Consolidated Financial Statements

D-BOX Technologies Inc.

March 31, 2015

MANAGEMENT REPORT

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

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

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

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

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

Claude Mc Master

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
D-BOX Technologies Inc.

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

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Ernst & Young LLP[1]

Ernst & Young LLP[1]

Montreal, Canada
June 18, 2015

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

D-BOX Technologies Inc.
CONSOLIDATED BALANCE SHEETS
As at March 31
(in thousands of Canadian dollars)

	Notes	2015 $	2014 $
ASSETS	12		
Current assets			
Cash and cash equivalents		**6,710**	6,717
Accounts receivable	3	**4,302**	3,347
Inventories	4	**3,903**	4,389
Prepaid expenses and deposits	8	**568**	313
		15,483	14,766
Non-current assets			
Property and equipment	5	**7,452**	8,146
Intangible assets	6	**1,771**	1,128
Other assets	7	**132**	164
		24,838	24,204
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	**3,786**	3,071
Derivative financial instruments	14.3	**120**	42
Warranty provision		**14**	14
Deferred revenues		**325**	137
		4,245	3,264
Equity			
Share capital	9.1	**57,715**	57,714
Share-based payment reserve	9.2	**5,014**	4,605
Accumulated exchange difference		**(385)**	(106)
Deficit		**(41,751)**	(41,273)
		20,593	20,940
		24,838	24,204

Commitments *[note 12]*

Contingency *[note 16]*

See accompanying notes.

On behalf of the Board,

Jean Lamarre
Director

Claude Mc Master
Director

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

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

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

See accompanying notes.

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

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

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

See accompanying notes.

D-BOX Technologies Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

See accompanying notes.

1. DESCRIPTION OF BUSINESS

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation and statement of compliance

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

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

2.2 Basis of consolidation

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

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

2.3 Significant judgments and estimates

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

2.3.1 Judgments

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

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

2.3.2 Estimates

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

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

2.3.2.1 Property and equipment and intangible assets

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

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

2.3 Significant judgments and estimates [Cont'd]

2.3.2 Estimates [Cont'd]

2.3.2.2 Deferred tax assets and tax credits

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

2.4 Foreign currency translation

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

2.4.1 Foreign currency transactions

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

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

2.4.2 Translation of the subsidiary's financial statements

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

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

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

2.5 Cash and cash equivalents

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

2.6 Inventories

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

2.7 Property and equipment, intangible assets and other assets

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

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

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

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

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

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

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

2.8 Warranty provision

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

2.9 Share-based payment plan

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

2.10 Revenue recognition

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

2.10.1 Motion systems for industrial market clients

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

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

2.10 Revenue recognition [Cont'd]

2.10.2 Motion systems for entertainment market clients

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

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

[i] The delivered item has stand-alone value for commercial theatres, and

[ii] If the arrangement comprises a general right of return relative to the delivered item, performance of the undelivered item is deemed probable and is substantially in the control of the Corporation.

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

2.10.2.1 Lease and sale of motion systems

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

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

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

2.10 Revenue recognition [Cont'd]

2.10.2.2 Rights for use of motion technology and maintenance

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

2.11 Encoding costs

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

2.12 Research and development costs

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

2.13 Government assistance and investment tax credits

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

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

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

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

2.14 Income taxes

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

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

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

2.15 Earnings (loss) per share

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

2.16 Leases

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

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

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

2.17 Financial instruments

2.17.1 Classification, measurement and recognition

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

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

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

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

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

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

2.17 Financial instruments [Cont'd]

2.17.1 Classification, measurement and recognition [Cont'd]

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

2.17.2 Impairment

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

2.18 New accounting pronouncements

2.18.1 Adoption of new and revised standards

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

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

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

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

2.18 New accounting pronouncements [Cont'd]

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

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

2.18.2 Standards issued but not yet effective

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

- IFRS 9, *Financial Instruments* is required to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement categories in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

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

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

3. ACCOUNTS RECEIVABLE

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

4. INVENTORIES

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

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

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

5. PROPERTY AND EQUIPMENT

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

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

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

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

5. PROPERTY AND EQUIPMENT [Cont'd]

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

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

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

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

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

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

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

5. PROPERTY AND EQUIPMENT [Cont'd]

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

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

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

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

6. INTANGIBLE ASSETS

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

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

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

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

6. INTANGIBLE ASSETS [Cont'd]

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

[1] This amount is reduced by an $87 investment tax credit.

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

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

7. OTHER ASSETS

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

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

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 $	2014 $
Trade accounts payable	**1,701**	1,442
Accrued liabilities	**2,030**	1,575
Credit facility[1]	**36**	54
Income taxes	**19**	–
	3,786	3,071

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

9. EQUITY

9.1 *Share Capital*

9.1.1 Authorized

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

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

9.1.2 Issued

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

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

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

9. EQUITY [Cont'd]

9.2 *Share-based Payment Plan*

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

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

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

[i] The maximum number of Class A common shares in respect of which options may be outstanding at any time under the 2011 Plan, together with shares reserved for issuance or covered by stock options under all other share-based compensation arrangements of the Corporation, must not exceed 10% of the shares issued and outstanding at that time;

[ii] An option may be granted to an option holder under the 2011 Plan only if the total number of Class A common shares [a] that are issued in favour of the Corporation's "insiders" during any one-year period and [b] that may be issued in favour of such "insiders" at any time under the 2011 Plan or combined with all other share-based compensation agreements of the Corporation, does not exceed 10% of the total number of issued and outstanding Class A common shares;

[iii] The exercise price of options is determined by the Board of Directors at the time options are granted, but may not be less than the weighted-average price of all of the Class A common shares of the Corporation traded on the Toronto Stock Exchange during the five days immediately preceding the day on which the option is granted;

[iv] The vesting period in respect of options is determined by the Board of Directors at the time options are granted. If the vesting pattern is not established at the time an option is granted, such option will be deemed to vest over a period of 36 months in three equal instalments of 33⅓% vesting at 12-month intervals;

[v] Options expire on the date set by the Board of Directors at the time options are granted, which date may not be more than 10 years after the grant date.

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

9. EQUITY [Cont'd]

9.2 Share-based Payment Plan [Cont'd]

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

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

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

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

The fair value of the options granted during fiscal 2015 and 2014 was estimated at the date of grant using the Black-Scholes option pricing model based on the following assumptions for 2015: 1,65% weighted average risk-free interest rate [1.65% in 2014]; no dividends; 85.91% weighted average volatility factor of the expected market price of the Corporation's shares [92.15% in 2014]; 3,69% weighted average forfeiture rate [3.89% in 2014]; $0.27 weighted average share price [$0.18 in 2014]; and a 5.8 year expected weighted average option life [5.7 years in 2014]. The expected life of stock options is based on historical data and is not necessarily indicative of exercise patterns that might occur. The expected volatility reflects the assumption that historical volatility over a term similar to the option term is indicative of future trends, which might not be the case. The weighted average of the estimated fair values at the grant date of the options awarded during the year is $0.19 per option [$0.13 per option in 2014], amortized through income over the vesting periods of the options. For the year ended March 31, 2015, the share-based compensation expense charged to income amounted to $409 [$617 in 2014] with a corresponding amount recognized under share-based payment reserve.

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

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

10.1 Cost of goods sold and other expenses

Cost of goods sold and other expenses include:

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

10.2 Revenue allocation

Revenues are geographically allocated as follows:

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

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

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

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

10.3 Cost of goods sold excluding amortization

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

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

10.4 Selling and marketing

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

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

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

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

10.5 Administration

The key components of administrative expenses are detailed as follows:

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

10.6 Research and development

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

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

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

10.7 Related Party Transactions

Key Management Personnel Compensation

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

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

11. INCOME TAXES

11.1 Current income taxes

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

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

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

11. INCOME TAXES [Cont'd]

11.2 Deferred income taxes

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

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

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

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

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

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

11. INCOME TAXES [Cont'd]

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

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

12. COMMITMENTS

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

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

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

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

13. CAPITAL MANAGEMENT

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

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

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

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

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

14. FINANCIAL INSTRUMENTS

14.1 Interest rate risk

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

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

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

14. FINANCIAL INSTRUMENTS [Cont'd]

14.2 Credit risk

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

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

14.3 Foreign exchange risk

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

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

14. FINANCIAL INSTRUMENTS [Cont'd]

14.4 Liquidity risk

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

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

15. ECONOMIC DEPENDENCE

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

16. CONTINGENCY

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

17. SUBSEQUENT EVENT

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