MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations, dated May 11, 2016 of Mood Media Corporation ("Mood Media", "Mood" or the "Company") should be read together with the attached unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2016, the unaudited interim condensed consolidated financial statements and the related notes for the three months ended March 31, 2015, the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended December 31, 2015, and the Company's annual information form dated March 30, 2016 (the "AIF"). Additional information related to the Company, including the Company's AIF, can be found on SEDAR at www.sedar.com. Please also refer to the risk factors identified in the Company's AIF. The fiscal year of the Company ends on December 31. The Company's reporting currency is the US dollar and, unless otherwise noted, all amounts (including in the narrative) are in thousands of US dollars except for shares and per-share amounts. Per share amounts are calculated using the weighted average number of shares outstanding for the period ended March 31, 2016.

As used in this management's discussion and analysis of financial condition and results of operation, the terms the "Company", "we", "us", "our" or other similar terms refer to Mood Media and its consolidated subsidiaries.

The presentation of any information identified as a non-International Financial Reporting Standards ("IFRS") measure throughout this document is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS, and it is presented with the sole purpose of providing readers of this document with relevant information to better assess the company's operating performance.

Forward-Looking Statements

Certain statements in this management's discussion and analysis contains "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this management's discussion and analysis, such statements use such words as "may," "will," "intend," "should," "expect," "expect to," "believe," "plan," "anticipate," "estimate," "predict," "potential," "continue," or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this management's discussion and analysis. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the impact of general market, industry, credit and economic conditions and other risks as described within this document and in the Company's AIF, which can be found at *www.sedar.com*. These forward-looking statements are made as of the date of release of this management's discussion and analysis, and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. In addition, the Company does not provide financial outlooks or future-oriented financial information in this management's discussion and analysis and, accordingly, no forward-looking information or statements should be construed as such.

Overview

Our common shares are listed on the Toronto Stock Exchange (''TSX'') under the trading symbol ''MM''. We are a leading global provider of in-store audio, visual and other forms of media and marketing solutions in North America and Europe to more than 500,000 commercial locations across a broad range of industries including retail, food retail, financial services and hospitality. We benefit from economies of scope and scale, generating revenue from multiple product and service offerings across more than 40 countries. Our strategy of combining audio, visual and other forms of media has helped our clients enhance their branding, drive impulse purchases of their products and improve the shopping experience for their customers. The breadth and depth of our customizable offerings and the quality of our customer service has helped make us the preferred media and marketing solutions provider to more than 850 North American and international brands. Mood Media's strategy is to combine our media services into a single comprehensive experience solution comprising audio, visual, scent, interactive and similar solutions, to increase penetration of newly developed services, such as visuals, Wi-Fi and mobile, by selling into our large existing client base, and to leverage our leading market positions and solutions portfolio to enhance financial returns.

Our audio solutions emphasize the use of music to create a distinct atmosphere within a commercial environment. By law, the public performance of music in a commercial environment requires specific-use permissions from the relevant copyright owners. Each country has its own legal system and may have specific copyright rules making global and pan-European compliance a complex undertaking. Furthermore, penalties for infringement vary from country to country and can be significant for commercial enterprises that do not comply with the relevant rules. We have worldwide experience and extensive knowledge of the various licensing systems throughout the world. As a music content provider we understand licensing requirements and provide support to our customers to obtain the relevant licenses. We are viewed as an established distribution network by music producers, performance rights organizations and third-party advertisers.

Our visual solutions deliver highly customized content management solutions with a scalable delivery platform to enable retailers to deliver "infotainment", product information and branding messages to their customers at the point-of-purchase. Our visual solutions range from relatively simple applications to large-scale, highly immersive consumer experiences.

Our mobile solutions provide an innovative means for our customers to connect interactively with their consumers via smartphone and other internet-connected devices. Our applications can detect the presence of consumers within the retail environment and deliver customized and specific content, promotions and coupons in order to incentivize purchasing behavior and provide product information. Mood Media's Wi-Fi solution enables retailers to provide broadband connectivity to their customers within the store on a cost-effective basis.

In-store audio, visual and marketing solutions create a communication channel between our clients' brand and their customers at the point-of-purchase. By enhancing the brand experience of our clients' consumers and establishing an emotional connection between our clients and their consumers, these products and services can have an impact on consumer purchasing decisions. We tailor both our media's content and delivery by scheduling specific content to be delivered at a specific time in order to target a specific audience. Our media is broadcast through customizable technology systems, supported by ongoing maintenance and technical support and integrated into our clients' existing IT infrastructure. The tailored content we deliver eliminates the need for our clients to select their own, often repetitive, background media.

In addition to designing and selling a variety of media forms for use in commercial environments, the Company is deploying a series of revenue enhancement measures and integrating acquired businesses into a cohesive unit that can serve premier brands across multiple geographies, as well as, serve local businesses with effective solutions. Our revenue enhancement measures include development of local sales channels, creation of new and compelling technology services and solutions, offering new branded solutions via partnerships with recognized consumer brands, cross selling visual solutions to audio customers, cross-selling flagship visual systems solutions with in-store visual and audio services and expanding into new territories with relatively low penetration of commercial audio and visual solutions.

In the fourth quarter of 2013, the Company began a comprehensive integration program focused on streamlining and simplifying the Company's infrastructure and processes on a global basis with associated benefits to its cost structure. Wave 1 initiatives generated approximately $9 million in annualized savings. Wave 2 and 3 delivered in 2014 nearly $9 million in annualized savings. Additionally, Wave 4 and 5 initiatives to be delivered in 2015 and 2016 are expected to deliver annualized savings of $6-7 million.

Sale of residential Latin America music operations and DMX Canada commercial accounts

The Company completed the sale of its residential Latin America music operations on January 10, 2014 and its DMX Canadian commercial account portfolio on June 27, 2014 each to affiliates of Stingray Digital. The gain recognized on these transactions at December 31, 2014 totaled $5,650 which included an estimate of the fair value of contingent consideration to be recorded depending on the outcome of certain future performance criteria. On December 4, 2015, the contingent consideration was finalized, with the final amounts resulting in a total gain of $4,886.

Private Placement of 10% Senior Unsecured Notes by Mood Media Group S.A.

On August 6, 2015 (the "Closing Date"), the Company completed a private placement of $50,000 aggregate principal amount MMG Notes by its wholly owned subsidiary Mood Media Group S.A. ("MMG"). MMG is based in Luxembourg and holds Mood Media International's operations. The MMG Notes are guaranteed by substantially all of MMG's subsidiaries and, in addition, the Company has provided a guarantee of up to $10,000.

Investors in the outstanding Unsecured Convertible Debentures were given the option to irrevocably tender such debentures in exchange for an equivalent amount of principal in the MMG Notes. Of the total MMG Note issuance of $50,000, a total of $18,448 was tendered via outstanding Unsecured Convertible Debentures, and the balance of $31,552 was paid in cash. Upon their maturity on October 31, 2015, proceeds of the issuance of the MMG Notes were used to repay the outstanding Unsecured Convertible Debentures. All parties who subscribed to the MMG Notes received 0.434 Mood Media common share purchase warrants (the "MMG Warrants") for each $1.00 of principal value of MMG Notes acquired. A total of 21,700,000 MMG Warrants were issued with an exercise price of CAD$0.80 and a term of 8 years from date of issue.

Sale of French Speaker business

(i) On March 30, 2015, the Company completed the sale of assets related to its speaker business. The $3,708 loss recognized included goodwill and intangibles attributed to the assets sold totaling $210 and $1,659 respectively. The Company agreed to an inventory purchase commitment totaling €2,700 over a period of three years with a minimum purchase of €800 during each year, consistent with past purchase volumes and future expected inventory requirements.

Summary of Quarterly Results

The following table presents a summary of our unaudited operating results on a quarterly basis. The financial information is presented in accordance with International Financial Reporting Standards ("IFRS").

Period	Revenue	Loss for the period attributable to owners of the parent	Basic and diluted EPS
Q1 – 2016[8]	$111,335	$(9,428)	$(0.05)
Q4 – 2015[7]	125,034	(41,011)	(0.22)
Q3 – 2015[6]	118,159	(9,858)	(0.05)
Q2 – 2015[5]	117,668	(2,185)	(0.01)
Q1 – 2015[4]	114,255	(26,968)	(0.15)
Q4 – 2014[3]	127,052	(22,265)	(0.12)
Q3 – 2014[2]	124,137	(20,004)	(0.11)
Q2 – 2014[1]	119,881	(32,670)	(0.18)

1. The increase in loss for the period is primarily attributable to the loss on extinguishment of the 2011 First Lien Credit Facilities, the fees and costs associated with the 2014 First Lien Credit Facilities required to be recognized as current period expense, and the negotiated and finalized settlements including other liabilities and legal matters related to DMX and Muzak.
2. The decrease in the loss compared to the prior quarter is due to prior quarter's recognition of the loss on extinguishment of the 2011 First Lien Credit Facility offset by fluctuating foreign exchange rates, primarily the weakening of the Euro on certain foreign subsidiaries' intercompany loans denominated in US dollars rather than their functional currencies.
3. The increase in loss compared to the prior quarter is a result of the recognition of the amended Technomedia contingent consideration earn-out related to the amendment of the applicable securities purchase agreement dated October 7, 2014 and a reduced tax recovery in the current quarter, offset by higher equipment revenues in the current period.
4. The increase in loss compared to the previous quarter is driven by foreign currency exchange rate fluctuations, mainly on intercompany balances payable by foreign subsidiaries to parent company in US dollars, countered by a decrease in transaction and restructuring costs within other expenses.
5. The reduction in loss compared to the previous quarter is due to a positive foreign currency exchange rate fluctuation, mainly on intercompany balances payable by foreign subsidiaries to parent company in US dollars as a result of the strengthening of the Euro against the US Dollar versus the prior quarter end exchange rate. Adding to the reduction in loss for the period is the recognition of income tax recoveries in the period.
6. The increase in loss compared to prior quarter is due to the impact of foreign currency exchange rate fluctuations, mainly on intercompany balances payable by foreign subsidiaries to parent company in US dollars, the impact of the loss in fair value of certain financial instruments and management's best estimate for a settlement of a dispute with various counterparties over the interpretation of certain contractual arrangements.
7. The significant loss for the period is due primarily to the goodwill impairment charge.
8. The reduced loss for the period compared to prior quarter is due to the $25,000 goodwill impairment charge included in the prior quarter and a Q1 2016 foreign exchange gain on USD-based debt and intercompany debt held by foreign subsidiaries caused by the strengthening of the Euro spot rate.

Operating Results

Three months ended March 31, 2016 compared with the three months ended March 31, 2015

We report our operations in four reportable segments, ''In-Store Media North America'', "In-Store Media International", "BIS" and "Other" for the purposes of reconciliation to the Company's financial statements.

Revenue for the three months ended March 31, 2016 and March 31, 2015 were as follows:

	Three months ended			
	March 31, 2016	**March 31, 2015**	**Variance**	**% Change**
In-Store Media North America	$62,612	$65,196	$(2,584)	(4.0)%
In-Store Media International	27,909	27,931	(22)	(0.1)%
BIS	13,299	13,058	241	1.8%
Other	7,515	8,070	(555)	(6.9)%
Total Consolidated Group	**$111,335**	**$114,255**	**$(2,920)**	**(2.6)%**

Revenue on a constant dollar basis (a):

	Three months ended			
	March 31, 2016	**March 31, 2015**	**Variance**	**% Change**
In-Store Media North America	$62,612	$65,196	$(2,584)	(4.0)%
In-Store Media International	27,909	27,303	606	2.2%
BIS	13,299	12,764	535	4.2%
Other	7,515	8,070	(555)	(6.9)%
Total Consolidated Group	**$111,335**	**$113,333**	**$(1,998)**	**(1.7)%**

(a) Revenue on a constant dollar basis is a non-IFRS financial measure. It is calculated by translating the comparative prior period figures denominated in foreign currency at the exchange rate in place in the current period.

Revenue is primarily derived from recurring monthly subscription fees for providing customized and tailored music, visual displays, messaging and other ancillary services through contracts ranging from 2-5 years. Revenue is also derived from equipment and installation fees and royalties.

In-Store Media North America revenue decreased as compared to the three months ended March 31, 2015. The reduction is primarily attributable to a decrease of approximately $1,858 in equipment and installation revenue and $465 in recurring revenue.

In-Store Media International revenue decreased slightly as compared to the three months ended March 31, 2015, primarily driven by the impact of foreign exchange rates as the Euro average rate has weakened versus the US dollar. On a like for like currency basis, the In-Store Media International revenues for the three months ended March 31, 2016 increased $606 as compared to the three months ended March 31, 2015 primarily due to a $1,485 increase in equipment and installation revenues that offset a decrease in recurring revenues of approximately $831.

BIS revenue increased as compared to the three months ended March 31, 2015, despite the negative impact of foreign exchange rates as the Euro average rate has weakened versus the US Dollar. On a like for like currency basis, BIS revenues for the three months ended March 31, 2016 increased $535 as compared to the three months ended March 31, 2015 primarily due to an increase in sales activity and completion of projects compared to the prior year.

The revenue from the Other segment decreased as compared to the three months ended March 31, 2015 due to a reduction in the Technomedia pipeline and delays in several large projects.

	Three months ended				
	March 31, 2016		**March 31, 2015**		**Change**
Revenue	$111,335	100.0%	$114,255	100.0%	$(2,920)
Cost of sales	51,963	46.7%	54,244	47.5%	(2,281)
Operating expenses	37,552	33.7%	35,891	31.4%	1,661
Depreciation and amortization	16,567	14.9%	16,749	14.7%	(182)
Share-based compensation	28	0.0%	216	0.2%	(188)
Other expenses	6,064	5.4%	897	0.8%	5,167
Foreign exchange (gain) loss on financing transactions	(6,611)	(5.9)%	19,003	16.6%	(25,614)
Finance costs, net	15,845	14.2%	14,080	12.3%	1,765
Loss for the period before income taxes	**(10,073)**	**(9.0)%**	**(26,825)**	**(23.5)%**	**16,752**
Income tax (recovery) expense	(642)	(0.6)%	146	**(0.1)**%	(788)
Loss for the period	**(9,431)**	**(8.5)%**	**(26,971)**	**(23.6)%**	**17,540**
Net loss attributable to:					
Owners of the parent	(9,428)	(8.5)%	(26,968)	(23.6)%	17,540
Non-controlling interests	(3)	0.0%	(3)	0.0%	0
	$(9,431)	**(8.5)%**	**$(26,971)**	**(23.6)%**	**$17,540**

Cost of sales as a percentage of revenue decreased as compared to the three months ended March 31, 2015 by 0.8% primarily due to improved margins on equipment revenues.

Operating expenses increased as compared to the three months ended March 31, 2015 primarily as a result of the FX Forward gain of $1,285 in 2015 that was reflected as a cost reduction that did not repeat in Q1 2016. On a like for like basis (and excluding the gain related to the forward contract), operating expenses increased approximately $766 primarily due to higher paid sales commissions for sales and contract renewals, and higher salary expenses for key hires in leadership positions in sales, marketing and legal offset by reductions in general expenses.

Depreciation and amortization decreased as compared to the three months ended March 31, 2015 primarily due to a smaller average depreciable base for the three months ended March 31, 2016 compared to the same time last year.

Share-based compensation expense decreased as compared to the three months ended March 31, 2015 due to share option forfeitures and cancellations during the current quarter.

Other expenses increased $5,167 as compared to the three months ended March 31, 2015 due to (i) $1,249 increase in restructuring costs driven by severance expenses and (ii) a $3,708 loss for the sale of assets related to the Company's speaker business. The $3,708 loss included goodwill and intangibles attributed to the assets sold of $210 and $1,659, respectively.

Financing costs, net increased $1,765 primarily due to a loss of $1,242 related to the change in fair value of the 2014 Interest rate floor in the three months ended March 31, 2016 compared to a gain of $56 in the comparative period. Additionally interest expense was higher in the three months ended March 31, 2016 due to higher average outstanding borrowings on the 2014 First Lien Revolving Credit Facility.

Foreign exchange on financing transactions resulted in a gain in the revaluation of USD-based debt and intercompany debt held by foreign subsidiaries caused by the strengthening of the Euro spot rate in the first quarter of 2016.

Income tax for the three months ended March 31, 2016 was a credit of $642 primarily as a result of a loss utilization in the Company's Luxembourg subsidiary in the current period, compared to a charge of $146 in the comparative period.

Non-controlling interest remained stable as compared to the three months ended March 31, 2015.

	March 31, 2016	December 31, 2015	Change
Total assets	$647,166	$654,516	$(7,814)
Total non-current liabilities	644,831	645,073	(242)

Total assets decreased as compared to the year ended March 31, 2015 primarily due to the scheduled amortization of intangible assets, depreciation on property plant and equipment, lower capital expenditures and the reduction in trade and other receivables, net as a result of overall increased collections from year-end invoicing. The decrease was offset by an increase on assets denominated in foreign currency, primarily Euro, as a result of the Euro spot rate strengthening against the US dollar.

Non-current liabilities decreased slightly due to scheduled amortization of deferred financing costs, the pay down of the 2014 First Lien Credit Facility of $588, and lower deferred tax liabilities, which at March 31, 2015 were $23,682 compared to $22,844 at March 31, 2016, offset by an increase in the fair value of the 2014 interest rate floor liability in the current period compared to the same time last year.

Liquidity and Capital Resources

	Three months ended		
	March 31, 2016	**March 31, 2015**	**Change**
Total cash provided by (used in):			
Operating Activities	$15,584	$14,111	$1,473
Investing Activities	(5,938)	(7,775)	1,837
Financing Activities	(5,052)	(5,059)	7
Effect of exchange rates on cash	388	(1,133)	1,521
Increase (decrease) in cash equivalents	**$4,982**	**$144**	**$4,838**

The increase in cash generated from operating activities of $1,473 as compared to the three months ended March 31, 2015 was driven by the change in the following components:

	Three months ended		
	March 31, 2016	**March 31, 2015**	**Higher / (Lower)**
Operating cash flows before working capital adjustments (a)	$19,468	$24,355	$(4,887)
Working capital additions	(3,830)	(10,159)	6,329
Cash taxes credited (paid)	(59)	(91)	32
Interest received	5	6	(1)
Increase (decrease) in cash from operating activities	**$15,584**	**$14,111**	**$1,473**

(a) Operating cash flows before working capital adjustments is a non-IFRS financial measure and is calculated by adding back to pre-tax loss: depreciation, amortization, impairment, finance costs and other non-cash charges, essentially all line item amounts on the statement of cash flows within the operating activities section prior to working capital adjustments.

The decrease in cash used in investing activities is primarily due to a reduction in recorded capital expenditures in the three months ended March 31, 2016 by $1,043 and the receipt in the current period of cash proceeds received from the sale of assets related to the Company's speaker business.

The slight decrease in cash used in financing activities of $7 compared to the prior period is primarily due to the receipt of dividends from an associate of $294 offset by higher interest paid of $287.

Key Performance Indicators

In the three months ended March 31, 2016, the number of total Company-owned sites decreased by 2,841 relative to the prior quarter. The Company's site base declined slightly in both its North American business and International business units. Similarly, in both business units the Company grew its number of Visual sites while the number of Audio sites declined.

Monthly churn was 1.1% in the three months ended March 31, 2016 compared with 0.9% in the prior quarter and 1.3% in the comparative quarter of 2015, with Audio churn of 1.1% and Visual churn of 1.1%. Churn in North America remained stable relative to the comparable quarter of 2015. Churn in the International business unit improved relative to the comparable quarter of 2015 although rose relative to the three months ended Dec. 31, 2015.

For the three months ended March 31, 2016 blended ARPU declined by 2.5% year over year. On a constant currency basis, excluding fluctuations in the value of the Euro relative to the US dollar, blended ARPU declined by 1.9% year-over-year in the three months ended March 31, 2016 with Audio ARPU declining by 1.7% year over year and Visual ARPU declining by 7.0% year over year.

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Audio sites	418,513	406,139	408,457	402,690	401,428	398,745	398,773	395,596
Visual sites	13,821	13,558	14,061	12,872	13,050	13,437	13,759	14,095
Total sites	**432,334**	**419,697**	**422,518**	**415,562**	**414,478**	**412,182**	**412,532**	**409,691**
Audio ARPU	$ 45.17	$ 44.83	$ 43.09	$ 41.71	$ 41.70	$ 40.97	$ 41.10	$40.77
Visual ARPU	$ 85.08	$ 83.60	$ 82.12	$ 78.76	$ 81.93	$ 82.26	$ 75.12	$72.10
Blended ARPU	**$ 46.40**	**$ 46.09**	**$ 44.37**	**$ 42.90**	**$ 42.96**	**$ 42.29**	**$ 42.24**	**$41.83**
Audio gross additions	6,981	9,279	12,394	8,625	10,136	9,850	10,947	9,800
Visual gross additions	996	761	685	1,006	698	829	876	786
Total gross additions	**7,977**	**10,040**	**13,079**	**9,631**	**10,834**	**10,679**	**11,823**	**10,586**
Audio monthly churn	1.0%	0.9%	0.8%	1.2%	0.9%	1.1%	0.9%	1.1%
Visual monthly churn	0.4%	1.3%	0.4%	5.2%	1.3%	0.8%	1.6%	1.1%
Total monthly churn	**0.9%**	**0.9%**	**0.8%**	**1.3%**	**1.0%**	**1.0%**	**0.9%**	**1.1%**

These key performance indicators represent non-IFRS measures that management evaluates and monitors when assessing the performance of the Company. A site is an individual location where a Mood service is provided. ARPU represents the monthly average revenue per site and is calculated by taking total quarterly subscription revenue and dividing it by the average number of sites in the quarter and dividing by three, for each month in the quarter. Churn represents the rate of monthly site disconnects and is calculated by taking the total number of disconnected sites in the quarter divided by the opening balance of sites in the quarter and dividing by, three for each month in the quarter.

Contractual obligations

The following chart outlines the Company's contractual obligations as at March 31, 2016:

Description	Total	Less than one year	Years two and three	Years four and five	Beyond five years
2014 First Lien Credit Facility	$236,301	$8,350	$4,700	$223,251	$-
2014 First Lien Credit Facility interest	49,694	16,283	32,065	1,346	-
9.25% Senior Unsecured Notes	350,000	-	-	350,000	-
9.25% Senior Unsecured Notes interest	161,875	32,375	64,750	64,750	-
MMG Notes	50,000	-	-	-	50,000
MMG Notes Interest	39,167	5,000	10,000	10,000	14,167
Operating leases	35,692	13,183	13,688	5,232	3,589
Finance leases	4,093	2,210	1,883	-	-
Trade and other payables	99,608	99,608	-	-	-
Total	**$1,026,430**	**$177,009**	**$127,086**	**$654,579**	**$67,756**

Bank debt and Note Issuances

	MMG Notes	2014 First Lien Credit Facilities	9.25% Senior Unsecured Notes
Closing date	August 6, 2015	May 1, 2014	October 19, 2012
Maturity date	August 6, 2023	May 1, 2019	October 15, 2020
Interest rate	10%	7%	9.25%
Effective interest rate	12.52%	7.74%	9.46%

Trade and other payables

Trade and other payables arise in the normal course of business and are to be settled within one year of the end of the reporting period.

Lease commitments

Operating leases and finance leases are entered into primarily for the rental of premises and vehicles used for business activities.

Capitalization

Total managed capital was as follows:

	March 31, 2016	December 31, 2015
Shareholders' equity	$(136,133)	$(123,735)
MMG Notes	50,000	50,000
2014 First Lien Credit Facilities	236,301	236,888
Finance leases	3,265	3,413
9.25% Senior Unsecured Notes	350,000	350,000
Total Debt (contractual amounts due)	639,566	640,301
Total Capital	**$503,433**	**$516,566**

The number of our outstanding common shares as at March 31, 2016 was 183,694,082.

The following table provides additional share information (in thousands of shares) on a fully diluted basis:

	Three months ended	
	March 31, 2016	**March 31, 2015**
Basic and diluted net loss per share	$(0.05)	$(0.15)

	Outstanding as at May 11, 2016
Common shares	183,694
Share options	10,743
Deferred share units	3,542
MMG Warrants	21,700

Management of foreign currency, interest rate, liquidity and credit risk

We are exposed to a variety of financial risks including market risk (including foreign exchange and interest rate risks), liquidity risk and credit risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to evaluate potential adverse effects on the Company's financial performance.

Foreign currency exchange risk

We operate in the US, Canada and internationally. The functional currency of the Company is US dollars. Foreign currency exchange risk arises because the amount of the local currency income, expenses, cash flows, receivables and payables for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-US denominated financial statements of our subsidiaries may vary on consolidation into US dollars ("translation exposures").

The most significant translation exposure arises from the Euro currency. We are required to revalue the Euro denominated net assets of the European subsidiaries at the end of each period with the foreign currency translation gain or loss recorded in other comprehensive income. The company also has currency exposure to the extent to which its foreign currency denominated revenues and expenses are translated at fluctuating exchange rates. Foreign currency exchange risk exposure as at March 31, 2016 is discussed further below:

	Sensitivity Analysis / Comments
Segment profit[(a)] of Mood International and BIS	A $0.05 change in the USD/Euro exchange rate would impact the three months ended March 31, 2016 net loss by +/- $228, assuming all other variables remain the same.
USD denominated intercompany loan	A 1% movement in the USD/Euro exchange rate applied to balance outstanding at March 31, 2016 would result in a change to the foreign exchange gain or loss on intercompany financing transactions of approximately +/- $1,400, assuming all other variables remain the same.

(a) Segment profit is a non-IFRS financial measure, internally known as adjusted EBITDA, a reconciliation of segment profit to loss before income taxes is presented in the Segment information footnote in the condensed consolidated financial statements.

During the three months ended March 31, 2016, a subsidiary of the Company with the functional currency of British Pounds entered into two USD forward contracts with a notional amount equal to the interest payments related to the MMG Notes. During the three months ended March 31, 2015, the Company entered into a series of Euro and AUD average rate forward contracts, as well as into a Euro forward contract. The 2016 and 2015 contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date by reference to prices provided by counterparties. Factors used in the determination of fair value include the spot rate, forward rates, estimates of volatility, present value factor, strike prices, credit risk of the Company and credit risk of counterparties. Fair value estimates are subjective in nature, often involve uncertainties and the exercise of significant judgment, they are made at a specific point in time using available information about the financial instrument and may not reflect fair value in the future. The estimated fair value amounts may be materially affected by the use of different assumptions or methodologies.

March 31, 2016 currency contracts

The following USD forward contracts are reflected as a change in fair value included within finance costs, net. The loss reflected for the three months ended March 31, 2016 was $176.

Forward date	**April 25, 2016**	**October 25, 2016**
Reference currency	USD	USD
Notional	$2,500	$2,500
Forward rate	1.098	1.1033

March 31, 2015 currency contracts

The following is a table of the Euro and AUD average rate forward contracts the Company. The changes in fair value are included within operating costs. For the three months ended March 31, 2015, the amount of gain reflected as a contra expense was $1,285.

Forward date	**March 31, 2015**		**June 30, 2015**		**September 30, 2015**		**December 31, 2015**	
Reference currency	EUR	AUD	EUR	AUD	EUR	AUD	EUR	AUD
Notional	€3,700	$700	€4,000	$700	€3,800	$700	€5,200	$700
Forward rate	1.1593	0.8002	1.1589	0.7952	1.1598	0.7892	1.1612	0.7822

The following Euro cash remittance forward contract is reflected as a change in fair value included within finance costs, net. The gain reflected in three months ended March 31, 2015 was $337.

Forward date	**April 14, 2015**
Reference currency	EUR
Notional	€4,000
Forward rate	1.1585

Interest rate risk

Our interest rate risk arises on amounts outstanding under the Credit Facilities which bear interest at a floating rate. The 9.25% Unsecured Notes and MMG Notes both carry fixed interest rates. The Credit Facilities carry an interest rate floor which currently exceeds LIBOR and is treated for accounting purposes as a non-cash liability which is disclosed within other financial liabilities in the consolidated statement of financial position. The fair value of the interest rate floor is determined by reference to mark to market valuations performed by financial institutions at each reporting date and any changes in fair value are recorded within finance costs within the consolidated statements of loss.

(*Gain) loss for the change in fair value*	**Three months ended**	
	March 31, 2016	**March 31, 2015**
2014 Interest rate floor	$1,066	$309

Liquidity risk

Liquidity risk arises when cash resources become insufficient to meet cash demands. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet Mood's liquidity requirements at any point in time.

While management believes that the Company has sufficient liquidity in the form of its current cash balances, the cash generating capacity of its businesses, its revolving credit facilities, access to debt markets and ongoing opportunities to divest non-core assets to meet its working capital, debt servicing, capital expenditure and other funding requirements for the forthcoming year, the Company's liquidity position can be negatively impacted by the Company's existing leverage or negative developments related to the Company's other risk factors. If the Company failed to generate or maintain sufficient liquidity, it could cause a material adverse effect to the Company's financial position.

On an ongoing basis management evaluates the sufficiency of its current liquidity, borrowing capacity and capital structure to assure its capital structure is optimally poised to meet the needs of its operating plans. The company monitors the debt and capital markets in an effort to be opportunistic in refinancings of upcoming maturities and to better match terms and pricing to the Company's needs. The Company has implemented significant cash improvement initiatives that it believes will improve its ability to generate enhanced cash flow in the future, including the formation of a senior cash flow working group, implementation of enhanced controls and other key operational improvements. Further, Mood initiated an ongoing program to opportunistically divest non-core assets, commencing with the sale of its Latin American business and DMX Canada accounts in 2014, followed by the sale of its speaker business in France in March 2016.

Credit risk

Credit risk arises from cash held with banks and credit exposure to customers on outstanding accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. We assess the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Management also monitors payment performance and the utilization of credit limits of customers.

Critical Accounting Estimates

There have been no changes to the Company's significant accounting policies or critical accounting estimates from those described under "Critical Accounting Estimates" in the management's discussion and analysis of financial condition and results of operations of the Company for the fiscal year ended December 31, 2015.

Recently Issued Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

The Company intends to adopt these standards when they become effective.

IFRS 9, *Financial Instruments: Classification and Measurement*

IFRS 9 as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement*, and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. The effective date for this standard is for reporting periods beginning on or after January 1, 2018 with earlier application permitted. The Company will continue to assess any impact on the classification and measurement of the Company's financial assets, as well as any impact on the classification and measurement of its financial liabilities.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, which outlines a single comprehensive model for entities to use in accounting for revenue from customers. The standard outlines the principles an entity must apply to measure and recognize revenue relating to contracts with customers. The core principle is that an entity will recognize revenue when it transfers promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services.

IFRS 15 also significantly expands the current disclosure requirements about revenue recognition.

The IASB has decided to defer the effective date of this standard by one year. As a result, IFRS 15 will be effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company has commenced a review process to assess any impact on its current revenue recognition policies and reporting processes.

IFRS 16, *Leases*

On January 13, 2016, the IASB issued IFRS 16, which outlines requirements for lessees to recognize assets and liabilities for most leases. Lessees are required to recognize the lease liability for the obligations to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lease liability is measured at the present value of lease payments to be made over the term of the lease. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for prepayments, direct costs and incentives received.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early recognition is permitted, provided the new revenue standard IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Company has commenced a review process to assess the impact on its current revenue recognition policies and reporting processes.

Disclosure Controls and Internal Controls over Financial Reporting

During the three months ended March 31, 2016, no changes were made to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.