Arcadia Worldwide Limited

Audited Financial Statements

As of and for the Year Ended

December 31, 2014

Arcadia Worldwide, Limited

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As of and for the Year Ended December 31, 2014

J C SMITH & ASSOCIATES NT PTY LTD

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Chartered Accountant

Report on the financial report

We have audited the accompanying financial report of Arcadia Worldwide Limited (the company), which comprises the Statement of Financial Position as at 31 December 2014 and the Statement of Changes in Equity, the statement of profit and loss and other comprehensive income, the statement of cash flows for the year ended 31 December 2014 and the selected explanatory notes of Arcadia Worldwide Limited.

The Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the yearly financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors also state that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the yearly financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards Those standards require us to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2014. And its performance for the year ended on that date, and complying with Accounting Standards and International Financial Reporting Standards and the Corporations Regulations 2001.As the auditor of Arcadia Worldwide Limited, we are required to comply with the ethical requirements relevant to the audit of the annual financial report.

An audit of the yearly financial report consists of making enquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Opinion

In our opinion we have not become aware of any matter that makes us believe that the yearly financial report of Arcadia Worldwide Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(iii) the financial reports also complies with International Financial Reporting Standards.

John C Smith

Chartered Accountant

Registered Company Auditor 10 June 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 (7)	12,210	
Intangibles	Note (6)	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 (8)	884,512
Shareholder's Equity		
Common shares	Note (10)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

Arcadia Worldwide, Limited

Statement of Profit or Loss and Other Comprehensive

Income for the Year Ended December 31, 2014

	December 31 2014 $
Revenue	
Revenue Note (12)	2,278,756
Operating expenses	
Administrative expenses Note (13)	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 Year Ending December 31, 2014

	December 31 2014 $
Members capital, beginning of period	
Retained earnings, beginning of period (Note	1,341,105
(1) 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 the Year Ending 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. Organization and Nature of Operations

Organization – Arcadia Worldwide, Limited ("Arcadia" or the "Company") was originally founded as P3 Worldwide Inc. on March 4, 2013 pursuant to the Province of New Brunswick Business Corporations Act under the registration number 668995. On March 14, 2014, the Company changed its name to Arcadia Worldwide, Limited. The Company is also registered as a Foreign Company in Australia. Australian Registered Body Number ("ARBN") 600 964 752. Pursuant to an Equity Interest Purchase Agreement dated April 25, 2014, AWL purchased 100% of the outstanding membership interests of Arcadia Adult Day Health Care Center, LLC, a California limited liability company, ("AADHCC") in exchange for 20,654,454 common shares of the Company. ADHCC was established as a limited liability company in the State of California, USA on October 7, 1999. On August 25, 2008, 100% of the membership interests in AADHCC were acquired by Atlas Management & Healthcare Consulting Inc. ("Atlas") and its sole shareholder, Dr. Jeffrey Vallandingham. See *Note 6 –Intangible Assets* for further information on this acquisition.

Collectively, Arcadia and AADHCC are referred to as "the Company" in the notes to the consolidated financial statements.

The Company was approved for trading on the National Stock Exchange of Australia on December 31, 2014 under the symbol AAW.

Nature of Operations – Arcadia is a licensed community-based day health program that provides services to older persons and adults with chronic medical, cognitive, or mental health conditions and/or disabilities that are at risk of needing institutional care. Arcadia has a multidisciplinary team of health professionals who conduct a comprehensive assessment of each potential participant to determine and plan services needed to meet the individual's specific health and social needs. Services provided at the center include the following: professional nursing services; physical, occupational and speech therapies; mental health services; therapeutic activities; social services; personal care; hot meals and nutritional counseling; and transportation to and from the participant's residence. The majority of Arcadia's participants are beneficiaries of California's Medi-Cal insurance, a California state sponsored insurance program.

2. Summary of Significant Accounting Policies

Basis of accounting

Basis of Preparation – The financial statements are presented in United States dollars ("$USD"), and are prepared in in accordance with IFRS under the historical cost convention except as otherwise noted. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 – Critical Accounting Estimates and Judgements.

Intangible Assets – Purchased intangible assets are recorded at cost, where cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets which have indefinite lives are not amortized, and are stated at cost less accumulated impairment losses.

Property and Equipment – Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Subsequent to recognition, property and equipment is measured at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Cash and Cash Equivalents – In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the accompanying statement of financial position, any bank overdrafts are shown within borrowings in current liabilities. The Company had no bank overdrafts at the date of the statement of financial position.

***Trade Receivables* –** The Company evaluates the collectability of its trade receivables based on a number of factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's recent loss history and an overall assessment of past due trade accounts receivable outstanding. The Company had no bad debts in 2014.

Notes Payable – Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

***Accounts Payable* -** Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Revenue – The Company recognizes revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when persuasive evidence of an arrangement exists, the services have been rendered to the customer, the sales price is fixed or determinable, and collection is reasonably assured.

***Operating Expenses* –** Costs necessary to generate revenue are expensed in the period incurred. Start-up costs, such as fees associated with filing incorporation documents, are expensed as incurred.

***Depreciation* -** The cost less the residual value of each item property, plant and equipment is amortized over its useful economic life. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at the end of each reporting period.

***Interest Expense* -** Interest expense is recognized as incurred on the outstanding balance of the Company's notes payable.

Leases – Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recorded as rent expense on a straight-line basis over the period of the lease. The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Income Taxes – Deferred taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of operations. Three years of our consolidated income tax returns are subject to examination by the Internal Revenue Service. However, the Service has not indicated to us its intention to perform an audit of any prior filing.

Comprehensive Income **-** Comprehensive income is defined as all changes in member's capital from transactions and other events and circumstances. Therefore, comprehensive income includes our net income and all charges and credits made directly to member's capital other than member contributions and distributions. As of December 31, 2014, the Company has no items other than net income affecting comprehensive income.

Related Party Transactions – The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. The disclosures shall include: the nature of the relationship involved, description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements, the dollar amounts of transactions; and amounts due from or to related parties as of the balance sheet date and, if not otherwise apparent, the terms and manner of settlement.

Fair Value **-** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable, and the significance of the inputs to the fair value measurement in its entirety. Level 1 inputs are quoted market prices available in active markets for identical assets or liabilities as of the reporting date, Level 2 inputs are those directly or indirectly observable as of the reporting date, other than quoted prices in active markets included in Level 1, and Level 3 pricing inputs are generally unobservable and not corroborated by market data. Fair value is considered to be at Level 3 when pricing models are used, such as discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

Segment Reporting – Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. As of December 31, 2014, the Company operated in a single segment as described in *Note 1 – Organization and Nature of Operations.*

New Accounting Policies – The following recently issued accounting policies were adopted in 2013, and did not have a material impact on our financial statements:

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and de-recognition of financial instruments.

In May 2011, the IASB issued IFRS 10 Financial Statements to replace IAS 27 and Separate Financial Statements and SIC 12 Consolidation - Special Purpose Entities. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present.

In May 2011, the IASB issued IFRS 11 Joint Arrangements to replace IAS 31, Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties involved to reflect the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint arrangement operates in a separate legal entity.

In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity’s involvement with other entities. It also includes the requirements for un-structured entities (i.e. special purpose entities).

In May 2011, the IASB issued IFRS 13 Fair Value Measurement as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. Enhanced disclosures about fair value are required to enable financial statement users to understand how the fair values were derived.

3. Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Intangible Assets and Property & Equipment: Valuation – Significant estimates and assumptions are required to determine the valuation of tangible and intangible assets, and the expected useful lives for amortizing and determining the recoverability of these assets. Estimates are also necessary in assessing whether there is an impairment of their value requiring a write-down of their carrying amount. In order to ensure that its assets are carried at no more than their recoverable amount, the Company evaluates at each reporting date certain indicators that would result, if applicable, in the calculation of an impairment test. The recoverable amount of an asset or group of assets may require the Company to use estimates and mainly to assess the future cash flows expected to arise from the asset or group of assets and a suitable discount rate in order to calculate present value. Any negative change in relation to the operating performance or the expected future cash flows of individual assets or group of assets will change the expected recoverable amount of these assets or group of assets and therefore may require a write-down of their carrying amount. See *Note 6 – Intangible Assets* and *Note 7 – Property and Equipment* for details of the components of the Company’s tangible and intangible assets.

4. Financial Risk Management Objectives and Policies

The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company reviews and agrees policies and procedures for the management of these risks. The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk, and liquidity risk. The following section provides details regarding the Company's exposure to these risks and the objectives, policies and processes for the management of these risks.

Market Risk – Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. Management believes the Company is not exposed to significant market risk at the date of the statement of financial position other than the interest rate risk related to its variable rate note payable. A significant rise in interest rates will negatively impact the Company’s cash flow and operating results.

Credit Risk – Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Company. The Company's exposure to credit risk arises primarily from its trade receivables and cash and cash equivalents. Trade receivables arising during the period are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with reputable banks and financial institutions with high credit ratings and no history of default.

Liquidity Risk – Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of cash and cash equivalents through regular review of its working capital requirements. The Company monitors and maintains a level of cash considered adequate by management to finance the Company's operations and mitigate the effects of the fluctuations in cash flows.

5. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the amount of dividends to the shareholder. The Company has complied with all externally imposed capital requirements as of the date of the statement of financial position, and no changes were made to the Company’s capital management objectives, policies or processes during the period then ended.

6. 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.

7. 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

8. Notes Payable

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 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

9. 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.

10. 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 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.

11. 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.

12. 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.

13. Approval of the financial statements

The accompanying financial statements were approved by the Board of Directors and authorized for issue on June 10, 2015.