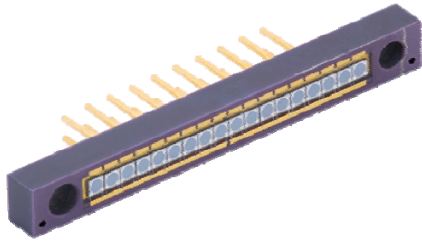
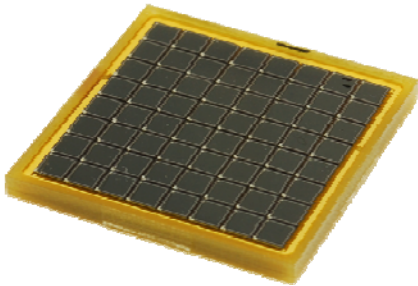




Zecotek Photonics Inc.



MAPD Photo-Detectors



Detector and Scintillator Arrays for PET



Visible Fiber Lasers

Management's
Discussion & Analysis

For the year ended
July 31, 2014

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MANAGEMENT DISCUSSION AND ANALYSIS

November 27, 2014

This Management's Discussion and Analysis ("MD&A") of Zecotek Photonics Inc. (the "Company") is dated November 27, 2014. MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended July 31, 2014. The audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards. All dollar amounts are expressed in Canadian dollars except where noted. The parent company's accounts are maintained in Canadian dollars. The business activities of the Company, carried out through its subsidiaries in Singapore are conducted primarily in Singapore dollars. The rate of exchange on July 31, 2014 as reported by the Bank of Canada, for the conversion of one Singapore dollar into Canadian dollars was \$0.8734

Forward-Looking Statements

This discussion may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, Company's ability to successfully complete new product development along the timelines expected; the Company's need for funds to achieve its goals and uncertainties as to the availability and cost of funding; uncertainty as to the continued and future demand for the Company's products; the development of competing technologies and the possibility of increased competition; and other economic trends and conditions in the markets that the Company and its customers serve; and the effect of the risks associated with technical difficulties or delays in product introductions, improvements, implementation, product development, product pricing or other initiatives of the Company and its competitor. All other companies and products listed herein may be trademarks or registered trademarks of their respective holders.

Company Overview

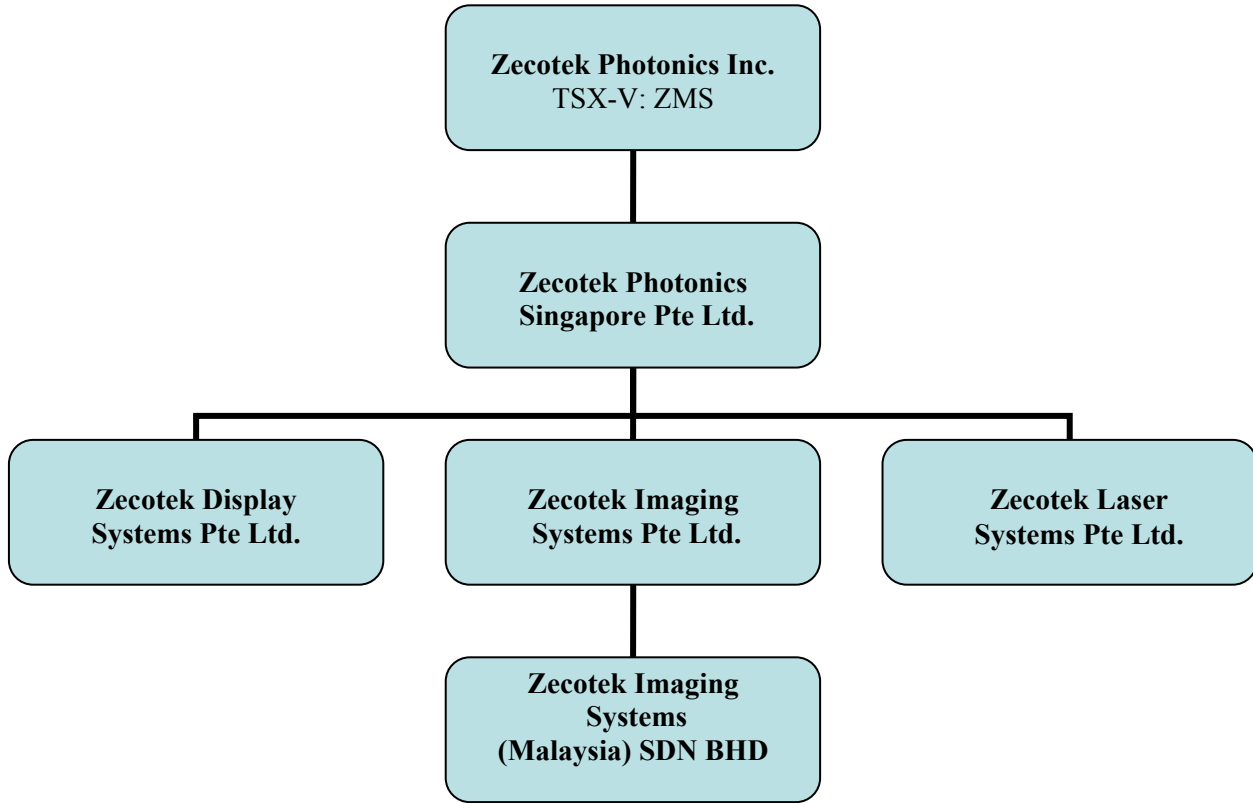
Zecotek Photonics Inc. develops leading-edge photonics technologies and products for commercial and research applications in many different markets: medical, bio-science, high-energy physics, pharmaceutical research, material processing, engineering and industrial design and multi-media.

Founded in 2004, the Company has focused on building shareholder value by securing a strong intellectual property portfolio, completing the development of unique technologies for targeted markets and pursuing the optimum commercialization strategy.

Zecotek Photonics Inc. has three operational subsidiary companies: Zecotek Imaging Systems Pte Ltd. (ZIS); Zecotek Display Systems Pte Ltd. (ZDS); and Zecotek Laser Systems Pte Ltd. (ZLS). All of these subsidiary companies are incorporated in Singapore and owned by Zecotek Photonics Singapore Pte.Ltd., a holding company. Each operational subsidiary is autonomous, in the sense that each has its own patent portfolio and management team.

Zecotek's corporate headquarters is located in Vancouver, B.C. It is a Canadian public company trading on the TSX Venture Exchange under the symbol "ZMS" and on the Frankfurt Stock Exchange under the trading symbol "W11". The Company's website is www.zecotek.com.

Company Structure



Zecotek Imaging Systems Pte Ltd. (ZIS)

ZIS has research laboratory facilities in Singapore and Moscow, where it has developed its patented lutetium fine silicate (LFS) scintillation crystals and solid-state Micro-pixel Avalanche Photo Diodes (MAPD) photo-detectors. It works in partnership with the University of Washington in Seattle, on the integration of PET/MRI for imaging and pharmaceutical research. The focus of the partnership is the integration of a compact design for imaging of specific organs while offering an ideal diagnostic modality.

The LFS crystal and the MAPD are central components for high-resolution PET scanners for medical diagnostics and treatment. They are also key devices to high energy physics experiments, specifically the Large Hadron Collider at CERN, Switzerland and the Linear Accelerator at Fermi Lab, USA. CERN and Fermi Lab have subcontracted ZIS to complete the development of a new version of ZIS’s MAPD with specific parameters for their main new particle detection programs.

Zecotek Display Systems Pte Ltd. (ZDS)

ZDS scientists have developed and demonstrated a colour, 32-inch 3D display prototype that offers multiple viewers with true volumetric visualization while exhibiting depth and parallax without the use of external glasses. ZDS’s Real-Time 3D2D Display is a novel, patented display system for the visualization of images and data, which has been developed in-house by Zecotek’s scientific team and technical staff and does not rely on any licensed intellectual property. All intellectual property is owned and controlled by Zecotek. The Zecotek 3D display technology has been granted US and Australian Patents under PCT.

Based on the auto stereoscopic principle, but with patent pending innovation, it represents a new generation of 3D displays. It has the capability of simultaneously presenting to multiple users both 3D and 2D images on the same screen with separate views and at different viewing angles. Its design provides for multi-users, multi-views, freedom of movement, high resolution in both 3D and 2D modes, superior image dynamic range in 2D mode, 2D and 3D simultaneous displays, common brightness, compatibility with existing applications and cost competitiveness at all stages of adoption and levels of application.

The 3D display system provides for viewing a volumetric representation without eye strain. The viewing of such 3D images does not require the use of any supplementary means such as glasses, does not drastically limit the position of the viewer with respect to the display, and allows simultaneous viewing of the 3D display by many viewers from a relatively wide field of view.

Zecotek Laser Systems Pte Ltd. (ZLS)

ZLS has a joint laboratory with Inversion Fiber/Novolaser for the integration of tuneable fiber lasers in the visible spectrum. The tuneable visible fiber laser technology platform is now complete and lasers based on the platform have a large area of application in medicine, fundamental research, inspection and other industries. These lasers provide unique output wavelengths and wide tuning range and are specially suited for bio-medical applications using fluorescent techniques, such as gene sequencing, proteomics, scanning laser microscopy and flow cytometry. In these applications they can replace conventional laser types with sub-optimal wavelengths and provide a unified fiber laser platform covering the majority of the visible spectrum. Zecotek's tuneable fiber lasers are able to replace several units of different configurations and modes of operation conventionally used in bio-medical research equipment, such as flow cytometry machines used in pharmaceutical drug discovery. Zecotek technology and products have been endorsed by tests independently conducted by the U.S. National Institute of Health (NIH).

ZLS has focused its efforts on those lasers that have unique commercial, technical and value-added features and present less resistance to market entry.

Zecotek Key Product Summary

- Patented LFS family of advanced scintillation materials;
- Patent-pending MAPD solid-state high-sensitivity photo-detector (Micro-pixel Avalanche Photo Diode);
- Patented and patent-pending DOI-enabled scintillation detectors for PET imaging;
- Patented and patent-pending Mini PET/MRI technology;
- Patented and patent-pending 3D/2D auto-stereoscopic multiple-view display;
- Patented and patent-pending widely tunable fiber lasers in the visible spectrum.

Patent Portfolio

As a result of internal technology development, patent acquisitions and licensing partnerships, the Company's patent portfolio has continued to grow in numbers and technological diversity. As of November 27, 2014, Zecotek owned title to or controlled more than 50 patents and applications. The following table lists the key patents in Zecotek's patent portfolio.

Key Technology	Patent/App. No	Date Filed	Jurisdiction	Status
3D displays	7,944,465	27-02-06	US, CA, AU	Granted
	13/108,249	16-05-11	US	Pending
	8,243,127	27-06-07	US	Granted
	PCT/IB2007/003309	07-11-07	PCT, IN, JP	Pending
	201070065	07-11-07	EA (RU)	Granted
	10-2010-7001958	07-11-07	KR	N. of Allowance
	EP 2177041	07-11-07	DE, GB, FR, NL	Granted
	200780100317.0	07-11-07	CN	Granted
	13/546,877	11-07-12	US	Pending
	13/742,247	15-01-13	PCT, US	Pending
	14/167,512	29-01-14	US	Pending
	14/167,544	29-01-14	US	Pending
LFS scintillation crystals	7,132,060	21-07-05	US	Granted
	2242545	04-11-03	RU	Granted
	PCT/RU2004/000094	12-03-04	PCT, AU, CA, CN, EA, DE, FR, GB, JP, NL	Granted
	1493/KOLNP/2006	12-03-04	IN	Pending
	13/861,971	12-04-13	US	Pending
	PCT/CA2013/000349	26-04-13	CA	Pending
Semiconductor photo-detectors (MAPD)	2316848	01-06-06	RU	Granted
	PCT/RU2007/000287	31-05-07	PCT, AU, CA, EP, IN, MY	Pending
	148413	31-05-07	SG	Granted
	200780024920.5	31-05-07	CN	Granted
	12/034,603	20-02-08	US	N. of Allowance
	5320610	31-05-07	JP	Granted
	10-2008-7032265	31-05-07	KR	Granted
	13/609,136	10-09-12	US	Pending
61/382,632	13-08-13	US	Pending	
PET imaging technologies	7,956,331	27-10-08	US	Granted
	8,003,948 B2*	03-11-08	US	Granted
	PCT/US2008/082273*	03-11-08	PCT, AU, CA, EP, JP, KR, CN	Pending
	13/125,966*	22-10-09	US	N. of Allowance
	8,431,904*	26-10-09	US	Granted
	8,309,932*	18-08-11	US	Granted
	13/232,944	14-09-11	PCT, US	Pending
	13/609,136	10-09-12	US	Pending
	2013-528480	14-03-13	JP	Pending
	13/750,995*	25-01-13	US	Pending
14/051,328	10-10-13	PCT, US	Pending	
Visible fibre lasers	12/182,951	30-07-08	PCT, US	Pending
	2006119198	02-06-06	RU	Granted

* Zecotek, as principal financier and development partner of imaging components with the University of Washington, has the exclusive license rights for improved data-processing electronics for new generation PET scanning devices.

Zecotek's research and development success depends on having a quality portfolio of patents, which are not only technically valuable, but are properly filed and maintained in appropriate jurisdictions. The Company devotes a significant effort to the administration of its portfolio, ensuring that any applications are duly filed in appropriate jurisdictions. It maintains carefully balanced mix of internal and external patent administration.

Corporate Strategy

Since Zecotek's formation in 2004, it has developed and acquired a significant technology based intellectual property portfolio protected by patents issued or filed worldwide. Furthermore, the Company has integrated a number of technologies into value-added components and products which it has manufactured in limited production runs.

Zecotek's core business strategy is to commercialize photonic products and technologies through strategic alliances with major corporations. The central objective is to enter growth markets with products featuring competitive costs and performance superiority – leading to above average profits and shareholder returns.

Zecotek brings leading-edge photonics technologies to alliances while corporate partners bring their existing product development, marketing, manufacturing and distribution resources. The product delivery vehicle will be generally a joint venture, structured to clearly identify each partner's contributions, efficiently manage project costs, preserve each partner's IP rights, enable investment by fourth parties and minimize time to market.

Recent Business Activities

2014 TSX Venture 50[®] Company

In February 2014 Zecotek was named a 2014 TSX Venture 50[®] company by the TMX Group. The TSX Venture 50[®] ranks the top 10 companies in 5 major industry sectors by identifying those emerging companies which have shown strong results in key measures of market performance. Zecotek was ranked sixth in the list of top Canadian Technology & Life Sciences companies.

Lawsuit

On May 13, 2014 the United States District Court of Ohio issued its patent claim construction ruling, or Markman Order, and adopted interpretations that management believe are favorable on the key terms in the litigation dispute.

The joint claims construction hearing, also known as the Markman hearing, was held before the Court on July 1 and 2, 2013. In a Markman Order, the presiding district court sets out the meaning of certain disputed patent claim language present in the patent. The interpretation of the language in the patent is then applied during the action in the determination of infringement and validity of the patent claim. The Markman Order can play a significant role in the progress and outcome of patent infringement litigation.

In February 2012 Zecotek Imaging Systems Pte Ltd., a wholly-owned subsidiary filed legal action in the United States Federal District Court in Los Angeles against defendants Saint-Gobain Corporation and Philips for infringement of Zecotek's U.S. Patent Number 7,132,060. The patent covers the substances and chemical formulations used to grow lutetium fine silicate (LFS) scintillation crystals which are characterized by their combined high light yield and ultra-fast decay times and are typically used in medical scanning devices. The lawsuit alleges that Saint-Gobain's LYSO crystals infringe Zecotek's patent, and that Philips infringes by using those crystals in the PET scanners it sells. Due to the fundamental nature of the patent, management believes that the damages caused by the alleged infringement may be significant. The Company is diligently pursuing the lawsuit and has retained a dedicated and experienced patent lawyer.

On July 1 and 2, 2013, a technical tutorial and a claim construction (Markman) hearing were completed before the Court. In the hearing, the Court considered the meaning of certain technical terminology used in the patent claim. The date of the Court's decision following the Markman hearing was not specified.

Patents

In October 2014 the U.S. Patent and Trademark Office published two new strategic patents covering more advanced variants of Zecotek's flagship lutetium-based LFS scintillation crystals and solid-state MAPD photo-detector arrays. The compositions and variants of Zecotek's existing LFS crystals, are used as single elements, arrays and plates for a wide spectrum of applications.

In May 2014 the Company filed a patent application on its highly innovative method of manufacturing crystal block arrays with the United States Patent Office. The enhanced LFS scintillation crystal array manufacturing and assembling process results in a more flexible production output at a significantly improved price point. The enhanced process also allows for manufacturing of LFS crystal arrays with various sizes and configurations at a competitive price when compared to single element prices.

In March 2014 the Korean Intellectual Property Office granted Zecotek a Notice of Allowance for its 3D/2D switchable optical imaging system for its glasses-free 3D auto-stereoscopic display system. This patent grant adds to the United States Patent Office Notice of Allowance, and the Eurasian Patent Office Notification on Readiness to Grant a Eurasian Patent, granted in May 2012, and the Notification for Patent Registration Formalities from the Chinese State Intellectual Property Office granted in July 2012, for the same technology. These notices add to the other global patents, including U.S. patent number 7,944,465 covering Zecotek's glasses-free 3D auto-stereoscopic display system.

In March 2014 Zecotek filed two important patents with the US Patent Office relating to front and rear-projection auto-stereoscopic 3D display systems. The first patent application is for a front-projection auto-stereoscopic 3D display system which enables viewers to experience auto-stereoscopic 3D content through a front-projection system without the need for any special glasses. The second patent application is a rear-projection auto-stereoscopic 3D display system which enables viewers to experience auto-stereoscopic 3D content through a rear-projection system without the need for any special glasses.

In February 2014 the United States Patent Office issued a Notice of Allowance for Zecotek's Micro-channel Avalanche Photodiode (MAPD) solid-state photo detector. This patent allowance is important to securing intellectual property related to all key elements for a high performance PET scanner, and follows patent grants from China (2012) and Russia (2008) for the MAPD solid-state photo detector.

In January 2013 the United States Patent Office issued a Notice of Allowance for Zecotek's improved data-processing electronics for positron emission tomography (PET) scanning devices. Patents have been filed and are pending in other jurisdictions.

3D Printing

In July 2014, Zecotek Display Systems signed an agreement with the Institute of Chemical Physics of the National Academy of Sciences in Yerevan, Armenia, to extend the list of high-performance powder metal alloys for use in its compact, high-speed 3D printer. The Institute will work with Zecotek and LT-Pyrkal to fine tune the advanced technology necessary for the fabrication of metal powders from metal hydride compounds.

Also in July 2014, LT-PYRKAL of Yerevan, Armenia, was contracted to assemble and test Zecotek's first compact, high-speed 3D printer which will use high-performance metal alloys and offer technical and commercial advantages over other 3D printing technology. Zecotek and LT-Pyrkal have solved key technical challenges with the new 3D printer, which will be used for both prototyping and distributed manufacturing with specific applications in electronics, aerospace, automotive, mechanical and healthcare industries.

During the quarter ended January 31, 2014 Zecotek announced it had entered the 3D printing market. Zecotek Display Systems Pte. Ltd. is working with LT-Pyrkal of Yerevan, Armenia, a long time contract partner, to design a unique 3D printer which will offer technical and commercial competitive advantages to existing 3D printers. Zecotek is also developing a 3D printing platform which offers significant design, cost, and time advantages when used with Zecotek's glasses free, auto-stereoscopic, multi-view, HD 3D display.

3D printing, also known as additive manufacturing, is the process of making three dimensional solid objects from a digital model by laying down successive layers of material in different shapes. Leading industry analysts predict significant growth with annual sales of 3D printing reaching \$4 billion by 2015, and over \$10 billion by 2021.

Hamamatsu Photonics

On November 13, 2014 Zecotek delivered the first shipment of a \$500,000 order of LFS Crystal Arrays to the NIITFA Automation Research Centre for Technical Physics. The Automation Research Centre for Technical Physics is a leading Russian scientific centre of excellence engaged in the development of medical imaging including a positron emission tomography (PET) medical device program. It is working with manufacturing partners to develop PET medical scanners for Russia and the neighboring markets.

In July 2013, Zecotek formed a strategic partnership with Hamamatsu Photonics of Japan to commercialize existing imaging technologies and to collaborate on the upgrade and manufacture of photo detectors, integrated detector modules (IDM) and associated electronics and data acquisition modules for the imaging markets at large. With approximately US\$1 billion of annual sales, Hamamatsu is the world's leading supplier of optoelectronics components including photo multiplier tubes and photo-diodes used in positron emission tomography (PET) medical scanners, the European Organization for Nuclear Research (CERN) projects and other industrial and scientific applications.

The partnership combines the strengths of both organizations where Zecotek's patented and patent pending imaging technologies will benefit from the technological expertise and marketing capabilities of Hamamatsu. Hamamatsu will take over the manufacturing and marketing of most of Zecotek's proprietary imaging technologies, including the commercialization of LFS crystals, solid-state MAPD photo detectors and any other photo-detector variants innovated by Zecotek. Hamamatsu becomes the exclusive sales channel for Zecotek's patented protected LFS scintillation crystal and future generations of the scintillation material. Hamamatsu will take the lead on the technological enhancement, large-scale manufacturing and marketing of all Zecotek's imaging technologies.

Zecotek has shipped LFS crystals to Hamamatsu for integration in the new IDM modules destined for third party OEM's. The modules are currently undergoing standard testing to optimize the design of the IDM.

Also in July 2013 Hamamatsu ordered \$500,000 of Zecotek's patented Lutetium Fine Silicate (LFS) scintillation crystals, for use in third party positron emission tomography (PET) medical scanning devices.

In November 2013, Zecotek joined Hamamatsu Photonics at the Nuclear Science Symposium and Medical Imaging Conference in Seoul, Korea to showcase patented imaging technologies including an assembled integrated detector module (IDM) composed of LFS arrays and corresponding solid-state photo detectors. This was followed in November 2013 by an additional order of \$1,500,000 of LFS scintillation crystals also for use in PET medical scanning devices. The orders for the scintillation crystals have been delayed due to engineering design upgrades and internal integration processes at the OEMs. Zecotek and Hamamatsu are working closely with the OEMs, and their scientific teams to expedite the integration process. Zecotek has started delivering preliminary amounts of scintillation crystals to Hamamatsu which are being used in various end user's new designs.

The European Organization for Nuclear Research (CERN)

CERN is one of the world's largest and most respected centres for scientific research and has become a very important partner of Zecotek. At CERN some of the world's largest and most complex scientific instruments are being used to study the basic constituents of matter and Zecotek's imaging technologies are playing an increasing role.

In September 2014, CERN scientists in the Large Hadron Collider requested new configuration of LFS scintillation crystals (LFS-3 plates). Due to the high quality performance of the individual plates, the scientific team at CERN has ordered enough LFS-3 plates to build initial modules which will be installed in the Large Hadron Collider and subjected to a high energy beam.

In July 2014, the Compact Muon Solenoid (CMS) Experiment requested specially designed plates of LFS-3 crystals for testing as part of another major CMS experiment for the new Large Hadron Collider (LHC) at CERN. This announcement comes after a thorough examination of competing materials by CERN's scientists and engineers.

In May 2013, Zecotek announced the European Organization for Nuclear Research (CERN) is to assess the optimum size configurations for its patented LFS crystal material for use in new experiments clarifying the existence of the Higgs Boson. In March 2013, CERN scientists confirmed that a new subatomic particle discovered at the world's most powerful particle accelerator is the Higgs Boson. As CERN pushes into this new frontier of science, additional experiments are required to determine the particle's properties and its true form. High energy scintillation crystals with high radiation hardness are paramount for the success of the next stage of experiments.

In early 2012, following an extensive test bench study on the characteristics of Zecotek's patented fourth generation Micro-pixel Avalanche Photo Diodes (MAPD-3N) conducted by the University of Bergen in Norway, and after completing a 40 day heavy ion experiment with 320 channels of MAPD-3A readout, CERN ordered the MAPD-3N for two projects: the ALICE Experiment and the NA61 Experiment.

These and other experiments at CERN are demanding higher energies than ever before and require five key parameters for photo detectors: low cost, high photo-detection efficiency, very high linearity, significant radiation hardness, and a low recovery time. Zecotek's solid-state MAPD-3N photo detectors meet all of the

parameters including an optimum low recovery time, which has been fine tuned to a level commanded by all CERN experiments.

In December 2012, Zecotek announced that the COMPASS experiment at CERN has selected the Company's solid-state MAPD-3N photo detectors, for the multi-purpose experiment in high-energy physics taking place at CERN's Super Proton Synchrotron accelerator located in Switzerland. The MAPD-3N will be used in the electromagnetic calorimeter.

There are six CERN experiments using Zecotek's solid-state MAPD photo detectors:

- The Alice Experiment,
- The NA612 Experiment,
- The Swiss Federal Institute of Technology,
- The Joint Institute for Nuclear Research,
- The Compact Muon Solenoid Experiment,
- The Compass Experiment.

Zecotek and Hamamatsu are also working closely with CERN on the adoption of the LFS crystal as a strong candidate to replace the old material. The LFS's high radiation hardness is a prime and essential feature in the design considerations for the next high energy levels required in the Large Hadron Collider experiments.

Sales/Partnerships

On July 10, 2014 Aquarius Group, Russia's largest computer company and member of Russia's National Computer Corporation, signed a letter of intent to acquire 20 percent of Zecotek Display Systems Pte Ltd., for US\$7 million. The investment in Zecotek Display Systems will be used to complete the commercialization of two patented 3D displays for flat screen and large screen formats, and a novel high-speed 3D printer for rapid manufacturing and rapid prototyping.

On June 28, 2013 Zecotek signed a joint collaboration agreement with Intellectual Ventures (IV®) of Bellevue, Washington. IV is the global leader in the business of invention which collaborates with leading inventors, partners with pioneering companies, and invests both expertise and capital in the process of invention. The two companies will collaborate on intellectual property strategy, including the sourcing, development, and monetization of new inventions related to photonics. IV is one of the largest owners of U.S. patents and works closely with inventors to develop and protect intellectual property.

Research & Development & Other Activities

On May 29, 2014 Zecotek completed the initial design engineering for a new data processing module for its patented real-time 3D display, representing a significant milestone in bringing the display system to commercial production. The new configuration provides for real time capability, with a system capable of transferring data for up to ninety views in full High Definition. The new system design eliminates the previous requirement for ALP (accessory light modulator package) boards, allowing for a significantly cheaper and more compact design. The redesign also includes the development of 3D image compression for data interface, and a new application interface to allow direct transfer of data from existing programs such as AutoCAD. These recent developments directly support Zecotek's recent initiative in developing new 3D printers and 3D printer interfaces.

In December 2013 Zecotek Display Systems initiated discussions with certain major electronics companies to co-develop an OLED/LED (organic light emitting diode) based, flat screen, glasses-free, true 3D HD

television. Price point, concerns about visual health, and an overall lack of quality in the current 3D televisions requiring glasses, have all contributed to a declining consumer market. Zecotek's 3D display offers a realistic, HD, glasses free, multi-viewer 3D experience and now OLED/LED based flat screen display technologies are now meeting higher switching speeds necessary to support Zecotek's 3D display technology.

Financings

On November 5, 2014, the Company completed the share subscription agreements for the financing announced October 23, 2014. Under the agreements, the subscribers purchased 8,057,140 units of the Company at a price of \$0.35 per unit, for gross proceeds of \$2,819,999. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.50 per share for a period of 24 months after the date of the private placement.

During the month of September 2014, 180,000 stock options were exercised at an average rate of \$0.45 per share for total cash proceeds of \$81,000.

During the period from September 2013 to July 2014, 1,895,000 stock options and 5,321,867 warrants were exercised at an average rate of \$0.53 for total cash proceeds of \$3,819,683.

On September 4, 2013, the Company completed the share subscription agreements for the financing announced August 20, 2013. Under the agreements, the subscribers purchased 5,966,938 units of the Company at a price of \$0.58 per unit, for gross proceeds of \$3,460,824. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.75 per share for a period of 24 months after the date of the private placement. The warrant's exercise period will automatically accelerate to 30 days if the common shares of the Company trade above \$1.25 for a period of 10 consecutive trading days.

The Company paid finder's fees in the amount of \$234,040 and 403,516 non-transferable finder's warrants for the financing. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.75 for a period of 24 months after the date that the private placements closed. All shares and warrants are to be subject to a four-month hold period.

Selected Annual Information

	Audited Year Ended July 31, 2014	Audited Year Ended July 31, 2013	Audited Year Ended July 31, 2012
Revenue	\$ 86,535	\$ 39,616	\$ 36,535
Net loss for the year	\$ (8,453,111)	\$ (7,065,355)	\$ (5,162,088)
Net loss per share	\$ (0.09)	\$ (0.09)	\$ (0.08)
Total assets	\$ 1,185,706	\$ 748,435	\$ 722,918
Total long-term liabilities	Nil	Nil	\$ 1,079
Cash dividends declared	Nil	Nil	Nil

Results of Operations

Net Loss

The Company recorded a net loss of \$3,959,286 or \$0.04 per share in the fourth quarter of 2014, compared with \$4,476,672 or \$0.06 per share in the same period of 2013, a decrease of 12%. A net loss of \$8,453,111 or \$0.09 per share was recorded in the fiscal year 2014 compared to \$7,065,355 or \$0.09 per share in the same period of 2013 resulting in an increase of 20%. The Company raised significant funds to support the operational losses.

The operational losses resulted from general and administrative costs such as salaries, consulting fees, travel, rents, various overheads, engineering development and marketing. In addition, funds were spent on the ongoing patent infringement litigation for lawyers, experts and related costs. Funds were also spent on production manufacturing contracts with NNFC (National Nao-Fab Centre), South Korea, for the production of Zecotek's MAPD and MAPT photo detectors.

Revenue

The Company recorded \$22,723 revenue in the fourth quarter of 2014 compared to \$25,915 in the same period in 2013. For the fiscal year 2014, revenues increased by 118% to \$86,535 from \$39,616 in the same period in 2013. The revenues are from the sales of MAPD transistor packages and LFS scintillation crystals (imaging division) to a major company that is increasingly testing our products for potential larger scale ramp-up. The Company has limited sales, and revenue fluctuates significantly due to timing of sales.

The purchase order for Hamamatsu Photonics of US \$2 million of patented LFS scintillation crystals is still outstanding. Hamamatsu made the original order after reaching out to major end users of scintillation crystals, with whom it has had long term supply relationships for its detectors and other imaging components. The main users of scintillation crystals are PET scanning device original equipment manufacturers (OEM), and high energy physics centres such as CERN. Due to engineering design upgrades and internal integration processes at the OEMs the orders for the scintillation crystals have been delayed. Zecotek and Hamamatsu are

working closely with the OEMs, and their scientific teams to expedite the integration process. Zecotek has started delivering preliminary amounts of scintillation crystals to Hamamatsu which are being used in various end user's new designs.

Operating, General and Administrative Expenses

Operating, General and administrative ("G&A") expenses amounted to \$3,321,371 in the fourth quarter of 2014, compared with \$1,136,372 in the same period of 2013, representing an increase in costs of 192%. For the fiscal year 2014, the G&A expenses amounted to \$6,857,278 as compared to \$3,208,774 for the same period in 2013, representing an increase of 114%. This increase is mainly due to the increase in legal expense and overhead costs.

Increases or decreases in specific categories for the fiscal year 2014 are:

1. Consulting and other professional fees; amounted to \$1,958,150 in the fourth quarter of 2014, compared with \$560,139 in the fourth quarter of 2013, representing an increase of 250%. For the fiscal year 2014, the expenses increased 263% from \$1,055,128 to \$3,833,901 primarily due to the increase in the legal expense for the litigation dispute regarding infringement on our patent rights. Also Seventy percent of the CEO's remuneration package was paid to a company controlled by him and recorded as consulting and other professional fees.
2. Office and General; amounted to \$48,715 in the fourth quarter of 2014, compared with \$70,376 in the fourth quarter of 2013, representing a decrease of 31%. For the fiscal year 2014, expenses increased 34% from \$150,432 to \$200,986 due to the increase in operational activities.
4. Marketing and promotion; amounted to \$19,686 in the fourth quarter of 2014, compared with \$31,998 in the fourth quarter of 2013, representing a decrease of 38%. For the fiscal year 2014, expenses increased 153% from \$66,306 to \$167,535. This is due to the increase in marketing activities.
5. Rent; amounted to \$48,532 in the fourth quarter of 2014, compared with \$37,244 in the fourth quarter of 2013, representing an increase of 30%. For the fiscal year 2014, rent increased 21% from \$152,225 to \$184,674 due to increase in rent of the residential apartment for the staff in Singapore.
6. Salaries and benefits; amounted to \$184,223 in the fourth quarter of 2014, compared with \$265,201 in the fourth quarter of 2013, representing a decrease of 31%. For the fiscal year 2014, expenses decreased 40% from \$1,097,057 to \$786,375. The overall decrease is due to the change in remuneration of the CEO's salary. Seventy percent of the CEO's remuneration package is paid to a company controlled by him and is recorded as consulting and other professional fees.
7. Travel; amounted to \$127,356 in the fourth quarter of 2014, compared with \$33,238 in the fourth quarter of 2013, representing an increase of 283%. For the fiscal year 2014, travel increased 352% from \$97,199 to \$439,104 due to increase in activity to market the technology.

Research and Development Expenses

Research and development ("R&D") expenses amounted to \$660,638 in the fourth quarter of 2014, compared with \$399,541 in the fourth quarter of 2013, representing an increase in costs of 65%. For the fiscal year 2014, the R&D expenses increased 81% from \$929,523 to \$1,682,368 in the same period in 2013. The focus of the research and development projects that are still being currently carried out in Zecotek laboratories are to meet the specifications required by the OEM and adapting and improving our technologies for different applications demanded by the market.

Stock-based Compensation

Stock-based compensation expenses amounted to \$1,060,620 in the fourth quarter of 2014, compared with \$213,869 in the same period of 2013, representing an increase of 396%. For the fiscal year 2014, stock-based compensation increased 169% from \$549,783 to \$1,476,422 for the same period in 2013. The increase is due to the options granted in the year to certain officers, consultants, directors and a change in vesting terms for options granted in 2014.

Amortization of property and equipment

Amortization expense for the fourth quarter of 2014 increased to \$11,825 from \$8,524 in the same period of 2013, an increase of 39%. For the fiscal year 2014, the amortization expense amounted to \$44,871 as compared to \$47,786 in the same period of 2013 reflecting a decrease of 6%. The variances are due to the accelerated depreciation methods used by the Company and change in foreign exchange rates.

Amortization of patent costs

Amortization expense for the fourth quarter of 2014 amounted to \$7,310, which is consistent as compared to \$6,734 in the same period of 2013 representing an increase of 9%. For the fiscal year 2014, the amortization expense amounted to \$28,854 as compared to \$27,632 reflecting an increase of 4%. There is not much change in the amortization of patent costs as all the current patent costs incurred are being expensed.

Trade and other payables

Trade and other payables consists of trade payables and accrued liabilities, wages payable, compensation waivers and government grants.

	2014	2013
Trade payables and accrued liabilities	\$ 1,249,608	\$ 742,283
Wages payable	296,735	296,745
Compensation waivers	1,113,455	1,113,455
Government grants	1,357,943	1,254,706
Total	\$ 4,017,741	\$ 3,407,189

Compensation waivers

In March of 2011, the Company entered into agreements with certain of its consultants, directors and employees (the "individuals"). Under these agreements, the individuals waived salaries and fees owed to them totaling \$1,113,455 in favor of bonus payments of the same amounts, which are to be paid upon certain triggering events, including a sale of substantially all of the assets of the Company, or the shares of the Company, commercialization of any of the technologies of the Company, a public listing of shares of a subsidiary of the Company, or cash inflows exceeding \$3,000,000 in any three month period.

Government grants

The Company has received grants from the Government of Singapore - Economic Development Board ("EDB") and the Government of Malaysia - Industrial Development Authority ("MIDA"). During the 2009 year, the Company received Singapore dollars \$1,554,778 (Canadian dollars \$1,232,162) and recorded this as a reduction in expenditures and expenses as management believed there was reasonable assurance that the amounts would not have to be repaid. The EDB grant is contingently repayable should the Company not meet certain requirements in respect to local employment, expenditures and production. As at July 31, 2010, it was determined that certain of these conditions were not met in respect to the EDB grant.

The Company received correspondence from the EDB in August 2010 in which the EDB required repayment of cumulative grants received by the Company in the amount of Singapore dollars \$1,554,778 (Canadian dollars \$1,357,943), referring to the Company not meeting all original conditions of the grant. The amount has been recognized as a liability, under accounts payable, as at July 31, 2013 and 2014. The Company disputes the repayment requirement, believes the EDB had previously waived or postponed some conditions and is in discussion with the EDB seeking to eliminate the amount owing by the Company.

In May 2012, EDB requested the Company to provide a fresh update on all the grant conditions to better evaluate the Company's appeal for changes to the grant conditions in order to reduce the repayment to EDB. As at the end of July 31, 2014, EDB had not yet completed reviewing the information provided by the Company.

Related party transactions

The Company undertook various transactions with related parties. These transactions were measured at the exchange amounts which are the amounts of consideration established and agreed upon by the related parties.

- (a) The Company incurred \$36,362 (2013 - \$46,886) in legal fees to Boughton Law Corporation, legal counsel to the Company, for legal services rendered during the year. A director of the Company is an Associate Counsel of Boughton Law Corporation. At July 31, 2014, \$1,008 (2013 - \$24,751) was outstanding and included in trade and other payables.
- (b) The Company incurred fees of \$177,000 (2013 - \$134,000) during the year for consulting services provided by the chief financial officer. At July 31, 2014, \$26,750 (2013 - \$26,750) of the fees was unpaid and included in trade and other payables.
- (c) During the year, the Company incurred salaries of \$203,570 (2013 - \$153,600) for the Executive Vice President, Operations. The advances to the Executive Vice President, Operations amounted to \$2,443 as at July 31, 2014 (2013 - \$2,947).
- (d) During the year, the Company incurred salaries and allowances of \$186,292 (2013 - \$564,000) for the President and Chief Executive Officer ("CEO") and fees of \$472,468 (2013 - \$nil) for consulting services to a company controlled by the President and CEO. At July 31, 2014, \$nil (2013- \$180,604) of the salaries and allowances were unpaid and included in trade and other payables. The advances to the President and CEO, amount to \$131,880 as at July 31, 2014 (2013 - \$35,199).
- (e) The Company incurred fees of of \$78,000 (2013 - \$78,000) during the year for directors' services. At July 31, 2013, \$91,000 (2013 - \$99,500) was unpaid and included in trade and other payables.
- (f) The Company incurred fees of \$117,500 (2013 - \$90,000) during the year for accounting and related services provided by the Corporate Secretary.
- (g) During the year, the Company granted options to acquire 1,300,000 shares at a price of \$0.82 and 1,200,000 shares at a price of \$0.70 to certain directors and officers until May 13, 2018.

Summary of Quarterly Results

The following table is a summary of the unaudited consolidated operating results of the Company presented in accordance with IFRS for the last eight quarters. The increase in the loss in the fourth quarter of 2014 as

compared to the fourth quarter of 2013 is due to the entire cost of collaboration agreement with IDMC being expensed. Certain of the comparative figures in the following table have been reclassified to conform to the presentation adopted for 2014.

Quarters ended (unaudited)	July 31 2014	April 30 2014	January 31 2014	October 31 2013
Revenue	\$22,723	\$14,284	\$41,373	\$8,155
Net loss	\$3,959,286	\$1,965,115	\$1,583,939	\$944,771
Loss per share	\$0.04	\$0.02	\$0.02	\$0.01
Quarters ended (unaudited)	July 31 2013	April 30 2013	January 31 2013	October 31 2012
Revenue	\$25,915	\$0	\$13,701	\$0
Net loss	\$4,476,672	\$911,049	\$844,210	\$833,424
Loss per share	\$0.06	\$0.01	\$0.01	\$0.01

Liquidity and Capital Resources

For the year ended July 31, 2014, the Company has a net loss of \$8,453,111 and negative cash flow from operating activities of \$6,439,801 compared to a net loss of \$7,065,355 and negative cash flow from operating activities of \$3,216,796 for the same period in fiscal year 2013. As a result of recurring losses over the Company's history, the Company has accumulated deficit of \$68,760,803 as at July 31, 2014. The accounts payable and accrued liabilities have increased to \$4,017,741 as of July 31, 2014 from \$3,407,189 as of July 31, 2013.

Net cash used by investing activities in the fiscal 2014 was \$20,021 as compared to \$9,426 used in the same period in fiscal year 2013. The investment activities include deposits and leasehold improvements.

Net cash provided by financing activities in the fiscal 2014 was \$7,006,456 as compared to \$3,318,764 for fiscal 2013. The financing activities consisted mainly of the issuance of shares through non-brokered private placements and exercise of stock options and warrants.

The Company has suffered recurring losses from operations and currently revenues do not generate enough cash to sustain its operations. Its ability to conduct operations, including the commercialization of its technologies, development of new technologies and the acquisition of additional technologies is dependent on its ability to raise funds as needed.

At July 31, 2014 the Company had \$615,265 in cash and cash equivalents, an increase of \$404,158 from \$211,107 cash and cash equivalents available at July 31, 2013. The consolidated working capital deficiency was \$3,081,808 at July 31, 2014, increased by \$134,476 from \$2,947,332 of consolidated working capital deficiency at July 31, 2013. The change in working capital mainly resulted from the increase in cash and settlement of share subscription amount from liability to equity account.

The Company has disclosed in Note 1(b) to the financial statements that there was substantial doubt as to the ability to continue as a going concern.

Share Capital

Set out below is the outstanding share data of the Company as at November 27, 2014.

At November 27, 2014	Number outstanding
Common shares	107,255,481
Stock options	15,115,000
Common share purchase warrants	17,456,829
Agent's warrants	1,230,906

Outstanding options represent a total of 15,115,000 common shares issuable. At November 27, 2014, 14,668,750 of these options were exercisable and would provide proceeds of \$9,379,175 to the Company if all the vested options were exercised in full. The exercise of these options is completely at the discretion of the holders and the Company has no indication that any of these options will be exercised.

At November 27, 2014 the Company had outstanding 17,456,829 common shares purchase warrants of which 3,370,000 are exercisable at \$0.55 per share expiring on February 8, 2015; 859,499 are exercisable at \$0.55 per share expiring on February 17, 2015; 1,264,443 are exercisable at \$0.50 per share expiring on April 10, 2015; 450,056 are exercisable at \$0.50 per share expiring on June 7, 2015; 2,983,469 are exercisable at \$0.75 per share expiring on September 5, 2015; 472,222 are exercisable at \$0.50 per share expiring on June 3, 2016; and 8,057,140 are exercisable at \$0.50 per share expiring on November 5, 2016.

At November 27, 2014 the Company had outstanding 1,230,906 agent's or finder's warrants; 46,666 were exercisable at \$0.50 expiring on December 3, 2014; 184,021 are exercisable at \$0.50 per share expiring on April 10, 2015; 32,705 are exercisable at \$0.50 per share expiring on June 7, 2015; 403,516 are exercisable at \$0.75 per share expiring on September 5, 2015; and 563,998 are exercisable at \$0.50 per share expiring on November 5, 2016.

On June 26, 2013 Zecotek Photonics Inc. entered into an agreement with Invention Development Management Company, LLC for collaboration on intellectual property strategy, including the sourcing, development and monetization of new invention related to photonics. The agreement will also provide the Company with the opportunity to licence IP and technologies from IDMC's own portfolio of photonics related inventions and patents created with its network of inventors.

In consideration, the Company agreed to issue to IDMC 5,393,951 common shares over a period of 6 months.

The Company issued 2,157,581 common shares on June 26, 2013; 1,078,790 common shares on September 30, 2013; 1,078,790 common shares on October 26, 2013 and 1,078,790 common shares on December 26, 2013.

Subsequent Events

On July 10, 2014 Aquarius Group, Russia's largest computer company and member of Russia's National Computer Corporation, signed a letter of intent to acquire 20 percent of Zecotek Display Systems Pte Ltd., for US\$7 million. As at July 31, 2014, the transaction had not been completed.

During the month of September 2014; 180,000 stock options were exercised at an average rate of \$0.45 per share for total cash proceeds of \$81,000.

On November 5, 2014, the Company completed the share subscription agreements for the financing announced October 23, 2014. Under the agreements, the subscribers purchased 8,057,140 units of the Company at a price of \$0.35 per unit, for gross proceeds of \$2,819,999. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.50 per share for a period of 24 months after the date of the private placement.

On November 19, 2014, the Company extended (the "Warrant Extension") by 18 months the term of outstanding share purchase warrants (the "Warrants") exercisable at a price of \$0.50 per common share for 472,222 common shares of the Company, which were issued pursuant to a private placement which closed on December 3, 2012. All of the Warrants were originally exercisable for two years from the date of issuance, subject to acceleration, such that if the closing price of the common shares of the Company on the TSX Venture Exchange (the "Exchange") is equal to or greater than \$1.00 for a period of 10 consecutive trading days (the "Trading Target"), the Warrants will expire on the date that is 30 days after the date the Trading Target is met.

Financial Instruments

(a) Credit risk:

Financial instruments that potentially subject the Company to concentration of credit risks include cash and restricted short term investments. The Company places its cash and restricted short term investments with high credit quality financial institutions. Short term investments are generally held in fixed rate securities. Concentration of credit risks with respect to receivables is limited.

(b) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company has significant operations in Singapore, which gives rise to significant foreign currency translation risks from fluctuations and volatility of foreign exchange rate between the Canadian dollar and the Singapore dollar (SGD). A significant change in the currency exchange rates between the SGD relative to the Canadian dollar could have an effect on the Company's financial performance, financial position and cash flows. The Company does not use derivative instruments to reduce its exposure to exchange rate risk.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Short-term investments with fixed interest rates include guaranteed investment certificates with original maturities of greater than three months, exposing the Company to interest rate risk. The Company does not use financial instruments to mitigate this interest rate risk.

(d) 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 currently settles its financial obligations using cash and cash equivalents. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Trade and other payables have contractual maturity of 6 months or less.

Contractual Obligations

The following table summarizes the Company's contractual obligations as at July 31, 2014, and the effect such obligations are expected to have on our liquidity and cash flows in future years. The table excludes amounts already recorded in the consolidated balance sheet as current liabilities and certain other purchase obligations:

	2015	2016	2017
Rental leases	\$ 120,557	-	\$ -
Research Contracts	\$ 62,920	\$ 62,920	\$ 41,000

Purchase orders for fourth party components, finished goods and other goods and services are not included in the above table. Management is not able to determine the aggregate amount of such purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. For the purpose of this table, contractual obligations for purchase of goods or services are defined as agreements that are enforceable and legally binding on the Company and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

The Company has entered into contracts for other outsourced services. However, the obligations under these contracts are not significant and the contracts generally contain clauses allowing for cancellation without significant penalty. The expected timing of payment of the obligations discussed above is estimated based on current information. The timing of payments and actual amounts paid may be different depending on the time of receipt of goods or services, or for some obligations, changes to agreed-upon amounts.

On June 26, 2013 Zecotek Photonics Inc. entered into an agreement with Invention Development Management Company, LLC for collaboration on intellectual property strategy, including the sourcing, development and monetization of new invention related to photonics. The agreement will also provide the Company with the opportunity to licence IP and technologies from IDMC's own portfolio of photonics related inventions and patents created with its network of inventors.

In consideration, the Company agreed to issue to IDMC 5,393,951 common shares over a period of 6 months; pay IDMC 5% of the gross proceed on any settlement of or damage award in any of the Company's patent infringement litigation involving U.S. patent number 7.132.060 (or any of its related family members) commenced before date of the Agreement; and if a settlement includes any licensing royalty settlement component ("Licensing Component") for a period of 60 months commencing on receipt of first licensing royalty settlement payment, pay IDMC 5% of such Licensing Component.

Changes in accounting policies

(a) Consolidated Financial Statements

Effective August 1, 2013, The Company adopted IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The adoption of IFRS 10 did not have any impact on the consolidated financial statements.

(b) Joint Arrangements

Effective August 1, 2013, The Company adopted IFRS 11, Joint Arrangements ("IFRS 11"). IFRS 11 supersedes IAS 31, Interest in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-Monetary Contributions by Ventures. IFRS 11 requires that joint ventures be accounted for using the equity method of accounting and eliminates the need for proportionate consolidation.

The Company was not impacted by the adoption of IFRS 11.

(c) Disclosure of Interests in Other Entities

Effective August 1, 2013, the Company adopted IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of IFRS 12 has resulted in additional disclosures within the consolidated financial statements.

(d) Fair Value Measurements

Effective August 1, 2013, the Company adopted IFRS 13, Fair Value Measurements ("IFRS 13"). IFRS 13 provides new guidance on fair value measurement and disclosure requirements. The adoption of IFRS 13 resulted in minor changes in disclosure within Note 10, but did not have a significant impact on the consolidated financial statements.

(e) Financial Instruments

Effective August 1, 2013, the Company adopted Amendments to IFRS 7, Financial Instruments Disclosures ("Amendments to IFRS 7"), which amend the disclosure requirements in IFRS 7 to require information about all recognized financial instruments that are offset in accordance with IAS 32. The adoption of Amendments to IFRS 7 did not have any impact on the consolidated financial statements.

Audit Committee

In compliance with the TSX Venture Exchange Policy 3.1 "Directors, Officers and Corporate Governance" section 10.1, the Audit Committee is comprised of three members, David Toyoda (independent), Canada; Dr. Jalil Ali (independent), Malaysia and Dr. A.F Zerrouk (CEO). Mr. Toyoda is the Chairman of the Audit Committee.

David Toyoda is a lawyer with a Bachelor of Commerce degree with honors and serves on several Boards as Director. Dr. A.F. Zerrouk has many years experience serving on the board of high tech organizations, he is a technology developer and scientific entrepreneur and founder of various technology companies. Dr. Jalil Ali has held several faculty and research positions since 1987. He is a member of OSA, SPIE and the Malaysian

Institute of Physics and was head of the technology transfer and innovation department at the University Technology Malaysia.

The Audit Committee will serve until the next Annual General Meeting at which time the new Board of Directors will appoint or re-appoint the Audit Committee.

Additional Information

Additional information relating to the Company, including the Annual Information Form and its audited year-end financial statements is available on SEDAR at www.sedar.com.