



Management Discussion and Analysis

D-BOX Technologies Inc.
Fiscal year ended March 31, 2015

Table of Content

Table of Content	ii
1. Scope of the MD&A	1
2. Forward-looking Statements	1
3. Message to Shareholders	2
4. Quarterly Highlights	3
4.1 Financial Highlights	3
4.2 Operational Highlights	3
5. Outlook	4
6. Corporate Profile	4
7. Corporate Strategy	4
7.1 Revenue Models	5
7.2 Growth Strategy / Entertainment Market	5
7.3 Growth Strategy / Industrial Market	8
8. Non-IFRS Measures	9
9. Main Financial Data	10
10. Operating Results	11
10.1 Revenue	11
10.2 Gross Profit	12
10.3 Operating Expenses	13
10.4 Financial Results	14
10.5 Income Taxes	14
10.6 Net Income (Loss)	14
11. Adjusted EBITDA	15
12. Liquidity, Capital Resources and Financing Sources	15
12.1 Operating Activities	16
12.2 Investing Activities	16
12.3 Financing Activities	16
12.4 Equity	16
13. Quarterly Data	17
14. Commitments	18
15. Outstanding Share Capital (June 18, 2015)	18
16. Significant Judgments and Estimates and New Accounting Pronouncements	18
17. Financial Instruments	20
18. Risk and Uncertainties	21
19. Disclosure Controls and Internal Controls over Financial Reporting	22
20. Continuous Information and Additional Disclosure	22



MANAGEMENT DISCUSSION AND ANALYSIS

D-BOX Technologies Inc.

Fiscal year ended March 31, 2015

1. Scope of the MD&A

This Management's Discussion and Analysis ("MD&A") is intended to provide the reader with a better understanding of the activities of D-BOX Technologies Inc. and its subsidiary, and key elements of its financial results. In particular, it explains changes in the Corporation's financial position and operating results for fiscal year ended March 31, 2015 by comparing them to the results of the previous fiscal year. It also presents a comparison of the balance sheets as at March 31, 2015 and March 31, 2014.

This MD&A has been prepared in accordance with National Instrument 51-102, Continuous Disclosure Obligations, and should be read in conjunction with the information included in the audited consolidated financial statements for the fiscal year ended March 31, 2015 and accompanying notes. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The audited consolidated financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors. Unless otherwise indicated, all the amounts in this MD&A are in thousands of Canadian dollars.

2. Forward-looking Statements

Some of the statements made in this MD&A, including, but not limited to, statements about the opinions, the projects, the objectives, the strategies, the estimates, the intentions and the expectations of the Corporation, as well as other statements not referring to historical facts, are forward-looking statements. Forward-looking statements can be identified by terms such as "expects," "anticipates," "estimates," "predicts," "undertakes" and other similar terms and expressions. These statements are based on the information available at the time they were prepared and management's good faith assumptions and expectations regarding future events, and inherently involve known and unknown risks and uncertainties such as, without limitation, competition, the Corporation's ability to build on its technology, the Corporation's ability to continue developing its distribution network and enter into new commercial agreements in the entertainment and industrial markets, exchange rate fluctuations, and other factors discussed herein (see "Risks and Uncertainties") or in the Corporation's continuous disclosure filings. The Corporation's actual results may be materially different from those expressed or implied in these forward-looking statements. As a result, you are cautioned not to place undue reliance on these forward-looking statements. These statements do not reflect the potential impact of any special items or of any business combination or other transaction that may be announced or that may occur after the date hereof. Except as required by law, the Corporation does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events.

3. Message to Shareholders

Dear Shareholders,

This year again, D-BOX achieved many milestones that translated into the highest revenue on record and a solid year-end financial profile. In many key aspects, our devoted and talented team was able to deliver the goods, on time and on budget, further strengthening our Corporation and laying ground for long-term sustainable growth.

In addition to increasing our revenue and preserving a healthy balance sheet, we were also successful in controlling our operating expenses without compromising the very important business development and R&D activities. Overall, these achievements clearly demonstrate the correctness of D-BOX's strategic positioning and its ability to sell, market and service customers worldwide while generating recurring revenue and raising the awareness to the corporate brand.

Amongst the events that highlighted the recent year starting with the entertainment market, 85 new screens were installed globally including a significant breakthrough in the United States where Cinemark, the third largest chain in North America, installed twenty new screens on the heels of the tremendous success it has achieved so far in South America.

In Asia, specifically in mainland China, one of the regions showing the highest growth rate in the entertainment market, we were successful obtaining our first orders, positioning ourselves very favorably for the future. Closer to home, Cineplex the largest Canadian chain, doubled its installed base by adding another twenty screens.

In support of these activities, D-BOX motion coded 37 movie titles for the theatrical market throughout the year, several of which were number 1 in the box-office during the opening week-end.

In the industrial market, D-BOX made significant inroads in the simulation and training sub-market by taking advantage of an established clientele. This market is of particular interest to D-BOX, as it is experiencing strong organic growth and is dominated by a few large players, many of whom already have an existing business relationship with D-BOX.

Over and above these realizations, we kept the pace of our R&D efforts in addition to introducing new products and expanding our sales and marketing team. Considering these factors in combination with our healthy financial position, D-BOX is in a very enviable place to sustain growth in its key markets.

All these achievements would not have been possible without the support of our committed employees, our customers as well as the members of the Board of Directors and all the stakeholders. We wish to thank them all for their contribution to our success.



Jean Lamarre
Chairman of the Board



Claude Mc Master
President and Chief Executive Officer

4. Quarterly Highlights

4.1 Financial Highlights

- Growth in revenue:
 - ✓ Quarterly revenue up by 34% to \$6,680 k, including \$4,418 k of systems sales in the entertainment market.
 - ✓ Annual revenue up by 17% to \$20,588 k including \$4,030 k in rights for use, rental and maintenance for the theatrical market.
- Record quarterly and annual net earnings:
 - ✓ Net earnings of \$850 k for the quarter compared to a net loss of \$43 k for the same period last year; and
 - ✓ Net loss of \$478 k for the fiscal year compared to a net loss of \$1,589 k last year.
- Record quarterly and annual adjusted EBITDA*:
 - ✓ Adjusted EBITDA of \$713 k for the quarter compared to \$382 k for the same period last year; and
 - ✓ Adjusted EBITDA of 1,304 k for the fiscal year compared to \$957 k last year.
- Available funds of \$6,710 k as at March 31, 2015, unchanged from March 31, 2014.

Fourth quarter and fiscal year ended March 31 (in thousands of \$CA, except per share amounts)				
	Fourth Quarter		Fiscal Year	
	2015	2014	2015	2014
Revenue	6,680	4,980	20,588	17,593
Net income (loss)	850	(43)	(478)	(1,589)
Adjusted EBITDA*	713	382	1,304	957
Basic net income (loss) per share	0.0052	(0.0003)	(0.0029)	(0.0097)
Diluted net income (loss) per share	0.0051	(0.0003)	(0.0029)	(0.0097)
Information from the consolidated balance sheet				
	As at March 31, 2015		As at March 31, 2014	
Cash and cash equivalents	6,710		6,717	

* See the "Non IFRS Measures" section and the reconciliation table of adjusted EBITDA to the net income (loss) on page 9.

4.2 Operational Highlights

- Continuous and strategic deployment of our motion technology with theatre chains during the fiscal year:
 - ✓ 52% increase in screens installed or in backlog of which 49 were added in the fourth quarter for a total of 401 screens.
 - ✓ Significant growth with Cinemark USA with 20 additional screens and 50 more screens with Cinemark International in Central and South America.
 - ✓ Significant growth with Cineplex, the leading Canadian exhibitor, which doubled its D-BOX installed base from 21 screens to more than 40.
 - ✓ Breakthrough in mainland China, the fastest growing market in the world, where D-BOX opened two new screens.
- In the industrial market, D-BOX accelerated business development efforts and strategically positioned itself with key players, especially in the simulation and training sub-markets. In addition to receiving new orders from high-potential customers, D-BOX brought to market a new generation of cutting-edge motion technologies.

5. Outlook

D-BOX focuses on two major development areas: the entertainment market and the industrial market which have their respective sub-markets. In light of the business development activities in each of these two markets, D-BOX anticipates that the general upward trend in revenue should be maintained.

In combination with this expected growth of revenue, D-BOX also forecasts to gradually increase the level of its operating expenses aiming, amongst others, to support the sales and marketing of technological innovations that will help solidify D-BOX's position in existing sub-markets and will facilitate entering new ones. Generally speaking, the Corporation aims to maintain a positive adjusted EBITDA and intends to manage its operations accordingly.

6. Corporate Profile

D-BOX designs, manufactures and commercializes cutting-edge motion systems intended for the entertainment and industrial markets. This unique and patented technology uses motion effects specifically programmed for each visual content which are sent to a motion system integrated into either, a platform, a seat or any other product. The resulting motion is perfectly synchronized with the on-screen action, thus creating an unparalleled realistic immersive experience.

Three components produce motion synchronized in perfect harmony with image and sound:

1. the creation of motion effects making up the motion code known as D-BOX Motion Code;
2. a motion controller serving as an interface between the visual content (films, video games, simulation and training, amusement ride) and the D-BOX motion system; and
3. the D-BOX motion system, consisting amongst other things of electromechanical pistons (actuators) built into a platform, a seat, or another type of equipment.

As at March 31, 2015, D-BOX had 84 employees compared to 71 as at March 31, 2014.

7. Corporate Strategy

The Corporation is a global reference with respect to the creation and design of immersive motion systems. It continues to develop brand awareness in addition to offering a differentiated asset generating revenue in various business sectors. The Corporation's cutting-edge motion systems target two distinct markets: the entertainment market and the industrial market.

Examples of Applications

Entertainment Market	Industrial Market
<ul style="list-style-type: none">• Commercial theatres• Home entertainment:<ul style="list-style-type: none">- Home theatre- Home video games	<ul style="list-style-type: none">• Simulation and training / virtual reality• Amusement parks, arcades, museums and planetariums

7.1 Revenue Models

The Corporation's revenue streams mainly consist of:

1. the sale or lease of D-BOX motion systems including motion controllers and computer servers in the case of larger installations such as commercial theatres;
2. utilization rights (license) for the D-BOX technology on the sale of admission tickets in commercial theatres which are equipped with this technology to view a motion picture encoded by D-BOX. The Corporation also receives system maintenance revenue relating to the use of systems;
3. direct sales of motion systems to a network of specialized resellers, integrators, equipment or seating manufacturers who market the D-BOX technology under their own brands (Original Equipment Manufacturers or OEMs). This marketing method offers the advantage of minimizing sales and marketing costs;
4. coding rights for visual content.

7.2 Growth Strategy / Entertainment Market

The Corporation is constantly pursuing negotiations with commercial theatre owners to increase the number of venues equipped with its technology.

Concomitantly, the Corporation relies on its relationships and credibility established with Hollywood's major studios and some Asian and European studios in order to provide a wide array of content to its commercial theatres. The Corporation believes that an increase in the offer of motion pictures has a direct impact on the number of equipped venues and that box office revenue for D-BOX MFX (D-BOX Motion Effects) equipped theatres acts as an incentive to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors that want to add a distinctive element to their offering;
2. facilitate the sale of its technology to current exhibitors that may want to equip more than one of their complexes or equip more than one screen within the same complex;
3. generate motion system sales to the home entertainment clientele, who want to experience D-BOX in the comfort of their homes;
4. encourage video game customers to purchase gaming seats equipped with D-BOX motion systems thereby allowing them to add a new level of immersion to their gaming experience;
5. promote the technology to potential customers in the industrial market.

As of March 31, 2015, over 30 exhibitors had more than one location that integrated the D-BOX technology and more than 70 installed locations had more than one screen incorporating our technology within the same complex.

An increase in the number of equipped theatres has a direct impact on the offering of studios which is based on a business model that benefits all parties since they share the new revenue generated by the D-BOX technology.

Access to content is a key factor in accelerating the deployment of the D-BOX technology. The Corporation is constantly expanding its business relationships with new film and gaming content providers. For instance, over 160 titles, including more than 80 which ranked number 1 at the box office on opening weekend, have been coded so far for presentation in commercial theatres.

The D-BOX experience in commercial theatres will continue to expand significantly through the deployment of its technology. This vision is strengthened by the fact that the Corporation has continuously coded content from major studios in addition to coding local content in some countries where D-BOX is now present. Furthermore, it has proven its technical and commercial merits and has received several awards over the last few years.

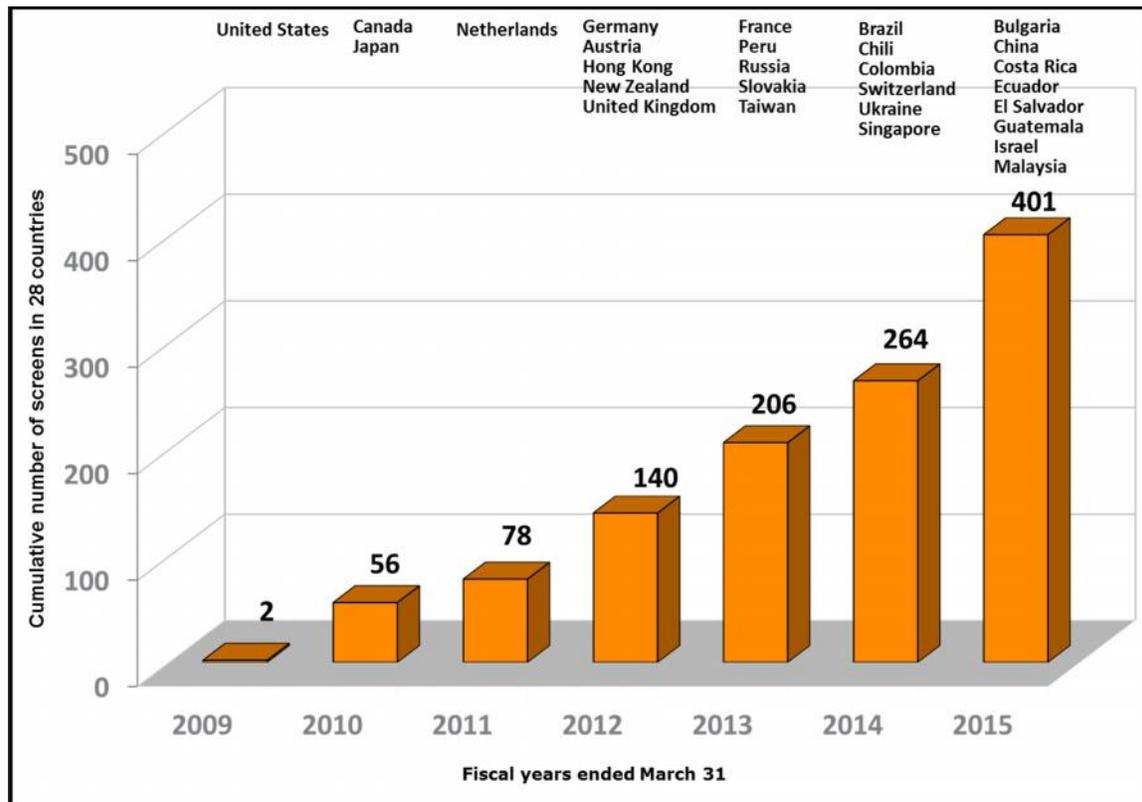
However, certain seasonal factors may impact the deployment of new D-BOX MFX systems in commercial theatres. The Corporation's growth rate for its commercial theatre business activities will not necessarily be linear but rather subject to a certain level of volatility when comparing consecutive quarters.

In this respect, the Corporation wishes to remind readers that it remains subject to a number of risks and uncertainties pertaining to its operations (see the "Risks and Uncertainties" section).

Business development efforts targeting commercial theatre chains are handled by an internal business development team and a few external partners in certain countries. Moreover, the Corporation's representatives continue to attend major trade shows. The Corporation believes that the entertainment market, in addition to demonstrate its technology to the largest number of people possible, generates significant revenue through utilization rights earned from the use of the technology based on premiums for admission tickets, the sale or rental of motion systems and motion system maintenance contracts. This strategy drives a significant increase in brand awareness.

In measuring achievement of its deployment objectives for theatre chains, the Corporation tracks the installed base of its D-BOX MFX systems as well as its backlog. From a practical standpoint, the Corporation defines system backlog as follows: an order for D-BOX MFX systems received as part of a contractual agreement and for which the installation is scheduled within a twelve-month period. As at March 31, 2015, the total screens installed or in backlog stood at 401 in comparison to 352 as at December 31, 2014 and 264 a year ago.

Worldwide growth of installed screens or in backlog As at March 31, 2015



With respect to products targeting home entertainment, the Corporation aims to:

1. sell products under its own brand name and under original equipment manufacturers' (OEM), integrators' and resellers' brands;
2. increase the offer of content coded by D-BOX;
3. create products and form partnerships with strategic players who allow for progressive penetration of mass markets.

In short, D-BOX has demonstrated so far:

- the willingness of moviegoers to pay a premium on an admission ticket to experience immersive Audio Video Motion (AVM);
- that it generates a new source of business traffic and new revenue for commercial theatre operators allowing them to stand out from competitors and increase their revenue ((i) direct revenue from the sale of tickets in the D-BOX zone and (ii) indirect revenue from the sale of food and beverages); and
- that it brings in additional visibility and a new source of revenue for the studios.

7.3 Growth Strategy / Industrial Market

The industrial market contributes significantly to the global awareness of the D-BOX brand thereby sparking consumer interest for the Audio Video Motion (AVM) experience which can stimulate demand for the D-BOX experience in other sub-markets, such as: simulation and training, arcades, military, virtual reality, amusement parks, museums and planetariums. The Corporation is mobilizing resources devoted to the business development of this market with the goal of identifying new partners and meeting their needs.

With respect to products earmarked for industrial simulation users, the Corporation is following its mission to sell products under its own brand, under original equipment manufacturers' (OEM's) brands and through a network of integrators and resellers. It is also adapting its products to address specific requests of manufacturers to penetrate new markets.

In the last few years, the Corporation has stepped up its presence at commercial and industrial trade shows, which has contributed raising awareness of D-BOX and its motion technology.

The Corporation recently developed motion systems adapted to the needs of new business sub-markets within the industrial market and the sale of these systems should accelerate over the course of the next few quarters.

The Corporation dedicates a team to develop and service this market and to identify new potential customers and adequately meet their demands. The main selection criteria for new customers include an efficient international distribution network, a well-renowned name in the market and the willingness to invest the necessary effort and resources to generate new and important revenue streams.

8. Non-IFRS Measures

In this MD&A, the Corporation uses two measures that are non-compliant with IFRS: 1) the adjusted EBITDA and 2) the gross profit excluding amortization. Although these measures supply useful and complementary information, they do not have a standardized meaning under IFRS and are not likely to be comparable to similar measures used by other issuers.

- 1) The adjusted EBITDA's purpose is to evaluate the Corporation's profitability and its capacity to generate funds from its operating activities. It designates the net income (loss) before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest income and income taxes.

The following table explains the reconciliation of adjusted EBITDA to the net income (loss).

	Fiscal year ended March 31		Fourth quarter ended March 31	
	2015	2014	2015	2014
Net income (loss)	(478)	(1,589)	850	(43)
Amortization of property and equipment	1,844	2,018	311	489
Amortization of intangible assets	392	290	74	75
Amortization of other assets	72	180	13	112
Write-off of property and equipment	178	78	96	(45)
Gain on disposal of property and equipment	(36)		—	
Share-based payment expense	409	617	84	183
Foreign exchange gain	(1,151)	(667)	(763)	(391)
Financial results (financial expenses less interest income)	36	21	11	3
Income taxes	38	9	37	(1)
Adjusted EBITDA	1,304	957	713	382

- 2) The gross profit excluding amortization serves to evaluate the Corporation's capacity to generate funds through product sales by considering the cost of these products while excluding the main non-cash item, namely amortization (see the table explaining the reconciliation of gross profit to gross profit excluding amortization on page 12).

9. Main Financial Data

The following tables present selected significant financial data for the current fiscal year and the latest quarter ended March 31, 2015 by comparing them with the corresponding periods of the previous fiscal year.

Information from the Consolidated Statements of Net Loss and Other Comprehensive Loss	Fiscal year ended March 31		Fourth quarter ended March 31	
	2015	2014	2015	2014
Revenue	20,588	17,593	6,680	4,980
Gross profit excluding amortization*	10,961	9,712	3,402	2,731
Net income (loss)	(478)	(1,589)	850	(43)
Adjusted EBITDA*	1,304	957	713	382
Basic net income (loss) per share	(0.0029)	(0.0097)	0.0052	(0.0003)
Diluted net income (loss) per share	(0.0029)	(0.0097)	0.0051	(0.0003)

* See the "Non-IFRS measures" section on page 9.

Information from the Consolidated Statements of Cash Flows	Fiscal year ended March 31		Fourth quarter ended March 31	
	2015	2014	2015	2014
Goods held for lease	(660)	(522)	(255)	(25)
Cash flows relating to operating activities	1,372	2,165	2,432	(355)
Additions to property and equipment	(525)	(378)	(146)	(128)
Additions to intangible assets	(1,035)	(710)	(208)	(326)

The following table presents certain important financial data of the consolidated balance sheet as at March 31, 2015 and as at March 31, 2014.

Information from the Consolidated Balance Sheets	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents	6,710	6,717
Inventories	3,903	4,389
Working capital	11,238	11,502
Total assets	24,838	24,204
Total liabilities	4,245	3,264
Equity	20,593	20,940

10. Operating Results

10.1 Revenue

Revenue for the fiscal year ended March 31, 2015 amounted to \$20,588 k, an increase of 17% compared to the \$17,593 k achieved for the fiscal year ended March 31, 2014. Revenue includes motion system sales to customers in the industrial market who sell the D-BOX technology under their own brand names and system sales to customers in the entertainment market. The entertainment market consists of D-BOX MFX system sales to commercial theatre operators, revenue from utilization rights, rental and maintenance fees with respect to admission tickets sold in commercial theatres and system sales to home entertainment customers.

For the industrial market, our development strategy consists of selling our motion system technology to customers so they can integrate it into their products. Industrial market sales are driven, among other things, by the attendance at commercial and industrial trade shows which contributes to raising awareness to the D-BOX technology and the presentation in commercial theatres of movies integrating the D-BOX Motion Code, which creates a growing demand for the D-BOX experience in numerous other sub-markets.

Sales of motion systems to customers of the industrial market amounted to \$5,208 k for the fiscal year ended March 31, 2015 representing a 26% decrease compared to \$7,003 k realized last year. The decrease in sales in the industrial market was driven by one of our main customers following delays in the launch of new projects which had a direct impact on our motion system sales. During the fiscal year, sales to our two most important customers of the industrial market represented 32% and 21% (40% and 15% last year).

During the fiscal year, total revenue generated by the entertainment market amounted to \$15,380 k, representing a 45% increase compared to the \$10,590 k realized last year. Revenue from commercial theatre exhibitors increased by 47% from \$9,787 k in 2014 to \$14,356 k this year. These revenues consist of: i) the sale of D-BOX MFX systems which increased by 68% to \$10,326 k (\$6,133 k in 2014) and ii) revenue from utilization rights, rental and maintenance fees on admission tickets in commercial theatres which increased by 10% to 4,030 k (\$3,654 k in 2014).

It is important to remember that revenue from utilization rights, rental and maintenance fees can fluctuate from one period to another based on the following factors:

- the box office performance of the movies that are presented, which can vary significantly from one movie to another;
- the revenue sharing with exhibitors and studios;
- the individual performance of exhibitors;
- the average number of D-BOX MFX systems deployed, which is constantly evolving;
- the number of weekly screenings of a D-BOX movie, which can vary based on the country in which a film is presented, or from one exhibitor to another; and
- the number of weeks a movie is played, which can vary based on the country due to different launch dates or the decision made by an exhibitor to present a film for a longer or shorter period of time.

As at March 31, 2015: 8,105 D-BOX MFX systems were installed in 323 auditoriums around the world compared to 6,172 D-BOX MFX systems installed in 238 auditoriums at the same date last year.

The entertainment market also includes system sales for home entertainment which increased by 28% to \$1,024 k in comparison to \$803 k last year. This progression is explained for the most part by the recent HEMC controller (Home Entertainment Motion Controller) launched during the year.

During the fiscal year, sales to our two most important customers of the entertainment market represented 20% and 10% (9% and 8% last year).

For the fourth quarter of 2015, revenue amounted to \$6,680 k in comparison to \$4,980 k for the corresponding quarter of last year. This 34% increase is explained by a 67% increase of sales in the entertainment market (\$5,330 k in 2015 compared to \$3,201 k in 2014), and a 24% decrease of sales in the industrial market (\$1,350 in 2015 compared to \$1,779 k for the corresponding period last year). This 24% decrease in the industrial market sales is explained by one of our main customers following delays in the launch of new projects which had a direct impact on our motion system sales.

The 67% increase of sales in the entertainment market from \$2,120 k to \$4,418 k is mostly explained by the 108% increase of D-BOX MFX systems sold and the 19% decrease of revenue from utilization rights, rental and maintenance fees to \$658 k (\$815 k in 2014). The decrease in revenue from utilization rights, rental and maintenance is explained by the performance of the movies at the box-office. Sales in the home entertainment market reached \$254 k, close to the \$266 k achieved for the corresponding quarter of last year.

10.2 Gross Profit

The following table explains the reconciliation of gross profit to gross profit excluding amortization.

	Fiscal Year ended March 31		Fourth Quarter ending March 31	
	2015	2014	2015	2014
Revenue	20,588	17,593	6,680	4,980
Gross profit	9,288	7,868	3,169	2,210
Amortization related to cost of goods sold	1,673	1,844	233	521
Gross profit excluding amortization*	10,961	9,712	3,402	2,731
Gross margin excluding amortization	53%	55%	51%	55%

* See the "Non-IFRS measure" section on page 9.

For the fiscal year ended March 31, 2015, gross profit increased by 18% to \$9,288 k in comparison to \$7,868 k for the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit increased by 13% and amounted to \$10,961 k in 2015 (53% of revenue) in comparison to the \$9,712 k (55% of revenue) last year. The decrease in gross margin excluding amortization from 55% to 53% is explained by the revenue mix, given the 108% increase in system sales to commercial theatre exhibitors which generate a lower margin than revenue from utilization rights, rental and maintenance which increased by 10%.

For the fourth quarter ended March 31, 2015, gross profit amounted to \$3,169 k in comparison to \$2,210 k for the corresponding period of last year. Excluding amortization, gross profit amounted to \$3,402 k (51% of revenue) in 2015 in comparison to \$2,731 k (55%

of revenue) last year. This 25% improvement of gross profit excluding amortization is explained by the 34% increase in revenue over the period.

10.3 Operating Expenses

Selling and Marketing Expenses: Selling and marketing expenses consist primarily of employee costs including share-based payment expenses, professional fees, advertising and point-of-sales material expenses and attendance at industrial trade shows. They also include expenses related to motion coding and other marketing expenses.

For the fiscal year ended March 31, 2015, selling and marketing expenses totaled \$5,677 k (28% of revenue) similar to \$5,630 k (32% of revenue) last year.

For the fourth quarter ended March 31, 2015, selling and marketing expenses amounted to \$1,446 k (22% of revenue) also in line with the \$1,438 k (29% of revenue) spent in the quarter ended March 31, 2014.

Administrative Expenses: Administrative expenses consist primarily of employee costs including share-based payment expenses, professional fees as well as other general and administrative expenses.

For the fiscal year ended March 31, 2015, administrative expenses amounted to \$3,460 k (17% of revenue) representing a 9% increase compared to the \$3,167 k (18% of revenue) for the fiscal year ended March 31, 2014. The increase is mainly caused by the hiring of additional employees and higher compensation costs.

For the fourth quarter ended March 31, 2015, administrative expenses amounted to \$1,058 k (16% of revenue) which compares to \$879 k (18% of revenue) for the quarter ending March 31, 2014. This 20% increase is also essentially explained by the hiring of employees and higher compensation costs.

Research and Development Expenses: Research and development expenses mainly include costs related to employees, amortization of assets and patents, others costs associated with existing product enhancement, and the cost of adapting products to various international standards, less investment tax credits.

For the fiscal year ended March 31, 2015, research and development expenses amounted to \$1,706 k (8% of revenue) which compares to \$1,297 k (7% of revenue) for the previous fiscal year. The 32% increase is mostly explained by the hiring of qualified resources responsible for the improvement of existing products as well as the amortization of new patents and research costs related to new products.

For the fourth quarter ended March 31, 2015, research and development expenses increased 63% to \$530 k (8% of revenue) compared to \$325 k (7% of revenue) for the same quarter of last year. This increase is explained by the same above-mentioned elements.

Foreign Exchange Gain or Loss: The foreign exchange gain or loss mainly results from the fluctuation of Canadian currency relative to US currency when converting US dollar operations at the prevailing rate on the date of a transaction and the conversion of US dollar monetary assets and liabilities at the end-of-period rate.

Thus, for the fiscal year ended March 31, 2015, the foreign exchange gain amounts to \$1,151 k in comparison to \$667 k last year. The foreign exchange gain is explained by the devaluation of the Canadian currency in comparison to the US currency over the course of the year in comparison to last year.

For the fourth quarter ended March 31, 2015, the foreign exchange gain amounts to \$763 k which compares to a gain of \$391 k for the corresponding quarter of 2014. The foreign-exchange gain is explained by the devaluation of the Canadian currency in comparison to the US currency over the course of each of these two periods.

10.4 Financial Results

The financial results include financial expenses and interest income. For the fiscal year ended March 31, 2015, financial results amounted to a net expense of \$36 k in comparison to a net expense of \$21 k in 2014.

For the fourth quarter ended March 31, 2015, net expense amounted to \$11 k compared to \$3 k in 2014.

10.5 Income Taxes

With respect to accounting for future income taxes, the Corporation has concluded that a valuation allowance equal to its future income tax assets should be recorded.

As at March 31, 2015, the Corporation had accumulated net operating loss carryforwards of \$26,062 k for federal income tax purposes, \$25,969 k for Quebec income tax purposes and \$5,383 k for the United States in addition to other unrecognized deferred income tax assets mentioned at note 11 of the consolidated financial statements.

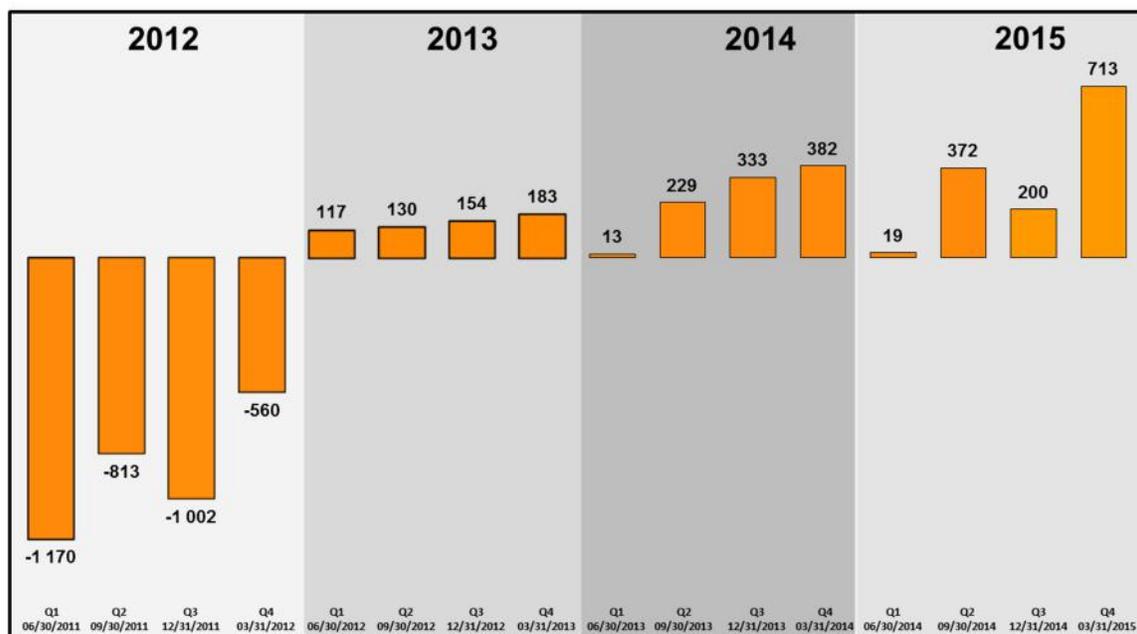
10.6 Net Income (Loss)

Given the aforementioned facts, but more specifically given the \$1,151 k foreign exchange gain, the net loss for the 2015 fiscal year amounted to \$478 k (basic and diluted net loss of \$0.0029 per share) in comparison to a net loss of \$1,589 k (basic and diluted net loss of \$0.0097 per share) in 2014.

For the fourth quarter, the net income amounted to \$850 k (basic net income of \$0.0052 per share, diluted \$0.0051 per share), compared with a \$43 k net loss (basic and diluted net loss of \$0.0003 per share) for the same quarter in 2014.

11. Adjusted EBITDA

The adjusted EBITDA designates net income (loss) before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest income and income taxes. This measure provides useful and complementary information which allows, among other things, the evaluation of profitability and cash flows provided by operations.



D-BOX achieved a positive adjusted EBITDA in the first quarter of the 2013 fiscal year, which has remained positive and has been trending upwards since then, resulting from a sustained growth in revenue and a tight control over operating expenses.

Adjusted EBITDA amounted to \$1,304 k for the 2015 fiscal year representing a 36% increase in comparison of \$957 k in the previous fiscal year.

For the fourth quarter, adjusted EBITDA amounted to \$713 k representing a 87% increase in comparison to the adjusted EBITDA of \$382 k for the same period last year.

12. Liquidity, Capital Resources and Financing Sources

As at March 31, 2015, total assets amounted to \$24,838 k which compares to \$24,204 k as at March 31, 2014.

Working capital stood at \$11,238 k as at March 31, 2015 compared with \$11,502 k as at March 31, 2014. Accounts receivable, which mostly consist of trade accounts receivable, investment tax credits and commodity taxes receivable, increased to \$4,302 k as at March 31, 2015 in comparison to \$3,347 k as at March 31, 2014. Inventories decreased to \$3,903 k as at March 31, 2015 in comparison to \$4,389 k as at March 31, 2014.

Current liabilities increased by \$981 k to \$4,245 k as of March 31, 2015 which compares to \$3,264 k as at March 31, 2014. Current liabilities include accounts payable and accrued

liabilities which increased by \$715 k to \$3,786 k. This increase is mostly explained by an increase in accrued employee vacation and compensation costs at the end of 2015 compared with March 31, 2014.

12.1 Operating Activities

For the fiscal year ended March 31, 2015, cash flows provided by operating activities totalled \$1,372 k compared with \$2,165 k for the previous fiscal year. The decrease of \$793 k in cash flows provided by the operating activities comes essentially from the \$834 k change in working capital items (mainly accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities).

12.2 Investing Activities

For the fiscal year ended March 31, 2015, cash flows used by investment activities amounted to \$1,521 k in comparison to \$1,088 k for the previous fiscal year. Cash flows from investing activities include costs associated to the acquisition of intangible assets which increased \$325 k to \$1,035 k in 2015 in comparison to \$710 k in 2014. The increase is explained primarily by the internal development costs of products for an amount of \$376 k (development costs of \$790 k in 2015 compared to \$414 k in 2014).

12.3 Financing Activities

During the year ended March 31, 2015, 3,333 Class A common shares were issued for a cash consideration of \$1 k on exercise of options.

Subsequent to year end, on May 15, 2015, the Corporation granted 40,000 options with an exercise price of \$0.28 expiring on May 15, 2025.

12.4 Equity

Equity amounted to \$20,593 k as at March 31, 2015, compared with \$20,940 k as at March 31, 2014 for a variation of \$347 k.

13. Quarterly Data

Operating results for each of the past eight quarters are presented in the table below.

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue from the industrial market	1,350	1,544	998	1,316	1,779	1,857	1,964	1,403
Revenue from the entertainment market								
Commercial theatre exhibitors:								
- System sales	4,418	2,150	1,880	1,878	2,120	1,499	1,889	625
- Utilization rights, rental & maintenance	658	991	1,238	1,143	815	1,081	498	1,260
	5,076	3,141	3,118	3,021	2,935	2,580	2,387	1,885
System sales for home entertainment	254	309	238	223	266	182	144	211
Total revenue Entertainment market	5,330	3,450	3,356	3,244	3,201	2,762	2,531	2,096
TOTAL REVENUE	6,680	4,994	4,354	4,560	4,980	4,619	4,495	3,499
Adjusted EBITDA*	713	200	372	19	382	333	229	13
Net income (loss)	850	(315)	192	(1 205)	(43)	(352)	(675)	(519)
Basic and diluted net income (loss) per share	0.005	(0.002)	0.001	(0.007)	(0.001)	(0.002)	(0.004)	(0.003)
Weighted average number of common shares outstanding	163,784,462	163,784,462	163,783,665	163,781,129	163,781,129	163,781,129	163,781,129	163,781,129

* See the "Non-IFRS Financial Measures" section on page 9.

The fluctuation of revenue during the last eight quarters is explained, among other reasons, by the uneven growth of the industrial and entertainment markets. More specifically in the entertainment market, revenue fluctuated based on the number of systems sold, the average number of systems installed, the number of systems leased, seasonality, the performance of films and the performance of commercial theatre exhibitors.

14. Commitments

The Corporation rents premises and equipment under operating leases and has entered into long-term commitments to purchase services. The minimum payments for the coming years are as follows:

	Leases	Other Commitments
2016	263	29
2017 to 2020	445	7
2021 and thereafter	243	—
	951	36

The Corporation's operating lease expenses amounted to \$365 k in 2015 (\$322 k in 2014) and has pledged the universality of movable property, both present and future, in favour of the lessors.

15. Outstanding Share Capital (June 18, 2015)

	Class A common shares
Class A common shares outstanding	163,784,462
Convertible instruments	
Stock options outstanding	14,919,345
	178,703,807

16. Significant Judgments and Estimates and New Accounting Pronouncements

Significant Judgments and Estimates

The preparation of consolidated financial statements requires the Corporation's management to make judgments, estimates and assumptions that could affect the amounts of assets and liabilities at the balance sheet date and the amounts of revenue and expenses.

Judgments

In connection with the application of the Corporation's accounting policies, management made the following judgment which had a material impact on the carrying amount of assets and liabilities reported in the consolidated financial statements.

The Corporation is involved in the rental of motion systems as a lessor. The Corporation has determined, based on its assessment of the terms and conditions of agreements, such as lease term, that it retains substantially all the risks and rewards of ownership of the systems. Accordingly, the Corporation has accounted for these agreements as operating leases.

Estimates

The underlying estimates and assumptions are based on past experience and other factors deemed reasonable in view of the circumstances. Accordingly, they provide a basis for judgments made in determining the carrying amounts of assets and liabilities.

The final amounts appearing in the Corporation's future consolidated financial statements may differ from the amounts currently estimated. These estimates and assumptions are reviewed on an ongoing basis. The main estimates used concern the valuation of property, plant and equipment and intangible assets, and the recognition of deferred tax assets and tax credits.

For further information, see note 2.3 "Significant judgments and estimates" of the audited consolidated financial statements for the fiscal year ended March 31, 2015.

New accounting pronouncements

Adoption of new and revised standards

During the year, the Corporation adopted a number of new and revised IFRS whose adoption is mandatory for fiscal years beginning on or after April 1, 2014.

¶¶ Amendments to IAS 32, Financial Instruments: Presentation

In December 2011, amendments to IAS 32, Financial Instruments: Presentation, were issued to clarify the application of offsetting criteria with regard to offsetting financial assets and financial liabilities. The amendments to IAS 32 are effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The adoption of IAS 32 has had no impact on the Corporation's consolidated financial statements.

•¶ Amendments to IAS 36, Impairment of Assets

IAS 36, Impairment of Assets, has been revised to integrate the amendments issued in May 2013. Those amendments make it possible to better reflect a prior decision to require the recoverable amount of impaired assets to be reported along with other disclosures regarding the measurement of the recoverable amount of impaired assets in cases where said recoverable amount is based on fair value less costs to sell, including the discount rate, when a discounting technique is used to determine the recoverable amount. The adoption of IAS 36 has had no impact on the Corporation's consolidated financial statements.

• Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle

In December 2013, the Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle were issued, containing a number of amendments to various IFRS, such as IFRS 3, Business Combinations, IFRS 13, Fair Value Measurement, IAS 16, Property and equipment, IAS 24, Related Parties, and IAS 38, Intangible Assets. The adoption of IFRSs 2010-2012 and 2011-2013 has had no impact on the Corporation's consolidated financial statements.

Standards issued but not yet effective

The Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements:

- ¶ IFRS 9, Financial Instruments is required to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement

categories in IAS 39, Financial Instruments: Recognition and Measurement. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

- IFRS 15, Revenue from Contracts with Customers is required to be applied retrospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted. In April 2015, the International Accounting Standards Board (IASB) voted to publish an exposure draft proposing a one-year deferral of the effective date of IFRS 15 to January 1, 2018. The IASB will consult on the proposed one-year deferral before it is confirmed, as is required by its due process. IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

17. Financial Instruments

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk due to fluctuations in interest rates on cash and cash equivalents that earn interest at market rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. On an annual basis, a 1% change in interest rates would have had a net impact of approximately \$67 k on net loss and comprehensive loss (\$67 k as at March 31, 2014).

The Corporation manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. Cash equivalents consist of money market funds and other instruments with short-term maturities.

Credit Risk

The Corporation is exposed to credit losses arising from payment defaults by third parties. The Corporation evaluates the creditworthiness of its clients in order to limit the amount of credit extended, where appropriate, and establishes an allowance for doubtful accounts sufficient to cover probable and reasonably estimated losses. Furthermore, the Corporation generally insures its accounts receivable balances with Export Development Canada. As at March 31, 2015, two clients accounted for 47% and 7% of total accounts receivable and 56% of trade accounts receivable were 90% insured [as at March 31, 2014, two clients accounted for 20% and 10% of total accounts receivable and 66% of trade accounts receivable were 90% insured]. Historically, the Corporation has never written off a significant amount of trade accounts receivable. Outstanding trade accounts receivable over 90 days stood at 11% as at March 31, 2015 [8% in 2014]. The allowance for doubtful accounts totalled \$11 k as at March 31, 2015 [\$36 k as at March 31, 2014]. Accounts receivable include investment tax credits, government assistance receivable and commodity taxes receivable, which are receivable from the government and are not exposed to significant credit risk. Cash and cash equivalents are contracted with a limited number of Canadian chartered banks.

Maximum exposure to credit risk for financial instruments is equal to their carrying amount as at March 31, 2015 and 2014.

Foreign Exchange Risk

The Corporation is exposed to foreign exchange risk due to cash and cash equivalents, trade accounts receivable, deposits and accounts payable denominated in U.S. dollars. As at March 31, 2015, financial assets, consisting primarily of cash and cash equivalents, trade accounts receivable and deposits denominated in U.S. dollars, totalled \$1,987 k, \$2,615 k, and \$286 k respectively [\$1,510 k, \$2,067 k, and \$142 k respectively, as at March 31, 2014], and financial liabilities denominated in U.S. dollars totalled \$1,124 k [\$824 k as at March 31, 2014]. As at March 31, 2015, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a \$477 k impact on net loss and comprehensive loss [\$320 k as at March 31, 2014].

Moreover, the Corporation uses derivative financial instruments to mitigate foreign exchange risk. The Corporation elected not to apply hedge accounting. However, the Corporation considers that those derivative instruments partially hedge the foreign exchange risk related to those transactions.

As at March 31, 2015, the Corporation held foreign exchange contracts with a nominal value of US\$1,000, allowing it to sell U.S. currency at Canadian dollar exchange rate of 1.1475 on June 30, 2015. As at March 31, 2014, the Corporation held foreign exchange contracts with a nominal value of US\$4,200, allowing it to sell U.S. currency at Canadian dollar exchange rates ranging from 1.1290 to 1.0336, staggered from July 11, 2014 to March 31, 2015.

Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they become due. The Corporation manages its liquidity to allow for the settlement of liabilities when they become due by continuously monitoring actual and expected cash flows. In the past years, the Corporation financed its liquidity needs primarily by issuing debt and equity securities. The Corporation has sufficient liquidity to meet its working capital obligations and carry on its business for the next twelve months. As the Corporation is currently incurring operating losses, additional capital may be required to continue developing and marketing its technology (see note 17 of the audited consolidated financial statements for the fiscal year ended March 31, 2015).

As at March 31, 2015, the Corporation's financial liabilities had contractual maturities of under one year and consisted of accounts payable and accrued liabilities and derivative financial instruments, amounting to \$3,887 k [\$3,113 k as at March 31, 2014].

Our ability to raise capital is subject to certain risks and uncertainties (see section "Risks and Uncertainties").

18. Risk and Uncertainties

We are active in an industry which presents many risks and uncertainties. These risks and uncertainties are described in the Annual Information Form (AIF) dated June 18, 2015 which is available on www.sedar.com

19. Disclosure Controls and Internal Controls over Financial Reporting

In accordance with National Instrument 52-109 Respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the Corporation has filed certifications signed by the President and Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to the President and Chief Executive Officer and the Chief Financial Officer, particularly during the period in which annual filings are being prepared. The President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Corporation's disclosure controls and procedures and concluded, based on their evaluation, that such disclosure controls and procedures were effective as of March 31, 2015.

Management has also designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Corporation's internal control over financial reporting and concluded, based on their evaluation, that such internal control over financial reporting was effective as of March 31, 2015.

Finally, there has been no change in the Corporation's internal control during the financial period beginning January 1, 2015 and ending March 31, 2015 that materially affected, or is likely to materially affect, the Corporation's internal control over financial reporting.

20. Continuous Information and Additional Disclosure

This MD&A was prepared as at June 18, 2015. Additional information can be found on the SEDAR website at www.sedar.com.

D-BOX®, D-BOX Motion Code®, LIVE THE ACTION®, MOTION ARCHITECTS® and MOVE THE WORLD™ are trademarks of D-BOX Technologies Inc. Other names are for informational purposes only and may be trademarks of their respective owners.

Consolidated Financial Statements

D-BOX Technologies Inc.

March 31, 2015

MANAGEMENT REPORT

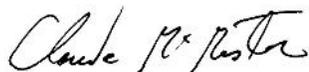
The accompanying consolidated financial statements of **D-BOX Technologies Inc.** and all the information in the management's discussion and analysis ["**MD&A**"] are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ["**IFRS**"]. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information used elsewhere in the MD&A is consistent with that in the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and the MD&A and ensuring that management fulfills its financial reporting responsibilities. The Board discharges its responsibility primarily through its Audit Committee.

The Audit Committee is appointed by the Board and all its members are independent directors. The Committee meets periodically with management, as well as the independent auditors, to discuss internal control over financial reporting, audit matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements, the independent auditors' report and the MD&A. The Committee reports its findings to the Board for consideration when it approves the consolidated financial statements and the MD&A for issuance to the shareholders.

The consolidated financial statements have been audited by Ernst & Young LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. The independent auditors have full and free access to the Audit Committee.



Claude Mc Master
President and Chief Executive Officer
Montreal, Canada
June 18, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
D-BOX Technologies Inc.

We have audited the accompanying consolidated financial statements of **D-BOX Technologies Inc.**, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated statements of net loss and other comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **D-BOX Technologies Inc.** as at March 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Ernst & Young LLP¹

Montreal, Canada
June 18, 2015

¹ CPA auditor, CA, public accountancy permit no. A118111

D-BOX Technologies Inc.
CONSOLIDATED BALANCE SHEETS

As at March 31
(in thousands of Canadian dollars)

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,710	6,717
Accounts receivable	3	4,302	3,347
Inventories	4	3,903	4,389
Prepaid expenses and deposits	8	568	313
		15,483	14,766
Non-current assets			
Property and equipment	5	7,452	8,146
Intangible assets	6	1,771	1,128
Other assets	7	132	164
		24,838	24,204
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	3,786	3,071
Derivative financial instruments	14.3	120	42
Warranty provision		14	14
Deferred revenues		325	137
		4,245	3,264
Equity			
Share capital	9.1	57,715	57,714
Share-based payment reserve	9.2	5,014	4,605
Accumulated exchange difference		(385)	(106)
Deficit		(41,751)	(41,273)
		20,593	20,940
		24,838	24,204

Commitments [note 12]

Contingency [note 16]

See accompanying notes.

On behalf of the Board,



Jean Lamarre
Director



Claude Mc Master
Director

D-BOX Technologies Inc.
CONSOLIDATED STATEMENTS OF NET LOSS AND OTHER
COMPREHENSIVE LOSS

For the years ended March 31
(in thousands of Canadian dollars, except share and per-share amounts)

	Notes	2015 \$	2014 \$
Revenues	10.2		
Motion systems for:			
Industrial market		5,208	7,003
Entertainment market:			
Commercial theatres:			
System sales		10,326	6,133
Rights for use, rental and maintenance		4,030	3,654
		14,356	9,787
Home entertainment system sales		1,024	803
		15,380	10,590
		20,588	17,593
Cost of goods sold excluding amortization	4, 10.3	9,627	7,881
Amortization related to cost of goods sold	5, 7	1,673	1,844
Cost of goods sold		11,300	9,725
Gross profit		9,288	7,868
Other expenses			
Selling and marketing	10.4	5,677	5,630
Administration	10.5	3,460	3,167
Research and development	10.6	1,706	1,297
Foreign exchange gain		(1,151)	(667)
		9,692	9,427
Loss before financial expenses (income) and income taxes		(404)	(1,559)
Financial expenses (income)			
Financial expenses		70	82
Interest income		(34)	(61)
		36	21
Loss before income taxes		(440)	(1,580)
Income taxes	11	38	9
Net loss		(478)	(1,589)
<i>Items that will be reclassified to net loss in subsequent periods:</i>			
Foreign currency translation adjustment		279	94
Comprehensive loss		(757)	(1,683)
Basic and diluted net loss per share		(0.0029)	(0.0097)
Weighted average number of common shares outstanding	9.1	163,783,430	163,781,129

See accompanying notes.

D-BOX Technologies Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended March 31
(in thousands of Canadian dollars)

	Notes	Share capital \$	Share-based payment reserve \$	Accumulated exchange difference \$	Deficit \$	Total \$
Balance as at March 31, 2013		57,714	3,988	(12)	(39,684)	22,006
Net loss		—	—	—	(1,589)	(1,589)
Foreign currency translation adjustment		—	—	(94)	—	(94)
Comprehensive loss		—	—	(94)	(1,589)	(1,683)
Share-based payment expense	9.2	—	617	—	—	617
Balance as at March 31, 2014		57,714	4,605	(106)	(41,273)	20,940
Net loss		—	—	—	(478)	(478)
Foreign currency translation adjustment		—	—	(279)	—	(279)
Comprehensive loss		—	—	(279)	(478)	(757)
Shares issued	9.1	1	—	—	—	1
Share-based payment expense	9.2	—	409	—	—	409
Balance as at March 31, 2015		57,715	5,014	(385)	(41,751)	20,593

See accompanying notes.

D-BOX Technologies Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31
(in thousands of Canadian dollars)

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Net loss		(478)	(1,589)
Items not affecting cash			
Amortization of property and equipment	5	1,844	2,018
Amortization of intangible assets	6	392	290
Amortization of other assets	7	72	180
Write-off of property and equipment		178	78
Gain on disposal of property and equipment		(36)	—
Share-based payment expense	9.2	409	617
Unrealized foreign exchange gain		(1,592)	(846)
Cash flows from operations before changes in working capital items		789	748
Changes in working capital items:			
Accounts receivable		838	1,150
Inventories		1,092	913
Prepaid expenses and deposits		(255)	89
Goods held for lease		(660)	(522)
Other assets		(40)	(95)
Accounts payable and accrued liabilities		(658)	(214)
Derivative financial instruments		78	42
Deferred revenues		188	54
		583	1,417
Cash flows relating to operating activities		1,372	2,165
INVESTING ACTIVITIES			
Additions to property and equipment		(525)	(378)
Disposal of property and equipment		39	—
Additions to intangible assets	6	(1,035)	(710)
Cash flows relating to investing activities		(1,521)	(1,088)
FINANCING ACTIVITIES			
Shares issued on exercise of option	9.1	1	—
Cash flows relating to financing activities		1	—
Effect of exchange rate fluctuations on cash and cash equivalents		141	(68)
Net change in cash and cash equivalents		(7)	1,009
Cash and cash equivalents, beginning of period		6,717	5,708
Cash and cash equivalents, end of period		6,710	6,717
Cash and cash equivalents consist of:			
Cash		2,905	2,390
Cash equivalents		3,805	4,327
Interest and income taxes included in operating activities:			
Income taxes paid (net of recoveries)		22	9
Interest paid		—	2

See accompanying notes.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

1. DESCRIPTION OF BUSINESS

D-BOX Technologies Inc. [“D-BOX” or the “Corporation”], incorporated under the *Canada Business Corporations Act*, is domiciled at 2172 de la Province Street, Longueuil, Québec, Canada.

D-BOX designs, manufactures and commercializes cutting-edge motion systems intended for the entertainment and industrial markets. This unique and patented technology uses motion effects specifically programmed for each visual content which are sent to a motion system integrated into either, a platform, a seat or any other product. The resulting motion is perfectly synchronized with the on-screen action, thus creating an unparalleled realistic immersive experience.

Based on the nature of the Corporation’s clients, two significant markets have been identified: the entertainment and industrial markets. The entertainment market comprises motion systems installed in commercial theatres and home entertainment consumer products, particularly video games and home theatres. The industrial market consists of products for industrial simulators, industrial training and other applications.

The consolidated financial statements were approved by the Corporation’s Board of Directors on June 18, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards [“IFRS”].

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments. The significant accounting policies are summarized below.

2.2 Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, D-BOX USA INC., which uses the same accounting policies and fiscal year-end as the Corporation. All intercompany balances and transactions have been eliminated on consolidation.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.3 Significant judgments and estimates

The preparation of consolidated financial statements requires the Corporation's management to make judgments, estimates and assumptions that could affect the amounts of assets and liabilities at the balance sheet date and the amounts of revenues and expenses.

2.3.1 Judgments

In connection with the application of the Corporation's accounting policies, management made the following judgment which had a material impact on the carrying amount of assets and liabilities reported in the consolidated financial statements.

The Corporation is involved in the rental of motion systems as a lessor. The Corporation has determined, based on its assessment of the terms and conditions of agreements, such as lease term, that it retains substantially all the risks and rewards of ownership of the systems. Accordingly, the Corporation has accounted for these agreements as operating leases.

2.3.2 Estimates

The underlying estimates and assumptions are based on past experience and other factors deemed reasonable in view of the circumstances. Accordingly, they provide a basis for judgments made in determining the carrying amounts of assets and liabilities.

The final amounts appearing in the Corporation's future consolidated financial statements may differ from the amounts currently estimated. These estimates and assumptions are reviewed on an ongoing basis. The main estimates used concern the valuation of property and equipment and intangible assets, and the recognition of deferred tax assets and tax credits.

2.3.2.1 Property and equipment and intangible assets

The ability to recover the value of property and equipment and intangible assets is based on the assumption that the Corporation will be able to continue developing and marketing its motion technology and generate sufficient cash flows over the assets' useful lives. Numerous factors are taken into account, including general economic conditions, technological advancements, market acceptance of the Corporation's motion technology, entering into strategic alliances, competition and, where necessary, securing additional capital.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.3 Significant judgments and estimates [Cont'd]

2.3.2 Estimates [Cont'd]

2.3.2.2 Deferred tax assets and tax credits

Deferred tax assets and tax credits are measured by management using its estimate of the value of future taxable income against which the deductible temporary differences, unused tax loss carryforwards and unused tax credits can be utilized. Such estimates are made when preparing the budgets and strategic plans by tax jurisdiction on an undiscounted basis. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering factors such as the number of years to include in the forecast period, the history of taxable income and availability of tax strategies.

2.4 Foreign currency translation

The Corporation's consolidated financial statements are expressed in Canadian dollars, which is its functional currency.

2.4.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At the end of each reporting period:

- Foreign currency monetary assets and liabilities are translated using the closing rate. Resulting exchange differences are recognized in income (loss) for the year;
- Foreign currency non-monetary assets and liabilities are recognized using the historical rate at the date of the transaction.

2.4.2 Translation of the subsidiary's financial statements

The functional currency of the subsidiary D-BOX USA Inc. is the U.S. dollar. The balance sheet is translated into Canadian dollars at the closing rate, that is, the exchange rate at the end of the reporting period. Income (loss) and cash flows are translated at the average exchange rates. Differences resulting from this translation are recorded as a foreign currency translation adjustment in other comprehensive income (loss).

On the sale of a foreign entity, the translation differences previously recognized in other comprehensive income (loss) are recognized in the consolidated statement of net income (loss).

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.5 Cash and cash equivalents

Cash consists of cash and demand deposits with financial institutions. Cash equivalents consist of investments which are readily convertible into a known amount of cash and which have an original maturity of three months or less.

2.6 Inventories

Finished goods, parts and components are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The amount of the inventory impairment charge may be reversed when the circumstances that gave rise to the impairment no longer exist. The cost of finished goods includes the cost of goods and components, labour costs and a portion of manufacturing overhead costs, based on the Corporation's normal operating capacity.

2.7 Property and equipment, intangible assets and other assets

Property and equipment, intangible assets, and other assets are recorded at cost. Property and equipment and intangible assets are amortized over their estimated useful lives using the following methods and rates:

Nature of amortized asset	Method	Period
Property and equipment		
Goods held for lease	Straight-line or based on commercial theatre ticket sales	Not exceeding 7 years
Furniture and fixtures	Straight-line	7 years
Machinery, equipment, computer hardware and trade show stands	Straight-line	3-7 years
Leasehold improvements	Straight-line	Lease term
Intangible assets		
Patents	Straight-line	Not exceeding 10 years
D-BOX motion technology	Straight-line	3-7 years
Software	Straight-line	4 years
Other assets		
Movie theatre motion systems	Straight-line or based on commercial theatre ticket sales	Not exceeding 7 years

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.7 Property and equipment, intangible assets and other assets [Cont'd]

Each time events indicate a risk of impairment of property and equipment and intangible assets, these assets are reviewed in detail to determine their recoverable amount, defined as the higher of their fair value less costs to sell and their value in use. Value in use is determined by discounting the future cash flows expected to arise from the use of an asset and from its disposal.

If the recoverable amount is lower than the net carrying amount, an impairment loss is recognized for the difference.

Impairment losses on property and equipment and intangible assets may be subsequently reversed where the recoverable amount once again exceeds the net carrying amount (to the extent of the initial impairment).

2.8 Warranty provision

A provision for potential warranty claims is recorded upon revenue recognition based on past experience and warranties offered by the Corporation.

2.9 Share-based payment plan

Compensation expense for options granted to employees and directors under the Corporation's share-based payment plan is recognized over their vesting period. Such share-based payment expense is determined under the fair value method using the Black-Scholes option pricing model. Any consideration paid on exercise of stock options together with the related portion previously credited to share-based payment reserve is credited to share capital.

2.10 Revenue recognition

The Corporation's revenues are generated from the sale or lease of motion systems to industrial and entertainment market clients.

2.10.1 Motion systems for industrial market clients

The Corporation recognizes revenues arising from the sale of motion systems to industrial market clients when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.10 Revenue recognition [Cont'd]

2.10.2 Motion systems for entertainment market clients

The Corporation recognizes revenues arising from the sale of motion systems to home entertainment market clients when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

Agreements entered into with commercial theatres occasionally include multiple service delivery revenue arrangements for the lease or sale of motion systems, rights for use of motion technology and maintenance. These multiple deliverable revenue arrangements are divided into more than one unit of accounting and the criteria for revenue recognition are considered separately for each unit of accounting if the following criteria are met:

- [i] The delivered item has stand-alone value for commercial theatres, and
- [ii] If the arrangement comprises a general right of return relative to the delivered item, performance of the undelivered item is deemed probable and is substantially in the control of the Corporation.

Revenue recognition for the items covered by the arrangements is as follows.

2.10.2.1 Lease and sale of motion systems

Revenues arising from operating leases for motion systems are recognized in income as they become due under the terms of the arrangement, that is, on ticket sales by the commercial theatre for motion system use. System costs are recorded in property and equipment under goods held for lease. As per agreement clauses, the amortization of systems is calculated on a straight-line basis over a seven-year period or based on commercial theatre ticket sales when it is estimated that the system will be fully amortized before the expected agreement term not exceeding seven years. Amortization expense is recognized in income (loss) as cost of goods sold.

Revenues arising from sale of motion systems are recognized in income (loss) when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed or determinable and collection is reasonably assured. The cost of systems sold is recognized immediately in income (loss) as cost of goods sold. When the criteria for revenue recognition are not fully met, revenues are recognized in income (loss) as they become due under the terms of the arrangement, that is, based on commercial theatre ticket sales for the use of motion systems. In these circumstances, system costs are shown in the consolidated balance sheets under other assets. Other assets are amortized based on commercial theatre ticket sales over a period not exceeding seven years.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.10 Revenue recognition [Cont'd]

2.10.2.2 Rights for use of motion technology and maintenance

Revenues arising from motion technology use and maintenance agreements are recognized in income (loss) as they become due under the terms of the arrangement, that is, on commercial theatre tickets sales for the use of motion systems and when collection is reasonably assured. Costs relating to maintenance are recorded as cost of goods sold as incurred.

2.11 Encoding costs

The costs for encoding movies and games that support D-BOX motion technology are expensed as incurred and included in selling and marketing expenses.

2.12 Research and development costs

Research costs are charged to income (loss) in the year of expenditure. Development costs are capitalized when they meet the criteria for capitalization in accordance with IFRS.

2.13 Government assistance and investment tax credits

Government assistance and investment tax credits are recognized when there is reasonable assurance that the Corporation has complied with, and will continue to comply with, all conditions necessary to obtain such assistance. The Corporation incurs research and development expenses that are eligible for investment tax credits.

Recognized government assistance and refundable investment tax credits are based on management's estimates of amounts expected to be recovered and are subject to audit by tax authorities.

Government assistance and investment tax credits are recognized as a reduction of the cost of the related assets or expenses in the year in which the expenditures are made when management deems that there is reasonable assurance that the conditions for government assistance or investment tax credits have been met.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.14 Income taxes

The Corporation follows the liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities, and are measured using substantively enacted tax rates and laws that reflect the tax consequences that would follow from the way that the Corporation expects to recover or settle the carrying amount of its assets and liabilities in the periods in which the deferred tax assets and liabilities are expected to be realized or settled.

Deferred tax assets are recognized to the extent that it is probable that the Corporation's future taxable income will be sufficient to permit the recovery of such assets.

Deferred tax assets and liabilities are accounted for directly through income (loss), other comprehensive income (loss) or equity, based on the classification of the item to which they relate.

2.15 Earnings (loss) per share

Basic earnings (loss) per common share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated taking into account the dilution that could result if stock options for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the fiscal year or the date of issue. The stock options were not included in the calculation of diluted loss per share because the Corporation sustained losses, and including stock options would have been antidilutive.

2.16 Leases

All material contracts entered into by the Corporation are reviewed to identify leases. Contracts qualifying as leases are further reviewed to determine whether they are finance leases or operating leases.

Leases in which substantially all the risks and rewards of ownership in respect of the leased property are transferred to the Corporation are accounted for as finance leases by recording assets and liabilities for the present value of payments under the leases. All other leases are recorded as operating leases, and costs thereunder are charged to income (loss) over the lease term.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.17 Financial instruments

2.17.1 Classification, measurement and recognition

Financial instruments are recognized at the transaction date and classified as held for trading, loans and receivables or other financial liabilities. The Corporation has made the following classification:

- Cash and cash equivalents are classified as financial assets at fair value through profit or loss and measured at fair value. Trade accounts receivable and deposits are classified as loans and receivables and are initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Trade accounts payable, accrued liabilities and the credit facility are classified as other financial liabilities and are initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. Derivative financial instruments are classified as financial liabilities at fair value through profit or loss.

Derivative financial instruments consist of foreign exchange contracts [note 14.3] and are accounted for at fair value with changes in fair value recognized in the statement of net income (loss) under "Foreign exchange gain." Derivative financial instruments are recognized as financial assets where fair value is positive and as financial liabilities where it is negative.

Derivative financial instruments are measured at fair value in the consolidated balance sheet and are grouped into the three levels of the fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices [unadjusted] in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
[Cont'd]

2.17 Financial instruments [Cont'd]

2.17.1 Classification, measurement and recognition [Cont'd]

The fair value of derivative financial instruments is determined using the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative instrument and factors observable in external markets data, such as period-end foreign exchange rates (Level 2 inputs).

2.17.2 Impairment

At the end of each reporting period, the Corporation assesses whether there is objective evidence of impairment of a financial asset classified under loans and receivables. Any impairment loss, measured as the difference between the carrying amount and the current fair value, is recognized in the consolidated statement of net income (loss).

2.18 New accounting pronouncements

2.18.1 Adoption of new and revised standards

During the year, the Corporation adopted a number of new and revised IFRS whose adoption is mandatory for fiscal years beginning on or after April 1, 2014.

¶¶¶ Amendments to IAS 32, *Financial Instruments: Presentation*

In December 2011, amendments to IAS 32, *Financial Instruments: Presentation*, were issued to clarify the application of offsetting criteria with regard to offsetting financial assets and financial liabilities. The amendments to IAS 32 are effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The adoption of IAS 32 has had no impact on the Corporation's consolidated financial statements.

•¶¶ Amendments to IAS 36, *Impairment of Assets*

IAS 36, *Impairment of Assets*, has been revised to integrate the amendments issued in May 2013. Those amendments make it possible to better reflect a prior decision to require the recoverable amount of impaired assets to be reported along with other disclosures regarding the measurement of the recoverable amount of impaired assets in cases where said recoverable amount is based on fair value less costs to sell, including the discount rate, when a discounting technique is used to determine the recoverable amount. The adoption of IAS 36 has had no impact on the Corporation's consolidated financial statements.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

2.18 New accounting pronouncements [Cont'd]

2.18.1 Adoption of new and revised standards [Cont'd]

- *Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle*

In December 2013, the *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle* were issued, containing a number of amendments to various IFRS, such as IFRS 3, *Business Combinations*, IFRS 13, *Fair Value Measurement*, IAS 16, *Property and equipment*, IAS 24, *Related Parties*, and IAS 38, *Intangible Assets*. The adoption of IFRSs 2010-2012 and 2011-2013 has had no impact on the Corporation's consolidated financial statements.

2.18.2 Standards issued but not yet effective

The Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements:

- IFRS 9, *Financial Instruments* is required to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement categories in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.
- IFRS 15, *Revenue from Contracts with Customers* is required to be applied retrospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted. In April 2015, the International Accounting Standards Board (IASB) voted to publish an exposure draft proposing a one-year deferral of the effective date of IFRS 15 to January 1, 2018. The IASB will consult on the proposed one-year deferral before it is confirmed, as is required by its due process. IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

3. ACCOUNTS RECEIVABLE

	2015 \$	2014 \$
Trade accounts receivable	3,958	2,784
Allowance for doubtful accounts	(11)	(36)
	3,947	2,748
Investment tax credits	105	255
Commodity taxes receivable	250	338
Government assistance receivable	—	6
	4,302	3,347

4. INVENTORIES

	2015 \$	2014 \$
Parts and components	2,446	2,659
Finished goods	1,457	1,730
	3,903	4,389

Inventories charged to cost of goods sold amounted to \$9,627 in 2015 [\$7,881 in 2014].

During the year, an impairment charge of \$110 [\$78 in 2014] was recognized in connection with certain inventories.

5. PROPERTY AND EQUIPMENT

Cost	March 31, 2014 \$	Additions \$	Disposals \$	Other changes \$	March 31, 2015 \$
Goods held for lease	12,047	660	—	(182) ⁽¹⁾	12,525
Furniture and fixtures	217	13	(23)	(12)	195
Machinery and equipment	349	142	—	—	491
Computer hardware	637	282	—	—	919
Trade show stands	1,834	61	—	(286) ⁽²⁾	1,609
Leasehold improvements	522	27	—	—	549
	15,606	1,185	(23)	(480)	16,288

⁽¹⁾ Includes goods held for lease transferred to inventories during fiscal 2015 in the amount of \$1,497 and a foreign exchange gain of \$1,490.

⁽²⁾ Includes the cost of trade show stands transferred to inventories during fiscal 2015 in the amount of \$29 and a foreign exchange gain of \$178.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

5. PROPERTY AND EQUIPMENT [Cont'd]

Accumulated amortization	March 31, 2014	Amortization	Disposals	Other changes	March 31, 2015
	\$	\$	\$	\$	\$
Goods held for lease	5,123	1,501	—	(176) ⁽¹⁾	6,448
Furniture and fixtures	162	16	(20)	(12)	146
Machinery and equipment	207	13	—	—	220
Computer hardware	433	120	—	—	553
Trade show stands	1,039	165	—	(260) ⁽²⁾	944
Leasehold improvements	496	29	—	—	525
	7,460	1,844	(20)	(448)	8,836
Net carrying amount	8,146				7,452

⁽¹⁾ Includes the accumulated amortization of goods held for lease transferred to inventories during fiscal 2015 in the amount of \$891 and a foreign exchange loss of \$813.

⁽²⁾ Includes the accumulated amortization of trade show stands transferred to inventories during fiscal 2015 in the amount of \$17 and a foreign exchange loss of \$87.

Cost	March 31, 2013	Additions	Disposals	Other changes	March 31, 2014
	\$	\$	\$	\$	\$
Goods held for lease	11,332	522	—	193 ⁽¹⁾	12,047
Furniture and fixtures	189	28	—	—	217
Machinery and equipment	221	128	—	—	349
Computer hardware	519	118	—	—	637
Trade show stands	2,129	66	—	(361) ⁽²⁾	1,834
Leasehold improvements	484	38	—	—	522
	14,874	900	—	(168)	15,606

⁽¹⁾ Includes goods held for lease transferred to inventories during fiscal 2014 in the amount of \$562 and a foreign exchange gain of \$838.

⁽²⁾ Includes the cost of trade show stands transferred to inventories during fiscal 2014 in the amount of \$443 and a foreign exchange gain of \$112.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

5. PROPERTY AND EQUIPMENT [Cont'd]

Accumulated amortization	March 31, 2013	Amortization	Disposals	Other changes	March 31, 2014
	\$	\$	\$	\$	\$
Goods held for lease	3,296	1,645	—	182 ⁽¹⁾	5,123
Furniture and fixtures	142	20	—	—	162
Machinery and equipment	187	20	—	—	207
Computer hardware	347	86	—	—	433
Trade show stands	942	230	—	(133) ⁽²⁾	1,039
Leasehold improvements	479	17	—	—	496
	5,393	2,018	—	49	7,460
Net carrying amount	9,481				8,146

⁽¹⁾ Includes the accumulated amortization of goods held for lease transferred to inventories during fiscal 2014 in the amount of \$121 and a foreign exchange loss of \$323.

⁽²⁾ Includes the accumulated amortization of trade show stands transferred to inventories during fiscal 2014 in the amount of \$160 and a foreign exchange loss of \$38.

The allocation of amortization to the various items in the statement of net loss and other comprehensive loss is disclosed in note 10. No impairment loss was recognized during fiscal 2015 and 2014.

6. INTANGIBLE ASSETS

Cost	March 31, 2014	Additions	Disposals	March 31, 2015
	\$	\$	\$	\$
Patents	1,254	136	—	1,390
D-BOX motion technology	519	790 ⁽¹⁾	—	1,309
Software	669	109	—	778
	2,442	1,035	—	3,477

⁽¹⁾ This amount is reduced by an \$100 investment tax credit.

Accumulated amortization	March 31, 2014	Amortization	Disposals	March 31, 2015
	\$	\$	\$	\$
Patents	832	165	—	997
D-BOX motion technology	105	86	—	191
Software	377	141	—	518
	1,314	392	—	1,706
	1,128			1,771

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

6. INTANGIBLE ASSETS [Cont'd]

Cost	March 31, 2013	Additions	Disposals	March 31, 2014
	\$	\$	\$	\$
Patents	1,091	163	—	1,254
D-BOX motion technology	105	414 ⁽¹⁾	—	519
Software	536	133	—	669
	1,732	710	—	2,442

⁽¹⁾ This amount is reduced by an \$87 investment tax credit.

Accumulated amortization	March 31, 2013	Amortization	Disposals	March 31, 2014
	\$	\$	\$	\$
Patents	665	167	—	832
D-BOX motion technology	105	—	—	105
Software	254	123	—	377
	1,024	290	—	1,314
	708			1,128

The allocation of amortization to the various items in the statement of net loss and other comprehensive loss is disclosed in note 10. No impairment loss was recognized during fiscal 2015 and 2014.

7. OTHER ASSETS

	2015	2014
	\$	\$
Movie theatre motion systems ⁽¹⁾		
Cost	453	454
Accumulated amortization	(321)	(290)
	132	164

⁽¹⁾ The cost of motion systems sold to movie theatres was recognized in other assets in the consolidated balance sheets of the Corporation as the revenue recognition criteria were not fully met. During fiscal 2015, the amortization expense of these systems charged to cost of goods sold amounted to \$72 [\$180 in 2014].

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	\$	\$
Trade accounts payable	1,701	1,442
Accrued liabilities	2,030	1,575
Credit facility ⁽¹⁾	36	54
Income taxes	19	—
	3,786	3,071

⁽¹⁾ As at March 31, 2015, the Corporation had a bank credit facility secured by a senior deposit in the amount of \$174 [\$186 as at March 31, 2014] accessible in the form of cash advances on credit cards, which charged variable interest rates.

9. EQUITY

9.1 Share Capital

9.1.1 Authorized

Unlimited number of Class A common shares without par value, voting and participating.

Class B preferred shares, issuable in series, ranking senior to Class A common shares. The directors are entitled to determine the number of shares per series and their characteristics [rights, privileges and restrictions].

9.1.2 Issued

Changes in Class A common shares of the Corporation are shown in the following table:

	2015		2014	
	#	\$	#	\$
Balance at beginning of year	163,781,129	57,714	163,781,129	57,714
Shares issued on exercise of options	3,333	1	—	—
Balance at end of year	163,784,462	57,715	163,781,129	57,714

During the fiscal year ended March 31, 2015, the Corporation issued 3,333 Class A common shares for a total of \$1 in cash on exercise of stock options. An amount of \$0.4, representing the initial fair value of the stock options, was credited to share capital and deducted from the share-based payment reserve.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

9. EQUITY [Cont'd]

9.2 *Share-based Payment Plan*

In 1999, the Board of Directors of the Corporation established a stock option plan [the “1999 Plan”] for the directors, officers, employees and consultants of the Corporation and its subsidiary. The plan was amended several times over the years, in particular, to: [i] set the maximum number of Class A common shares that may be issued under the 1999 Plan at 10% of the total number of common shares issued and outstanding; and [ii] extend the maximum term of options that may be granted under the 1999 Plan to ten years.

In 2011, the Board of Directors repealed the 1999 Plan and established a new stock option plan [the “2011 Plan”].

The material terms and conditions of the 2011 Plan are as follows:

- [i] The maximum number of Class A common shares in respect of which options may be outstanding at any time under the 2011 Plan, together with shares reserved for issuance or covered by stock options under all other share-based compensation arrangements of the Corporation, must not exceed 10% of the shares issued and outstanding at that time;
- [ii] An option may be granted to an option holder under the 2011 Plan only if the total number of Class A common shares [a] that are issued in favour of the Corporation’s “insiders” during any one-year period and [b] that may be issued in favour of such “insiders” at any time under the 2011 Plan or combined with all other share-based compensation agreements of the Corporation, does not exceed 10% of the total number of issued and outstanding Class A common shares;
- [iii] The exercise price of options is determined by the Board of Directors at the time options are granted, but may not be less than the weighted-average price of all of the Class A common shares of the Corporation traded on the Toronto Stock Exchange during the five days immediately preceding the day on which the option is granted;
- [iv] The vesting period in respect of options is determined by the Board of Directors at the time options are granted. If the vesting pattern is not established at the time an option is granted, such option will be deemed to vest over a period of 36 months in three equal instalments of 33 % vesting at 12-month intervals;
- [v] Options expire on the date set by the Board of Directors at the time options are granted, which date may not be more than 10 years after the grant date.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

9. EQUITY [Cont'd]

9.2 Share-based Payment Plan [Cont'd]

As at March 31, 2015, a maximum of 16,378,446 options [16,378,112 in 2014] were issuable.

The following tables summarize the changes in the Corporation's stock option plan and information on options outstanding as at March 31:

	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	#	\$	#	\$
Balance, beginning of year	14,453,345	0.38	12,381,811	0.44
Options granted	825,000	0.26	5,352,534	0.20
Options cancelled	(245,667)	0.40	(2,057,000)	0.27
Options expired	(150,000)	0.39	(1,224,000)	0.40
Options exercised	(3,333)	0.19	—	—
Balance, end of year	14,879,345	0.37	14,453,345	0.38

Range of exercise prices \$	Options outstanding			Options exercisable	
	Number of options	Weighted average remaining life	Weighted average exercise price	Number of options	Weighted average exercise price
	#	[in years]	\$	#	\$
0.18 – 0.27	5,837,534	8.48	0.21	1,759,177	0.20
0.28 – 0.42	5,088,811	5.92	0.37	4,298,814	0.38
0.43 – 0.65	3,953,000	5.90	0.62	3,953,000	0.62
	14,879,345	6.92	0.37	10,010,991	0.44

The fair value of the options granted during fiscal 2015 and 2014 was estimated at the date of grant using the Black-Scholes option pricing model based on the following assumptions for 2015: 1.65% weighted average risk-free interest rate [1.65% in 2014]; no dividends; 85.91% weighted average volatility factor of the expected market price of the Corporation's shares [92.15% in 2014]; 3.69% weighted average forfeiture rate [3.89% in 2014]; \$0.27 weighted average share price [\$0.18 in 2014]; and a 5.8 year expected weighted average option life [5.7 years in 2014]. The expected life of stock options is based on historical data and is not necessarily indicative of exercise patterns that might occur. The expected volatility reflects the assumption that historical volatility over a term similar to the option term is indicative of future trends, which might not be the case. The weighted average of the estimated fair values at the grant date of the options awarded during the year is \$0.19 per option [\$0.13 per option in 2014], amortized through income over the vesting periods of the options. For the year ended March 31, 2015, the share-based compensation expense charged to income amounted to \$409 [\$617 in 2014] with a corresponding amount recognized under share-based payment reserve.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

**10. SUPPLEMENTARY INFORMATION ON THE
 CONSOLIDATED STATEMENTS OF NET LOSS AND
 OTHER COMPREHENSIVE LOSS**

10.1 Cost of goods sold and other expenses

Cost of goods sold and other expenses include:

	2015	2014
	\$	\$
Amortization of property and equipment <i>[note 5]</i>	1,844	2,018
Amortization of intangible assets <i>[note 6]</i>	392	290
Amortization of other assets <i>[note 7]</i>	72	180
Rent	299	288
Loss on derivative financial instruments	78	42
Investment tax credits	(68)	(219)
Government assistance	—	(25)

10.2 Revenue allocation

Revenues are geographically allocated as follows:

	2015	2014
	\$	\$
United States	7,744	5,527
Canada	3,002	4,045
Europe	2,998	2,452
Asia	2,344	3,615
South America	3,603	1,747
Middle East	628	12
Oceania	29	181
Other countries	240	14
	20,588	17,593

Revenues are allocated by country based on the client's location.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

**10. SUPPLEMENTARY INFORMATION ON THE
 CONSOLIDATED STATEMENTS OF NET LOSS AND
 OTHER COMPREHENSIVE LOSS [Cont'd]**

10.3 Cost of goods sold excluding amortization

The key components of costs of goods sold excluding amortization related to cost of goods sold are detailed as follows:

	2015	2014
Cost of parts and components <i>[note 4]</i>	8,142	6,694
Employee costs	810	544
Share-based payment expense	16	43
Freight charges and import duties	203	154
Maintenance of goods held for lease	27	145
Production supplies	78	90
Impairment of parts and components	110	78
Other	241	133
	9,627	7,881

10.4 Selling and marketing

The key components of selling and marketing expenses are detailed as follows:

	2015	2014
Employee costs	3,501	3,098
Professional fees	499	628
Marketing, advertising and promotional material	127	241
Share-based payment expense	104	202
Trade show expenses	419	555
Travel and entertainment expenses	177	172
Amortization of property and equipment	192	243
Freight charges and import duties	199	160
Write-off of property and equipment	95	14
Other	364	317
	5,677	5,630

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

**10. SUPPLEMENTARY INFORMATION ON THE
 CONSOLIDATED STATEMENTS OF NET LOSS AND
 OTHER COMPREHENSIVE LOSS [Cont'd]**

10.5 Administration

The key components of administrative expenses are detailed as follows:

	2015	2014
Employee costs	1,840	1,544
Share-based payment expense	264	351
Professional fees	421	308
Costs related to publicly traded company	143	172
Insurance	172	240
Amortization of property and equipment and intangible assets	275	227
Director fees	103	115
Other	242	210
	3,460	3,167

10.6 Research and development

The key components of research and development expenses are detailed as follows:

	2015	2014
Employee costs	1,310	975
Amortization of property and equipment and intangible assets	168	174
Share-based payment expense	25	21
Investment tax credits	(68)	(219)
Materials and certification	76	211
Other	195	135
	1,706	1,297

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

10.7 Related Party Transactions

Key Management Personnel Compensation

The management personnel comprise members of the Board of Directors and key senior management of the Corporation and its subsidiary. Their compensation is as follows:

	2015	2014
Salaries and short-term benefits	1,487	1,450
Share-based compensation	293	424
	1,780	1,874

11. INCOME TAXES

11.1 Current income taxes

The income taxes reported in the consolidated statement of net loss and other comprehensive loss stem from the accounts of the U.S. subsidiary. The reconciliation between the income tax expense (or recovery) and the income tax amount computed by applying Canadian statutory income tax rates is as follows:

	2015	2014
	%	%
Income tax recovery using Canadian statutory rates	26.90	26.90
Change in income taxes resulting from:		
Effect of difference in foreign tax rate	(1.55)	1.18
Non-deductible expenses and other differences	(78.42)	(6.70)
Expired loss carryforwards	(18.54)	(5.41)
Unrecognized tax benefits of operating losses and other deductions	62.79	(18.81)
Tax credits not taxable in Québec	—	2.27
	(8.82)	(0.57)

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

11. INCOME TAXES [Cont'd]

11.2 Deferred income taxes

The key components of the Corporation's deferred income tax asset and liability are as follows:

	March 31, 2015		March 31, 2014	
	\$		\$	
	Asset	Liability	Asset	Liability
Deferred income tax assets				
Net operating loss carryforwards	9,030	—	9,474	—
Research and development expenditures	1,991	—	1,914	—
Carrying amounts of property and equipment below tax bases	—	(461)	1,111	(1,628)
Share issue costs and other differences	124	—	90	—
Total deferred income tax assets	11,145	(461)	12,589	(1,628)
Unrecognized deferred income tax assets	(10,684)	—	(10,961)	—
	461	(461)	1,628	(1,628)

The Corporation has accumulated net operating loss carryforwards for federal, Québec and United States tax purposes, which are available to reduce future taxable income. These loss carryforwards expire as follows:

	Federal	Québec	United States
	\$	\$	\$
2026	1,760	1,705	—
2027	1,684	1,649	—
2028	4,350	4,347	—
2029	3,969	3,981	—
2030	4,789	4,802	—
2031	4,441	4,445	839
2032	4,002	4,002	4,472
2033	800	785	70
2034	267	253	2
	26,062	25,969	5,383

The Corporation has approximately \$6,308 in scientific research and experimental development expenditures for federal tax purposes and \$8,782 for Québec tax purposes available to reduce taxable income in future years and be carried forward over an unlimited period.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

11. INCOME TAXES [Cont'd]

Finally, the non-recoverable portion of federal investment tax credits may be applied against future income taxes payable. These investment tax credits expire as follows:

	\$
2021	67
2022	60
2023	45
2024	91
2025	159
2026	123
2027	132
2028	118
2029	217
2030	157
2031	177
2032	188
2033	204
2034	318
2035	243
	2,299

12. COMMITMENTS

The Corporation rents premises and equipment under operating leases and has entered into long-term commitments to purchase services. The minimum payments for the coming years are as follows:

	Leases	Other Commitments
2016	263	29
2017 to 2020	445	7
2021 and thereafter	243	—
	951	36

The Corporation's operating lease expenses amounted to \$365 in 2015 (\$322 in 2014) and has pledged the universality of movable property, both present and future, in favour of the lessors.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

13. CAPITAL MANAGEMENT

With regard to capital management, the Corporation's goals include continuing as a going concern to carry on developing and marketing its technology, and financing its working capital and additions to property and equipment, intangible assets and other assets.

The Corporation's definition of capital includes equity as well as the undrawn portion of its bank credit facility.

	2015	2014
Undrawn bank credit facilities <i>[note 8]</i>	138	132
Equity	20,629	20,940
	20,767	21,072

To maximize its ongoing technology development and marketing initiatives, the Corporation does not pay any dividends.

While it has no external capital requirements, the Corporation must use its credit facility for cash advances on credit cards.

14. FINANCIAL INSTRUMENTS

14.1 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk due to fluctuations in interest rates on cash and cash equivalents that earn interest at market rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. On an annual basis, a 1% change in interest rates would have had a net impact of \$67 on net loss and comprehensive loss [\$67 as at March 31, 2014].

The Corporation manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. Cash equivalents consist of money market funds and other instruments with short-term maturities.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

14. FINANCIAL INSTRUMENTS [Cont'd]

14.2 Credit risk

The Corporation is exposed to credit losses arising from payment defaults by third parties. The Corporation evaluates the creditworthiness of its clients in order to limit the amount of credit extended, where appropriate, and establishes an allowance for doubtful accounts sufficient to cover probable and reasonably estimated losses. Furthermore, the Corporation generally insures its accounts receivable balances with Export Development Canada. As at March 31, 2015, two clients accounted for 47% and 7% of total accounts receivable and 56% of trade accounts receivable were 90% insured [as at March 31, 2014, two clients accounted for 20% and 10% of total accounts receivable and 66% of trade accounts receivable were 90% insured]. Historically, the Corporation has never written off a significant amount of trade accounts receivable. Outstanding trade accounts receivable over 90 days stood at 11% as at March 31, 2015 [8% in 2014]. The allowance for doubtful accounts totalled \$11 as at March 31, 2015 [\$36 as at March 31, 2014]. Accounts receivable include investment tax credits, government assistance receivable and commodity taxes receivable, which are receivable from the government and are not exposed to significant credit risk. Cash and cash equivalents are contracted with a limited number of Canadian chartered banks.

Maximum exposure to credit risk for financial instruments is equal to their carrying amount as at March 31, 2015 and 2014.

14.3 Foreign exchange risk

The Corporation is exposed to foreign exchange risk due to cash and cash equivalents, trade accounts receivable, deposits and accounts payable denominated in U.S. dollars. As at March 31, 2015, financial assets, consisting primarily of cash and cash equivalents, trade accounts receivable and deposits denominated in U.S. dollars, totalled \$1,987, \$2,615, and \$286 respectively [\$1,510, \$2,067, and \$142 respectively, as at March 31, 2014], and financial liabilities denominated in U.S. dollars totalled \$1,124 [\$824 as at March 31, 2014]. As at March 31, 2015, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a \$477 impact on net loss and comprehensive loss [\$320 as at March 31, 2014].

Moreover, the Corporation uses derivative financial instruments to mitigate foreign exchange risk. The Corporation elected not to apply hedge accounting. However, the Corporation considers that those derivative instruments partially hedge the foreign exchange risk related to those transactions. As at March 31, 2015, the Corporation held foreign exchange contracts with a nominal value of US\$1,000, allowing it to sell U.S. currency at Canadian dollar exchange rate of 1.1475 on June 30, 2015. As at March 31, 2014, the Corporation held foreign exchange contracts with a nominal value of US\$4,200, allowing it to sell U.S. currency at Canadian dollar exchange rates ranging from 1.1290 to 1.0336, staggered from July 11, 2014 to March 31, 2015.

D-BOX Technologies Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

(Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts)

14. FINANCIAL INSTRUMENTS [Cont'd]

14.4 Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they become due. The Corporation manages its liquidity to allow for the settlement of liabilities when they become due by continuously monitoring actual and expected cash flows. In the past years, the Corporation financed its liquidity needs primarily by issuing debt and equity securities. The Corporation has sufficient liquidity to meet its working capital obligations and carry on its business for the next twelve months. As the Corporation is currently incurring operating losses, additional capital may be required to continue developing and marketing its technology.

As at March 31, 2015, the Corporation's financial liabilities had contractual maturities of under one year and consisted of accounts payable and accrued liabilities and derivative financial instruments, amounting to \$3,887 [\$3,113 as at March 31, 2014].

15. ECONOMIC DEPENDENCE

During fiscal 2015, the Corporation purchased 24%, 10% and 10% of its inventories from three suppliers [24%, 12% and 11% from three suppliers in 2014]. The Corporation also sold 32% and 21% of its industrial market sales to two clients [40% and 15% to two industrial market clients in 2014] and sold 20% and 10% of its entertainment market sales to two clients [9% and 8% to two entertainment market clients in 2014].

16. CONTINGENCY

In the normal course of business, the Corporation is party to lawsuits and other claim proceedings. It is management's opinion that any resulting settlement would not have a material impact on the Corporation's financial position or operating results.

17. SUBSEQUENT EVENT

On May 15, 2015, the Corporation granted 40,000 options with an exercise price of \$0.28 expiring on May 15, 2025.