Data Deposit Box Inc.

(formerly Coltrane Technologies Inc.)

Unaudited Interim Condensed Consolidated Financial Statements

For the Three and Nine Month Periods Ended September 30, 2015 and 2014

(expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Data Deposit Box Inc., (formerly Coltrane Technologies Inc.), (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Companyôs affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Tim Jewell	Marco Guidi
Chief Executive Officer	Chief Financial Officer

NOTICE TO READER
The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated statements for the three and nine month periods ended September 30, 2015 and 2014 have not been reviewed by the Company's auditors.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Unaudited Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at,	**September 30, 2015** **$**	December 31, 2014 $
ASSETS		
Current		
Cash and cash equivalents (note 5)	**1,052,752**	427,400
Accounts receivable (note 7)	**99,449**	111,153
Taxes receivable (note 8)	**225,754**	10,055
Investment tax credits receivable (note 19)	**74,026**	120,000
Prepaid expenses	**52,153**	48,444
	1,504,134	717,052
Promissory note receivable (note 6)	**-**	244,842
Property and equipment (note 9)	**2,695,742**	3,042,139
Intangible assets (note 10)	**371,249**	671,103
	4,571,125	4,675,136
LIABILITIES AND EQUITY		
Current		
Trade and other payables (notes 11 and 12)	**761,412**	374,511
Unearned revenue	**192,178**	102,401
Current portion of finance lease obligations (note 20)	**232,934**	804,461
Long-term portion of finance lease obligations due on demand (note 20)	**-**	1,062,658
Demand loan (note 21)	**1,066,667**	-
	2,253,191	2,344,031
Finance lease obligations (note 20)	**207,729**	361,908
	2,460,920	2,705,939
Equity		
Share capital (note 14)	**6,646,207**	3,565,115
Reserve for share-based payments (note 16)	**1,595,525**	985,525
Reserve for warrants (note 17)	**1,192,845**	621,000
Deficit	**(7,324,372)**	(3,202,443)
	2,110,205	1,969,197
	4,571,125	4,675,136

Nature of operations and going concern *(note 1)*
Commitments and contingencies *(note 18)*

On behalf of the Board of Directors on November 30, 2015:

(ñsignedò)
Troy Cheeseman
Director

(ñsignedò)
Tim Jewell
Director

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Data Deposit Box Inc. **(formerly Coltrane Technologies Inc.)**
Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended September 30, 2015	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
	$	$	**$**	$
Revenue	**1,100,772**	1,183,573	**3,385,790**	3,762,752
Cost of sales				
Data center	**328,644**	280,226	**1,024,820**	889,809
Amortization (note 10)	**112,579**	113,391	**336,514**	344,273
Wages and benefits	**22,963**	20,380	**69,492**	104,709
Commissions	**104,432**	115,621	**332,009**	393,687
Merchant fees	**48,392**	42,572	**138,983**	151,887
Total cost of sales	**617,010**	572,190	**1,901,818**	1,884,365
Gross margin	**483,762**	611,383	**1,483,972**	1,878,387
Operating expenses				
Sales and marketing	**117,826**	15,262	**351,547**	84,429
Management salaries (note 12)	**43,575**	87,665	**122,249**	311,226
General and administrative	**145,692**	74,086	**318,025**	208,991
Professional fees	**165,053**	50,857	**566,797**	136,250
Shareholder information	**171,500**	-	**283,567**	-
Wages and benefits (note 12)	**395,752**	277,595	**1,003,466**	852,901
Depreciation (note 9)	**157,476**	167,907	**466,111**	501,861
Share-based payments (note 15 and 17)	**82,000**	683,500	**610,000**	871,000
Total expenses	**1,278,874**	1,356,872	**3,721,762**	2,966,658
Loss before interest expense, gain (loss) on foreign exchange, listing costs and income taxes	**(795,112)**	(745,489)	**(2,237,790)**	(1,088,271)
Other income (expense)				
Listing costs (note 12 and 13)	**-**	-	**(1,827,348)**	-
Interest expense	**(23,317)**	(58,363)	**(84,647)**	(105,065)
Gain (loss) on foreign exchange	**22,427**	6,560	**27,856**	(8,561)
Net loss and comprehensive loss	**(796,002)**	(797,292)	**(4,121,929)**	(1,201,897)
Loss per share - basic and diluted	**(0.03)**	(0.05)	**(0.16)**	(0.07)
Weighted average number of common shares outstanding - basic and diluted	**28,843,915**	16,474,410	**25,346,216**	16,474,410

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Unaudited Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital					
	Number of shares*	**Amount**	**Reserve for share-based payments**	**Reserve for warrants**	**Retained earnings (deficit)**	**Total**
Balance at December 31, 2013	**16,474,410**	**$ 3,565,115**	**$ 674,025**	**$ -**	**$ (1,941,903)**	**$ 2,297,237**
Share-based payments	-	-	250,000	-	-	250,000
Compensation warrants issued	-	-	-	621,000	-	621,000
Net loss and comprehensive loss for the period	-	-	-	-	(1,201,897)	(1,201,897)
Balance at September 30, 2014	**16,474,410**	**$ 3,565,115**	**$ 924,025**	**$ 621,000**	**$ (3,143,800)**	**$ 1,966,340**
Shares issued for services	49,998	-	-	-	-	-
Share-based payments	-	-	61,500	-	-	61,500
Net loss and comprehensive loss for the period	-	-	-	-	(58,643)	(58,643)
Balance at December 31, 2014	**16,524,408**	**$ 3,565,115**	**$ 985,525**	**$ 621,000**	**$ (3,202,443)**	**$ 1,969,197**
Shares and warrants notionally issued for reverse acquisition (Note 13)	12,021,898	2,765,037	-	785,000	-	3,550,037
Exercise of warrants	365,000	102,900	-	-	-	102,900
Reserve transferred on exercise of warrants	-	213,155	-	(213,155)	-	-
Share-based payments	-	-	610,000	-	-	610,000
Net loss and comprehensive loss for the period	-	-	-	-	(4,121,929)	(4,121,929)
Balance at September 30, 2015	**28,911,306**	**$ 6,646,207**	**$ 1,595,525**	**$ 1,192,845**	**$ (7,324,372)**	**$ 2,110,205**

* Number of shares outstanding reflects the six for one share consolidation on March 2, 2015 of the Companyʹs issued and outstanding shares

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	$	$
Operating activities		
Net loss for the period	**(4,121,929)**	(1,201,897)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of intangible assets	**336,514**	344,273
Depreciation of property and equipment	**466,111**	501,861
Share-based payments	**610,000**	871,000
Non-cash listing costs	**1,614,861**	-
Changes in non-cash working capital		
Accounts receivable	**11,704**	(25,148)
Promissory notes receivable	**244,842**	(8,744)
Prepaid expenses	**87,791**	69,512
Investment tax credits receivable	**45,974**	146,384
Taxes receivable	**(100,852)**	17,564
Unearned revenue	**89,777**	72,576
Trade and other payables	**77,936**	(220,395)
Cash (used in) provided from operating activities	**(637,271)**	566,986
Financing activities		
Proceeds from exercise of warrants	**102,900**	-
Repayment of finance lease obligations	**(721,697)**	(544,635)
Cash used in financing activities	**(618,797)**	(544,635)
Investing activities		
Purchase of property, plant and equipment	**(156,374)**	(33,811)
Net cash acquired from reverse acquisition	**2,037,794**	-
Cash provided from investing activities	**1,881,420**	(33,811)
Increase (decrease) in cash and cash equivalents	**625,352**	(11,460)
Cash and cash equivalents, beginning of period	**427,400**	523,783
Cash and cash equivalents, end of period	**1,052,752**	512,323

Supplementary Information		
Interest paid	**71,704**	114,341
Income tax paid (recovered)	**-**	-

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Data Deposit Box Inc. (ñData Deposit Boxò or ñthe Companyò), formerly Coltrane Technologies Inc., was was incorporated in the province of British Columbia on September 16, 2014. The Companyôs head office is located at 1 Eglinton Avenue East, Suite 407, Toronto, ON, M4P 3A1.

Acpana Business Systems Inc. (ñAcpanaò) was incorporated under the laws of Ontario on December 4, 2002. On March 18, 2015, Acpana completed a reverse takeover transaction of Data Deposit Box. For accounting purposes, Acpana is considered the acquirer and Data Deposit Box, the acquired company. Additional information on the transaction is available in note 13.

The Company is engaged in the development and operation of off-site computer data storage facilities and other business computer applications for commercial business customers.

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company has a net loss for the nine month period ended September 30, 2015 of $4,121,929 (2014 - $1,201,897) and negative cash flows from operating activities of $637,271 (2014 - $566,986 positive cash flow). In addition, the Company has an accumulated deficit of $7,324,372 (December 31, 2014 - $3,202,443) and a working capital deficiency of $749,057 (December 31, 2014 - $1,626,979 working capital deficiency) and is currently in breach of its debt covenants (note 21). These conditions indicate the existence of material uncertainties which may cast significant doubt about the Companyôs ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations and/or restructure the existing debt and payables. These unaudited interim condensed consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (ñIASò) 34 óInterim Financial Reportingô (ñIAS 34ò) using accounting policies consistent with the International Financial Reporting Standards (ñIFRSò) issued by the International Accounting Standards Board (ñIASBò) and Interpretations of the IFRS Interpretations Committee (ñIFRICò).

2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on November 30, 2015.

The notes herein include only significant transactions and events occurring since the Companyös last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Companyös most recent annual audited financial statements for the year ended December 31, 2014.

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates and judgments relate to the calculation of share-based payments, valuation of deferred income tax amounts, determination of functional currency, and the recoverability of taxes receivable including accrual of scientific research and experimental development (SR&ED) tax credits. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

Calculation of share-based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share-based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Income taxes

Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the asset and liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the consolidated statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

2. BASIS OF PREPARATION (continued)

2.3 Use of management estimates, judgments and measurement uncertainty (continued)

Functional currency

The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in Canada and the United States, and sources of equity financing.

Taxes receivable

Taxes receivable are related to research and development credits and are based on estimated expenditures spent on research and development before the detailed claim is calculated. Taxes receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

2.4Adoption of new and revised standards and interpretations

New standards and interpretations to be adopted in future periods

ÅIFRS 9 ï Financial Instruments (ñIFRS 9ò) was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (ñIAS 39ò). Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristic of their cash flows. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its condensed consolidated interim financial statements.

ÅIFRS 15 *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entityôs first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company intends to adopt the standard on its effective date and has not yet determined the impact on its financial statements.

ÅIn December 2014, the IASB issued amendments to IAS 1 ï Presentation of Financial Statements (ñIAS 1ò) to improve the effectiveness of presentation and disclosure in financial reports with the objective of reducing immaterial note disclosure. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company has not yet determined the impact of the amendments on its financial statements.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserve accounts, and accumulated deficit which at September 30, 2015 totaled $2,110,205 (December 31, 2014 - $1,969,197).

Data Deposit Box manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operations. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the nine month period ended September 30, 2015.

The Company is subject to various covenants on its demand loan, including current ratio, fixed charge coverage ratio and debt ratios. See note 21 for details.

4. FAIR VALUE AND FINANCIAL RISK FACTORS

Fair value of financial instruments

The Company has designated its cash and cash equivalents as FVTPL which are measured at fair value. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as a Level one measurement in the following hierarchy:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.
- Level Three includes inputs that are not based on observable market data.

As at September 30, 2015, and December 31, 2014, the carrying and fair value amounts of the Company's receivables and trade and other payables are approximately equivalent. The fair value of the Companyɠs promissory note approximates its carrying value as the interest rate of prime plus 2% is commensurate with estimated borrowing rates for loans with similar terms and conditions.

4. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and promissory note receivable. Cash and cash equivalents consist of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to financial instruments included in cash and cash equivalents, accounts receivable and promissory note receivable is minimal. The Company's maximum exposure to credit risk as at September 30, 2015 and December 31, 2014 is the carrying value of receivables and the promissory note receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had current assets of $1,504,134 (December 31, 2014 - $717,052) to settle current liabilities of $2,253,191 (December 31, 2014 - $2,344,031) resulting in a working capital deficiency of $749,057 (December 31, 2014 - $1,626,979 working capital deficiency). The Company manages liquidity risk through regular monitoring of forecasted and actual cash flows (see note 1).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and the prices of commodities and equities.

Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term guaranteed investment certificates issued by banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its investments. As at September 30, 2015, the Company had cash and cash equivalents of $1,052,752 (December 31, 2014 - $427,400). Interest rate risk on the promissory notes is not considered significant as at September 30, 2015 and December 31, 2014.

Foreign currency risk

The Company's activities are conducted in Canada and the USA. Major purchases are transacted in Canadian and US dollars. Administrative expenditures and cash and cash equivalents balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk. The Company mitigates the risk of foreign currency fluctuations by converting Canadian currency to US dollars when required to fund expenditures.

4. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the next 12-month period:

(i) Interest rate risk is limited to cash and cash equivalents balances, primarily held in Canadian and US dollars in Canada.

(ii) The Companyѻs subsidiary holds financial assets and liabilities in US dollars that give rise to foreign exchange risk. If the US dollar rose or fell in relation to the Canadian dollar by 5% with all other variables held constant, net loss for the nine month period ended September 30, 2015 would have been less than $4,000 higher/lower.

5. CASH AND CASH EQUIVALENTS

The balance at September 30, 2015 consists of cash on deposit with major Canadian and US banks in general interest bearing accounts totaling $837,752 (December 31, 2014 - $427,400) and cash held in trust with the Companyѻs lawyer of $215,000 (December 31, 2014 - $nil) for total cash and cash equivalents of $1,052,752 (December 31, 2014 - $427,400).

6. PROMISSORY NOTES RECEIVABLE

The promissory note receivable balance relates to loans given to shareholders of the Company.

	As at,	
	September 30, 2015	December 31, 2014
	$	$
World Wide Pants Inc.	**-**	244,842
	-	244,842

The promissory note receivable bore interest at a rate of the greater of (a) prime rate plus 2% and (b) 5% per annum. The promissory note was secured by shares of Data Deposit Box owned by the note holder and by personal guarantee given by the above entity.

The promissory note was repayable at the dates and to the extent provided for in the share pledge agreement entered into between the entity and the Company. During the nine month period ended September 30, 2015, the promissory note was fully repaid.

Interest income recognized in connection with the promissory note receivable for the nine month period ended September 30, 2015 was $158 (2014 - $5,830)

(Expressed in Canadian dollars)

7. ACCOUNTS RECEIVABLE

The Companyĝs accounts receivable arise from amounts due from customers and are outstanding as follows:

	As at,	
	September 30, 2015	December 31, 2014
	$	$
1 ï 30 days	**85,621**	52,799
30 ï 60 days	**-**	53,448
60 ï 90 days	**2,362**	1,297
Over 90 days	**11,466**	3,609
Total accounts receivable	**99,449**	111,153

At September 30, 2015, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4. The Company holds no collateral for any receivable amounts outstanding as at September 30, 2015 and December 31, 2014. As at September 30, 2015 receivables past due but not impaired are $13,828 (December 31, 2014 - $4,906).

8. TAXES RECEIVABLE

The Companyĝs taxes receivable is comprised of harmonized sales tax (ñHSTò) due from the Canadian government.

At September 30, 2015, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4. The Company holds no collateral for any receivable amounts outstanding as at September 30, 2015 and December 31, 2014.

(Expressed in Canadian dollars)

9. PROPERTY AND EQUIPMENT

	Computer Servers	Computer Hardware	Computer Leases	Office Furniture & Equipment	Total
	$	$	$	$	$
Cost					
As at December 31, 2013	**352,143**	**766,631**	**5,196,361**	**41,476**	**6,356,611**
Additions	36,234	-	392,608	-	428,842
Disposals	-	-	-	-	-
As at December 31, 2014	**388,377**	**766,631**	**5,588,969**	**41,476**	**6,785,453**
Additions	119,714	-	-	-	119,714
Disposals	-	-	-	-	-
As at September 30, 2015	**508,091**	**766,631**	**5,588,969**	**41,476**	**6,905,167**
Accumulated depreciation					
As at December 31, 2013	**252,838**	**609,017**	**2,187,261**	**23,909**	**3,073,025**
Additions	28,747	23,542	615,122	2,878	670,289
Disposals	-	-	-	-	-
As at December 31, 2014	**281,585**	**632,559**	**2,802,383**	**26,787**	**3,743,314**
Additions	18,106	18,314	427,964	1,727	466,111
Disposals	-	-	-	-	-
As at September 30, 2015	**299,691**	**650,873**	**3,230,347**	**28,514**	**4,209,425**
Net Book Value					
As at December 31, 2013	99,305	157,614	3,009,100	17,567	3,283,586
As at December 31, 2014	106,792	134,072	2,786,586	14,689	3,042,139
As at September 30, 2015	**208,400**	**115,758**	**2,358,622**	**12,962**	**2,695,742**

(Expressed in Canadian dollars)

10. INTANGIBLE ASSETS

	Software	Trademarks & Patents	Acquired Software	Website	Total
	$	$	$	$	$
Cost					
As at December 31, 2013	**1,127,855**	**55,310**	**1,470,000**	**78,433**	**2,731,598**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at December 31, 2014	**1,127,855**	**55,310**	**1,470,000**	**78,433**	**2,731,598**
Additions	36,660	-	-	-	36,660
Disposals	-	-	-	-	-
As at September 30, 2015	**1,164,515**	**55,310**	**1,470,000**	**78,433**	**2,768,258**
Accumulated depreciation					
As at December 31, 2013	**659,718**	**35,107**	**840,303**	**67,702**	**1,602,830**
Additions	160,787	6,803	286,856	3,219	457,665
Disposals	-	-	-	-	-
As at December 31, 2014	**820,505**	**41,910**	**1,127,159**	**70,921**	**2,060,495**
Additions	116,535	5,102	212,464	2,413	336,514
Disposals	-	-	-	-	-
As at September 30, 2015	**937,040**	**47,012**	**1,339,623**	**73,334**	**2,397,009**
Net Book Value					
As at December 31, 2013	468,137	20,203	629,697	10,731	1,128,768
As at December 31, 2014	307,350	13,400	342,841	7,512	671,103
As at September 30, 2015	**277,475**	**8.298**	**130,377**	**5,099**	**371,249**

11. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to property and equipment and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is approximately 30 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	September 30, 2015	December 31, 2014
	$	$
Less than 1 month	**321,965**	282,216
1 - 3 months	**36,528**	9,465
Over 3 months	**402,919**	82,830
Total trade and other payables	**761,412**	374,511

(Expressed in Canadian dollars)

12. RELATED PARTIES AND KEY MANAGEMENT

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	Nine month ended September 30, 2015	Nine months ended September 30, 2014
Balances:		
Short-term employee benefits	**$ 613,000**	$ 323,000
Share-based payments - options	**332,000**	-
Total compensation to key management	**$ 945,000**	$ 323,000

The Company provided a loan through a promissory note to Tim Jewell through his Company World Wide Pants, a shareholder. As at September 30, 2015, $nil (December 31, 2014 - $244,842) is receivable under the promissory note. See note 6 for details.

At September 30, 2015, included in trade and other payables is $379,000 (December 31, 2014 - $nil) due to these key management personnel with no specific terms of repayment.

13. REVERSE TAKEOVER TRANSACTION

On March 18, 2015 the Company completed an amalgamation with Acpana and 2441043 Ontario Inc. (ñ2441043ò) whereby each shareholder of Acpana and 2441043 received a common share of Data Deposit Box Inc. (the ñAmalgamationò). The Transaction resulted in Acpana and 2441043 becoming wholly-owned subsidiaries of Data Deposit Box.

The transaction has been accounted for as a reverse acquisition in accordance with guidance provided in IFRS 2 ñShare-based Paymentsò. As Data Deposit Box did not qualify as a business according to the definition in IFRS 3 ñBusiness Combinationsò, this reverse acquisition transaction does not constitute a business combination; rather, it is equivalent to the issuance of shares by the non-public operating entity, Acpana, for the net assets and the listing status of the non-operating public company, Data Deposit Box. As a result, the Transaction is accounted for as a capital transaction, with Acpana being identified as the accounting acquirer and the equity consideration provided by Acpana being measured at fair value. The fair value of the shares issued was determined based on the fair value of the common shares issued by 2441043 as part of private placements to fund the continuing entity that were completed by 2441043 prior to the reverse takeover. The resulting consolidated statement of financial position was presented as a continuance of Acpanaôs operations and the comparative figures presented before the Transaction are those of Acpana. The results of operations, the cash flows, and the assets and liabilities of 2441043 and Data Deposit Box have been included in these consolidated financial statements since March 18, 2015, the Transaction date.

(Expressed in Canadian dollars)

13. REVERSE TAKEOVER TRANSACTION (continued)

Immediately prior to the Transaction each common share of Acpana was subdivided on a six for one basis. The resulting 12,021,898 common shares owned by the shareholders of Data Deposit Box and 2441043 as at the Transaction Date and the resulting 11,993,858 warrants to purchase common shares were considered a deemed issue of common shares and warrants by Acpana to acquire the net assets of Data Deposit Box and 2441043. In accordance with IFRS 2, the excess of the fair value of the common shares issued by Acpana over the value of the net assets of Data Deposit Box and 2441043 was recognized in the consolidated statements of loss and comprehensive loss, as listing costs.

Each of the stock options and warrants to purchase common shares of Acpana and 2441043 were exchanged and retain all original terms but are now exercisable for one common share of the Company. After closing of the Transaction, the name of the Company was changed to Data Deposit Box Inc.

Consideration:		
12,021,898 shares (Note 14(ii))	$	2,765,037
11,993,858 warrants (Note 17)		785,000
Total consideration		3,550,037
Net assets acquired:		
Cash and cash equivalents	$	2,037,794
Accounts receivable		114,847
Prepaid expenses		91,500
Accounts payable and accrued liabilities		(308,965)
		1,935,176
Excess attributed to cost of listing		1,614,861
Total	$	3,550,037
Listing costs:		
Excess attributed to cost of listing	$	1,614,861
Professional fees and other		212,487
	$	1,827,348

(Expressed in Canadian dollars)

14. SHARE CAPITAL

The following details the share capital of Data Deposit Box:

	Number of Shares	Amount $
Balance – January 1, 2014	**2,745,735**	**3,565,115**
Shares issued for services	8,333	-
Balance – December 31, 2014	**2,754,068**	**3,565,115**
Share split 6:1 (i)	13,770,340	-
Balance – March 18, 2015	**16,524,408**	**3,565,115**
Shares issued on reverse takeover transaction (ii)	12,021,898	2,765,037
Exercise of warrants	365,000	102,900
Reserve transferred on exercise of warrants	-	213,155
Balance – September 30, 2015	**28,911,306**	**6,646,207**

(i) On March 18, 2015, immediately prior to the Amalgamation each common share of Acpana was subdivided on a six for one basis.

(ii) On March 18, 2015, as part of the reverse takeover transaction (note 13) the Company notionally issued 12,021,898 common shares to former Data Deposit Box and 2441043 shareholders. The fair value of $2,765,037 was assigned to the common shares based on the fair value attributed to the shares issued in the private placements completed by 2441043 prior to the amalgamation as part of funding of the newly amalgamated company.

15. STOCK OPTIONS

The Company has a stock option plan (the ñPlanò) under which the Company may grant options to directors, officers, employees and consultants. The maximum number of common shares reserved for issue under the Plan at any point in time may not exceed 20% of the number of shares issued and outstanding. The purpose of the Plan is to attract, retain and motivate directors, officers, employees, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. Options granted under the Plan are non-assignable and vest over various terms up to 3 years from the date of grant. As at September 30, 2015, the Company had 732,261 (December 31, 2014 ï 224,147) options available for issuance under the Plan.

(Expressed in Canadian dollars)

15. STOCK OPTIONS (continued)

The continuity of outstanding stock options for the nine month period ended September 30, 2015 and year ended December 31, 2014 is as follows:

	Number of stock options	**Weighted average exercise price per share $**
Balance – December 31, 2013 and December 31, 2014	**325,000**	**4.67**
Granted	5,250,000	0.31
Expired/Cancelled	(525,000)	3.08
Balance – September 30, 2015	**5,050,000**	**0.30**

<u>Share-based payments:</u>

Nine month period ended September 30, 2015

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the stock options issued during the nine month period ended September 30, 2015:

Grant date	**March 27, 2015**	**March 27, 2015**	**March 27, 2015**	**Total**
No. of options	2,270,000	200,000	2,780,000	5,250,000
Exercise price	$ 0.30	$ 0.50	$ 0.30	
Expected life in years	5	5	5	
Volatility	100%	100%	100%	
Risk-free interest rate	0.79%	0.79%	0.79%	
Dividend yield	-	-	-	
Vesting	immediately	immediately	10% immediately, and 15% every 6 months thereafter	
Fair value of options granted	$ 368,000	$ 29,000	$ 451,000	$ 848,000
Share-based payments recognized in profit or loss	$ 368,000	$ 29,000	$ 213,000	$ 610,000

Volatility was estimated based on comparable companies.

(Expressed in Canadian dollars)

15. STOCK OPTIONS (continued)

Year ended December 31, 2014

No stock options were granted during the year ended December 31, 2014. Vesting of options issued during the year ended December 31, 2013 resulted in share-based payment expense of $311,500 being recognized for the year ended December 31, 2014. On July 18, 2014, the Company issued 898,818 share purchase warrants to a company for services provided; the vesting of share purchase warrants resulted in share-based payment expense of $621,000, for a total share-based payment expense of $932,500 for the year ended December 31, 2014.

The weighted average grant date fair value of options granted during the nine month period ended September 30, 2015 was $0.16 (Year ended December 31, 2014 - $nil) per option issued.

The following table provides additional information about outstanding stock options at September 30, 2015:

	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
$ 0.30	5,050,000	4.49	$ 0.30	2,965,000	$ 0.30
$ 0.30	5,050,000	4.49	$ 0.30	2,965,000	$ 0.30

16. RESERVE FOR SHARE-BASED PAYMENTS

A summary of the changes in the Companyǿs reserve for share-based payments for the nine month period ended September 30, 2015 and year ended December 31, 2014 is set out below:

	Amount $
Balance – December 31, 2013	**674,025**
Share-based payments	311,500
Balance – December 31, 2014	**985,525**
Share-based payments	610,000
Balance – September 30, 2015	**1,595,525**

(Expressed in Canadian dollars)

17. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the nine month period ended September 30, 2015 and the year ended December 31, 2014:

	Number of Warrants	**Amount $**
Balance – December 31, 2013	**-**	**-**
Compensation warrants issued (i)	898,818	621,000
Balance – December 31, 2014	**898,818**	**621,000**
Compensation warrants issued on reverse takeover transaction (ii)	11,993,858	785,000
Exercise of warrants	(365,000)	(213,155)
Balance – September 30, 2015	**12,527,676**	**1,192,845**

(i) On July 18, 2014 the Company issued 898,818 share purchase warrants to a company for services provided. Each warrant entitles the holder to acquire a common share of Data Deposit Box at a price of $0.28. These warrants expire on December 2, 2016.

The warrants have a fair value of $621,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	1,04%	Expected volatility	79%
Dividend yield	nil	Expected life	28 months

(ii) As part of the reverse takeover transaction as described in note 13, the Company valued 11,993,858 warrants which were deemed issued on acquisition.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the warrants issued on acquisition:

	Warrants	**Warrants**	**Broker Warrants**	**Broker Warrants**	**Total**
No. of warrants	9,502,898	1,500,000	495,480	495,480	11,993,858
Exercise price	$ 0.50	$ 0.30	$ 0.30	$ 0.50	
Expected life in years	1.5	1.5	1.5	1.5	
Volatility	100%	100%	100%	100%	
Risk-free interest rate	0.48%	0.48%	0.48%	0.48%	
Dividend yield	-	-	-	-	
Fair value of warrants	$ 575,000	$ 135,000	$ 45,000	$ 30,000	$ 785,000

(Expressed in Canadian dollars)

17. RESERVE FOR WARRANTS (continued)

Warrants to purchase common shares carry exercise prices and terms to maturity as follows:

	Exercise price	Number of outstanding exercisable warrants	Expiry date
	$		
Warrants	0.28	598,818	December 2, 2016
Warrants	0.50	9,542,898	September 18, 2016
Warrants	0.30	1,475,000	September 18, 2016
Broker Warrants*	0.30	455,480	September 18, 2016
Broker Warrants**	0.50	455,480	September 18, 2016
Total		12,527,676	

* These are broker warrants which are issuable for one common share and one purchase share warrant
** To be issued upon exercise of broker warrants

18. COMMITMENTS AND CONTINGENCIES

In addition to the capital lease payments as described in note 20, as at September 30, 2015 the Company has future minimum lease payments for office premises of $46,373 (December 31, 2014 - $91,471). The current office lease agreement expires in 2015.

19. PRODUCT DEVELOPMENT COSTS

Costs associated with the development of new products and processes are expensed as incurred unless capitalization is required under IAS 38. The related investment tax credits reduce the costs to which they are associated, salaries and wages, in the years these credits are recorded in the unaudited interim condensed consolidated statement of loss and comprehensive loss. In 2014, $179,000 was recognized. The Company has $170,000 (2014 - $170,000) of unused investment tax credits available for use in future years; these investment tax credits have not been recognized on the unaudited interim condensed consolidated statement of financial position as the Company utilizes the taxes payable method.

	As at,	
	September 30, 2015	December 31, 2014
	$	$
Investment tax credits receivable	**74,026**	120,000

(Expressed in Canadian dollars)

20. FINANCE LEASE OBLIGATIONS

The Company leases certain computer hardware under finance leases. The future minimum lease payments under finance leases as at September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015	December 31, 2014
Total minimum lease payments	**$ 458,547**	$ 2,625,744
Less: amount representing interest	**(17,884)**	(396,717)
Finance lease obligation	**440,663**	2,229,027
Less: current portion	**(232,934)**	(804,461)
Less: long term portion due on demand	**-**	(1,062,658)
	$ 207,729	$ 361,908

As at June 30, 2015, future minimum lease payments by year, and in the aggregate, are as follows:

2015	**79,108**
2016	**237,111**
2017	**142,328**
2018	**-**
Totals	**$ 458,547**

The finance leases are for computer hardware and are issued at a rate of interest of between 2.25% and 5.50% and mature between 2014 and 2018. During the nine month period ended September 30, 2015 $71,704 (2014 - $114,341) of interest from finance leases was charged to operations.

As at September 30, 2015, out of the total finance lease obligation outstanding $nil (December 31, 2014 - $1,537,978) is held under a credit facility with the Bank of Nova Scotia. On October 30, 2013 the Company was notified by the bank that it was in default of its debt service ratio covenant. Effective December 13, 2013 the Company and the bank entered into a forbearance agreement whereby it was agreed all amounts due under the credit facility are repayable on demand. As a result, the long-term portion of the finance lease obligation was presented in current liabilities as at December 31, 2014.

On March 27, 2015 Data Deposit Box entered into an extension to the forbearance agreement with a new expiry date of June 26, 2015 with the condition, which was fulfilled, that the Company deposit $1.5 million in a separate account with the Bank of Nova Scotia to fully secure all outstanding debts to the bank. On May 27, 2015, the Company refinanced its debt with the Bank of Nova Scotia with financing from the Bank of Montreal and all of the debt to the Bank of Nova Scotia was retired and the cash held on deposit was released to the Company.

21. DEMAND LOAN

On May 27, 2015, the Company refinanced its debt with the Bank of Nova Scotia (see note 20) with financing from the Bank of Montreal and all of the debt to the Bank of Nova Scotia was retired and the cash held on deposit was released to the Company.

The Bank of Montreal debt includes a demand loan for $1.2 million to be amortized over 36 months with interest at prime + 3.0%. In addition, there is an operating demand loan which bears interest at prime + 2.5%. Both of these loan facilities are 50% secured under the EDC Export Guarantee Program and also by a General Security Agreement. As at September 30, 2015, the outstanding balance on the demand loan amounts to $1,066,667 (December 31, 2014 - $nil).

The demand loan is secured by a general security agreement, assigning security interest in all or any property of the Company owned or subsequently acquired.

Under the terms of the facility letter (the ñfacility letterò) governing the loans from the Lender, the Companyôs EBITDA is required to be more than 2.50 times the senior funded debt or 3 times the total funded debt. The Company must also maintain a *current ratio* (current assets (excluding future income tax, amounts due from shareholders / directors / officers / connected or related companies and intangibles, all as determined by the Lender) divided by current assets) of at least 1.25:1 and a *fixed charge coverage ratio* (ñcashflow available for debt servicingò (as defined below) divided by the aggregate of fixed principal repayments and cash interest expenses payable in respect of the total funded debt) of at least 1.06:1 as at the interim financial periods ended June 30 and September 30 2015, and at least 1.25:1 as at the financial year ended December 31, 2015. ñCashflow available for debt financingò is defined in the facility letter as EBITDA less cash taxes paid or payable in that period, less unfunded capex, less unfunded share repurchase and less dividends paid less capitalized research and development, plus any non-cash share based payments.

The definition of EBITDA in facility letter carves out any extraordinary or unusual non-recurring items (to be agreed upon by the Lender for the applicable period). As at September 30, 2015, the Company was not in compliance with the ratios and has commenced discussions with the Lender on how the shortfalls will be rectified.