Management Discussion and Analysis

D-BOX Technologies Inc.

Fiscal year ended March 31, 2014

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MANAGEMENT DISCUSSION AND ANALYSIS

D-BOX Technologies Inc.

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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, 2014 by comparing them to the results of the previous fiscal year. It also presents a comparison of the balance sheets as at March 31, 2014 and March 31, 2013.

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, 2014 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, but not limited to, 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,

D-BOX just experienced a great year in many respects. Firstly, revenues continued growing and reached new heights. Moreover, through strict control of operating expenses, our business generated positive cash flows for a second consecutive year thereby strengthening the Corporation's financial profile.

Besides the remarkable financial results, which reflect D-BOX's rightful positioning in global markets, we once again demonstrated our team's ability to market our motion systems while generating recurring revenue and promoting our corporate brand worldwide.

Amongst the events that marked the past year, more notable was, for the entertainment market, the installation of 45 new screens in 5 new countries including a significant breakthrough in South America with Cinemark, in France and Switzerland with Gaumont Pathé and in Russia with Luxor, Barguzin and Kinomax. In addition to these accomplishments, D-BOX also obtained 39 movie titles including many blockbusters supplied for the most part by Hollywood's main studios.

In the industrial market, D-BOX took advantage of its established clientele in the arcade and casino sub-markets. Furthermore, it attracted new high-potential customers in the industrial simulation and virtual training sub-markets.

In addition to these accomplishments, we accelerated our research and development efforts to prepare for the next generation of motion systems. These systems will answer newly-expressed needs from our customers while positioning us advantageously in the face of an evolving technological and competitive landscape. Equipped with newly developed and promising products and having expanded our sales team, we are thus in an enviable position to penetrate into these new markets.

All these accomplishments would not have been possible without the commitment of the D-BOX team and our colleagues, members of the Board of Directors. We wish to thank them for their important contribution to our success.

Louis Brunel
Chairman of the Board

Claude Mc Master
President and CEO

4. Quarterly Highlights

4.1 Financial Highlights

- Growth in revenues and available funds:
  - ✓ Annual revenues up by 23% to $17,593 k including $3,654 k of recurring revenues from utilization rights, rental and maintenance fees.
  - ✓ Quarterly revenues up by 39% to $4,980 k, including $815 k of recurring revenues also from utilization rights, rental and maintenance fees.
  - ✓ Available funds of $6,717 k as at March 31, 2014.
- Net loss of $1,589 k for the fiscal year and of $43 k for the quarter representing respectively 38% and 92% decreases in comparison to last year.
- Positive adjusted EBITDA* and cash flow relating to operating activities for the fiscal year ended March 31, 2014:
  - ✓ Adjusted EBITDA* of $957 k for the fiscal year and of $382 k for the quarter.
  - ✓ Cash flow relating to operating activities of $2 165 k for the fiscal year.

Fourth quarter and fiscal year ended March 31 (in thousands of $CA, except per share amounts)				
	Fourth Quarter		Fiscal Year	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenues	4,980	3,585	17,593	14,253
Adjusted EBITDA *	382	183	957	584
Net loss	(43)	(508)	(1,589)	(2,575)
Basic and diluted net loss per share	(0.0003)	(0.0031)	(0.0097)	(0.0157)
Information from the consolidated Balance Sheet				
	As at March 31, 2014		As at March 31, 2013	
Cash and cash equivalents	6,717		5,708	

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

4.2 Operational Highlights

- Continuous and strategic deployment with large theatre chains: 45 screens added since April 1, 2013, including a significant breakthrough in South America with Cinemark, in France and Switzerland with Gaumont Pathé and in Russia with Luxor, Barguzin and Kinomax. In addition, during the fiscal year ended March 31, 2014, D-BOX also coded 39 films obtained from Hollywood's main studios of which 15 ranked number one at the box-office on opening weekend. This compares to 28 titles obtained in the fiscal year ended March 31, 2013.

- Recent commercialization of new longer-stroke actuators targeting the industrial market. These new applications make it possible to accelerate the development of existing markets while providing the opportunity to enter new business activities. At the same time, additional resources were added to the sales team to address this potential.

5. Corporate Profile

D-BOX Technologies Inc. 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 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 optical disk reader or the video server that contains the film 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.

The Corporation's current revenue streams mainly consist of:

1. the sale or lease of D-BOX motion systems including motion controllers and in some cases, computer servers;
2. utilization rights (license) for the D-BOX technology on the sale of admission tickets in movie theatres which are equipped with this technology to view a motion picture encoded by D-BOX. The Corporation also receives system maintenance revenues relating to the use of systems;
3. coding rights for visual content.

The entertainment experience provided by the Corporation's technology essentially targets two distinct markets: the entertainment market and the industrial market which each have their respective sub-markets. As at March 31, 2014, D-BOX had 71 employees compared to 67 as at March 31, 2013.

6. Corporate Strategy

The Corporation is imposing itself as the global reference with respect to the creation and design of immersive motion systems. It is developing its brand awareness in addition to offering a differentiating asset generating revenues 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
• Commercial theatres • Home entertainment	• Simulation and training • Amusement parks, arcades, museums and planetariums • Casinos • Therapeutic care

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares and per-share amounts) Page 5

6.1 Revenue Model

The Corporation's targeted revenue streams are as follows:

1. utilization rights and maintenance fees from the premium on admissions tickets sold by for the use of the technology in movie theatres;
2. sale or rental of D-BOX motion systems to movie theatre owners; and
3. direct sales of motion systems to a network of specialized resellers, integrators, equipment or seating manufacturers whom market the D-BOX technology under their own brands (Original Equipment Manufacturers ("OEM")). This marketing method offers the advantage of minimizing sales and marketing costs.

6.2 Growth Strategy / Entertainment Market

The Corporation is constantly pursuing negotiations with movie theatre owners to increase the number of venues equipped with its technology. Furthermore, the number of exhibitors continues to increase, which ensures broader geographical coverage around the world.

Concurrently, the Corporation relies on the contacts and credibility established with Hollywood's main studios and certain Asian and European studios in order to obtain more and more content. The Corporation believes that an increase in the offering of motion pictures has a direct impact on the number of equipped venues and that box office revenue for 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. facilitate the sale of the technology to current film exhibitors who may wish equipping more than one of their complexes or equip more than one screen within the same complex;
3. generate motion system sales for a certain clientele of the home entertainment sub-market who want to be able to watch coded movies in the comfort of their homes;
4. entice video game customers to equip themselves of gaming seats with D-BOX actuators allowing them to feel all the action that can be brought by a specific game.

As of March 31, 2014, 35 exhibitors had more than one site integrating the D-BOX technology. Furthermore, 44 sites have more than one screen incorporating our technology within the same complex.

Number of sites with more than one screen within the same complex integrating the D-BOX technology

Q4 March 2013	Q1 June 2013	Q2 Sept. 2013	Q3 Dec. 2013	Q4 March 2014
21	21	29	33	44

In turn, an increase in the number of equipped theatres has a direct impact on the offering of studios on the basis of a business model that is beneficial to all parties involved who split the new revenues generated by the technology.

The D-BOX experience in movie 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. Also, it has proven its technical and commercial merits and has received several awards over the last few years.

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However, certain seasonal factors may impact the deployment of new D-BOX MFX systems in commercial theatres. The Corporation's growth rate of commercial theatre business activities will not necessarily be linear but rather subject to a certain level of volatility on the basis of consecutive quarters. With respect to markets outside of North America, it is noteworthy that the launch dates of movies are not necessarily the same in different geographical markets.

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 movie 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 being an excellent showcase for the demonstration of its technology to the largest number of people possible, generates increasing 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 motion system maintenance contracts. This strategy drives a significant increase in brand awareness.

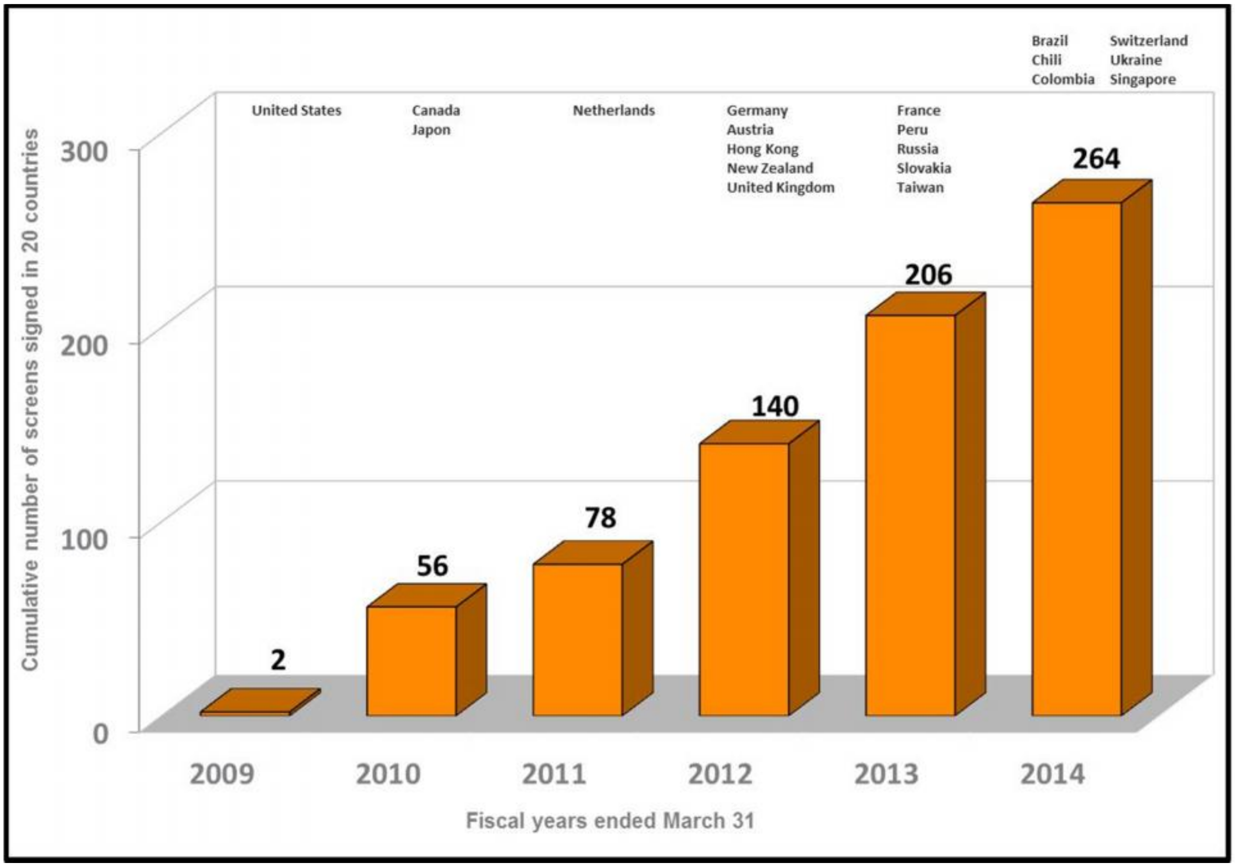
In measuring achievement of its deployment objectives for theatre chains, the Corporation tracks the installed base of its D-BOX MFX systems as well as its backlog. From a practical standpoint, the Corporation defines systems backlog as follows: an order for D-BOX MFX systems received as part of a contractual agreement and for which the installation is scheduled within a twelve-month period of the filing date of its most recent financial statements. The following tables show the progression as at June 10, 2014, of installed, or added to the backlog, D-BOX MFX systems since the end of the last fiscal year on March 31, 2013.

Increase of D-BOX MFX Systems
Variation for the fiscal year ended March 31, 2014 and on June 10, 2014

	Backlog*		Installed		Total	
	# screens	# D-BOX MFX systems	# screens	# D-BOX MFX systems	# screens	# D-BOX MFX systems
As at March 31, 2013	13	384	193	4,962	206	5,346
Additions to backlog during the quarter	68	1,625	—	—	68	1 625
Net installations during the quarter	(55)	(1,422)	45	1,210	(10)	(212)
As at March 31, 2014	26	587	238	6,172	264	6,759
Additions to the backlog during the period	17	328	—	—	17	328
Net installations during the period	(11)	(301)	10	281	(1)	(20)
As at June 10, 2014	32	614	248	6,453	280	7,067

* The final number may slightly fluctuate given certain constraints caused by the possible change of the layout of screening rooms or by changes made to contracts after their execution.

Worldwide growth of installed screens or in backlog
As at March 31, 2014



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 revenues for movie theatre operators allowing them to stand out from competitors and increase their revenues ((i) direct revenues from the sale of tickets in the D-BOX zone and (ii) indirect revenues from the sale of food and beverages); and
- that it brings in additional visibility and a new source of revenues for the studios.

6.3 Growth Strategy / Industrial Market

The industrial market continues to significantly increase global awareness to the D-BOX brand sparking consumer interest for the Audio Video Motion (AVM) experience in order to stimulate demand for the D-BOX experience in other sub-markets, such as: industrial simulation, arcades, casinos, therapeutic care, virtual training, museums and planetariums. The Corporation is mobilizing resources that are devoted to the business development of this continuously-growing market with the goal of identifying new eventual partners, to properly satisfy their needs and answer their requests.

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

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

The Corporation recently developed motion systems adapted to the needs of the industrial market and their sales should accelerate over the course of the next few quarters.

The Corporation will continue dedicating a team to develop and service this market 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 readiness to invest the necessary effort and resources to generate significant new revenue streams.

6.4 Content for the Entertainment Market

Access to content is a key factor regarding the speed of D-BOX technology deployment. To date, the Corporation has developed business relationships with many theatrical and video game content providers. Among other things, more than 120 movies presented in commercial theaters have been coded, including more than 50 which ranked number one at the box-office on opening weekend.

7. 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 upward trend in revenues should be maintained.

In combination with this expected growth of revenues, D-BOX also expects to gradually increase the level of its operating expenses including fees related to sales, marketing, research and development that will support the commercialization of new applications for its technology for new industrial sub-markets. Generally speaking, the Corporation aims, however, to maintain a positive adjusted EBITDA and intends to manage its operations based on attaining this objective.

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8. Non-IFRS Measures

In this MD&A, the Corporation uses two measures which are not 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 standardized meanings under IFRS and are not likely to be comparable to similar measures used by other issuers.

1) The adjusted EBITDA allows evaluating the Corporation's profitability and its capacity to generate funds from its operating activities. It designates the net 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 loss.

	Fiscal year ended March 31		**Fourth Quarter ended March 31**	
	2014	**2013**	**2014**	**2013**
Net loss	**(1,589)**	(2,575)	**(43)**	(508)
Amortization of property, plant and equipment	**2,018**	2,005	**489**	507
Amortization of intangible assets	**290**	259	**75**	68
Amortization of other assets	**180**	85	**112**	44
Write-off of property, plant and equipment	**78**	—	**(45)**	(5)
Write-off of other assets	—	5	—	5
Write-off of intangible assets	—	4	—	4
Share-based payment expense	**617**	883	**183**	223
Foreign exchange gain	**(667)**	(74)	**(391)**	(156)
Financial results (financial expenses and interest income)	**21**	(14)	**3**	(1)
Income taxes	**9**	6	**(1)**	2
Adjusted EBITDA	**957**	584	**382**	183

2) The gross profit excluding depreciation also allows to evaluate the Corporation's capacity to generate funds through product sales, considering the cost of these products but excluding the main non-cash item, namely depreciation (See the table explaining the reconciliation of gross profit to gross profit excluding depreciation on page 12.)

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares and per-share amounts) Page 10

9. Main Financial Data

The following table presents selected significant financial data for the current fiscal year and the latest quarter ended March 31, 2014 by comparing them with the corresponding periods of the previous fiscal year.

	Fiscal year ended March 31		Fourth quarter ended March 31	
	2014	2013	2014	2013
Information from the Consolidated Statements of Operations and Comprehensive Loss				
Revenues	17,593	14,253	4,980	3,585
Gross profit excluding amortization*	9,712	8,044	2,731	2,005
Adjusted EBITDA*	957	584	382	183
Net loss	(1,589)	(2,575)	(43)	(508)
Basic and diluted net loss per share	(0.0097)	(0.0157)	(0.0003)	(0.0031)
Information from the Consolidated Statements of Cash Flows				
Goods held for lease	(522)	(2,952)	(25)	(548)
Cash flows relating to operating activities	2,165	2,807	(456)	(1,106)
Additions to property, plant and equipment	(378)	(496)	(128)	(127)
Additions to intangible assets	(710)	(323)	(326)	(45)

* See the "Non-IFRS measures" section.

The following table presents certain important financial data of the consolidated balance sheet as at March 31, 2014 and as at March 31, 2013.

	March 31, 2014	March 31, 2013
Information from the Consolidated Balance Sheets		
Cash and cash equivalents	6,717	5,708
Inventories	4,389	4,578
Working capital	11,502	11,568
Total assets	24,204	24,537
Total liabilities	3,264	2,531
Equity	20,940	22,006

10. Operating Results

10.1 Revenues

Revenues for the fiscal year ended March 31, 2014 amounted to $17,593 k, up 23% compared to $14,253 k for the fiscal year ended March 31, 2013. Revenues include motion system sales to customers in the industrial market which sell the D-BOX technology under their own brand names and system sales to customers of the entertainment market. The entertainment market consists of D-BOX MFX system sales to commercial theatre operators, revenues from utilization rights, rental and maintenance fees with respect to admission tickets sold in commercial theatres and system sales to home entertainment customers.

Sales of motion systems to customers of the industrial market amounted to $7,003 k for the fiscal year ended March 31, 2014 representing a 14% increase compared to $6,141 k for the previous fiscal year. Our development strategy has consists in selling our motion system technology to customers from the industrial market so they can integrate it into their products. The growth in sales is explained by efforts deployed, including attendance at commercial and industrial trade shows which contribute getting the D-BOX technology known, and the presentation in commercial theatres of movies integrating D-BOX Motion Code which creates an increasing demand for the D-BOX experience in numerous other sub-markets such as: amusement parks, arcades, museums and planetariums, industrial simulation, and training. During the fiscal year, sales to our two main customers represented 40% and 15% of the Corporation's sales in the industrial market in comparison of 36% and 35% last year.

During the fiscal year, revenues generated by the entertainment market amounted to $10,590 k, representing a 31% increase when compared to the $8,112 k realized last year. Revenues from commercial theatre exhibitors increased by 45% from $6,751 k in 2013 to $9,787 k this year. These revenues are made of: i) the sale of D-BOX MFX systems which increased by 46% to $6,133 k ($4,206 k in 2013) and ii) revenues from utilization rights, rental and maintenance fees in regards to admission tickets sold in commercial theatres which increased by 44% to $3,654 k ($2,545 k in 2013). The increase is explained, notably, by the box-office performance of the films presented in theatres during the quarter and the steady increase of deployed systems.

It is noteworthy to remember that revenues from utilization rights, rental and maintenance fees can fluctuate from one period to another for the following factors:

- the box office performance of the movies that are presented, which can fluctuate significantly;
- 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 ;
- the number of weeks during which a movie is played, which can vary amongst others based on the country given different launch dates or the decision made by an exhibitor to present a film for a longer or shorter period.

As at March 31, 2014, 6,172 D-BOX MFX systems were installed in 238 auditoriums around the world compared to 4,962 D-BOX MFX systems installed in 193 auditoriums at the same date last year.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares and per-share amounts) Page 12

The entertainment market also includes system sales for home entertainment which decreased to $803 k in comparison to $1,361 k last year.

During the fiscal year, sales to our two most important customers represented 9% and 8% of the entertainment market sales which compares to 11% and 10% last year.

For the fourth quarter of 2014, revenues amounted to $4,980 k in comparison to $3,585 k for the corresponding quarter of last year. This 39% increase is explained by a 3% increase of sales in the industrial market which amounted to $1,779 k in comparison to $1,735 k for the corresponding quarter of last year and by a 73% increase of revenues in the entertainment market. The increase of sales in the entertainment market is explained by a 93% increase of D-BOX MFX sales which amounted to $2,120 k and by a 50% increase of revenues from utilization rights, rental and maintenance fees which amounted to $815 k. Sales of systems for the home entertainment market amounted to $266 k representing a 26% increase in comparison to the $211 k realized in the corresponding period last year.

10.2 Gross Profit

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

	Fiscal Year ended March 31		Fourth Quarter ended March 31	
	2014	**2013**	**2014**	**2013**
Revenues	17,593	14,253	4,980	3,585
Gross profit	7,868	6,301	2,210	1,544
Amortization related to cost of goods sold	1,844	1,743	521	461
Gross profit excluding amortization *	9,712	8,044	2,731	2,005
Gross margin excluding amortization	55%	56%	55%	56%

* See the "Non-IFRS measure" section.

For the fiscal year ended March 31, 2014, gross profit increased by 25% amounting to $7,868 k in comparison to $6,301 k for the previous fiscal year. Excluding amortization related to cost of goods sold, which mostly relates to goods held for lease for commercial exhibitors in the entertainment market, gross profit amounted to $9,712 k (55% of revenues) for 2014 or a 21% increase in comparison to the $8,044 k (56% of revenues) achieved last year. The increase in gross profit is explained by the increase of revenues in both markets.

For the fourth quarter ended March 31, 2014, gross profit amounted to $2,210 k in comparison to $1,544 k for the corresponding quarter of the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit amounted to $2,731 k (55% of revenues) in 2014 in comparison to $2,005 k (56% of revenues) last year. This 36% improvement of gross profit is explained by the 73% increase of revenues from commercial theatre exhibitors.

10.3 Operating Expenses

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

For the fiscal year ended March 31, 2014, selling and marketing expenses totaled $5,630 k (32% of revenues) representing a 17% increase in comparison to $4,832 k (34% of revenues) last year. This increase in expenses is explained for the most part by employee-related costs and expenses related to industrial trade shows.

For the fourth quarter ended March 31, 2014, selling and marketing expenses amounted to $1,438 k (29% of revenues) which compares to $1,223 k (34% of revenues) for quarter ended March 31, 2013. This 18% increase is mostly explained by higher employee-related expenses and trade show expenses.

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

For the fiscal year ended March 31, 2014, administrative expenses amounted to $3,167 k (18% of revenues) which compares to $2,962 k (21% of revenues) for the fiscal year ended March 31, 2013. This 7% increase is explained for the most part by an increase of professional fees, insurance expenses and in the costs of being a publicly-traded corporation.

For the fourth quarter ended March 31, 2014, administrative expenses amounted to $879 k (18% of revenues) a 26% increase in comparison to $700 k (20% of revenues) for the quarter ending March 31, 2013. The increase is explained for the most part by an increase of employee-related costs, insurance expenses and in costs of being a publicly-traded corporation.

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

For the fiscal year ended March 31, 2014, research and development expenses increased by 11% to $1,297 k (7% of revenues) compared with $1,164 k (8% of revenues) for the previous fiscal year. For the fiscal year, the increase is explained by higher certification costs as well as the cost of some materials used for product development. Investment tax credits were also lower given the decrease in admissible expenses.

For the fourth quarter ended March 31, 2014, research and development expenses increased to $325 k (7% of revenues) compared with $284 k (8% of revenues) for the corresponding period of the previous fiscal year. The 14% increase is mostly explained by employee-related costs and investment tax credits which were lower given the decrease in admissible expenses.

Foreign Exchange gain or loss: The foreign exchange gain or loss mainly results from the fluctuation of the Canadian currency in relationship to the US currency when converting US dollar operations at the prevailing rate on the date of a transaction and the translation of the US dollars monetary assets and liabilities at the end-of-period rate. Thus, for the fiscal year ended March 31, 2014, the fluctuation of the exchange rate of the US dollar in relationship to the Canadian dollar translated into a foreign exchange gain of $667 k which compares to a foreign exchange gain of $74 k last year.

For the fourth quarter ended March 31, 2014, the foreign exchange gain amounts to $391 k which compares to a foreign exchange gain of $156 k for the corresponding quarter of 2013. The foreign-exchange gain is explained by the strong fluctuation of the Canadian currency in comparison to the US currency over the course of the period in comparison to the same period last year.

10.4 Financial Results

The financial results include financial expenses and interest income. For the fiscal year ended March 31, 2014, financial results amounted to a net expense of $21 k in comparison to a net positive result of $14 k in 2013. For the fourth quarter ended March 31, 2014, financial results amounted to a net expense of $3 k which compares to net positive result of $1 k for the corresponding quarter last year.

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.

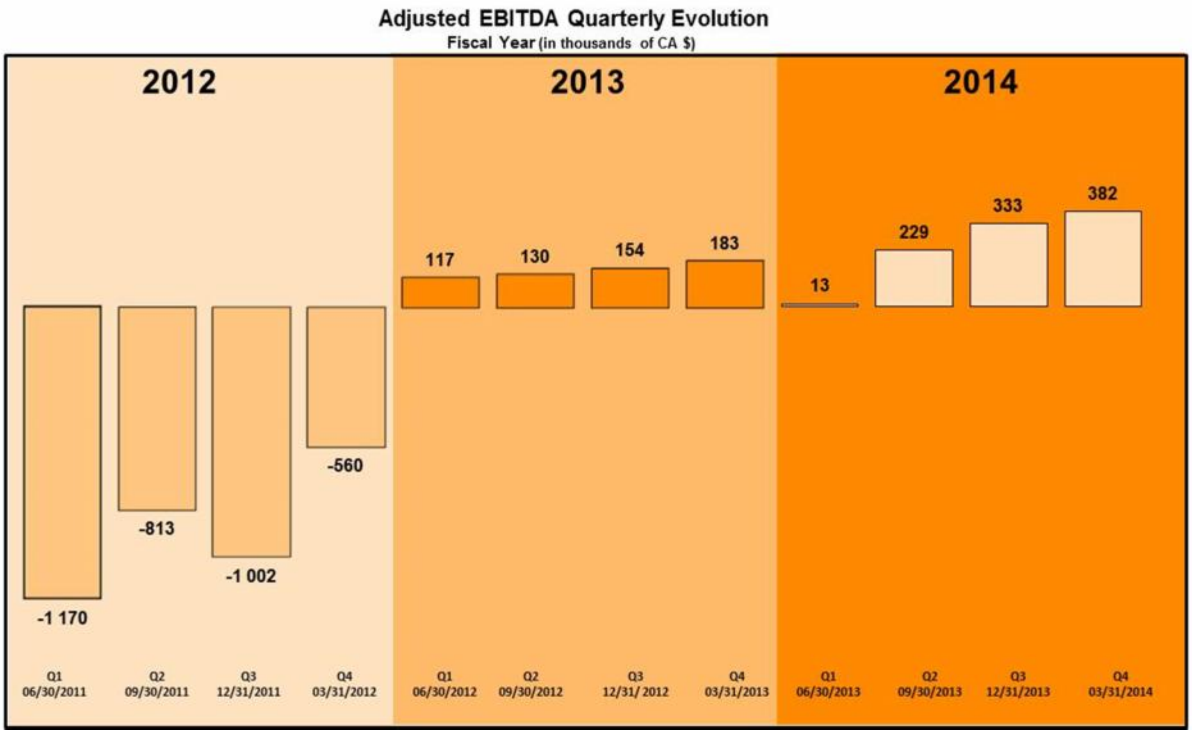
As at March 31, 2014, the Corporation had accumulated net operating loss carryforwards of $27,319 k for federal income tax purposes, $27,174 k for Quebec income tax purposes and $5,804 k for the United States in addition to other unrecognized deferred income tax assets mentioned at note 11 of the consolidated financial statements.

10.6 Net Loss

Given the previously-mentioned items, the net loss for the 2014 fiscal year came down 38% to $1,589 k ($0.0097 per share) in comparison to a net loss of $2,575 k ($0.0157 per share) in 2013. For the fourth quarter, the net loss stands at only $43 k ($0.0003 per share) representing a $465 k decrease or 92% less in comparison to a loss of $508 k ($0.0031 per share) for the same period of 2013.

11. Adjusted EBITDA

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



D-BOX achieved an adjusted positive EBITDA that is constantly improving for seven out of the last eight quarters. This is a result of strategies developed over the course of the last few years for the industrial and entertainment markets which translated into much higher revenues and gross profit in combination with a tight control over operating expenses.

Adjusted EBITDA amounted to $957 k for the 2014 fiscal year representing a 64% increase in comparison of $584 k in the previous fiscal year. For the fourth quarter, adjusted EBITDA amounted to $382 k representing a 109% increase in comparison to the adjusted EBITDA of $183 k for the same period last year.

12. Liquidity, Capital Resources and Financing Sources

As at March 31, 2014, total assets amounted to $24,204 k which compares to $24,537 k as at March 31, 2013. The decrease in total assets is explained for the most part by a decrease in tangible assets given depreciation expenses which exceeded the acquisition of property, plant and equipment.

Working capital stood at $11,502 k as at March 31, 2014 compared with $11,568 k as at March 31, 2013. Accounts receivable, which mostly consist of trade accounts receivable, investment tax credits and commodity taxes receivable, decreased to $3,347 k as at March 31, 2014 in comparison to $3,411 k as at March 31, 2013. Inventories decreased to $4,389 k as at March 31, 2014 in comparison to $4,578 k as at March 31, 2013.

Short-term liabilities increased by $733 k to $3,264 k as of March 31, 2014 which compares to $2,531 k as at March 31, 2013. Short-term liabilities include accounts payable and accrued liabilities which as a whole increased by $637 k to $3,071 k. This increase is mostly explained by an increase in accounts payable at the end of 2014 than on March 31, 2013.

12.1 Operating Activities

For the fiscal year ended March 31, 2014 cash flows provided from operations totalled $2,165 k compared with a use of funds of $2,807 k for the previous fiscal year. This $4,972 k improvement in cash flows provided by operating activities comes essentially from i) the $2,430 k decrease of funds used for goods held for lease ($522 k this year in comparison to $2,952 k last year), reflecting the strategy to significantly reduce financing related to theatre screens in North America, ii) funds generated by the $2,187 k decrease in the accounts receivable.

12.2 Investing Activities

For the fiscal year ended March 31, 2014, cash flows used by investment activities amounted to $1,088 k in comparison to $819 k for the previous fiscal year. Cash flows from investing activities include costs associated to the acquisition of intangible assets which increased $387 k to $710 k in 2014 in comparison to $323 k in 2013. The increase is explained primarily by the internal development costs of products to be brought to market for an amount of $414 k.

12.3 Financing Activities

There were no financing activities for the fiscal years ended March 31, 2014 and 2013.

12.4 Equity

Equity amounted to $20,940 k as at March 31, 2014, compared with $22,006 k as at March 31, 2013. This $1,066 k decrease is mainly the result of the net loss for the fiscal year of $1,589 k less the share-based payment expense of $617 k accounted to the share-based payment expense reserve account.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares and per-share amounts) Page 17

13. Quarterly Data

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

	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues from the industrial market	1,779	1,857	1,964	1,403	1,735	1,322	1,919	1,165
Revenues from the entertainment market								
Commercial theatre exhibitors:								
- System sales	2,120	1,499	1,889	625	1,097	1,115	682	1,312
- Utilization rights, rental & maintenance	815	1,081	498	1,260	542	484	856	663
	2,935	2,580	2 387	1,885	1,639	1,599	1,538	1,975
System sales for home entertainment	266	182	144	211	211	471	251	428
Total revenues entertainment market	3,201	2,762	2,531	2,096	1,850	2,070	1,789	2,403
TOTAL REVENUES	4,980	4,619	4,495	3,499	3,585	3,392	3,708	3,568
Adjusted EBITDA*	382	333	229	13	183	154	130	117
Net loss	(43)	(352)	(675)	(519)	(508)	(273)	(1 204)	(590)
Basic and diluted net loss per share	(0.001)	(0.002)	(0.004)	(0.003)	(0.003)	(0.002)	(0.007)	(0.004)
Weighted average number of common shares outstanding	163,781,129	163,781,129	163,781,129	163,781,129	163,781,129	163 ,781,129	163,781,129	163,781,129

* See the "Non-IFRS Financial Measures" section.

The variation of revenues during the last eight quarters is explained amongst others by the uneven growth of the industrial and entertainment markets. More specifically for the entertainment market, revenues fluctuate in relationship to number of systems sold, the average number of systems installed, the number of systems which are leased, seasonality, the performance of presented films and the performance of commercial theatre exhibitors.

14. Commitments

Future minimum payments under long-term contracts, mainly leases for the rental of the Corporation's premises, are as follows for future fiscal years.

Fiscal year	In thousands of $
2015	232
2016	107
2017	3
	342

The Corporation has pledged the universality of movable and personal property, both present and future, as collateral in favour of the lessor up to a maximum of $120 k.

15. Outstanding Share Capital (June 10, 2014)

	Class A common shares
Class A common shares outstanding	163,781,129
Convertible instruments	
Stock options outstanding	14,603,345
	178,384,474

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 revenues 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, 2014.

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 January 1, 2013.

- IFRS 10, Consolidated Financial Statements
  The Corporation has adopted IFRS 10, Consolidated Financial Statements, which replaces SIC-12, Consolidation – Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. This standard establishes control as the basis for consolidation. In addition, IFRS 10 includes a new definition of control. The adoption of IFRS 10 has had no impact on the Corporation's consolidated financial statements.

- IFRS 12, Disclosure of Interests in Other Entities
  The Corporation has adopted IFRS 12, Disclosure of Interests in Other Entities. This new standard brings together all disclosure guidance pertaining to subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of IFRS 12 has had no impact on the Corporation's consolidated financial statements.

- IFRS 13, Fair Value Measurement
  The Corporation has adopted IFRS 13, Fair Value Measurement, which establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 applies to both financial instruments and non-financial instruments when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. This new standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. The adoption of IFRS 13 has had no impact on the Corporation's fair value measurements.

- IAS 1, Presentation of Financial Statements
  In June 2011, IAS 1, Presentation of Financial Statements was amended to improve the presentation of other comprehensive income (loss) items.

The Corporation adopted the amendments to IAS 1, Presentation of Financial statements, entitled Presentation of Items of Other Comprehensive Income. Those amendments introduce new terminology for the statement of income and the statement of comprehensive income. As a result, the consolidated statement of operations and comprehensive income (loss) has been renamed the "consolidated statement of income (loss) and other comprehensive income (loss)." This adoption resulted in changes in presentation only and had no impact on the Corporation's financial position and performance.

Standards issued but not yet effective

The Corporation has not adopted the following standards or amendments to certain standards that have been issued but are not yet effective:

- IFRS 9, Financial Instruments
  The issuance of IFRS 9, Financial Instruments, is the first phase in a three-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. This first phase covers the classification and measurement of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified as subsequently measured at amortized cost or fair value based on both the economic model that the entity follows to manage financial assets and the characteristics of the financial asset's contractual cash flows. The classification and measurement of financial liabilities are carried forward essentially unchanged from IAS 39.

  The remaining two phases of the project cover the impairment of financial assets and hedge accounting. In November 2013, amendments to IFRS 9 were issued to include a new general hedge accounting model, which will allow entities to better reflect risk management in the financial statements. The date for mandatory adoption of IFRS was deferred indefinitely. Early adoption remains permitted. The Corporation will complete its assessment of the impact of IFRS 9 on the consolidated financial statements once the various phases of this project are completed.

- 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 will be effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting these new requirements on the 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 of disposal, including the discount rate, when a discounting technique is used to determine the recoverable amount. Those amendments will be effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting these new requirements on the consolidated financial statements.

- Annual Improvements to IFRSs 2010-2012 Cycles 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, Plant and Equipment, IAS 24, Related Parties, and IAS 38, Intangible Assets. Those amendments will be effective for fiscal years beginning on or after January 1, 2014. The Corporation is currently assessing the impact of adopting these new requirements on the consolidated financial statements.

17. Financial Instruments

Interest 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 on net loss and comprehensive loss [$57 as at March 31, 2013].

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, 2014, two clients accounted for 20% and 10% of total accounts receivable and 66% of trade accounts receivable were 90% insured [as at March 31, 2013, two clients accounted for 31% and 10% of total accounts receivable and 100% 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 8% as at March 31, 2014 [6% in 2013]. The allowance for doubtful accounts totalled $36 as at March 31, 2014 [$10 as at March 31, 2013]. 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, 2014 and 2013.

Foreign Exchange Risk

The Corporation is exposed to foreign exchange risk due to cash and cash equivalents, trade accounts receivable, prepaid expenses and accounts payable denominated in U.S. dollars. As at March 31, 2014, financial assets, consisting primarily of cash and cash equivalents, trade accounts receivable and prepaid expenses denominated in U.S. dollars, totalled $1,510, $2,067 and $142, respectively [$1,008, $2,253 and $207, respectively, as at March 31, 2013], and financial liabilities denominated in U.S. dollars totalled $824 [$684 as at March 31, 2013]. As at March 31, 2014, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a $320 impact on net loss and comprehensive loss [$283 as at March 31, 2013].

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, 2014, the Corporation held foreign exchange contracts with a 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 few 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, 2014, 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 $3,113 [$2,434 as at March 31, 2013].

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 10, 2014 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, 2014.

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, 2014.

Finally, there has been no change in the Corporation's internal control over financial reporting during the financial period beginning January 1, 2014 and ending March 31, 2014 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 has been prepared as at June 10, 2014. Additional information can be found on the SEDAR website at www.sedar.com

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