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 August 10, 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 and six months ended June 30, 2016, the unaudited interim condensed consolidated financial statements and the related notes for the three and six months ended June 30, 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 June 30, 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, Europe and Australia 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

On March 30, 2016, 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
Q2 – 2016[8]	$119,670	$(11,921)	$(0.06)
Q1 – 2016[7]	111,335	(9,428)	(0.05)
Q4 – 2015[6]	125,034	(41,011)	(0.22)
Q3 – 2015[5]	118,159	(9,858)	(0.05)
Q2 – 2015[4]	117,668	(2,185)	(0.01)
Q1 – 2015[3]	114,255	(26,968)	(0.15)
Q4 – 2014[2]	127,052	(22,265)	(0.12)
Q3 – 2014[1]	124,137	(20,004)	(0.11)

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. The significant loss for the period is due primarily to the goodwill impairment charge.
7. 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.
8. The increase in loss for the period compared to the prior quarter is due primarily to a Q2 2016 foreign exchange loss on USD-based debt and intercompany debt held by foreign subsidiaries caused by the weakening of the Euro spot rate offset by increased revenue and related gross margin dollar growth and a reduction in other expenses for the quarter.

Operating Results

Three months ended June 30, 2016 compared with the three months ended June 30, 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 June 30, 2016 and June 30, 2015 were as follows:

	Three months ended			
	June 30, 2016	**June 30, 2015**	**Variance**	**% Change**
In-Store Media North America	$64,753	$63,727	$1,026	1.6%
In-Store Media International	30,534	27,147	3,387	12.5%
BIS	13,734	13,454	280	2.1%
Other	10,649	13,340	(2,691)	(20.2)%
Total Consolidated Group	**$119,670**	**$117,668**	**$2,002**	**1.7%**

Revenue on a constant dollar basis (a):

	Three months ended			
	June 30, 2016	**June 30, 2015**	**Variance**	**% Change**
In-Store Media North America	$64,753	$63,727	$1,026	1.6%
In-Store Media International	30,534	27,741	2,793	10.1%
BIS	13,734	13,729	5	0.0%
Other	10,649	13,340	(2,691)	(20.2)%
Total Consolidated Group	**$119,670**	**$118,537**	**$1,133**	**1.0%**

(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 increased as compared to the three months ended June 30, 2015. The increase is primarily attributable to an increase of approximately $1,528 in equipment revenues related to large project rollouts, as well as, an increase in recurring revenue of $83 offset by lower installation, service and other revenues.

In-Store Media International revenue increased compared to the three months ended June 30, 2015, due in part to the impact of foreign exchange rates as the Euro average rate has strengthened versus the US dollar. On a like for like currency basis and excluding a $955 revenue impact for the sale of the French speaker business, the In-Store Media International revenues for the three months ended June 30, 2016 increased $3,748 compared to the three months ended June 30, 2015 primarily due to a $4,415 increase in equipment and installation and service revenues that offset a decrease in recurring and other revenues of approximately $668.

BIS revenue increased compared to the three months ended June 30, 2015, the majority of the increase being attributable to the impact of average foreign exchange rate fluctuations. On a like for like currency basis, BIS revenues for the three months ended June 30, 2016 remained relatively stable compared to the three months ended June 30, 2015.

The revenue from the Other segment decreased as compared to the three months ended June 30, 2015 due to a reduction in the Technomedia pipeline and delays in several large projects.

	Three months ended				
	June 30, 2016		June 30, 2015		Change
Revenue	$119,670	*100.0%*	$117,668	*100.0%*	$2,002
Cost of sales	57,758	*48.3%*	56,517	*48.0%*	1,241
Operating expenses	37,018	*30.9%*	36,650	*31.1%*	368
Depreciation and amortization	16,217	*13.6%*	16,870	*14.3%*	(653)
Share-based compensation	92	*0.1%*	235	*0.2%*	(143)
Other expenses	133	*0.1%*	1,691	*1.4%*	(1,558)
Foreign exchange loss (gain) on financing transactions	5,525	*4.6%*	(4,196)	*(3.6)%*	9,721
Finance costs, net	14,489	*12.1%*	13,694	*11.6%*	795
Loss for the period before income taxes	**(11,562)**	***(9.7)%***	**(3,793)**	***(3.2)%***	**(7,769)**
Income tax charge (recovery) expense	317	*0.3%*	(1,596)	*(1.4)%*	1,913
Loss for the period	**(11,879)**	***(9.9)%***	**(2,197)**	***(1.9)%***	**(9,682)**
Net loss attributable to:					
Owners of the parent	(11,921)	*(9.9)%*	(2,185)	*(1.9)%*	(9,736)
Non-controlling interests	42	*0.0%*	(12)	*0.0%*	54
	$(11,879)	***(9.9)%***	**$(2,197)**	***(1.9)%***	**$(9,682)**

Cost of sales as a percentage of revenue increased by 30 basis points compared to the three months ended June 30, 2015 primarily due to a reduction of revenue mix attributable to recurring revenues which have higher gross margins than the equipment sales, installation and service revenues.

Operating expenses have increased as compared to the three months ended June 30, 2015 due to higher sales commissions on higher sales performance, increased marketing expense, and increased salaries related to strategic hires in sales and marketing and other key areas.

Depreciation and amortization decreased as compared to the three months ended June 30, 2015 primarily due to a smaller average depreciable base for the three months ended June 30, 2016 compared to the same time last year.

Share-based compensation expense decreased as compared to the three months ended June 30, 2015 due to share option forfeitures and cancellations during the current quarter.

Other expenses decreased $1,558 as compared to the three months ended June 30, 2015 due to a reduction in the current period of transaction costs driven by lower forecasted Technomedia contingent consideration and legal fees and reduced integration costs related to our wave initiatives.

Foreign exchange on financing transactions recognized a loss due to the revaluation of USD-based debt and intercompany debt held by foreign subsidiaries caused by the weakening of the Euro spot rate in the second quarter of 2016 compared to a gain in 2015.

Financing costs, net increased $795 driven by changes in fair value of financial instruments. In the three months ended June 30, 2016 the Company recorded a loss of $78 related to the 2014 Interest rate floor compared to a gain of $808 in the comparative period.

Income tax for the three months ended June 30, 2016 was a charge of $317 compared to a credit of $1,596 in the comparative period primarily as a result of more deferred tax recognition of tax loss carryforwards offsetting income tax in the prior year than in the current period.

Non-controlling interest increased $54 as compared to the three months ended June 30, 2015.

Liquidity and Capital Resources

	Three months ended		
	June 30, 2016	June 30, 2015	Change
Total cash provided by (used in):			
Operating Activities	$21,769	$26,274	$(4,505)
Investing Activities	(7,415)	(7,814)	399
Financing Activities	(24,076)	(23,601)	(475)
Effect of exchange rates on cash	(217)	219	(436)
Decrease in cash equivalents	**$(9,939)**	**$(4,922)**	**$(5,017)**

The decrease in cash generated from operating activities of $4,505 as compared to the three months ended June 30, 2015 was driven by the change in the following components:

	Three months ended		
	June 30, 2016	June 30, 2015	Higher / (Lower)
Operating cash flows before working capital adjustments (a)	$24,756	$22,846	$1,910
Working capital (reductions) additions	(1,970)	3,061	(5,031)
Cash taxes credited (paid)	(1,024)	358	(1,382)
Interest received	7	9	(2)
Increase in cash from operating activities	**$21,769**	**$26,274**	**$(4,505)**

(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 $418 reduction in recorded capital expenditures in the three months ended June 30, 2016.

The increase in cash used in financing activities of $475 compared to the three months ended June 30, 2015 is primarily due to an offset of cash proceeds received in 2015 of $395 from the settlement of a Euro forward compared to cash paid on the settlement of a USD forward contract in 2016 of $54.

Six months ended June 30, 2016 compared with the six months ended June 30, 2015

Revenue for the six months ended June 30, 2016 and June 30, 2015 were as follows:

	Six months ended			
	June 30, 2016	**June 30, 2015**	**Variance**	**% Change**
In-Store Media North America	$127,365	$128,923	$(1,558)	(1.2)%
In-Store Media International	58,443	55,078	3,365	6.1%
BIS	27,033	26,512	521	2.0%
Other	18,164	21,410	(3,246)	(15.2)%
Total Consolidated Group	**$231,005**	**$231,923**	**$(918)**	**(0.4)%**

Revenue on a constant dollar basis (a):

	Six months ended			
	June 30, 2016	**June 30, 2015**	**Variance**	**% Change**
In-Store Media North America	$127,365	$128,923	$(1,558)	(1.2)%
In-Store Media International	58,443	55,044	3,399	6.2%
BIS	27,033	26,493	540	2.0%
Other	18,164	21,410	(3,246)	(15.2)%
Total Consolidated Group	**$231,005**	**$231,870**	**$(865)**	**(0.4)%**

(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.

In-Store Media North America revenue decreased as compared to the six months ended June 30, 2015. The reduction is due to a decrease of approximately $1,560 in installation and service revenues primarily driven by a large project in 2015 that did not repeat in 2016, a $382 decrease in recurring revenues, a $418 decrease in other revenues, offset by an increase of $802 in equipment revenues.

In-Store Media International revenue increased compared to the six months ended June 30, 2015 despite a slight negative impact due to average foreign exchange rate fluctuations. On a like for like currency basis and excluding $955 of revenues related to the French speaker business, the In-Store Media International revenues for the six months ended June 30, 2016 increased $4,354 compared to the six months ended June 30, 2015 primarily due to a $5,969 increase in equipment and installation and service revenues that offset a decrease of $1,614 in recurring and other revenues.

BIS revenue increased compared to the six months ended June 30, 2015, with a slight negative impact related to average foreign exchange rates fluctuations. On a like for like currency basis, BIS revenues for the six months ended June 30, 2016 increased $540 compared to the six months ended June 30, 2015 primarily due to an increase in sales activity compared to the prior year.

The revenue from the Other segment decreased as compared to the six months ended June 30, 2015 due to a reduction in the Technomedia pipeline and delays in several large projects.

	Six months ended				
	June 30, 2016		June 30, 2015		Change
Revenue	$231,005	*100.0%*	$231,923	*100.0%*	$(918)
Cost of sales	109,721	*47.5%*	110,761	*47.8%*	(1,040)
Operating expenses	74,570	*32.3%*	72,541	*31.3%*	2,029
Depreciation and amortization	32,784	*14.2%*	33,619	*14.5%*	(835)
Share-based compensation	120	*0.1%*	451	*0.2%*	(331)
Other expenses	6,197	*2.7%*	2,588	*1.1%*	3,609
Foreign exchange (gain) loss on financing transactions	(1,086)	*(0.5)%*	14,807	*6.4%*	(15,893)
Finance costs, net	30,334	*13.1%*	27,774	*12.0%*	2,560
Loss for the period before income taxes	**(21,635)**	***(9.4)%***	**(30,618)**	***(13.2)%***	**8,983**
Income tax recovery	(325)	*(0.1)%*	(1,450)	*(0.6)%*	1,125
Loss for the period	**(21,310)**	***(9.2)%***	**(29,168)**	***(12.6)%***	**7,858**
Net loss attributable to:					
Owners of the parent	(21,349)	*(9.2)%*	(29,153)	*(12.6)%*	7,804
Non-controlling interests	39	*0.0%*	(15)	*0.0%*	54
	$(21,310)	***(9.2)%***	**$(29,168)**	***(12.6)%***	**$7,858**

Cost of sales as a percentage of revenue decreased as compared to the six months ended June 30, 2015 by 30 basis points primarily due to increased equipment sales activity coupled with improved equipment margins.

Operating expenses increased as compared to the six months ended June 30, 2015 in part as a result of the FX Forward gain of $781 in 2015 that was reflected as a cost reduction that did not repeat in 2016. On a like for like basis excluding the gain related to the forward contract, operating expenses increased approximately $1,248 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 partially offset by reductions in general expenses as a result of the implementation of cost saving measures.

Depreciation and amortization decreased as compared to the six months ended June 30, 2015 primarily due to a smaller average depreciable base for the six months ended June 30, 2016 compared to the same time last year.

Share-based compensation expense decreased as compared to the six months ended June 30, 2015 due to share option forfeitures and cancellations during the current quarter.

Other expenses increased $3,609 as compared to the six months ended June 30, 2015 due to (i) $974 increase in restructuring and integration costs driven by severance expenses and (ii) a $3,816 higher loss on disposal of assets (loss of $3,708 loss for the sale of assets related to the Company’s speaker business in 2016 compared to a gain of $108 in 2015). The $3,708 loss included goodwill and intangibles attributed to the assets sold of $210 and $1,659, respectively. The increases were offset by $1,295 lower transaction costs driven by a reduction in the liability related to the forecasted Technomedia contingent consideration.

Foreign exchange on financing transactions recognized a gain due to the revaluation of USD-based debt and intercompany debt held by foreign subsidiaries caused by the strengthening of the Euro spot rate in 2016 compared to a loss in 2015.

Financing costs, net increased $2,560 primarily due to a loss of $1,214 related to the change in fair value of the 2014 Interest rate floor in the six months ended June 30, 2016 compared to a gain of $923 in the comparative period. Additionally, interest expense was higher in the six months ended June 30, 2016 due to higher average outstanding borrowings on the 2014 First Lien Revolving Credit Facility compared to the same period in the prior year.

Income tax for the six months ended June 30, 2016 was a credit of $325 compared to a credit of $1,450 in the comparative period primarily as a result of more deferred tax recognition of tax loss carryforwards offsetting income tax in the prior year than in the current period

Non-controlling interest increased $54 as compared to the six months ended June 30, 2015.

	June 30, 2016	December 31, 2015	Change
Total assets	$618,458	$654,516	$(36,058)
Total non-current liabilities	644,066	645,073	(1,007)

Total assets decreased as compared to the year ended December 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, primarily at NA and Technomedia as a result of overall increased collections from year-end invoicing.

Total non-current liabilities decreased due to the reclass of long term deferred revenue to short term upon the passage of time and lower deferred tax liabilities, which at June 30, 2016 were $22,013 compared to $23,682 at December 31, 2015, offset by an increase in the fair value of the 2014 interest rate floor liability and the accretion of deferred financing costs related to long term debt.

Liquidity and Capital Resources

	Six months ended		
	June 30, 2016	**June 30, 2015**	**Change**
Total cash provided by (used in):			
Operating Activities	$37,353	$40,385	$(3,032)
Investing Activities	(13,353)	(15,589)	2,236
Financing Activities	(29,128)	(28,660)	(468)
Effect of exchange rates on cash	171	(914)	1,085
Decrease in cash equivalents	**$(4,957)**	**$(4,778)**	**$(179)**

The decrease in cash generated from operating activities of $3,032 as compared to the six months ended June 30, 2015 was driven by the change in the following components:

	Six months ended		
	June 30, 2016	**June 30, 2015**	**Higher / (Lower)**
Operating cash flows before working capital adjustments (a)	$44,224	$47,201	$(2,977)
Working capital (reductions) additions	(5,800)	(7,098)	1,298
Cash taxes credited (paid)	(1,083)	267	(1,350)
Interest received	12	15	(3)
Increase in cash from operating activities	**$37,353**	**$40,385**	**$(3,032)**

(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 $1,461 reduction in recorded capital expenditures in the six months ended June 30, 2016 and the receipt in the current period of $741 cash proceeds from the sale of assets related to the Company's speaker business.

The increase in cash used in financing activities of $468 compared to the prior period is primarily due to an offset of a cash receipt of $395 for a settlement of a Euro forward contract in 2015 that did not repeat in 2016.

Key Performance Indicators

In the three months ended June 30, 2016, the number of total Company-owned sites decreased by 1,459 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 1.2% in the three months ended June 30, 2016 compared with 1.1% in the prior quarter and 1.0% in the comparative quarter of 2015, with Audio churn of 1.1% and Visual churn of 1.7%. Churn in North America increased slightly to 1.1% in the three months ended June 30, 2016 while churn in the International business unit remained stable at 1.2% relative to the prior quarter.

For the three months ended June 30, 2016 blended ARPU declined by 0.8% 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 1.3% year-over-year in the three months ended June 30, 2016 with Audio ARPU declining by 1.5% year over year and Visual ARPU declining by 4.3% year over year.

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Audio sites	406,139	408,457	402,690	401,428	398,745	398,773	395,596	393,869
Visual sites	13,558	14,061	12,872	13,050	13,437	13,759	14,095	14,363
Total sites	**419,697**	**422,518**	**415,562**	**414,478**	**412,182**	**412,532**	**409,691**	**408,232**
Audio ARPU	$ 44.83	$ 43.09	$ 41.71	$ 41.70	$ 40.97	$ 41.10	$40.77	$41.30
Visual ARPU	$ 83.60	$ 82.12	$ 78.76	$ 81.93	$ 82.26	$ 75.12	$72.10	$79.52
Blended ARPU	**$ 46.09**	**$ 44.37**	**$ 42.90**	**$ 42.96**	**$ 42.29**	**$ 42.24**	**$41.83**	**$42.63**
Audio gross additions	9,279	12,394	8,625	10,136	9,850	10,947	9,800	11,789
Visual gross additions	761	685	1,006	698	829	876	786	973
Total gross additions	**10,040**	**13,079**	**9,631**	**10,834**	**10,679**	**11,823**	**10,586**	**12,762**
Audio monthly churn	0.9%	0.8%	1.2%	0.9%	1.1%	0.9%	1.1%	1.1%
Visual monthly churn	1.3%	0.4%	5.2%	1.3%	0.8%	1.6%	1.1%	1.7%
Total monthly churn	**0.9%**	**0.8%**	**1.3%**	**1.0%**	**1.0%**	**0.9%**	**1.1%**	**1.2%**

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 June 30, 2016:

Description	Total	Less than one year	Years two and three	Years four and five	Beyond five years
2014 First Lien Credit Facility	$235,714	$8,350	$227,364	$-	$-
2014 First Lien Credit Facility interest	45,618	16,241	29,377	-	-
9.25% Senior Unsecured Notes	350,000	-	-	350,000	-
9.25% Senior Unsecured Notes interest	145,688	32,375	64,750	48,563	-
MMG Notes	50,000	-	-	-	50,000
MMG Notes Interest	36,667	5,000	10,000	10,000	11,667
Operating leases	31,312	11,471	12,579	4,177	3,085
Finance leases	3,936	1,787	2,149	-	-
Trade and other payables	87,170	87,170	-	-	-
Total	**$986,105**	**$162,394**	**$346,219**	**$412,740**	**$64,752**

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:

	June 30, 2016	December 31, 2015
Shareholders' equity	$(145,098)	$(123,735)
MMG Notes	50,000	50,000
2014 First Lien Credit Facilities	235,714	236,888
Finance leases	3,181	3,413
9.25% Senior Unsecured Notes	350,000	350,000
Total Debt (contractual amounts due)	638,895	640,301
Total Capital	**$493,797**	**$516,566**

The number of our outstanding common shares as at June 30, 2016 was 183,694,082.

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

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Basic net loss per share	$(0.06)	$(0.01)	$(0.12)	$(0.16)
Diluted net loss per share	$(0.06)	$(0.01)	$(0.11)	$(0.16)

	Outstanding as at August 10, 2016
Common shares	183,694
Share options	9,805
Deferred share units	3,343
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 June 30, 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 and six months ended June 30, 2016 net loss by approximately +/- $300 and +/-$500, respectively, 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 June 30, 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.

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 and six months ended June 30, 2016 was a credit of $(106) and a charge of $70, respectively.

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

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 and six months ended June 30, 2015, the amount reflected in operating costs was a charge of $504 and credit of $(781), respectively.

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 for the three and six months ended June 30, 2015 was $59 and $396, respectively.

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.

Loss (*gain) for the change in fair value*	**Three months ended**		**Six months ended**	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
2014 Interest rate floor	$78	$(808)	$1,144	$(499)

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 2, *Share-based Payment*

In June 2016, the IASB issued final amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classifications of the transaction from cash-settled to equity-settled. The Company intends to adopt the amendments to IFRS 2 in the consolidated financial statements for the annual period beginning January 1, 2018.

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 adoption 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 lease recognition policies.

Disclosure Controls and Internal Controls over Financial Reporting

During the three and six months ended June 30, 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.