



D-BOX TECHNOLOGIES INC.

ANNUAL INFORMATION FORM

For the fiscal year ended March 31, 2013

June 18, 2013

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GENERAL INFORMATION

This annual information form is dated June 18, 2013. Unless otherwise indicated, the information contained herein is as of March 31, 2013 and all amounts are expressed in Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information included in this annual information form may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. Except as may be required by Canadian securities laws, the Corporation does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on several assumptions which give rise to the possibility that actual results could differ materially from the Corporation’s expectations expressed in or implied by such forward-looking information and that the Corporation’s objectives, plans, strategic priorities and business outlook may not be achieved. As a result, the Corporation cannot guarantee that any forward-looking information will materialize. Forward-looking information is provided in this annual information form for the purpose of giving information about Management’s current expectations and plans and allowing investors and others to get a better understanding of the Corporation’s operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this annual information form is based on a number of assumptions that the Corporation believes were reasonable on the day it provided the forward-looking information. Factors that could cause actual results to differ materially from the Corporation’s expectations expressed in or implied by the forward-looking information include: general economic conditions; changes in product costs and supply channels; ability to develop profitable strategic alliances; foreign currency fluctuations; customer and credit risk, including the concentration of revenues with certain customers; costs associated with product liability; changes in income tax legislation or the interpretation or application of those rules; the continued ability to develop products and support brand names; protection of intellectual property, changes in the regulatory environment; continued access to capital resources and the related costs of borrowing; changes in assumptions in the valuation of goodwill and other intangible assets; and ability to attract and retain key executives and a highly-qualified work force. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed throughout this annual information form and, in particular, under “Risk Factors”.

The Corporation cautions readers that the risks described above are not the only ones that could have an impact on it. Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems to be immaterial may also have a material adverse effect on the Corporation's business, financial condition or results of operations.

D-BOX and D-BOX Motion Code are registered trademarks of the Corporation.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

D-BOX Audio Inc. ("D-BOX Audio") was incorporated on December 15, 1992 pursuant to the *Companies Act* (Québec) under the name 2967-8141 Québec Inc. On February 16, 1994, its Articles were amended to change the corporate name to D-BOX Audio Inc. On September 1, 2000, all of the issued and outstanding shares of D-BOX Audio were acquired by way of a reverse takeover by Altitude Venture Capital Corporation/Corporation de capital de Risque Altitude ("Altitude"), a junior capital pool company listed on the TSX Venture Exchange. On April 1, 2011, the Corporation graduated from the TSX Venture Exchange to the Toronto Stock Exchange.

Altitude was incorporated on June 19, 1998 pursuant to the *Canada Business Corporations Act*. On September 28, 1998, the articles of Altitude were amended to add certain borrowing powers. Following the reverse takeover of D-BOX Audio, the Articles of Altitude were amended on November 22, 2000 to change the corporate name to D-BOX Technologies Inc./Technologies D-BOXinc. D-BOX Audio was dissolved on August 30, 2001 and its assets and operations were transferred to its parent company. The Articles of the Corporation were again amended on August 19, 2004 to give the Board of Directors the authority to appoint additional directors in compliance with the *Canada Business Corporations Act*.

The sole subsidiary of the Corporation, D-BOX USA Inc. ("D-BOX USA") was incorporated under the laws of the State of Delaware on May 16, 2006. D-BOX USA is a wholly-owned subsidiary of the Corporation. Unless the context indicates otherwise, in this annual information form "D-BOX" refers to the Corporation together with D-BOX USA and also reflects the business originally carried on by D-BOX Audio.

The Corporation's headquarters are located at 2172 de la Province Street, Longueuil, Québec, J4G 1R7. As of March 31, 2013, D-BOX had 67 employees compared to 68 on March 31, 2012.

GENERAL DEVELOPMENT OF THE BUSINESS

D-BOX designs and manufactures cutting-edge motion systems intended mainly for the entertainment and industrial markets. With its unique and patented technology, D-BOX generates motion effects specifically programmed for each visual content, which are sent to a motion system integrated either within a platform, a seat or various types of equipment. The resulting motion is precise and synchronized with the on-screen action, thus creating an unmatched realistic immersive experience.

As a result of agreements entered into with leaders in both the entertainment and industrial markets, the Corporation's motion technology is gradually emerging as the standard that is recognized around the world by all key players.

The Corporation's current revenue streams derive mainly:

1. From the sale or rental of D-BOX motion systems, including motion controllers and, in some cases, computer servers;
2. Utilization rights (license) for D-BOX technology, for box office ticket sales for theatres equipped with D-BOX technology to screen D-BOX encoded films, as well as maintenance revenue associated with system usage.

The Corporation focuses on two distinct markets for its motion systems: the **entertainment market** and the **industrial market**.

HISTORY OF THE CORPORATION OVER THE LAST THREE FISCAL YEARS (APRIL 1, 2010 TO MARCH 31, 2013)

Corporate

At the Corporation's annual and special meeting of shareholders held on August 18, 2010, Jean-Pierre Desrosiers was elected as a new member of the Board of Directors of the Corporation. Over the years, Mr. Desrosiers has held numerous positions with pre-eminent accounting and law firms. He has worked for a number of large corporations in various lines of business and has participated in several public offerings, as well as in merger and acquisition transactions.

At its meeting of February 13, 2012, the Corporation's Board of Directors set up a Strategic Committee in charge of analyzing potential valuation strategies for the Corporation overall. This committee includes Jean-Pierre Desrosiers, Pierre Mc Master and Louis Brunel, who serves as the Chair of the strategic committee.

Entertainment Market

Since April 2009 and as at the date herein, D-BOX has installed 5,122 motion systems in 206 commercial theatres, and has obtained and coded for various studios the following eighty-two (82) feature presentations for the commercial theatre submarket:

Film	Studio
Fast and Furious	Universal
Terminator Salvation	Warner Bros.
Harry Potter and the Half-blood Prince	Warner Bros.
Final Destination (3D) "9"	Warner Bros.
Pandorum	Focus Features
Astro Boy	Overture Films
2012	Summit Entertainment
Sherlock Holmes	Sony Pictures
The Book of Eli	Warner Bros
From Paris with love	Warner Bros
The Crazies	Lionsgate
Clash of Titans	Overture Films
A Nightmare on Elm Street	Warner Bros.
Prince of Persia: Sands of Time	New Line Cinema
Jonah Hex	Walt Disney Pictures
Inception	Warner Bros.
The Expendables	Warner Bros.
Resident Evil: Afterlife	Lionsgate
Jackass 3-D	Sony Pictures
Harry Potter and the Deathly Hallows: Part 1	Paramount Pictures
Tron Legacy	Warner Bros.
The Green Hornet	Walt Disney Pictures
I Am Number Four	Sony Pictures
Battle: Los Angeles	Walt Disney Pictures
Hanna	Sony Pictures
Fast Five	Focus Features
Pirates of the Caribbean: On Stranger Tides	Universal
Super 8	Walt Disney Pictures
Harry Potter and the Deathly Hallows: Part 2	Paramount Pictures
Conan the Barbarian	Warner Bros.
Fright Night	Universal
The Three Musketeers	Walt Disney Pictures
Shark Night 3D	Summit Entertainment
Warrior	Relativity
Abduction	Lionsgate
Wickie und die starken Männer	Lionsgate
Real Steel	Constantin Film
Immortals	Walt Disney Pictures
Sherlock Holmes: A Game of Shadows	Relativity
Contraband	Warner Bros.
The Grey	Universal
	Open Road

Star Wars Episode 1: The Phantom Menace	20th Century Fox
Journey 2: The Mysterious Island	Warner Bros.
Act of Valour	Relativity
Goon	Alliance Films
John Carter	Walt Disney Pictures
The Hunger Games	Lionsgate
The Cabin in the Woods	Lionsgate
The Avengers	Marvel
Battleship	Universal
Prometheus	20th Century Fox
Snow White and the Huntsman	Universal
Motorway	Media Asia Films
The Expendables 2	Lionsgate
The Amazing Spider-Man	Sony Pictures
The Dark Knight Rises	Warner Bros.
The Possession	Lionsgate
The Sweeney	E1 Films
Resident Evil: Retribution	Screen Gems
Dredd	Lionsgate
Looper	Sony Pictures
Frankenweenie	Walt Disney Pictures
Paranormal Activity 4	Paramount Pictures
Alex Cross	Summit Entertainment
Silent Hill: Revelation 3D	Open Road
Wreck-it Ralph	Walt Disney Pictures
Twilight: Breaking Dawn Part 2	Summit Entertainment
The Hobbit: An Unexpected journey	Warner Bros.
Texas Chainsaw 3D	Lionsgate
The Last Stand	Lionsgate
Hansel and Gretel: Witch Hunters 3D	Paramount Pictures
A Good Day to Die Hard	20th Century Fox
Jack the Giant Slayer 3D	Warner Bros.
Oz the Great and Powerful	Walt Disney Pictures
Olympus has Fallen	FilmDistrict
G.I. Joe: Retaliation	Paramount Pictures
Oblivion	Universal
Iron Man 3	Walt Disney Pictures
Star Trek Into Darkness	Paramount Pictures
Fast and Furious 6	Universal
Man of Steel	Warner Brothers

For the home theatre submarket, 1,215 films and television series had been coded as at March 31, 2013.

D-BOX has established a successful business model for all parties involved (studios / theatre operators / D-BOX), as demonstrated by the following:

- the willingness of moviegoers to pay premium admission to experience full Audio Video Motion (AVM) immersion;
- that more than 95% of commercial theatre exhibitors add at least one other screen equipped with the D-BOX technology;
- a significant increase in the occupancy rate for the D-BOX section of movie theatres compared with traditional theatre seats;
- a new source of business traffic and revenues for movie theatre operators allowing them to stand out from competitors and increase their revenues ((i) direct revenues from the sale of tickets for the D-BOX section, and (ii) indirect revenues from the sale of food and drink); and
- a stream of additional revenues for studios.

For home use, the Corporation has interested many home theatre seating manufacturers in its partner program to incorporate D-BOX's "D-BOX Ready" motion generating systems in their products, thereby providing movie-lovers with a varied range of products. These manufacturers include the following:

Name	Location
Acoustic Innovations	United States
Cineak	Belgium
Cinema Design Group International	United States
Cinematech	United States
Continental Seating	United States
Design NS/Nordic Line Inc.	United States
Fortress Seating	United States
Front Row Seating	Canada
Jaymar	Canada
United Leather	United States
VIP Cinema Seating	United States
Oray Seating	France
TK Living	United States
Acoustic Smart	United States

Industrial Market

Over the years, the Corporation has developed many business partnerships with Original Equipment Manufacturers (OEM), integrators and resellers, thus expanding its reach into new markets such as arcades, casinos, industrial simulation, therapeutic care, virtual training, museums and planetariums. The Corporation has developed business relationships with the following companies:

Name	Segment	Country
Global Immersion	Planetarium	Russia
Het Spoorwegmuseum	Train museum	The Netherlands
IMS	Car racing	France
John Deere	Simulation, Construction	United States
Precision Flight Controls	Simulation, Aviation	United States
Triotech	Entertainment, Arcade	Canada
Virage Simulation	Simulation, car driving	Canada
Virtual GT	Car racing	Canada
Vita Care TMS	Therapeutic care	The Netherlands
VRX Simulators	Car racing	Canada
WMS Gaming Inc.	Casino	United States

DESCRIPTION OF THE BUSINESS

OPERATIONS

D-BOX designs and manufactures cutting-edge motion systems intended mainly for the entertainment and industrial markets.

The majority of the Corporation's products are designed and assembled at the Corporation's headquarters and are sold either under the D-BOX brand or, when embedded into other products, under private brands by seat manufacturers, Original Equipment Manufacturers (OEM), integrators and resellers. This latter marketing method offers the advantage of minimizing sales and marketing costs, which are assumed by the product resellers.

The motion effects making up the D-BOX Motion Code are created in the Corporation's studios in Hollywood, California, for the commercial theatre submarket and in the studios at the Corporation's headquarters for the other submarkets.

CORPORATE STRATEGY

As a pioneer in its field, the Corporation has been developing and fine-tuning advanced motion systems for many years. With its considerable technological advance, D-BOX now stands as the global reference in the creation and generation of motion for both the entertainment and industrial markets.

Entertainment Market

The implementation of contract terms promoting the sale instead of the leasing of systems, and the strategic selection of commercial theatre operators worldwide are factors that are contributing to the rise in adjusted EBITDA.

Concurrently, the Corporation is continuing to count on the special contacts and credibility it has established with studios to obtain more and more content. During the fiscal year ending March 31, 2013, the Corporation encoded twenty-eight (28) movies from major Hollywood studios and this number has been continually increasing since 2009. The Corporation believes that an increase in the offering of motion pictures is having a direct impact on the number of equipped theatre venues and that box office revenue per D-BOX MFX-equipped theatre acts as a motivational agent to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors who wish to add a distinctive element to their offering;
2. promote the sale of the technology to existing exhibitors who wish to equip more than one of their sites or to equip more than one screen within the same site;
3. stimulate motion system sales for a certain clientele of the home entertainment sub-market who want to be able to watch encoded movies in the comfort of their homes;
4. entice video game customers to equip their gaming seats with D-BOX actuators allowing them to live the action.

The Corporation believes that the entertainment market, in addition to being an excellent showcase for the demonstration of its technology to the largest number of people possible, generates increasingly large revenues through utilization rights earned from the use of the technology based on premiums on admission tickets, the sale or rental of motion systems and revenue from motion system maintenance. This strategy drives a significant increase in brand awareness.

Industrial Market

The industrial market is influenced by the entertainment market, which continues to significantly increase its overall awareness of the D-BOX brand, also stimulating customer interest for the audio video motion (AVM) experience, so as to bolster demand for the D-BOX experience in other submarkets such as arcades, casinos, industrial simulation, therapeutic care, virtual training, museums and planetariums. The Corporation is mobilizing resources that are devoted to the business deployment of this constantly growing market, with a view to continue to find new potential partners, satisfy their needs and meet their requests.

With respect to industrial simulation users, the corporation continues its mission to sell products under its own brand and under the brand of Original Equipment Manufacturers (OEM), integrators and resellers, and to tailor products to the specific requests of Original Equipment Manufacturers so as to penetrate new submarkets.

PRODUCTS

The unique D-BOX motion technology, when combined with image and sound, creates and reinforces an unmatched realistic immersive experience.

Three components produce motion synchronized with image and sound:

1. The motion effects making up the motion code known as D-BOX Motion Code;
2. A motion controller serving as interface between the optical disc player or the video server that contains the film, and the D-BOX motion system;
3. The D-BOX motion system which includes electromechanical pistons (actuators) that are embedded in a platform, seat or other types of equipment.

All D-BOX systems, whether for the entertainment or industrial market, are driven by D-BOX Motion Code. All the effects are encoded to simulate on-screen action for the entertainment market, and are created in real time for various simulation applications for the industrial market.

Entertainment Market

In the case of commercial theatres, D-BOX Motion Code is embedded in the digital motion picture server which also includes sound and image. It transmits the motion effects to the D-BOX transmitter located in the projection room which in turn sends the information to all the D-BOX MFX motion systems located in the theatre. The Corporation markets the following products:

1. The **D-BOX MFX motion systems**: D-BOX motion systems embedded in seats for commercial theatres;
2. The **D-BOX server**: a device that transfers the motion effects to the transmitter and allows for remote technical support as well as remote updating of software in each commercial theatre.
3. The **D-BOX transmitter**: a device used to decode the signal sent by Digital Cinema motion picture servers.

The products offered to consumers in the home theatre submarket are:

1. The **SRP series**: a motion platform that adjusts to several types of seats and love seats;
2. A **motion system that can be embedded in a seat**: the motion system is embedded in a seat by seating manufacturers to then be sold by authorized resellers; and
3. The **motion controller**: a device that synchronizes and processes D-BOX Motion Code and sends the motion effects to the actuators.

The Corporation markets the following products for home video gaming:

1. The sale of D-BOX **actuators** to OEMs and integrators who resell the finished products directly to consumers or resellers;
2. The **motion interface**: a device that synchronizes and decodes D-BOX Motion Code and transmits the motion effects to actuators.

Industrial Market

As part of its business relationships with Original Equipment Manufacturers, integrators and resellers, the Corporation offers motion integration kits for OEMs. Each motion integration kit includes motion systems (actuators) and electronic actuator control modules that transmit the D-BOX motion code to the actuators.

MARKETING ACTIVITIES

In order to promote its products and technology, the Corporation primarily conducts the following marketing activities:

Entertainment Market

1. Participation at certain trade shows worldwide, such as CinemaCon, ShowEast, CineEurope, CineAsia, CES, etc.;
2. Promotion of the Corporation through advertising clips screened in all digital commercial theatres where D-BOX is present, whether the theatre is equipped with D-BOX Motion systems or not;
3. Installation of demonstration units in lobbies of various commercial theatres showing trailers of upcoming movies featuring D-BOX Motion Code as well as in various in-theatres marketing material;
4. Organization of media events at openings of new commercial theatres and promotional events supporting new movies;

5. Conducting promotional activities on the Corporation's website, on commercial theatre and studio websites and on targeted websites and through social media such as Facebook, Twitter and YouTube;
6. Encoding advertising clips screened in theatres or D-BOX demonstration units;
7. Conducting customer surveys to gather information on the appreciation of the D-BOX experience;
8. Setting up a training program for commercial theatre operators.

Industrial Market

The majority of the marketing activities targeting Original Equipment Manufacturer (OEM) submarkets are conducted by the Corporation's OEM partners, given that they are in charge of integrating the D-BOX actuators into products marketed under their own brands. D-BOX also participates in targeted trade fairs for the purpose of demonstrating all the potential uses of the D-BOX technology in order to develop new partnerships with OEMs, integrators and resellers. The Corporation also promotes its technology to OEMs via advertising clips that it shows on YouTube, among other outlets.

DISTRIBUTION

Entertainment Market

The distribution of films embedded with D-BOX Motion Code in commercial theatres is handled by the studios, distributor, or by third parties such as Deluxe Digital Media or Technicolor. For home entertainment, the D-BOX Motion Code is embedded in the film or video game distributed by the studio or distributor, or is downloaded by the motion controller installed at the user's home.

The sale and installation of the Corporation's systems in commercial theatres is mainly carried out by its internal teams worldwide. However, in some countries, D-BOX penetrates the market through a third party, which carries out business development activities and assists in the installation of the D-BOX MFX equipment.

The home entertainment product resale and distribution network features many non-exclusive distributors that facilitate the marketing of D-BOX products worldwide.

Industrial Market

Almost all of the Corporation's products that are sold to OEMs and integrators are sold under the respective brands of these OEMs and integrators. D-BOX continues to focus its efforts on developing partnership programs with OEMs, who use their own networks to distribute D-BOX's products.

INTELLECTUAL PROPERTY

D-BOX's technology is protected by one hundred and four (104) patent applications filed worldwide, including twenty-nine (29) patent applications that were approved by competent authorities. The Corporation files its applications for registration strategically, depending on the jurisdiction of filing, marketing and the patent's dominance.

The trademarks D-BOX, D-BOX Motion Code, LIVE THE ACTION and VIVEZ L'ACTION, spelled out and in some cases, in graphical form, are owned by D-BOX and constitute registered trademarks in Canada and most countries or territories in which these trademarks are used.

All aspects of D-BOX Motion Code, created by D-BOX, whether for the entertainment market or the industrial market, are protected by copyright.

RESEARCH AND DEVELOPMENT

The Corporation is constantly monitoring technological changes. D-BOX's major development efforts are aimed at reducing the costs of manufacturing its products and to ensure that they are well adapted to the evolution of technology. In addition, the

Corporation is continually developing new software tools to optimize and automate its operations as much as possible, such as the programming of motion codes without compromising the quality of D-BOX products.

Entertainment Market

The Corporation devotes substantial resources to improving the products based on its technology and to reducing the manufacturing costs of such products. These improvements have made it possible for the Corporation to release products for a variety of applications for the commercial theatre and home entertainment submarkets. A large part of these activities targeted the quality and reliability of the components and involved a series of laboratory tests that resulted in the certification of all of the system's components.

Development efforts in the area of commercial theatres and home entertainment are geared primarily towards promoting a reduction in the cost of the systems and adding various functions that make its use as well as its operation easier and more accessible. These initiatives also focus on adapting the system to various international markets in order to comply with the current standards in each country that is targeted.

Concurrently, D-BOX maintains ties with the largest video game designers in the world, which provide content to be coded as required. D-BOX continues to develop new products to adequately meet demand from this submarket in the future.

Industrial Market

In this market, as in the entertainment market, the Corporation constantly strives to reduce manufacturing costs for its products for various applications for the OEM, integrator and reseller markets.

Currently, research initiatives are focused mainly on updating the Corporation's products, so as to follow general changes in the technology and the various content transmission modes.

D-BOX aims to develop partnerships with Original Equipment Manufacturers (OEM), which incorporate the hardware component (actuators) of the motion systems produced by D-BOX into their own systems.

PRODUCTION AND SERVICE

Most of the final assembly of all of the Corporation's products is currently conducted at the workshop at its headquarters, by its own staff, except in some cases, such as home entertainment, where the Corporation mandates seat manufacturers to do the final product assembly. The Corporation rents a total of 17,500 sq. ft. of space, comprised of approximately 8,500 sq. ft. of office space and 9,000 sq. ft. of space for production and research and development. The premises are leased and are subject to three separate leases expiring in July 2015.

In March 2009, the Corporation opened an office in a highly secure environment located in Hollywood, California, for the purpose of creating motion effects for commercial theatre films, among other things. For home theatre and video games, motion effects are created at the Corporation's head office.

With respect to the entertainment market, customer service is provided by the Corporation or by mandated third party service providers who already, in many cases, provide various other services for the electronic equipment in theatres. A warranty is offered on all home entertainment products, product sales to Original Equipment Manufacturers and on the sales of D-BOX equipment to commercial theatres.

Each commercial theatre is equipped with a D-BOX server connected to the Internet, allowing the Corporation to monitor each screening room around the world in real time, to ensure the flawless operation of the system and make the required updates. All anomalies are immediately reported to the Corporation's technicians, so that they can quickly correct the situation.

RISK FACTORS

Investors should carefully analyze the following risk factors in addition to the other information contained in this Annual Information Form. These risks and uncertainties are not the only ones that could affect the Corporation. Further risks and uncertainties that are currently unknown or that the Corporation deems immaterial could potentially have an impact on the commercial activities of the Corporation and lower the price of its shares. The materialization of any of the following risks may

have an impact on the activities of the Corporation and a negative impact on its financial position and operating results. In that event, the price of the Corporation's shares may decrease.

Future Funding Requirements

Should the future development and demand grow considerably and in an unplanned manner, the Corporation could require additional capital either from the issuance of shares and the sale of debt or equity securities. There can be no assurance that the Corporation will be able to raise the required capital to continue developing and marketing its technology. Failure by D-BOX to raise additional capital could adversely affect its activities, revenues, financial position and operating results.

Economic Conditions

Although the product line developed and marketed by the Corporation makes its technology increasingly affordable, demand for such products is exposed to fluctuating economic conditions. Consequently, any slowdown in economic growth could reduce demand for D-BOX's products and adversely affect its activities, revenues, financial position and operating results.

Strategic Alliances

The rapid deployment of the Corporation's technology as well as its future growth depend in part on its ability to develop alliances with strategic partners. Failure by D-BOX to develop such strategic alliances could adversely affect its activities, revenues, financial position and operating results.

Access to Content

Commercial deployment of the Corporation in commercial theatres depends, in part, on its ability to obtain content on an ongoing basis. Failure by D-BOX to maintain a continuous flow of content could adversely affect its activities, revenues, financial position and operating results.

Distribution Network

Growth in the Corporation's business depends in part on its ability to develop well targeted marketing and distribution channels, increase its number of points of sale and attract new customers in both North America and worldwide. Failure by D-BOX to do so could adversely affect its activities, revenues, financial position and operating results.

Exchange Rate between the Canadian Dollar and U.S. Dollar

Since most of the Corporation's sales are made in U.S. dollars and the majority of its expenses are incurred in Canadian dollars, its revenues and profitability are affected by fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. The ability for the Corporation to adjust selling prices for its products to reflect exchange rate fluctuations is limited. Accordingly, whenever necessary, the Corporation protects itself partially from exposure to fluctuations in the U.S. dollar by entering into agreements under which it sets a fixed exchange rate relative to the Canadian dollar.

Manufacturing Costs

The Corporation is continually seeking out ways to reduce its manufacturing costs, which allows it to further reduce selling prices for its products, increase its business volume thereby improving profit margins. The Corporation's ability to reduce manufacturing costs depends on successful research and development, component purchasing volumes generating savings of scale and fluctuations in material costs.

Competition

The D-BOX motion technology rests on a combination of patents, copyrights, trademarks and other intellectual property protection laws. Other products and technologies have appeared in the market place. Competition comes predominantly from businesses proposing motion systems that are more like amusement park rides because of their intensity and the addition of extra effects such as water, wind, odours and tactile effects, producing random vibration and motion not very well synchronized with the on-screen action.

D-BOX's patented technology offers an unparalleled immersive experience by means of a motion system that reacts to pre-programmed effects synchronized with the on-screen action with extreme precision and an intensity level that is adjustable.

Furthermore, D-BOX does not consider amusement park technologies as a source of real competition in the short term. D-BOX does not attempt to create this type of experience, but rather provides viewers with an unmatched realistic immersive experience. D-BOX's technology is sufficiently discreet and nuanced to allow viewers to feel as though they are a part of the action in the movie, without becoming a distraction.

Dependence on One Client

Two customers accounted for 31% of the Corporation's sales for the fiscal year ended March 31, 2013. These customers will remain significant in the coming fiscal years. If these customers were to reduce, postpone or discontinue current or planned purchases of the Corporation's products, such a change could adversely affect the Corporation's activities, revenues, financial position and operating results.

Credit Risk

As at March 31, 2013, two customers accounted for 35% of total accounts receivable and 99% of accounts receivable were insured for 90% of all accounts receivable. The Corporation evaluates the solvency of its customers to limit the amount of credit offered and sets if necessary a provision for bad debts. The Corporation currently uses insurance coverage to minimize its risk.

Dependence on Suppliers

Product manufacturing at D-BOX depends largely on the availability of several components and products. Their delivery must be timely and they must correspond to the quality, quantity and cost criteria established by the Corporation. The majority of these are standard components, but some are manufactured by only a few suppliers. The Corporation believes it would be able to be supplied by other manufacturers were the current suppliers to limit or discontinue production of components for its products. However, losing a supplier could adversely affect D-BOX's activities, revenues, financial position and operating results.

Warranty, Recalls and Lawsuits

The Corporation is exposed to costs related to warranties, product recalls, and potentially lawsuits or other claims, particularly if its products were to prove defective, which would adversely affect the Corporation's business development and reputation. Although the Corporation currently maintains product liability insurance, its obligation to pay a claim under this liability, if the Corporation is found liable, may lead to financial obligations beyond the amount of the insurance coverage or which may be excluded from such insurance coverage, and which may have a material adverse effect on D-BOX's business, revenues, financial position and operating results.

Intellectual Property

The Corporation's patents could be incomplete, invalid, skirted, challenged, or rendered unenforceable. In addition, patents in the process of being approved could be denied or not offer the desired protection. Lawsuits could be required to enforce the patents and other intellectual property of D-BOX. These disputes could be very expensive, with no guarantee of success. The loss of a patent or any other intellectual property could adversely affect D-BOX activities, revenues, financial position and operating results.

Dependence on Key Personnel and Labour Relations

D-BOX's success relies on its ability to attract and retain a highly qualified work force. Failure to retain qualified staff and the loss of key employees could compromise the pace and success of product development.

DIVIDENDS

As of the date hereof, the Corporation has not paid any dividends and currently intends to reinvest all its future earnings to finance the growth of its business. As a result, the Corporation does not intend to pay dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the Corporation's financial condition, operating results and capital requirements as well as on any other factors that the Board of Directors may deem relevant.

MARKET FOR SECURITIES

The Corporation's Class A common shares are listed on the Toronto Stock Exchange under the symbol "DBO."

The following table sets forth the shares' highest and lowest sales prices and the trading volume on a monthly basis since the beginning of the fiscal year ended on March 31, 2013, until June 17, 2013.

Fiscal Year	Month	Price Range		Volume
		High	Low	
2012	April	\$0.30	\$0.255	1,699,672
	May	0.31	0.20	2,829,585
	June	0.34	0.255	1,673,714
	July	0.36	0.28	530,067
	August	0.36	0.30	956,459
	September	0.34	0.25	1,495,284
	October	0.30	0.30	1,765,048
	November	0.30	0.255	1,727,883
	December	0.30	0.245	1,821,432
	2013	January	0.28	0.25
February		0.28	0.22	2,093,527
March		0.24	0.205	1,314,400
April		0.215	0.155	1,626,552
May		0.20	0.155	1,051,928
June (to June 17, 2013)		0.215	0.18	356,743

CAPITAL STRUCTURE OF THE CORPORATION

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of Class A common shares without par value and an unlimited number of Class B preferred shares issuable in series.

The Class A common shares of the Corporation entitle holders thereof to one vote per share at meetings of the Corporation's shareholders. Subject to the prior rights of any other shares ranking senior thereto, holders of Class A common shares are entitled to receive any dividends that may be declared by the Board of Directors of the Corporation and any return of capital in the event of the Corporation's liquidation or dissolution or any other distribution of the Corporation's assets for the purpose of winding up its affairs. As at March 31, 2013, 163,781,129 Class A common shares were issued and outstanding.

The Class B preferred shares may be issued in or more series carrying such rights and subject to such conditions as may be determined by the Board of Directors. There are no voting rights attached to the Class B preferred shares, except as prescribed by law. The Class B preferred shares will rank senior to the Class A common shares with respect to the payment of dividends and the return of capital in the event of the Corporation's liquidation or dissolution or any other distribution of the Corporation's assets for the purpose of winding up its affairs. No Class B preferred shares are currently issued and outstanding.

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

The Board of Directors consists of nine directors. Each director holds office until the end of the next annual meeting of shareholders or until the election or nomination of his successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause. The following table sets out the name of each of the directors, their principal occupations and the year in which they first became directors of the Corporation.

Name and Municipality of Residence	Position	Principal Occupation	First Year as Director
Louis Brunel ⁽²⁾⁽⁴⁾ Île Bizard, Québec, Canada	Chairman of the Board of Directors	Corporate Director and Corporate Consultant	2008
Claude Mc Master..... Saint-Lambert, Québec, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	2006
Jean Colbert ⁽²⁾ Verdun, Québec, Canada	Director	Corporate Director and commercial theatre owner and exhibitor	2009
Strath Goodship ⁽²⁾ Beaconsfield, Québec, Canada	Director	Chief Executive Officer Miranda Technologies Inc.	2008
Pierre Mc Master ⁽¹⁾⁽³⁾⁽⁴⁾ St-Michael, Barbados	Director	Partner Novacap	2005
Élaine C. Phénix ⁽¹⁾⁽²⁾⁽⁴⁾ Verdun, Québec, Canada	Director	President Phénix Capital Inc.	2004
Philippe Roy St-Bruno, Québec, Canada	Chief Business Development Officer and Director	Chief Business Development Officer of the Corporation	1999
Richard Soly ⁽¹⁾⁽⁵⁾ Montréal, Québec, Canada	Director	Corporate Director	2009
Jean-Pierre Desrosiers ⁽¹⁾⁽⁴⁾ Montréal, Québec, Canada	Director	Partner Fasken Martineau	2010

(1) Member of the Audit Committee.

(2) Member of the Compensation and Corporate Governance Committee.

(3) Pierre Mc Master was an officer and director of Corporation Shiva, a private company that filed a notice of intent pursuant to the Bankruptcy and Insolvency Act (Canada) on October 3, 2003 and which was declared bankrupt on October 10, 2003.

(4) Member of the Strategic Committee

(5) Richard Soly was a director of Groupe Les Ailes de la Mode Inc. from 2004 to 2006, a public corporation that filed a petition before the Superior Court of Québec on December 17, 2003 to proceed with a restructuring pursuant to the Companies' Creditors Arrangement Act (Canada), which petition was received on January 15, 2004 by the Superior Court of Québec in order that it may present a plan, which plan was completed in August 2004.

The directors of the Corporation have held the following principal occupations during the last five years:

Mr. Louis Brunel was President and Chief Executive Officer of the Institut international des télécommunications from March 2002 to September 2008. Mr. Brunel, an executive officer and corporate director, has spent most of his career in the communications and information technology sectors. Before joining the Institut international des télécommunications, Mr. Brunel held executive positions in Canada, Europe and the United States. He worked for Vidéotron Ltd. for more than 20 years, including 12 years spent expanding and operating Vidéotron International. He was notably Vice-Chairman and Group Managing Director of Videotron Holdings Plc, a public company operating integrated telecommunications services in the United Kingdom, held in majority by Vidéotron Ltd. and BCE Inc., the sale of which generated significant value for its shareholders. Prior thereto, he worked during more than ten years with the Université du Québec, where he successively held the positions of Vice-President, Information Technologies and Communications, and was Chairman of the Board of Directors and Managing Director of the École nationale d'administration publique (ENAP).

Mr. Jean Colbert has worked in the field of commercial theatres for many years as owner and exhibitor of commercial theatres. Until recently, Mr. Colbert was President and a director of l'Association des propriétaires de cinémas et cinéparcs du Québec. His career has spanned more than 35 years in the entertainment sector and in particular as President of the Association des distributeurs de films vidéos du Québec.

Mr. Strath Goodship has been Chief Executive Officer of Miranda Technologies Inc. since 2002. Prior thereto, he was President of Miranda Europe from 1997 to 2002. Miranda Technologies Inc. was a public company listed on the Toronto Stock Exchange (TSX: MT) until July 2012, when it was acquired by Belden Inc. (NYSE: BDC). It designs, manufactures and niches high-performance hardware and software for the television broadcasting industry.

Mr. Claude Mc Master joined the Corporation in 2003 as Chief Financial Officer and Executive Vice-President, and was appointed President and Chief Executive Officer in 2005. Prior to that, he was Vice-President, Finance, Mergers and Acquisitions at Ernst & Young from 2001 to 2003, where he spearheaded many international projects, led multidisciplinary teams, forged strategic alliances and guided the growth of companies. In 1994, he founded and headed consulting firm AVINGCO, which was sold to Arthur Andersen in 1998, where he became a partner supporting high-tech and life sciences companies in the launch of new products, financing and expanding their international influence. He has taken many executive training programs, such as the Corporate Governance in Public Companies, ICD.D, given by the McGill Institute of Corporate Directors, and the Global Financial Management Executive Program given by Harvard Business School. In February 2011, Mr. Mc Master was named 2011 SGF CEO of the Year –Les Affaires, an exclusive award for the presidents of technology companies organized by the Association québécoise des technologies (AQT). He is currently a member of the Board of Directors of the Montreal Heart Institute Foundation, Nexio Technologies and BironGroupe Santé Inc., where he is Chair of the compensation committee.

Mr. Pierre Mc Master is presently a partner with Novacap, a leader in the area of private equity and venture capital in Canada. Prior to joining Novacap in 2006, Mr. Mc Master was a partner and Chief Executive Officer of Shiva, a former division of Intel, specializing in security products and virtual private networks (“VPN”) that he restructured and sold to Eicon. His prior experience in that sector includes working, between 1983 and 1985, for Future Electronics, a leader in the distribution of electronic components where he launched a computer division. In 1985, he became Sales Director for Eastern Canada for Tracan Electronics, a distributor of electronic circuits. In 1988, Mr. Mc Master was co-founder and Vice-President, Sales, for Teknor, a pioneer in the field of industrial computers that had an initial public offering in 1996. After obtaining the required financing, Mr. Mc Master and 3i bought back the industrial computer division of BMW, which later became Kontron A.G. The company carried out more than 20 acquisitions and became public on the Neuer Markt (Germany) in 2000.

Ms. Éloïse C. Phénix has been President of Phénix Capital Inc. since 1999. Ms. Phénix has more than 25 years of experience in Canadian capital niches, including as First Vice-President, Syndication at Lévesque, Beaubien, Geoffrion Inc. (today National Bank Financial Inc.) and First Vice-President, Capital Formation at the Montreal Exchange. Over the course of her career, Ms. Phénix has served on twelve boards of directors (including six currently) and in several cases, she also was a member of the audit committee. Ms. Phénix is a Fellow of the Canadian Securities Institute and a Certified Director of Corporations from the Collège des administrateurs de sociétés (CAS).

Mr. Philippe Roy was Chief Technology Officer of the Corporation from November 1999 to April 2013. Since then, he has held the position of Chief Business Development Officer for D-BOX. As co-founder of the Corporation, Mr. Roy has over 20 years of expertise in overseeing R&D, manufacturing projects and commercialization. Mr. Roy led the development of an amplified subwoofer and a computerized music synthesizer as well as developed one of the first personal computers based on the 6502 chip. In 1991, Mr. Roy was honoured with the prestigious ARISTA award.

Mr. Richard Soly has worked in the retail sector for many years. He was Executive Vice-President at Québecor Média Inc. from 2001 until January 2007, as well as Chairman of the Board of Directors of Groupe Archambault Inc., a wholly owned subsidiary of Québecor Média Inc. Mr. Soly was founder and President of Super Club Vidéotron Ltd., another Québecor Média Inc. wholly owned subsidiary, from 1989 to 2007. From 1986 to 1989, he was President and co-owner of Magasins Bo Jeans International, and co-founder and President of Magasins l'Équipeur from 1980 to 1986. Over the course of his career, Mr. Soly has served on several boards of directors of public and private corporations in Canada.

Mr. Jean-Pierre Desrosiers is a partner at Fasken Martineau, a large Montreal law practice. Previously, from 1980 to 2010, Mr. Desrosiers held numerous positions for KPMG. During his career at KPMG, Mr. Desrosiers was called on to work with a number of large corporations in various lines of business, including Quebecor, Quebecor World, C-Mac, Gildan, the Yellow Pages Group, the Montreal Exchange and the Caisse de dépôt et placement du Québec. He also participated in numerous public issues and merger and acquisition transactions. From 1972 to 1979, he worked for Clarkson Gordon (today Ernst & Young) immediately after finishing his studies. Mr. Desrosiers is a board member of the following organizations: Concordia University, Cirque Éloïse, the Chambre de commerce française au Canada and Aéroports de Montréal. Mr. Desrosiers has held the title of Fellow of the Ordre des CPA du Québec (FCA) since 1993. On April 10, 2013, he was awarded the 2013 Ramon John Hnatyshyn Award, one of the Governor General's Performing Arts Awards, recognizing outstanding voluntary service to the performing arts in Canada.

EXECUTIVE OFFICERS

The following table sets out the name of each executive officer, their current position with the Corporation as well as the date at which they first became officers of the Corporation:

Name and Municipality of Residence	Current position	Officer Since
Claude Mc Master..... Saint-Lambert, Québec, Canada	President, Chief Executive Officer	September 2003
Luc Audet ⁽¹⁾ L'Assomption, Québec, Canada	Chief Financial Officer	October 2008
Philippe Roy Saint-Bruno, Québec, Canada	Chief Business Development Officer	November 1999
Sylvain Trottier..... Saint-Lambert, Québec, Canada	Vice-President, Operations	December 2006

(1) Luc Audet was the Chief Financial Officer of FRV Media Inc. ("FRV") from April 2008 to December 2009. On March 5, 2009, a cease trade order was issued by the Autorité des marchés financiers against FRV for failing to file its annual financial statements. Such cease trade order was in effect for a period of more than 30 consecutive days.

The members of senior management, other than Mr. Claude Mc Master, Mr. Philippe Roy and Mr. Sylvain Trottier, have held the following principal occupations during the last five years:

Mr. Luc Audet has been Chief Financial Officer of the Corporation since October 2008. From 2004 to 2008, he provided financial and/or financial research services to developing businesses, including the Corporation. Prior thereto, he held the position of Vice-President and Chief Financial Officer with Andromed Inc. (2001 to February 2004), with RaymarkXPert Management Systems Inc. (1998 to 2001) and with Toon Boom Technologies Inc. (1997 to 1998) as well as Vice-President, Finance, with Provigo Inc. (1994 to 1997).

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

As of June 17, 2013, the directors and executive officers of D-BOX, as a group, are the beneficial owners of, directly or indirectly, or exercise control or direction over an aggregate of 6,710,367 Class A common shares of the Corporation, representing 4.1% of the 163,781,129 Class A common shares issued and outstanding of the Corporation. None of the directors or executive officers of the Corporation owns or controls voting shares of D-BOX USA. In addition, as of March 31, 2013, Corporation des technologies Odyssee Inc. held 8,576,000 Class A common shares of the Corporation, representing 5.2% of the issued and outstanding shares of the Corporation. Mr. Philippe Roy, a director of the Corporation, holds 45% of the voting shares of Corporation des technologies Odyssee Inc. The information in this paragraph was provided by the relevant directors and executive officers of the Corporation.

INFORMATION REGARDING THE AUDIT COMMITTEE

AUDIT COMMITTEE CHARTER

The Audit Committee is currently composed of Éline C. Phénix, Pierre Mc Master, Richard Soly and Jean-Pierre Desrosiers. Under *Multilateral Instrument 52-110 Respecting Audit Committees*, a director serving on an audit committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the members' independent judgment. The Board of Directors has determined that all members of the Audit Committee are independent members.

The Board of Directors has determined that each of the four members of the Audit Committee is "financially literate" within the meaning of Section 1.6 of *Multilateral Instrument 52-110 Respecting Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

EDUCATION AND RELEVANT EXPERIENCE

The education and experience of each member of the Audit Committee that is relevant to his or her responsibilities are set out below.

Mr. Jean-Pierre Desrosiers is a partner at Fasken Martineau, a large Montreal law practice. Previously, from 1980 to 2010, Mr. Desrosiers held numerous positions for KPMG. During his career at KPMG, Mr. Desrosiers was called on to work with a number of large corporations in various lines of business, including Quebecor, Quebecor World, C-Mac, Gildan, the Yellow Pages Group, the Montreal Exchange and the Caisse de dépôt et placement du Québec. He also participated in numerous public issues and merger and acquisition transactions. From 1972 to 1979, he worked for Clarkson Gordon (today Ernst & Young) immediately after finishing his studies. Mr. Desrosiers is a board member of the following organizations: Concordia University, Cirque Éloize, the Chambre de commerce française au Canada and Aéroports de Montréal. Mr. Desrosiers has held the title of Fellow of the Ordre des CPA du Québec (FCA) since 1993. On April 10, 2013, he was awarded the 2013 Ramon John Hnatyshyn Award, one of the Governor General's Performing Arts Awards, recognizing outstanding voluntary service to the performing arts in Canada.

Mr. Pierre Mc Master is presently a partner with Novacap, a leader in the area of private equity and venture capital in Canada. Prior to joining Novacap in 2006, Mr. Mc Master was a partner and Chief Executive Officer of Shiva, a former division of Intel, specializing in security products and virtual private networks ("VPN") that he restructured and sold to Eicon. His prior experience in that sector includes working, between 1983 and 1985, for Future Electronics, a leader in the distribution of electronic components where he launched a computer division. In 1985, he became Sales Director for Eastern Canada for Tracan Electronics, a distributor of electronic circuits. In 1988, Mr. Mc Master was co-founder and Vice-President, Sales, for Teknor, a pioneer in the field of industrial computers that had an initial public offering in 1996. After obtaining the required financing, Mr. Mc Master and 3i bought back the industrial computer division of BMW, which later became Kontron A.G. The company carried out more than 20 acquisitions and became public on the Neuer Markt (Germany) in 2000.

Ms. Éloïse C. Phénix has been President of Phénix Capital Inc. since 1999. She has more than 25 years of experience in Canadian capital markets, including as First Vice-President, Syndication at Lévesque, Beaubien, Geoffrion Inc. (today National Bank Financial Inc.) and First Vice-President, Capital Formation at the Montréal Exchange. Over the course of her career, Ms. Phénix has served on twelve boards of directors (including six currently) and in several cases, she also was a member of the audit committee. Ms. Phénix is a Fellow of the Canadian Securities Institute and a Certified Director of Corporations from the Collège des administrateurs de sociétés (CAS).

Mr. Richard Soly has worked in the retail sector for many years. He was Executive Vice-President at Québecor Média Inc. from 2001 until January 2007, as well as Chairman of the Board of Directors of Groupe Archambault Inc., a wholly owned subsidiary of Québecor Média Inc. Mr. Soly was founder and President of Super Club Vidéotron Ltd., another Québecor Média Inc. wholly owned subsidiary, from 1989 to 2007. From 1986 to 1989, he was President and co-owner of Magasins Bo Jeans International, and co-founder and President of Magasins l'Équipeur from 1980 to 1986. Over the course of his career, Mr. Soly has served on various boards of directors of public and private corporations in Canada.

PRE-APPROVAL POLICIES AND PROCEDURES FOR AUDIT SERVICES

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. However, the charter of the Audit Committee provides that the provision of any non-audit services must first be considered by the Audit Committee.

Independent Auditors' Fees

Audit Fees

"Audit fees" consist of fees for professional services for the audit of the Corporation's annual consolidated financial statements, help in preparing the interim financial statements and related matters. Ernst & Young LLP, the Corporation's independent auditors, billed the Corporation \$77,000 in audit fees during the fiscal year ended March 31, 2013, and \$74,900 in audit fees during the fiscal year ended March 31, 2012.

Audit-Related Fees

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and which are not reported under “Audit Fees” above, such as the assistance for implementing the International Financial Reporting Standards. Ernst & Young LLP, the Corporation’s independent auditors, billed the Corporation \$10,710 in audit-related fees during the fiscal year ended March 31, 2013, and \$29,901 in audit-related fees during the fiscal year ended March 31, 2012.

Tax Fees

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. Ernst & Young LLP, the Corporation’s independent auditors, did not bill the Corporation in tax fees during the fiscal years ended March 31, 2013 and 2012.

All Other Fees

“All other fees” consist of fees for services other than the audit fees, audit-related fees and tax fees described hereinabove. These services include translation services. Ernst & Young LLP, the Corporation’s independent auditors, billed the Corporation \$6,300 in fees for other services during the fiscal year ended March 31, 2013 and \$9,300 for other fees during the fiscal year ended March 31, 2012.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the fiscal year ended March 31, 2013, and based on applicable regulations in this matter, the Corporation is not, and was not a party to, nor is was its property subject to legal proceedings. To the knowledge of the Corporation, no legal proceedings are currently contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No insiders, directors or executive officers of the Corporation or any of their respective associates has or has had a material interest, direct or indirect, in any material transaction whether proposed or concluded which had or may have an adverse effect on the Corporation or its subsidiaries in the last three completed fiscal years, with the exception of Mr. Jean Colbert, a director of the Corporation, who, through one of his companies, signed an agreement with the Corporation, to integrate the D-BOX technology in two screening rooms at one of his commercial theatres.

MATERIAL CONTRACTS

Other than the contracts entered into in the normal course of business, the Corporation has not entered into any major contracts since April 1, 2012, and no such contract was entered into before the end of the last fiscal year that would still be in effect as of the date hereof.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the shares of the Corporation is Computershare Investor Services Inc. at its principal offices in Montréal.

INTERESTS OF EXPERTS

Ernst & Young LLP have been the independent auditors of the Corporation since 2004 and accordingly, have signed the auditors’ report on the consolidated annual financial statements of the Corporation for the fiscal year ended March 31, 2013.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found through the Internet on SEDAR, which can be accessed at www.sedar.com.

Additional information, including the compensation and indebtedness of directors and senior executives, the principal holders of the Corporation's shares and the shares authorized for issuance under the Stock Option Plan, if any, is contained in the Corporation's management proxy circular for its most recent annual meeting of shareholders where the Corporation's directors have been elected.

Additional financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for its fiscal year ended March 31, 2013.

Additional information concerning the Corporation's products can also be found at www.d-box.com, the Corporation's website.

SCHEDULE A
AUDIT COMMITTEE CHARTER OF D-BOX TECHNOLOGIES INC.

1. PURPOSE

Financial reporting and disclosure by D-BOX Technologies Inc. (the “Corporation”) represents one of the most important aspects of the management of the Corporation’s business and affairs. The Board of Directors supervises this financial reporting and disclosure process to gain reasonable assurance that the following objectives are being met:

- (a) that the Corporation complies with the laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (b) that the accounting policies and practices, significant decisions and information which underlie or are incorporated in the Corporation’s financial statements are the most appropriate in the circumstances;
- (c) that the Corporation’s quarterly and annual financial statements are accurate and present fairly the Corporation’s financial position and performance in accordance with the International Financial Reporting Standards (“IFRS”); and
- (d) that pertinent information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

To assist the Board of Directors in its monitoring of the Corporation’s financial reporting and disclosure process, the Board of Directors has established the Audit Committee.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, its role is one of monitoring. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession and, in any event, do not serve in such a capacity. Consequently, it is not the duty of the Audit Committee to audit the Corporation’s financial statements and information or to assess whether same are complete and accurate and in compliance with IFRS and applicable rules and regulations. This is the responsibility of management, the independent auditors and other professionals retained by the Corporation.

2. COMPOSITION AND QUALIFICATION

The members of the Audit Committee are appointed each year by the Board of Directors. The Committee is composed of a minimum of three (3) independent directors chosen from among the members of the Board of Directors. The members are appointed at the first meeting following the annual meeting of shareholders or at any other meeting if a vacancy arises. Each year, the Board of Directors appoints as chair of the Committee one of the members of the Committee.

All the members of the Audit Committee shall be financially literate and, as such, be able to read and understand financial statements. At least one (1) member of the Audit Committee shall have “accounting or related financial expertise” acquired through previous employment experience in the area of finance or accounting, requisite professional certification in accounting or any other comparable experience or background which allowed him or her to gain such financial expertise, including having been a Chief Executive Officer, Chief Financial Officer or other senior officer with financial oversight responsibilities, and be able to analyze and interpret a complete set of financial statements along with the notes thereto in accordance with IFRS.

In connection with the execution of the obligations of the Audit Committee, each member of the Committee shall be entitled to rely in good faith upon the following documents:

- (a) the financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the independent auditors to present fairly the financial position of the Corporation in accordance with IFRS; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

In connection with the execution of the obligations of the Audit Committee pursuant to this mandate, each member of the Audit Committee shall be held to the standard of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the other members of the Board of Directors are subject. The role of the Audit Committee is essentially to monitor and review in order to gain reasonable assurance (but not absolute assurance) that the fundamental accounting and reporting activities are being conducted effectively, that the financial reporting and disclosure objectives are being met and to report thereon to the Board of Directors.

3. OPERATING PRINCIPLES AND GUIDELINES

The Audit Committee fulfills its responsibilities within the context of the following principles and guidelines:

- (a) The Committee chair and the other members of the Audit Committee have direct, open and frank communications throughout the year with management, other committee chairs (where applicable) and members of the Board of Directors, the independent auditors and other key committee advisors, as applicable.
- (b) The Committee, together with management and the independent auditors, shall develop annually an audit committee work plan in line with the responsibilities of the Audit Committee as set out in this Charter.
- (c) The Audit Committee, together with management and the independent auditors, shall participate in the examination and review of any important financial issues and emerging standards that have the potential to impact on the Corporation's financial presentation and disclosure.
- (d) The chair of the Committee shall establish the agenda for each meeting of the Audit Committee, with the other members of the Audit Committee, senior management and the independent auditors.
- (e) The Committee shall communicate to management and the independent auditors its expectations with respect to the nature and extent of the information it requires, and the delays to be respected in this regard. The Committee expects to receive from management and the independent auditors all pertinent documentation with respect to any topic on the agenda for a meeting at least one week in advance of such meeting.
- (f) The Committee may, at the expense of the Corporation and after consulting with management, retain the services of one or more persons with specialized knowledge in order to allow the Committee to properly discharge its responsibility.
- (g) At each meeting of the Committee, the members of the Audit Committee meet *in camera* amongst themselves only with (as needed) the independent auditors only and with management only.
- (h) After each meeting of the Audit Committee, the Committee shall report to the Board of Directors at its next regular meeting or earlier if required, through the chair of the Committee.
- (i) As representatives of the shareholders, the independent auditors are ultimately accountable to the Board of Directors and the Audit Committee in the execution of its mandate. The Committee expects that the independent auditors will point out any significant issues or any other issues which may become significant and which result from its relationship with the Corporation.

The Audit Committee meets at least once per quarter, and more frequently if required by the circumstances. It is the responsibility of the Committee to determine the time and place at which the meeting will take place, convene the meeting and to establish the procedures in light of the following requirements:

- (a) at all meetings of the Audit Committee a majority of the members shall constitute a quorum; and
- (b) any actions on the part of the Audit Committee at a duly constituted meeting require no more than the vote of a majority of the members present and, in all cases, a resolution or other instrument in writing signed by all of the members of the Audit Committee shall be deemed to be an action taken by the Audit Committee.

The senior officer responsible for the finances of the Corporation and the independent auditors usually attend all of the meetings of the Audit Committee.

The minutes of meetings of the Audit Committee are approved by the Committee and delivered to the Board of Directors for informational purposes.

The Secretary of the Corporation acts as the secretary of the Audit Committee.

4. RESPONSIBILITIES AND DUTIES

The Committee is responsible for the following:

4.1 Financial Reporting

- Review the annual financial statements and the independent auditor's report thereon before they are released and recommend same for the approval of the Board of Directors.
- Review the interim and year-end financial statements, management's discussion and analysis and related news releases before they are released and recommend same for the approval of the Board of Directors.
- Review public disclosure documents, such as a prospectus or the annual information form, containing consolidated financial statements of the Corporation before they are released, and recommend same for the approval of the Board of Directors.
- Review any summary statement which highlights interim or annual financial information as well as any financial projections destined for the financial niches, securities dealers and financial institutions before same are released.
- Discuss with management and the independent auditors the pertinence of and compliance with the Corporation's accounting policies.
- Discuss with management any significant variances between comparative reporting periods and across comparable units.

4.2 Accounting Policies

- Proactively discuss and review the impact of proposed changes in accounting standards or securities polices or regulations relating to accounting policies and the disclosure of financial information.
- Review with management and the independent auditors, any proposed changes in accounting policies, as well as key estimates and decisions that could have a material impact on the Corporation's financial reporting and determine whether the underlying accounting policies, disclosures and key estimates and decisions are considered to be the most appropriate in the circumstances.
- Discuss with management and the independent auditors the clarity and adequacy of the financial information disclosed by the Corporation.
- Review examples of accounting policies and financial reporting practices relied on by management of the Corporation in comparison with the accounting policies and disclosure practices adopted by other companies operating in the same industry.

4.3 Risk and Uncertainties

Recognizing that it is the Board of Directors' responsibility, in conjunction with management, to (1) identify the principal business risks facing the Corporation, (2) determine the Corporation's degree of tolerance to risk, and (3) approve risk management policies, the Audit Committee focuses on the significant financial risks and develops reasonable assurance that such risks are being effectively managed and controlled by management through the implementation of the following methods:

- Acquire reasonable assurance that these significant financial risks are effectively being mitigated and controlled by:
 - (i) Reviewing with management, at least once per quarter, an updated list of such financial risks as well as ongoing or special actions undertaken to manage each one of these identified risks;
 - (ii) Discussing with management its assessment of the residual financial exposure of the Corporation if any, resulting from its management of such financial risks; and
 - (iii) Ensuring with management, that the existing policies, processes and programs are adequate to identify, manage and control such financial risks.
- Review, at least once per year, the adequacy of the insurance policies maintained by the Corporation.
- Review quarterly the list of the Corporation's outstanding contingent liabilities, if any, including legal claims, tax assessments and other, which could have a material effect upon the financial results and condition of the Corporation and the manner in which these matters are disclosed in the financial statements.
- Review, at least once per year, the adequacy of measures taken by the Corporation to mitigate foreign currency, interest rate and other financial risks, such as the use of derivative financial instruments.
- Review, at least one per year, the policies that require significant existing or potential liabilities, contingent or otherwise, to be reported to the Board of Directors in a timely fashion and compliance with such policies.

4.4 Financial Controls and Deviations

- Review annually the plans of the independent auditors to gain reasonable assurance that the internal quality-controls procedures are adequate in light of the risks and are comprehensive, coordinated and cost effective.
- Review quarterly, with management, its program relating to the development and updating of internal controls which shows the progress of any planned initiatives as well as any measures taken to control deviations.
- Receive from management, the independent auditors, legal counsel or other persons, regular reports regarding any significant deviations observed, including any detection of fraud, and the methods taken to correct the situation.
- Discuss with management the information used by the Chief Financial Officer to prepare a report, at least once per year, on the effectiveness of the Corporation's internal controls.

4.5 Compliance with Laws and Regulations

- Review regular reports from management, the independent auditors and legal counsel concerning the Corporation's compliance with tax and financial reporting laws and regulations specifically those requiring the Corporation to make withholdings and which have a material impact on financial statements.

4.6 Relationship with Independent Auditors

- Recommend annually to the Board of Directors the nomination, the termination or replacement of the independent auditors.
- Approve the remuneration and terms and conditions of the independent auditor's mandate which are set out in its engagement letter.

- Receive annually from the independent auditors an acknowledgment in writing that the shareholders, who are represented by the Board of Directors and the Committee, are its primary client.
- Receive a report annually from the independent auditors with respect to its independence, which report shall include disclosure relating to all engagements (including the related fees and costs) for non-audit services rendered to the Corporation.
- Review with the independent auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the independent audit can be coordinated with internal audit activities and the materiality levels which the independent auditors propose to employ.
- Establish effective communication processes with management and the Corporation's independent auditors to allow the Committee to objectively monitor the quality and efficiency of the relationship between the independent auditors, management and the Corporation.
- Receive reports from the independent auditors on the status of the approved audit plan, any important findings, the recommendation letter and the final audit report.
- Meet regularly with the independent auditors in the absence of management.
- Establish annually, a list of services that may not be provided by the independent auditors in order to safeguard its objectivity and independence. Ensure that the list of prescribed services is in compliance with the applicable regulatory requirements.
- Be kept up to date, before any mandate is conferred upon the independent auditors, of any significant services, other than audit services, to be provided by the independent auditors.
- Annually review the Corporation's hiring policy limiting the hiring of certain present or former employees of the independent auditors.
- Review reports of the independent auditors relating to the planned rotation of partners assigned to the Corporation's affairs.

4.7 Other Responsibilities and Issues

- Review and reassess annually the adequacy of this Charter.
- After consulting with the chair and the independent auditors, gain reasonable assurance, at least annually, that the Corporation's accounting and financial personnel is competent and adequately staffed and that any other related resources are sufficient.
- Be kept up to date of any nomination of financial officers with respect to the Corporation.
- Carry out any and all duties that the Board of Directors may delegate, from time to time, to the Committee.