Interim Condensed Consolidated Financial Statements of

ENABLENCE TECHNOLOGIES INC.

For the three months ended September 30, 2015 and 2014
(in thousands of United States dollars and shares)

(Unaudited)

“Notice to Reader”

The accompanying unaudited condensed financial statements of Enablence Technologies Inc. for the three months ended September 30, 2015 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 26, 2015

_*”Evan Chen”*_______	_”*Tao Zhang*”_______
Evan Chen	Tao Zhang
CEO	CFO

ENABLENCE TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements
September 30, 2015 and 2014
(Unaudited)

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ENABLENCE TECHNOLOGIES INC.

Condensed Consolidated Balance Sheets

(Unaudited - In thousands of United States dollars)

	September 30, 2015	June 30, 2015
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	**734**	173
Accounts and other receivables (Note 4)	**186**	614
Inventories (Note 5)	**1,085**	1,170
Prepaid expenses and deposits	**318**	321
	2,323	2,278
Property, plant and equipment	**1,668**	1,918
	3,991	4,196
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**3,232**	4,133
Current portion of notes payable (Note 6)	**5,123**	4,630
Subscriptions received in advance of financing close	**610**	-
Deferred revenue	**970**	711
	9,935	9,474
Other long-term liabilities	**177**	177
	10,112	9,651
Shareholders' equity (deficiency)		
Share capital (Note 7)	**89,500**	88,652
Common stock subscriptions received		
Contributed surplus	**10,814**	10,586
Accumulated other comprehensive income	**520**	293
Deficit	**(106,955)**	(104,986)
	(6,121)	(5,455)
	3,991	4,196

GOING CONCERN (Note 2 (i))

See accompanying notes to the unaudited condensed consolidated financial statements

Approved by the Board:

" Louis De Jong" — Director

" John Roland" — Director

ENABLENCE TECHNOLOGIES INC.

Condensed Consolidated Statements of Comprehensive Loss

For the three months ended September 30, 2015 and 2014

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

	Three months ended September 30,	
	2015	2014
	$	$
Revenues	**205**	1,089
Cost of revenues	**897**	1,482
Gross margin	**(692)**	(393)
Operating expenses		
Research and development	**656**	947
Sales and marketing	**1**	96
General and administration	**397**	573
Stock-based compensation (Note 7)	**40**	202
	1,094	1,818
Loss from operations	**(1,786)**	(2,211)
Other income (expense)		
Finance and other income	**22**	-
Finance expense	**(168)**	(46)
Foreign exchange loss	**(37)**	-
Net loss	**(1,969)**	(2,257)
Other comprehensive income, net of tax		
Foreign currency translation gain	**227**	11
Comprehensive loss	**(1,742)**	(2,246)
Net loss per share, basic and diluted (Note 8)	**(0.01)**	**(0.01)**
Weighted average number of outstanding shares		
Basic and diluted (Note 8)	**232,881**	164,183

See accompanying notes to the unaudited condensed consolidated financial statements

ENABLENCE TECHNOLOGIES INC.

Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the three months ended September 30, 2015 and 2014

(Unaudited - In thousands of United States dollars and shares)

	Number of shares	Share capital (Note 7)	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Equity (deficiency)
		$	$	$	$ Restated (Note 13)	$
Balance at July 1, 2014	164,183	84,906	10,103	103	(94,373)	739
Stock-based compensation (Note 7)	-	-	202	-	-	202
Share issuance costs	-	(7)	-	-	-	(7)
Net loss	-	-	-	-	(2,257)	(2,257)
Exchange differences on translating operations	-	-	-	11	-	11
Balance at September 30, 2014	164,183	84,899	10,305	114	(96,630)	(1,312)
Balance at July 1, 2015	**220,263**	**88,652**	**10,586**	**293**	**(104,986)**	**(5,455)**
Stock-based compensation (Note 7)	-	-	40	-	-	40
Issuance of common shares (Note 7)						
July 6, 2015 private placement	11,000	435	-	-	-	435
September 2015 private placement	16,500	624				624
Fair value of warrants issued (Note 7)		(188)	188			
Share issuance costs	-	(23)				(23)
Net loss	-	-	-	-	(1,969)	(1,969)
Exchange differences on translating operations	-	-	-	227	-	227
Balance at September 30, 2015	**247,763**	**89,500**	**10,814**	**520**	**(106,955)**	**(6,121)**

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, 2015 and 2014
(Unaudited - In thousands of United States dollars)

	Three months ended September 30,	
	2015	2014
	$	$
Cash provided by (used in):		
Operating activities		
Net loss	**(1,969)**	(2,257)
Adjusted for the following non-cash items:		
Amortization	**255**	186
Stock-based compensation (Note 7)	**40**	202
Unrealized foreign exhange loss	**69**	-
	(1,605)	(1,869)
Changes in non-cash working capital (Note 12)	**(126)**	557
Cash used in operating activities	**(1,731)**	(1,312)
Investing activities		
Purchase of property, plant and equipment	**(31)**	(31)
Cash used in investing activities	**(31)**	(31)
Financing activities		
Repayment of bank loans	**(1,347)**	(161)
Repayment of operating line of credit	**(465)**	-
Advances from lending Consortium	**1,649**	-
Advances from bridge and short-term loans	**656**	757
Subscriptions received in advance of financing close	**610**	-
Net proceeds from issuance of units	**1,036**	(7)
Cash provided by financing activities	**2,139**	589
Effect of foreign currency translation on cash and cash equivalents	**184**	19
Increase (decrease) in cash and cash equivalents	**561**	(735)
Cash and cash equivalents, beginning of period	**173**	1,187
Cash and cash equivalents, end of period	**734**	452
Supplementary information		
Interest paid	**-**	38

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 28, 2015. "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. DESCRIPTION OF BUSINESS

Enablence Technologies Inc. ("Enablence" or the "Company") is incorporated under the Canada Business Corporations Act. The head office of Enablence 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 for access, metro and long-haul markets 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, 2015, the Company had cash of $734, negative working capital of $7,612 and had used cash of $1,731 in its operating activities for the three months ended September 30, 2015. The Company incurred a comprehensive loss of $1,742 for the three months ended September 30, 2015 and as of that date had an accumulated deficit of $106,955. The Company had $5,123 of notes and debt payable that are due in the next 12 months.

These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Subsequent to year-end, the Company has been successful in obtaining additional financing. See Subsequent events Note 14 for further detail.

The Company's ability to continue as a going concern is dependent upon the ability to generate positive cash flow and the ability to execute its business plan, including funding operating losses, and obtaining additional sources of financing.

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, and 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, 2015. 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 26, 2015.

(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 impairment of intangible assets and the joint venture, allowance for doubtful accounts, valuation of debt and equity instruments, inventory provisions and valuation, asset impairments, and certain accruals and provisions. Actual results could differ from these estimates.

Significant judgements in the accompanying financial statements relate to the functional currency determinations, recognition of deferred tax assets and determination of cash generating units (CGU").

(iv) Accounting policy changes:

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended June 30, 2015. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2015.

(v) New and Revised IFRS issued but not yet effective

The following is a list of standards and amendments that have been issued but are not yet effective and have not been adopted by the Company.

2. BASIS OF PRESENTATION (continued)

IFRS 9 - Financial Instruments (IFRS 9)

IFRS 9, was issued by the IASB on July 24, 2014 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 and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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 flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard and amendments on its consolidated financial statements.

IFRS 11 - Joint Arrangements (IFRS 11)

IFRS 11, was amended by the IASB on May 6, 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers (IFRS 15)

IFRS 15, was issued by the IASB on May 28, 2014, and will replace IAS 18, *Revenue*, IAS 11, *Construction contracts*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard. It is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IAS 1 - Presentation of Financial Statements (IAS 1)

IAS1, was amended by the IASB on December 18, 2014. The amendments to existing IAS 1 requirements relate to materiality; order of the notes; subtotals; accounting policies; and disaggregation. The amendments are effective for annual periods beginning or after January 1, 2016. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

(In thousands of United States dollars and shares)

3. CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance includes guaranteed investment certificates and restricted cash. Restricted cash represents cash that has been provided as security against guarantees or is otherwise not currently available for use.

	September 30, 2015	June 30, 2015
Cash	**$ 730**	$ 169
Restricted Cash	**4**	4
Total Cash and cash equivalents	**$ 734**	$ 173

4. ACCOUNTS RECEIVABLE

	September 30, 2015	June 30, 2015
Trade	**$ 144**	$ 570
Allowance for doubtful accounts	**(26)**	(26)
	118	544
Other	**68**	70
Total accounts receivable	**$ 186**	$ 614

5. INVENTORIES

	September 30, 2015	June 30, 2015
Raw materials	**$ 598**	$ 475
Work-in-progress	**483**	737
Finished goods	**55**	9
Allowance for obsolescence	**(51)**	(51)
Total Inventory	**$ 1,085**	$ 1,170

6. NOTES PAYABLE

		September 30, 2015	June 30, 2015
Loan payable to Lending Consortium	(a)	**$ 1,649**	$ -
Secured Note 1	(a)	**-**	505
Secured Note 2	(a)	**-**	836
Line of credit	(a)	**-**	465
Bridge Loan	(b)	**390**	416
Short-term Loans	(c)	**3,084**	2,408
		$ 5,123	$ 4,630
Less current portion		**5,123**	4,630
Long term portion		**$ -**	$ -

6. NOTES PAYABLE (continued)

(a) On August 21, 2015, the Company's existing secured bank debt provided by a bank in the United States (see the table above: Secured Note 1 and 2 and Line of Credit) was acquired by a lending a group in Canada (the "Consortium"), made up of certain minority shareholders of the Company, secured against the assets of the Company in Canada and the United States. The total amount owing to the Consortium at August 21, 2015 was $1,638. This is comprised of the outstanding secured bank debt at that time of $1,468, plus additional fees and legal costs of $170 associated with the transaction. Interest on the Consortium debt accrues at the same rate as previously on the bank debt, which is prime rate as published in the Wall Street Journal plus 3.25%. Interest in the amount of $11 has been accrued as of September 30, 2105 and is included in the loan balance payable. Subsequent to September 30, 2015, $418 of the loan was repaid by the Company to Consortium holders. The repayment terms of the remaining Consortium debt is yet to be completely determined. Therefore, the full amount of the loan has been classified as a current amount. The Consortium debt includes $209 invested by a related party and a company controlled by one of the directors of Enablence, De Jong & Co.

(b) During the quarter ended September 30, 2014, the Company received short-term, non-interest bearing, unsecured bridge loans ("Bridge Loan") in the amount of $540 from certain related parties of which $390 was provided by companies controlled by directors of the Company. $150 of the Bridge Loan was repaid prior to June 30, 2015. Subsequent to September 30, 2015, $240 of the Bridge loan was converted to equity. The remaining $150 of the loan is expected to be repaid by May 1, 2016. Those companies that have provided the Bridge Loan were issued warrants exercisable at a price of $0.15 for an aggregate of 4,800 common shares of the Company, which expired on September 25, 2015. The common shares issuable upon the exercise of the warrants were subject to a four month hold period.

(c) Starting in September 2014, certain related and unrelated parties extended short-term, non-interest bearing, unsecured loans ("Short-Term Loans"), in the amount of $3,187, of which $824 was received during the three months ended September 30, 2015. $58 of the Short-Term Loan was repaid prior to June 30, 2015 and $39 was paid in the three months ended September 30, 2015. Subsequent to September 30, 2015, $2,727 of the loans were converted to equity and another $150 was repaid. Another $112K of the loan is expected to be repaid by May 1, 2016. The There were no warrants issued in respect of these Short-Term Loans.

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, 2015, there are 247,763 common shares and no preferred shares outstanding.

On August 21, 2015 the Company announced an overall financing and debt conversion package (the "Financing") of up to CDN$10,000. The Financing includes three components, the first of which is a non-brokered private placement financing (the "Equity Financing") for a minimum of CDN$4,000 at a price of $0.05 CDN per unit ("Unit), which was completed on October 5, 2015 (see details below). The second component of the Financing, which is conditional, is the provision of a loan facility for up to CDN$3,000 (the "Loan Facility") by a senior, investment grade lender. Enablence has received a "Non-Binding Indication" letter from the prospective lender. The Loan Facility is subject to a number of closing conditions including the completion of the Equity Financing for a minimum CDN$4,000. The Loan Facility is designed to finance purchase orders from ZTE Corporation to Enablence and is to be in the form of a term loan with principal repayment commencing 18 months after funds are drawn. The Loan Facility would be secured against the assets of the Company with first ranking priority. The third component is, as part of the Financing, certain existing non-secured debt arrangements (not to exceed CDN$3,000) may be required to be converted into equity.

In order to meet a condition of the new senior, secured lender, Enablence will use proceeds from the Financing to repay its existing senior secured debt. This existing secured bank debt was acquired by a lending group ("Consortium") in Canada in August 2015, secured against the assets of the Company in Canada and the United States, to replace the existing secured facility with a bank in the United States.

The total amount owing to the Consortium at August 21, 2015, as a result of its acquisition of the Company's bank debt, was $1,638. This is comprised of the bank debt outstanding just prior to August 21, 2015 of $1,468 (see note 6), plus additional fees and legal costs of $170 associated with the transaction. Interest on the Consortium debt accrues at the same rate as previously on the bank debt, which is prime rate as published in the Wall Street Journal plus 3.25%. The repayment of the Consortium debt is yet to be determined. The Consortium debt includes $209 invested by a related party and a company controlled by one of the directors of Enablence, De Jong & Co.

The CDN$4,000 Equity Financing was completed in three tranches: The first tranche of the financing closed on September 14, 2015 for $159 (CDN$210) with the sale of 4,200 units resulting in the issuance of 4,200 shares and 2,100 warrants. The second tranche of the financing closed on September 18, 2015 for $465 (CDN$615) with the sale of 12,300 units resulting in the issuance of 12,300 shares and 6,150 warrants. The third tranche for CDN$3,175 was closed subsequent to the end of the quarter on October 5, 2015 (See subsequent events note 14). Each unit was comprised of one common share and one half of one common share purchase warrant. Each full warrant is exercisable for a period of eighteen months at an exercise price of $0.06 per warrant, and the shares and warrants are subject to a four-month holding period.

7. SHARE CAPITAL (continued)

In June 2015, the Company initiated a non-brokered private placement for up to CDN$2,000 at a price of CDN$0.05 per unit. Each unit was comprised of one common share and one half of one common share purchase warrant. Each full warrant is exercisable for a period of eighteen months at an exercise price of $0.06 per warrant. The first tranche of the financing closed on June 26, 2015 for CDN$350 with the sale of 7,000 units resulting in the issuance of 7,000 shares and 3,500 warrants. The shares and warrants are subject to a four-month holding which expired on October 27, 2015. The second tranche of this financing closed on July 6, 2015 for $435 (CDN$550) with the sale of 11,000 units resulting in the issuance of 11,000 shares and 5,500 warrants. The shares and warrants are subject to a four-month holding which expired on November 7, 2015.

In April 2015, the Company completed a non-brokered private placement for CDN$1,500 at a price of CDN$0.05 per unit. Each unit was comprised of one common share and one half of one common share purchase warrant. Each full warrant is exercisable for a period of eighteen months at an exercise price of $0.06 per warrant. The financing was completed in two parts. The first part closed on April 2, 2015 for gross proceeds of CDN$1,150 from the issuance of 23,000 shares and 11,500 warrants. The shares and warrants were subject to a four month hold period which expired on August 3, 2015. The remainder of the financing closed on April 10, 2015 for gross proceeds of CDN$350 from the issuance of 7,000 shares and 3,500 warrants. The shares and warrants were subject to a four month hold period which expired on August 11, 2015. De Jong & Co Inc., controlled by Louis De Jong, and John Roland, each purchased 5,000 of these Units. Each is an insider and considered a related party.

In June 2014, the Company initiated a non-brokered private placement for up to 66,667 shares at a price of CDN$0.15 for gross proceeds of CDN$10,000, to be subscribed for in tranches by new strategic shareholders as well as certain existing shareholders of the Company. The first tranche of the financing closed on June 26, 2014 with the sale of 6,667 shares for gross proceeds of $937 and net proceeds of $924 after share issuance costs. The second tranche of the financing closed on December 12, 2014 with the sale of 18,000 shares for gross proceeds of $2,322 and net proceeds of $2,300 after share issuance costs. The shares are subject to a four-month hold period pursuant to applicable securities law. A finder's fee of 6%, namely, 1,080 common shares of the Company, was also paid to an arm's length party, and these shares are also subject to a four month hold period pursuant to applicable securities laws.

(In thousands of United States dollars and shares)

7. SHARE CAPITAL (continued)

Warrants

Each warrant entitles the holder to purchase one common share of the Company. A summary of the warrants outstanding and the changes during the period is presented below:

	Three months ended			
	September 30, 2015		September 30, 2014	
	Number of warrants	**average exercise price (Cdn $)**	Number of warrants	Weighted average exercise price (Cdn $)
Outstanding and exercisable, beginning of period	**23,300**	**$ 0.07**	-	$ -
Issued	**13,750**	**$ 0.06**		
Expired	**(4,800)**	**0.15**	4,800	$ 0.15
Outstanding and exercisable, end of period	**32,250**	**$ 0.06**	4,800	$ 0.15

The following table summarizes information for warrants outstanding:

Exercise price per share (CAD$)	Issue date	Expiry date	**September 30, 2015**	September 30, 2014
$0.15	25-Sep-14	25-Sep-15	-	4,800
$0.06	02-Apr-15	02-Oct-16	**11,500**	-
$0.06	10-Apr-15	10-Oct-16	**3,500**	-
$0.06	26-Jun-15	26-Dec-16	**3,500**	-
$0.06	06-Jul-15	06-Jan-17	**5,500**	-
$0.06	14-Sep-15	14-Mar-17	**2,100**	-
$0.06	18-Sep-15	18-Mar-17	**6,150**	-
			32,250	4,800

Stock option plan

The Company has established a stock option plan available for directors, officers, employees and consultants, and has authorized a stock option pool equal to 10% of the outstanding common shares. At September 30, 2015, the available option pool was a total of 13,972 (2014 – 2,033). The Board of Directors administers the stock option plan.

Options are 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 tenth anniversary of the grant. After termination of employment, unvested options are forfeited immediately and vested options expire 90 days subsequent to termination.

(In thousands of United States dollars and shares)

7. SHARE CAPITAL (continued)

A summary of the Company's stock options and changes during the periods is presented below.

	Three months ended			
	September 30, 2015		September 30, 2014	
	Number of options	**Weighted average exercise price (Cdn $)**	Number of options	Weighted average exercise price (Cdn $)
Outstanding, beginning of period	11,404	$ 0.34	14,606	$ 0.63
Forfeited	(30)	0.24	(158)	0.33
Expired	(570)	0.33	(63)	2.91
Outstanding, end of period	10,804	$ 0.34	14,385	$ 0.62
Exercisable, end of period	5,939	$ 0.49	2,613	$ 2.53

The following table summarizes the options outstanding and exercisable as at September 30, 2015.

Options Outstanding			Options Exercisable	
Exercise Price (Cdn $)	Number Outstanding		Number Exercisable	Exercise Price (Cdn $)
$ 0.15	7,650	8.7	3,200	$ 0.15
0.33	3,005	7.5	2,590	0.33
7.40	68	1.0	68	7.40
10.00	41	2.4	41	10.00
12.00	9	5.1	9	12.00
16.00	26	1.5	26	16.00
23.00	5	2.9	5	23.00
$ 0.34	10,804	8.6	5,939	$ 0.49

No options were granted during the three months ended September 30, 2015. Total stock-based compensation expense for the three months ended September 30, 2015, related to prior year grants, was $40 (2014 - $202).

(In thousands of United States dollars and shares)

8. LOSS PER SHARE

As a result of 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, 10,804 potentially dilutive option shares at September 30, 2015 (2014 – 14,385) and 32,250 share warrants (2014 – 4,800) have not been included in the calculation of diluted loss per common share for the three months ended September 30, 2015.

9. FINANCIAL INSTRUMENTS

Credit risk
The age of trade accounts receivable is summarized as follows gross of the allowance of $26 at September 30, 2015 (June 30, 2015 - $26)):

	September 30, 2015	June 30, 2015
Current or under 60 days	**$ 118**	$ 166
Past due 61 to 90 days	**-**	26
Past due more than 90 days	**26**	378
Total Trade accounts receivable	**$ 144**	$ 570

Management has reviewed the receivables balances in detail, and is satisfied that the allowance for uncollectible accounts is 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, 2015, the Company has financial liabilities, payments for which are due as follows:

	to September 30, 2016	**to September 30, 2017**	**to September 30, 2018**	**Total**
Accounts payable and accrued liabilities	$ 3,232	$ -	$ -	$ 3,232
Loan payable to lending Consortium	1,649	-	-	1,649
Bridge and other short-term loans payable	3,474			3,474
Total	$ 8,355	$ -	$ -	$ 8,355

(In thousands of United States dollars and shares)

10. SEGMENTED INFORMATION

The Company operates in one segment, Optical Components.

Property, plant and equipment is analyzed geographically as follows:

	September 30, 2015		June 30, 2015	
United States	**$**	**1,306**	$	1,513
Canada		**362**		405
Total	**$**	**1,668**	$	1,918

Revenue is analyzed geographically as follows:

	Three months ended			
	September 30, 2015		September 30, 2014	
Americas	**$**	**38**	$	302
Asia Pacific		**77**		628
Europe, Middle East and Africa		**90**		159
	$	**205**	$	1,089

During the three months ended September 30, 2015, three customers accounted for 73% (34%, 29%, and 10% respectively) of the Company's total revenue and for the same period of the prior year, four customers accounted for 84% (47%, 13%, 13% and 11% 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. A breakdown of revenues is as follows:

	Three months ended			
	September 30, 2015		September 30, 2014	
Product	**$**	**178**	$	1,029
NRE		**27**		60
	$	**205**	$	1,089

(In thousands of United States dollars and shares)

11. RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2015, the Company recorded consulting fee expense of $29 for Evan Chen and Todd Zhang (2014 - $39). This amount is payable to Irixi. At September 30, 2015, the total amount owing to Irixi related to consulting fee expense is $283 (June 30, 2015 - $254) and is included in accounts payable and accrued liabilities.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. See also Notes Payable (note 6) for further information on related party transactions.

12. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Net change in non-cash operating working capital items:

	Three months ended	
	September 30, 2015	**September 30, 2014**
Net inflow (outflow) of cash:		
Accounts and other receivables	**$ 428**	$ 263
Inventories	**85**	(11)
Prepaid expenses and deposits	**3**	(167)
Accounts payable and accrued liabilities	**(901)**	(75)
Deferred revenue	**259**	547
	$ (126)	$ 557

13. RESTATEMENT IN PRIOR PERIODS

During 2015, the Company determined that certain errors had accumulated in its calculations of amortization for prior periods. These errors resulted in amortization being understated for prior periods. As a result the Company has restated its amortization for previous periods as follows:

Impact on equity (increase/(decrease) in equity)

	July 1, 2013
Property, plant and equipment	(337)
Total assets	(337)
Net impact on equity	(337)

14. SUBSEQUENT EVENTS

On October 5, 2015, the Company closed the third and final tranche of the private placement of CDN$4,000 initiated in September 2015. This third tranche was for CDN$3,175 resulting in the issuance of 63,500 shares and 31,750 warrants. Each full warrant is exercisable for a period of 18 months at an exercise price of CDN$0.07 per warrant. The shares and warrants are subject to a four-month holding expiring in February 2016. The CDN$4,000 raising in this private placement achieved one of the conditions that was set by a senior, investment grade

14. SUBSEQUENT EVENTS (continued)

lender for the provision of a loan facility of up to $3,000 (the “Loan Facility”). This condition was part of a “non-binding indication” letter. The Loan Facility is designed to finance purchase orders from ZTE Corporation to Enablence.

On October 23, 2015, certain debt arrangements totalling CDN$2,702 were converted to equity at a price of CDN$0.0525 per unit. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for a period of 18 months at an exercise price of CDN$0.07 per warrant. Additionally, debt arrangements totalling CDN$1,000, with a certain insider of the Company, Irixi Holding Ltd., were converted for shares at a price of $0.0525 per share. As an Insider, no warrants were received as part of this conversion. As a result of these debt conversions, 70,528 shares and 25,740 warrants were issued.

On November 24, 2015, the Company closed a private placement for approximately CDN$1,930 at a price of CDN$0.0525 per unit. Each unit was comprised of one common share and one half of one common share purchase warrant. Each full warrant is exercisable for a period of eighteen months at an exercise price of $0.07 per warrant. The shares and warrants are subject to a four-month holding period.