

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of Multiplied Media Corporation's (the "Company" or "Multiplied Media") financial condition and results of operations is a review of the three and six month periods ended June 30, 2008 and results compared with the same periods of the previous year. The discussion and analysis should be read in conjunction with the audited financial statements and Management's Discussion and Analysis for the year ended December 31, 2007, which are prepared in accordance with Canadian generally accepted accounting principles. The discussion is intended to provide both a historical and prospective analysis of Multiplied Media's activities. Any estimates are based on assumptions of future events and may be subject to change.

The discussion and analysis for the three and six month periods ended June 30, 2008 is prepared and contains disclosure of material changes occurring up to and including August 29, 2008.

Forward-looking Statements

Management's discussion and analysis contains forward-looking statements related to management's intentions and plans concerning future financing and investing activities, and the sufficiency of working capital to continue operations. These statements reflect Management's view with respect to future events. Assumptions made herein, with respect to these future events, are subject to certain uncertainties and factors which could cause actual results or events to differ materially from those implied by these forward-looking statements. Although the Company believes that the forward-looking statements contained herein are reasonable, no assurance can be given that its expectations are correct and that the results, performance or achievements expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Overview

Multiplied Media Corporation (TSXV: MMC) has developed and operates Poynt, the first local search service that works over Microsoft Windows Live™ Messenger in the United States and Canada and AOL Instant Messenger in the United States. The 24-hour service allows consumers to search business information for consumer goods they want to buy locally, at the moment they are interested in finding the information or purchasing the goods or services. The Company is currently focused on partnering with operators of local directory service providers commonly known as yellow pages publishers.

In partnering with yellow page publishers, Multiplied Media provides the development and operation of automated search agents, which includes the design, software coding, data integration, testing, provisioning of these automated search agent applications and the ongoing operation of these applications. The directory service partner provides the marketing to local businesses, collects/manages merchant information, assists with integrating the merchant information into the automated search agent application and may deliver ongoing promotion of the automated search agent service to consumers.

2008 Highlights

- Announced the signing of an agreement with t-info (a division of Deutsche Telekom GmbH) to deploy Poynt local search in Germany on the Windows Live and AOL instant messaging networks as well as on the BlackBerry smart phone
- Signed an agreement with Infobel to integrate their directory data into Poynt, providing coverage for over 30 countries in Europe
- Launched added functionality that allows users to purchase movie tickets from within Poynt
- The beta application of Poynt for the BlackBerry was launched
- A non-brokered private placement was closed in June 2008 for net proceeds of \$424,000
- Poynt surpassed 50,000 users in June of 2008
- A partnership with Livebookings Network was announced to integrate the ability for users to make restaurant reservations in Europe through Poynt local search

FINANCIAL SUMMARY	June 30 2008	December 31 2007
Liquidity and Capital Resources		
Current Assets	\$ 899,352	\$ 3,587,905
Current Liabilities	\$ 771,120	\$ 638,534
Total Assets	\$ 4,028,461	\$ 6,610,620

Quarterly Results	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Revenues	\$ 21,018	\$ 6,004	\$ 42,840	\$ 25,917
Salaries & Consulting	\$ 717,200	\$ 464,711	\$ 1,501,246	\$ 871,814
Total Expenses	\$ 1,690,897	\$ 1,178,421	\$ 3,414,815	\$ 2,303,605
Capital Expenditures	\$ 325,721	\$ 142,386	\$ 690,657	\$ 436,328

Shares Outstanding as of June 30				
Basic	69,458,298	45,622,451	69,458,298	45,622,451

Summary of Quarterly Results

Quarter ended	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007
Net sales	\$ 13,660	\$ 654	\$ 946	\$ 1,043
Net loss from operations	\$ (1,669,879)	\$ (1,702,096)	\$ (1,664,242)	\$ (1,120,347)
Loss per share – Basic	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.02)
Total assets	\$ 4,028,461	\$ 4,918,216	\$ 6,610,620	\$ 8,401,030
Total liabilities	\$ 771,120	\$ 585,618	\$ 638,534	\$ 790,729

Quarter ended	Jun 30, 2007	Mar 31, 2007	Dec 31, 2006	Sep 30, 2006
Net sales	\$ 1,680	\$ 3,469	\$ 375	\$ 287
Net loss from operations	\$ (1,172,417)	\$ (1,105,271)	\$ (551,235)	\$ (437,896)
Loss per share – Basic	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ (0.01)
Total assets	\$ 2,267,657	\$ 3,189,714	\$ 4,290,295	\$ 1,464,780
Total liabilities	\$ 753,607	\$ 565,847	\$ 547,538	\$ 214,105

Results of Operations

Revenues

For the three months ended June 30, 2008, the Company generated sales of \$13,660 and interest income of \$7,358, compared to \$1,680 and \$4,324, respectively, for the same periods in the prior year. Increase in revenue related primarily to expanded user base and licensing revenue as a result of an agreement with a business partner to integrate their directory data into the Company's Poynt platform.

Net loss for the quarter was \$1,669,879 compared to \$1,172,417 for the same period of 2007. The increase of \$497,462 was due to various increases in operating expense as a result of the expanded operations and services coverage. For the six months ended June 30, 2008, the Company incurred a net loss of \$3,371,975 (2007 - \$2,277,688).

Operating Expenses

Operating expenses for the three months ended June 30, 2008 were \$1,690,897 compared to \$1,178,421 for 2007. The \$512,476 (44%) increase in operating expenses was related to the following:

- Salary and consulting fees increased by \$252,489 due to additions of staff and consultants in marketing, product development and IT support. For the three month period ended June 30, 2008, the Company's Executive Chairman, Chief Executive Officer and Chief Financial Officer received management fees totaling \$56,000. These fees were considered to be executive compensation. During the second quarter of 2008, the Company incurred salary and consulting fees of \$500,788 and \$216,412 respectively (June 30, 2007 - \$289,660 and \$175,051), which represented 30% and 13% of total operating expenses for the quarter (June 30, 2007 - 25% and 15%).
- Advertising and promotion expenses decreased by \$83,104. The Company allocates advertising and marketing expenditures based on available capital on hand. It is the Company strategy that investments in advertising and marketing activities will be executed in the remaining year to increase public awareness and usage of the Company's services in Canada and the U.S.
- Stock-based compensation expenses increased by \$102,348. During the three month period ended June 30, 2008, two of the Company's executives voluntarily cancelled 1,000,000 stock options without consideration. As a result, a one-time non-cash stock-based compensation expense of \$137,333 was recognized. For the second quarter of 2008, the Company issued 2,195,000 stock options and recognized a non-cash stock-based compensation expense in a total of \$164,948. In addition, the Company capitalized \$5,674 of stock-based compensation expense as this portion of the expenses related to deferred development activities.
- Administration, occupancy and insurance expenses increased by \$75,403. For the three month period ended June 30, 2008, occupancy and administrative expenses increased by \$20,674 and \$44,593, respectively, compared to the second quarter of 2007. These increases were related primarily to the increase of office space in Calgary, Alberta and Thornton, Ontario to meet the growth in personnel, operations and market development. During the second quarter, travel expenses decreased by \$10,136 as a result of the management objective to reduce operating expenses.

- Professional fees decreased by \$29,947 as a result of effective utilization of internal resources to reduce reliance of external professional assistance.
- Amortization of tangible and intangible assets for the second quarter of 2008 increased by \$28,069 and \$167,218, respectively. The increases were in line with the Company's continuous investments in capital assets. During the three month period ended June 30, 2008, the Company amortized \$230,667 (2007 - \$66,180) in deferred development costs. Increase of amortization of deferred development cost was as a result of commercial release of our development in the U.S.

Deferred development costs

The Company has certain projects that meet the criteria for deferral and amortization of development costs. Development costs are capitalized for clearly defined, technically feasible technologies which management intends on producing and promoting to an identified future market, and resources exist or are expected to be available to complete the project. During the three and six month periods ended June 30, 2008, the Company deferred \$213,388 and \$489,502 for costs related to development of new systems for identified future markets. Amortization of development costs commences when commercial use of the product or process begins. The amounts incurred and amortized for deferred development costs are as follows:

Summary of Deferred Development Costs	1st Quarter March 31	2nd Quarter June 30	Six Months Ended Jun 30
Fiscal year 2008			
Balance, beginning of period	\$ 2,353,266	\$ 2,335,986	\$ 2,353,266
Additions	213,388	276,114	489,502
Amortization	(230,668)	(230,667)	(461,335)
Balance, end of period	\$ 2,335,986	\$ 2,381,433	\$ 2,381,433
Deferred Development Costs - Additions			
Fiscal year 2008			
Consulting expenses	\$ 31,077	\$ 95,567	\$ 126,644
Salaries and stock based compensation directly related to development	182,311	180,547	362,858
Total	\$ 213,388	\$ 276,114	\$ 489,502

Liquidity and capital resources

As at June 30, 2008, the Company had cash of \$164,316 (2007 - \$32,981) and a short-term investment in GIC of \$54,000 (June 30, 2007 - \$21,700). During the second quarter of 2008, the Company had cash outflow of \$1,285,650 as compared to \$964,556 for the same period of 2007.

To support and manage the Company's service in North America, the management estimates that operations and development will be utilizing \$300,000 per month. Based on current cash position, the Company will have sufficient funds for operations and development until early September. The continuation of the Company's operations is dependent on the Company's ability to obtain additional financing. The Company has been negotiating with various investors, and is currently pursuing financing alternatives with those investors. Should the Company not be able to raise additional funds before the end of September, it will be required to curtail some of its operational and development activities. No agreements have, as of yet, been reached and there can be no assurance that such agreements will be reached, nor that financing efforts will be successful. The Company is working to have agreements in place in September.

Operating Activities

During the second quarter of 2008, the Company used \$1,082,729 (2007 – \$822,170) in operating activities. For the six month period ended June 30, 2008, the Company used \$2,436,792 in operating activities, compared to \$1,917,102 for the same period in the prior year.

The Company will manage its cash outflow through increases in revenue and monitoring of expenditures. As at June 30, 2008, the Company had \$54,000 in a GIC earning interest of 2.15% per annum.

Investing Activities

Cash used in investing activities for the three month period ended June 30, 2008 was \$325,721 compared to \$142,386 for the same period in 2007. During the second quarter of 2008, the Company invested \$276,114 (including \$5,674 stock based compensation expense) in deferred development cost pool. Investments in tangible and intangible assets for the three month period ended June 30, 2008 were \$4,952 and \$50,329 respectively. Intangible assets consist of costs to obtain patents and trademarks that protect the Company's investment in technologies.

During the six month period ended June 30, 2008, the Company acquired \$91,443 in tangible assets and \$119,736 in trademark and patents. In addition, \$489,502 (including \$10,024 stock based compensation expense) was capitalized to the deferred development cost pool.

Financing Activities

On June 27, 2008, the Company closed a non-brokered private placement to issue 9,480,000 Common Shares at a price of \$0.05 each for gross proceeds of \$474,000 less issuance costs of \$50,000.

Activities Subsequent to June 30, 2008

During August 2008, the Company arranged a promissory note of \$300,000, secured by the Company's Scientific Research and Experimental Development ("SR&ED") claims for taxation year of 2006. The promissory note bears interest rate of 24% per annum. Principal and interest are due in full on January 31, 2009 when the Company expects to receive its SR&ED refunds.

Outstanding Share Data

As of August 27, 2008, the Company had 69,458,296 issued common shares. In addition, there were 5,795,699 options and 1,435,585 compensation options outstanding with exercise prices ranging between \$0.10 and \$0.69 per share.

Change in Accounting Policies

There have been no significant changes to the Company's critical accounting policies and estimates since December 31, 2007, except as noted below.

Effective January 1, 2008 the Company adopted the new CICA Handbook accounting requirements for Section 1535 "Capital Disclosures," Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation." In accordance with the transitional provisions for these new standards, these policies were adopted prospectively without restatement of prior periods.

Capital Disclosures

CICA Handbook Section 1535 "Capital Disclosures" requires the disclosure of the Company's objectives, policies and processes for managing capital, which is included in note 3 of the interim financial statements.

Financial Instruments

CICA Handbook Section 3862 "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments - Presentation" replace Section 3861 "Financial Instruments - Disclosure and Presentation" effective January 1, 2008 for the Company. Section 3862 requires the disclosure of information to allow users to evaluate the significance of the financial instruments on the entity's financial position and performance and the nature and extent of risks arising from financial instruments and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This disclosure is included in note 4 of the interim financial statements.

Future Accounting Changes

Section 3064 "Goodwill and Intangible Assets"

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the new CICA Handbook Section 3064 will replace Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs." This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets including internally generated intangible assets. This new section is effective for the Company beginning January 1, 2009. The Company is currently assessing the impact of adoption of this new accounting policy standard.

International Financial Reporting Standards (IFRS)

In 2006 the Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over a five-year transition period with adoption required effective January 1, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

Critical Accounting Policies and Estimates

The preparation of the Company's financial statements requires estimates and judgments that affect the reported amounts of assets, liabilities, equity, revenues and expenses, and related disclosure of contingencies. Management evaluates the assumptions and estimates, including those related to deferred development costs, intangible assets and stock based compensation. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. The results of those estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results might differ materially from these estimates under different assumptions or conditions. Management believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the financial statements.

Intangible assets and deferred development costs

Intangible assets are presented at cost less accumulated amortization, computed using straight-line method based on estimated useful lives ranging from ten to twenty years. The Company amortizes intangible assets on a systematic basis to reflect the pattern in which the economic benefits of the asset are consumed, if that basis can be reliably determined. The expected useful life is the period over which the intangible asset contributes directly or indirectly to future cash flows. Management determines the useful lives of intangible assets based on a number of factors, which include legal, regulatory or contractual limitations, known technological advances and the presence of competition. A significant change in these factors may require a revision of the expected remaining useful life of an intangible asset, which could have a material effect on results of operations.

The Company evaluates intangible assets annually for impairment, or more frequently if events or changes in circumstance indicate that the carrying amounts of these assets may not be recoverable. Impairment testing is an assessment of fair value based on potential indicators of impairment, such as obsolescence, market potentials, plans to discontinue use or restructure, and poor financial performance compared with original plans. Impairment exists when the carrying amount of an asset is not recoverable and its carrying amount exceeds its estimated fair value.

Deferred development costs consist of direct expenditures related to the Company's research and development projects. Expensing of research and development costs takes place in the current period unless they meet generally accepted accounting criteria for deferral and amortization. The Company assesses whether these costs have met the relevant criteria for deferral and amortization at each reporting date. Deferred development costs are subject to the same impairment testing as intangibles assets.

Stock based compensation

The Company has adopted the fair value-based method for recognizing non-cash stock based compensation. The Company uses the Black-Scholes option pricing model to calculate stock option values, which requires certain assumptions related to the expected life of the option, forfeiture rate, volatility, risk-free interest rate and dividend yield. The expected life of an option is based on three years vesting period according to the Company's stock option plan. When estimating volatility, the Company considers historical volatility of common shares of the Company and other enterprises in the same industry. The basis of the risk-free interest rate is the interest rate of three year Government of Canada bond at option grant date. The basis of the dividend yield is the expected annual dividend rate at the time of grant. Changes to any of these estimates or assumptions, or the use of a different option-pricing model could produce a different fair value for stock based compensation expense, which could have a material effect on the results of operations.

Risk and Uncertainty

The Company's business involves a high degree of risk that a combination of experience, knowledge and careful evaluation may not overcome. Due to the Company's limited history of operations and no history of earnings, there can be no assurance that the Company will be successful or be profitable. In addition to the risks described elsewhere in this report, the Company is subject to each of, the cumulative effect of, and all of, the following risk factors:

Competition

The Company operates in an environment with rapidly changing technology. It faces competition from other companies with greater financial resources and larger marketing organizations. All companies in this industry are subject to competition and technological advances which can render existing products or services obsolete or unmarketable.

Dependence on key personnel and products

Although the Company is staffed by experienced senior management and personnel, it is substantially dependent upon the services of a few key senior officers and technical personnel. The loss of the services of any of these staff members could have an adverse material effect on the business of the Company.

Risk of inability to effectively manage future growth and expansion

The Company's growth continues to place significant demands on its management and other resources. Future results of operations will depend, in part, on the ability of its officers and other key employees to implement and expand operations, customer support, and financial control systems. The Company's future performance will also depend to a significant extent on its ability to identify, attract and retain highly skilled sales, technical, marketing and management personnel.

Potential fluctuations in quarterly results

The Company's quarterly operating results may vary significantly depending on factors such as timing of new product introductions, competition, and market acceptance of new and enhanced versions of the Company's products. Since the Company's operating expenses are based on anticipated revenues and certain expenses are relatively fixed in the short term, variations in revenues can cause significant fluctuations in operating results from quarter to quarter. The market price of the Company's common shares may be highly volatile in response to such quarterly fluctuations.

Finite financial resources and the need for future financing

The Company may require additional financing to pursue its operations, to make further investments or take advantage of unanticipated opportunities. The ability of the Company to obtain such financing will depend in part upon prevailing capital market conditions. There is no guarantee that the Company will be successful in obtaining additional funding.

Changes in the regulatory environment

From time-to-time governments may review the legislation and regulations applied to the industry. Such review could result in the enactment of new laws and/or the adoption of new regulations in Canada, which might adversely impact businesses in Canada in general and consequently, may threaten our growth prospects. The Company regularly reviews its risk management practices to offset these risk factors to the greatest extent possible.

Outlook

During the first half of 2008, the Company continued to execute on the development and deployment of the Poynt local search platform, delivering the beta application for the BlackBerry as well as added functionality that allows users to complete movie ticket purchases from within Poynt. New features have been added to the IM channel, providing enhanced features and functionality for the user.

Since the release of the beta application for the BlackBerry, the product continues to be improved incorporating user feedback, which has been very positive.

User acquisition continues to gain positive momentum, in part due to new delivery channels and added features and functionality on the IM product. On June 30, 2008, user count totalled 58,304 and has grown to approximately 98,000 at the time of publication.

It is expected that the forward momentum will continue as the Company is anticipating the beta release of an application for the iPhone in the fall. Commercial deployment of Poynt for the BlackBerry is expected to take place near the same time.

In the coming months, marketing and public relations programs will continue to ramp up to support the service launch in the United States. The programs are designed to educate consumers on Poynt's availability and generate interest to induce trial. The Company has a projected target of 250,000 North American users by year end 2008.

Launch of the Poynt local search service in Germany is also anticipated for late Q3 or early Q4 signalling the start of a global deployment for Multiplied Media and its products and services.

The Company has been working to minimize costs and expects to reduce monthly expenditures to approximately \$300,000. The capital markets have been challenging during the first half of 2008, and the Company expects the remainder of the year to be challenging. Efforts are being made to complete an equity financing to enable the Company to execute on its business plan well into 2009. The Company is putting considerable efforts into completing the financing during the month of September.

Additional Information

Additional information about Multiplied Media Corporation is available from the Company's website at www.multiplied.com and through Sedar at www.sedar.com.