

**Mediagrif Interactive Technologies Inc.
Management's Discussion and Analysis
For the period ended June 30, 2008**

The following Management's Discussion and Analysis ("MD&A"), which has been prepared as of August 5th 2008, of the financial condition and results of operations of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Company") for the period ended June 30, 2008 should be read in conjunction with the unaudited interim consolidated financial statements and related notes for that period as well as the MD&A, the audited consolidated financial statements and related notes contained in the Company's 2008 Annual Report.

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless indicated otherwise, all amounts are in Canadian dollars.

GENERAL

Mediagrif is a world-leading operator of e-business networks and provider of complete e-business solutions. Our e-business networks operate as dedicated Web sites within specific business sectors, enabling trade between corporate buyers and suppliers and helping them to find, purchase and sell products, to exchange information and to access business opportunities with greater speed and efficiency. Our business members use our e-business networks and solutions to improve their productivity and enhance their competitiveness in today's rapidly expanding global marketplace. Founded in 1996, Mediagrif (TSX: MDF) is headquartered in the Greater Montréal area and has other offices in North America, Asia and the Middle East.

ACQUISITIONS AND MAJOR TRANSACTIONS

FISCAL 2008

a) On April 17, 2007, we acquired the customer base of Telephone International ("TI"), an advertising and listing publication focused on the telecom industry for a purchase price of approximately US\$168,000 (CA\$190,000) including other acquisition costs. This acquisition was integrated into the Power Source On-Line network.

b) On July 11, 2007, the Company purchased Market Velocity Inc. ("MVI"), a leading service and technology provider for equipment trade-in, recycle, and donation programs in the U.S. MVI is well respected for its expertise in developing compelling solutions for the trade-in market and will strategically complement our Parts Exchange networks. It offers added value to our current customers by giving them access to top-tier manufacturers, and brings the largest pool of aftermarket remarketers to existing MVI clients. The acquisition of MVI solidifies our position as one of the predominant players

and accelerates the expansion of our Parts Exchange networks throughout North America. It also extends Mediagrif's reach in penetrating the end-consumer market segment. The total purchase price including other acquisition costs was approximately US\$5.4 million (CA\$5.7 million).

c) On August 6, 2007, MERX announced the execution of an agreement with McGraw-Hill Construction, the premier provider of construction information and intelligence in North America and part of The McGraw-Hill Companies (NYSE: MHP) to collaborate on expanding information offerings to the construction and building products industry in Canada and the U.S. MERX and McGraw-Hill Construction work together on the publishing of construction project data to provide additional value to both the Building Products Manufacturers and Contractor markets. Technology and expertise is shared by both companies to drive common goals, expanding the reach and the quality of current information services.

d) On September 10, 2007, the Company purchased epipeline Inc. ("EPI"), a leading online source of research for U.S. government contractors. EPI is also recognized for providing the most advanced research services in the industry, which is a solid asset for our e-Publishing networks as it enables us to offer increased value and continues to consolidate our leading position as the provider of complete and efficient source of government business opportunities in North America. The total purchase price including other acquisition costs was approximately US\$3.8 million (CA\$4.0 million), which included the reimbursement of long-term notes and other liabilities for approximately US\$1.8 million (CA\$1.9 million).

e) On September 25, 2007, the Company announced the purchase for cancellation of 2,873,563 common shares at a price of \$8.70 per share, for a total cost of approximately \$25.3 million, including related costs, as part of a substantial issuer bid. The Board of Directors of Mediagrif had determined that the purchase of common shares pursuant to this issuer bid represented an effective use of Mediagrif's financial resources and was in the best interests of its shareholders.

f) On March 17, 2008, the Company announced that it significantly reduced its operating expenses through the reduction of headcount by approximately 15%, the implementation of increased cost controls and the transfer of resources in lower cost environments. These decisions address the challenges of the changing competitive and economic environments and the steady rise of the Canadian dollar. The reorganization touches most of Mediagrif's line of business and corporate departments. As a result, the fourth quarter of fiscal 2008 was negatively impacted by approximately \$0.5 million in severance costs. However, the Company expects these measures to positively impact its profitability in fiscal 2009.

SUPPLEMENTARY EARNINGS MEASURES

In addition to providing an earnings measure in accordance with GAAP, the Company's statement of earnings show earnings from operations as a supplementary earnings measure. Earnings from operations are not intended to be a measure that should be regarded as an alternative to other financial operating performance measures prepared in accordance with Canadian GAAP. This measure does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Earnings from operations are provided to assist investors in determining the Company's ability in generating profitability from its operations.

The Company sometimes refers to the free cash flow measure in its documents. Free cash flow is defined as cash flows from operating activities less the acquisition of premises and equipment, intangible assets and other assets presented in the investing activities. This measure does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. It is provided to assist investors in determining the Company's ability in generating cash flows to finance its growth.

CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

On April 1, 2008, the Company adopted Section 1535 of the Canadian Institute of Chartered Accountants (CICA) Handbook, "Capital Disclosures" which requires an entity to disclose information to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. Disclosure requirements pertaining to Section 1535 are contained in note 6 of the consolidated financial statements.

Financial Instruments Disclosures and Presentation

On April 1, 2008, the Company adopted Sections 3862 and 3863 of the CICA Handbook, "Financial Instruments – Disclosures" and "Financial Instruments – Presentation". This new section disclosures of risks associated with financial instruments, including fair value as well as credit, liquidity and market risks. It also establishes standards for presentation of financial instruments and non-financial derivatives. Section 3862 and 3863 supersede Section 3861. The adoption of Section 3862 required additional disclosures found in note 7 of the consolidated financial statements.

CONSOLIDATED STATEMENT OF EARNINGS
(Canadian dollars in Thousands, except per share amount)

(Canadian dollars in Thousands, except per share amounts)	Three months ended June 30,	
	2008	2007
	\$	\$
Revenues	11,978	11,272
Cost of Revenues	2,899	2,268
Gross Margin	9,079	9,004
Operating expenses		
General and administrative	3,139	2,753
Sales and marketing	2,630	2,454
Technology	2,242	2,144
Amortization of acquired intangible assets	448	295
Stock-based compensation	142	54
	8,601	7,700
Earnings from operations	478	1,304
Other income, net (note 3(b))	158	381
Earnings before income taxes	636	1,685
Provision for income taxes	327	874
Net earnings for the period	309	811
Earnings per share (note 5(d))		
Basic	<u>0.02</u>	<u>0.05</u>
Diluted	<u>0.02</u>	<u>0.05</u>
Weighted average number of shares outstanding		
Basic	<u>14,534,500</u>	<u>17,732,406</u>
Diluted	<u>14,534,500</u>	<u>17,853,115</u>
Number of shares outstanding - End of period		
Basic	<u>14,355,765</u>	<u>17,726,809</u>

REVENUES

Revenues for the quarter reached \$12.0 million as compared to \$11.3 million in the corresponding quarter of last year. Revenues during the quarter, as compared to last year, were impacted by the following factors:

- The foreign exchange variation remains the main factor offsetting the organic growth. 63.9% of this quarter's reported revenues were earned in US dollars. The foreign exchange fluctuations alone negatively impacted quarterly revenues by \$0.6 million. On a constant currency basis and including the impact of MVI and EPI acquisitions, total revenues increased by \$1.3 million compared to last year.
- During the current quarter, networks such as MERX, Carrus Technologies and Global Wine & Spirits showed particularly healthy growth as compared to the corresponding quarter of last year. Such growth was offset by a decrease in The Broker Forum due to lower membership revenues as well as a decrease in Power Source On-Line, caused by net additional members generating lower average revenue.
- Excluding the impact on revenues of MVI and EPI acquisitions, revenues decreased to \$10.9 million as compared to \$11.3 million but increased to \$11.5 million on a constant currency basis. As such, MVI and EPI contributed \$1.1 million to revenues in the quarter ended June 30, 2008.

GROSS MARGIN

Gross margin as a percentage of revenue decreased to 75.8% during the quarter as compared to 79.9% for the previous year. A decrease is explained by a higher headcount mainly due to acquisitions and by the impact of EPI, Carrus and international activities, which have a lower gross margin.

OPERATING EXPENSES

For the quarter ended June 30th, 2008, total operating expenses amounted to \$8.6 million as compared to \$7.7 million for the previous year, an 11.7% increase. However, excluding MVI and EPI acquisitions, total operating expenses decreased from \$7.7 to \$7.5 million.

Over the period, operating expenses were impacted by the following elements:

- General and administrative charges increased from \$2.8 million to \$3.1 million, which is mainly due to the MVI and EPI acquisitions, which are causing an increase of \$0.4 million.

- Sales and marketing expenses increased from \$2.5 million last year to \$2.6 million for the quarter ended June 30th, 2008. This is attributable to the MVI and EPI acquisitions which are causing an increase of \$0.3 million.
- Technology expenses slightly increased from \$2.1 million to \$2.2 million, mainly due to the MVI and EPI acquisitions and lower New Economy and R&D credits.
- The amortization of acquired intangible assets increased from \$0.3 million to \$0.4 million in comparison to the same period last year mainly because of the MVI and EPI acquisitions.
- Lastly, the Stock-based compensation expense increased mainly due to a higher number of stock options having been granted in recent quarters.

EARNINGS (LOSS) FROM OPERATIONS

Earnings from operations during the quarter ended June 30, 2008 amounted to \$0.5 million as compared to earnings of \$1.3 million in the corresponding quarter of last year. This decrease is mainly due to lower gross margin in the current quarter, higher expenses due to the acquisitions and foreign exchange variations.

OTHER INCOME

Other income during the current quarter amounted to \$0.2 million as compared to \$0.4 million in the corresponding quarter of last year mainly due to lower interest income stemming from lower cash balance.

PROVISION FOR INCOME TAXES

For the first quarter ended June 30, 2008, the provision for income taxes amounted to \$0.3 million, representing a 51.4% effective tax rate, as compared to \$0.9 million or 51.9% for the corresponding quarter of the previous year. The weighted statutory tax rates for fiscal 2009 and fiscal 2008 were 30.9% and 32.0% respectively, a decrease due to the reduction of the federal Canadian rate. For the first quarter ended June 30, 2008, non deductible expenses from foreign entities and from stock based compensation were the main factors accounting for the difference between effective and statutory tax rates. For the first quarter ended June 30, 2007, non deductible expenses for foreign entities, from stock based compensation and from foreign exchange loss were the main factors accounting for the difference between effective and statutory rates.

EARNINGS PER SHARE

Basic earnings per share for the quarter was \$0.02 as compared to earnings of \$0.05 in last year's corresponding quarter. The basic weighted average number of common shares outstanding for the quarter ended June 30, 2008 decrease to 14.5 million compared to

17.7 million in the corresponding quarter of last year. This decrease is mainly due to a substantial issuer bid for which the Company purchased 2,873,563 shares for cancellation in the second quarter of last year.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters as of June 30, 2008 is disclosed below:

	2007			2008				2009
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenues	11,484	11,859	11,202	11,272	12,102	12,242	12,133	11,978
Earnings (loss) from operations	2,293	2,014	(162)	1,304	1,183	629	(329)	478
Net earnings (loss)	1,626	1,625	79	811	868	590	(318)	309
Basic EPS (LPS)	0.09	0.09	0.00	0.05	0.05	0.04	(0.02)	0.02
Diluted EPS (LPS)	0.09	0.09	0.00	0.05	0.05	0.04	(0.02)	0.02

RELATED PARTY TRANSACTIONS

All related party transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration agreed upon by the parties.

During the quarter ended June 30th, 2008, revenues earned from joint ventures decreased from \$0.4 million to \$0.3 million.

LIQUIDITY AND FINANCIAL RESOURCES

Since our inception, we have financed our operations and met our capital expenditure requirements primarily through cash flows from operating activities. Before fiscal 2008, our cash flows from operating activities have increased considerably mainly due to higher profitability. These higher cash flows from operating activities have been used to meet capital expenditures and have resulted in significant free cash flow. Such free cash flow has been used to fund business acquisitions and to purchase common shares for cancellation, including last year substantial issuer bid for which the Company purchased for cancellation 2,873,563 common shares at a price of \$8.70 per share, for a total cost of approximately \$25.3 million. The Board of Directors of Mediagrif had determined that

the purchase of common shares pursuant to this issuer bid represented an effective use of Mediagrif's financial resources and was in the best interests of its shareholders.

In the last few quarters, the restructuring of the management, the additional investments in the marketing and international activities, and the reorganization of the overall

headcount of the company had a temporary negative impact on the free cash flow. However, we believe that these investments will give positive results in the coming quarters.

Over the coming years, we expect to maintain our policy of using free cash flow in order to fund acquisitions and, if desirable, the purchase of additional common shares for cancellation. We also expect to maintain our policy of holding cash resources in order to pursue acquisitions whose funding requirements are potentially in excess of our free cash flow generation capabilities.

As of June 30, 2008, our cash and cash equivalents reached \$26.5 million, a decrease from \$28.3 million as of March 31, 2008 and also from \$44.3 million as of June 30, 2007.

As of June 30, 2008 and March 31, 2008, our short-term investments amounted to nil as compared to \$17.9 million as of June 30, 2007.

Operating activities

For the quarter ended June 30, 2008, net cash used by operating activities remained stable at \$0.3 million compared to the corresponding quarter of last year. Lower earnings in the current quarter have been partially offset by a change non-cash working capital items.

Investing activities

For the quarter ended June 30, 2008, net cash used by investing activities amounted to \$0.8 million. This amount was used for the purchase of premises and equipment, intangible and other assets.

For the quarter ended June 30, 2007, net cash provided by investing activities amounted to \$34.1 million. This amount is mainly comprised of \$0.2 for the acquisition of Telephone International, \$1.0 million for the purchase of premises and equipment and intangible assets offset by the transfer of \$35.2 million from short-term investments to cash and cash equivalents.

Financing activities

For the quarter ended June 30, 2008 net cash used by financing activities amounted to \$0.6 million due to the purchase for cancellation of 208,874 common shares for a cash consideration of \$0.8 million, which is slightly offset by an issuance of long-term debt of \$0.2 million.

For the quarter ended June 30, 2007 net cash used by financing activities amounted to \$0.4 million due to the purchase for cancellation of 68,800 common shares for a cash consideration of \$0.6 million, which more than offset the proceeds of \$0.2 million from the issuance of 53,250 common shares pursuant to the stock option plan.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to certain financial risks. The Company does not hold financial instruments for speculative purposes but only to reduce the volatility of its results from its exposure to these risks. More information on financial instruments is presented in note 12 of the consolidated financial statements in the Company's 2008 Annual Report.

CRITICAL ACCOUNTING POLICIES

The Company's critical accounting policies have not changed from those described in the Company's 2008 Annual Report.

RISKS AND UNCERTAINTIES

The Company's risk and uncertainties have not changed from those described in the Company's 2008 Annual Report.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Company finances certain of its activities off balance sheet through operating leases. The description of these arrangements and their impact on our results of operations and financial position for the year ended March 31, 2008 can be found in note 11 of the consolidated financial statements in the Company's 2008 Annual Report and have not materially changed since then.

OUTLOOK

The Company's outlook for fiscal 2009 has not changed significantly from what was disclosed in the MD&A of the fiscal 2008 annual report.

In fiscal 2008, the Company implemented its restructuring plan announced in February 2007 and further initiated cost reductions in the fourth quarter. The Company expects these initiatives to give positive results and therefore regain revenue growth and increase profitability. Revenues are expected to grow in fiscal 2009 as compared to fiscal 2008.

Revenues will be positively impacted by the organic growth of most of our e-business networks, fuelled by the growth of our overall membership base and by higher revenues from value-added services. The Company will be looking for strategic acquisitions, which would be complementary to its existing revenue model. Offsetting partially these increases will be the impact of the lower US dollar as compared to the Canadian dollar, which based on our current hedging program and expected spot rates, will yield an average conversion rate of 1.01 in fiscal 2009, as compared to 1.09 in fiscal 2008.

Operating expenses are expected to increase as compared to fiscal 2008, due to full year impact of acquisitions made in fiscal 2008.

The Company expects a higher current income tax expense in fiscal 2009 due to the geographical distribution of taxable profits, and due to the depletion of certain tax assets, such as deferred losses and tax credits.

The Company has renewed its share buyback program allowing it to purchase, for the twelve-month period starting March 5, 2008, up to 598,465 common shares, of which 208,874 have been repurchased to date.

Excluding the effect of possible acquisitions and the share buyback program, the Company expects its cash and short-term investments to increase in fiscal 2009 due to its positive free cash flow. Fiscal 2009 capital expenditures are expected to be similar to those of the previous year.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the annual report and AIF, is available on SEDAR at www.sedar.com.

Mediagrif Interactive Technologies Inc.'s shares trade on the Toronto Stock Exchange under the ticker symbol MDF.

The number of common shares outstanding as of August 5, 2008 was 14,355,765.

The number of stock options outstanding as of August 5, 2008 was 1,109,100, which remained stable as previous quarters.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.