

ENABLE IPC CORPORATION and SOLRAYO, INC.
CONSOLIDATED AND CONDENSED BALANCE SHEET

Unaudited
ASSETS

	30 Sep 2013	31 Mar 2013
Current assets		
Cash and cash equivalents	\$ 36,311	\$ 6,399
Accounts receivable	103,164	28,765
Prepaid expenses due within 1 year	4,400	2,900
Inventory	14,460	16,090
Total current assets	158,335	54,154
 Fixed assets, net	 44,706	 48,722
 Other assets		
Intangible and other assets, net	1,157,771	1,007,576
 Total assets	 \$ 1,360,812	 \$ 1,110,452

LIABILITIES AND STOCKHOLDERS' EQUITY / DEFICIT

Current liabilities		
Accounts payable	\$ 58,361	\$ 155,594
Accrued expenses and other current liabilities	239,842	120,519
Other liability	175,412	40,412
Due to stockholders	193,373	170,576
Deferred income	62,176	8,000
Total current liabilities	729,164	495,101
 Total liabilities	 729,164	 495,101
 Stockholders' equity / (deficit)		
Minority interest in SolRayo	681,219	674,532
Preferred stock; \$0.001 par value; 10,000,000 shares authorized, 460 shares issued and outstanding	-	-
Common stock; \$0.001 par value; 250,000,000 shares authorized, 237,189,962 shares issued and outstanding	237,190	223,976
Additional paid-in capital	4,226,073	4,189,287
Prepaid services paid in common stock		
Accumulated deficit	(4,472,444)	(4,531,685)
Net income / (loss)	(40,390)	59,241
Total stockholders' equity / (deficit)	631,648	615,351
 Total liabilities and stockholders' equity / (deficit)	 \$ 1,360,812	 \$ 1,110,452

See Accompanying notes to Financial Statements

ENABLE IPC CORPORATION and SOLRAYO, INC.
CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS
Unaudited

	Three months ended September 30,		Six months ended September 30,		17 Mar 2005 (Inception) through 30 Sep 2013
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Revenues	\$ 51,800	\$ 210,690	\$ 214,586	\$ 381,847	\$ 1,531,757
Cost of Goods Sold	14,153	76,551	153,571	128,631	708,063
Gross Profit	37,647	134,139	61,015	253,216	823,694
General and administrative (G&A) expenses					
Legal and professional fees	73,115	31,512	91,371	42,741	900,101
Wages and salaries	47,034	20,605	68,784	53,638	1,175,298
Research and development	48,968	22,705	73,597	35,869	1,642,824
Other G&A	56,329	41,933	108,858	87,471	1,877,988
Total G&A expenses	<u>225,446</u>	<u>116,755</u>	<u>342,610</u>	<u>219,719</u>	<u>5,596,211</u>
Profit / (loss) from operations	(187,799)	17,384	(281,595)	33,497	(4,772,517)
Other Income	98,317	62,499	242,504	124,999	696,258
Interest income/expense	-	-	(1,300)	-	(436,575)
Net profit / (loss)	<u>\$ (89,482)</u>	<u>\$ 79,883</u>	<u>\$ (40,391)</u>	<u>\$ 158,496</u>	<u>\$ (4,512,834)</u>
Basic and diluted profit / (loss) per common share	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ (0.05)</u>
Basic and diluted weighted average common shares outstanding	<u>231,157,565</u>	<u>219,929,401</u>	<u>227,586,474</u>	<u>213,403,599</u>	<u>89,248,521</u>

See Accompanying notes to Financial Statements

ENABLE IPC CORPORATION and SOLRAYO, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
Unaudited

	Common Stock		Preferred Stock		Additional	Minority	Prepaid	Accumulated	Stockholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Interest	Paid in	Deficit	Equity
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Interest</u>	<u>Common Stock</u>	<u>Deficit</u>	<u>(Deficit)</u>
Balance at 31 Mar 2013	223,976,139	223,976	314	-	4,189,287	674,532	-	(4,472,443)	615,352
Stock issued for cash	13,213,822	13,214			36,786	-	-	-	50,000
Minority interest in SolRayo						6,687			6,687
Net income								(40,391)	(40,391)
Balance at 30 Sep 2013	237,189,961	237,190	314	-	4,226,073	681,219	-	(4,512,834)	631,648

See Accompanying Notes to Financial Statements

ENABLE IPC CORPORATION and SOLRAYO, INC
CONSOLIDATED AND CONDENSED STATEMENTS OF CASH FLOWS
Unaudited

	Six months ended 30 Sep 2013	Six months ended 30 Sep 2012	17 Mar 2005 (Inception) through 30 Sep 2013
Cash flows from operating activities:			
Net profit / (loss)	\$ (40,390)	\$ 158,496	\$ (4,512,834)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	69,143	20,162	240,920
Stock based compensation		183,800	1,227,439
Interest accrued on PV of minimum royalty payments		-	21,646
Deferred Income	54,176	116,000	62,176
Changes in operating assets and liabilities:			
Prepaid expenses	(1,500)	667	(4,400)
Accounts receivable	(74,399)	(41,465)	(103,164)
Inventory	1,630	(2,323)	(14,460)
Accounts payable	(97,233)	(14,287)	51,311
Accrued and other liabilities	254,323	(38,521)	520,649
Net cash provided by / (used) by operating activities	165,749	382,529	(2,510,718)
Cash flows from investing activities:			
Purchase of fixed assets	(2,536)	(27,350)	(123,515)
Change in non-controlling interest	6,687	77,816	673,720
Change in intangible assets	(212,786)	(438,974)	(516,134)
Net cash provided by / (used) by investing activities	(208,634)	(388,508)	34,071
Cash flows from financing activities:			
Issuance of common stock for cash	50,000	150,000	1,919,191
Issuance of preferred stock for cash	-	-	44,000
Issuance of common stock in satisfaction of due to stockholders		-	422,960
Reacquisition of common shares		-	(13,225)
Change in due to stockholders	22,797	(83,105)	140,032
Net cash provided by financing activities	72,797	66,895	2,512,958
Net change in cash	29,912	60,916	36,311
Beginning balance, April 1	6,399	107,531	-
Ending balance, September 30	\$ 36,311	\$ 168,447	\$ 36,311

See Accompanying notes to Financial Statements

ENABLE IPC CORPORATION and SOLRAYO, INC

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

1. BASIS OF PRESENTATION

The consolidated financial statements include the financial statements of Enable IPC Corporation and Enable's subsidiary, SolRayo, Inc., under its effective control from its date of acquisition (October 1, 2008), after elimination of inter-company transactions and balances. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates and such differences could be material. The Company has previously worked, and/or is currently working, on the following technologies:

- Alumina anodized nanopore templates, for use in creating nanostructures and filtering
- Nanostructures for possible use in microbatteries on microscopically thin film
- Nanoparticles for possible use in enhancing battery cathode performance, particularly under high heat conditions
- Potentiostats for measuring and controlling voltages
- RFID tags for use in an RFID system, primarily in tracking assets
- Other technologies, to be announced at a later date

The interim financial information is unaudited. In the opinion of management, all adjustments necessary to present fairly the financial position of the Company as of September 30, 2013 and the results of operations and cash flows presented herein have been included in the financial statements. Interim results are not necessarily indicative of results of operations for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred a net loss of approximately \$4,512,834 for the period from March 17, 2005 (Date of Inception) through September 30, 2013. The Company's management is in the process of raising additional capital for the Company. As part of this effort, the Company issued the following equity:

During the fiscal year ended March 31, 2006, the Company issued an aggregate of 2,807,000 shares of common stock for proceeds of \$268,400.

During the fiscal year ended March 31, 2007, the Company issued an aggregate of 3,017,497 shares for proceeds of \$202,225 less \$3,302 in offering costs. In addition, the Company issued an aggregate of 150,000 shares for services valued at \$10,500, 100,000 shares to satisfy outstanding loans from shareholders totaling \$7,000.

During the fiscal year ended March 31, 2008, the Company issued an aggregate of 9,442,500 shares for proceeds of \$313,500 less \$3,413 in offering costs. In addition, the Company issued an aggregate of 5,599,641 shares for services valued at \$344,320 and 214,358 shares to satisfy outstanding loans from shareholders totaling \$65,005. In addition, the Company reacquired an aggregate of 1,500,000 shares.

During the fiscal year ended March 31, 2009, the Company issued an aggregate of 8,660,000 shares for proceeds of \$252,000. In addition, the Company issued an aggregate of 1,614,504 shares for services valued at \$38,601, 768,000 shares to satisfy an outstanding loan from a shareholder totaling \$30,725, and 2,865,000 shares in satisfaction of amounts due to shareholders. In addition, the Company issued 317,500 shares for prepaid services valued at \$19,800, which were amortized over the performance period.

During the fiscal year ended March 31, 2010, the Company issued an aggregate of 31,950,944 shares for proceeds of \$241,000. In addition, the Company issued an aggregate of 12,550,000 shares for services valued at \$133,125 and 2,250,000 shares to satisfy outstanding loans from shareholders totaling \$19,500. In addition, the Company issued 2,000,000 shares for prepaid services valued at \$33,375, which were amortized over the performance period. Finally, during the period 1,713,284 warrants were exercised for proceeds of \$21,434.

During the fiscal year ended March 31, 2011, the Company issued an aggregate of 26,783,331 shares to eleven investors for proceeds of \$96,145. In addition, the Company issued 30,845,000 shares to eleven investors for services valued at \$141,720, and the Company issued 325,000 shares to an investor in satisfaction of a loan valued at \$1,300. Finally, the Company issued 14 shares of Series A Preferred stock to four investors for proceeds of \$14,000. A description of Series A Preferred stock can be found in this section under heading 5, "Preferred Stock".

During the fiscal year ended March 31, 2012, the Company issued an aggregate of 2,481,600 shares of its common stock and 10 shares of its Series A preferred stock to 6 investors for proceeds of \$326,600. In addition, the Company issued 9,579,580 shares of its common stock and 45 shares of its Series A preferred stock to 8 investors for services valued at \$145,437. Also, the Company reacquired 7,225,000 shares of its common stock in exchange for 161 shares of its Series A preferred stock. Finally, the Company issued an aggregate of 5,000,000 shares of its Common Stock to SolRayo, Inc., valued at \$100,000 as an investment in SolRayo, bringing Enable's ownership percentage in SolRayo to 62%.

During the fiscal year ended March 31, 2013, the Company issued an aggregate of 27,325,000 shares of its Common Stock to four investors for proceeds of \$150,380. In addition, the Company issued 13,400,000 shares to three investors for services valued at \$190,000, and the Company re-acquired a total of 2,500,000 Common Shares.

During the quarter ended September 30, 2013, the Company issued an aggregate of 13,213,823 shares to one investor for aggregate proceeds of \$50,000.

These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments relating to the recoverability and

classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. OTHER LIABILITY

The Company recorded an increase in "other liabilities" as a result of its dispute with Steven Oshinsky and others (see Note 12, "Contingencies").

4. RELATED-PARTY TRANSACTIONS

At September 30, 2013, the Company recorded owing \$193,373 to related parties. Of the total amount, \$166,227 was owed for services rendered to the Company and \$27,146 was recorded for two outstanding loans to the Company. Both are summarized below.

Services

The Company owed \$166,227 to stockholders for services to the Company. Of this amount, \$111,227 was owed to ten shareholders for consulting services. In addition, the Company owed a total of \$55,000 to Board members for services rendered.

Loans

The Company had an outstanding loan payable to a shareholder on September 30, 2013. The loan was for \$40,000 at 13% interest per annum for a term of 24 months. The Company is required to make monthly payments of \$1,905 for 24 months. As of September 30, 2013 the Company had made fifteen payments on this loan totaling \$28,575 (\$23,747 toward principal and \$4,828 toward interest). Total principal remaining on this loan on September 30, 2013 was \$17,146, which included \$893 in past due interest.

The Company had an outstanding loan payable to a Board member on September 30, 2013. The loan was for \$10,000 at 13% interest per annum for a period of four months. No payments have been made on this loan and full payment is due in November 2013.

5. COMMON STOCK

During the quarter ended September 30, 2013, the Company issued an aggregate of 13,213,823 shares to one investor for aggregate proceeds of \$50,000.

6. DEFERRED INCOME

Deferred income represents revenues collected but not earned as of September 30, 2013. We have recorded \$62,176 in deferred income, which primarily consists of revenue received from prepayments by the NSF for the STTR Phase II program and supplements.

7. LEGAL AND PROFESSIONAL FEES

We recorded \$73,115 in legal and professional fees for the three month period ending September 30, 2013, which is unusually high when compared with the same period in 2012 (\$31,512). These fees primarily consist of activities relating to our dispute with Steven Oshinsky and others (see note 11, "Contingency").

8. WAGES AND SALARIES

We recorded \$47,034 in wages and salaries, which is unusually high when compared with the same period in 2012 (\$20,605). This is due primarily to additional personnel and accelerated activities under our NSF Phase II effort, most of which consists of undergraduate and community college students, many of whom were hired under our supplemental programs.

9. RESEARCH AND DEVELOPMENT

We recorded \$48,968 in research and development expense, which is unusually high when compared with the same period in 2012 (\$22,705). The increase is primarily due to activities conducted during the quarter by Madison Area Technical College, a contractor under our NSF program's CC supplement. We do not expect to see any additional increase under this supplement in subsequent quarters.

10. NET LOSS

We recorded a net loss of \$89,482 during the quarter compared with a net profit of \$79,883 reported for the same period in 2012. This loss is due to a combination of factors, including significantly lower revenue, unusually high legal fees (see Notes 7 and 11), wages and salaries (see Note 8) and research and development expenses (see Note 9).

11. CONTINGENCY

In September 2013, the company's subsidiary, SolRayo Inc., filed a lawsuit against Steven Jay Oshinsky, and others, in the Los Angeles Superior Court. The lawsuit contained claims against Mr. Oshinsky for breach of contract, intentional interference with prospective economic advantage, intentional interference with economic relationship, misappropriation of trade secret and injunction. Additional information on this action can be found in our quarterly report for the period ending September 30, 2013, under Section A (page 7).

While management presently believes that the ultimate outcome of these proceedings will not materially harm the company's results of operations, cash flows, or overall trends, legal proceedings and possible related government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could include substantial monetary damages. Were unfavorable final outcomes to occur, there exists the possibility of a material adverse impact on our business, results of operations, financial position, and overall trends. It is also possible that we could conclude it is in the best interests of our stockholders, employees, and customers to settle one or more such matters, and any such settlement could include substantial payments; however, we have not reached this conclusion with respect to the matter at this time, nor do we expect to in the future.