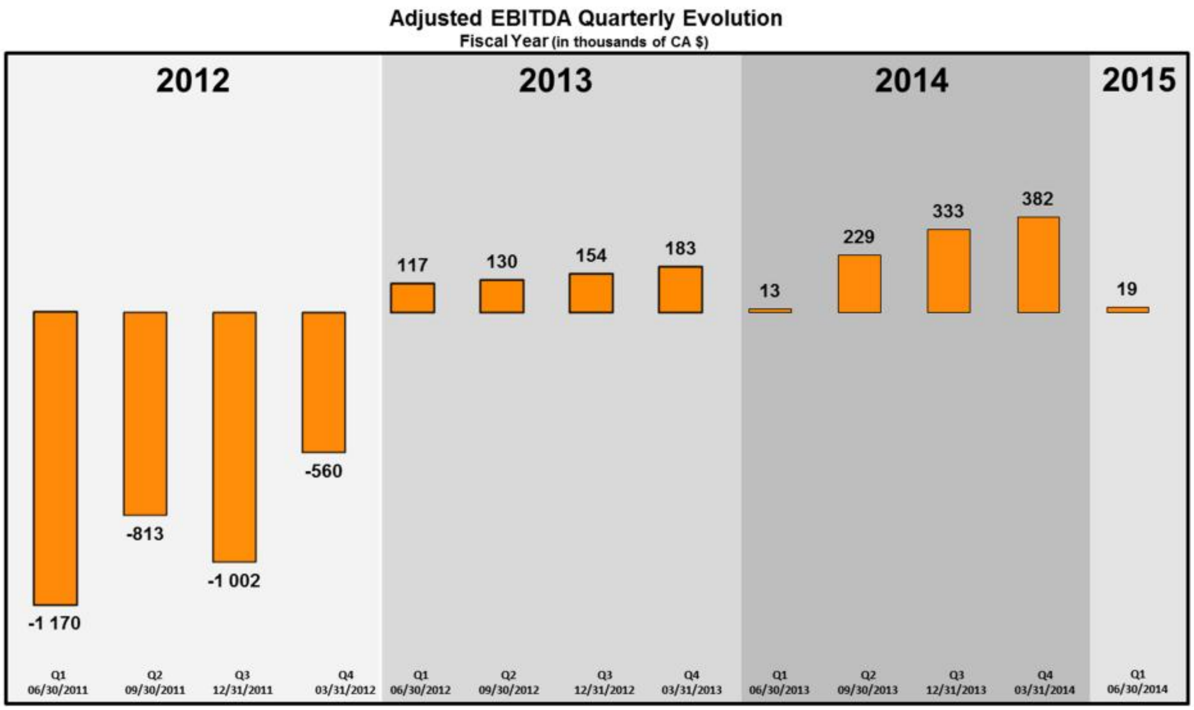
With respect to accounting for future income taxes, the Corporation has concluded that a valuation allowance equal to its future income tax assets should be recorded.

9.6 Net Loss

Given the aforementioned facts, but more specifically given the $471 k foreign exchange loss, the net loss for first quarter ended June 30, 2014 amounted to $1,205 k ($0.0074 per share) in comparison to a net loss of $519 k ($0.0032 per share) in 2013.

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 provides useful and complementary information which allows, among other things, the evaluation of profitability and cash flows provided by operations.



In the first quarter, D-BOX achieved an adjusted positive EBITDA of $19 k in comparison to a positive adjusted EBITDA of $13 k last year. A positive adjusted EBITDA was achieved in the Corporation's nine previous quarter's. This result was due to strategies developed over the course of the last few years for the industrial and entertainment markets which translated into much higher revenues and gross profit in combination with a tight control over operating expenses.

11. Liquidity, Capital Resources and Financing Sources

As at June 30, 2014, total assets amounted to $22,499 k compared to $24,204 k as at March 31, 2014. The reduction in total assets is mostly explained by the decrease in cash and cash equivalents as explained below in the operating and investing activities section.

Working capital stood at $10,873 k as at June 30, 2014 compared with $11,502 k as at March 31, 2014. Accounts receivable, which mostly consists of trade accounts receivable, investment tax credits and commodity taxes receivable, increased by $725 k to $4,072 k as at June 30, 2014 in comparison to $3,347 k as at March 31, 2014. This increase is explained by the 30% growth in quarterly revenue. Inventories increased by $460 k from $4,389 k on March 31, 2014 to $4,849 k on June 30, 2014. Inventories increased due to open orders at the end of the quarter and available inventories for new products.

Short-term liabilities decreased by $644 k to $2,600 k as of June 30, 2014 which compares to $3,264 k as at March 31, 2014. Short-term liabilities include accounts payable and accrued liabilities which as a whole decreased by $826 k to $2,245 k compared to $3,071 k as at March 31, 2014. This decrease in accounts payable and accrued liabilities is mostly explained by accounts payable relating to inventory purchases and higher other accrued expenses as at March 31, 2014.

11.1 Operating Activities

For the first quarter ended June 30, 2014 cash flows used by operating activities totalled $2,211k compared to a use of $1,000 k for the corresponding quarter of the previous fiscal year. During the quarter, cash flows amounting to $1,104 k were used as a result of the increase in accounts receivables due to higher revenues. Moreover, $372 k was invested in inventories to support operating activities and another $503 k was used to reduce accounts payable relating to inventory purchases and other accrued liabilities which were higher on March 31, 2014.

11.2 Investing Activities

For the first quarter ended June 30, 2014, cash flows used by investment activities amounted to $413 k in comparison to $119 k for the corresponding quarter of the previous fiscal year.

Cash flows from investing activities include costs associated to the acquisition of intangible assets which required investments of $351 k during the quarter in comparison to $48 k in 2013. The increase of funds used for intangible assets is explained primarily by the costs of internally-developed products amounting to $266 k and that will brought to market over the subsequent quarters.

11.3 Financing Activities

There were no financing activities for the first quarter ended June 30, 2014 and 2013.

11.4 Equity

Equity amounted to $19,899 k as at June 30, 2014, compared with $20,940 k as at March 31, 2014. This $1,041 k decrease mainly resulted from the net loss in the first quarter of $1,205 k less the share-based payment expense of $115 k accounted to the share-based payment expense reserve account.

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

12. Quarterly Data

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

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues from the industrial market	1,316	1,779	1,857	1,964	1,403	1,735	1,322	1,919
Revenues from the entertainment market								
Commercial theatre exhibitors:								
System sales	1,878	2,120	1,499	1,889	625	1,097	1,115	682
Utilization rights, rental & maintenance	1,143	815	1,081	498	1,260	542	484	856
	3,021	2,935	2,580	2,387	1,885	1,639	1,599	1,538
System sales for home entertainment	223	266	182	144	211	211	471	251
Total revenues entertainment market	3,244	3,201	2,762	2,531	2,096	1,850	2,070	1,789
TOTAL REVENUES	4,560	4,980	4,619	4,495	3,499	3,585	3,392	3,708
Adjusted EBITDA*	19	382	333	229	13	183	154	130
Net loss	(1,205)	(43)	(352)	(675)	(519)	(508)	(273)	(1,204)
Basic and diluted net loss per share	(0.007)	(0.001)	(0.002)	(0.004)	(0.003)	(0.003)	(0.002)	(0.007)
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	163 781 129

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

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, revenues 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.

13. Commitments

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

First quarter	In thousands of $
2015 (nine remaining months)	170
2016	107
2017	3
	280

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 12, 2014)

	Class A common shares
Class A common shares outstanding	163,781,129
Convertible instruments	
Stock options outstanding	14,558,345
	178,339,474

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 10, 2014 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, 2014, 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 12, 2014. Additional information can be found on the SEDAR website at www.sedar.com.

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