Condensed Consolidated Financial Statements of

ENABLENCE TECHNOLOGIES INC.

For the three months ended September 30, 2013 and 2012
(in thousands of United States dollars)

(Unaudited)

“Notice to Reader”

The accompanying unaudited condensed financial statements of Enablence Technologies Inc. for the three months ended September 30, 2013 have been prepared by Management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company’s external auditors.

Date: November 29, 2013

_*”Jacob Sun”*_______	_”*John Roland*”_______
Jacob Sun	John Roland
CEO	Acting CFO

ENABLENCE TECHNOLOGIES INC.
Condensed Consolidated Financial Statements
September 30, 2013 and 2012
(Unaudited)

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ENABLENCE TECHNOLOGIES INC.

Condensed Consolidated Balance Sheets

(Unaudited - In thousands of United States dollars)

	Note	September 30, 2013	June 30, 2013
CURRENT ASSETS			
Cash and cash equivalents	3	**$ 7,028**	$ 938
Accounts receivable	4	**1,636**	2,285
Inventories	5	**4,422**	4,223
Prepaid expenses and deposits		**467**	80
Assets held for disposal	13	**54**	54
		13,607	7,580
PROPERTY, PLANT AND EQUIPMENT		**6,782**	7,339
INTANGIBLE AND OTHER ASSETS		**110**	120
		$ 20,499	$ 15,039
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		**$ 3,911**	$ 4,426
Deferred revenue		**208**	$ 28
Current portion of notes payable	6	**1,105**	13,927
Liabilities related to assets held for disposal	13	**609**	609
		5,833	18,990
NOTES PAYABLE	6	**1,571**	1,816
		7,404	20,806
SHAREHOLDERS' DEFICIENCY			
Share capital	7	**83,982**	62,388
Contributed surplus		**9,833**	9,710
Accumulated other comprehensive loss		**81**	(6)
Deficit		**(80,801)**	(77,859)
		13,095	(5,767)
		$ 20,499	$ 15,039

GOING CONCERN (Note 2 (i))

See accompanying notes to the unaudited condensed consolidated financial statements

APPROVED BY THE BOARD

"John Roland"
Chair of the Board of Directors

"Jacob Sun"
Director

ENABLENCE TECHNOLOGIES INC.

Condensed Consolidated Statements of Comprehensive Loss

For the three months ended September 30, 2013 and 2012

(Unaudited - In thousands of United States dollars and shares except per share data)

	Note	Three months ended September 30, 2013	2012
Revenues		**$ 1,356**	$ 2,197
Cost of revenues		**2,102**	1,757
Gross margin		**(746)**	440
Operating expenses:			
Research and development		**942**	1,289
Sales and marketing		**141**	160
General and administration		**923**	1,126
Stock-based compensation	7	**123**	116
Depreciation and amortization		**216**	250
		2,345	2,941
Operating loss		**(3,091)**	(2,501)
Other income (expenses):			
Finance and other income		**2**	-
Finance expense		**(278)**	(556)
Foreign exchange gain		**26**	531
Gain on debt settlement	6,7	**399**	-
Loss before income taxes		**(2,942)**	(2,526)
Net loss from continuing operations		**(2,942)**	(2,526)
Net loss from discontinued operations	13	**-**	(1,604)
Net loss		**(2,942)**	(4,130)
Other comprehensive income(loss):			
Foreign currency translation income(loss)		**87**	(525)
Comprehensive loss		**$ (2,855)**	$ (4,655)
Net gain (loss) per share, basic and diluted:			
Continuing operations		**$(0.04)**	$(0.11)
Discontinued operations		**$0.00**	$(0.07)
Continuing and discontinued operations		**$(0.04)**	$(0.18)
Weighted average number of outstanding shares:			
Basic and diluted	8	**77,252**	23,327

See accompanying notes to the unaudited condensed consolidated financial statements

ENABLENCE TECHNOLOGIES INC.
Condensed Consolidated Statements of Changes in Equity
For the three months ended September 30, 2013 and 2012
(Unaudited - In thousands of United States dollars and shares)

	Note	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Equity/ (Deficiency)
Balance at July 1, 2012		466,546	$ 52,606	$ 9,198	$ (404)	$ (62,301)	$ (901)
Stock-based compensation		-	-	116	-	-	116
Net loss		-	-	-	-	(4,130)	(4,130)
Foreign currency translation loss		-	-	-	(525)	-	(525)
Balance at September 30, 2012		**466,546**	**$ 52,606**	**$ 9,314**	**$ (929)**	**$ (66,431)**	**$ (5,440)**
Balance at July 1, 2013		**53,511**	**62,388**	**9,710**	**(6)**	**(77,859)**	**(5,767)**
Stock-based compensation				123			**123**
September 9, 2013 private placement	7	60,000	11,430				**11,430**
September 9, 2013 Conversion of bridge loan	7	20,000	2,948				**2,948**
September 9, 2013 private placement shares issued for commission and expenses		3,960	1,471				**1,471**
Share issuance costs	7		(1,702)				**(1,702)**
September 9, 2013 debt settlement	7	20,045	7,447				**7,447**
Net loss						(2,942)	**(2,942)**
Foreign currency translation loss					87		**87**
Balance at September 30, 2013		**157,516**	**83,982**	**9,833**	**81**	**(80,801)**	**13,095**

See accompanying notes to the unaudited condensed consolidated financial statements

ENABLENCE TECHNOLOGIES INC.

Condensed Consolidated Statements of Cash Flows

For the three months ended September 30, 2013 and 2012

(Unaudited - In thousands of United States dollars)

	Note	Three months ended September 30, 2013	2012
Cash provided by (used in)			
Operating activities			
Net loss		**$ (2,942)**	$ (4,130)
Loss from discontinued operations		**-**	1,604
Adjusted for the following non-cash items			
Amortization		**561**	581
Stock-based compensation		**123**	116
Gain on debt settlement	7	**(399)**	-
Unrealized foreign exchange loss		**-**	(548)
		(2,657)	(2,377)
Changes in non-cash working capital	11	**(277)**	(989)
Cash used in operating activities - continuing operations		**(2,934)**	(3,366)
Cash provided by operating activities - discontinued operations	13	**-**	211
Cash used in operating activities		**(2,934)**	(3,155)
Investing activities			
Purchase of property, plant and equipment		**(33)**	(126)
Cash used in investing activities - continuing operations		**(33)**	(126)
Cash used in investing activities		**(33)**	(126)
Financing activities			
Proceeds from issuance of shares, net of issuance costs	7	**14,081**	-
Advances from (repayment of) notes payable		**(5,295)**	1,371
Cash provided by (used in) financing activities - continuing operations		**8,786**	1,371
Cash provided by (used in) financing activities		**8,786**	1,371
Effect of foreign currency translation on cash and cash equivalents		**271**	8
(Decrease) increase in cash and cash equivalents		**6,090**	(1,902)
Cash and cash equivalents, beginning of period		**938**	4,329
Cash and cash equivalents, end of period		**7,028**	2,427
Less cash of discontinued operations at end of period	13	**-**	(380)
Cash and cash equivalent, end of period - continuing operations		**$ 7,028**	$ 2,047
Interest paid		**$ 85**	$ 62
Interest received		**2**	-

See accompanying notes to the unaudited condensed consolidated financial statements

These unaudited condensed consolidated financial statements should be read in conjunction with Enablence Technologies Inc.'s annual, audited financial statements approved by the Company's Board of Directors on October 29, 2013. "Enablence" and the "Company" mean either Enablence Technologies Inc. and its subsidiaries and joint venture collectively or the entity Enablence Technologies Inc., as the context dictates. Amounts reported are in thousands of U.S. dollars, except where noted.

1. CORPORATE INFORMATION

Enablence is incorporated under the Canada Business Corporations Act. Its head office is located at 390 March Road, Suite 119, Ottawa, Ontario, K2K 0G7, Canada. Enablence is a publicly-traded company listed on the TSX Venture Exchange (TSXV – ENA). The Company designs, manufactures and sells optical components and subsystems to a global customer base. The Company's product lines address all three segments of optical networks: access - connecting homes and businesses to the network; metro - communication rings within large cities; and long-haul - linking cities, countries and continents.

2. BASIS OF PRESENTATION

(i) Going Concern

These Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on a going concern basis. This assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

At September 30, 2013, the Company has cash of $7,028 (including $258 held in its joint venture company in China, Sunblence Technologies Co., LTD. ("Sunblence") and restricted cash of $5 (see note 3)), working capital of $8,329 and used $2,934 of cash in its operating activities from continuing operations for the three months ended September 30, 2013. The Company has sustained significant losses since its inception. Enablence has a deficit of $80,801 at September 30, 2013.

These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows, and its ability to obtain sufficient additional cash in order to execute its business plan, including funding operating losses.

If the going concern assumption was not appropriate for these financial statements, significant adjustments to the carrying values of assets and liabilities, reported expenses and balance sheet classifications would result. These adjustments would be material.

2. BASIS OF PRESENTATION (continued)

(ii) Statement of compliance

These Condensed Consolidated Financial Statements were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 – Interim Financial Reporting. These Condensed Consolidated Financial Statements were prepared using the same basis of presentation, accounting policies and methods of computation as outlined in Note 3, Significant Accounting Policies in our audited consolidated financial statements for the year ended June 30, 2013. These condensed consolidated financial statements do not include all of the notes required in annual financial statements.

These condensed consolidated financial statements were authorized for issuance by the Board of Directors on November 29, 2013.

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities.

Significant estimates in the accompanying financial statements relate to the allowance for doubtful accounts, realizable amounts from receivable/holdback amounts, valuation of debt and equity instruments, inventory provisions and valuation, asset impairments, accruals and provisions, unearned revenue, stock-based compensation, the estimated useful lives and valuation of property, plant and equipment, deferred income taxes and indirect taxes, the carrying values of intangible assets and goodwill. Actual results could differ from these estimates.

Significant judgements in the accompanying financial statements relate to the purchase price allocations with respect to acquisitions, the going concern assessment, functional currency determinations and determination of cash generating units ("CGU").

(iv) Future changes in accounting policies:

The IASB issued a number of new accounting standards for potential future implementation by the Company. The new standards determined to be applicable to the Company are disclosed below. Other standards have been excluded as they are not applicable.

Financial instruments
IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in October 2010, and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash

2. BASIS OF PRESENTATION (continued)

flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

Consolidated Financial Statements
IFRS 10, Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12, Consolidation - Special Purpose Entities and IAS 27, Consolidated and Separate Financial Statements. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 10 on its financial statements.

Joint Arrangements
IFRS 11, Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 provides a view of joint arrangements by based on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures, except for joint operations, thereby eliminating the proportionate consolidation method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Enablence expects that it will account for its investment in Sunblence (Note 22) using the equity method for its fiscal year ending June 30, 2014 rather than the proportionate consolidation method after adopting IFRS 11. Details of Sunblence's financial position and results of operations are provided in Note 12 to these financial statements.

Disclosure of Interests in Other Entities
IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), was issued by the IASB in May 2011. IFRS 12 incorporates the disclosure requirements for all strategic investments including interests in subsidiaries, joint arrangements, and associates as well as unconsolidated structured entities. IFRS 12 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of IFRS 12 on its financial statements.

Fair Value Measurement
IFRS 13, Fair Value Measurement ("IFRS 13"), was issued by the IASB in May 2011. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

Presentation of Financial Statements
Amendments to IAS 1, Presentation of Financial Statements ("IAS 1"), which are effective for annual periods beginning on or after July 1, 2012, are to be applied retroactively. The

(In thousands of United States dollars except per share data and except as otherwise indicated)

2. BASIS OF PRESENTATION (continued)

amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. The Company has adopted this standard in the presentation of its financial statements beginning with the year ended June 30, 2013.

Investments in Associates and Joint Ventures
In May 2011, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), which are effective for interim and annual periods commencing January 1, 2013. These amendments require any retained portion of an investment in an associate or joint venture that has not been classified as held-for-sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendments require for it to be continued to be accounted for under the equity method. The amendments also disallow the re-measurement of any retained interest in an investment upon the cessation of significant influence or joint control. There are no material changes to the Company's financial statements from the adoption of this standard.

3. CASH AND CASH EQUIVALENTS

	September 30, 2013	June 30, 2013
Cash	**$ 6,765**	$ 567
Restricted Cash	**5**	21
Cash at Sunblence	**258**	350
Total Cash and cash equivalents	**$ 7,028**	$ 938

4. ACCOUNTS RECEIVABLE

	September 30, 2013	June 30, 2013
Trade	**$ 1,389**	$ 2,109
Allowance for doubtful accounts	**(43)**	(43)
	1,346	2,066
Other	**290**	219
Total accounts receivable	**$ 1,636**	$ 2,285

5. INVENTORIES

	September 30, 2013	June 30, 2013
Raw materials	**$ 2,608**	$ 2,486
Work-in-progress	**1,741**	1,627
Finished goods	**113**	149
Inventory at customer sites	**7**	8
Allowance for obsolescence	**(47)**	(47)
Total Inventory	**$ 4,422**	$ 4,223

(In thousands of United States dollars except per share data and except as otherwise indicated)

6. NOTES PAYABLE

		September 30, 2013	June 30, 2013
Bank Loan 1	(a)	**$ 1,112**	$ 1,313
Bank Loan 2	(b)	**1,564**	1,797
Bridge Loan	(c)	**-**	1,000
Secured Notes	(d)	**-**	11,633
		2,676	15,743
Less current portion		**1,105**	13,927
Long term portion		**$ 1,571**	$ 1,816

(a) On July 16, 2010, a secured note payable, with a principal of $1,879 at the time of redemption, was repaid from the proceeds of a new $5,000 secured note. The new secured note of $5,000 had a maturity date of July 20, 2013. The interest rate at September 30, 2013 was 5.50% (September 30, 2012 – 4.75%). The note was repayable as interest only for the first six months, then monthly payments of $181 per month for interest and principal thereafter. In December 2012, the maturity date of the bank loan was extended to December 2015, resulting in monthly payments of principal and interest being reduced to $52. The note is secured by the assets of Enablence USA Components Inc. and is subject to certain financial performance and asset coverage covenants of the subsidiary. The Company was in breach of certain of these covenants during the year ended June 30, 2013. Subsequent to the financing received in September 2013 (See Note 7), the Company was in compliance with these covenants.

(b) On May 10, 2011, Enablence finalized a note payable with a U.S. bank, with a principal amount of $3,500, secured by $1,200 of cash on deposit and a lien on the shares in the Company's investment in Sunblence. The note has a maturity date of April 20, 2016 and an interest rate of 5.50% at September 30, 2013 (September 30, 2012 – 5.50%). The note was repayable as interest only for the first twelve months, then monthly payments of $82 per month for interest and principal thereafter. As partial consideration for the loan, the Company issued to the bank warrants to purchase up to 400,000 pre-consolidated common shares of Enablence, at an exercise price of Cdn$0.22 per share, which expired on April 9, 2013. The warrants were valued at $42 and recorded as a non-cash issuance cost. The fair value was determined using the Black-Scholes model. During the prior year's quarter ended September 30, 2012, $1,200 of cash was used to partially pay down the loan.

(c) In July 2012, the Company obtained a $3,000 bridge loan from a U.S. Bank ("Bridge Loan"), to fund Enablence's operations through October 2012. The Bridge Loan, which was guaranteed by a third party, was secured by the proceeds from the sale of ENA Switzerland, and the assets of the Company. On November 20, 2012, following the sale of ENA Switzerland, the Company repaid $2,000 on the Bridge Loan. In conjunction with the Bridge Loan, the Company previously entered into a priorities and standstill agreement with the holders of the Secured Notes (defined below), which are subordinated notes. This agreement provided the Bridge Loan lender with senior security to the Secured Notes as well as certain restrictions on the Secured Notes holders from initiating enforcement action against the Company. This agreement was intended to provide the Company the time it needed to complete

6. NOTES PAYABLE (continued)

the negotiation and documentation of amendments to the Company's loan obligations. The Bridge Loan was paid in full in September 2013.

(d) Subordinated notes, with a principal amount of $10,000, were secured by a subordinated lien on the Company's North American assets. The notes had a maturity date of June 23, 2012 and an interest rate of 5%. The interest rate increased to 12% as a result of payments being in default, effective for the period from July 1, 2012 to the final settlement subsequent to June 30, 2013. On July 1, 2012, the Company entered into a standstill agreement with the holders of the Secured Notes to negotiate revised terms for the notes. In September 2013, as part of the equity financing described in Note 7, the notes were settled in full.

7. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. At September 30, 2013, there are 157,516 common shares and no preferred shares outstanding.

On September 9, 2013, the Company completed a $14,325 financing transaction (the "Financing Transaction") and retired all of the remaining secured subordinated promissory notes in conjunction with the financing.

The Financing Transaction was comprised of a $11,430 issuance of common shares (the "Equity Transaction") and a $2,895 convertible bridge loan (the " Financing Bridge Loan"). The Equity Transaction was structured as follows: China TriComm Ltd. and its affiliates subscribed for 45,000 common shares at an issue price of $0.193 and certain existing shareholders of the Company, subscribed for an additional 15,000 common shares also at $0.193 per share. China TriComm Ltd. is an investment company which is under common ownership with Zhejiang Chuangyi Technologies, a leading integrated infrastructure equipment and solution provider for the cable industry in China.

As part of the $14,325 Financing Transaction, an affiliate of China TriComm Ltd., provided Enablence with a Financing Bridge Loan for working capital purposes. The Financing Bridge loan was received in two tranches – the first tranche for $480 was received on July 15, 2013 and the second tranche for $2,415 was received on July 22, 2013. The Financing Bridge Loan automatically converted to common shares of Enablence at $0.145 per share on the closing of the Equity Transaction. A finder's fee was paid to an arm's length party in connection with the Financing Transaction in the amount of 3,600 common shares of Enablence, and 360 shares were issued to cover expenses, both of which were recorded at a fair value for accounting purposes of $0.372 per share. The fair value reflects a 10% discount from the closing market price on the date of the transaction. Management believes the discount is appropriate given the volatility of the stock and the four month holding period that the shares are subject to.

7. SHARE CAPITAL (continued)

The Equity Transaction was subject to certain conditions including the Noteholder Condition. In connection with the Noteholder Condition, Enablence entered into an agreement in principle with the holders of substantially all of the secured subordinated promissory notes to eliminate (pro rata to each note holder's interest) the approximately $11,725 of principal and accrued interest. These notes were exchanged for total cash payments of $3,861 and the issuance of 19,865 common shares of Enablence recorded at a fair value for accounting purposes of $0.372 per share. There were an additional 180 shares issued by the Company to the holders of these secured subordinated promissory notes at the same fair value for accounting purposes of $0.372. The cash payments combined with the issuance of the shares represented a full and final settlement of these subordinated notes. As a result, the Company has recorded a gain of $399 on the settlement of these subordinated notes. The fair value reflects a 10% discount from the closing market price on the date of the transaction. Management believes the discount is appropriate given the volatility of the stock and the four month holding period that the shares are subject to.

Stock option plan

The Company has established a stock option plan available for directors, officers, employees and consultants, and authorized a stock option pool equal to 10% of the outstanding common shares. At September 30, 2013, the available option pool was a total of 10,420. The Board of Directors administers the stock option plan.

Historically options have been granted with exercise prices equal to the fair market value of the common shares of the Company on the date of grant. Options generally vest in four equal annual portions starting one year after the date of grant. Options granted to directors vest over a two-year period. All options expire on the 10th anniversary of the grant. After termination of employment, unvested options are forfeited immediately and vested options expire 90 days subsequent to termination.

A summary of the Company's stock options and changes during the periods is presented below. Opening balances, exercise prices and comparatives have been adjusted to reflect the effect of the consolidation of the Company's share capital on December 5, 2012.

(In thousands of United States dollars except per share data and except as otherwise indicated)

7. SHARE CAPITAL (continued)

	Three months ended September 30, 2013		Three months ended September 30, 2012	
	Number of options	**Weighted average exercise price (Cdn $)**	Number of options	Weighted average exercise price (Cdn $)
Outstanding, beginning of period	5,332	$ 1.49	555	$ 18.00
Outstanding, end of period	5,332	1.49	555	$ 18.00
Exercisable, end of period	1,215	$ 5.22	460	$ 19.37

The following table summarizes the options outstanding and exercisable as at September 30, 2013:

Options Outstanding			Options Exercisable	
Exercise Price (Cdn $)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Exercise Price (Cdn $)
$ 0.33	5,020	9.5	925	$ 0.33
7.40	68	2.9	68	7.40
10.00	66	4.4	59	10.00
12.00	59	7.0	45	12.00
16.00	26	3.5	25	16.00
23.00	12	4.9	12	23.00
46.00	75	4.4	75	46.00
47.80	6	3.7	6	47.80
$ 1.49	5,332	6.4	1,215	$ 5.22

The fair value of options granted is determined using the Black-Scholes option pricing model with the following assumptions updated quarterly for the following grant periods:

Stock-based compensation is recorded as an increase to contributed surplus and transferred to share capital when the underlying options are exercised.

(In thousands of United States dollars except per share data and except as otherwise indicated)

8. LOSS PER SHARE

As a result of the net loss from continuing operations and the net loss in each of the reporting periods, the potential effect of the exercise of stock options, convertible notes and warrants was anti-dilutive. Accordingly, 5,332 potentially dilutive option shares at September 30, 2013 (2012 – 555) and nil share warrants (2012 – 93) have not been included in the calculation of diluted loss per common share for the three months ended September 30, 2013.

9. FINANCIAL INSTRUMENTS

Credit risk
The age of trade accounts receivable is summarized as follows gross of the allowance of $43 at September 30, 2013 (June 30, 2013 - $43)):

	September 30, 2013	June 30, 2013
Current or under 60 days	**$ 1,245**	$ 1,527
Past due 61 to 90 days	**29**	61
Past due more than 90 days	**115**	521
Total Trade accounts receivable	**$ 1,389**	$ 2,109

Management has reviewed the receivables balances in detail, and is satisfied that the allowances for uncollectible accounts are sufficient.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company currently settles all of its financial obligations out of cash and cash equivalents. The ability to do so relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash and cash equivalents in excess of anticipated needs.

At September 30, 2013, the Company has financial liabilities, payments for which are due as follows including interest:

	Carrying value	**To September 30, 2014**	**To September 30, 2015**	**To September 30, 2016**	**Total**
Accounts payable and accrued liabilities	$ 3,911	$ 3,911	$ -	$ -	$ 3,911
Secured notes payable	2,676	1,236	1,141	497	2,874
Total	$ 6,587	$ 5,147	$ 1,141	$ 497	$ 6,785

(In thousands of United States dollars except per share data and except as otherwise indicated)

10. SEGMENTED INFORMATION

The Company operates in one segment, Optical Components, with the divestiture of its systems business (Discontinued Operations, Note 13).

Certain assets are analyzed geographically as follows:

	September 30, 2013		June 30, 2013	
	Property plant and equipment	**Intangibles and other assets**	Property plant and equipment	Intangibles and other assets
United States	**$ 3,037**	**$ 55**	$ 3,388	$ 59
China	**3,594**	**-**	3,756	-
Canada	**151**	**55**	195	61
Total	**$ 6,782**	**$ 110**	$ 7,339	$ 120

Revenue is analyzed geographically as follows:

	Three months ended	
	September 30, 2013	September 30, 2012
Americas	**$ 698**	$ 544
Asia Pacific	**185**	$ 899
Europe, Middle East and Africa	**473**	754
	$ 1,356	$ 2,197

During the three months ended September 30, 2013, three customers accounted for 61% of the Company's total revenue (22%, 21% and 18% respectively) and for the same period of the prior year two customers accounted for 52% (31% and 21% respectively) of the Company's total revenue.

The Company generates revenue principally from the sale of its components and subsystems products ("Product") to leading communications systems suppliers. The Company also generates revenue from non-recurring engineering ("NRE") development services for clients.

	September 30, 2013	September 30, 2012
Product	**$ 1,274**	$ 2,125
NRE	**82**	72
	$ 1,356	$ 2,197

(In thousands of United States dollars except per share data and except as otherwise indicated)

11. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Net change in non-cash operating working capital items:

	Three months ended	
	September 30, 2013	September 30, 2012
Net inflow (outflow) of cash:		
Accounts receivable	**$ 627**	$ (65)
Inventories	**(199)**	(406)
Prepaid expenses and deposits	**(387)**	(347)
Trade and other payables	**(499)**	(171)
Deferred revenue	**181**	-
	$ (277)	$ (989)

12. JOINT VENTURE

The following amounts are included in the Company's interim financial statements as a result of the proportionate consolidation of the Company's 49% joint venture interest in Sunblence.

	September 30, 2013	June 30, 2013
Current assets	**$ 713**	$ 869
Non-current assets	**3,594**	3,756
Current liabilities	**553**	515

	Three months ended	
	September 30, 2013	**September 30, 2012**
Revenue	**$ 35**	$ 72
Operating and other expenses	**435**	609
Net loss	**(400)**	(537)
Foreign currency translation gain	**26**	55
Comprehensive loss	**(374)**	(482)

(In thousands of United States dollars except per share data and except as otherwise indicated)

13. DIVESTITURE OF ENABLENCE SWITZERLAND and ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On November 19, 2012 the Company closed the sale of its wholly-owned Swiss subsidiary, Enablence Switzerland ("ENA Switzerland"), to Albiva Holdings AG for a total gross proceeds of $2,000 (net proceeds of $1,930) paid on closing, and the repayment of an intercompany loan of $82 within twelve months of the closing. Paradigm Capital Inc., Enablence's financial advisor, earned a commission of 3.5% of the purchase price.

The Company recorded a loss on the transaction of $165, as per below:

Gross proceeds on disposal	$ 2,000
Commission on disposal	(70)
Net proceeds	1,930
Assets sold	2,415
Less liabilities sold	(320)
Net assets sold	2,095
Loss on disposal of net assets	(165)

Presentation of Discontinued Operations Financial Information

The assets and liabilities related to ENA Switzerland had previously been presented as assets or liabilities held for disposal on the Company's consolidated balance sheets and comparative period amounts had been restated. Operating results related to these assets and liabilities have been included in results from discontinued operations on the condensed consolidated statements of loss up to the date of the divestiture, and comparative period amounts have been restated.

The remaining assets and liabilities related to the Systems segment have been presented as assets and liabilities held for disposal on the condensed consolidated balance sheets as at September 30, 2013 and comparative prior periods. There are no operating results to report for these remaining net assets relating to the Systems segment for the reported periods.

(In thousands of United States dollars except per share data and except as otherwise indicated)

13. DIVESTITURE OF ENABLENCE SWITZERLAND and ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

The following tables presents selected financial information related to assets held for sale for the Systems segment.

	September 30, 2013	June 30, 2013
Assets		
Inventories	$ 50	$ 50
Prepaid expenses and deposits	4	4
Total assets held for disposal	$ 54	$ 54
Liabilities		
Trade and other payables	609	609
Total liabilities held for disposal	$ 609	$ 609

The results of operations of ENA Switzerland as included in discontinued operations of the Company during the reporting periods are presented below.

	Three months ended	
	September 30, 2013	September 30, 2012
Revenue	$ -	$ 759
Cost of revenue	-	377
Gross margin	-	382
Operating expenses:		
Research and development	-	144
Sales and marketing	-	58
General and administrative	-	54
Amortization	-	21
Operating expenses	-	277
Operating income	-	105
Interest expense		(3)
Property, plant and equipment impairment loss	-	(1,676)
Foreign exchange loss	-	(30)
Loss from discontinued operations	$ -	$ (1,604)

As a result of the sale of ENA Switzerland on November 19, 2012, during the prior year's quarter ended September 30, 2012 the Company determined that there was an impairment of net assets within discontinued operations relating to ENA Switzerland, and as a result an impairment charge of $1,676 was recorded at that time. The impairment loss is included in the Net Loss from discontinued operations on the Statement of Comprehensive loss.