

Xebec Adsorption Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
September 30, 2015
(expressed in Canadian dollars)

The Condensed Interim Consolidated Financial Statements which are included in this Report have not been subject to a review by the Company's External Auditors.

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(expressed in Canadian dollars)

	As at September 30, 2015 \$	As at December 31, 2014 \$
Assets		
Current assets		
Cash	3,521,444	1,008,421
Restricted cash, (Note 3)	-	221,930
Trade and other receivables	1,868,618	2,681,311
Inventories	1,324,676	1,669,350
Investment tax credits receivable	101,523	50,000
Other current assets	112,273	396,241
Total current assets	6,928,534	6,027,253
Non-current assets		
Property, plant and equipment (Note 4)	345,955	347,845
Intangible assets (Note 5)	832,600	919,297
Goodwill (Note 5)	142,616	142,616
Total non-current assets	1,321,171	1,409,758
Total assets	8,249,705	7,437,011
Liabilities		
Current liabilities		
Bank loan	385,000	136,437
Trade payables	3,022,226	3,491,897
Accrued liabilities	875,492	723,890
Deferred revenues	1,215,677	815,010
Current portion of long-term debt	8,343	50,475
Current portion of government royalty program obligation	200,570	762,825
Provisions	279,456	236,365
Total current liabilities	5,986,764	6,216,899
Non-current liabilities		
Government royalty program obligation	544,377	-
Obligation arising from preferred shares issued by a subsidiary (Note 6)	3,454,237	-
Government assistance	8,333	12,083
Deferred rent	105,536	85,748
Provisions	111,343	192,990
Total non-current liabilities	4,223,826	290,821
Total liabilities	10,210,590	6,507,720
Equity		
Share capital	19,732,623	19,732,623
Contributed surplus	2,500,328	2,460,146
Accumulated other comprehensive loss	(1,071,290)	(606,685)
Deficit	(23,122,546)	(20,914,588)
Total equity	(1,960,885)	671,496
Total liabilities and equity	(1,960,885)	257,795
Total liabilities and equity	8,249,705	7,437,011

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

Approved by the Board of Directors

(signed) Kurt Sorschak

Director

(signed) William Beckett

Director

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Income (Loss)

For the three-month and nine-month period ended September 30, 2015 and 2014

(Unaudited)

(expressed in Canadian dollars)

	2015 \$	2014 \$	2015 \$	2014 \$
Revenue	2,048,683	4,325,242	7,349,931	10,473,509
Cost of goods sold	<u>1,614,352</u>	<u>2,703,182</u>	<u>5,995,234</u>	<u>7,219,862</u>
Gross margin	<u>434,331</u>	<u>1,622,060</u>	<u>1,354,697</u>	<u>3,253,647</u>
Research and development expenses	225,525	36,702	222,812	121,074
Selling and administrative expenses	1,350,677	1,429,486	3,651,924	4,448,785
Foreign exchange gain	(209,671)	(237,553)	(429,634)	(169,393)
Loss on conversion of preferred shares issued by a subsidiary	<u>26,436</u>	<u>-</u>	<u>26,436</u>	<u>-</u>
	<u>1,392,967</u>	<u>1,228,635</u>	<u>3,471,538</u>	<u>4,400,466</u>
Operating income (loss)	<u>(958,636)</u>	<u>393,425</u>	<u>(2,116,841)</u>	<u>(1,146,819)</u>
Finance income	(344)	(3,283)	(14,665)	(14,679)
Finance expense	<u>33,928</u>	<u>26,815</u>	<u>97,064</u>	<u>111,203</u>
Finance costs – net	<u>33,584</u>	<u>23,532</u>	<u>82,399</u>	<u>96,524</u>
Gain (loss) before income taxes	<u>(992,220)</u>	<u>369,893</u>	<u>(2,199,240)</u>	<u>(1,243,343)</u>
Income taxes	<u>-</u>	<u>-</u>	<u>8,750</u>	<u>-</u>
Net earnings (loss) for the period	<u>(992,220)</u>	<u>369,893</u>	<u>(2,207,990)</u>	<u>(1,243,343)</u>
Earnings (loss) attributable to:				
Shareholders of the Company	(992,188)	370,407	(2,207,958)	(1,206,779)
Non-controlling interest	<u>(32)</u>	<u>(514)</u>	<u>(32)</u>	<u>(36,564)</u>
	<u>(992,220)</u>	<u>369,893</u>	<u>(2,207,990)</u>	<u>(1,243,343)</u>
Earnings (loss) per share				
Basic and diluted	<u>(0.03)</u>	<u>0.01</u>	<u>(0.06)</u>	<u>(0.03)</u>

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

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
For the three-month and nine-month period ended September 30, 2015 and 2014
(Unaudited)

(expressed in Canadian dollars)

	2015 \$	2014 \$	2015 \$	2014 \$
Net earnings (loss) for the period	(992,220)	369,893	(2,207,990)	(1,243,343)
Other comprehensive loss				
Cumulative translation adjustment	<u>(207,125)</u>	<u>(339,221)</u>	<u>(464,605)</u>	<u>(206,816)</u>
Comprehensive income (loss) for the period	<u>(1,199,345)</u>	<u>30,672</u>	<u>(2,672,595)</u>	<u>(1,450,159)</u>
Attributable to:				
Shareholders of the Company	(1,184,904)	24,801	(2,672,563)	(1,425,078)
Non-controlling interest	<u>(14,441)</u>	<u>5,871</u>	<u>(32)</u>	<u>(25,081)</u>
	<u>(1,199,345)</u>	<u>30,672</u>	<u>(2,672,595)</u>	<u>(1,450,159)</u>

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

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited)

(expressed in Canadian dollars)

	Number		Amount						
	Common shares	Warrants	Share capital – Common shares and warrants \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Equity attributable to the Company \$	Non-controlling interest \$	Total \$
Balance – January 1, 2014	39,363,867	10,091,886	19,732,623	2,388,063	(313,486)	(20,131,974)	1,675,226	283,762	1,958,988
Net loss for the period	-	-	-	-	-	(1,206,779)	(1,206,779)	(36,564)	(1,243,343)
Other comprehensive income (loss)	-	-	-	-	(218,299)	-	(218,299)	11,483	(206,816)
Comprehensive income (loss) for the period	-	-	-	-	(218,299)	(1,206,779)	(1,425,078)	(25,081)	(1,450,159)
Share-based compensation	-	-	-	57,046	-	-	57,046	-	57,046
Balance – September 30, 2014	39,363,867	10,091,886	19,732,623	2,445,109	(531,785)	(21,338,753)	307,194	258,681	565,875
Balance – January 1, 2015	39,363,867	10,091,886	19,732,623	2,460,146	(606,685)	(20,914,588)	671,496	257,795	929,291
Net loss for the period	-	-	-	-	-	(2,207,958)	(2,207,958)	(32)	(2,207,990)
Other comprehensive loss	-	-	-	-	(464,605)	-	(464,605)	-	(464,605)
Comprehensive loss for the period	-	-	-	-	(464,605)	(2,207,958)	(2,672,563)	(32)	(2,672,595)
Share-based compensation	-	-	-	40,182	-	-	40,182	-	40,182
Dissolution of a subsidiary	-	-	-	-	-	-	-	(257,763)	(257,763)
Balance – September 30, 2015	39,363,867	10,091,886	19,732,623	2,500,328	(1,071,290)	(23,122,546)	(1,960,885)	-	(1,960,885)

Accumulated other comprehensive income relates solely to cumulative translation adjustments.

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

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three-month and nine-month period ended September 30, 2015 and 2014

(Unaudited)

(expressed in Canadian dollars)

	2015 \$	2014 \$	2015 \$	2014 \$
Cash flows from				
Operating activities				
Net earnings (loss) for the period	(992,220)	369,893	(2,207,990)	(1,243,343)
Items not affecting cash				
Amortization of property, plant and equipment	25,231	26,060	81,364	68,821
Amortization of intangible assets	37,710	42,572	114,664	127,501
Reversal on inventory writedown	(41,356)	-	(41,356)	-
Gain on debt forgiveness	-	-	(190,092)	(12,624)
Government assistance	(1,250)	(1,250)	(3,750)	(3,750)
Accretion and revaluation of government royalty program obligation	9,228	8,279	11,581	26,894
Stock-based compensation expense	12,888	37,687	40,182	57,046
Deferred rent	6,596	6,596	19,788	19,788
	<u>(938,447)</u>	<u>489,837</u>	<u>(2,170,883)</u>	<u>(959,667)</u>
Changes in non-cash working capital components related to operations (note 10)	1,160,197	(569,298)	1,665,302	(496,157)
	<u>221,750</u>	<u>(79,461)</u>	<u>(505,581)</u>	<u>(1,455,824)</u>
Investing activities				
Acquisition of property, plant and equipment	(49,239)	(72,313)	(71,133)	(126,907)
Acquisition of intangible assets	(26,564)	(5,302)	(26,564)	(2,651)
Balance of sale	-	-	-	300,000
	<u>(75,803)</u>	<u>(77,615)</u>	<u>(97,697)</u>	<u>170,442</u>
Financing activities				
Restricted cash	69,206	-	214,592	(145,386)
Increase (decrease) of bank loan	(45,000)	7,665	248,563	(236,702)
Obligation arising from preferred shares issued by a subsidiary	3,423,075	-	3,423,075	-
Repayment of long-term debt	(8,334)	(23,060)	(42,132)	(56,581)
Repayment of government royalty program obligation	(14,999)	78,000	(29,459)	(69,000)
	<u>3,423,948</u>	<u>62,605</u>	<u>3,814,639</u>	<u>(507,669)</u>
Effect of exchange rate changes on cash	(439,001)	(346,635)	(698,338)	(213,285)
Increase (decrease) in cash and cash equivalent during the period	3,130,894	(441,106)	2,513,023	(2,006,336)
Cash and cash equivalent – Beginning of period	390,550	1,269,821	1,008,421	2,835,051
Cash and cash equivalent – End of period	<u>3,521,444</u>	<u>828,715</u>	<u>3,521,444</u>	<u>828,715</u>
Additional information				
Interest paid	19,973	18,535	67,481	84,308

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

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

September 30, 2015

(expressed in Canadian dollars)

1 Nature of business

a) Nature of business

Xebec Adsorption Inc. (“Xebec” or the “Company”) is a global provider which specializes in the design and manufacture of cost-effective, environmentally responsible, purification, separation, dehydration, and filtration equipment for gases and compressed air. Xebec’s main product lines are: Biogas Plants for the purification of biogas from agricultural digesters, landfill sites and waste water treatment plants, Natural Gas Dryers for NGV refuelling stations, Associated Gas Purification Systems which enable diesel displacement on drilling sites, and Hydrogen Purification Systems for fuel cell and industrial applications. The Company is incorporated and domiciled in Canada and is listed on the TSX Venture Exchange under the symbol XBC-V. The address of its registered office is 730 Industriel Boulevard, Blainville, Quebec, Canada.

b) Liquidity risk

The Company has realized an operating loss of \$2,116,841, had cash outflows from operations of \$505,581 for the period ended September 30, 2015 and finished the period with cash and cash equivalents amounting to \$3,521,444, working capital of \$941,770 and had access to credit facilities totalling \$500,000 of which \$385,000 has been used. During the year, management undertook various initiatives and developed a plan to manage its operating and liquidity risks in light of prevailing economic conditions. Management is also currently seeking alternative financings for its operations. The Company has prepared a revised budget and forecast for 2015 for which management believes the assumptions are reasonable. Achieving budgeted results is dependent on improving the volume of revenues in Canada, United States and China, delivering on sales and contracts schedules, meeting expected overall operating margin levels and controlling general and administrative costs. Management expects to meet its budget and to have enough liquidity to fund operations to at least beyond December 31, 2015.

The Company is thus faced with uncertainties that may have an impact on future operating results and liquidity. These uncertainties include reduced spending in biogas projects reflecting the weakness of the market, fluctuations in foreign currency rates and achieving the Company’s business plan goals as mentioned in the previous paragraph, which includes the development of a new business segment. While management believes it has developed planned courses of action to mitigate operating and liquidity risks, there is no assurance that management will be able to achieve its business plan and maintain the necessary liquidity level, including accessing liquidities from China, if events or conditions develop that are not consistent with management’s expectations, key budget assumptions for 2015 and planned courses of action. Therefore, the Company may require additional external funding and there is no assurance that it would be successful. It is possible that future changes in capital markets conditions could result in such funding not being available when required or at acceptable costs. The Company is unable to predict the possible effects, if any, of such uncertainties and the potential adjustments to the carrying values of assets and liabilities that could be needed should the Company have insufficient liquidity. Such adjustments could be material.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

2 Basis of preparation

These condensed consolidated interim financial statements, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statement, including IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, as they follow the same accounting policies and methods of application, unless otherwise indicated. These consolidated interim financial statements were approved by the Board of Directors on November 6, 2015.

3 Restricted cash

The guarantee investment certificate equivalent to \$152,827 and pledge against a loan to the China subsidiary existing at the end of the fiscal year 2014 was refunded during the first current quarter. The cash equivalent to \$69,103 retained by the liquidator of the South East Asia subsidiary at the end of the fiscal year 2014 was distributed to the shareholders during the third current quarter.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

4 Property, plant and equipment

	Machinery and equipment	Office furniture and equipment	Computers	Moulds	Vehicles	Total
Cost						
Balance at December 31, 2014	484,754	143,672	232,642	163,431	35,984	1,060,483
Additions	46,295	333	24,505	-	-	71,133
Effect of movements in exchange rates	15,624	11,232	15,950	12,275	-	55,081
Balance at September 30, 2015	546,673	155,237	273,097	175,706	35,984	1,186,697
Accumulated amortization						
Balance at December 31, 2014	282,517	101,882	206,130	89,724	32,385	712,638
Amortization	34,733	10,438	18,110	14,484	3,599	81,364
Effect of movements in exchange rates	11,220	10,139	14,447	10,934	-	46,740
Balance at September 30, 2015	328,470	122,459	238,687	115,142	35,984	840,742
Carrying Amount						
At December 31, 2014	202,237	41,790	26,512	73,707	3,599	347,845
At September 30, 2015	218,203	32,778	34,410	60,564	-	345,955

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

5 Intangible assets

	Other		Internally generated	Total	Goodwill
	Customer relations	Software	Development costs	intangible assets	
	\$	\$	\$	\$	\$
Cost					
Balance at December 31, 2014	1,900,000	270,894	298,485	2,469,379	142,616
Additions	-	26,564	-	26,564	-
Effect of movements in exchange rates	-	14,472	-	14,472	-
Balance at September 30, 2015	1,900,000	311,930	298,485	2,510,415	142,616
Accumulated amortization					
Balance at December 31, 2014	1,266,666	254,376	29,040	1,550,082	-
Amortization of the period	59,376	10,515	44,773	114,664	-
Effect of movements in exchange rates	-	13,069	-	13,069	-
Balance at September 30, 2015	1,326,042	277,960	73,813	1,677,815	-
Carrying Amount					
At December 31, 2014	633,334	16,518	269,445	919,297	142,616
At September 30, 2015	573,958	33,970	224,672	832,600	142,616

For the nine-month period ended September 30, amortization of \$114,664 (2014 - \$127,501) is included in the consolidated statement of loss: \$7,739 (2014 - \$2,411) in 'cost of goods sold' and \$106,925 (2014 - \$125,090) in 'selling and administrative expenses'.

For the three-month period ended September 30, amortization of \$37,710 (2014 - \$42,572) is included in the consolidated statement of loss: \$2,538 (2014 - \$875) in 'cost of goods sold' and \$35,172 (2014 - \$41,697) in 'selling and administrative expenses'.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

6 Obligation arising from preferred shares issued by a subsidiary

In September 2015, as a result of a Sino-foreign equity joint venture agreement, Xebec Adsorption (Shanghai) Co. Ltd., a subsidiary of Xebec Adsorption Inc. (“Xebec”), issued 1,714,285 common shares, representing a 30% participation, to Shanghai Chengyi New Energy Venture Capital Co. Ltd. (28.26%), an investment subsidiary of Shanghai based Shenergy Group, Shanghai Zhiyi Enterprise Management Consulting Co. Ltd. (0.1%) and Shanghai Liuhuan Investment Co. Ltd. (1.64%), a company held by a group of employees of Xebec Adsorption (Shanghai) Co. Ltd., (collectively the “Minority Shareholders”) for a net cash consideration of \$3,423,075 (RMB 16,370,515).

Pursuant to this agreement, Xebec has the obligation to repurchase the Minority Shareholders’ interest in Xebec Adsorption (Shanghai) Co. Ltd., for a consideration of no less than the initial investment and annualized return of 10% if a) the achievement of specific financial targets were not achieved in any given year prior to December 31, 2020, b) should the Minority Shareholders not divest by December 31, 2020 and should the Minority Shareholders exercise their put option with respect to a) or b) as mentioned above.

Xebec recorded the proceeds from this transaction, as a financial liability in these condensed interim consolidated financial statements. The obligation to repurchase and the related annualized return is presented under “Obligation arising from preferred shares issued by a subsidiary”. The conversion of the financial liability denominated in the functional currency of our subsidiary Xebec Adsorption (Shanghai) Co. Ltd. (RMB) will be converted at the exchange rate at the end of each reporting period with gain and losses presented in the statement of income under “Gain/Loss on conversion of preferred shares issued by a subsidiary”.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

7 Share capital

Earnings (loss) per share

i) Basic

Basic loss per share is calculated by dividing the net income attributable to owners of the parent by the weighted average number of common shares in issue during the year.

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Net income (loss) attributable to owners of the parent	(992,188)	370,407	(2,207,958)	(1,206,779)
Weighted average number of common shares in issue	<u>39,363,867</u>	<u>39,363,867</u>	<u>39,363,867</u>	<u>39,363,867</u>
	<u>(0.03)</u>	<u>0.01</u>	<u>(0.06)</u>	<u>(0.03)</u>

ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: warrants and stock options. For both, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's outstanding shares for the period), based on the monetary value of the subscription rights attached to the warrants and stock options. The number of shares calculated below is compared with the number of shares that would have been issued assuming exercise of the warrants and stock options. For the periods ended September 30, 2015 and 2014, the diluted net loss per share was the same as the basic net loss per share, since the effect of assumed exercise of share options and warrants to purchase common shares was anti-dilutive.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

8 Expenses by nature

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Employee benefits	1,022,531	1,435,021	3,931,451	4,439,666
Material	930,156	1,786,828	3,395,415	4,604,835
Rent and repairs and maintenance	158,185	147,175	506,897	459,331
Travel expenses	159,804	217,857	463,994	672,872
Professional fees	139,151	164,093	415,397	433,974
Amortization	62,941	68,632	196,028	196,323
Office expense	49,282	113,398	171,755	355,513
Subcontract cost	61,669	150,417	159,191	421,906
Stock-based compensation	12,888	37,687	40,182	57,046
Commission	-	-	-	47,052
Other	368,422	11,560	366,847	(19,871)
	<u>2,965,029</u>	<u>4,132,668</u>	<u>9,647,158</u>	<u>11,668,647</u>

9 Finance expenses

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Interest charges	12,440	18,333	43,366	38,490
Interest and bank charges	7,533	76	24,023	45,341
Accretion and revaluation of government royalty program obligation	9,229	8,280	24,857	26,895
Accretion of obligation arising from preferred shares of a subsidiary	4,726	-	4,726	-
Interest on long-term debt	-	126	92	477
	<u>33,928</u>	<u>26,815</u>	<u>97,064</u>	<u>111,203</u>

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

10 Supplemental Cash flow information

Net change in non-cash working capital balances related to operations consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Decrease (increase) in assets:				
Trade and other receivables	18,619	(978,726)	812,693	(242,970)
Inventories	(130,069)	(137,066)	386,030	48,383
Investment tax credits receivable	(31,800)	155,000	(51,523)	137,760
Other current assets	260,393	52,923	283,968	(207,200)
Increase (decrease) in liabilities:				
Trade payables	247,444	370,929	(279,579)	365,199
Accrued liabilities	42,792	125,150	151,602	(59,234)
Deferred revenues	726,966	178,600	400,667	(25,090)
Other operating liabilities	25,852	(336,108)	(38,556)	(513,005)
	<u>1,160,197</u>	<u>(569,298)</u>	<u>1,665,302</u>	<u>(496,157)</u>

11 Related party transactions

The following table presents a summary of the related party transactions during the period:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Marketing and professional services expenses paid to companies controlled by members of the immediate family of an officer	27,447	27,930	82,037	83,275
Sales to entities controlled by a subsidiary manager	<u>39,794</u>	<u>1,119,716</u>	<u>882,900</u>	<u>1,972,759</u>

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

12 Segmented information

The Company has only one segment and specializes in the design and manufacture of filtration, purification, separation and dehydration equipment for gases and compressed air. The Company has four product lines and provides related engineering services.

Revenue summarized by country, as determined by location of the customers, is as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Revenue				
United States	581,176	1,040,788	2,562,252	3,191,341
Canada	653,816	464,250	1,869,063	1,477,432
Singapore	368,148	1,281,280	1,210,626	2,134,323
China	413,645	1,279,246	1,159,170	2,268,266
Other	31,898	259,678	548,820	1,402,147
	<u>2,048,683</u>	<u>4,325,242</u>	<u>7,349,931</u>	<u>10,473,509</u>

Revenue summarized by product line is as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015 \$	2014 \$	2015 \$	2014 \$
Product line				
Natural gas dryers	768,763	1,860,462	3,376,194	4,389,805
Compressed gas filtration	1,023,962	974,747	2,903,430	2,857,227
Gas purification	109,258	1,228,195	746,839	2,256,527
Air dryers	137,766	-	245,684	-
Associated Gas	-	261,838	68,850	969,950
Engineering services	8,934	-	8,934	-
	<u>2,048,683</u>	<u>4,325,242</u>	<u>7,349,931</u>	<u>10,473,509</u>

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2015

(expressed in Canadian dollars)

Major customers representing 10% or more of total sales include:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Customer A	39,794	-	882,900	-
Customer B	262,050	-	523,728	-
Customer C	-	1,281,280	-	2,134,323
	<u>301,844</u>	<u>1,281,280</u>	<u>1,406,628</u>	<u>2,134,323</u>

The location of the Company's non-current assets by geographic region is as follows:

	September 30, 2015	December 31, 2014
	\$	\$
Non-current assets		
Canada	1,181,754	1,337,833
Asia	134,586	66,826
United States	4,831	5,099
	<u>1,321,171</u>	<u>1,409,758</u>