EnWave Corporation

Condensed Consolidated Interim Financial Statements

(Unaudited)

Six months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

EnWave Corporation

Consolidated Statements of Financial Position

(Unaudited - prepared by Management)

(expressed in Canadian Dollars)

	Note	March 31, 2015	September 30, 2014
		$	$
Assets			
Current			
Cash and cash equivalents	5	**2,505,445**	5,850,658
Restricted cash	5	**1,491,689**	971,289
Trade receivables	6	**1,591,294**	1,660,845
Receivables from related parties	13	**796,542**	617,073
Due from customers on contract	15	**1,931,128**	-
Prepaids, other receivables and deposits	7	**240,321**	217,996
Inventory	8	**1,816,716**	1,242,843
		10,373,135	10,560,704
Non-current			
Property, plant and equipment	9	**4,285,983**	2,877,167
Intangible assets		**3,783,985**	4,490,631
Goodwill	4	**3,775,779**	3,922,675
		11,845,747	11,290,473
Total assets		**22,218,882**	21,851,177
Liabilities			
Current			
Trade and other payables	10	**2,476,741**	1,678,663
Amounts due to related parties	13	**731,114**	693,024
Customer deposits and deferred revenue	15	**1,489,464**	1,573,797
Other financial liability	13, 14c	**370,250**	332,268
		5,067,569	4,277,752
Non-current			
Amounts due to related parties	13	**15,665**	265,568
Other financial liability	13 & 14c	**638,260**	870,328
Total liabilities		**5,721,494**	5,413,648
Equity			
Attributable to shareholders of the parent:			
Share capital	11b	**51,204,095**	50,964,155
Warrants		**586,120**	586,120
Contributed surplus	11d	**5,370,723**	5,286,569
Foreign currency translation reserve		**145,412**	326,899
Deficit		**(42,051,070)**	(41,034,694)
		15,255,280	16,129,049
Non-controlling interest		**1,242,108**	308,480
Total equity		**16,497,388**	16,437,529
Total liabilities and equity		**22,218,882**	21,851,177

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

EnWave Corporation

Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - prepared by Management)

(expressed in Canadian dollars)

		Three months ended		Six months ended	
		March 31, 2015	March 31, 2014	**March 31, 2015**	March 31, 2014
	Note	**$**	$	**$**	$
Revenues	15	**5,474,931**	504,605	**7,984,577**	1,070,861
Direct costs		**(3,628,422)**	(645,706)	**(5,570,451)**	(1,689,956)
		1,846,509	(141,101)	**2,414,126**	(619,095)
Expenses:					
Administrative	16	**(763,247)**	(639,848)	**(1,223,444)**	(1,079,734)
Sales and marketing	16	**(304,439)**	(347,970)	**(592,961)**	(679,749)
Research and development	16	**(273,612)**	(429,089)	**(763,617)**	(1,100,236)
Design and certain constructions costs	16	**(148,802)**	(128,625)	**(304,085)**	(249,504)
Amortization of intangible assets		**(357,566)**	(358,435)	**(718,056)**	(719,857)
Stock-based compensation	11c	**(73,850)**	(140,501)	**(171,094)**	(262,371)
Foreign exchange gain (loss)		**24,936**	278	**95,008**	(4,467)
Gain (loss) on sale of property, plant and equipment		**-**	(105,139)	**253**	(104,539)
Finance expense	13	**(10,637)**	(66,762)	**(39,713)**	(278,128)
Finance income		**32,471**	65,564	**50,599**	83,223
		(1,874,746)	(2,150,527)	**(3,667,110)**	(4,395,362)
Net loss for the period		**(28,237)**	(2,291,628)	**(1,252,984)**	(5,014,457)
Other comprehensive income (loss):					
Foreign exchange translation		**51,789**	113,781	**(222,516)**	292,312
Total comprehensive income (loss) for the period		**23,552**	(2,177,847)	**(1,475,500)**	(4,722,145)
Income (Loss) attributable to:					
Shareholders of the parent company:					
Net income (loss)		**142,207**	(2,106,897)	**(1,016,376)**	(4,600,970)
Foreign exchange translation		**58,007**	91,029	**(181,487)**	247,115
Non-controlling interest:					
Net loss		**(170,444)**	(184,731)	**(236,608)**	(413,487)
Foreign exchange translation		**(6,218)**	22,752	**(41,029)**	45,197
		23,552	(2,177,847)	**(1,475,500)**	(4,722,145)
Loss per share - basic and diluted		**0.00**	(0.03)	**(0.02)**	(0.06)
Weighted average number of shares outstanding - basic and diluted		**84,443,870**	78,739,424	**84,407,924**	78,739,424

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

EnWave Corporation
Consolidated Statements of Cash Flows

(Unaudited - prepared by Management)

(expressed in Canadian dollars)

	Note	Six months ended March 31, 2015 $	Six months ended March 31, 2014 $
Cash flows from operating activities			
Net loss for the period		**(1,252,984)**	(5,014,457)
Items not affecting cash:			
Depreciation and amortization		**1,087,570**	847,129
Impairment of inventory		**113,133**	-
Stock-based compensation	11	**171,094**	262,371
Finance income		**(50,599)**	(83,223)
Interest expense		**39,713**	278,128
(Gain) loss on sale of property, plant and equipment		**(253)**	104,539
Change in warranty provisions		**27,808**	(7,205)
Foreign exchange (gain) loss		**(95,008)**	4,467
		40,474	(3,608,251)
Changes in non-cash working capital:			
Decrease in trade receivables		**133,625**	240,624
(Increase) decrease in prepaid and other receivables		**(35,661)**	174,607
Change in inventory		**147,604**	(931,346)
Increase (decrease) in trade and other payables		**534,195**	(138,099)
Decrease in the amounts due to related parties		**(531,677)**	(139,531)
(Increase) decrease in customer deposits and deferred revenues		**(2,017,608)**	133,053
Net cash used in operating activities		**(1,729,048)**	(4,268,943)
Cash flows from investing activities			
Funding from non-controlling interest partner	13(b)	**844,500**	-
Net acquisition of property, plant and equipment		**(1,666,892)**	(282,079)
Acquisition of intangible assets		**(10,587)**	(26,142)
Finance income received		**41,852**	58,580
Net cash used in investing activities		**(791,127)**	(249,641)
Cash flows from financing activities			
Proceeds from private placement	11b	**-**	7,748,821
Share issue costs		**-**	(625,307)
Proceeds from exercise of stock options		**153,000**	137,500
Cash received from business combinations		**-**	195,029
Credit line - restricted cash for project financing		**(521,011)**	-
Repayment of related party loans		**(326,469)**	(79,199)
(Repayment of) received in bank overdraft, other financial liability and interest		**(125,428)**	78,775
Net cash (used in) generated from financing activities		**(819,908)**	7,455,619
Effect of foreign exchange translation on cash		**(5,130)**	(8,715)
(Decrease) increase in cash and cash equivalents		**(3,345,213)**	2,928,320
Cash and cash equivalents - Beginning of the period		**5,850,658**	5,632,045
Cash and cash equivalents - End of the period		**2,505,445**	8,560,365
Non-cash transactions			
Fair value of warrants and agents' warrants issued for share issue costs		-	129,773
Acquisition of property, plant and equipment through accounts payable		(123,143)	80,154
Acquisition of intangible assets through accounts payable		(669)	9,060

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

EnWave Corporation

Consolidated Statements of Changes in Equity

(Unaudited - prepared by Management)

(expressed in Canadian dollars)

	Attributable to shareholders of the parent							Non-controlling interest	Total
	Share capital								
	Amount	Value	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total	Deficit	Total equity
	#	$	$	$	$	$	$	$	$
Balance, September 30, 2013	78,016,776	43,743,855	-	4,969,083	101,695	(34,636,366)	14,178,267	(80,357)	14,097,910
Net loss for the period	-	-	-	-	-	(4,600,970)	(4,600,970)	(413,487)	(5,014,457)
Contributions from non-controlling interest partners	-	-	-	-	-	-	-	308,800	308,800
Effects of foreign currency translation	-	-	-	-	247,115	-	247,115	45,197	292,312
Shares issued on private placements	5,534,872	7,112,511	365,309	-	-	-	7,477,820	-	7,477,820
Share issue costs	-	(414,381)	59,869	-	-	-	(354,512)	-	(354,512)
Shares issued on exercise of options	450,000	218,700	-	(81,200)	-	-	137,500	-	137,500
Stock-based compensation	-	-	-	262,371	-	-	262,371	-	262,371
Balance, March 31, 2014	84,001,648	50,660,685	425,178	5,150,254	348,810	(39,237,336)	17,347,591	(139,847)	17,207,744
Net loss for the period	-	-	-	-	-	(1,797,358)	(1,797,358)	(177,984)	(1,975,342)
Contributions from non-controlling interest partners	-	-	-	-	-	-	-	612,933	612,933
Effects of foreign currency translation	-	-	-	-	(21,911)	-	(21,911)	13,378	(8,533)
Shares issued on private placements	111,111	150,000	271,000	-	-	-	421,000	-	421,000
Share issue costs	-	(162,242)	(110,058)	-	-	-	(272,300)	-	(272,300)
Shares issued on exercise of options	260,000	315,712	-	(209,712)	-	-	106,000	-	106,000
Stock-based compensation	-	-	-	346,027	-	-	346,027	-	346,027
Balance, September 30, 2014	84,372,759	50,964,155	586,120	5,286,569	326,899	(41,034,694)	16,129,049	308,480	16,437,529
Net loss for the period	-	-	-	-	-	(1,016,376)	(1,016,376)	(236,608)	(1,252,984)
Effects of foreign currency translation	-	-	-	-	(181,487)	-	(181,487)	1,170,236	988,749
Shares issued on exercise of options	150,000	239,940	-	(86,940)	-	-	153,000	-	153,000
Restricted share rights	-	-	-	508	-	-	508	-	508
Stock-based compensation	-	-	-	170,586	-	-	170,586	-	170,586
Balance, March 31, 2015	84,522,759	51,204,095	586,120	5,370,723	145,412	(42,051,070)	15,255,280	1,242,108	16,497,388

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

1. Nature of operations

EnWave Corporation ("EnWave") was incorporated under the Canada Business Corporations Act on July 14, 1999. The Company's principal business is the design, construction, marketing and sales of food and biomaterial processing machines that utilize drying technologies which create dehydrated food and health products.

The registered office of the Company is: # 2900 – 550 Burrard Street, Vancouver, BC V6E 0A3, Canada.

On October 17, 2012, the Company acquired an 86.5% controlling interest in the shares of Hans Binder Maschinenbau GmbH ("Binder") located in Germany, a manufacturer of dehydration equipment. The principal activities of Binder are designing, manufacturing and selling of dehydration equipment, and its assets, liabilities, and results of operations have been consolidated from October 17, 2012.

On December 3, 2012, the Company incorporated a US subsidiary, EnWave USA Corporation ("EnWave USA"), for the purpose of entering into a partnership agreement on February 26, 2013, to establish NutraDried LLP ("NutraDried") in the US. NutraDried develops, manufactures, markets and sells certain dehydrated products under the Company's nutraDRIED™ trademark throughout North America.

On January 30, 2015 the Company entered into a series of agreements with EnWave USA, NutraDried, NutraDried Creations LLP ("Creations"), Lucid Capital Management ("Lucid") and a former director of the Company. These agreements provided for the change of ownership from Lucid's to Creations of the 49% interest in NutraDried. The agreements also provided for the collection of a US $1,000,000 receivable from NutraDried, the provision of a one-year amortizing loan, limited to USD $735,000, to a former director of the Company.

EnWave, Binder and NutraDried are collectively referred to as "the Company".

The Company has not yet realized profitable operations and it has relied on non-operational sources of financing to fund operations and as at March 31, 2015, the Company had a consolidated working capital of approximately $5.6 million and a consolidated accumulated deficit of approximately $42 million. The Company's ability to achieve its objectives, meet its ongoing obligations and recover its investments in patents and other assets will depend on management's ability to successfully execute its business plan, achieve profitable operations and obtain additional financing, if or when required. There is no assurance that these initiatives will be successful; see Note 14 on liquidity risk.

2. Basis of preparation

Statement of compliance

These consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended September 30, 2014, which were prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 25, 2015.

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended September 30, 2014 except for:

Impairment of inventory

The Company has utilised guidance under IAS 2 *Inventories* to determine whether inventory is carried at the lower of cost and net realisable value. This determination requires judgement, which includes among other factors, the selling price, less the estimated costs of completion and the estimated costs to make the sale.

3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year with the exception of the items described below:

Annual Improvements to IFRS

The Company adopted the newly issued IASB narrow-scope amendments to various standards on October 1, 2014. Amendments were made to clarify the following in their respective standards:

- Definition of "vesting condition" in IFRS 2, Share-based Payments;
- Classification and measurement of contingent consideration; and scope exclusion for the formation of joint arrangements in IFRS 3, Business Combinations;
- Disclosures on the aggregation of operating segments in IFRS 8, Operating Segments;
- Measurement of short-term receivables and payables; and scope of portfolio exception in IFRS 13, Fair Value Measurement; and
- Definition of "related party" in IAS 24, Related Party Disclosures.

The extent of the impact of adoption of the amendments has not been material.

IFRS 15, Revenues with Customers –In April 2015 the IASB issued an exposure draft (ED) that would, if approved defer the effective date of implementation of IFRS 15 to January 1, 2018. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

4. Goodwill

	EUR €	CAD $
Balance, September 30, 2014	2,771,621	3,922,675
Adjustment for foreign exchange		(146,896)
Balance, March 31, 2015	2,771,621	3,775,779

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

5. Cash and cash equivalents and restricted cash

As at March 31, 2015, cash and cash equivalents consist of $1,136,180 (September 30, 2014 - $1,214,628) held in current accounts, and $1,369,265 (September 30, 2014 - $4,636,030) held in short term investments such as GICs with maturity dates of less than or equal to three months and cashable within 90 days.

Of the total restricted cash of $1,491,689 (September 30, 2014 - $971,289), $28,749 is used as collateral for a Company credit card, and $1,462,940 was held as guarantees for collateral.

The company has a credit line of EUR €100,000 ($136,230) (September 30, 2014 – EUR €100,000 ($141,530) which bears an interest rate of 8.55%. As at March 31, 2015, EUR €80,133 was available (September 30, 2014 – EUR €100,000).

The company also has guarantee facilities available of EUR €2M ($2,72M) (September 30, 2014 - EUR €2M) and utilized EUR €1,284,670 ($1,750,106) at March 31, 2015 (September 30, 2014 - €1,163,820 ($1,647.154)). These facilities are collateralized by amounts held as restricted cash totalling EUR €13,605 ($18,534) from Binder and EUR €844,800 ($1,150,871) from EnWave (September 30, 2014 – €647,525 (Cad $942,500)) and a mortgage by a related entity for EUR €334,000 ($455,008) (September 30, 2014 – €766,938).

6. Trade receivables

The following amounts are receivables from customers in the normal course of business:

	March 31, 2015	September 30, 2014
	$	$
Trade receivables	**1,662,353**	1,739,749
Less: Allowance for doubtful accounts	**(71,059)**	(78,904)
	1,591,294	1,660,845

7. Prepaids, other receivables and deposits:

	March 31, 2015	September 30, 2014
	$	$
Prepaid expenses	**198,464**	164,286
Indirect tax receivables	**29,769**	18,838
Receivables from related parties and other (Note 13c)	**808,630**	627,828
Long-term receivables	**-**	24,117
	1,036,863	835,069

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

8. Inventory

Inventories consist of the raw materials used in the construction of dehydration equipment and food products available for sale.

	March 31, 2015	September 30, 2014
	$	$
Machinery: parts and work in progress	**918,336**	980,259
Food products	**752,539**	237,387
Packaging supplies	**145,841**	25,197
	1,816,716	1,242,843

9. Property, plant and equipment

	Office plant and equipment	Manufacturing plant and equipment	Leasehold improvements	Total
	$	$	$	$
Year ended September 30, 2014:				
Opening net book value	116,416	265,367	282,642	664,425
Additions	20,753	2,358,950	89,886	2,469,589
Disposals	-	(2,160)	-	(2,160)
Depreciation	(34,192)	(188,092)	(97,049)	(319,333)
Currency translation adjustments	2,169	50,427	12,050	64,646
Closing net book value	**105,146**	**2,484,492**	**287,529**	**2,877,167**
At September 30, 2014:				
Cost	225,105	3,252,335	520,077	3,997,517
Accumulated depreciation	(119,959)	(767,843)	(232,548)	(1,120,350)
Closing net book value	**105,146**	**2,484,492**	**287,529**	**2,877,167**
Six months ended March 31, 2015:				
Opening net book value	105,146	2,484,492	287,529	2,877,167
Additions	53,691	1,459,564	35,744	1,548,999
Disposals	(4,953)	(44)	-	(4,997)
Depreciation	(15,843)	(304,225)	(49,446)	(369,514)
Currency translation adjustments	(2,536)	212,255	24,609	234,328
Closing net book value	**135,505**	**3,852,042**	**298,436**	**4,285,983**
At March 31, 2015:				
Cost	359,479	5,246,945	588,507	6,194,931
Accumulated depreciation	(223,974)	(1,394,903)	(290,071)	(1,908,948)
Net book value	**135,505**	**3,852,042**	**298,436**	**4,285,983**

As at March 31, 2015, there was $920,074 of manufacturing plant & equipment as asset held under a finance lease to a customer (2014 - $276,302). This amount is not yet being amortized as it is still in construction.

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

10. Trade and other payables

	March 31, 2015	September 30, 2014
	$	$
Trade payables	**1,702,773**	802,380
Pension accrual	**176,929**	173,202
Personnel related accruals other than related parties	**237,094**	180,551
Other accrued liabilities	**231,932**	241,191
VAT and other taxes payable	**70,030**	249,212
Provision for warranty	**57,983**	32,127
	2,476,741	1,678,663

11. Share capital

a) Authorized:

Unlimited number of voting common shares without par value. Issued and outstanding: 84,522,759.

Unlimited number of voting preferred shares, issuable in series. Issued and outstanding: Nil.

b) Issued and fully paid:

	Share capital	
	Amount	Value
	#	$
Balance, October 1, 2013	78,016,776	43,743,855
Shares issued on private placements	5,534,872	7,112,511
Share issue costs	-	(414,381)
Shares issued on exercise of options	450,000	218,700
Balance, March 31, 2014	84,001,648	50,660,685
Shares issued on private placements	111,111	150,000
Share issue costs	-	(162,242)
Shares issued on exercise of options	260,000	315,712
Balance, September 30, 2014	84,372,759	50,964,155
Shares issued on exercise of options	150,000	239,940
Balance, March 31, 2015	84,522,759	51,204,095

c) Stock options

The Company’s stock option plan (“the Option Plan”) is available to eligible persons, whereby up to 10% of the issued common shares of the Company may be reserved for issuance under the Option Plan. The aggregate number of common shares reserved for issuance to any person within any one year may not exceed 5% of the number of outstanding common shares, on a non-diluted basis.

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

The exercise price of the options will be determined by the Board of Directors at the time of grant of the options, such price not to be less than the last daily closing price of the Company's common shares on the Exchange prior to the date of grant, less the discount permitted by the policies of the Exchange.

Options issued under the Option Plan will vest in the terms approved by the Board of Directors for each specific grant, except for options granted to individuals engaged in investor relations activities, which must vest over a 12-month period.

The continuity of options is as follows:

	Number of share options #	Weighted average exercise price $
Outstanding, October 1, 2013	4,569,000	1.34
Granted	460,000	1.40
Exercised	(450,000)	0.31
Forfeited	(40,000)	1.37
Outstanding, March 31, 2014	4,539,000	1.45
Granted	970,000	1.32
Exercised	(260,000)	0.41
Outstanding at September 30, 2014	5,249,000	1.48
Granted	75,000	1.10
Exercised	(150,000)	1.02
Forfeited	(250,000)	1.55
Outstanding at March 31, 2015	4,924,000	1.48
Exercisable at March 31, 2015	4,048,986	1.55

The weighted average fair value of options granted during the six months ended March 31, 2015 was $0.36 per option (2014 - $0.60).

During the six months ended March 31, 2015, 150,000 stock options were exercised (2014 – 450,000), for total proceeds of $153,000 (2014-$137,500). A fair value of $86,940 (20143 - $81,200) was transferred from contributed surplus to share capital in connection with these exercises. The fair value of the shares acquired at the time of exercise was $172,500 (2014- $630,500).

The following weighted average assumptions were used in calculating the fair value of the stock options granted using Black-Scholes model during the six months ended March 31, 2015 and 2014:

	2015	2014
Risk-free interest rate	1.35%	1.58%
Expected life	3.65 years	3.65 years
Estimated volatility	41.29%	46,72%
Forfeiture rate	1.46%	1.46%
Dividend rate	0.00%	0.00%

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

Stock options outstanding as at March 31, 2015 have the following expiry date and exercise prices:

Year of expiry	Exercise price per share $	December 31, 2014 #
2015	1.10 - 1.70	476,500
2016	1.54 - 2.18	1,017,500
2017	1.32 - 1.61	1,625,000
2018	1.40 - 1.80	460,000
2019	1.10 - 1.40	1,345,000
		4,924,000

During the six months ended March 31, 2015, the Company recorded stock-based compensation expense of $171,094 (2014 - $262,371) which includes expense for the options exercised and for Restricted Share Rights recognized during the six months ended March 31, 2015. The fair value of each option is accounted for in the statement of loss and comprehensive loss, over the vesting period of the options, and the related credit is included in contributed surplus.

Subsequently, on April 30, 2015 50,000 stock options forfeited.

d) Contributed surplus:

	Six months ended March 31, 2015 $	Year ended September 30, 2014 $
Contributed surplus – Beginning of period	**5,286,569**	4,969,083
Stock-based compensation	**170,586**	608,398
Restricted share rights (Note 11(e))	**508**	-
Transfer to share capital on exercise of options	**(86,940)**	(290,912)
Contributed surplus – End of period	**5,370,723**	5,286,569

e) Restricted share rights:

On March 23, 2015, the shareholders of the Company approved a Restricted Share Rights Plan (the "RSR Plan") pursuant to which the Company reserved up to a maximum of 1,000,000 common shares for Restricted Share Rights ("RSRs"). The common shares reserved under the RSR Plan, together with stock options outstanding under the Option Plan, cannot exceed in aggregate 10% of the issued and outstanding shares of the Company.

On March 23, 2015, the Company awarded 65,000 RSRs under the RSR Plan valued at $69,550. The awarded RSRs will vest in three years from the award date. The Company recognized stock-based compensation related to the award of these RSRs of $508 during the six months ended March 31, 2015 and charged the amount to contributed surplus.

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

12. Contingencies and commitments

a) Commitments – Payables from Company to vendors

The Company has entered into various lease agreements for the rental of office space, plant facilities, and laboratory facilities for lease terms ranging from 3 to 6 years and renewable at the end of the lease at market rates. The Company also pays additional rent to cover its share of operating costs and property taxes.

	March 31, 2015	September 30, 2014
	$	$
Less than 1 year	**993,827**	1,348,483
Between 1 and 5 years	**1,715,874**	2,053,431
More than 5 years	**11,852**	67,867
Total	**2,721,553**	3,469,781

b) Commitments - Receivables from customers to the Company

The Company has entered into lease agreements for the lease of dehydration equipment to customers with the lease payments receivable for periods between 24 and 48 months.

	March 31, 2015	September 30, 2014
	$	$
Less than 1 year	**51,931**	209,319
Between 1 and 5 years	**1,324,120**	1,206,466
More than 5 years	**-**	-
Total	**1,376,051**	1,415,785

13. Related party transactions

a) Key management personnel compensation

Key management personnel include the Company’s members of senior management, directors, and members of the Audit, Compensation and Governance Committees. Compensation for the six months ended March 31, 2015 and 2014 was as follows:

	Six months ended	
	March 31, 2015	March 31, 2014
	$	$
Salaries, bonuses, short-term and long-term employee benefits	**515,725**	718,476
Stock-based compensation	**132,545**	132,764
	648,270	851,240

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

b) Purchase of services

The Company purchased services from related parties for the six months ended March 31, 2015 and 2014 as shown in the table below:

	Six months ended	
	March 31, 2015	March 31, 2014
	$	$
Consulting, managment or directors' fees	**263,201**	249,682
Royalties paid to INAP (iv),14 c	**166,110**	133,834
Office and manufacturing facility for US facilities paid to a former director	**17,235**	23,644
Office and manufacturing facility rent paid to a company controlled by key management of Binder	**126,648**	132,336
	573,194	539,496

In addition, Creations (a company controlled by a former director of the Company) contributed $844,500 (2014 - $Nil) to Nutradried LLP.

c) Period-end balances with related parties

The following amounts are due to related parties of which $1,101,364 (September 30, 2014 - $1,025,292) are current amounts due and $653,925 (September 30, 2014 - $1,135,896) are non-current amounts due:

	March 31, 2015	September 30, 2014
	$	$
Binder related party loans (i)(ii)	**450,073**	778,186
Rent payable to related parties	**18,366**	-
Other payable to related parties (iii)	**278,340**	180,406
Other financial liability to INAP (iv)	**1,008,510**	1,202,596
	1,755,289	2,161,188

(i) In 2012 the Company assumed a loan due to the previous owners, who remain key management. At March 31, 2015 the balance outstanding of this loan was $408,843 (September 30, 2014 - $656,297). The loan is unsecured and bears interest of 9% per annum and has a repayment schedule that will complete by December 31, 2015.

(ii) In 2012 the Company assumed a loan due to the previous owners, who remain key management. At March 31, 2015 the carrying amount was $41,230 (September 30, 2014 - $121,889). The loan is unsecured, bears annual interest of 5.5%, and has no fixed repayment terms.

(iii) This includes accrual for bonuses, accrual for royalties payable to INAP and other accruals.

(iv) INAP is controlled by management of Binder. Of the total amount, $370,250 is payable within a year, and the remaining $638,260 is non-current.

In addition, an amount of $798,630 (September 30, 2014 - $627,828) was receivable from related parties of which $796,168 relates to a former director of the Company who is a principal of Nutradried Creations (Note 1) (September 30, 2014 - $586,138 corresponded to Lucid, a company controlled by the same person).

14. Financial instruments and fair value measurements

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosure required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the fiscal year ended September 30, 2014.

Fair values

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, other receivable, trade and other payables, amounts due to related parties, and other financial liability.

The Company's financial assets, consisting of cash and cash equivalents, restricted cash, and other receivables are all due in less than one year as shown under liquidity risk table (a) below.

The Company's financial liabilities, consisting of trade and other payable and amounts due to related parties.

Other financial liability is due within 1 – 4 years as shown under liquidity risk table (c) below.

For all financial instruments other than amounts due to related parties and other financial liability, the carrying amount is a reasonable approximation of their fair value due to the short-term nature of these instruments. The Company did not have any held-to-maturity or available-for-sale financial instruments, nor did it acquire or hold any derivative products during the six months ended March 31, 2015 and year ended September 30, 2014.

The fair value of amounts due to related parties has been estimated to approximate its carrying value as the discount factors approximate market rates applicable to the loans.

Financial risk factors

The Company is exposed to a number of risks. These risks include credit risk, liquidity risk, and market risk. The Company has established policies and procedures to manage these risks, with the objective of minimizing the adverse effects that changes in the variable factors underlying these risks could have on the Company's consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings.

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

Cash flow forecasting is performed to monitor cash requirements and form capital management decisions. Such forecasting takes into account current and potential customers and the Company's technology development and capital raising expectations.

The Company has an agreement with the Bank of Montreal to provide Binder with the support for bank guarantees in favour of some of its customers, to a maximum of $1,500,000.

The Company owes amounts to a related party (Note 13(c)); and has two credit cards with a limit of $25,000 and $44,956, respectively (September 30, 2014 - $25,000 and $46,705). Reference should also be made to nature of operations in Note 1 for further information regarding liquidity risk.

(a) Financial assets maturity table:

	0 - 30	31 - 90	91- 1 year	over 1 year
Cash, cash equivalents and restricted cash	2,523,979	28,749	-	1,444,406
Trade receivables	876,726	326,594	387,519	455
Other receivables including related parties	76,455	761,944	-	-
	3,477,160	1,117,287	387,519	1,444,861

(b) Liabilities, excluding other financial liability, tax liabilities and customer deposits and deferred revenues maturity table:

	0 - 30	31 - 90	91 - 1 year	over 1 year
Trade and other payables	1,048,220	1,052,999	278,227	39,312
Amounts due to related parties	197,125	99,580	434,409	15,665
Provisions	4,308	-	53,675	-
	1,249,653	1,152,579	766,311	54,977

(c) The Company's other financial liability consisting of undiscounted minimum royalties payable and are due as follows:

Due as at September 30, the following years	Royalties payable EUR €	Royalties payable CAD $
2015	125,920	171,540
2016	324,341	441,850
2017	421,643	574,405
2018	29,343	39,975
Total	901,247	1,227,770

Market risk

Market risk is the risk that the fair value or future cash flows of the Company will fluctuate due to changes in interest rates and foreign currency exchange rates.

a) Interest rate risk

The Company is exposed to credit risk through short-term investments. The Company limits its exposure to interest rate risk by investing in short-term investments at major Canadian financial institutions. A 1% change in interest rates would affect the results of operations by approximately $28,000 (September 30, 2014: $68,000).

The Company also has loans with related parties. The interest rates are fixed and the Company considers the risk to be low.

b) Foreign exchange risk

The Company has significant minimum royalties' payable over five years in Euros. The Company manages currency risk relating to this obligation by generating Euros in its European operations. Should the Company not generate adequate Euros in European operations, currency exchange risk will exist to convert Canadian or US dollars to Euros.

The Company also has increasing number of customers with contracts denominated in US dollars.

As at March 31, 2015 all of the Company's liquid assets and liabilities were held in Canadian dollars, Euros and US dollars.

A change in the value of the Euro by 10% relative to the Canadian dollar would have affected the Company's loss for the period by approximately $80,000.

A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's loss for the period by approximately $37,000.

15. Revenue

i) Revenue breakdown:

Six months ended	**March 31, 2015**	March 31, 2014
	$	$
Sales and construction contracts	**7,784,081**	841,423
Royalties, commissions and licensing	**14,203**	35,084
Equipment testing fees and other revenues	**186,293**	194,354
	7,984,577	1,070,861

On the statements of financial position, due to customers on contract of $1,931,128 (2014 - $Nil) relates to work performed on equipment construction contracts and revenue has been recognized, however the amounts are still to be invoiced to the customer based on the contract terms.

Customer deposits and deferred revenue of $1,489,464 (2014 - $1,573,797) relates to deposits received from customers on their equipment orders, but not yet recognizable as revenue.

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

ii) During the six months ended March 31, 2015, an amount equal to 33% of the total consolidated revenue is attributed to one customer, an amount equal to 16% of the total consolidated revenue is attributed to one customer, and an amount equal to 9% of the total consolidated revenue is attributed to one customer. The remaining amounts equal to 42% were attributed to different customers who individually amount to less than 10% of the total revenue:

Customer	Six months ended March 31, 2015	Six months ended March 31, 2014
A	2,657,182	165,927
B	1,251,294	114,582
C	737,010	63,057
Others	3,339,091	727,295

iii) As at March 31, 2015, an amount equal to 23% of the total consolidated trade receivables was owed to the Company by one customer, an amount equal to 16% of the total consolidated trade receivables was owed to the Company by one customer, and an amount equal to 12% of the total consolidated trade receivables was owed to the Company by one customer. The remaining amounts equal to 49% were owed by different customers who individually amount to less than 10% of the total receivables:

Customer	As at March 31, 2015	As at September 30, 2014
A	372,862	641,980
B	255,431	287,019
C	185,033	156,631
Others	777,968	575,215

16. Expenses by nature

Details of consolidated expenses by nature for direct costs, administrative expenses, sale and marketing expenses, research and development expenses, and design and certain construction costs are shown below:

Six months ended	March 31, 2015	March 31, 2014
	$	$
Expenses		
Cost of materials	**(5,405,551)**	(1,133,242)
Other expenses	**(329,183)**	(64,740)
Professional services	**(485,445)**	(735,826)
Rent	**(285,193)**	(262,235)
Repairs and maintenance	**(8,065)**	(4,039)
Research and development contributions	**-**	33,756
Salaries, wages and fees	**(2,330,639)**	(2,192,909)
Travel and promotional costs	**(312,138)**	(326,264)
Inventory impairment	**(113,133)**	-
Bad debt	**(18,813)**	(15,439)
Total expenses	**(9,288,160)**	(4,700,938)

(Unaudited - expressed in Canadian dollars, unless otherwise stated)

17. Segmented information

The Company has assessed its operating segments to be EnWave, Binder and EnWave USA according to the manner in which information is used by the Chief Operating Decision Maker. The results of operations and the assets for each segment are shown below.

As at	March 31, 2015				September 30, 2014			
	EnWave: (Canada)	Binder: (Germany)	EnWave USA	Total	EnWave: (Canada)	Binder: (Germany)	EnWave USA	Total
Assets	$	$	$	$	$	$	$	$
Inventory	99,226	819,110	898,380	1,816,716	322,058	658,201	262,584	1,242,843
Property, plant and equipment	1,959,463	127,521	2,198,999	4,285,983	1,072,228	111,100	1,693,839	2,877,167
Intangible assets	3,742,906	20,560	20,519	3,783,985	4,455,610	18,525	16,496	4,490,631
Goodwill	-	3,775,779	-	3,775,779	-	3,922,675	-	3,922,675
Total assets	5,801,595	4,742,970	3,117,898	13,662,463	5,849,896	4,710,501	1,972,919	12,533,316
Liabilities								
Trade and other payables	533,156	1,345,255	598,330	2,476,741	494,344	1,015,842	168,477	1,678,663
Loans and other amounts due to related parties	135,184	540,472	71,123	746,779	169,086	778,185	11,321	958,592
Customer deposits and deferred revenues	531,621	957,843	-	1,489,464	96,167	1,477,630	-	1,573,797
Other financial liability	1,008,510	-	-	1,008,510	1,202,596	-	-	1,202,596
	2,208,471	2,843,570	669,453	5,721,494	1,962,193	3,271,657	179,798	5,413,648

Revenue and expenses by segment are as follows:

Six months ended	March 31, 2015				March 31, 2014			
	EnWave: (Canada)	Binder: (Germany)	EnWave USA	Total	EnWave: (Canada)	Binder: (Germany)	EnWave USA	Total
	$	$	$	$	$	$	$	$
Revenues	1,797,680	5,434,788	752,109	7,984,577	312,661	756,018	85,405	1,154,084
Expenses	(3,207,327)	(4,556,798)	(1,473,436)	(9,237,561)	(3,009,391)	(2,682,220)	(476,930)	(6,168,541)
Net loss	**(1,409,647)**	**877,990**	**(721,327)**	**(1,252,984)**	**(2,696,730)**	**(1,926,202)**	**(391,525)**	**(5,014,457)**

Revenues for EnWave comprise all the royalties, commissions and licensing fees referred to in Note 15 and accounts for approximately 23% of all the construction contract revenue referred to in Note 15. Revenues for Binder relate entirely to construction contracts which is approximately 68% of all the construction contract revenue referred to in Note 15. Revenues for EnWave USA relate entirely to sales of services referred to in Note 15 and account for approximately 9% of all the consolidated revenues. The customers whose revenues comprise more than 10% of the Company’s consolidated revenue contributed $3,928,253 (2014 - $Nil) of the consolidated revenue for the period.