

DESTINY MEDIA TECHNOLOGIES INC
Form 10-Q
April 14, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended **February 28, 2015**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number **0-28259**

DESTINY MEDIA TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or
organization)

84-1516745

(I.R.S. Employer Identification No.)

**1110 - 885 West Georgia Street,
Vancouver, British Columbia, Canada**
(Address of principal executive offices)

V6C 3E8
(Zip Code)

604-609-7736

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changes since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of

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this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
 Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date:

The number of shares outstanding of the registrant's common stock, par value \$0.001, as of April 13, 2015 was 52,993,874.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Condensed Consolidated Financial Statements

Destiny Media Technologies Inc.

(Unaudited)

Six months ended February 28, 2015

(Expressed in United States dollars)

Destiny Media Technologies Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in United States dollars)

Unaudited

As at

	February 28, 2015	August 31, 2014
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	577,118	990,007
Accounts receivable, net of allowance for doubtful accounts of \$5,601 [Aug 31, 2014 \$5,513]	526,697	544,609
Other receivables	43,740	78,040
Current portion of long term receivable [note 3]	101,611	115,464
Prepaid expenses	43,136	147,206
Deposits - current portion	53,064	
Total current assets	1,345,366	1,875,326
Deposits - long term portion	23,499	22,870
Long term receivable [note 3]	237,096	345,830
Property and equipment, net	324,023	315,180
Deferred tax assets - long term portion	842,000	842,000
Total assets	2,771,984	3,401,206
LIABILITIES AND STOCKHOLDERS EQUITY		
Current		
Accounts payable	212,596	172,617
Accrued liabilities	192,012	203,353
Deferred revenue	4,359	22,589
Deferred leasehold inducement	14,530	
Obligation under capital lease - current portion [note 5]	4,967	
Total current liabilities	428,464	398,559
Obligation under capital lease - long term portion [note 5]	14,115	
Total liabilities	442,579	398,559
Commitments and contingencies [notes 5 and 8]		
Stockholders equity		
Common stock, par value \$0.001 [note 4]		
Authorized: 100,000,000 shares		
Issued and outstanding: 52,993,874 shares		
[Aug 31, 2014 issued and outstanding 52,993,874 shares]	52,994	52,994
Additional paid-in capital	9,074,636	9,061,325
Accumulated deficit	(6,532,181)	(6,111,415)
Accumulated other comprehensive (loss)	(266,044)	(257)
Total stockholders equity	2,329,405	3,002,647
Total liabilities and stockholders equity	2,771,984	3,401,206

See accompanying notes

Destiny Media Technologies Inc.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME**

(Expressed in United States dollars)

Unaudited

	Three Months Ended February 28, 2015 \$	Three Months Ended February 28, 2014 \$	Six Months Ended February 28, 2015 \$	Six Months Ended February 28, 2014 \$
Revenue <i>[note 10]</i>	743,193	810,682	1,698,263	1,733,223
Operating expenses				
General and administrative	246,922	526,166	540,580	769,665
Sales and marketing	422,493	394,750	753,506	726,391
Research and development	411,282	268,362	775,251	532,846
Amortization	38,998	33,061	74,783	64,408
	1,119,695	1,222,339	2,144,120	2,093,310
(Loss) from operations	(376,502)	(411,657)	(445,857)	(360,087)
Other income				
Interest income	12,045	15,824	25,091	32,647
(Loss) before income taxes	(364,457)	(395,833)	(420,766)	(327,440)
Income tax recovery (expense) - deferred		21,000		(3,000)
Net (loss)	(364,457)	(374,833)	(420,766)	(330,440)
Other comprehensive (loss), net of tax				
Foreign currency translation adjustments	(164,827)	(140,131)	(265,787)	(154,681)
Total comprehensive (loss)	(529,284)	(514,964)	(686,553)	(485,121)
Net (loss) per common share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average common shares outstanding:				
Basic	52,993,874	52,222,640	52,993,874	52,109,899
Diluted	52,993,874	52,222,640	52,993,874	52,109,899

See accompanying notes

Destiny Media Technologies Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(Expressed in United States dollars)

Unaudited

	Common stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	paid-in	Deficit	other	stockholders
	#	\$	capital	\$	comprehensive	equity
			\$		Income (loss)	\$
					\$	
Balance, August 31, 2013	51,981,964	51,982	8,929,384	(5,787,016)	88,657	3,283,007
Total comprehensive income (loss)				(324,399)	(88,914)	(413,313)
Common stock issued on private placement	128,701	129	111,841			111,970
Common stock issued on options exercised	883,209	883	100,367			101,250
Repurchase of options			(113,215)			(113,215)
Stock based compensation			32,948			32,948
Balance, August 31, 2014	52,993,874	52,994	9,061,325	(6,111,415)	(257)	3,002,647
Total comprehensive (loss)				(420,766)	(265,787)	(686,553)
Stock based compensation Note 4			13,311			13,311
Balance, February 28, 2015	52,993,874	52,994	9,074,636	(6,532,181)	(266,044)	2,329,405

See accompanying notes

Destiny Media Technologies Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in United States dollars)

Unaudited

	Six months Ended February 28, 2015	Six months Ended February 28, 2014
	\$	\$
OPERATING ACTIVITIES		
Net income (loss)	(420,766)	(330,440)
Items not involving cash:		
Depreciation and amortization	74,783	64,408
Stock-based compensation	13,311	32,635
Deferred leasehold inducement	15,687	(2,867)
Deferred income taxes		3,000
Unrealized foreign exchange	17,327	(29,363)
Changes in non-cash working capital:		
Accounts receivable	(56,563)	(230,192)
Other receivables	26,158	(60,915)
Prepaid expenses and deposits	39,055	(2,833)
Accounts payable	87,538	88,586
Accrued liabilities	16,094	299,407
Deferred revenue	(16,535)	(64,035)
Long term receivable	50,741	48,658
Net cash used in operating activities	(153,170)	(183,951)
INVESTING ACTIVITIES		
Purchase of property and equipment	(128,258)	(106,971)
Net cash used in investing activities	(128,258)	(106,971)
FINANCING ACTIVITIES		
Proceeds from options/warrants exercised		37,500
Repurchase of options		(305,250)
Net cash used in financing activities		(267,750)
Effect of foreign exchange rate changes on cash	(131,461)	(91,941)
Net decrease in cash during the period	(412,889)	(650,613)
Cash, beginning of the period	990,007	1,521,552
Cash, end of the period	577,118	870,939
Supplementary disclosure		
Interest paid		
Income taxes paid		
<i>See accompanying notes</i>		

Destiny Media Technologies Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

1. ORGANIZATION

Destiny Media Technologies Inc. (the Company) was incorporated in August 1998 under the laws of the State of Colorado and the corporate jurisdiction was changed to Nevada effective October 8, 2014. The Company develops technologies that allow for the distribution over the Internet of digital media files in either a streaming or digital download format. The technologies are proprietary. The Company operates out of Vancouver, BC, Canada and serves customers predominantly located in the United States, Europe and Australia.

The Company's stock is listed for trading under the symbol DSNY on the OTCQX U.S. in the United States, under the symbol DSY on the TSX Venture Exchange and under the symbol DME on the Berlin, Frankfurt, Xetra and Stuttgart exchanges in Germany.

2. BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States for interim financial information pursuant to the rules and regulations of the United States Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended February 28, 2015 are not necessarily indicative of the results that may be expected for the year ended August 31, 2015.

The balance sheet at August 31, 2014 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by United States generally accepted accounting principles for annual financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended August 31, 2014.

Destiny Media Technologies Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

3. LONG TERM RECEIVABLE

The Company agreed to settle litigation with an unrelated party. Pursuant to a Settlement Deed dated March 5, 2012, the Company became entitled to a settlement sum of \$825,000 Australian dollars (AUD) (US \$858,194), receivable in monthly installments over the course of 72 months, beginning on March 31, 2012 and ending on February 28, 2018. The balance is due to be paid in equal monthly installments of \$14,050AUD until the end of the obligation. The unpaid balance accrues interest of 10.25% per annum compounded monthly. The receivable is secured by a registered charge against real estate located in Australia. As of February 28, 2015, installments of \$577,700AUD (US \$556,579) including interest of \$186,495AUD (US \$179,695) has been received.

The following table summarizes the changes regarding the carrying value of the remaining receivable balance during the six months period ended February 28, 2015 covering period of September 1, 2014 to February 28, 2015 and the three months period ended February 28, 2015 covering period of November 1, 2014 to February 28, 2015:

	Three Months Ended		Six Months Ended	
	February 28	February 28	February 28	February 28
	2015	2014	2015	2014
	\$	\$	\$	\$
Beginning balance	394,660	526,643	461,294	540,538
Gross installments received	(33,939)	(37,653)	(71,158)	(77,143)
Interest included in above	9,342	13,026	20,297	27,355
Foreign exchange impact	(31,356)	(9,039)	(71,726)	2,227
Ending balance	338,707	492,977	338,707	492,977

The foreign exchange impact in above table is partially allocated into other comprehensive income (loss) and partially allocated into exchange gain (loss) on income statement.

4. STOCKHOLDERS EQUITY**[a] Common stock issued and authorized**

The Company is authorized to issue up to 100,000,000 shares of common stock, par value \$0.001 per share.

During the six months ended February 28, 2015, no shares were issued.

Destiny Media Technologies Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

4. STOCKHOLDERS EQUITY (cont d.)**[b] Stock option plans**

The Company has one existing stock option plan (the Plan), namely the 2006 Stock Option Plan, under which up to 5,100,000 shares of the common stock, has been reserved for issuance. A total of 8,181 common shares remain eligible for issuance under the plan. The options generally vest over a range of periods from the date of grant, some are immediate, and others are 12 or 24 months. Any options that do not vest as the result of a grantee leaving the Company are forfeited and the common shares underlying them are returned to the reserve. The options generally have a contractual term of five years.

Stock-Based Payment Award Activity

A summary of option activity under the Plan as of February 28, 2015, and changes during the period ended are presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value \$
Outstanding at August 31, 2014	545,000	0.95	2.55	67,500
Issued				
Exercised				
Expired	200,000	0.50		
Outstanding at February 28, 2015	345,000	1.21	3.29	
Vested and exercisable at February 28, 2015	25,000	0.50	0.05	

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock for the options that were in-the-money at respective reporting date.

Destiny Media Technologies Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

4. STOCKHOLDERS EQUITY (cont d.)

The following table summarizes information regarding the non-vested stock purchase options outstanding as of February 28, 2015:

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested options at August 31, 2014	320,000	0.23
Granted		
Vested		
Non-vested options at February 28, 2015	320,000	0.23

As of February 28, 2015, there was \$31,832 of total unrecognized compensation cost related to non-vested share-based compensation awards. The unrecognized compensation cost is expected to be recognized over a weighted average period of 1.35 years.

During the six months ended February 28, 2015 and 2014, stock-based compensation expense has been reported in the consolidated statement of operations and comprehensive income as follows:

	Three Months Ended		Six Months Ended	
	February 28 2015	February 28 2014	February 28 2015	February 28 2014
	\$	\$	\$	\$
Stock-based compensation:				
General and administrative	2,884	344,352	7,922	367,171
Sales and marketing	2,643		4,802	
Research and development	587		587	
Total stock-based compensation	6,114	344,352	13,311	367,171

Valuation Assumptions

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions:

Destiny Media Technologies Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

4. STOCKHOLDERS EQUITY (cont d.)

	Three Months Ended		Six Months Ended	
	February 28 2015	February 28 2014	February 28 2015	February 28 2014
Expected term of stock options (years)		0.00-0.12		0.00-0.25
Expected volatility		0%-150%		0%-150%
Risk-free interest rate		0.00%-0.06%		0.00%-0.14%
Dividend yield				

Expected volatilities are based on historical volatility of the Company's stock. The Company also uses historical data to estimate option exercise and employee termination within the valuation model.

The expected term of stock options represents the period of time that options vested are expected to be outstanding. The risk-free rate for periods within the contractual life of the options is based on US Treasury bill rates in effect at the time of options vested.

[c] Employee Stock Purchase Plan

The Company's 2011 Employee Stock Purchase Plan (the Plan) became effective on February 22, 2011. Under the Plan, employees of Destiny are able to contribute up to 5% of their annual salary into a pool which is matched equally by Destiny. Independent directors are able to contribute a maximum of \$12,500 each for a combined maximum annual purchase of \$25,000.

The maximum annual combined contributions will be \$400,000. All purchases are made through the Toronto Stock Exchange by a third party plan agent. The third party plan agent will also be responsible for the administration of the Plan on behalf of Destiny and the participants.

During the six months ended February 28, 2015, the Company recognized compensation expense of \$67,369 (February 28, 2014 - \$92,135) in salaries and wages on the consolidated statement of operations and comprehensive income in respect of the Plan, representing the Company's employee matching of cash contributions to the plan. The shares were purchased on the open market at an average price of \$0.4682 (February 28, 2014 - \$1.85). The shares are held in trust by the Company for a period of one year from the date of purchase.

Destiny Media Technologies Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

5. COMMITMENTS

In December 2014, the Company entered into a sublease agreement commencing May 1, 2015 and expiring June 29, 2017 for a new premise with free occupation from December 2014 to April 2015. During this quarter the sublease agreement was amended to include one extra month free occupation for May 2015 with rent payment starting June 1, 2015. The Company has fiscal year payments committed as follows:

\$

2015	70,498
2016	281,992
2017	234,994

During the six months ended February 28, 2015 the Company incurred rent expense of \$166,049 (February 28, 2014 - \$129,643) which has been allocated between general and administrative expenses, research and development and sales and marketing on the consolidated statement of operations and comprehensive income (loss). The rent expense during the six months ended February 28, 2015 has included the allocation of rental payments for our new office into this quarter starting from the sublease commencement date on a straight-line basis.

In February 2015, the Company entered into a capital lease. Commencing this quarter, The Company is committed to make payments under its capital leases for 4 year terms as follows:

	\$
2015	3,180
2016	6,361
2017	6,361
2018	6,043
Total lease payments	21,945
Less: Amounts representing interest	(2,863)
Balance of obligation	19,082
Less: Current portion	(4,967)
Long term portion	14,115

Destiny Media Technologies Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

6. RELATED PARTY TRANSACTIONS

The Company entered into a consulting agreement with a family member of a Director to provide project management service effective March 1, 2014. During the six months ended February 28, 2015, the Company paid consulting fees of \$44,928 (February 28, 2014 - \$Nil) under this agreement.

7. INCOME TAX

The Company has adopted the provisions of ASC 740, Income taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company and its subsidiaries are subject to U.S. federal income tax, Canadian income tax, as well as income tax of multiple state and local jurisdictions. Based on the Company's evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company's evaluation was performed for the tax years ended August 31, 1999 through February 28, 2015, the tax years which remain subject to examination by major tax jurisdictions as of February 28, 2015. The Company may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to the Company's financial results. In the event the Company has received an assessment for interest and/or penalties, it has been classified in the financial statements as selling, general and administrative expense.

8. CONTINGENCIES

On November 8, 2011, the Company was served with a Notice of Civil Claim in the Supreme Court of British Columbia from Noramco Capital Corporation for \$100,000. The claim asserts that the Company has repudiated a subscription agreement entered into in August 2000. Management believes the claim is without merit and that the likelihood that the outcome of this matter will have a material adverse impact on its result of operations, cash flows and financial condition of the Company is remote. The Company has filed a counterclaim against Noramco and the alleged major beneficial shareholder of Noramco, R. A. Bruce McDonald, for damages arising from a proposed private placement in 2000 which did not close.

Destiny Media Technologies Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

9. CONCENTRATIONS AND ECONOMIC DEPENDENCE

The Company operates solely in the digital media software segment and all revenue from its products and services are made in this segment.

Revenue from external customers, by product and location of customer, is as follows:

	Three Months Ended		Six Months Ended	
	February 28 2015	February 28 2014	February 28 2015	February 28 2014
	\$	\$	\$	\$
Play MPE®				
North America	266,400	267,018	648,317	602,295
Europe	411,600	489,036	896,933	1,004,721
Australasia	61,835	28,168	137,853	61,654
Total Play MPE®	739,835	784,222	1,683,103	1,668,670
Clipstream ® & Pirate Radio				
North America	3,358	26,460	15,160	64,553
Outside of North America				
Total Clipstream ® & Pirate Radio	3,358	26,460	15,160	64,553
Total revenue	743,193	810,682	1,698,263	1,733,223

Revenue in the above table is based on location of the customer. Some of these customers have distribution centers located around the globe and distribute around the world. During the six months ended February 28, 2015, the Company generated 46% of total revenue from one customer [February 28, 2014 - one customer represented 50%].

It is in management's opinion that the Company is not exposed to significant credit risk.

As at February 28, 2015, one customer represented \$356,414 (68%) of the trade receivables balance [February 28, 2014 - one customer represented 71%].

The Company has substantially all its assets in Canada and its current and planned future operations are, and will be, located in Canada.

Destiny Media Technologies Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

Unaudited

Six months ended February 28, 2015 and 2014

10. NEW ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

In March 2013, the FASB issued Accounting Standards Update 2013-05, Foreign Currency Matters (Topic 830) . The objective of this Update is to resolve the diversity in practice about whether Subtopic 810-10, Consolidation Overall, or Subtopic 830-30, Foreign Currency Matters Translation of Financial Statements, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. This accounting standard update is effective prospectively for annual and interim periods beginning after December 31, 2013. The adoption of this standard did not have a material effect on the Company s consolidated financial statements.

Accounting Standards Not Yet Effective

In July 2013, the FASB issued Accounting Standards Update 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists . The current practice Topic 740, Income Taxes does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The objective of this Update is to eliminate the diversity in practice in the presentation of unrecognized tax benefits. This accounting standard update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014, early adoption is permitted. The Company is currently evaluating the impact of this update on the consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. ASU 2014-09 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016. The Company has not yet evaluated the impact of the adoption of this new standard.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD LOOKING STATEMENTS

The following discussion should be read in conjunction with the accompanying financial statements and notes thereto included within this Quarterly Report on Form 10-Q. In addition to historical information, the information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These forward-looking statements involve risks and uncertainties, including statements regarding the Company's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, intend, anticipate, believe, estimate, predict, potential or continue, the negative of such terms or other terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors described in this Quarterly Report, including the risk factors under Item 1A. Risk Factors. of part II, and, from time to time, in other reports the Company files with the Securities and Exchange Commission. These factors may cause the Company's actual results to differ materially from any forward-looking statement. The Company disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. Such information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

OVERVIEW AND CORPORATE BACKGROUND

Destiny Media Technologies, Inc. was incorporated in August 1998 under the laws of the State of Colorado and the corporate jurisdiction was changed to Nevada effective October 8, 2014. We carry out our business operations through our wholly owned subsidiary, Destiny Software Productions Inc., a British Columbia company that was incorporated in 1992, MPE Distribution, Inc. a Nevada company that was incorporated in 2007 and Sonox Digital Inc incorporated under the Canada Business Corporations Act in 2012. The Company, Destiny Media, Destiny or we refers to consolidated activities of all four companies.

Our principal executive office is located at 1110 - 885 West Georgia, Vancouver, British Columbia V6C 3E8. Our telephone number is (604) 609-7736 and our facsimile number is (604) 609-0611.

Our common stock trades on TSX Venture Exchange in Canada under the symbol DSY, on the OTCQX U.S. (OTCQX) under the symbol DSNY, and on various German exchanges (Frankfurt, Berlin, Stuttgart and Xetra) under the symbol DME, WKN 935 410.

Our corporate website is located at <http://www.dсны.com>.

OUR PRODUCTS AND SERVICES

Destiny develops and markets services that enable the secure distribution of digital media content over the internet. Destiny services are based around proprietary security, watermarking and playerless streaming media technologies.

The Company has a core business distributing secure pre-release music and music videos to trusted recipients on behalf of the major record labels and has completed R&D on a new player-less streaming video product, Clipstream®.

Clipstream® is a disruptive technology that delivers streaming video in a manner that solves a number of industry challenges and has a number of significant advantages over other video technologies. Videos in the new Clipstream® format will play on most browsers, reducing or eliminating the need to transcode or host multiple formats and will

reach more users and more devices. Because it is served by a web server rather than a proprietary streaming server, it will cache, substantially reducing costs associated with bandwidth and infrastructure costs. With no players to download or install and native support from all modern browsers, Clipstream® encoded content will have the highest play rate (35% higher than H.264, the next most common format across computers and devices). Unlike other HTML 5 solutions, Clipstream® content can easily be secured from unauthorized viewing or duplication to unauthorized domains. Finally, videos encoded in our format are expected to have the greatest longevity as future browser standards will ensure play back in browsers.

Play MPE®

Play MPE® is a digital delivery service for securely moving broadcast quality audio, video, images, promotional information and other digital content securely through the internet. The system is currently used by the recording industry for transferring pre-release broadcast quality music, radio shows, and music videos to trusted recipients such as radio stations, media reviewers, VIP s, DJ s, film and TV personnel, sports stadiums and retailers. The system replaces the physical distribution (mail, courier or hand delivery) of CD s. The financial model is transaction based, where the price per delivery varies with the number of songs and videos in the package.

More than 1,000 record labels, including all three major labels (Universal Music Group ("UMG"), Warner Music Group, and Sony), are regularly using Play MPE® to deliver their content to radio. Play MPE® accounts for virtually all of the Company's revenue.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2015 AND 2014

Revenue

Total revenue for the six months ended February 28, 2015 declined by 2% over the six months ended February 28, 2014 to \$1,698,263 (February 28, 2014 \$1,733,223) due entirely to the impact of a decline in the value of the Euro relative to the US dollar. Eliminating the negative impact of foreign exchange rates, total revenue for the six months ended February 28, 2015 increased by 4%.

Revenue from Play MPE® increased by 1% compared to prior period despite these unfavorable foreign exchange impacts. Absent the impact of foreign exchange rates, Play MPE® growth would have been 7%. This growth is primarily the result of continued strong performance in the independent record labels in the United States and recapturing of independent record labels in Australia. In the United States, Play MPE® continues to see growth in independent label revenue (6% growth over the six months ended February 28, 2014), and other Major record labels. In Australia, Play MPE® has shown strong recovery in market share with the addition of Sony Music Entertainment in March 2014 and strong growth in independent label revenue.

Total revenue for the three months ended February 28, 2015 decreased by 8% over the three months ended February 28, 2014 to \$743,193 (February 28, 2014 \$810,682) due to entirely to unfavorable foreign changes. Excluding the foreign exchange impact, revenue for the three months ended February 28, 2015 had a modest increase.

Approximately 53% of our Play MPE® revenue is denominated in Euros for the six months ended February 28, 2015. European revenue is currently concentrated in the United Kingdom and the Scandinavian countries. Approximately 38% of Play MPE® revenue is denominated in US Dollars and 8% of Play MPE® revenue is denominated in Australian Dollars for the six months ended February 28, 2015.

Operating Expenses

Overview

The majority of our expenditures are on salaries and wages and associated expenses; office space, supplies and benefits and our operations are primarily conducted in Canada. The majority of our costs are incurred in Canadian dollars while the majority of our revenue is in Euros and US dollars. Thus, operating expenses and the results of operations are impacted, to the extent they are not hedged, by the rise and fall of the relative values of Canadian dollar.

During the six-month period ending February 28, 2015, while exchange rates resulted in adverse impacts to over all revenue, the strengthening of the US dollar relative to the Canadian dollar resulted in a favorable impact on costs. The

Company maintains most of its financial reserves in Canadian dollars to mitigate downside risk of adverse exchange rates.

Total operating expenditures for the six months ended February 28, 2015 has increased by 2.4% over the same period in the prior year to \$2,144,120 (February 28, 2014 \$2,093,310) as a result of increased rent in the form of a non-cash expenditure over a period in which the Company maintained two offices while preparing for a larger space, increased staffing, and increased marketing investigation expenditures.

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Total operating expenditures for the three months ended February 28, 2015 has decreased by 8.4% over the same period in the prior year to \$1,119,695 (February 28, 2014 \$1,222,339) mainly as a result of the additional expenses related to repurchase of options in comparative period.

General and administrative	28-Feb 2015	28-Feb 2014	\$ Change	% Change
	(6 months)	(6 months)		
	\$	\$		
Wages and benefits	243,217	512,569	(269,352)	(52.5%)
Rent	26,966	19,853	7,113	35.8%
Telecommunications	11,130	8,043	3,087	38.4%
Bad debt	864	(6,110)	6,974	(114.1%)
Office and miscellaneous	191,143	109,054	82,089	75.3%
Professional fees	67,260	126,256	(58,996)	(46.7%)
	540,580	769,665	(229,085)	(29.8%)

Our general and administrative expenses consist primarily of salaries and related personnel costs including overhead, professional fees, and other general office expenditures.

The increase in office and miscellaneous is primarily due to the foreign exchange gains in comparative period as a result of fluctuations in the value of the Euro and Australia dollar impacting cash and accounts receivable balances denominated in those currencies. The decrease in wages and benefits is mainly due to the additional expense related to repurchase options in comparative period. The decrease in professional fees is mainly due to non-recurring legal advice surrounding a NASDAQ listing application and addressing various associated United States securities issues in comparative period.

Sales and marketing	28-Feb 2015	28-Feb 2014	\$ Change	% Change
	(6 months)	(6 months)		
	\$	\$		
Wages and benefits	585,722	524,037	61,685	11.8%
Rent	61,945	58,437	3,508	6.0%
Telecommunications	25,567	23,673	1,894	8.0%
Meals and entertainment		8,336	(8,336)	(100.0%)
Travel	26,194	35,627	(9,433)	(26.5%)
Advertising and marketing	54,078	76,281	(22,203)	(29.1%)
	753,506	726,391	27,115	3.7%

Sales and marketing expenses consist primarily of salaries and related personnel costs including overhead, sales commissions, advertising and promotional fees, and travel costs. The increase in wages and benefits is mainly due to an increased staffing on marketing activities. The decrease in Advertising and Marketing is mainly due to reduced cost on advertisements related to Clipstream® in the comparative period.

Research and development	28-Feb 2015	28-Feb 2014	\$ Change	% Change
	(6 months)	(6 months)		
	\$	\$		
Wages and benefits	664,517	460,514	204,003	44.3%
Rent	77,138	51,353	25,785	50.2%
Telecommunications	31,838	20,804	11,034	53.0%
Research and development	1,758	175	1,583	904.6%
	775,251	532,846	242,405	45.5%

Research and development costs consist primarily of salaries and related personnel costs including overhead and consulting fees with respect to product development and deployment. The increase in wages and benefits is primarily due to increased staffing on engineering related to the Clipstream® business.

The increase in rent in all cases is related to the amortization of total rental costs of our new offices during the period that those new offices were under construction in anticipation of the Company's move and thus, the Company has rent expense for two office spaces during this time. The increase does not impact cash or cash flow.

Amortization

Amortization expense arises from property and equipment, and from patents and trademarks. Amortization increased to \$74,783 for the six months ended February 28, 2015 from \$64,408 for the six months ended February 28, 2014, an increase of \$10,375 or 16% as a result of patent application costs.

Other earnings and expenses

Interest income decreased to \$25,091 for the six months ended February 28, 2015 from \$32,647 for the six months ended February 28, 2014, a decrease of \$7,556. The interest income is derived from the amount receivable pursuant to our previous litigation settlement. The decrease in interest income is the result of a lower settlement receivable balance from the settlement receivable being paid down during the year.

Net income

During the six months ended February 28, 2015 we have net loss of \$420,766 (February 28, 2014 net loss of \$330,440). The net loss during the current period is due to increased staffing and expenditures associated with market research for the Clipstream® products combined with our seasonal lowest revenue quarter for the Play MPE®.

Adjusted EBITDA is not defined under generally accepted accounting principles (GAAP) and it may not be comparable to similarly titled measures reported by other companies. We used Adjusted EBITDA, along with other GAAP measures, as a measure of profitability because Adjusted EBITDA helps us to compare our performance on a consistent basis by removing from our operating results the impact of our capital structure, the effect of operating in different tax jurisdictions, the impact of our asset base, which can differ depending on the book value of assets, the accounting methods used to compute depreciation and amortization, the existence or timing of asset impairments and the effect of non-cash stock-based compensation expense. We believe Adjusted EBITDA is useful to investors as it is a widely used measure of performance and the adjustments we make to Adjusted EBITDA provide further clarity on our profitability. We remove the effect of non-cash stock-based compensation from our earnings which can vary based on share price, share price volatility and expected life of the equity instruments we grant. In addition, this stock-based compensation expense does not result in cash payments by us. Adjusted EBITDA has limitations as a profitability measure in that it does not include the interest expense on our debts, our provisions for income taxes, the effect of our expenditures for capital assets, the effect of deferred leasehold inducement, the effect of non-cash stock-based compensation expense and the effect of asset impairments. The following is a reconciliation of net income from operations to Adjusted EBITDA over the eight most recently completed fiscal quarters:

	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income	26,595	26,171	44,393	(374,833)	80,100	(74,059)	(56,309)	(364,457)
Amortization and stock based compensation	30,692	57,217	54,166	42,877	39,968	44,102	42,982	60,799
Interest income	(18,907)	(18,494)	(16,823)	(15,824)	(14,758)	(13,961)	(13,046)	(12,045)
Income tax	8,000	15,000	24,000	(21,000)	(3,000)	17,000		

Adjusted								
EBITDA	46,380	79,894	105,736	(368,780)	102,310	(26,918)	(26,373)	(315,703)
LIQUIDITY AND FINANCIAL CONDITION								

We had cash of \$577,118 as at February 28, 2015 (August 31, 2014 \$990,007). We had working capital of \$916,902 as at February 28, 2015 compared to working capital of \$1,476,767 as at August 31, 2014. The decrease in our working capital was mainly due to a decrease in our cash balance, which was caused by the operating loss and unfavorable exchange rates fluctuation.

CASHFLOWS

Net cash used by operating activities was \$153,170 for the six months ended February 28, 2015, compared to net cash used of \$183,951 for the six months ended February 28, 2014. The main reason for the decrease in net cash flows used in the operating activities was primarily due to the timely receipts of account receivable balance in current period.

Net cash used in investing activities was \$128,258 for the six months ended February 28, 2015, compared to net cash used of \$106,971 for the six months ended February 28, 2014. The increase in net cash used in investing activities is largely attributable to the leasehold improvement for our new office in current period.

There were no cash used or provided in financing activities for the six months ended February 28, 2015 compare to net cash used in financing activities was \$267,750 for the six months ended February 28, 2014. The change is mainly the result of stock options repurchased by the Company during the six months ended February 28, 2014.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

In March 2013, the FASB issued Accounting Standards Update 2013-05, "Foreign Currency Matters (Topic 830)". The objective of this Update is to resolve the diversity in practice about whether Subtopic 810-10, Consolidation—Overall, or Subtopic 830-30, Foreign Currency Matters—Translation of Financial Statements, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. This accounting standard update is effective prospectively for annual and interim periods beginning after December 31, 2013. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

Accounting Standards Not Yet Effective

In July 2013, the FASB issued Accounting Standards Update 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists". The current practice Topic 740, "Income Taxes" does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The objective of this Update is to eliminate the diversity in practice in the presentation of unrecognized tax benefits. This accounting standard update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014, early adoption is permitted. The Company is currently evaluating the impact of this update on the consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. ASU 2014-09 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016. The Company has not yet evaluated the impact of the adoption of this new standard.

CRITICAL ACCOUNTING POLICIES

We prepare our interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and make estimates and assumptions that affect our reported amounts of assets, liabilities, revenue and expenses, and the related disclosures of contingent liabilities. We base our estimates on historical experience and other assumptions that we believe are reasonable in the circumstances. Actual results may differ from these estimates.

The following critical accounting policies affect our more significant estimates and assumptions used in preparing our consolidated financial statements.

Revenue Recognition

We recognize revenue in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 985-605, Revenue Recognition. Accordingly, revenue is recognized when there is persuasive evidence of an arrangement, delivery to the customer has occurred, the fee is fixed and determinable, and collectability is considered probable.

The majority of our revenue is generated from digital media distribution service. The service is billed on usage which is based on the volume and size of distributions provided on a monthly basis. All revenues are recognized on a monthly basis as the services are delivered to customers, except where extended payment terms exist. Such revenues are only recognized when the extended payment term expires.

At present, the Company does not yet have a standard business practice for contracts that contain extended payment terms, and therefore recognizes revenue from such contracts when the payment terms lapse and all other revenue criteria have been met.

Significant management judgments and estimates must be made in connection with determination of the revenue to be recognized in any accounting period. If we made different judgments or utilized different estimates for any period material differences in the amount and timing of revenue recognized could result.

Stock-Based Compensation

We recognize the costs of employee services received in share-based payment transactions according to the fair value provisions of the current share-based payment guidance. The fair value of employee services received in stock-based payment transactions is estimated at the grant date and recognized over the requisite service period. Determining the appropriate fair value model and calculating the fair value of stock-based awards requires judgment, including estimating stock price volatility, forfeiture rates and expected life.

We selected the Black-Scholes option pricing model as the most appropriate method for determining the estimated fair value of our share-based awards. The Black-Scholes model requires the use of highly subjective and complex assumptions which determine the fair value of share-based awards, including the option's expected term and the price volatility of the underlying stock. Our current estimate of volatility is based on historical and market-based implied volatilities of our stock price. To the extent volatility of our stock price increases in the future, our estimates of the fair value of options granted in the future could increase, thereby increasing stock-based compensation cost recognized in future periods. We derive the expected term assumption primarily based on our historical settlement experience, while giving consideration to options that have not yet completed a full life cycle. Stock-based compensation cost is recognized only for awards ultimately expected to vest. Our estimate of the forfeiture rate is based primarily on our historical experience. To the extent we revise this estimate in the future, our share-based compensation cost could be materially impacted in the quarter of revision, as well as in the following quarters. In the future, as empirical evidence regarding these input estimates is available to provide more directionally predictive results, we may change or refine our approach of deriving these input estimates.

Research and Development Expense for Software Products

Research and development expense includes costs incurred to develop intellectual property. The costs for the development of new software and substantial enhancements to existing software are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized. We have determined that technological feasibility is established at the time a working model of software is completed. Because

we believe our current process for developing software will be essentially completed concurrently with the establishment of technological feasibility, no costs have been capitalized to date.

Significant management judgments and estimates must be made in connection with determination of any amounts identified for capitalization as software development costs in any accounting period. If we made different judgments or utilized different estimates for any period material differences in the amount and timing of capitalized development costs could occur.

Accounts Receivable and Allowance for Doubtful Accounts

We extend credit to our customers based on evaluation of an individual customer's financial condition and collateral is generally not required. Accounts outstanding beyond the contractual payment terms are considered past due. We determine our allowance for doubtful accounts by considering a number of factors, including the length of time accounts receivable are beyond the contractual payment terms, our previous loss history, and a customer's current ability to pay its obligation to us. We write-off accounts receivable when they are identified as uncollectible. All outstanding accounts receivable accounts are periodically reviewed for collectability on an individual basis.

Income Taxes

Deferred income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates by tax jurisdiction at each balance sheet date. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We evaluate all available evidence, such as recent and expected future operating results by tax jurisdiction, and current and enacted tax legislation and other temporary differences between book and tax accounting to determine whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. There is a risk that management estimates for operating results could vary significantly from actual results, which could materially affect the valuation of the future income tax asset. Although the Company has tax loss carry-forwards and other deferred income tax assets, management has determined certain of these deferred tax assets do not meet the more likely than not criteria, and accordingly, these deferred income tax asset amounts have been partially offset by a valuation allowance as disclosed in Note 6 of our annual consolidated financial statements for the year ended August 31, 2014.

If management's estimates of the cash flows or operating results do not materialize due to errors in estimates or unforeseen changes to the economic conditions affecting the Company, it could result in an impairment adjustment in future periods up to the carrying value of the deferred income tax balance of \$842,000.

Contingencies

As discussed under Item 1. Legal Proceedings in Part II and in Note 8 Contingencies in Notes to Interim Condensed Consolidated Financial Statements, the Company is subject from time to time to various legal proceedings and claims that arise in the ordinary course of business. In accordance with US GAAP, the Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. There is significant judgment required in both the probability determination and as to whether an exposure can be reasonably estimated. In management's opinion, the Company does not have a potential liability related to any current legal proceedings and claims that would individually or in the aggregate materially adversely affect its financial condition or operating results. However, the outcomes of legal proceedings and claims brought against the Company are subject to significant uncertainty. Should the Company fail to prevail in any of these legal matters or should several of these legal matters be resolved against the Company in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

Impairment of Long-Lived Assets

We evaluate the recoverability of our long-lived assets including tangible assets in accordance with authoritative guidance. When events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable, we recognize such impairment in the event the carrying amount of such assets exceeds the future undiscounted cash flows attributable to such assets. We have not recorded any impairment losses to date.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Foreign Exchange Risk

Our revenues are primarily in United States dollars and Euros while our operating expenses are primarily in Canadian dollars. Thus, operating expenses and the results of operations are impacted to the extent they are not hedged by the rise and fall of the relative values of Canadian dollar to these currencies. During the six months ended February 28, 2015, as a result of foreign exchange fluctuation, the Company recognized positive impacts on net income.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with this quarterly report, as required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our company's management, including our company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our company's Chief Executive Officer and Chief Financial Officer concluded that as of February 28, 2015, our disclosure controls and procedures are effective as at the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There are no changes in internal control over financial reporting during the six months ended February 28, 2015.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

On November 8, 2011, the Company was served with a Notice of Civil Claim in the Supreme Court of British Columbia from Noramco Capital Corporation for \$100,000. The claim asserts that the Company has repudiated a subscription agreement entered into in August 2000. Management believes the claim is without merit and that the likelihood that the outcome of this matter will have a material adverse impact on its result of operations, cash flows and financial condition of the Company is remote. The Company has filed a counterclaim against Noramco and the alleged major beneficial shareholder of Noramco, R. A. Bruce McDonald, for damages arising from a proposed private placement in 2000 which did not close.

Item 1A. Risk Factors.

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Item 1 Risk Factors in our Form 10-K for the fiscal year ended August 31, 2014 filed with the SEC on November 24, 2014. These risks could materially and adversely affect our business, financial condition and results of operations. The risks described in our Form 10-K have not changed materially, however, they are not the only risks we face. Our operations could also be affected by additional factors that are not presently known to us or by factors that we

currently consider immaterial to our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

31.1* Section 302 Certification of Chief Executive Officer

31.2* Section 302 Certification of Chief Financial Officer

32.1* Section 906 Certification of Chief Executive Officer

32.2* Section 906 Certification of Chief Financial Officer

101* Interactive Data File

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DESTINY MEDIA TECHNOLOGIES, INC.

By: /s/ Steven Vestergaard
Steven Vestergaard, President
Chief Executive Officer and Director
Date: April 14, 2015

/s/ Frederick Vandenberg
Frederick Vandenberg, Chief Financial Officer
Date: April 14, 2015