Interim Condensed Consolidated Financial Statements

Mood Media Corporation

Unaudited

For the three and nine months ended September 30, 2017

Mood Media Corporation

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Unaudited

In thousands of US dollars, unless otherwise stated

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		$10,547	$16,978
Restricted cash		5,986	817
Trade and other receivables, net		71,907	84,781
Income taxes recoverable		948	127
Inventory		19,925	22,040
Prepayments and other assets		15,957	13,253
Deferred costs		7,941	8,949
Total current assets		**133,211**	**146,945**
Non-current assets			
Deferred costs		7,679	7,898
Property and equipment, net		38,447	42,096
Other assets		715	596
Intangible assets		164,552	187,287
Goodwill	14	203,792	208,851
Total assets		**548,396**	**593,673**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		79,236	96,340
Income taxes payable		687	887
Deferred revenue		14,000	16,928
Other financial liabilities	10	4,138	4,729
Current portion of long-term debt	9	19,277	8,350
Total current liabilities		**117,338**	**127,234**
Non-current liabilities			
Deferred revenue		5,188	5,890
Deferred tax liabilities		24,278	22,784
Other payables and financial liabilities		1,827	1,915
Long-term debt	9	440,997	610,982
Total liabilities		**589,628**	**768,805**
Equity			
Share capital	13	129,136	328,807
Contributed surplus		345,521	40,811
Foreign exchange translation reserve		3,875	12,383
Deficit		(520,026)	(557,426)
Equity attributable to owners of the parent		**(41,494)**	**(175,425)**
Non-controlling interests		262	293
Total equity		**(41,232)**	**(175,132)**
Total liabilities and equity		**$548,396**	**$593,673**

The accompanying notes form part of the interim consolidated financial statements

Mood Media Corporation

INTERIM CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME
Unaudited

In thousands of US dollars, except per share information and weighted average number of shares

		Three months ended		Nine months ended	
	Notes	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Continuing Operations					
Revenue	5	**$98,165**	**$100,172**	**$293,272**	**$304,144**
Expenses					
Cost of sales		44,758	46,740	135,844	140,612
Operating expenses		31,785	31,891	95,493	96,991
Depreciation and amortization		14,817	15,011	43,706	46,688
Share-based compensation		-	202	743	322
Other expenses	6	2,201	2,295	8,999	8,397
Foreign exchange gain on financing transactions	10	(6,059)	(1,281)	(21,189)	(2,367)
Finance costs, net	7	14,337	13,762	(12,038)	44,076
(Loss) income for the period before income taxes		**(3,674)**	**(8,448)**	**41,714**	**(30,575)**
Income tax charge (recovery)	8	1,041	(671)	2,742	(1,054)
(Loss) income for the period from continuing operations		**(4,715)**	**(7,777)**	**38,972**	**(29,521)**
Discontinued Operations					
Income (loss) after taxes from discontinued operations	16	-	302	(1,510)	736
(Loss) income for the period		**(4,715)**	**(7,475)**	**37,462**	**(28,785)**
(Loss) income attributable to:					
Owners of the parent		(4,754)	(7,506)	37,400	(28,855)
Non-controlling interests		39	31	62	70
		$(4,715)	**$(7,475)**	**$37,462**	**$(28,785)**
(Loss) earnings per share attributable to shareholders:					
Basic and diluted		$(0.04)	$(0.04)	$0.23	$(0.16)
Basic from continuing operations		(0.04)	(0.04)	0.24	(0.16)
Diluted from continuing operations		(0.04)	(0.04)	0.23	(0.16)
Basic and diluted from discontinued operations		0.00	0.00	(0.01)	0.00
Weighted average number of shares outstanding – basic		129,136	184,778	165,619	184,453
Weighted average number of shares outstanding – diluted		129,136	186,712	166,888	186,388

(Loss) income for the period	**$(4,715)**	**$(7,475)**	**$37,462**	**$(28,785)**
Items that may be reclassified subsequently to the (loss) income for the period:				
Exchange loss on translation of foreign operations	(3,993)	(397)	(12,222)	(531)
Amounts recognized through the interim consolidated statements of (loss) income	-	-	3,714	-
Other comprehensive loss for the period, net of tax	**(3,993)**	**(397)**	**(8,508)**	**(531)**
Total comprehensive (loss) income for the period, net of tax	**(8,708)**	**(7,872)**	**28,954**	**(29,316)**
Comprehensive (loss) income attributable to:				
Owners of the parent	(8,747)	(7,903)	28,892	(29,386)
Non-controlling interests	39	31	62	70
	$(8,708)	**$(7,872)**	**$28,954**	**$(29,316)**

The accompanying notes form part of the interim consolidated financial statements

Mood Media Corporation

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

In thousands of US dollars, unless otherwise stated

	Notes	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Operating activities					
Income (loss) for the period before income taxes – continuing operations		**$(3,674)**	**$(8,448)**	**$41,714**	**$(30,575)**
Income (loss) for the period before income taxes – discontinued operations	**16**	-	280	(1,545)	772
		(3,674)	**(8,168)**	**40,169**	**(29,803)**
Reconciling adjustments					
Depreciation and amortization		14,817	15,434	44,575	48,218
(Gain) loss on disposal of property and equipment		(24)	(13)	4	(14)
Share-based compensation		-	202	743	322
Foreign exchange gain on financing transactions		(6,059)	(1,279)	(21,193)	(2,365)
Finance costs, net	7	14,337	13,760	(12,039)	44,094
Loss on disposal of asset sales and discontinued operations	16	-	-	1,836	3,708
Working capital adjustments					
(Increase) decrease in trade and other receivables		(10,223)	6,049	(3,412)	13,287
Decrease (increase) in inventory		119	(2,173)	(3,547)	(1,367)
Decrease in trade and other payables		(5,591)	(1,629)	(5,926)	(16,393)
Increase (decrease) in deferred revenue		89	(765)	(364)	155
		3,791	**21,418**	**40,846**	**59,842**
Income taxes paid		(967)	(641)	(362)	(1,724)
Interest received		5	8	56	20
Net cash flows from operating activities		**2,829**	**20,785**	**40,540**	**58,138**
Investing activities					
Purchase of property and equipment and intangible assets		(6,612)	(6,639)	(20,039)	(20,799)
Proceeds from disposal of asset sales and discontinued operations, net		-	-	19,047	741
Proceeds from disposal of property, equipment and other assets		1	6	27	72
Net cash flows used in investing activities		**(6,611)**	**(6,633)**	**(965)**	**(19,986)**
Financing activities					
Repayment of borrowings		(2,194)	(588)	(286,732)	(1,763)
Proceeds from credit facilities		10,500	-	303,074	-
Share Acquisitions		-	-	(19,758)	-
DSU redemptions		(25)	-	(855)	-
Dividends (paid to) from associates and non-controlling interests, net		(12)	(3)	58	291
Finance lease payments		(280)	(301)	(810)	(992)
Cost of settlement of credit facilities		-	-	(40,432)	-
Interest paid		(6,512)	(4,447)	(41,803)	(31,949)
Proceeds from new equity issuance		-	-	40,000	-
Settlement of forward contracts, net		(170)	-	32	(54)
Net cash flows from (used in) financing activities		**1,307**	**(5,339)**	**(47,226)**	**(34,467)**
Net (decrease) increase in cash		**(2,475)**	**8,813**	**(7,651)**	**3,685**
Net foreign exchange gain on cash balances		**369**	**119**	**1,220**	**290**
Cash at beginning of period		**12,653**	**12,369**	**16,978**	**17,326**
Cash at end of period		**$10,547**	**$21,301**	**$10,547**	**$21,301**

The accompanying notes form part of the interim consolidated financial statements

Mood Media Corporation

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Unaudited

In thousands of US dollars, unless otherwise stated

	Notes	Share Capital	Contributed Surplus	Foreign Exchange Translation Reserve	Deficit	Total	Non-controlling Interests	Total Equity
As at January 1, 2017		**$328,807**	**$40,811**	**$12,383**	**$(557,426)**	**$(175,425)**	**$293**	**$(175,132)**
Income for the period		-	-		37,400	**37,400**	62	**37,462**
Loss on translation of foreign operations		-	-	(12,222)	-	**(12,222)**	-	**(12,222)**
Discontinued operations				3,714	-	**3,714**	-	**3,714**
Total comprehensive (loss) income		**-**	**-**	**(8,508)**	**37,400**	**28,892**	**62**	**28,954**
Share-based compensation		-	743	-	-	**743**	-	**743**
Dividends to non-controlling interest		-	-	-	-	**-**	(93)	**(93)**
Issuance of new common shares	13	129,136	(514)	-	-	**128,622**	-	**128,622**
Reclassification to contributed surplus	13	(304,936)	304,936	-	-	**-**	-	**-**
Share Acquisitions	13	(23,871)	-	-	-	**(23,871)**	-	**(23,871)**
DSU redemption		-	(455)	-	-	**(455)**	-	**(455)**
As at September 30, 2017		**$129,136**	**$345,521**	**$3,875**	**$(520,026)**	**$(41,494)**	**$262**	**$(41,232)**

	Share Capital	Contributed Surplus	Foreign Exchange Translation Reserve	Deficit	Total	Non-controlling Interests	Total Equity
As at January 1, 2016	**$328,807**	**$40,333**	**$6,765**	**$(499,640)**	**$(123,735)**	**$249**	**$(123,486)**
(Loss) income for the period	-	-	-	(28,855)	**(28,855)**	70	**(28,785)**
Loss on translation of foreign operations	-	-	(531)	-	**(531)**	-	**(531)**
Total comprehensive (loss) income	**-**	**-**	**(531)**	**(28,855)**	**(29,386)**	**70**	**(29,316)**
Share-based compensation	-	322	-	-	**322**	-	**322**
Dividends to non-controlling interest	-	-	-	-	**-**	(60)	**(60)**
As at September 30, 2016	**$328,807**	**$40,655**	**$6,234**	**$(528,495)**	**$(152,799)**	**$259**	**$(152,540)**

The accompanying notes form part of the interim consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited
For the three and nine months ended September 30, 2017

In thousands of US dollars, unless otherwise stated

1. Corporate information

Mood Media Corporation ("Mood Media" or the "Company") is a diversified in-store media company with operations around the globe. The Company previously was a publicly traded company on the Toronto Stock Exchange, domiciled and incorporated in Canada. As of June 28, 2017, the Company became a privately held company incorporated in the State of Delaware. Mood Media is majority owned by funds affiliated with or controlled by Apollo Global Management, LLC and its subsidiaries ("Apollo") (NYSE: APO) and funds advised or sub-advised by GSO / Blackstone Debt Funds Management, LLC or its affiliates ("GSO"). The Company's principal place of business is located at 1703 West Fifth Street, Suite 600, Austin, Texas 78703, and its registered office is located at 3411 Silverside Road, Tatnall Building #104, Wilmington, Delaware, 19810, in care of registered agent Corporate Creations Network, Inc.

The Company provides in-store audio, visual, mobile, voice, drive thru, commercial TV, social and scent marketing solutions to a range of businesses globally, including restaurants, specialist retailers, hotels, department stores, supermarkets, financial institutions as well as fitness clubs and car dealerships. Proprietary technology and software are used to deploy music from a compiled music library to client sites. This library comes from a diverse network of producers including major labels and independent and emerging artists.

2. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies and methods as were used for the Company's annual consolidated financial statements and notes for the year ended December 31, 2016. These interim condensed consolidated financial statements do not include all of the information and disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2016 and the accompanying notes. All amounts are expressed in US dollars (unless otherwise specified), rounded to the nearest thousand. These interim condensed consolidated financial statements of the Company were approved by management and authorized for issue on November 14, 2017.

3. Summary of estimates, judgments and assumptions

The preparation of the Company's interim condensed consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements. These interim condensed consolidated financial statements were prepared on a going concern basis under the historical cost method, except for certain financial assets and liabilities, which are measured at fair value. Management assesses the Company's ability to continue as a going concern at each reporting date, using quantitative and qualitative information available; however, uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

There has been no substantial change in the Company's critical accounting estimates since the publication of the annual consolidated financial statements as at and for the year ended December 31, 2016.

In thousands of US dollars, unless otherwise stated

4. Summary of significant accounting policies

Basis of measurement and principles of consolidation

The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries after the elimination of intercompany balances and transactions. Investments in entities over which the Company exercises significant influence are accounted for using the equity method. The results of operations of subsidiaries acquired during the year are included from their respective dates of acquisition. Non-controlling interests represent the portion of net earnings and net assets that are not held by the Company and are presented separately in the interim condensed consolidated statements of (loss) income and comprehensive (loss) income and within equity in the interim consolidated statements of financial position.

New standards, interpretations and amendments thereof not yet effective

New standards and interpretations 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* ("IFRS 2")

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 effective date for this standard is for reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Company has completed the review process to assess the impact and application of the aforementioned amendments and has determined it will have no impact on the Company.

IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9")

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), 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.

In thousands of US dollars, unless otherwise stated

4. Summary of significant accounting policies (continued)

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

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 concerning revenue recognition.

IFRS 15 will be effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company will not be early adopting IFRS 15. The Company has elected to adopt IFRS 15 using the modified retrospective approach. Under this approach, the Company will recognize transitional adjustments in retained earnings on the date of initial application. Although the Company has made progress in the implementation of IFRS 15, it is not yet possible to make a reliable estimate of the full impact of the new standard on its financial statements as the Company is required to implement changes to processes across the organization in order to collect the new data requirements. The Company is continuing to review and assess the impact on its current revenue recognition policies and reporting processes.

IFRS 16, *Leases* ("IFRS 16")

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. Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principles.

The new standard will be effective for annual reporting 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 not yet determined the impact on its current lease recognition policies.

5. Revenue

The composition of revenue is as follows:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Recurring	$59,336	$60,434	$177,096	$183,661
Equipment	22,553	22,543	67,283	66,149
Installation and services	10,927	9,245	32,607	33,318
Other	5,349	7,950	16,286	21,016
	$98,165	**$100,172**	**$293,272**	**$304,144**

In thousands of US dollars, unless otherwise stated

6. Other expenses

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Transaction costs (i)	$252	$100	$454	$(627)
Integration costs (ii)	1,444	2,195	7,540	5,316
Settlements and resolutions (iii)	505	-	1,005	-
Net loss on disposal of certain assets (iv)	-	-	-	3,708
	$2,201	**$2,295**	**$8,999**	**$8,397**

(i) Transaction costs incurred during the three and nine months ended September 30, 2017 and September 30, 2016 primarily relate to costs associated with prior acquisitions.

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Legal, professional, and consultant fees	$14	$38	$14	$187
Technomedia contingent consideration and related expenses (a)	238	62	440	(814)
	$252	**$100**	**$454**	**$(627)**

(a) The amended Technomedia contingent consideration earn-out and related expenses incurred are in connection with the amendment of the securities purchase agreement for Technomedia on October 7, 2014. Contingent consideration is discussed further in note 10.

(ii) Integration costs consist of severance costs, information technology integration, real estate consolidation, and other integration and transition activities. These integration activities are a result of integrating various businesses and acquisitions.

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Severance costs	$467	$324	$1,703	$2,244
Other integration costs (a)	977	1,871	5,837	3,072
	$1,444	**$2,195**	**$7,540**	**$5,316**

(a) On June 28, 2017, the Company completed the terms of an arrangement agreement as further described in note 9 to affect a comprehensive transaction pursuant to which substantially all of the Company's outstanding debt was refinanced or redeemed and all of the Company's outstanding shares at the time were acquired and cancelled. The Company recorded a charge in integration costs for change in control, accrued retention and other related bonuses in connection with this arrangement totaling $1,119 and $5,338 for the three and nine months ended September 30, 2017, respectively.

In thousands of US dollars, unless otherwise stated

6. Other expenses (continued)

(iii) The 2017 settlements and resolutions comprise of costs and related expenses for various settlements and resolutions related Mood Media and its subsidiaries. No individual amount is considered significant to the interim consolidated financial statements.

(iv) On March 30, 2016, the Company completed the sale of assets related to its speaker business. The $3,708 loss recognized included goodwill and intangible assets 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.

7. Finance costs, net

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Interest expense	$13,065	$13,837	$40,517	$41,474
Change in fair value of financial instruments (i)	82	(1,239)	159	(25)
Gain on arrangement agreement (ii)	-	-	(55,728)	-
Other finance costs, net (iii)	1,190	1,164	3,014	2,627
	$14,337	**$13,762**	**$(12,038)**	**$44,076**

(i) Change in fair value of financial instruments consists of:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Interest rate floor under 2014 First Lien Credit Facilities (a)	$-	$(1,271)	$96	$(127)
USD forward contracts (b)	82	32	321	102
CAD forward contract (c)	-	-	(258)	-
	$82	**$(1,239)**	**$159**	**$(25)**

(a) The 2014 First Lien credit agreement included an interest rate floor that was considered to be an embedded derivative.

(b) In 2016, the Company entered into a series of Euro to USD forward contracts as further described in note 10.

(c) During the three months ended June 30, 2017, the Company entered into a CAD to USD forward contract as further described in note 10.

The above financial instruments are fair valued at each reporting date with the change in fair value recognized within finance costs, net in the interim consolidated statements of (loss) income and comprehensive (loss) income.

In thousands of US dollars, unless otherwise stated

7. Finance costs, net (continued)

(ii) The gain on arrangement agreement reflects the aggregate effect of the comprehensive transaction pursuant to which substantially all of the Company's outstanding debt was refinanced or redeemed and all of the Company's outstanding shares at the time were acquired and cancelled as further described in note 9.

Gain on arrangement agreement per note 9 consists of:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Accelerated deferred financing costs	$-	$-	$15,465	$-
Accelerated debt premiums from prepayment options	-	-	(1,413)	-
2014 interest rate floor non-cash discount	-	-	1,436	-
Gain on extinguishment of 9.25% Senior Unsecured Notes	-	-	(104,019)	-
2014 interest rate floor extinguishment	-	-	(442)	-
Backstop fee (note 13)	-	-	13,528	-
Early extinguishment fee (a)	-	-	1,500	-
Transaction costs (b)	-	-	18,217	-
	$-	**$-**	**$(55,728)**	**$-**

(a) The early extinguishment fee was paid to the MMG Note holders per the MMG Notes indenture agreement in order to redeem the notes prior to maturity.

(b) Transaction costs incurred for the arrangement agreement include legal fees, tax fees, due diligence fees and professional and consulting fees.

The gain on the arrangement agreement per debt and equity components per note 9 is as follows:

	2014 First Lien Credit Facilities	**9.25% Senior Unsecured Notes**	**MMG Notes**	**Total**
Accelerated deferred financing costs	$1,556	$3,737	$10,172	$15,465
Accelerated debt premiums from prepayment options	-	(1,316)	(97)	(1,413)
2014 interest rate floor non-cash discount	1,436	-	-	1,436
Gain on extinguishment of 9.25% Senior Unsecured Notes	-	(104,019)	-	(104,019)
2014 interest rate floor extinguishment	(442)	-	-	(442)
Backstop fee (note 13)	-	13,528	-	13,528
Early extinguishment fee	-	-	1,500	1,500
Other expenses incurred for arrangement agreement	5,615	12,074	528	18,217
	$8,165	**$(75,996)**	**$12,103**	**$(55,728)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited
For the three and nine months ended September 30, 2017

In thousands of US dollars, unless otherwise stated

7. Finance costs, net (continued)

(iii) Other finance costs, net consist of:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Accretion of 9.25% Senior Unsecured Notes	$-	$278	$559	$833
Accretion of debt related to MMG Notes	-	310	641	925
Accretion of debt related to the 2014 First Lien Credit Facilities	-	189	787	570
Accretion of debt related to the HPS First Lien Credit Facilities	1,003	-	1,003	-
Amortization of debt premium arising from prepayment options	-	(102)	(204)	(308)
Amortization of the debt discount arising from warrants	55	-	55	-
Other	132	489	173	607
	$1,190	**$1,164**	**$3,014**	**$2,627**

8. Income taxes

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Current tax charge				
Current taxes on income for the period	$90	$367	$919	$1,519
Total current charge	**90**	**367**	**919**	**1,519**
Deferred tax charge (recovery)				
Origination and reversal of temporary differences	951	(1,038)	1,823	(2,573)
Total deferred tax charge (recovery)	**951**	**(1,038)**	**1,823**	**(2,573)**
Total income tax charge (recovery)	**$1,041**	**$(671)**	**$2,742**	**$(1,054)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited
For the three and nine months ended September 30, 2017

In thousands of US dollars, unless otherwise stated

9. Loans and borrowings

	September 30, 2017	December 31, 2016
Due in less than one year:		
2014 First Lien Credit Facilities	$-	$2,350
2014 First Lien Revolving Facility	-	6,000
HPS First Lien Credit Facilities	19,277	-
	19,277	**8,350**
Due in more than one year:		
9.25% Senior Unsecured Notes	-	350,000
Unamortized discount – financing costs	-	(4,296)
Unamortized premium – prepayment option	-	1,514
	-	**347,218**
Second Lien Senior Secured PIK Notes – principal	175,000	-
Second Lien Senior Secured PIK Notes – PIK	3,578	-
	178,578	**-**
MMG Notes	-	50,000
Unamortized discount – financing costs	-	(8,740)
Unamortized discount – prepayment option	-	95
	-	**41,355**
2014 First Lien Credit Facilities	-	226,188
Unamortized discount – 2014 interest rate floor and finance costs	-	(3,779)
	-	**222,409**
HPS First Lien Credit Facilities	281,602	**-**
Unamortized discount – financing costs	(18,212)	**-**
Unamortized discount – fair value	(972)	**-**
	262,418	**-**
	440,996	**610,982**
Total loans and borrowings	**$460,273**	**$619,332**

Contractual balances for loans and borrowings are as follows:	**September 30, 2017**	**December 31, 2016**
2014 First Lien Credit Facilities	$-	$234,538
9.25% Senior Unsecured Notes	-	350,000
MMG Notes	-	50,000
Second Lien Senior Secured PIK Notes	175,000	-
HPS First Lien Credit Facilities	300,879	-
Total contractual balances for loans and borrowings	**$475,879**	**$634,538**

Loans and borrowing terms:	**HPS First Lien Credit Facilities**	**Second Lien Senior Secured PIK Notes**
Closing date	June 28, 2017	June 28, 2017
Maturity date	June 28, 2022	July 1, 2024
Interest rate	LIBOR + 7.25%	LIBOR + 14%
Effective interest rate	10.09%	15.29%

In thousands of US dollars, unless otherwise stated

9. Loans and borrowings (continued)

On June 28, 2017, the Company completed the terms of an arrangement agreement (the "Arrangement") with affiliates of several key stakeholders, including affiliates of Apollo and funds advised or sub-advised by GSO, to affect a comprehensive transaction pursuant to which all of the issued and outstanding common shares of the Company's shares were acquired for C$0.17 whole Canadian dollars in cash per share (the "Share Acquisitions") and cancelled, and substantially all of the Company's debt obligations were refinanced or redeemed.

The Arrangement resulted in the refinancing of the 9.25% Senior Unsecured Notes. This was accomplished through the issuance of $175,000 aggregate principal amount of new notes (the "Second Lien Senior Secured PIK Notes") to Company noteholders. For every $1,000 whole dollar aggregate principal amount of 9.25% Senior Unsecured Notes held, $500 whole dollar aggregate principal amount of Second Lien Senior Secured PIK Notes were exchanged with the remaining $500 whole dollar aggregate principal amount of 9.25% Senior Unsecured Notes exchanged for new common shares of the Company, in the following amounts: up to 175 new common shares if the 9.25% Senior Unsecured Note holder elected to participate in the new equity issuance described below or 150 new common shares of the Company if they did not elect to participate.

A total of $339,221 of the total $350,000 9.25% Senior Unsecured Note holders validly elected to participate and made the corresponding election through The Depository Trust Company in the new equity issuance and therefore received 175 new common shares for a total of 59,363,675 new common shares and the remaining Senior Unsecured Note holders that chose not to participate in the new equity issuance, or failed to make a valid election through The Depository Trust Company, received 150 new common shares for a total of 1,616,850 new common shares. The total amount of new common shares of the Company resulting from the exchange of the 9.25% Senior Unsecured Notes was 60,980,525 new common shares.

The Second Lien Senior Secured PIK Notes accrue interest at a rate of LIBOR + 14% (8% of which is payable-in-kind), mature on July 1, 2024, are governed by the terms of the Second Lien Senior Secured PIK Notes Indenture. The LIBOR rate has a 1% interest rate floor. The Company assessed the interest rate floor embedded derivative and determined it was closely related to the host contract and therefore was not required to be bifurcated. The Second Lien Senior Secured PIK Notes include an optional redemption provision at specified redemption prices throughout the term of the debt. The Company assessed the prepayment option embedded derivative and determined it was closely related to the host contract and therefore was not required to be bifurcated.

Additionally, in connection with the 9.25% Senior Unsecured Notes refinancing, a new equity issuance resulted in 49,999,993 new common shares of the Company being issued in exchange for $40,000 in cash. The proceeds of the new equity issuance were used to refinance or redeem the Company's other debt obligations.

9. Loans and borrowings (continued)

The refinancing of the 9.25% Senior Unsecured Notes was accounted for as an extinguishment with the new debt and equity being recorded at fair value. The Second Lien Senior Secured PIK Notes were recorded at their fair value of $175,000 and the new common shares at a fair value of $110,981. The difference between the principal value of the 9.25% Senior Unsecured Notes of $350,000, the fair value of the Second Lien Senior Secured PIK Notes and new common shares and plus the cash received for the new common shares of $40,000 resulted in a gain on extinguishment of $104,019. In addition, the Company incurred $12,074 in transaction costs and $13,528 related to the backstop fee (note 13) related to the extinguishment. The net amount resulted in a gain on extinguishment of $75,996, which was recorded within finance costs, net (note 7).

Pursuant to the Arrangement, the Company obtained funding from HPS Investment Partners, LLC ("HPS"), for a new first lien credit facility (the "HPS Term Loan Credit Facility") and revolving credit facility (the "HPS Revolving Credit Facility"; collectively the "HPS First Lien Credit Facilities") in order to: (a) fund the refinancing of the 2014 First Lien Credit Facilities; (b) fund the redemption of the MMG Notes; and (c) pay costs and expenses in connection with the Arrangement. The principal amount borrowed at closing under the HPS Term Loan Credit Facility was $292,574 and the amount available to the Company under the HPS Revolving Credit Facility was $15,000. The HPS Term Loan Credit Facility is repayable at $2,194 per quarter, with the remainder payable on June 28, 2022. Interest on the HPS First Lien Credit Facilities accrues at a rate of adjusted LIBOR + 7.25% per annum. The LIBOR rate has a 1% interest rate floor. The Company assessed the interest rate floor embedded derivative and determined it was closely related to the host contract and therefore was not required to be bifurcated. The HPS Term Loan Credit Facility includes an optional redemption provision at specified redemption prices throughout the term of the debt. The Company assessed the prepayment option embedded derivative and determined it was closely related to the host contract and therefore was not required to be bifurcated.

As at September 30, 2017, the Company drew $10,500 on the HPS Revolving Credit Facility and had an additional $4,500 available under the HPS Revolving Credit Facility. The HPS First Lien Credit Facilities are subject to the maintenance of financial covenants and the Company was in compliance with its HPS First Lien Credit Facilities covenants as at September 30, 2017.

As part of the HPS Term Loan Credit Facility, the Company also issued 2,635,432 warrants ("HPS Warrants") for the purchase of new common shares of the Company to HPS. The warrants' exercise price is $1.00 whole dollar per share and expires on June 28, 2022. The HPS Warrants were ascribed a fair value of $1,030 at the time of grant based on the Black-Scholes option pricing model, which is affected by the Company's share price as well as assumptions regarding a number of subjective variables. The Company allocated the fair value of the HPS Term Loan Credit Facility of $292,574 on a relative fair value basis using the fair value of the HPS Term Loan Credit Facility and the HPS Warrants, which resulted in an ascribed value of $1,027 to the warrants and $291,536 to the HPS Term Loan Credit Facility. The HPS Warrants are accounted for as a liability at fair value and will be subsequently fair valued with the change in fair value recognized within finance costs, net. In addition, transactions costs incurred related to the HPS First Lien Credit Facilities were netted against the debt ($19,215). The carrying value of the debt will be amortized using the effective interest rate method over the term of the HPS First Lien Credit Facility with the amortization recognized within finance costs, net (note 7).

In thousands of US dollars, unless otherwise stated

9. Loans and borrowings (continued)

The Company used the funds received from the HPS First Lien Credit Facilities to fund the refinancing of the 2014 First Lien Credit Facilities. Upon refinancing, the Company repaid the outstanding principal amount and accrued interest in the amount of $245,727. As a result of the refinancing, the Company wrote off the remaining deferred financing costs of $1,556, unamortized discount on the interest rate floor of $1,436, the interest rate floor liability of $442 and incurred transaction costs of $5,615. The net amount resulted in a loss on extinguishment of $8,165, which was recorded within finance costs, net (note 7).

Proceeds from the Arrangement were also used to redeem the MMG Notes prior to maturity. In connection with the redemption of the MMG Notes, the Company accelerated the remaining deferred financing costs and prepayment option premium in the amount of $10,172 and $97, respectively. As part of the early redemption, the Company incurred $1,500 in early redemption fees and transaction costs in the amount of $528. These charges were included within finance costs, net (note 7) and net to a loss on extinguishment of the MMG Notes of $12,103.

Collectively, the Company via the Arrangement obtained the $292,574 HPS Term Loan Credit Facility with a $15,000 revolver facility and issued $175,000 Second Lien Senior Secured PIK Notes which allowed the Company to effectively refinance the 2014 First Lien Credit Facilities, redeem the MMG Notes, deferred share units, options, and shares outstanding, and refinance the 9.25% Senior Unsecured Notes with a debt and equity component thereby reducing the Company's total indebtedness and improving its consolidated statement of financial position. As a result of this comprehensive transaction, the Company recognized a gain of $55,728 as further detailed in note 7.

10. Other financial liabilities

	September 30, 2017	December 31, 2016
Other financial liabilities		
Finance leases	$1,923	$2,662
Forward contracts	100	3
2014 interest rate floor	-	346
Technomedia contingent consideration (i)	2,896	3,633
HPS Warrants (ii)	1,027	-
Total other financial liabilities	**$5,946**	**$6,644**
Due in less than one year	$4,138	$4,729
Due in more than one year	1,808	1,915
Total other financial liabilities	**$5,946**	**$6,644**

(i) On October 7, 2014, the Company amended the securities purchase agreement for Technomedia. The amendment revised the existing contingent consideration earn-out by stipulating that for the calendar year 2014 and each of the following three years, a cash payment equal to a percentage of Technomedia's earnings would be payable in the event that Technomedia achieves certain performance thresholds. The Company records this potential contingent consideration at its fair value at each reporting period by using the probability of expected outcomes. The change in fair value of the Technomedia contingent consideration earn-out is included within other expenses in the interim consolidated statements of (loss) income and comprehensive (loss) income (note 6).

In thousands of US dollars, unless otherwise stated

10. Other financial assets and financial liabilities (continued)

(ii) As part of the HPS Term Loan Credit Facility, the Company also issued 2,635,432 warrants ("HPS Warrants") for the purchase of new common shares of the Company to HPS as further discussed in note 9.

Currency risk

The functional currency of the parent Company is the US dollar. Currency risk arises because the amount of the local currency revenue, 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 the Company's subsidiaries may vary on consolidation into US dollars.

The most significant currency exposure arises from the Euro currency. Certain of the Company's foreign subsidiaries hold intercompany loans denominated in US dollars rather than their functional currencies. For the three and nine months ended September 30, 2017, the amount recognized in foreign exchange gain on financing transactions was $6,059 and $21,189, respectively (a gain of $1,281 and $2,367 for the three months and nine months ended September 30, 2016, respectively). A 1% movement in the EUR/USD exchange rate applied to balances outstanding as at September 30, 2017 would, all else being equal, result in a change to the foreign exchange gain or loss on intercompany financing transactions of approximately $1,800.

During the three months ended June 30, 2017, the Company entered into a 3-day USD to CAD forward contract with the notional amount equal to the CAD Share Acquisition amount used to acquire all of the Company's issued and outstanding common shares pursuant to the Arrangement as further discussed in note 9. In 2016, a subsidiary of the Company with the functional currency of British Pounds entered into a series of Euro to USD forward contracts with a notional amount equal to the USD interest payments related to the MMG Notes.

The following are tables of forward contracts entered into in 2017 and 2016. The 2017 and 2016 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. The changes in fair value and settled gains or losses are included within finance costs, net (note 7).

2017 currency contracts

Forward date	**June 28, 2017**
Reference currency	CAD
Notional	$19,499
Forward rate	1.3214

2016 currency contracts

Forward date	**April 25, 2016**	**October 25, 2016**	**April 25, 2017**	**October 25, 2017**
Reference currency	USD	USD	USD	USD
Notional	$2,500	$2,500	$2,500	$2,500
Forward rate	1.098	1.1033	1.0604	1.0649

In thousands of US dollars, unless otherwise stated

10. Other financial assets and financial liabilities (continued)

Fair value

The book values of the Company's financial assets and financial liabilities approximate the fair values of such items as at September 30, 2017 and December 31, 2016, with the following exceptions summarized below:

	September 30, 2017	December 31, 2016
9.25% Senior Unsecured Notes (a)		
Book value	$-	$347,218
Fair value	$-	$208,460

(a) The 9.25% Senior Unsecured Notes were refinanced as part of the Arrangement discussed in note 9.

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the fair value hierarchies of the valuation techniques used to determine such fair values.

Fair value as at September 30, 2017	Total	Level 1 Quoted prices in active markets for identical assets	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
USD forward contract	**$(100)**	$-	$(100)	$-
HPS Warrants	**(1,027)**	-	(1,027)	-
Fair value as at December 31, 2016				
2014 First Lien Interest rate floor	**$(346)**	$-	$(346)	$-
USD forward contracts	**(3)**	-	(3)	-

There have been no transfers between any levels of the fair value hierarchy during the three and nine months ended September 30, 2017 or during the comparative period. There were also no changes in the purpose of any liability that subsequently resulted in a different classification of that liability.

11. Share-based compensation

Equity-settled share options

The Company had a share option plan for its employees, directors and consultants, which was terminated immediately prior to the closing of the Arrangement referenced herein in note 9. The terms and conditions of the terminated share option plan are included in the Company's annual consolidated financial statements as at and for the year ended December 31, 2016 and the accompanying notes. In accordance with the Arrangement, all the Company's outstanding options, whether vested or unvested, were accelerated and became fully vested and exercisable. Each option holder was entitled to a cash payment to the extent the price paid per option of C$0.17 whole Canadian dollars exceeded the share option exercise price, however, all outstanding options were out-of-the-money and therefore no consideration for the outstanding options was paid. Accordingly, pursuant to the Arrangement immediately prior to the closing, all outstanding options were cancelled, the option plan terminated, and any provisions in any compensation plan providing for interest in respect to the Company's shares were effectively cancelled.

In thousands of US dollars, unless otherwise stated

11. Share-based compensation (continued)

Prior to and after the closing of the Arrangement, the share-based compensation expense recognized for the three and nine months ended September 30, 2017 relating to equity-settled share and option transactions was nil and $313, respectively (three and nine months ended September 30, 2016 was $91 and $8, respectively).

Changes in the number of options, with their weighted average exercise prices, during the option plan's effectiveness for the periods are summarized below:

	September 30, 2017		September 30, 2016	
	Number	**Price**	**Number**	**Price**
Outstanding at beginning of year	**9,353,300**	**$0.80**	**14,143,300**	**$1.22**
Forfeited/cancelled during the period	**(9,353,300)**	0.80	(4,790,000)	2.04
Outstanding at end of period	**-**	**-**	**9,353,300**	**0.80**
Exercisable at end of period	**-**	**$-**	**6,932,472**	**$0.86**

Deferred Share Units

The Company terminated its Deferred Share Unit ("DSU") plan for directors and employees of the Company and its subsidiaries immediately prior to the closing of the Arrangement referenced herein in note 9. The terms and conditions of the terminated DSU plan are included in the Company's annual consolidated financial statements as at and for the year ended December 31, 2016 and the accompanying notes. In accordance with the Arrangement, all the Company's outstanding DSUs, whether vested or unvested, were accelerated and became fully vested and redeemable for a cash payment of C$0.17 whole Canadian dollars per DSU. The Company paid all outstanding DSUs immediately prior to the closing of the Arrangement and all Company DSUs, DSU plan, and DSU provisions within compensation agreements were terminated and cancelled.

The operating expense recognized for the three and nine months ended September 30, 2017 relating to DSU transactions was nil and $385, respectively (three and nine months ended September 30, 2016 were $14 and $17 respectively). The share-based compensation expense recognized for the three and nine months ended September 30, 2017 relating to DSU transactions was nil and $430, respectively (three and nine months ended September 30, 2016 were $111 and $314 respectively).

A summary of DSU transactions during the DSU plan's effectiveness for the periods is as follows:

	September 30, 2017	September 30, 2016
	Number	**Number**
Outstanding at beginning of year	**3,343,008**	**3,542,284**
Granted during the period	2,892,105	-
Redeemed during the period	(6,170,645)	(85,799)
Cancelled during the period	(64,468)	(113,477)
Outstanding at end of period	**-**	**3,343,008**
Vested at end of period	**-**	**1,235,424**

In thousands of US dollars, unless otherwise stated

11. Share-based compensation (continued)

There were no outstanding DSUs as at September 30, 2017 (September 30, 2016 – the 3,343,008 units outstanding consisted of 3,018,310 equity awards and 324,698 liability awards valued at $45).

Warrants

All outstanding MMG Warrants that were issued in connection with the issuance of the MMG Notes were cancelled and terminated by the Company for no consideration, as they were out-of-the-money, immediately prior to the closing of the Arrangement. New warrants were issued to HPS as part of the new credit facility as further discussed in note 9 and, as such, the following warrants were outstanding as at September 30, 2017:

	Number	**Exercise price**	**Expiry date**
HPS Warrants	2,635,432	$1.00	June 2022

The HPS Warrants were ascribed a fair value of $1,030 at the time of grant based on the Black-Scholes option pricing model, which is affected by the Company's share price as well as assumptions regarding a number of subjective variables. The HPS Warrants' fair value was combined with the fair value of the HPS Term Loan Credit Facility of $292,574 to ratably allocate the principal amount borrowed based on their respective fair values. Accordingly, the allocated value attributed to the HPS Warrants was $1,027 and was recorded as a liability and will be subsequently fair valued with the change in fair value recognized within finance costs, net (note 7). For further discussion on the HPS Warrants see note 9.

12. Contingencies

From time to time, the Company encounters disputes and is sometimes subject to claims from third parties in relation to its normal course of operations. The Company generally believes the claims to be without merit and will consult with its legal counsel to vigorously defend its position. The aggregate provision for various claims as at September 30, 2017 was immaterial.

On April 2, 2015, SoundExchange filed suit against Muzak LLC ("Muzak") in the U.S. District Court for the District of Columbia (the "District Court") alleging that Muzak underpaid royalties for certain of its consumer residential music channels for satellite and cable television subscribers. SoundExchange argues that Muzak is not entitled to pay the royalty rate for "pre-existing subscription services" ("PSS") for those transmissions. On March 8, 2016, the District Court granted Muzak's motion to dismiss the case, holding that Muzak was entitled to the PSS rate and therefore that it had not underpaid. SoundExchange appealed, and on April 25, 2017, the United States Court of Appeals for the District of Columbia Circuit (the "Appeals Court") reversed the District Court's ruling and held that certain transmissions by Muzak, which began in May 2014 and in respect of which a lower royalty rate was paid, may be ineligible for such lower royalty rate. SoundExchange had claimed damages against Muzak corresponding to the amount of the underpayment of royalties and late fees, which amount could exceed $10 million. No provision for any liability has been made in these interim condensed consolidated financial statements as the Company does not believe the threshold for recording a liability in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* has been met. The Company will continue to vigorously defend itself in this matter.

In thousands of US dollars, unless otherwise stated

13. Shareholders' equity

Share capital

Share capital represents the number of common shares outstanding. Share capital for the periods was as follows:

	Number of Shares	Amount
Balance as at December 31, 2016	**183,694,082**	**$328,807**
Share Acquisitions	(183,694,082)	(23,871)
Reclassification to contributed surplus	-	(304,936)
Issuance of new common shares	129,136,170	129,136
Balance as at September 30, 2017	**129,136,170**	**$129,136**

During the three months ended June 30, 2017, the Company redeemed and cancelled all the outstanding common shares of the Company totaling 183,694,082 at a price of C$0.17 whole Canadian dollars per share as part of the Arrangement further described in note 9. The remaining share capital of $304,936 was reclassified to contributed surplus at the completion of the Share Acquisitions described in the Arrangement.

During the three months ended June 30, 2017, new common shares were issued in connection with the Arrangement discussed in note 9 as follows:

	Number of Shares
9.25% Senior Unsecured Notes refinancing (a)	60,980,525
Private Placement related to 9.25% Senior Unsecured Notes (b)	49,999,993
Backstop fee (c)	13,528,301
Arbiter voting and subscription agreements (d)	4,627,351
Total new common share issuance	**129,136,170**

(a) 60,980,525 new common shares of the Company were issued to the 9.25% Senior Unsecured Note holders in exchange for the redemption of a portion of the 9.25% Senior Unsecured Notes.

(b) 49,999,993 new common shares of the Company were issued in connection with a new private placement with the 9.25% Senior Unsecured Note holders raising $40,000 in cash, which was used to refinance or redeem the Company's other debt obligations.

(c) 13,528,301 new common shares were issued for non-cash in accordance with the backstop agreement entered with Apollo, GSO, and Arbiter Partners Capital Management, LLC ("Arbiter") to backstop the new private placement for a minimum of $25,000 and a maximum amount of $50,000.

(d) 4,627,351 new common shares were issued to Arbiter per the voting and subscription agreements with the Company in exchange for their support and vote of all their Company common shares beneficially owned by them or under their control or direction to vote in favor of the Arrangement at the Company shareholder meeting and any other matters necessary to affect the Arrangement.

In thousands of US dollars, unless otherwise stated

13. Shareholders' equity (continued)

As at September 30, 2017, 275,000,000 new common shares were authorized which are divided into two classes, consisting of 225,000,000 common shares with a par value of $0.01 whole dollars per share and 50,000,000 preferred shares with a par value of $0.01 whole dollars. No preferred shares were outstanding as at September 30, 2017.

Deficit

Deficit represents the accumulated loss of the Company attributable to the shareholders to date.

14. Goodwill

Balance as at January 1, 2016	**$213,979**
Sale of assets	(210)
Impairment	(3,575)
Net foreign exchange differences	(1,343)
Balance as at December 31, 2016	**208,851**
Sale of assets	(8,474)
Net foreign exchange differences	3,415
Balance as at September 30, 2017	**$203,792**

On June 1, 2017, the Company sold Audio Visual Solutions Holding B.V., Aplusk B.V., BIS Bedrijfs Informatie Systemen B.V., and BIS Business Information Systems N.V. (collectively, "BIS") to Econocom Financial Services International B.V. for €19,950 as further described in note 16. Pursuant to the BIS sale, goodwill attributed to BIS decreased by $8,474.

In 2016, goodwill decreased by $210, which was the amount attributed to the assets sold in connection with the Company's sale of assets related to its speaker business. Additionally in 2016, the Company recognized an impairment charge of $3,575 on the goodwill allocated to Technomedia.

15. Segment information

In-store media - North America

The Company's In-store media - North America operations are based in the Americas.

In-store media - International

The Company's In-store media - International operations are based in Europe, Asia and Australia.

Other

The Company's other reportable segment includes its corporate activities and Technomedia, which do not fit in the two reportable segments described above. Technomedia provides audio-visual technology and design for large-scale commercial applications, as well as advertising content creation and production solutions. Technomedia is based in the United States.

In thousands of US dollars, unless otherwise stated

15. Segment information (continued)

Three months ended September 30, 2017

	In-store media North America	In-store media International	Other	Consolidated Group
Revenue	$62,844	$25,695	$9,626	$98,165
Expenses				
Cost of sales	28,154	9,808	6,796	44,758
Operating expenses	16,105	12,417	3,263	31,785
Segment profit (loss) (i)	**$18,585**	**$3,470**	**$(433)**	**$21,622**

Three months ended September 30, 2016

	In-store media North America	In-store media International	Other	Consolidated Group
Revenue	$64,681	$25,019	$10,472	$100,172
Expenses				
Cost of sales	29,655	9,679	7,406	46,740
Operating expenses	16,533	11,903	3,455	31,891
Segment profit (loss) (i)	**$18,493**	**$3,437**	**$(389)**	**$21,541**

Nine months ended September 30, 2017

	In-store media North America	In-store media International	Other	Consolidated Group
Revenue	$186,795	$73,491	$32,986	$293,272
Expenses				
Cost of sales	83,591	28,530	23,723	135,844
Operating expenses	49,018	35,758	10,717	95,493
Segment profit (loss) (i)	**$54,186**	**$9,203**	**$(1,454)**	**$61,935**

Nine months ended September 30, 2016

	In-store media North America	In-store media International	Other	Consolidated Group
Revenue	$192,046	$83,462	$28,636	$304,144
Expenses				
Cost of sales	85,406	34,541	20,665	140,612
Operating expenses	49,654	36,531	10,806	96,991
Segment profit (loss) (i)	**$56,986**	**$12,390**	**$(2,835)**	**$66,541**

In thousands of US dollars, unless otherwise stated

15. Segment information (continued)

Reconciliation of segment profit to Consolidated Group (loss) income for the period before income taxes

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Segment profit (i)	**$21,622**	**$21,541**	**$61,935**	**$66,541**
Depreciation and amortization	14,817	15,011	43,706	46,688
Share-based compensation	-	202	743	322
Other expenses	2,201	2,295	8,999	8,397
Foreign exchange gain on financing transactions	(6,059)	(1,281)	(21,189)	(2,367)
Finance costs, net	14,337	13,762	(12,038)	44,076
(Loss) income for the period before income taxes	**$(3,674)**	**$(8,448)**	**$41,714**	**$(30,575)**

(i) Segment profit is considered by executive management as one of the key drivers for the purpose of making decisions about performance assessment and resource allocation of each operating segment. It is prepared on a consistent basis and calculated by reducing revenue by cost of sales and operating expenses.

Geographic areas

Revenue is derived from the following geographic areas based on where the customer is located:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
US	$71,604	$74,030	$217,116	$216,893
Other international	26,561	26,142	76,156	87,251
Total revenue	**$98,165**	**$100,172**	**$293,272**	**$304,144**

Non-current assets

Non-current assets are derived from the following geographic areas based on the location of the individual subsidiaries of the Company:

	September 30, 2017	**December 31, 2016**
US	$337,150	$354,720
International	78,035	92,008
Total non-current assets	**$415,185**	**$446,728**

In thousands of US dollars, unless otherwise stated

16. Discontinued operations

On June 1, 2017, the Company sold BIS for proceeds of €19,950 following a strategic decision to focus on the Company's core businesses. The sale constitutes the entire BIS reporting segment, which was not previously classified as held-for-sale or as a discontinued operation. BIS is no longer disclosed as a separate reportable segment in note 15. Proceeds of €1,000 were deposited in an escrow account with 50% to be distributed to the Company on the second anniversary from the date of sale and the remainder to be distributed to the Company on the fourth anniversary from the date of sale, net of any valid permitted claims submitted by the purchaser. The $1,836 loss recognized on the sale included goodwill and intangible assets attributed to the assets sold totaling $8,474 and $5,019, respectively.

The results of BIS are as follows:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Revenue	$-	$13,743	$23,004	$40,776
Expenses	-	12,968	21,843	38,287
Operating income	**-**	**775**	**1,161**	**2,489**
Non-operating loss	-	495	870	1,717
Loss on sale	-	-	1,836	-
Income (loss) before taxes from discontinued operations	**-**	**280**	**(1,545)**	**772**
Income tax (recovery) charge	-	(22)	(35)	36
Income (loss) after taxes from discontinued operations	**$-**	**$302**	**$(1,510)**	**$736**

The net cash flows generated (incurred) by BIS are as follows:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Operating activities	$-	$275	$(1,866)	$(1,339)
Investing activities	-	(135)	18,605	(375)
Net cash generated (incurred)	**$-**	**$140**	**$16,739**	**$(1,714)**