Consolidated financial statements

Enablence Technologies Inc.

For the years ended June 30, 2015 and 2014
(in thousands of United States dollars and shares)

Enablence Technologies Inc.

June 30, 2015 and 2014

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Independent Auditor's Report

To the Shareholders of Enablence Technologies Inc.

We have audited the accompanying consolidated financial statements of Enablence Technologies Inc. (the "Company"), which comprise the consolidated balance sheets as at June 30, 2015 and June 30, 2014, and the consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flows for the years ended June 30, 2015 and June 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Enablence Technologies Inc. as at June 30, 2015 and June 30, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Company incurred a comprehensive loss of $10,423 for the year ended June 30, 2015, and as of that date had an accumulated deficit of $104,986 as well as financial obligations that must be met. The ability of the Company to continue as a going concern is dependent upon the Company's ability to maintain the continuing support of its creditors and lenders, raise additional financing and achieve a profitable level of operations. These conditions, along with other matters, as set forth in Note 2, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

October 28, 2015
Ottawa, Ontario

Enablence Technologies Inc.

Consolidated balance sheets
as at June 30, 2015 and June 30, 2014
(in thousands of United States dollars)

	2015	2014
	$	$
		Restated (Note 22)
Assets		
Current assets		
Cash and cash equivalents (Note 4)	**173**	1,187
Accounts and other receivables (Note 5)	**614**	1,417
Inventories (Note 6)	**1,170**	3,334
Prepaid expenses and deposits	**321**	419
	2,278	6,357
Property, plant and equipment (Notes 7 and 22)	**1,915**	2,525
Intangible and other assets (Note 8)	**3**	34
	4,196	8,916
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**4,133**	4,591
Current portion of notes payable (Note 9)	**4,630**	2,873
Deferred revenue	**711**	432
	9,474	7,896
Other long-term liabilities	**177**	281
	9,651	8,177
Shareholders' equity (deficiency)		
Share capital (Note 11)	**88,652**	84,906
Contributed surplus	**10,586**	10,103
Accumulated other comprehensive income	**293**	103
Deficit	**(104,986)**	(94,373)
	(5,455)	739
	4,196	8,916

Approved by the Board:

" Louis De Jong"
Director

" John Roland"
Director

See accompanying notes to the consolidated financial statements.

Enablence Technologies Inc.

Consolidated statements of comprehensive loss
years ended June 30, 2015 and 2014
(in thousands of United States dollars and shares, except per share data)

	2015	2014
	$	$
Revenues	**2,047**	4,686
Cost of revenues	**4,897**	7,302
Loss on inventory impairment	**1,246**	749
Gross margin	**(4,096)**	(3,365)
Operating expenses		
Research and development	**3,248**	4,770
Sales and marketing	**285**	605
General and administration	**2,165**	3,227
Stock-based compensation (Note 11)	**468**	393
	6,166	8,995
Loss from operations	**(10,262)**	(12,360)
Other income (expense)		
Finance and other income	**2**	9
Finance expense	**(303)**	(370)
Equity loss from joint venture	**-**	(1,474)
Impairment loss on investment in joint venture (Note 20)	**-**	(2,947)
Foreign exchange (loss) gain	**(50)**	70
Gain on debt settlement (Note 11)	**-**	399
Write-down of intangible and other assets (Note 8)	**-**	(59)
Net loss from continuing operations	**(10,613)**	(16,732)
Net income from discontinued operations (net of tax) (Note 21)	**-**	555
Net loss	**(10,613)**	(16,177)
Other comprehensive income, net of tax		
Foreign currency translation gain	**190**	109
Comprehensive loss	**(10,423)**	(16,068)
Net loss per share, basic and diluted (Note 12)		
Continuing operations	**(0.06)**	(0.12)
Continuing and discontinued operations	**(0.06)**	(0.12)
Weighted average number of outstanding shares		
Basic and diluted (Note 12)	**181,857**	137,359

See accompanying notes to the consolidated financial statements.

Enablence Technologies Inc.

Consolidated statements of changes in shareholders' equity (deficiency)
years ended June 30, 2015 and 2014
(in thousands of United States dollars and shares)

	Number of shares	Share capital (Note 11)	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Equity (deficiency)
		$	$	$	$ Restated (Note 22)	$
Balance at July 1, 2013	53,511	62,388	9,710	(6)	(77,859)	(5,767)
Stock-based compensation (Note 11)	-	-	393	-	-	393
Issuance of common shares (Note 11)						
September 9, 2013 private placement	60,000	11,430	-	-	-	11,430
September 9, 2013 conversion of bridge loan	20,000	2,948	-	-	-	2,948
September 9, 2013 private placement shares issued for commission and expenses	3,960	1,471	-	-	-	1,471
September 9, 2013 debt settlement	20,045	7,447	-	-	-	7,447
Share issuance costs	-	(1,702)	-	-	-	(1,702)
Issuance of common shares (Note 11)						
June 26, 2014 private placement	6,667	924	-	-	-	924
Net loss	-	-	-	-	(16,177)	(16,177)
Restatement related to prior periods (Note 22)	-	-	-	-	(337)	(337)
Exchange differences on translating operations	-	-	-	109	-	109
Balance at June 30, 2014	**164,183**	**84,906**	**10,103**	**103**	**(94,373)**	**739**
Stock-based compensation (Note 11)	-	-	468	-	-	468
Issuance of warrants (Note 9)	-	-	15	-	-	15
Issuance of common shares (Note 11)						
December 12, 2014 private placement	18,000	2,322	-	-	-	2,322
December 12, 2014 private placement shares issued for commission and expenses	1,080	139	-	-	-	139
Share issuance costs	-	(168)	-	-	-	(168)
April 2, 2015 private placement	23,000	914	-	-	-	914
April 10, 2015 private placement	7,000	278	-	-	-	278
June 26, 2015 private placement	7,000	283	-	-	-	283
Share issuance costs	-	(22)	-	-	-	(22)
Net loss	-	-	-	-	(10,613)	(10,613)
Exchange differences on translating operations	-	-	-	190	-	190
Balance at June 30, 2015	**220,263**	**88,652**	**10,586**	**293**	**(104,986)**	**(5,455)**

See accompanying notes to the consolidated financial statements.

Enablence Technologies Inc.

Consolidated statements of cash flows
years ended June 30, 2015 and 2014
(in thousands of United States dollars)

	2015	2014
	$	$
Cash provided by (used in):		
Operating activities		
Net loss	**(10,613)**	(16,177)
Income from discontinued operations	**-**	(555)
Adjusted for the following non-cash items:		
Amortization	**977**	1,704
Stock-based compensation (Note 11)	**468**	393
Unrealized foreign exchange loss	**34**	-
Equity loss from joint venture	**-**	1,474
Impairment loss on investment in joint venture (Note 20)	**-**	2,947
Gain on debt settlement (Note 11)	**-**	(399)
Accretion expense	**-**	53
Write down of intangible and other assets (Note 8)	**-**	59
	(9,134)	(10,501)
Changes in non-cash working capital (Note 19)	**2,782**	2,278
Cash used in operating activities	**(6,352)**	(8,223)
Investing activities		
Purchase of property, plant and equipment	**(253)**	(979)
Cash used in investing activities	**(253)**	(979)
Financing activities		
Repayment of bank loans	**(570)**	(2,199)
Repayment of secured loans	**-**	(3,861)
(Repayment of) advances from operating line of credit	**(497)**	962
Advanced from bridge and short-term loans	**2,824**	-
Net proceeds from issuance of units	**3,746**	15,005
Cash provided by financing activities	**5,503**	9,907
Effect of foreign currency translation on cash and cash equivalents	**88**	(107)
Increase (decrease) in cash and cash equivalents	**(1,014)**	598
Cash and cash equivalents, beginning of year	**1,187**	589
Cash and cash equivalents, end of year	**173**	1,187
Supplementary information		
Interest paid	**18**	187

See accompanying notes to the consolidated financial statements.

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 preparation

(i) Going concern

These 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 June 30, 2015, the Company had cash of $173 and negative working capital of $7,196 and had used cash of $6,352 in its operating activities for the year ended June 30, 2015. The Company incurred a comprehensive loss of $10,423 for the year ended June 30, 2015 and as of that date had an accumulated deficit of $104,986. The Company has $4,630 of notes and debt payable that are due in the next 12 months.

These conditions indicate the existence of material uncertainties that cast significant doubt about the Company’s ability to continue as a going concern. However, subsequent to year-end, the Company has been successful in obtaining additional financing. See Subsequent events Note 23 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, as well as possible future 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.

(ii) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS.

(iii) Basis of measurement

These consolidated financial statements have been prepared on an historical cost basis. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(iv) Approval of consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on October 28, 2015.

2. Basis of preparation (continued)

(v) Presentation currency

The presentation currency of the Company's consolidated financial statements is the United States dollar ("US$").

While each of the Company's subsidiaries has its own functional currency, the functional currency of the parent company, Enablence Technologies Inc., is the Canadian dollar. However, the majority of the revenues, cost of revenues and operating expenses from significant subsidiaries are denominated in US$. Furthermore, a significant portion of the Company's debt is in US$. Presenting these financial statements in US$ allows investors to more easily compare the Company's results with most of its direct competitors. Refer to Note 3 for the functional currencies of each of the subsidiaries.

(vi) 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, revenues and expenses and the related disclosures of contingent assets and liabilities.

Significant estimates in the accompanying consolidated financial statements relate to the impairment of property, plant and equipment, intangible assets and the joint venture, allowance for doubtful accounts, valuation of debt and equity instruments, inventory provisions, and certain accruals and provisions. Actual results could differ from these estimates.

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

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements include the accounts of Enablence Technologies Inc. and its subsidiaries. Its 49% share of the investment in a joint venture is reported using the equity method of accounting. The chart below summarizes the entities included in the consolidated financial statements as at June 30, 2015 and 2014.

Name of entity	Place of incorporation	Percentage of ownership	Functional currency
Continuing operations		%	$
Enablence Technologies Inc.	Canada	Parent	Cdn
Enablence USA Inc.	Delaware, USA	100	US
Enablence USA Components Inc.	Delaware, USA	100	US
Enablence Canada Inc.	Canada	100	Cdn
Discontinued operations			
Enablence USA FTTx Networks, Inc.	Delaware, USA	100	US
Enablence Systems Inc.	Delaware, USA	100	US

3. Significant accounting policies (continued)

Basis of consolidation (continued)

i. Wholly-owned subsidiaries

Wholly-owned subsidiaries are entities controlled by the Company and where the parent owns 100% of the shares. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of wholly-owned subsidiaries are included in the Company's consolidated financial statements from the date that control commences until the date that control ceases.

ii. Transactions eliminated upon consolidation

All intercompany balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the financial statements. This includes transactions with the joint venture to the extent of the Company's interest therein.

iii. Equity investment

IFRS 11 *Joint Arrangements* deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint venturers) have rights to the net assets of the arrangement.

During the fiscal year ended June 30, 2014, the Company reviewed and assessed the classification of the Company's investment in its joint arrangement in accordance with the requirements of IFRS 11. The Company concluded that its 49% ownership interest in Sunblence Technologies Co. ("Sunblence"), which was initially classified as a jointly controlled entity under IAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture commencing in the fiscal year 2014 in accordance with IFRS 11, and accounted for using the equity method (see Note 20).

Revenue recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. Significant accounting policies (continued)

Multiple-element arrangements

When a single sales transaction requires the delivery of more than one product or service ("multiple elements"), the revenue recognition criteria are applied separately to identifiable components. A component is considered to be separately identifiable if the product or service delivered has stand-alone value to that customer. The consideration is allocated to deliverables based on their relative fair values. The fair value of each component is determined using vendor specific objective evidence, third party evidence of selling price, or estimated selling price.

Revenue is not recognized when payment is received for services not rendered. Revenue may also be deferred under certain contractual arrangements whereby delivery is not considered to have occurred until all elements of the product or service have been delivered and accepted. If these criteria are not met, then revenue is deferred until such criteria are met or until the period(s) over which the last element is delivered. If there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value.

Service related revenue contracts require judgement by management to determine the stage of completion, as this requires the ability to accurately estimate costs incurred and accurately estimate costs required to complete contracts.

Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is calculated based on the weighted average method. Write-downs are taken for excess and obsolete inventory and for reduction in the carrying value of inventory to reflect realizable value based on current cost, production and sales estimates.

Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts determined for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings; and, differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Management assesses the recoverability of deferred tax assets based upon an estimation of the Company's projected taxable income using existing tax laws, and its ability to utilize future tax deductions before they expire. To date, no deferred tax assets have been recognized. Actual results could differ from expectations.

3. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition. All assets are depreciated using the straight-line method. Depreciation is calculated based on the cost of an asset less its residual value and is recognized over the anticipated useful life of the asset as follows:

Asset class	Depreciation term
Machinery and equipment	3 to 10 years
Lab equipment and tooling	3 to 5 years
Photomasks	3 years
Computer equipment	3 to 5 years
Office furniture and equipment	3 and 5 years
Leasehold improvements	Lesser of 10 years or remaining term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

Expenditures for repairs and maintenance are expensed as incurred.

Intangible assets

Intangible assets consist of intellectual property, customer relationships, brand names, patents and software. Costs incurred to acquire patents are recorded at cost and amortized over ten years, the expected useful life of the patents. Software is recorded at cost and amortized straight-line over an estimated useful life of three years.

Impairment of long-lived assets

The carrying values of all property, plant and equipment, intangible assets and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated.

The impairment analysis requires management to estimate the future cash flows expected to arise from operations and to make assumptions regarding economic factors, discount rates, tax rates, and annual growth rates. Actual operating results and the related cash flows could differ from the estimates used for the impairment analysis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recorded when the recoverable amount of an asset or its CGU is less than its carrying amount. Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

Where an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of its recoverable amount, so long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years.

The reversal of impairment requires management to re-assess several indicators that led to the impairment. It requires the valuation of the recoverable amount by estimating the future cash flows expected to arise from the CGU and the determination of a suitable discount rate in order to calculate its present value. Significant judgement is made in establishing these assumptions.

3. Significant accounting policies (continued)

Financial instruments

Non-derivative financial assets:

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset not carried at fair value through earnings is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

The Company's financial assets and liabilities comprise (a) loans and receivables, and (b) other financial liabilities.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at cost, less any impairment losses.

Other financial liabilities:

The Company initially recognizes debt liabilities on the date that they are originated. All other financial liabilities are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognized initially at fair value minus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

The Company categorized each of its financial instruments outstanding as follows:

Financial instrument	Classification
Cash and cash equivalents	Loans and receivables
Trade receivables	Loans and receivables
Other receivables	Loans and receivables
Trade and other payables	Other financial liabilities
Notes payable	Other financial liabilities

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies (continued)

Government grants

Repayable royalty-bearing grants received for approved research and development projects are recognized at the time the Company is entitled to such grants. The liability to repay the Government is calculated as a royalty percentage of the Company's actual qualifying revenues, and is included in liabilities. During fiscal 2015, the total of grants received was $NIL (2014 - $305). Total of grants recognized by reducing related expenses was $NIL (2014 - $168). At June 30, 2015, liability for royalties payable was $323 (2014 - $319) of which $177 (2014 - $281) is included as a long-term liability. Grants received which are not repayable are recognized as a reduction of expenses at the time the Company has received such grants. The Company evaluates the requirements for repayment of these grants and, if none are present, the grants are recognized in earnings.

Stock-based compensation

The grant date fair value of share-based payment awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the period the employees unconditionally become entitled to the awards. For awards with graded vesting, the fair value of each tranche is recognized over the respective vesting period. The amount recognized as an expense is adjusted for expected forfeitures, such that the amount of share-based compensation expense recognized is based on the number of awards that are ultimately expected to vest.

Research and development costs

All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

Foreign currency transactions

Items included in the consolidated financial statements of Enablence and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in net loss for the period.

Foreign currency translation

Assets and liabilities of entities with functional currencies other than United States dollars are translated at the period end rates of exchange, and the results of their operations are translated at the exchange rates prevailing at the dates of transactions. The resulting translation adjustments are included in accumulated other comprehensive income (loss) in equity.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similarly to basic earnings per share, except that the weighted average number of shares outstanding is increased to include additional shares for the effects of all dilutive potential common shares, which comprise convertible notes, warrants and shares options granted to employees and directors. The effects of anti-dilutive potential common shares are ignored in calculating diluted EPS.

3. Significant accounting policies (continued)

Adoption of new and amended accounting pronouncements

IFRIC 21 - Levies (IFRIC 21)

IFRIC 21, provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- the liability is recognised progressively if the obligating event occurs over a period of time.
- if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

The Company adopted the interpretation effective July 1, 2014. The adoption did not have a material impact on the Company's consolidated financial statements.

IFRS 2 - Share-based Payments (IFRS 2)

IFRS 2, was amended by the IASB on December 12, 2013. The amendments clarify the definition of vesting conditions. The Company adopted the amendments effective July 1, 2014. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

IFRS 3 - Business Combinations (IFRS 3)

IFRS 3, was amended by the IASB on December 12, 2013. The amendments clarify the accounting for contingent consideration in a business combination and modify the scope exception for joint ventures to exclude the formation of all types of joint arrangements and clarify that the scope exception applies only to the financial statements of the joint arrangement itself.

The Company adopted the amendments effective July 1, 2014. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

IFRS 8 - Operating Segments (IFRS 8)

IFRS 8, was amended by the IASB on December 12, 2013. The amendments add a disclosure requirement for the aggregation of operating segments and clarify the reconciliation of the total reportable segments' assets to the entity's assets. The Company adopted the amendments effective July 1, 2014. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

IFRS 13 - Fair Value Measurement (IFRS 13)

IFRS 13, was amended by the IASB on December 12, 2013. The amendments clarify that the portfolio exception applies to all contracts within the scope of IAS 39, *Financial Instruments*: Recognition and Measurement or IFRS 9, *Financial Instruments*, regardless of whether they are financial assets or financial liabilities. The adoption of these amendments did not have any impact on the Company's consolidated financial statements.

IAS 24 - Related Party Disclosures (IAS 24)

IAS 24, was amended by the IASB on December 12, 2013. The amendments clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity. The Company adopted the amendments effective July 1, 2014. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

3. Significant accounting policies (continued)

IAS 32 - Financial instruments: presentation (IAS 32)

IAS 32, was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and call counterparties. The Company adopted these amendments effective July 1, 2014. The adoption of these amendments did not have any impact on the Company's consolidated financial statements.

IAS 36 - Impairment of Assets (IAS 36)

IAS 36, was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The Company adopted these amendments effective July 1, 2014. The adoption of these amendments did not have any impact on the Company's consolidated financial statements.

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 yet been adopted by the Company:

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.

3. Significant accounting policies (continued)

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.

4. 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.

	2015	2014
	$	$
Cash	**169**	1,177
Guaranteed investment certificate	**-**	5
Restricted cash	**4**	5
	173	1,187

5. Accounts and other receivable

	2015	2014
	$	$
Trade	**570**	1,165
Allowance for doubtful accounts	**(26)**	(2)
	544	1,163
Other	**70**	254
	614	1,417

Included in Other accounts receivable is an amount of $NIL (2014 - $81) from a related party, Irixi Holding Ltd., (Note 18), and an amount of $56 (2014 - $117) related to investment tax credits receivable.

6. Inventories

	2015	2014
	$	$
Raw materials	**475**	1,985
Work-in-progress	**737**	1,476
Finished goods	**9**	32
Allowance for obsolescence	**(51)**	(159)
	1,170	3,334

6. Inventories (continued)

During the year ended June 30, 2015, management performed a review of inventory for obsolescence. As a result of management's review of inventory for obsolescence, $1,249 (2014 - $749) of obsolete inventory was written off through cost of sales. In addition, $108 of inventory that was provided for in the prior year, was written off as unrealizable inventory. A continuity of the provision is presented below:

	2015	2014
	$	$
Opening balance	**159**	-
Additional impairment provision recorded	**-**	159
Write-off of unrealizable inventory	**(108)**	-
Closing balance	**51**	159

The amount of inventory materials recognized as cost of revenues for the year ended June 30, 2015 was $2,864 (2014 - $4,229), inclusive of the inventory impairment amount.

7. Property, plant and equipment

	Machinery and equipment	Lab equipment and tooling	Photomasks	Office furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$	$
Cost						
As at June 30, 2014	10,855	3,278	1,045	439	801	16,418
Additions	323	15	19	3	-	360
Dispositions	-	(24)	-	-	-	(24)
As at June 30, 2015	11,178	3,269	1,064	442	801	16,754
Accumulated amortization						
As at June 30, 2014	8,926	3,063	920	433	552	13,894
Amortization	685	109	74	4	73	945
As at June 30, 2015	9,611	3,172	994	437	625	14,839
Carrying value						
As at June 30, 2015	**1,567**	**97**	**70**	**5**	**176**	**1,915**

Restated (See Note 22)

	Machinery and equipment	Lab equipment and tooling	Photomasks	Office furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$	$
Cost						
As at June 30, 2013	10,189	3,129	960	439	774	15,491
Additions	666	194	85	-	27	972
Dispositions	-	(45)	-	-	-	(45)
As at June 30, 2014	10,855	3,278	1,045	439	801	16,418
Accumulated amortization						
As at June 30, 2013	7,594	2,940	810	416	485	12,245
Amortization	1,332	123	110	17	66	1,648
Dispositions	-	-	-	-	-	-
As at June 30, 2014	8,926	3,063	920	433	551	13,893
Carrying value						
As at June 30, 2014	1,929	215	125	6	250	2,525

8. Intangible and other assets

	Software	Other assets	Patents	Total
	$	$	$	$
Cost				
As at June 30, 2014	268	162	382	812
As at June 30, 2015	268	162	382	812
Accumulated amortization				
As at June 30, 2014	234	162	382	778
Amortization	31	-	-	31
As at June 30, 2015	265	162	382	809
Carrying value				
As at June 30, 2015	**3**	**-**	**-**	**3**

	Software	Other assets	Patents	Total
	$	$	$	$
Cost				
As at June 30, 2013	265	162	382	809
Additions	3	-	-	3
Dispositions	-	-	-	-
As at June 30, 2014	268	162	382	812
Accumulated amortization				
As at June 30, 2013	204	103	261	568
Amortization	30	-	-	30
Impairment	-	59	121	180
As at June 30, 2014	234	162	382	778
Carrying value				
As at June 30, 2014	34	-	-	34

9. Notes payable

	2015	2014
	$	$
Secured note 1 (a)	**505**	770
Secured note 2 (b)	**836**	1,141
Line of credit (c)	**465**	962
Bridge Loan (d)	**416**	-
Short-term Loans (e)	**2,408**	-
	4,630	2,873
Less current portion	**4,630**	2,873
Long-term portion	**-**	-

(a) This represents the balance of a secured note of $5,000 with a maturity date of December 2015 and monthly payments of principal and interest of $42. The interest rate at June 30, 2015 was 5.50% (June 30, 2014 - 5.50%). 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 (see "Subsequent Events Note 23").

(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. During the quarter ended September 30, 2012, $1,200 of cash was used to pay down a portion of the loan. The note has a maturity date of April 20, 2016 and monthly payments of principal and interest of $52. The loan has an interest rate of 5.50% at June 30, 2015 (June 30, 2014 - 5.50%) (see "Subsequent Events Note 23").

(c) On May 6, 2014, the Company obtained a variable rate revolving line of credit loan of $1,500 for working capital purposes. The loan is secured by the accounts receivable of the Company. As further collateral, $500 has been deposited with the lending bank by a related party, related due to a 12% ownership interest in the Company, to protect against the possibility that the accounts receivable will not completely satisfy a future default under the loan. The loan had a maturity date of June 1, 2015 and an interest rate based on the Wall Street Journal prime rate plus 3.25% resulting in an interest rate of 6.50% at June 30, 2015. Monthly payments of interest only were required beginning July 1, 2014. The loan balance consisting of principal and accrued unpaid interest was due on June 1, 2015. The loan balance and accrued unpaid interest remains unpaid and, therefore, is in default (see "Subsequent Events Note 23").

The Company is required to comply with certain financial covenants with respect to secured note 1 and secured note 2 and the Line of credit. As at June 30, 2015, the Company was in contravention of certain of these banking covenants, therefore, the full amount of the secured notes 1 and 2 have been classified as current liabilities (see "Subsequent Events Note 23").

(d) During the quarter ended September 30, 2014, the Company received short-term, non-interest bearing, unsecured bridge loans ("Bridge Loan") in the amount of $576 from certain related parties of which $416 was provided by companies controlled by directors of the Company. $160 of the Bridge Loan was repaid prior to June 30, 2015. Subsequent to year end, $256 of the Bridge loan was converted to equity. Another $160 of the loan is expected to be repaid by May 1, 2016. Those companies that have provided the Bridge Loan have been issued 4,800 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 are subject to a four-month hold period.

9. Notes payable (continued)

(e) During the year ended June 30, 2015, certain related parties extended further short-term, non-interest bearing, unsecured loans ("Short-Term Loans"), in the amount of $2,448. There were no warrants issued in respect of these Short-Term Loans. $40 of the Short-Term Loan was repaid prior to June 30, 2015. Subsequent to year end, $2,004 of the loans was converted to equity and $108 was repaid. Another $120 of the loan is expected to be repaid by May 1, 2016. The timetable for the repayment of the remainder of the Short-Term Loans has not yet been determined.

10. Income taxes and investment tax credits

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to net loss from continuing operations before income taxes, shown as follows:

Expected tax rate	**26.50%**	26.50%
Expected tax benefit from loss	**(2,840)**	(4,287)
Increase (decrease) in taxes from		
Permanent differences	**138**	317
Benefit of loss carryforwards	**5,266**	4,893
Rate differential on tax jurisdictions	**(1,396)**	(1,880)
Other	**(1,168)**	957
	-	-

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will be realized. The realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those losses can be carried forward and temporary differences are deductible. The amount of the deferred tax assets considered realizable could change materially in the near term, based on future taxable income during the carry-forward period.

At June 30, 2015, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	2015	2014
	$	$
Tax losses [i]	**288,321**	284,516
Tax losses [ii]	**23,110**	27,155
Unused credits [iii]	**3,753**	4,319
Deductible temporary differences	**14,486**	16,582

[i] Related to tax losses that are non-capital in nature. Canadian entity losses commence to expire in 2026 whereas the US subsidiary losses commence to expire in 2020.
[ii] Related to tax losses that are capital in nature. There is no expiry on these losses.
[iii] Unused investment tax credits that can be used to offset future income taxes payable begin to expire in 2025.

10. Income taxes and investment tax credits (continued)

Of the $288,321 tax losses available for carry-forward at June 30, 2015, $265,548 are U.S. net operating losses. These losses may be subject to annual limitations under section 382 of the Internal Revenue Code of the United States.

11. Share capital

Authorized capital stock consists of:
Unlimited number of preferred shares: NIL preferred shares issued and outstanding
Unlimited number of common shares: 220,263 common shares issued and outstanding

In June 2015, the Company initiated a non-brokered private placement for up to CA$2,000 at a price of CA$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 CA$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 subsequent to year end (see "Subsequent Events Note 23").

In April 2015, the Company completed a non-brokered private placement for CA$1,500 at a price of CA$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 CA$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 CA$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 CA$0.15 for gross proceeds of CA$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 shares were subject to a four-month hold period pursuant to applicable securities law.

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 were 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 were also subject to a four month hold period pursuant to applicable securities laws.

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.

11. Share capital (continued)

The Financing Transaction was comprised of an $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, an 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 believed the discount was appropriate given the volatility of the stock and the four-month holding period that the shares were subject to.

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) 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 which were recorded 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 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 were subject to.

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 year is presented below:

		2015		2014
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		(CA$)		(CA$)
Outstanding and exercisable, beginning of year	**-**	**-**	-	-
Warrants issued *	**23,300**	**0.07**	-	-
Outstanding and exercisable, end of year	**23,300**	**0.07**	-	-

* includes 18,500 warrants issued with shares and 4,800 warrants issued with debt instrument

11. Share capital (continued)

The following table summarizes information for warrants outstanding:

Exercice price per share (CA$)	Expiry	**2015**	2014
$		**$**	$
0.15	September 25, 2015	**4,800**	-
0.06	October 2, 2016	**11,500**	-
0.06	October 10, 2016	**3,500**	-
0.06	December 26, 2016	**3,500**	-
		23,300	-

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 June 30, 2015, the available option pool was a total of 10,622 (2014 - 1,812). 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.

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

		2015		2014
	Number of options	**Weighted average exercise price (CA$)**	Number of options	Weighted average exercise price (CA$)
Outstanding, beginning of year	**14,606**	**0.63**	5,332	1.49
Granted	**-**	**-**	9,340	0.15
Forfeited	**(2,663)**	**0.24**	(20)	4.66
Expired	**(539)**	**8.59**	(46)	0.49
Outstanding, end of year	**11,404**	**0.34**	14,606	0.63
Exercisable, end of year	**6,509**	**0.48**	2,676	2.54

Stock-based compensation expense was reduced by $148 to reverse the amount of compensation related to forfeited and expired options.

11. Share capital (continued)

Stock option plan (continued)

The following table summarizes the post-consolidation options outstanding and exercisable as at June 30, 2015:

Options outstanding			Options exercisable	
Weighted average Exercise price	**Number outstanding**	**Weighted average remaining contractual life**	Number exercisable	Weighted average Exercise price
(CA$)	**#**	**(years)**	#	(CA$)
0.15	**7,670**	**8.9**	3,205	0.15
0.33	**3,585**	**7.7**	3,155	0.33
7.40	**68**	**1.2**	68	7.40
10.00	**41**	**2.6**	41	10.00
12.00	**9**	**5.3**	9	12.00
16.00	**25**	**1.7**	25	16.00
23.00	**5**	**3.1**	5	23.00
47.80	**1**	**2.6**	1	47.80
0.34	**11,404**	**8.4**	6,509	0.48

The fair value of options granted is determined using the Black-Scholes option pricing model. No options were granted during the year ended June 30, 2015. The following assumptions were used for options granted in the prior year:

	2015	2014
Risk-free interest rate	**n/a**	1.22%
Expected life of options (years)	**n/a**	7
Expected annualized volatility	**n/a**	122%
Expected dividend yield	**n/a**	NIL
Weighted average fair value of each option	**n/a**	$0.10

Stock-based compensation is recorded as an increase to contributed surplus and is transferred to share capital when the underlying options are exercised. Grant date fair value of options issued during the year ended June 30, 2015 was $NIL (2014 - $934). Total stock-based compensation expense related to current and prior year grants was $468 (2014 - $393).

12. Loss per share

As a result of the net losses in continuing operations in each of the reporting periods, the potential effect of the exercise of stock options, convertible notes and warrants is anti-dilutive; therefore, 34,704 potentially dilutive shares at June 30, 2015 (2014 - 14,606) have not been included in the calculation of diluted loss per common share for the years ended June 30, 2015 and 2014.

13. Financial instruments

IFRS 7 - *Financial Instruments: Disclosures* (IFRS 7) requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. There are three levels of the fair value hierarchy as follows:

Level 1: Values based upon unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based upon quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based upon prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these financial instruments.

Carrying values and fair values

Financial instruments are classified into one of the following categories: fair-value through profit or loss (“FVTPL”), held-to-maturity, available-for-sale, loans and receivables and other financial liabilities. The following table summarizes information regarding the carrying values of the Company’s financial instruments.

	2015	2014
	$	$
Loans and receivables [1]	**787**	2,604
Other financial liabilities [2]	**8,940**	7,745

[1] Incudes cash and cash equivalents and accounts and other receivables
[2] Includes accounts payable, accrued liabilities, notes payable and long-term liabilities

13. Financial instruments (continued)

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents and accounts and other receivable. The Company's maximum credit risk is $787 (2014 - $2,604). The Company primarily invests its excess cash in high quality financial instruments with large, high quality financial institutions. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectibility of its trade receivables in order to mitigate any possible credit losses. The Company has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks. Two customers accounted for approximately 96% of the accounts receivable balance at June 30, 2015 (86% and 10% individually). Subsequent to year end, the large receivable owing from the one customer was offset against an amount payable to the same customer. At June 30, 2014, three customers accounted for approximately 47% of the accounts receivable balance (21%, 14% and 12% individually).

The allowance for doubtful accounts is reviewed by management at each balance sheet reporting date. The Company updates its estimate of the allowance for doubtful accounts based on an examination of the aged accounts receivable listing, considering such factors as customer payment history and the current financial condition of the customers. Accounts receivable are written off once determined to be not collectible.

During the fiscal year ended June 30, 2015, $2 of previously allowed for accounts receivable was written off. The age of trade accounts receivable, gross of the allowance of $26 at June 30, 2015 (2014 - $2), is summarized as follows:

	2015	2014
	$	$
Current or under 60 days	**166**	869
Past due 61 to 90 days	**26**	98
Past due more than 90 days	**378**	198
Total gross trade accounts receivable	**570**	1,165

Of the $378 in accounts receivable past due more than 90 days at June 30, 2015, subsequent to year end, $360 has been offset against accounts payable to the customer, and, a reserve has been taken for the balance.

The continuity of the allowance for doubtful accounts is as follows:

	2015	2014
	$	$
Balance, beginning of year	**2**	43
Increase in allowance for doubtful accounts	**26**	2
Decrease in allowance for doubtful accounts during the year from write off of accounts receivable	**(2)**	(43)
Decrease in allowance for doubtful accounts during the year from collection of accounts	**-**	-
Balance, end of year	**26**	2

13. Financial instruments (continued)

Interest rate risk

The Company is exposed to interest rate risk on its secured notes payable. The Company does not use derivative instruments to reduce its exposure to interest rate risk as the risk is considered manageable. An increase in the interest rate of 1% would have resulted in an increase in interest expense of $30 for the year ended June 30, 2015 (June 30, 2014 - $41).

Foreign currency risk

The Company operates internationally with subsidiaries in the United States and Canada and is, therefore, subject to foreign currency risk. Enablence reports its financial results in US$. Most of the Company's revenues are transacted in U.S. currency, and the Company incurs expenses in both Canadian and U.S. dollars. In Sunblence, the functional currency for expenses and other items is the Chinese renminbi. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

A 10% strengthening of the Canadian dollar against the U.S. dollar would have increased net losses from operations and decreased the other comprehensive gain ("OCI") by the amounts shown below. A weakening of the Canadian dollar would have the opposite effect.

2015		2014	
Net loss	**OCI**	Net loss	OCI
(CA$)	**(CA$)**	(CA$)	(CA$)
273	**21**	357	17

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. The Company's ability to settle its financial obligations are also dependent on the Company's ability to secure additional financing.

At June 30, 2015, the Company has financial liabilities which are due as follows:

	2016	2017	2018	Total
	$	$	$	$
Accounts payable and accrued liabilities	4,133	-	-	4,133
Bridge and short-term loans payable	2,824	-	-	2,824
Secured loans payable	1,341	-	-	1,341
Line of credit payable	465	-	-	465
Total	8,763	-	-	8,763

The Company is required to comply with certain financial covenants with respect to secured loans and the line of credit. As at June 30, 2015, the Company was in contravention of certain of these banking covenants and was late on payments. Subsequent to year-end, the debt was acquired by a consortium (see Subsequent Events Note 23).

In addition to the above, the Company has long-term royalties payable of $177. The timing of these payments depends on when sales of the related product take place and are, therefore, not determinable at this time.

14. Capital management

The Company's objective is to maintain a strong capital base so as to maintain customer, supplier, investor, creditor, and market confidence and to sustain future development of the business through organic growth and selective acquisitions.

Management defines capital as the Company's total equity (deficiency) and debt which totals $825 (2014 - $3,949) at June 30, 2015. In order to maintain or strengthen its capital structure, the Company's management believes it could issue new shares or raise new debt. To date, no dividends have been paid to the Company's shareholders and none are planned. Following the fiscal year ended June 30, 2015 management has secured bridge financing and raised additional capital (Note 23).

15. Segmented information

The Company operates in one segment, Optical Components.

Certain assets are analyzed geographically as follows:

	2015		2014	
	Property, plant and equipment	**Intangible and other assets**	Property, plant and equipment	Intangible and other assets
	$	**$**	$	$
United States	**1,513**	**-**	2,305	-
Canada	**402**	**3**	220	34
	1,915	**3**	2,525	34

Revenue is analyzed geographically as follows:

	2015	2014
	$	$
Americas	**537**	2,255
Asia Pacific	**1,061**	1,265
Europe, Middle East and Africa	**449**	1,166
	2,047	4,686

During the year ended June 30, 2015, three customers account for 59% of the Company's total revenue (26%, 19% and 14% individually). During the year ended June 30, 2014, two customers account for 28% (16% and 12% individually) 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.

	2015	2014
	$	$
Product	**1,976**	4,354
NRE	**71**	332
	2,047	4,686

16. Commitments

The Company leases office space and certain property and equipment under operating leases. Rental expenses under these leases were $554 for the year ended June 30, 2015 (2014 - $525). Minimum lease payments due under these leases for the next four years and beyond are as follows:

	$
2016	286
2017	227
2018	227
2019 and beyond	76
	816

17. Key management personnel and director compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and are defined as the Chief Officers of the Company and the Company's Board of Directors. The Company's compensation program is administered by the Board of Directors and specifically provides for total compensation for executive officers, which is a combination of base salary, performance-based incentives and benefit programs that reflect aggregated competitive pay in light of business achievement, fulfillment of individual objectives and overall job performance. Directors, executive officers and employees participate in the Company's stock option plans (Note 11).

The following summarizes key management personnel and directors' compensation for the years ended June 30, 2015 and 2014:

	2015	2014
	$	$
Salaries and directors' fees	**219**	459
Share-based payments	**-**	480
Termination benefits	**-**	221
	219	1,160

18. Related party transactions

As at June 30, 2015, China TriComm Ltd. ("TriComm") owned 30,000 Enablence common shares, which represents approximately 13.6% (2014 - 18.3%) of the issued and outstanding common shares of the Company. TriComm is controlled by Mr. Gao, a director and significant shareholder of the Company. During September 2013, as a result of equity financing received, the Company recorded $112 of legal fees owing to Win Brand Limited which was included in accounts payable and accrued liabilities at June 30, 2014. The amount was paid off during the year ended June 30, 2015. Win Brand Limited ("Win Brand") is controlled by a Director and Officer of the Company.

As at June 30, 2015, Irixi Holding Ltd. ("Irixi"), owned 20,360 Enablence common shares, which represents approximately 9.2% (2014 - 12.4%) of the issued and outstanding common shares of the Company. In addition, Irixi holds 2,133 common share options. Irixi is a joint venture controlled by TriComm and Win Brand. During the year ended June 30, 2015, the following transactions took place between Irixi and the Company:

- The Company received short-term, non-interest bearing, unsecured bridge loans in the amount of $990 from Irixi. This amount is included in loans payable at June 30, 2015
- The Company purchased equipment from Irixi for $300. $108 of this amount remains payable at June 30, 2015 and is included in loans payable at June 30, 2015.

18. Related party transactions (continued)

- The Company entered into a Strategic Partnership agreement with Irixi whereby, both companies work together on product development. During the year, Irixi charged for travel expenses of $21 incurred in the provision of product development services by its engineers. $19 of this amount remains unpaid and is included in accounts payable and accrued liabilities at June 30, 2015.

During the fiscal year ended June 30, 2014, the Company ordered certain materials from suppliers on behalf of Irixi in the amount of $81 (Note 5) which was included in accounts receivable at June 30, 2014. During the year ended June 30, 2015, this amount was offset against the amount owing to Irixi for equipment purchased from Irixi.

During the fiscal year ended June 30, 2015, the Company recorded consulting fee expense of $156 (2014 - $98) for Evan Chen and Todd Zhang. This amount is payable to Irixi. At June 30, 2015, the total amount owing to Irixi related to consulting fee expense is $254 (2014 - $98) and is included in accounts payable and accrued liabilities.

The Company controls 49% of the Sunblence Joint Venture (see Note 20). During the year ended June 30, 2015, the Company purchased $21 of product on behalf of Sunblence. This amount has not been collected and is included in accounts receivable at June 30, 2015; however, a reserve has been taken against the full amount. During the fiscal year ended June 30, 2014, the Company fulfilled certain orders from Sunblence in the amount of $106. This amount was fully paid off during the year and the accounts receivable relating to these transactions was NIL at June 30, 2014.

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 note 20 for related party transactions of the Sunblence joint venture.

19. Supplemental disclosures of cash flow information

Net change in non-cash operating working capital items:

	2015	2014
	$	$
Net inflow (outflow) of cash:		
Accounts receivable and other receivables	**803**	681
Inventories	**2,164**	582
Prepaid expenses and deposits	**98**	(347)
Accounts payable and accrued liabilities	**(562)**	958
Deferred revenue	**279**	404
	2,782	2,278

Amortization expense for the year ended June 30, 2015 of $977 (2014 - $1,704) includes the following in the Consolidated statements of comprehensive loss: a) $678 (2014 - $1,362) included within cost of revenues, b) $194 (2014 - $178) included with general and administration, and c) $105 (2014 - $164) included within research and development.

20. Joint venture

The initial investments by the partners in the Sunblence joint venture were as follows:

i. $9,180 by the Sunsea Telecommunications Co. Ltd. (“Sunsea”), all in cash
ii. $8,820 by Enablence, comprising:

- $3,500 in cash
- $1,000 of capital equipment
- $4,320 in intellectual property and know-how.

Sunsea owns 51% of Sunblence, and Enablence owns a 49% interest in Sunblence. Sunblence develops, manufactures and sells optical components based primarily on Enablence’s planar lightwave circuit (“PLC”) technology. Initial production and revenues of splitter products was achieved in June 2012.

In May 2011, the Company paid for its $3,500 cash investment in Sunblence.

At June 30, 2012, the Company had completed its cash investment, and the transfer of the intellectual property and the capital equipment as required under the initial investment requirements. At that time, Enablence began accounting for Sunblence using the proportionate consolidation method, whereby Enablence has included 49% of Sunblence’s results from operations and balance sheet in its consolidated financial statements. Enablence recognized a gain on the transfer of the intellectual property and know-how of $2,203 and a gain on the transfer of the capital equipment of $279. The gain recognized by Enablence was equal to the portion of the total gain attributable to Sunsea’s interest in Sunblence. In the year ended June 30, 2013, it was determined that the estimated value of the capital equipment in the initial transfer had been overvalued. Enablence transferred cash of $104 to correct for the valuation and recorded a loss on the transfer in the year ended June 30, 2013.

Enablence had proportionately consolidated the results from operations of Sunblence since its inception in Enablence’s 2012 results from operations.

Effective July 1, 2013, the Company has adopted IFRS 11, *Joint Arrangements*. Adoption of this standard has resulted in a change in the method of accounting for the investment in the joint venture from proportionate consolidation to the equity method of accounting. In accordance with the transition requirements, the initial equity investment is measured as the aggregate of the carrying amount of the assets and liabilities that the entity had previously proportionately consolidated as at the beginning of the immediately preceding period which is July 1, 2012.

In order for users of the consolidated financial statements to better understand the impact of the adoption of this new standard, the Company’s consolidated balance sheets, consolidated statements of comprehensive loss and consolidated statements of cash flows have been reconciled to reflect the new standard. The following reconciliations have been provided:

i. Reconciliation of consolidated balance sheets as at:
   - July 1, 2012; and
   - June 30, 2013

ii. Reconciliation of consolidated statements of comprehensive loss for:
   - The year ended June 30, 2013

iii. Reconciliation of consolidated statement of cash flows for:
   - The year ended June 30, 2013

20. Joint venture (continued)

The following is the Company's opening comparative restated balance sheet under the equity method of accounting, as at July 1, 2012:

Reconciliation of consolidated balance sheet as at July 1, 2012
(in thousands of United States dollars)

	As reported	IFRS 11 adjustments	As adjusted
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	3,974	(2,001)	1,973
Accounts receivable	2,663	(4)	2,659
Inventories	4,733	(85)	4,648
Prepaid expenses and deposits	1,191	(1,078)	113
Assets held for disposal	3,963	-	3,963
	16,524	(3,168)	13,356
Property, plant and equipment	8,710	(3,390)	5,320
Intangible and other assets	337	-	337
Investment in joint venture	-	6,181	6,181
	9,047	2,791	11,838
	25,571	(377)	25,194
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5,476	(37)	5,439
Current portion of notes payable	17,105	-	17,105
Liabilities related to assets held for disposal	816	-	816
	23,397	(37)	23,360
Notes payable	2,559	-	2,559
Other long-term liabilities	516	(340)	176
	26,472	(377)	26,095
Shareholders' deficiency			
Share capital	52,606	-	52,606
Contributed surplus	9,198	-	9,198
Accumulated other comprehensive loss	(404)	-	(404)
Deficit	(62,301)	-	(62,301)
	(901)	-	(901)
	25,571	(377)	25,194

20. Joint venture (continued)

Reconciliation of consolidated balance sheet as at July 1, 2013
(in thousands of United States dollars)

	As reported	IFRS 11 adjustments	As adjusted
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	938	(349)	589
Accounts receivable	2,285	(186)	2,099
Inventories	4,223	(307)	3,916
Prepaid expenses and deposits	80	(30)	50
Assets held for disposal	54	-	54
	7,580	(872)	6,708
Property, plant and equipment	7,339	(3,756)	3,583
Intangible and other assets	120	-	120
Investment in joint venture	-	4,108	4,108
	7,459	352	7,811
	15,039	(520)	14,519
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,426	(520)	3,906
Deferred revenue	28	-	28
Current portion of notes payable	13,927	-	13,927
Liabilities related to assets held for disposal	609	-	609
	18,990	(520)	18,470
Notes payable	1,816	-	1,816
	20,806	(520)	20,286
Shareholders' deficiency			
Share capital	62,388	-	62,388
Contributed surplus	9,710	-	9,710
Accumulated other comprehensive loss	(6)	-	(6)
Deficit	(77,859)	-	(77,859)
	(5,767)	-	(5,767)
	15,039	(520)	14,519

20. Joint venture (continued)

Reconciliation of consolidated statement of comprehensive loss for the year ended June 30, 2013
(in thousands of United States dollars and shares except per share data)

	As reported	IFRS 11 adjustments	As adjusted
	$	$	$
Revenues	7,879	(389)	7,490
Cost of revenues	7,216	(476)	6,740
Loss on inventory impairment	1,366	-	1,366
Gross margin	(703)	87	(616)
Operating expenses:			
Research and development	4,660	-	4,660
Sales and marketing	573	-	573
General and administration	5,377	(2,162)	3,215
Stock-based compensation	512	-	512
Restructuring charges	(352)	-	(352)
	10,770	(2,162)	8,608
Operating loss	(11,473)	2,249	(9,224)
Other income (expenses):			
Finance and other income	103	(98)	5
Finance expense	(2,200)	-	(2,200)
Equity loss from joint venture	-	(2,148)	(2,148)
Foreign exchange loss	(254)	-	(254)
Loss on transfer of intangibles and			-
property, plant and equipment	(104)	-	(104)
Gain on disposal of property, plant and equipment	42	(3)	39
Write-down of intangible assets	(121)	-	(121)
Net loss from continuing operations	(14,007)	-	(14,007)
Net loss from discontinued operations	(1,551)	-	(1,551)
Net loss	(15,558)	-	(15,558)
Other comprehensive income (loss):			
Foreign currency translation income (loss)	398	-	398
Comprehensive loss	(15,160)	-	(15,160)

20. Joint venture (continued)

Reconciliation of consolidated statement of cash flow for the year ended June 30, 2013
(in thousands of United States dollars)

	As reported	IFRS 11 adjustments	As adjusted
	$	$	$
Cash provided by (used in)			
Operating activities			
Net loss	(15,558)	-	(15,558)
Loss from discontinued operations	1,551	-	1,551
Adjusted for the following non-cash items			-
Amortization	2,018	(51)	1,967
Stock-based compensation	512	-	512
Equity loss from joint venture	-	2,148	2,148
Loss on transfer of intangible and property, plant and equipment to Sunblence	104	-	104
Gain on sale of property, plant and equipment	(42)	3	(39)
Write down of intangible assets	121	-	121
Unrealized foreign exchange gain	(22)	-	(22)
	(11,316)	2,100	(9,216)
Changes in non-cash working capital	555	(830)	(275)
Cash used in operating activities - continuing operations	(10,761)	1,270	(9,491)
Cash provided by operating activities - discontinuing operations	303	-	303
Cash used in operating activities	(10,458)	1,270	(9,188)
Investing activities			
Purchase of property, plant and equipment	(491)	350	(141)
Cash used in investing activities - continuing operations	(491)	350	(141)
Cash provided by investing activities - discontinuing operations	1,464	-	1,464
Cash provided by investing activities	973	350	1,323
Financing activities			
Repayment of bank indebtedness	-	-	-
Proceeds from issuance of shares, net of issuance costs	6,229	-	6,229
Repayment of notes payable	(394)	-	(394)
Cash provided by financing activities - continuing operations	5,835	-	5,835
Cash provided by financing activities	5,835	-	5,835
Effect of foreign currency translation on cash equivalents	259	32	291
(Decrease) increase in cash and cash equivalents	(3,391)	1,652	(1,739)
Cash and cash equivalents, beginning of year	4,329	(2,001)	2,328
Cash and cash equivalents, end of year	938	(349)	589
Interest paid	980	-	980

20. Joint venture (continued)

The following is a breakdown of the Company's proportionate share of the joint venture's assets and liabilities:

	2015	2014
	$	$
Current assets	**-**	740
Non-current assets	**-**	2,811
Current liabilities	**-**	(604)
Net investment in joint venture	**-**	2,947
Less: Impairment of joint venture	**-**	(2,947)
	-	-

During the year ended June 30, 2014, management performed a review of the Sunblence Joint Venture following the identification of certain impairment indicators, including continued losses and negative gross margins. As a result, through a discounted cash flow analysis, comparing the expected future cash flows results with the carrying value of the Sunblence Joint Venture, an impairment provision of $2,947 was taken at June 30, 2014 on the full amount of the equity investment.

For the year ended June 30, 2015, management performed a further review of the impairment indicators and determined that the existing indicators did not meet the criteria for reversal of the impairment. As a result, no amount of the previously recorded impairment could be reversed at June 30, 2015.

The above amounts of assets and liabilities included the following:

	2015	2014
	$	$
Cash	**-**	22
Short-term loan	**-**	266

The Company's share of the joint venture's revenue and expenses was as follows:

	2015	2014
	$	$
Revenue	**-**	305
Operating and other expenses	**-**	1,742
Net loss	**-**	(1,474)

21. Assets classified as held for sale and discontinued operations

There were no transactions related to discontinued operations during the two years ended June 30, 2015 other than the reversal of an existing provision of $555 in the year ended June 30, 2014.

22. Restatement of amortization 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)

23. Subsequent events

On August 21, 2015, the Company announced an overall financing and debt conversion package (the “Financing”) of up to CA$10,000. The Financing is to include three components, the first of which is a non-brokered private placement financing (the “Equity Financing”) for a minimum of CA$4,000 at a price of CA$0.05 per unit (“Unit), which was completed in October 2015 (see details below). The second component of the Financing, which is conditional, is the provision of a loan facility for up to CA$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 of CA$4,000. The Loan Facility is designed to finance purchase orders from ZTE Corporation to Enablence. The Loan Facility 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. Finally, as part of the Financing, certain existing non-secured debt arrangements (not to exceed CA$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 some proceeds from the Financing to repay its existing senior secured debt. This existing secured bank debt has recently been acquired by a lending group (“Consortium”) in Canada made up of certain minority shareholders, 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 and related costs of the Consortium, was $1,643. This is comprised of the bank debt outstanding just prior to August 21, 2015 of $1,468 (see Note 9), 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 terms of the Consortium debt is yet to be completely 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.

On July 6, 2015 the Company closed equity financing in the amount of $435 (CA$550). Also during the period from August 21 to October 5, 2015, the Company closed equity financing in the amount of $3,000 (CA$4,000). All of these equity financings were issued at a price of CA$0.05 per unit (“Unit”). Each Unit is comprised of one common share and one half of one common share purchase warrant (“Warrant”). Each full Warrant is exercisable for a period of 18 months at an exercise price of CA$0.06 per Warrant. As a result, 80,000 Common Shares and 40,000 Warrants were issued.

During July 2015 to August 2015, the Company received additional short-term, non-interest bearing, unsecured bridge loans (“Bridge Loan”) in the amount of CA$1,100.

23. Subsequent events (continued)

On October 23, 2015, certain debt arrangements totaling CA$2,702 were converted to equity at a price of CA$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 CA$0.07 per warrant. Additionally, debt arrangements totaling CA$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 the debt conversion, 70,528 shares and 25,740 warrants were issued.