Arcadia Worldwide, Limited

Financial Statements
As of and for the Six Months Ended
December 31, 2014

And

Report of Independent Public Accounting Firm

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Report of Independent Public Accounting Firm

To the Members of
Arcadia Worldwide, Limited

Report on the Financial Statements

We have reviewed the financial statements of Arcadia Worldwide, Limited which are comprised of the statement of financial position as at December 31, 2014, and the related statements of profit or loss and other comprehensive income, changes in member's equity, and cash flows for each of the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

A review does not constiture an audit and consequently we do not express an opion on these financial satements.

Based on our review, nothing has come to our attention that causes us to believe that these financial satement are not, in all material respects, in accordance with IFRS.

/s/ GregoryScott

Chicago, Illinois USA
March 31, 2015

Arcadia Worldwide, Limited

Statement of Financial Position
December 31, 2014

	Note	December 31 2014 $
Assets		
Current Assets		
Cash		20,900
Accounts receivable		-
Due from shareholder		241,484
		262,384
Long term		
Property , plant and equipment	Note (3)	12,210
Intangibles	Note (2)	2,452,000
		2,726,594

	Note	December 31 2014 $
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities		13,427
Current portion of long term liabilities		168,578
Due to shareholder		
Long term debt		
Notes payable	Note (4)	884,512
Shareholder's Equity		
Common shares	Note (6)a	1
Members capital	Note (1)a	
Retained earnings		1,660,076
		1,660,077
		2,726,594

The accompanying notes are in integral part of the financial statements.

	December 31 2014 $
Revenue	
Revenue Note (8)	2,278,756
Operating expenses	
Administrative expenses Note (9)	1,490,024
Selling and distribution costs	469,773
Interest and bank charges	33,505
	1,993,302
Net and comprehensive income	285,455

The accompanying notes are in integral part of the financial statements.

Arcadia Worldwide, Limited Statement of

Changes in Members' Equity

For the Six Months EndedDecember 31, 2014

	December 31 2014 $
Members capital, beginning of period	
Retained earnings, beginning of period (Note (1)	1,341,105
Net income	285,455
Members (drawings) advances	33,516
Members capital, end of period	
Retained earnings, end of period	1,660,076

The accompanying notes are in integral part of the financial statements.

Arcadia Worldwide, Limited Statement of Cash Flows

For for the Six Months Ended December 31, 2014

	December 31 2014 $
Cash flows from operating activities: Net income for the period	285,455
Amortization	48,440
(Increase) decrease in accounts receivable	100,688
Increase in due from shareholder	(268,288)
(Increase) decrease in accounts payable	22,325
	188,619
Cash flows from investing activities: Capital additions	
Cash flows from financing activities	
Increase (decrease) in notes payable	(197,210)
Net cash increase (decreases) in cash and cash equivalents	(8,590)
Cash and cash equivalents , beginning of period	29,490
Cash and cash equivalents, end of period	20,900

The accompanying notes are in integral part of the financial statements.

1. Basis of preparation

Arcadia Worldwide , Limited (the "company") is incorporated under the Province of New Brunswick Business Corporations Act. The accompanying unaudited condensed consolidated financial statements and notes have been prepared in accordance with International Financial Reporting Standards 34. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted for complete consolidated financial statements. There have been no changes to the accounting policies from those disclosed in the company's annual financial statements as at and for the year ended December 31, 2013. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Certain reclassifications have been made to the Company's condensed consolidated financial statements for the six month period ended December 31, 2014 to conform to the current period's condensed consolidated financial statement presentation.

2. Basis of accounting

The financial statements include the accounts of the company and its wholly-owned subsidiaries including variable interest entities in which the company is the primary beneficiary. During the year the shareholder of Arcadia Adult Day Health Care Centre, LLC ("AADHCC") transferred his 100% interest in AADHCC to the company in exchange for 20,654,454 common shares of the company. A subsidiary is an entity controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of its percentage of participation. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when the Company controls another entity. There has been no change in the beneficial ownership of MDHCC.

These consolidated financial statements have been prepared on a historical cost basis, except for the contingent liabilities and investments, which have been measured at fair value and are presented in United States dollars, which is the currency of the primary economic environment in which the Company and its subsidiaries operate («functional currency»). Results of operations of a business acquired are included in the Company's consolidated financial statements for the six month period ended since no change in control occurred.

New standards and interpretations

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and amendments that have not been applied in preparing these unaudited condensed consolidated interim financial statements as their effective dates fall in periods beginning subsequent to the current reporting period. Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the and six months ended December 31, 2014.

Proposed standards

IFRS 9 • Financial Instruments

Initially issued in November 2009 to address the classification and measurement of financial assets. Additional guidance issued in October 2010 on the classification and measurement or financial liabilities.

Effective date January 1, 2018

Annual Improvements to IFRS (2010 - 2012) and (2011 - 2013)

Issued in December 2013. Amendments were made to various standards, including IFRS 2 Shared-based Payment, IFRS 8 Operating Segments , IFRS 13 Fair Value Measurement and IAS 24 Related Party Disclosure .

Effective date January 1, 2015

IFRS 15 - Revenue from Contracts witt1 Customers

Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangibles Assets

Issued in May 2014. Standard creates a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time . This standard may change how much and when revenue can be recognized.

Effective date fiscal years ending on or after December 31, 2017

Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangibles Assets

Issued in May 2014. Standards explicitly state that revenue based depreciation is not acceptable. Standards and Interpretations Adopted the following standards and amendments to existing standards have been adopted by the Company on January 1, 2014:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities IFRS 13 - Fair Value Measurement

IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Statements and provides additional guidance regarding the concept of control as the determining factor in whether a should be included within the consolidated financial statements of the parent company.

IFRS 11 replaces IAS 31, Interests in Joint Ventures, with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option lo proportionately consolidate an entity's interests in joint ventures. The new standard requires that such interests be recognized using the equity method.

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet vehicles.

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued and effective, or issued and early adopted, for the six month period ended December 31, 2014. The IFRS accounting policies set out below were consistently applied to all periods presented.

IFRS 13 defines fair value, requires the disclosure of estimates all fair value and provides guidance on measuring fair value when required or permitted to do so according to the IFRS standards .

IFRS 7 - Financial instruments - Disclosure

IFRS 7 is amended to include obligations of qualitative and quantitative information related to gross and net amounts recognized in the financial statements that, a) are subject to an offset in the Statement of financial position and b) are subject to a master netting agreement or similar agreement enforceable even if they are not netted in the Statement of financial position.

IAS 34, Interim Financial Reporting, related to interim financial reporting and segment information for total assets and liabilities.

Except for IFRS 13, which only had an impact on disclosures for the financial instruments, the standards and amendments listed above did not have any impact on the Company's financial statements.

2. Other intangible assets

Details of the Company's intangible assets consist of the following:

	Year Ended December 31, 2014			
Account Description	January 1, 2014	2014 Additions	2014 Amortization	December 31, 2014
Customer list	$ 465,000	$ -	$ (93,000)	$ 372,000
Goodwill	2,080,000	-	-	2,080,000
Balance at December 31, 2014	$ 2,545,000	$ -	$ (93,000)	$ 2,452,000

In connection with its acquisition by Atlas in 2008, the Company allocated the $3,000,000 purchase price to a customer list intangible asset in the amount of $930,000, representing its fair value on the acquisition date, with the residual recorded as goodwill.

The fair value of the customer list was determined using a discounted cash flow model. This method discounts the projected future net cash flows associated with delivering services to the adult day care center's 300 patients existing on the acquisition date. Significant assumptions used in the model include the use of an estimated 10 year discounted net cash flow stream, a 10% annual patient attrition rate, and a discount factor of 27.2%.

The fair value of the customer list is classified as Level 3 in the fair value hierarchy, as the inputs to determine fair value do not meet the criteria to be classified as either Level 1 or Level 2.

The customer list is being amortized on a straight line basis over a ten year period, and the goodwill is not amortized. In addition, the Company did not record any impairment charges on its intangible assets for the six-months ended December 31, 2014.

3. Property and equipment

The Company's property and equipment and related depreciation is comprised of the following components:

Cost	**Building & Equipment**	**Vehicles**	**Total**
Balance at December 31, 2014	$ 107,808	$ 24,795	$ 132,603
Additions during the year	-	-	-
Balance at December 31, 2014	$ 107,808	$ 24,795	$ 132,603
Accumulated Depreciation			
Depreciation expense during 2014	(104,155)	(14,298)	(118,453)
Balance at December 31, 2014	(578)	(1,362)	(1,940)
	$ (104,733)	$ (15,660)	$(120,393)
Net balance at December 31, 2014	$ 3,075	$ 9,135	$ 12,210

4. Notes payable

SBA Loan- Represents the outstanding balance due on a n SBA dated October 31, 2008, bearing an adjustable interest rate of prime plus 2% adjustable quarterly. The loan was incurred in the original acquisition of Arcadia by Atlas Management. Both Atlas and Arcadia are named as borrowers on the loan, and are jointly and severally liable for repayment. The loan is secured by a deed of trust in favor of the lender on real property located in San Diego County , California. At December 31, 2014, the Company was in compliance with all applicable covenants associated with this loan.

Line of Credit- the Company utilizes bank lines of cred it and credit cards in the name of the company and the shareholders and directors for working capital purposes. The outstanding obligation is due on demand. The line of cred it has a stated initial interest rate of 7% that is subject to adjustment.

Loan payable - Represents the outstanding principal due on a 2008 secured promissory note between the Company and its previous owners, bearing 7% annual interest.

	December 31,	
Description	2014	2013
Notes payable:		
SBA loan	$ 962,623	$1,131,670
Line of credit	46,874	61,596
Seller loan	43,233	57,034
Total notes payable	$ 1,052,730	$1,250,300
Less: current maturities	(168,578)	(241,834)
Noncurrent notes payable	$ 884,512	$1,008,466

5. Lease commitments

The Company leases its adult day health care facility pursuant to a month to month agreement for a monthly payment of $11,000. The Company is also required to pay for property taxes, utilities, insurance, and repairs and maintenance associated with the leased property. The Company's aggregate minimum lease payments obligation over each of the next five years is expected to be approximately $132,000 annually.

6. Shareholders' equity

a Share capital

The company has an unlimited number of authorized common shares. Common shares carry one vote each and participate equally in the earnings of the company and the net assets of the company upon dissolution. Dividends are payable on the common shares as and when declared by the Board of Directors.

b Number of shares issued and consideration

During the six month period, the company issued 20,654,454 common shares for $ NIL cash consideration in exchange for the owners 100% interest in AADHCC.

c Valuation of shares issued for non cash consideration

Shares issued for other than cash consideration are valued at the fair value of the consideration given on the date the agreement to issue the shares was reached.

7. Credit risk

a No significant credit risk exposure

The company does not face significant credit risk exposure. The fair values of items that meet the definition of financial instruments approximate their carrying values. These items include accounts receivable, notes receivable and short-term debt.

b Credit risk

Financial instruments which potentially subject the company to concentrations of credit risk consist of cash equivalents and accounts receivable. The cash equivalents consist mainly of short-term money market deposits. The company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote. The company has accounts receivable from clients engaged in various industries including governmental agencies, finance, telecommunications, manufacturing and utilities, and are not concentrated in any specific geographic area. These specific industries may be affected by economic factors which may impact accounts receivable. Management does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is limited due to the company 's large client base.

c Limited due to large customer base

Financial instruments that potentially subject the company to concentrations of credit risk consists principally of trade accounts receivable and are limited due to the large number of customers comprising the company's customer base.

A – SBA Loan – Represents the outstanding balance due on an SBA dated October 31, 2008 bearing an adjustable interest rate of prime plus 2%, adjustable quarterly. The loan was used for its acquisition. Both Atlas and Arcadia are named as borrowers on the loan, and are jointly and severally liable for repayment. The loan is secured by a deed of trust in favour of the lender on real property located in San Diego County, California. At December 31, 2013 and 2012, the Company was in compliance with all applicable covenants associated with this loan.

B – Line of Credit – The Company utilized this bank line of credit for working capital purposes. The outstanding obligation is due on demand, and has a stated initial interest rate of 7% that is subject to adjustment.

C – Seller Loan – Represents the outstanding principal due on a 2008 secured promissory note between the Company and its previous owners, bearing 7% annual interest.

D – Due to Parent – Represents the outstanding balance due to a member for non-interest bearing advances with no stated maturity date.

E – Due to Member – Represents the outstanding balance due to a member for non-interest bearing advances with no stated maturity date.

Other – The Company has no third party guarantees or other commitments, such as those for capital expenditures or other purchase commitments that are contracted for at December 31, 2014 but not yet incurred.

8. Events occurring after the end of the reporting period

No events occurred subsequent to December 31, 2014, that would require adjustment to the accompanying financial statements.

9. Approval of the financial statements

The accompanying financial statements were approved by the Members and authorized for issue on March 31, 2015.