

**CANADIAN DATA PRESERVE, INC.**

**Condensed Interim Financial Statements**

**For the 6 Month Period Ended November 30, 2011**

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**NOTICE TO READER**

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**NO Auditor Review of the Interim  
Financial Statements**

The accompanying unaudited interim financial statements of Canadian Data Preserve Inc. ("the Company"), for the six month period ended November 30, 2011 have been prepared by management and have not been the subject of a review by the Company's external independent auditor.

***Canadian Data Preserve, Inc.***

Vancouver, British Columbia  
January 23, 2012

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Financial Position**  
**November 30, 2011**

<b>ASSETS</b>	<b>November 30, 2011</b>	<b>May 31, 2011</b>	<b>June 1, 2010</b>
<b>CURRENT</b>			
Cash	-	8,606	-
Accounts receivable	5,000		
Taxes receivable	2,378	2,126	-
	<u>7,378</u>	<u>10,732</u>	<u>-</u>
 <b>INVESTMENT (Note 8)</b>	 <u>500,000</u>	 <u>500,000</u>	 <u>-</u>
	<u><b>\$ 507,378</b></u>	<u><b>\$ 510,732</b></u>	<u><b>\$ -</b></u>
 <b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	39,496	11,403	-
 <b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital (Note 5)	275,000	275,000	-
Contributed surplus	361,117	361,117	-
Deficit	(168,235)	(136,788)	-
	<u>467,882</u>	<u>499,329</u>	<u>-</u>
	<u><b>\$ 507,378</b></u>	<u><b>\$ 510,732</b></u>	<u><b>\$ -</b></u>

**ON BEHALF OF THE BOARD**

    "Brian Cameron" Director  
    "Charles Bowen" Director

**CANADIAN DATA PRESERVE INC.**

**Condensed Statement of Deficit**

**November 30, 2011**

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	<b>November 30, 2011</b>	<b>May 31, 2011</b>
<b>DEFICIT - BEGINNING OF YEAR</b>	<b>\$ (136,788)</b>	<b>-</b>
<b>NET LOSS FOR THE YEAR</b>	<b>(31,447)</b>	<b>(136,788)</b>
<b>DEFICIT - END OF YEAR</b>	<b><u>\$ (168,235)</u></b>	<b><u>\$ (136,788)</u></b>

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Comprehensive Loss**  
**November 30, 2011**

	For the 3 months ended		For the 6 months ended	
	November 30, 2011	2010	November 30, 2011	2010
<b>EXPENSES</b>				
Consulting fees	10,500	-	10,500	
Office	161	-	995	-
Professional fees	4,240	-	9,554	-
Transfer agent and filing fees	5,368	-	9,899	-
Travel	499	-	499	
<b>TOTAL EXPENSES</b>	<u>20,768</u>	<u>-</u>	<u>31,447</u>	<u>-</u>
<b>LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<u>\$ 20,768</u>	<u>-</u>	<u>\$ 31,447</u>	<u>-</u>
Basic and diluted loss per share	<u>\$ 0.00</u>	<u>-</u>	<u>\$ 0.00</u>	<u>-</u>
Weighted average number of shares outstanding	<u>15,638,667</u>	<u>1</u>	<u>15,638,667</u>	<u>1</u>

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Cash Flows**  
**November 30, 2011**

	For the 6 months ended November 30,	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (31,447)	-
Items not affecting cash:		
Changes in non-cash working capital		
Taxes receivable	(2,378)	-
Accounts receivable	(2,874)	-
Payables and accruals	28,093	-
	(8,606)	-
Cash flow from (used) by operating activities		
<b>FINANCING ACTIVITIES</b>		
Share capital	-	1
	-	1
Cash flow from (used) by financing activities		
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(8,606)</b>	<b>1</b>
CASH - Beginning of year	8,606	-
<b>CASH - End of year</b>	<b>\$ -</b>	<b>1</b>
Cash paid for:		
Interest paid	\$ -	-
Income taxes	\$ -	-

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Changes in Equity**  
**November 30, 2011**

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Issuance of shares in pursuant of Plan of Arrangement - November 12, 2010	6,038,667	15,000			15,000
Stock based compensation			21,117		21,117
Record fair value of investment			340,000		340,000
Common shares issued for:					-
Cash - \$0.0625	1,600,000	100,000			100,000
Investment - \$0.02	8,000,000	160,000			160,000
Net loss for the period				(136,788)	(136,788)
<b>Balance as at May 31, 2011</b>	<b>15,638,667</b>	<b>275,000</b>	<b>361,117</b>	<b>(136,788)</b>	<b>499,329</b>
Net loss for the period	-	-	-	(31,447)	(31,447)
<b>Balance as at November 30, 2011</b>	<b>15,638,667</b>	<b>275,000</b>	<b>361,117</b>	<b>(305,023)</b>	<b>467,882</b>

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 1. NATURE OF OPERATIONS

Canadian Data Preserve, Inc. (the "Company") was incorporated on June 11, 2010. The Company's common shares trade on the Canadian National Stock Exchange (CNSX).

The Company provides online backup, data storage, and archival services to protect small and medium businesses from the disaster of data loss.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The consolidated financial statements of the Company for the year ending May 31, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim financial statements for the three month period ended August 31, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2011. The explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Notes 10 and 11. The condensed interim financial statements were authorized for issue by the Board of Directors on January 23, 2012.



# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Earnings Per Share

Basic and diluted earnings per share amounts are computed using the weighted average number of common shares outstanding during the 6 month period ended.

Basic earnings per share are calculated by dividing the net earnings available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. This method assumes that common shares are issued for the exercise of warrants and options and that the assumed proceeds from the exercise of warrants and options are used to purchase common shares at the average market price during the period. The difference between the numbers of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation, as the effect would be anti-dilutive.

#### Income Taxes

The Company uses the asset and liability method of accounting for income taxes whereby future income tax assets are recognized for deductible temporary differences and operating loss carry-forwards, and future income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes. Future income tax assets are recognized only to the extent that management determines that it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment. To the extent that the Company does not consider it more likely than not that a future tax assets will be recovered, it provides a valuation allowance against the excess.

#### Comprehensive Income

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative financial instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. The adoption of this section had no impact upon the Company's financial statements.

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Instruments

All financial instruments are classified into one of these five categories: held-for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for trading financial assets are measured at fair value, with changes in fair value recognized in net earnings (loss). Available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in OCI until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed. The Company's financial assets and liabilities are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

<b>Asset/Liability</b>	<b>Category</b>	<b>Measurement</b>
Cash	Held for trading	Fair value
Accounts receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Furthermore, all financial instruments must be classified into one of the following three level hierarchy that reflects the significance of the inputs used in making the fair value measurement:

Level 1 – observable inputs such as quoted price in active markets;

Level 2 – inputs, other than the quoted market prices in active markets, which are observable, either directly or indirectly;

Level 3 – unobservable inputs for the assets or liability in which little or no market data exists, therefore require an entity to develop its own assumptions.

The Company has classified its cash as held-for-trading and receivables as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company had no "other comprehensive income or loss" transactions during the period ended November 30, 2011, and no opening or closing balances for accumulated other comprehensive income or loss. As a result, these financial statements do not include a statement of Accumulated Other Comprehensive Income.

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

The presentation of the financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include estimates of accounts payable and accrued liabilities and the determination of the valuation allowance for future income tax assets. Actual results may differ from those estimates and these differences could have a significant impact on the financial statements

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### 3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the proprietary technologies and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the credit markets and by the status of the Company's technologies in relation to these markets, and its ability to compete for investor support of its technologies. The Company is not subject to any externally imposed capital requirement.

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### 4. FINANCIAL INSTRUMENTS AND RISKS

As at November 30, 2011, the Company's financial instruments recognized on the balance sheet consist of accounts receivable, notes payable, accounts payable and accrued liabilities and due to shareholders.

In accordance with IFRS 7, the Company has classified fair value measurement using three-level hierarchies. As at November 30, 2011, the Company does not have Level 2 and Level 3 financial instruments and Cash as shown on the balance sheet are measured using level 1 inputs.

The fair value of the Company's cash, notes payable, accounts payable and accrued liabilities and due to shareholders approximates the carrying amounts due to their short-term nature.

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 4. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit Risk

Credit risk arises from the potential that a debtor will fail to perform its obligations. The Company is exposed to credit risk primarily from accounts receivable. The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk.

#### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than United States Dollars. Cash and accrued liabilities are denominated in Canadian Dollars. Therefore, the Company's exposure to currency risk is minimal.

#### Liquidity Risk

Liquidity risk is the risk the Company may not be able to meet its contractual obligations and financial liabilities as they become due. As at November 30, 2011, the Company has a nil cash balance, and current liabilities of \$39,496. The Company plans to secure the necessary financing through the combination of renewal of existing credit facilities and issuance of new equity. There can be no assurance that these initiatives will be successful.

#### Interest Rate Risk

Interest rate risk is the risk that the Company's earnings that would arise from the fluctuations in interest rates and would depend on the volatility of these rates. The Company's sensitivity to interest rates is currently immaterial. However, fluctuation in the interest rate will impact the cost of financing in the future.

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**CANADIAN DATA PRESERVE INC.**

**Notes to Financial Statements**

**November 30, 2011**

**5. CAPITAL STOCK**

a) Common stock

Authorized

Unlimited common shares without par value  
Unlimited preferred shares without par value

Issuance of shares in pursuant of Plan of Arrangement - November 12, 2010	6,038,667	15,000
Common shares issued for:		
Cash - \$0.0625	1,600,000	100,000
Investment - \$0.02	8,000,000	160,000
<b>Balance as at November 30, 2011 &amp; May 31, 2011</b>	<b>15,638,667</b>	<b>275,000</b>

**6. STOCK OPTIONS**

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Aggregate intrinsic value \$
Outstanding, June 11, 2010	-	-		
Granted	1,000,000	0.05		
Expired/cancelled	-	-		
Outstanding and exercisable, Nov. 30, 2011 & May 31, 2011	1,000,000	0.05	1.0	-

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	Year ended May, 2011
Risk-free Interest rate	1.50%
Expected life (in years)	1.0
Expected volatility	111.36

The weighted average fair value of the stock options granted during the year ended May 31, 2011 was \$0.05 per option.

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 7. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, June 11, 2010	-	-
Issued	3,200,000	0.23
Expired	-	-
Balance, Nov. 30, 2011 & May 31, 2011	3,200,000	0.23

As at May 31, 2011, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
3,200,000	0.23	March 31, 2012

### 8. INVESTMENT

The investment is valued at cost. The amount consists of a 10% share of Advantive Information Management, Inc (a related company). The Company issued 8,000,000 shares at \$0.02. However, the fair value of these shares at the time of issuance was \$0.0625. Therefore, the difference was charged to contributed surplus.

### 9. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the 6 months ended November 30, 2011 and the comparative 6 months ended November 30, 2010.

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 10. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's consolidated financial statements for the year ending May 31, 2012 will be the first annual financial statements to be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was June 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be May 31, 2012.

Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre changeover Canadian GAAP.

The Company has determined that none of the mandatory exceptions listed in IFRS 1, Appendix B, item B1 were applicable and accordingly none of the mandatory exceptions were applied.

One optional exemption was applied.

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first time adopters certain exemptions from the retrospective application of certain IFRS.

The Company applied the following exemption:

#### Share-based Payment Transactions

The exemption directs that a first-time adopter is encouraged, but not required, to apply IFRS 2 Share-based payment transactions to equity instruments that were granted on or before November 7, 2002. This exemption has been taken, since it restricts the time period for share-based payment review to November 7, 2002 forward.

Under a second exemption, options granted subsequent to November 7, 2002 which vested prior to the transition date require no further review. The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Options unvested at the transition date would be subject to review. At the transition date, the Company had no unvested options. The Company expensed the vested portion of these options during the period options were granted prior to the transition date. No adjustment is required upon transition.

# CANADIAN DATA PRESERVE INC.

## Notes to Financial Statements

November 30, 2011

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### 11. RECONCILIATIONS OF PRE-CHANGEOVER CANADIAN GAAP FOR THE STATEMENTS OF FINANCIAL POSITION, STATEMENTS OF COMPREHENSIVE LOSS/INCOME AND STATEMENTS OF CASH FLOW TO IFRS

IFRS 1 requires an entity to reconcile the statements of financial position, comprehensive loss /income and cash flows for prior periods from GAAP to IFRS. Upon review of the financial statements, there have been no material changes to the statement of financial position, statement of comprehensive income and the statements of cash flows. Accordingly, no reconciliations of the above statements have been provided.

### 12. SUBSEQUENT EVENTS

On January 16, 2012, the Company announced the following proposed material transactions;

- a) Subject to receipt of shareholder and regulatory approval, the Company has agreed to consolidate its share capital on a 10:1 basis such that there will be 1,563,867 common shares outstanding after the consolidation becomes effective.
- b) Subject to receipt of shareholder, court and regulatory approval, the Company proposes to enter into a plan of arrangement with seven wholly-owned subsidiaries. Each shareholder of the Company will, pursuant to the plan of arrangement, receive one common share of each subsidiary for every 8 common shares of the Company held. Each of the subsidiaries will then engage in specified business undertakings and, subject to meeting minimum distribution and listing requirements, apply for listing on the Canadian National Stock Exchange.
- c) The Company has also entered into a Letter of Intent to acquire 100% of Spheric Technologies (Canada) Inc. ("SCI") for and in consideration of 16,500,000 common shares of the Company and the assumption of financial obligations incurred by SCI in its purchase of the assets of Spheric Technologies, Inc. of Phoenix, Arizona. SCI's obligations pursuant to the asset purchase agreement will be as follows;
  - i) Payment of \$1,000,000 USD cash in four instalments of \$250,000. The first payment is due on closing and the remaining payments are payable in three equal instalments of \$250,000 on April 30, 2012, June 30, 2012 and September 30, 2012, respectively.
  - ii) The assumption of \$1,000,000 in principals' debt in Spheric Technologies Inc. to be paid on an agreed retirement basis in cash and or common shares of the Company
  - iii) \$500,000 payable by way of the conversion of this sum into 10,000,000 common shares of the Company at any time after closing.
- d) The Company will, upon shareholder and regulatory approval, change its name to Spheric Microwave Technologies Inc. and propose a new slate of directors at the meeting, comprising of directors from the Company, SCI and Spheric Technologies, Inc.



**CANADIAN DATA PRESERVE INC.**

**Notes to Financial Statements**

**November 30, 2011**

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**12. SUBSEQUENT EVENTS (CONTINUED)**

The proposed transactions may constitute a fundamental change pursuant to the policies of the Canadian National Stock Exchange. Shareholder and regulatory approvals are required with respect to each of the above-contemplated transactions. The Company will call a special meeting of shareholders and present a detailed information circular disclosing each transaction.

The Company's Board has reserved the right to set all applicable share distribution record dates and all voting record dates pursuant to the plan of arrangement. These dates may determine the eligibility of participation in these transactions by current shareholders of the Company.