

Nuran Wireless Inc.
Condensed Interim Consolidated
Financial Statements
July 31, 2015 and
July 31, 2014

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The condensed interim consolidated financial statements of Nuran Wireless inc. for the third quarter ended July 31, 2015 as well as the corresponding comparative data were not subject to a review by the Company's auditor.

Nuran Wireless Inc.**Condensed Interim Consolidated Statements of Comprehensive Income**

Periods ended July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

	<i>3 months ended</i>		<i>9 months ended</i>	
	<u>2015-07-31</u>	<u>2014-07-31</u>	<u>2015-07-31</u>	<u>2014-07-31</u>
	\$	\$	\$	\$
Revenue	1 792 380	1 374 720	5 834 148	4 496 742
Cost of sales	1 130 628	578 366	3 407 930	3 080 440
Gross profit	661 752	796 354	2 426 218	1 416 302
Selling expenses	248 790	275 512	752 333	801 086
Administrative expenses	467 608	402 883	2 151 236	987 218
Financial expenses	266 812	333 609	710 093	1 384 290
Research and development costs, net of \$587,559 in tax credits for the three-month period ended July 31, 2015, \$869,031 for the nine-month period ended July 31, 2015 (\$141,741 for the three-month period ended July 31, 2014, \$419,009 for the nine-month period ended July 31, 2014)	(208 111)	288 413	200 485	574 676
	775 099	1 300 417	3 814 147	3 747 270
Loss before other gain (loss)	(113 347)	(504 063)	(1 387 929)	(2 330 968)
Other gain (loss)				
Government assistance				37 924
Net loss and total comprehensive income	(113 347)	(504 063)	(1 387 929)	(2 293 044)
Loss per share (Note 10)				
Basic and diluted loss per share	(0,00)	(0,02)	(0,04)	(0,12)
Weighted average number of outstanding common share	40 471 869	22 873 511	35 984 884	19 040 089

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

Nuran Wireless Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

Periods ended July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

	Share capital		Deficit	2015-07-31 Total deficiency
	Number	\$	\$	\$
Balance as at November 1, 2014	10 424 796	8 070 407	(13 088 169)	(5 017 762)
Issue of Nutaq Innovation Inc shares (Note 9)	1 578 431	1 341 665		1 341 665
Issue of Company shares (Notes 3 and 9)	7 471 875	107 001		107 001
Acquisition of the issued and outstanding shares of Nutaq Innovation Inc by the Company (Notes 3 and 9)	(12 003 227)			
Issue of Company shares to Nutaq Innovation Inc shareholders (Notes 3 and 9)	32 999 994			
Net loss and total comprehensive income for the period			(1 387 929)	(1 387 929)
Balance as at July 31, 2015	40 471 869	9 519 073	(14 476 098)	(4 957 025)
				2014-07-31
	Share capital		Deficit	Total deficiency
	Number	\$	\$	\$
Balance as at November 1, 2013	143	2 550 315	(9 599 530)	(7 049 215)
Issue of Nutaq Innovation Inc shares	87	5 159 100		5 159 100
Conversion of Nutaq Innovation Inc shares	9 999 770			
Issue of Nutaq Innovation Inc shares	58 823	50 000		50 000
Net loss and total comprehensive income for the period			(2 293 044)	(2 293 044)
Balance as at July 31, 2014	10 058 823	7 759 415	(11 892 574)	(4 133 159)

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

Nuran Wireless Inc.**Condensed Interim Consolidated Statements of Cash Flows**

Periods ended July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

	2015-07-31	2014-07-31
	(9 months)	(9 months)
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1 387 929)	(2 293 044)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	84 046	60 883
Depreciation of intangible assets	34 486	30 937
Exchange difference on long-term debt	81 406	8 228
Issue of class "A" shares for a non-cash consideration	849 415	
Listing fees and reverse take over fees expensed	140 962	
Net change in working capital items		
Trade and other receivables	656 889	23 036
Subscription receivable	200 000	
Scientific research and experimental development tax credits receivable	(437 122)	957 552
Work in progress		176 779
Inventories	(374 039)	694 202
Prepaid expenses	(38 083)	(20 235)
Security deposits and deposits on purchase of goods	197 477	(114 138)
Trade and other payables	836 324	943 067
Deferred revenue	(23 033)	169 382
Net cash from operating activities	820 799	636 649
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(195 127)	(164 050)
Purchase of intangible assets	(9 555)	(46 485)
Net cash acquired from reverse acquisition	171	
Net cash used in investing activities	(204 511)	(210 535)
FINANCING ACTIVITIES		
Net change in loan payable	(758 477)	(582 740)
Long-term debt	40 000	95 197
Repayment of long-term debt	(46 693)	(38 701)
Issue of class "A" shares	50 000	50 000
Net cash used in financing activities	(715 170)	(476 244)
Net decrease in cash	(98 882)	(50 130)
Cash, beginning of period	123 715	77 992
Cash, end of period	24 833	27 862
Supplementary information		
Interest paid included in operating activities	288 090	749 985

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

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Financial Position

As at July 31, 2015 and October 31, 2014

(In Canadian dollars)

(Unaudited)

	<u>2015-07-31</u>	<u>2014-10-31</u>
	\$	\$
ASSETS		
Current		
Cash	24 833	123 715
Trade and other receivables	994 936	1 651 825
Subscriptions receivable	42 250	
Scientific research and experimental development tax credits receivable	1 039 883	602 761
Inventories (Note 5)	1 593 084	1 219 045
Prepaid expenses	59 004	20 921
Security deposits and deposits on purchase of goods	149 477	346 954
Current assets	<u>3 903 467</u>	<u>3 965 221</u>
Non-current		
Property, plant and equipment (Note 6)	507 471	396 390
Intangible assets	298 960	323 891
Non-current assets	<u>806 431</u>	<u>720 281</u>
Total assets	<u>4 709 898</u>	<u>4 685 502</u>
LIABILITIES		
Current		
Trade and other payables	3 077 916	2 407 460
Deferred revenue	833 744	856 777
Loans payable (Note 7)	272 215	1 030 692
Current portion of long-term debt	50 048	63 757
Current liabilities	<u>4 233 923</u>	<u>4 358 686</u>
Non-current		
Long-term debt (Note 8)	5 433 000	5 344 578
Total liabilities	<u>9 666 923</u>	<u>9 703 264</u>
DEFICIENCY		
Share capital (Note 9)	9 519 073	8 070 407
Deficit	<u>(14 476 098)</u>	<u>(13 088 169)</u>
Total deficiency	<u>(4 957 025)</u>	<u>(5 017 762)</u>
Total deficiency and liabilities	<u>4 709 898</u>	<u>4 685 502</u>

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

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company is incorporated under the Business Corporations Act (B.C.) and operates in the research, development, manufacturing and marketing of digital electronic circuits and wireless telecommunication products.

2 - GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRSs AND GOING CONCERN ASSUMPTION

The Company's registered office is at 2150 Cyrille-Duquet Street, Québec, Quebec G1N 2G3.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Accordingly, they do not include all the disclosures required under IFRS for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the 2014 audited annual financial statements of Nutaq Innovation Inc included in the Listing Form 2A dated September 16, 2015 as completed and published on the CSE. They are based on the assumption that the Company is a going concern, meaning it will be able to realize its assets and discharge its liabilities in the normal course of its operations.

In light of operating losses incurred during the nine-month period ended July 31, 2015 and the past years, the working capital deficiency as at July 31, 2015 and shareholders' deficiency, there is significant doubt about the Company's ability to continue as a going concern. The Company's ability to realize its assets and discharge its liabilities depends on the continued financial support of its shareholders, the growth and profitability of the future sales of its products that are now marketed and the obtaining of additional financing. However, the Company has completed the development of two of its main products, which are already into a supply agreement with a tier-one client, and has begun its marketing. In addition, the Company has concluded a private financing agreement on a voluntary basis and has a cash flow managing plan to deal with the situation. Adding to the above, the Company has presently a financing agreement in place for financing the invoices and purchase orders to a maximum of \$2,500,000 (Note 7). If necessary, the Company may review the prioritization and, if needed, defer some of its research and development projects.

The carrying amounts of assets, liabilities, revenues and expenses presented in the condensed interim consolidated financial statements and the condensed interim consolidated statements of financial position's classification have not been adjusted as would be required if the going concern assumption were not appropriate.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on September 23, 2015.

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

3 - THE ARRANGEMENT AND AMALGAMATION AGREEMENT

Nuran Wireless Inc. (the "Company") was incorporated under the *Business Corporations Act* (B.C.) on September 23, 2014 under the name "1014372 B.C. Ltd." The Company was formed in connection with the plan of arrangement (the "Arrangement") between 1014379 B.C. Ltd and Bravura Ventures Corp. ("Bravura") dated October 14, 2014. The purpose of the Arrangement was to restructure Bravura by creating two companies, which would become reporting issuers in the provinces of British Columbia and Alberta and pursue different lines of business than Bravura.

The final court order approving the Arrangement was received on December 10, 2014 and the Arrangement was closed effective March 11, 2015. Following completion of the Arrangement, the Company became a reporting issuer in Alberta and British Columbia and existing Bravura shareholders received 2,121,875 common shares of the Company pursuant to the terms of the Arrangement and a further 5,350,000 common shares were issued to subscribers of a private placement of the Company completed in connection with the Arrangement for gross proceeds of \$107,000.

The Company entered into an amalgamation agreement dated as of March 11, 2015 with Nutaq Innovation Inc. ("Nutaq"), and 9215174 Canada Inc. ("Newco"), a wholly owned subsidiary of the Company formed for the purpose of the amalgamation, (the "Amalgamation Agreement") pursuant to which the Company acquired all of the issued and outstanding shares of Nutaq in consideration of an aggregate 32,999,994 common shares of the Company based on a ratio of 2.749 common shares of the Company for each share of Nutaq issued and outstanding at the closing date. Following the closing of the transaction, the Company had 40,471,869 common shares issued and outstanding and former shareholders of Nutaq acquired 81.5% of the issued and outstanding common shares of the Company. Following closing of the Amalgamation Agreement the Company operates the prior business of Nutaq through its sole operating subsidiary, Nutaq.

Amalgamation transaction:

For accounting purposes, Nutaq is the acquirer and the transaction will be accounted for as a reverse takeover. Considering that the Company does not meet the definition of a business, the transaction will be considered a capital transaction in substance. Accordingly, the transaction is equivalent to the issuance of shares by Nutaq for the net assets of the Company.

The fair value of the consideration is as follows:

	\$
7,471,875 shares issued and outstanding	107,000
One share issued and outstanding	1
	<u>107,001</u>

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

The allocation of consideration is as follows:

	\$
Cash	171
Trade and other payables	(34,132)
Listing fees expensed	140,962
	<u>107,001</u>

For the nine months period ended July 31, 2015, the Company incurred legal and accounting fees directly related to the transaction in the amount of \$1,099,714, which are included in the administrative expenses in the consolidated statements of comprehensive income

4 - SUMMARY OF ACCOUNTING POLICIES

Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2014 annual financial statements.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the condensed interim financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended October 31, 2014.

5 - INVENTORIES

	<u>2015-07-31</u>	<u>2014-10-31</u>
	\$	\$
Raw materials	991 842	716 248
Finished goods	601 242	502 797
	<u>1 593 084</u>	<u>1 219 045</u>

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

For the nine-month period ended July 31, 2015, \$15,348, \$0 for the three-month period ended July 31, 2015 (\$111,216 for the nine-month period ended July 31, 2014, \$0 for the three-month period ended July 31, 2014) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

6 - PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment and their carrying amounts are detailed as follows:

	2015-07-31			
	Leasehold improvements	Equipment and furniture, tele- communication system, furniture and fixtures	Computer equipment	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance as at November 1, 2014	9 945	249 971	284 179	544 095
Additions		186 323	8 804	195 127
Balance as at July 31, 2015	<u>9 945</u>	<u>436 294</u>	<u>292 983</u>	<u>739 222</u>
Depreciation				
Balance as at November 1, 2014	4 417	61 187	82 101	147 705
Depreciation	1 037	41 220	41 789	84 046
Balance as at July 31, 2015	<u>5 454</u>	<u>102 407</u>	<u>123 890</u>	<u>231 751</u>
Carrying amount as at July 31, 2015	<u><u>4 491</u></u>	<u><u>333 887</u></u>	<u><u>169 093</u></u>	<u><u>507 471</u></u>

7 - LOANS PAYABLE

	2015-07-31	2014-10-31
	\$	\$
Loan from Investissement Québec (a)	17 249	90 560
Loan from companies under common control (b)	<u>254 967</u>	<u>940 132</u>
	<u><u>272 215</u></u>	<u><u>1 030 692</u></u>

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

Given their short-term maturity, the carrying amount of loans receivable is considered a reasonable approximation of their fair value.

- a) The loan bears interest at prime rate plus 4% (7%; 7% in 2014), is secured by a chattel mortgage on the universality of accounts receivable and scientific research and experimental development tax credits receivable having a carrying amount of \$2,034,819, and a guarantee for a maximum of \$170,000 from a director. The loan is payable in monthly instalments of \$9,223 and matures in September 2015.
- b) The loan from companies under common control is secured by a chattel mortgage on the universality of the Company's assets.
The loan from companies under common control relates to a factoring agreement for a maximum of \$2,500,000. As at July 31, 2015, the Company has \$636,448 (\$1,223,927 as at October 31, 2014) in accounts receivable and scientific research and experimental development tax credits receivable that have been transferred in factoring to Finexcorp Inc. and 9134-8169 Québec inc., companies under common control, for which an amount of \$381,481 (\$283,794 as at October 31, 2014) has been retained as a factoring reserve.
These factoring agreements stipulate that the Company shall pay on time the government remittances and shall repay the loans received related to invoices that are past due over 105 days and 120 days, respectively. As at July 31, 2015, these terms are not respected.

8 - LONG-TERM DEBT

Using discount rates of 7% and 10%, based on the Company's estimated incremental borrowing rates for secured and unsecured loans at the reporting date, respectively, and therefore reflecting the Company's credit position, the fair value of the long-term debt is estimated by discounting the estimated future cash outflows and totals \$5,357,856.

9 - SHARE CAPITAL

	<u>2015-07-31</u>	<u>2014-10-31</u>
	\$	\$
Class "A" shares (a)	9,519,073	8,070,307
Class "B" shares (100 shares as at October 31, 2014)		100
	<u>9,519,073</u>	<u>8,070,407</u>

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2015 and July 31, 2014

(In Canadian dollars)

(Unaudited)

- (a) The number of issued class "A" shares totals 40,471,869 at July 31, 2015 (10,424,696 as at October 31, 2014).

In addition to Note 3, during the nine-month period ended July 31, 2015, Nutaq Innovation Inc. issued 343,823 class "A" shares, for a cash consideration of \$50,000 and subscription receivable of \$242,250, 999,313 class "A" shares in compensation of management fees of \$849,415, of which \$425,000 are from a company under common control, and 235,295 class "A" shares in exchange for repayment to a company under common control of notes payable of \$200,000. The management fees consideration was included in profit or loss as an expense and the operation was measured at the fair value of services received.

10 - LOSS PER SHARE

Basic and diluted losses per share have been calculated based on the net loss available for common shareholders by the weighted average number of common shares outstanding during the period. There were no adjustments to the numerator and denominator of basic earnings used in calculating diluted earnings.

11 - RELATED PARTY TRANSACTIONS

The Company's related parties include companies under common control as well as key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Other related party transactions

During the period, the Company entered into the following transactions with related parties:

	2015-07-31 (3 months)	2014-07-31 (3 months)	2015-07-31 (6 months)	2014-07-31 (9 months)
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Companies under common control				
Administrative expenses	60 000	35 896	755 243	83 318
Financial expenses	83 137	385 217	371 183	1 015 764