A 2014 TSX Venture 50 Company

BioSyent Inc.

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of BioSyent Inc.,

Management is responsible for the preparation and presentation of the accompanying audited consolidated financial statements, including significant accounting judgments and estimates in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and for ensuring that all information in this annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required. The consolidated financial statements for the years ended December 31, 2014 and 2013 are compliant with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

In discharging its responsibilities for the integrity and fairness of the audited consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board and Audit Committee are also responsible for recommending the appointment of the Company's external auditors. The Board of Directors has approved the information contained in the accompanying consolidated financial statements.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access, and meet periodically and separately with the Board, Audit Committee and management to discuss their audit findings.

Alfred D'Souza

Vice-President and Chief Financial Officer,
BioSyent Inc.

February 24, 2015

Independent Auditors' Report

To the Shareholders of BioSyent Inc.:

We have audited the accompanying consolidated financial statements of BioSyent Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

February 24, 2015
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

BIOSYENT INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

AS AT	December 31, 2014	December 31, 2013
ASSETS		
Trade Receivables	$ 624,648	$ 575,736
Other Receivables	16,043	9,783
Inventory *(Note 7)*	1,271,910	522,787
Prepaid Expenses & Deposits	203,532	136,511
Derivative Asset *(Note 8)*	142,627	-
Short Term Investments	999,969	-
Cash & Cash Equivalents *(Note 9)*	6,989,171	4,381,137
CURRENT ASSETS	$ 10,247,900	$ 5,625,954
Equipment *(Note 5)*	156,907	141,025
Intangible Assets *(Note 6)*	66,720	52,994
Deferred Tax *(Note 20)*	173,380	271,559
TOTAL NON CURRENT ASSETS	$ 397,007	$ 465,578
TOTAL ASSETS	$ 10,644,907	$ 6,091,532
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts Payable And Accrued Liabilities	1,993,480	767,672
Income Tax Payable	467,960	452,372
CURRENT LIABILITIES	$ 2,461,440	$ 1,220,044
Deferred Tax Liabilty *(Note 20)*	23,375	16,858
TOTAL NON CURRENT LIABILITIES	$ 23,375	$ 16,858
Share Capital *(Note 10)*	7,137,844	7,079,721
Contributed Surplus	274,982	190,651
Cumulative Translation Adjustment	13,486	4,557
Retained Earnings (Deficit)	733,780	(2,420,299)
Total Equity	$ 8,160,092	$ 4,854,630
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 10,644,907	$ 6,091,532

Contingency (Note 14)

Economic Dependence (Note 15)

Related Party Transactions (Note 16)

Commitments (Note 18)

APPROVED ON BEHALF OF THE BOARD

Director

February 24, 2015

Peter Lockhard

Director

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

BioSyent Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in Canadian Dollars)

Years Ended December 31,		2014		2013
Net Revenues	**$**	**12,211,127**	$	7,799,426
Cost of Goods Sold *(Note 7)*		**2,680,249**		1,624,298
Selling, General & Administration *(Note 13)*		**5,216,537**		3,699,251
New Business & Development Costs		**59,959**		56,345
Finance Costs/(Income)		**(72,353)**		(33,308)
Total Expenses	**$**	**7,884,392**	$	5,346,586
Net Income Before Income Taxes		**4,326,735**		2,452,840
Income Taxes		**1,067,960**		547,315
Deferred Tax - *(Note 20)*		**104,696**		(22,503)
Net Income After Income Taxes	**$**	**3,154,079**	$	1,928,028
Other Comprehensive Income				
Currency Translation (loss)/gains, net of tax		**8,929**		8,999
Comprehensive Income for the Year	**$**	**3,163,008**	$	1,937,027
Attributable to Shareholders				
Basic EPS from continuing operations *(Note 12)*	**$**	**0.23**	$	0.14
Dilluted EPS from continuing operations *(Note 12)*	**$**	**0.22**	$	0.13

Sales Commission of $19,968 classified as Cost of Goods Sold in 2013 was re-classified as Selling , General & Administration expenditure in 2014 for better presentation and consistency.

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

BIOSYENT INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the years ended December 31,	**2014**	**2013**
OPERATING ACTIVITIES		
Net income for the year	$ 3,154,079	$ 1,928,028
Items Not Affecting Cash:		
Depreciation - Equipment	45,581	34,872
Stock-based compensation expense	108,204	43,394
Derivative Asset	(142,627)	-
Tax Provision	1,067,960	547,315
Deferred Tax	104,696	(22,503)
Cash Paid for Taxes	(1,052,372)	(184,947)
Net change in non-cash working capital items:		
Trade & other receivable	(55,172)	4,178
Inventory	(749,123)	(177,157)
Prepaid expenses & deposits	(67,021)	(65,254)
Accounts payable and accrued liabilities	1,225,808	44,315
Cash provided by operating activities	**3,640,013**	**2,152,242**
INVESTING ACTIVITIES		
Purchase of equipment	(61,463)	(77,965)
Additions to Intangible Assets	(13,726)	(52,994)
Short Term Investments	(999,969)	-
Cash used in investing activities	**(1,075,158)**	**(130,959)**
FINANCING ACTIVITIES		
Proceeds from Stock Options Exercised	34,250	34,800
Increase from financing activities	**34,250**	**34,800**
EFFECT OF CURRENCY TRANSLATION		
Effect of Foreign Currency Translation Adjustment	8,929	8,999
INCREASE IN CASH AND CASH EQUIVALENTS	2,608,034	2,065,082
Cash and cash equivalents, beginning of year	4,381,137	2,316,055
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 6,989,171**	**$ 4,381,137**
Interest Received	68,217	33,687
Cash Generation from increase in cash and cash equivalents	2,608,034	2,065,082
Cash Generation from increase in short term investments	999,969	-
Total Cash Generation	$ 3,608,003	$ 2,065,082

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

BioSyent Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Cumulative Currency Translation Adjustment	Retained Earnings	Total Shareholders' Equity
Balance December 31, 2013	$ 7,079,721	$ 190,651	$ 4,557	$ (2,420,299)	$ 4,854,630
Comprehensive Income for the year	-	-	8,929	3,154,079	3,163,008
Effect of Share-based payments: Options granted / vested	-	108,204	-	-	108,204
Effect of Share-based payments: Options exercised	58,123	(23,873)	-	-	34,250
Balance as of December 31, 2014	$ 7,137,844	$ 274,982	$ 13,486	$ 733,780	$ 8,160,092

	Share Capital	Contributed Surplus	Cumulative Currency Translation Adjustment	Retained Earnings	Total
Balance December 31, 2012	$ 7,018,180	$ 173,998	$ (4,442)	$ (4,348,327)	$ 2,839,409
Comprehensive Income for the year	-	-	8,999	1,928,028	1,937,027
Effect of Share-based payments: Options granted / vested	-	43,394	-	-	43,394
Effect of Share-based payments: Options exercised	61,541	(26,741)	-	-	34,800
Balance as of December 31, 2013	$ 7,079,721	$ 190,651	$ 4,557	$ (2,420,299)	$ 4,854,630

The accompanying notes are an integral part of these audited consolidated financial statements

Contributed Surplus represents the estimated fair value of options not yet exercised and the estimated fair value of unexercised expired options. The cumulative translation adjustment represents changes in foreign currency conversion rates while consolidating the Company’s foreign subsidiary.

1. General Information

BioSyent Inc. (the "Company"), is a publicly traded life science company that acquires or licenses products, and commercializes these technologies to advance human health and public safety. The Company's principal business activities include the marketing of pharmaceutical products in Canada and the manufacturing and marketing of non-chemical bio- and health-friendly insecticides worldwide.

The accompanying consolidated financial statements of BioSyent Inc. include the accounts of BioSyent Inc. (the "Company") and its three wholly owned subsidiaries, BioSyent Pharma Inc., Hedley Technologies Ltd. (formerly HTI Agritech Inc.), and Hedley Technologies (USA) Inc. The Company changed its name from Hedley Technologies Inc. to BioSyent Inc. on June 13, 2006 to reflect the Company's forward focus on the pharmaceutical market. BioSyent Pharma Inc. was incorporated on April 6, 2006 under the Canadian Business Corporations Act and commenced operations in 2006. Hedley Technologies Ltd. (formerly HTI Agritech Inc.) was incorporated on January 30, 1996 in the province of British Columbia, Canada. Hedley Technologies (USA) Inc. (formerly HTI Agritech (USA) Inc.) was incorporated on May 13, 1994 in the state of Washington, USA. The Company and its subsidiaries are located at Suite 520, 170 Attwell Drive, Toronto, Ontario, Canada M9W 5Z5.

These audited consolidated financial statements were approved by the Board of Directors on February 24, 2015.

2. Basis of Presentation

The principal accounting policies adopted in the preparation of the consolidated financial statements on a historical cost basis, with the exception of those financial assets and liabilities at fair value through profit or loss (FVTPL), are set out below. The policies have been consistently applied to all the years presented.

Statement of Compliance

The consolidated financial statements for the years ended December 31, 2014 and 2013 have been prepared in accordance with and are compliant with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Going Concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation.

Basis of Consolidation

All inter-company transactions have been eliminated in these consolidated financial statements.

Functional and Presentation Currency

These consolidated statements are presented in Canadian dollars, which is also the Company's functional currency. Each of the Company's wholly-owned subsidiaries determines its own functional currency. One of the subsidiaries, Hedley Technologies USA Inc., has its functional currency as the United States ("US") dollar. All financial information has been rounded to the nearest dollar, except when otherwise indicated.

3. Use of Estimates and Accounting Judgments by Management

The preparation of the Company's consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. Actual outcomes may differ from these estimates under different assumptions and conditions that could require a material adjustment to the reported carrying amounts in the future.

Judgments:

a) Recoverability of asset carrying values

The Company assesses its equipment and intangible assets for impairment if there are events or changes in circumstances that indicate that carrying values may not be recoverable at each statement of financial position date. Such indicators include changes in the Company's business plans, changes in market and evidence of physical damage.

Determination as to whether and how much an asset is impaired involves management's judgment on highly uncertain matters such as future selling and purchasing prices, the effects of inflation on operating expenses, discount rates and economics of different pharmaceutical or medical products.

b) Impairment of trade and other receivables

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current ageing status, financial condition of the customer, and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful debts is established based on specific situations and overall industry conditions.

c) Income Taxes

The Company is subject to income tax assessment in a few jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain.

The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Company computes an income tax provision in each of the jurisdictions in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

The most significant estimates made by management include the following:

Estimates:

a) Depreciation

Depreciation of the Company's equipment involves estimates of future useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's equipment.

b) Share-based compensation

Issuances and grants of share options are valued using the fair value method. Management uses the Black-Scholes option pricing model to estimate the fair value of share options determined at grant date for options granted to employees. Significant assumptions affecting the valuation of options include the term allowed for option exercise, a volatility factor relating to the Company's historical share price, dividend yield, forfeiture rate and risk-free interest rate.

c) Inventory

Management has estimated the value of inventory based upon their assessment of the realizable net value less selling costs. All slow moving merchandise has been allowed for by management.

4. Summary of Significant Accounting Policies

Revenue Recognition

Revenue resulting from the sale of goods to resellers or final customers is measured at the agreed upon consideration received or receivable, net of estimated returns and discounts, and after eliminating intercompany sales. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of goods is recognized when the following criteria are met:

- The risks and rewards of ownership, including managerial involvement, have transferred to the buyer;

- The amount of revenue can be measured reliably;
- The receipt of economic benefits is probable; and
- The costs incurred or to be incurred can be measured reliably;

Financial Instruments

All financial assets and financial liabilities, in respect of financial instruments, are recognized on the Company's statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are incremental and are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership if the financial asset are transferred.

The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

Impairment of Financial Assets

Financial assets are reviewed for impairment at the end of each reporting period for events or circumstances that indicate that the carrying value of an asset may not be recoverable. In such cases where an indicator of impairment exists, the recoverable amount of the asset is estimated to determine whether there is an impairment loss.

The recoverable amount is the fair value less costs to sell. The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the asset in an arm's length transaction.

An impairment loss is recognized when the carrying value of an asset is estimated to exceed its recoverable amount. The excess amount is immediately recognized as an impairment loss in the consolidated statements of comprehensive income.

In cases where an impairment loss subsequently reverses, the carrying amount of the asset is increased to its current recoverable amount. The reversal of an impairment loss is immediately recognized in the consolidated statements of comprehensive income.

Impairment of Non-Financial Assets

Equipment and intangible assets are reviewed for impairment at the end of each reporting period for events or circumstances that indicate that the carrying value of an asset may not be recoverable. In such cases where an indicator of impairment exists, the recoverable amount of the asset is estimated to determine whether there is an impairment loss. The recoverable amount of an asset is first tested on an individual basis.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available market data less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates used to evaluate non-financial assets could result in a material change to the results of operations.

Fair Value Measurement

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. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Equipment

Equipment is recorded at historic cost less accumulated depreciation. The cost of equipment is its purchase cost, together with any directly attributable costs relating to the acquisition. The Company records depreciation of equipment at the following rates and methods based on the asset's estimated useful economic lives:

Furniture and fixtures	20%	declining balance method
Equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Computer software	30%	declining balance method

Leasehold improvements are depreciated over the shorter of the lease term and the asset's useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statements of comprehensive income.

Cash & Cash Equivalents and Shor Term Investments

Cash & cash equivalents includes cash held at financial institutions and highly liquid investments with the ability to be converted into cash within 90 days or less.

Short term investments comprise of dual currency and other deposits with reputable Canadian banks with maturity over 90 days but less than 365 days. These investments can be held in Canadian dollars or in foreign currency and are interest bearing.

Inventory

Inventory is measured on a first in first out basis at the lower of cost and net realizable value. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Intangible Assets

Intangible assets with definite useful lives consist of patents and trademarks rights and applications, which represent professional fees incurred for the filing of patents and the registration of trademarks for product marketing and manufacturing purposes. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial reporting period. Intangible assets with definite useful lives will be amortized on a straight-line basis over their estimated useful lives. Patent and trademark registration and maintenance fees paid are amortized over the period covered by the registration fee period, ranging between 5 and 20 years.

Development Costs

Research costs are expensed as incurred. Development costs are also expensed unless they meet specific criteria related to technical, market and financial feasibility, in which case they are deferred and amortized to operations using the straight-line method over the economic life of the product from the date of completion of the project.

Foreign Currency Translation

Items included in the consolidated financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of comprehensive income.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in cumulative translation adjustment in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in cumulative translation adjustment account.

Taxation

Tax expense comprises current and deferred tax. Tax is recognized in the statements of comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that are enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred Tax Liabilities:

- Are generally recognized for all taxable temporary differences;
- Are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- Are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred Tax Assets:

- Are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- Are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Share-Based Payments

The Company has an equity-settled share based payments plan which is described in Note 11. Any consideration paid by employees upon the exercise of any stock options increases share capital. The Company does not repurchase stock options from optionees.

Compensation costs attributable to all stock options granted to employees are measured at fair value, using the Black-Scholes option pricing model, at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

Options granted to non-employees are measured at the fair value of the goods and services received or to be received.

At the end of each period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the consolidated statements of comprehensive income.

Earnings per share

Basic earnings per share is computed by dividing the net income after taxes by the weighted average number of common shares outstanding during the year. Diluted earnings per share information is calculated assuming the deemed exercise of all in-the-money stock options and that all deemed proceeds to the Company are used to repurchase the Company's stock at the average market price during the period. No adjustment to diluted earnings per share is made if the result of this calculation is anti-dilutive.

Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include dual currency deposits and derivatives. The Company may enter into derivative financial instruments to manage exposure to foreign exchange fluctuations and to improve the returns on its cash assets. These instruments are non-hedge derivative instruments.

Recent accounting pronouncements

The following new or amended standards and interpretations that are mandatory for 2014 annual periods and that have been adopted in these financial statements, have not had a material impact on the Company.

- IFRIC 21 Levies
- Amendment to IFRS 10 Consolidated Financial Statements
- Amendment to IAS 19 Employee Benefits
- Amendment to IAS 24 Related Party Disclosures
- Amendment to IAS 32 Financial Instruments Presentation
- Amendments to IAS 36 Recoverable Amount Disclosures to Non-Financial Assets
- Amendments to IAS 39 Financial Instruments Recognition and Measurement

Certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted by the Company for the first period beginning after the effective date of the pronouncement. Information on new standards and amendments that are expected to be relevant, but are not expected to have a material effect on the Company’s consolidated financial statements, is provided below.

(Expressed in Canadian Dollars)

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39, Financial Instruments Recognition and Measurement, in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and liabilities have been issued, some of which were just carried forward from IAS 39 unchanged. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The restatement of comparative period financial statements will not be required for the initial classifications and measurement requirements, but will require modified disclosures upon transition.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued IFRS 15 “Revenue from Contracts with Customers” (“IFRS 15”). The standard replaces IAS 11 “Construction Contracts”, IAS 18 “Revenue”, IFRIC 13 “Customer Loyalty Programmes”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfer of Assets From Customers” and SIC 31 “Revenue – Barter Transactions Involving Advertising Services”. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

5. Equipment

	Furniture and Fixtures	Equipment	Computer Equipment	Computer Software	Total
COST:					
December 31, 2012	38,050	20,741	35,178	51,377	145,346
2013 Additions	17,430	2,261	13,699	44,576	77,965
December 31, 2013	55,480	23,002	48,877	95,953	223,311
2014 Additions			9,471	51,992	61,463
December 31, 2014	55,480	23,002	58,348	147,945	284,774
ACCUMMULATED DEPRECIATION:					
December 31, 2012	(4,187)	(2,426)	(17,427)	(23,375)	(47,414)
Changes in 2013	(8,515)	(3,889)	(7,381)	(15,087)	(34,872)
December 31, 2013	(12,702)	(6,315)	(24,808)	(38,462)	(82,286)
Changes in 2014	(8,555)	(3,337)	(8,642)	(25,046)	(45,581)
December 31, 2014	(21,257)	(9,652)	(33,449)	(63,508)	(127,867)
CARRYING AMOUNT					
December 31, 2012	33,863	18,315	17,752	28,002	97,932
December 31, 2013	42,778	16,687	24,069	57,491	141,025
December 31, 2014	34,222	13,350	24,898	84,437	156,907

6. Intangible Assets

Intangible assets consist of costs to file patents, trademarks and applications for new product licenses issued by Health Canada with different residual lives.

The Company has incurred filing costs of $66,720 (2013 - 52,994) on three new products, one of which has been approved as at December 31, 2014, but not yet launched.

The Company holds a 50% patent ownership and 100% of the licensed rights to distribute a bio - and health-friendly insecticide marketed under the name PROTECT-IT®. The Company pays a royalty of 2% of sales of the product annually. These assets have been fully amortized.

7. Inventory

Inventory is comprised of the following:

In Canadian Dollars	**December 31, 2014**	December 31, 2013
Raw and Packaging Materials	**$ 294,540**	$ 106,232
Finished Goods	**977,370**	416,555
Total	**$ 1,271,910**	$ 522,787

Cost of Goods Sold consists of the following:

In Canadian Dollars	**December 31, 2014**	December 31, 2013
Raw and Packaging Materials and Finished Goods	**$2,619,277**	$ 1,584,136
Freight	**43,376**	23,555
Royalties	**17,596**	16,607
Total	**$ 2,680,249**	$ 1,624,298

2013 figures have been re-classified to conform with current year presentation.

8. Financial Instruments and Financial Risk Management

Fair Value Estimation of Financial Instruments

The Company's carrying value of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

The Company is required to present information about its financial assets and liabilities with respect to the hierarchy of the valuation techniques the Company utilized to determine fair value. The different levels have been defined as follows:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves
- Level 3 inputs are unobservable data points for the asset or liability, and includes situation where there is little, if any, market activity for the asset or liability.

The following table illustrates the Company's investment in Dual Currency Deposits (DCD's) that are measured at fair value through profit and loss (FVTPL):

	Level 1	Level 2	Level 3
DCD's	-	999,969	-

Risks

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including foreign exchange risk, interest rate risk, and credit risk) and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out under the policies described below. Management is charged with responsibility of establishing controls and procedures to ensure that financial risks are mitigated with the approved policies.

Forward Contracts:

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in US dollars with financial institutions with investment grade credit ratings. Such contracts are classified as derivative financial instruments and measured at fair value through profit and loss. As at December 31, 2014 the Company entered into forward contracts worth USD 2,050,000.

The contracts give the Company the right to sell CAD and buy USD at an exchange rate expressed in CAD per USD that varies from 1.057 to 1.0725 which will be settled on various dates from November 2014 to July 2015. The settlement rates depend on whether the actual exchange rate remains within a specified range. If the actual exchange rate goes beyond the specified range, the settlement exchange rate would be 1.095 CAD per USD. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
The Company's forward contracts resulted in unrealized currency gains of $142,662 in 2014; (2013 - $0).

Dual Currency Deposits

The Company has also invested into Dual Currency Deposits (DCD). DCD is a CAD denominated transaction that provides an enhanced guaranteed interest payment at maturity. However, the currency delivered at maturity depends upon a specified conversion rate (Fixed Rate) on the valuation date. The Company will receive the final payment amount at maturity in CAD if the spot rate on the valuation date is above the Fixed Rate. If the spot rate (defined as CAD per USD) on the valuation date is equal to or less than the Fixed Rate, the Company will receive final payment amount in USD at the Fixed Rate.
The Company's DCDs resulted in unrealized currency loss of ($36) in 2014; (2013 - $0).

(Expressed in Canadian Dollars)

The table below describes the Company's holdings in Dual Currency Deposits:

Type of Financial Instrument	Spot Rate on Transaction Date	Principal Value in Foreign Currency (USD)	Net Fair Value as at December 31, 2014 in CAD	Guaranteed Interest Rate	Maturity Date	Fixed Maturity Conversion Rate
Dual Currency Deposits (RBC)	1.122	1,000,000	999,969	3.98%	January 20, 2015	1.1125

The fair value of the Company's forward contracts and dual currency deposits fall within Level 2 of the fair value hierarchy.

Market Risk

➢ Foreign Exchange Risk:

The Company currently earns revenue in Canadian and United States Dollars and incurs costs in Canadian and United States dollars, and Euros. Management monitors the US Dollar and Euro net liability position on a periodic basis throughout the course of the year and adjusts the total net monetary liability balance accordingly. When it is appropriate to de-risk future foreign exchange transactions, the Company will reduce its exposure by booking foreign exchange forward cover transactions.

The following table presents a foreign exchange sensitivity analysis for the asset and liabilities of the Company denominated in foreign currencies.

Foreign Exchange Sensitivity Analysis

Description of Asset/(Liability)	**December 31, 2014 USD**	December 31, 2013 USD
Cash and Cash Equivalents	**296,948**	193,096
Trade Receivables	**3,119**	-
Less		
Accounts Payable	**628,578**	(285)
Net Total	**(328,511)**	193,381
Foreign Exchange Rate CAD per USD for the period	**1.1601**	1.0636

At December 31, 2014 if the US Dollar had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been ($2,806) lower or higher (2013 - $1,540 higher or lower) on an after tax basis.

(Expressed in Canadian Dollars)

Foreign Exchange Sensitivity Analysis

	December 31, 2014	December 31, 2013
Description of Asset/(Liability)	**Eur**	Eur
Cash and Cash Equivalents	**1,233,541**	9,180
Trade Receivables	**-**	-
Less		
Accounts Payable and accrued liabilities	**182,724**	-
Net Total	**1,050,817**	9,180
Foreign Exchange Rate CAD per EUR for the period	**1.4038**	1.4655

At December 31, 2014 if the Euro had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been $10,842 higher or lower (2013 - $99 higher or lower) on an after tax basis.

This foreign currency risk sensitivity analysis is unrepresentative of the risk inherent in receivables and payables in foreign exchange, because the year-end exposure does not reflect the exposure during the year.

- Interest Rate Risk:

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in interest rates. Some of the company's cash and cash equivalents as at the consolidated statements of financial position date are invested in redeemable guaranteed investment certificates (GIC's), which earn interest at fixed rates during their tenure. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest when these GIC's are renewed may have an impact on the Company's profit for the period.

- Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, trade and other receivables. The carrying amount of financial assets represents maximum credit exposure. As the Company invests some of its cash in redeemable GIC its credit risk on this account is negligible. The Company's current customers are large corporations with strong financial position. These customers have been dealing with the Company for several years and have never defaulted in settling their liabilities to the Company.

(Expressed in Canadian Dollars)

Trade Receivables

Description	December 31, 2014	December 31, 2013
Current	$ 588,755	$ 371,808
Past due 1-30 days	30,243	203,928
Past due 31-60 days	-	-
Over 60 days	5,650	-
Less allowance for doubtful accounts	-	-
Closing Balance	$ 624,648	$ 575,736
Maximum Credit Risk	35,893	203,928

As at December 31, 2014 one customer represented 37% (December 31, 2013 37%) of trade receivables while another customer represented 28% (December 31, 2013 42%) of trade receivables. There have been no past defaults by these customers. Cash and cash equivalents are maintained with Canadian financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

- Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. All contractual maturities of accounts payable and accrued liabilities are due within 1 year. The Company has no other liabilities.

The Company generates sufficient cash from operating activities to fund its operations and fulfill its obligations as they become due. The Company is free from debt, though it has a credit facility with Royal Bank of Canada for $500,000 which it has not drawn down.

9. Cash and Cash Equivalents and Short Term Investments

Cash and Cash Equivalents and Short Term Investments comprise of the following:

As at	December 31, 2014	December 31, 2013
Description	Value in CAD	Value in CAD
Cash	$4,684,171	$ 2,176,137
Redeemable GIC’s	2,305,000	2,205,000
Cash and Cash Equivalents	6,989,171	4,381,137
Short Term Investments	999,969	-
Total Cash and Short Term Investments	**$7,989,140**	**$ 4,381,137**

(Expressed in Canadian Dollars)

10. Share Capital

(a) Authorized

The authorized share capital of the Company consists of 100,000,000 common shares without par value and 25,000,000 preferred shares without par value. The holders of the preferred shares as a class shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company.

(b) Issued and outstanding common shares

	Shares	Amount
Balance December 31, 2012	13,271,195	$ 7,018,180
Options exercised	330,000	61,541
Common shares issued for options exercised in 2012	25,000	-
Balance December 31, 2013	13,626,195	$ 7,079,721
Options exercised	225,000	58,123
Balance December 31, 2014	13,851,195	$ 7,137,844

During the year ended December 31, 2014, 225,000 shares were issued against options exercised (2013 - 330,000). Upon exercise of these stock options, $23,873 (2013 - $26,741) in fair value has been transferred from Contributed Surplus to Share Capital.

There are no preferred shares outstanding as of December 31, 2014.

11. Share-Based Payments

On March 11, 2014 the Board approved a new “10% rolling” incentive stock option plan (the “SOP”) to replace and supersede its existing fixed number incentive stock option plan (the “Previous Plan”). On June 13 2014, the SOP was adopted by the shareholders of the Company at the Annual General Meeting.

The purpose of the SOP is to assist the Company in attracting, retaining and motivating directors, officers, employees and other persons who provide ongoing services to the Company and its affiliates and to closely align the personal interests of such Participants with those of the Company’s shareholders, by providing them with the opportunity to acquire common shares of the Company, and thereby a proprietary interest in the Company and its subsidiaries, through the exercise of share purchase options (the “Options”).

On June 11, 2014, 17,031 options were granted by the Company to various employees under the new SOP. The fair value of these options granted at an exercise price of $7.45 per option, has been determined using the Black-Scholes option pricing model using the following assumptions:

(Expressed in Canadian Dollars)

Share price at the date of grant	$7.45
Risk-free interest rate	2.34%
Dividend yield	0%
Volatility factor of expected market price of Company's shares	163.38%
Average expected option life (years)	10.00
Weighted-average grant date fair value of options granted	$7.39

On January 15, 2014, 22,455 options were granted by the Company under the previous plan, at an exercise price of $4.45 per option, the value of which has been determined using the Black-Scholes option pricing model using the following assumptions:

Share price at the date of grant	$4.45
Risk-free interest rate	1.75%
Dividend yield	0%
Volatility factor of expected market price of Company's shares	148%
Average expected option life (years)	5.00
Weighted-average grant date fair value of options granted	$4.03

The Company uses a zero forfeiture rate for the purpose of estimating the fair value of options.

During the year ended December 31, 2014, the Company recorded share-based compensation expenses of $108,204 (2013 $43,394) relating to option grants to employees, officers and directors, which are included in salaries and wages in the consolidated statements of comprehensive income.

As at December 31, 2014, there were 689,486 (December 31, 2013 – 875,000) options outstanding, as shown below:

	December 31, 2014		December 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	875,000	$0.21	1,205,000	$0.18
Granted	39,486	5.74	-	-
Expired or forfeited	-		-	-
Exercised	(225,000)	$0.15	(330,000)	$0.11
Outstanding end of period	689,486	$0.54	875,000	$0.21

Of the total number of options outstanding as of December 31, 2014, 619,995 (2013 – 783,914) options have vested and are exercisable by the option holders. These exercisable options have a weighted average exercisable price of $0.26 (2013 - $0.16). The weighted-average remaining contractual life of 689,486 (2013 – 875,000) options outstanding is 1.63 years (2013- 2.07 years) and the range of exercise prices for these options is $0.10 - $7.45 (2013 - $0.10 - $0.91).

(Expressed in Canadian Dollars)

The weighted average share price on the date of exercise for the options exercised in the year is $5.32 (2013 - $1.74).

12. Earnings per share

The following table reconciles the numerator and denominator for the calculation of basic and diluted earnings per share:

	Year Ended	
	December 31, 2014	December 31, 2013
Numerator		
Net income attributable to common shareholders	**$ 3,154,079**	$ 1,928,028
Denominator		
Basic		
Weighted average number of shares outstanding	**13,677,543**	13,511,894
Effect of Dilutive Securities adjusted for exercised options	**686,885**	887,775
Diluted		
Weighted average number of shares outstanding	**14,364,428**	14,399,669
Basic earnings per share	**$ 0.23**	$ 0.14
Diluted earnings per share	**$ 0.22**	$ 0.13

13. Expense by Nature

The expenses on the consolidated financial statements have been grouped by function to focus reader attention on the macro movements in cost from period to period while at the same time giving the reader an option to get into the detail of costs which are included below. The major functions include Cost of Goods Sold, Selling and Marketing, General and Administration, New Business and Development and Finance Costs/ (Income). The nature of expenses covered by each function is broadly outlined below with the caveat that the descriptions provided are indicative and should not to be construed as being comprehensive:

- Cost of Goods Sold: Includes expenses related to purchase of products, change in inventory, variable freight and royalty cost on sales
- Selling and Marketing: Includes all expenses related to selling, marketing, sales personnel compensation and distribution expenses
- General and Administration: Includes expenses associated with running the day to day operations of the business
- New Business and Development: Includes expenses related but not limited to acquiring new drugs, scientific consulting and regulatory fees.

(Expressed in Canadian Dollars)

- Finance Costs/ (Income): Includes Interest charges and income.

C$		Year Ended		
		2014		**2013**
Cost of Goods Sold	**$**	**2,680,249**	$	1,644,266
Selling and Marketing	**$**	**2,998,807**	$	1,953,368
Advertising, promotion and selling costs		2,832,032		1,795,944
Logistics, Quality Control & Regulatory		166,775		157,424
General and Administration	**$**	**2,217,730**	$	1,725,915
Professional Fees		103,209		129,597
Corporate Expenses		390,562		96,766
Employee Costs		1,777,016		1,197,331
Others		102,904		299,002
Foreign Exchange		(155,961)		3,219
New Business & Development Costs	**$**	**59,959**	$	56,345
Finance Costs / (Income)	**$**	**(72,353)**	$	(33,308)

14. Contingency

From time to time the Company may be exposed to claims and legal actions in the normal course of business. As at December 31, 2014, there was no pending litigation or threatened claims outstanding.

15. Economic Dependence

Some raw materials used in production are sourced from a single supplier both in the case of FeraMAX® and Protect-It® and the Company is exposed to the same business risks that such suppliers may experience. The Company has taken steps to reduce risk from this economic dependence.

In line with other pharmaceutical companies, the Company sells its products through a small number of large wholesalers. These large wholesalers are in turn economically dependent on a very large number of pharmacies and hospitals who form their customer base and with whom the Company is actively engaged in maintaining relationships. There are 2 customers each of whom account for more than 10% of the total sales. One customer accounts for 39% (2013 48%) and the other customer accounts for 21% (2013 20%) of total sales.

16. Related Party Transactions

Key Management Personnel Compensation

Apart from their salaries, cash bonus and stock option grants, the Company does not provide benefits to Named Executive Officers ("NEOs") and directors in the form of contributions to non-statutory post-employment benefit plans on their behalf. The Company has not contractually provided any termination entitlements to NEO's and directors of the Company.

(Expressed in Canadian Dollars)

During the year, the following compensation was paid to the named executive officers of the Company. In the table below, one additional NEO has been added in 2014 compared to the previous year.

Compensation to NEO's		
Compensation Type	Year ended December 31, 2014	Year ended December 31, 2013
Salary and Bonus	$716,230	$484,262
Share-Based Payment	$56,279	$8,990

Other key management personnel and director transactions

During the year ended December 31, 2014, the Company paid remuneration of $18,000 (2013 - $18,000) to one of its directors, for professional services rendered.

The above related party transactions have occurred in the normal course of operations.

17. Capital Disclosures

For capital management purposes, the Company defines capital as its shareholders' equity that includes share capital, contributed surplus, cumulative translation adjustment and retained earnings. The amounts included in the Company's capital for the relevant period are as follows:

December 31, 2014	$8,160,092
December 31, 2013	$4,854,630

The Company's principal objectives in managing capital are:

- to ensure that it will continue to operate as a going concern;
- to be flexible in order to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to its shareholders;
- to maintain a strong capital base so as to maintain clients, investors, creditors and market confidence;
- to provide an adequate rate of return to its shareholders

The Company manages its capital structure and adjusts it in light of changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new debt, or issue new shares. Financing decisions are generally made on a specific transaction basis and depend on such things as the Company's needs, capital markets and economic conditions at the time of the transaction. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable, given the size of the Company.

(Expressed in Canadian Dollars)

The Company does not have any externally imposed capital compliance requirements. There were no changes in the Company's approach to capital management during the year.

18. Commitments

The Company's office lease which was due to expire in September 2015 has been renewed for three years. The new lease commences on February 1, 2015 and expires on January 31, 2018. The Company's minimum future rental payments are approximately as follows:

Fiscal 2015	$ 136,076
Fiscal 2016	$ 181,434
Fiscal 2017	$ 181,434
Fiscal 2018	$ 15,119

19. Line of Credit

The Company is free from debt, though it has a credit facility with Royal Bank of Canada for $500,000. This facility has not been utilized as of December 31, 2014. This credit facility has been secured against company's receivables and bears an interest rate of prime plus 3%. The Company also has a Letter of credit facility with Canadian Imperial Bank of Commerce for European dollars of 96,526 which has not been drawn upon by the Company as of December 31, 2014.

20. Taxes

The Company computes an income tax provision in each of the jurisdictions in which it operates. The operations are subject to income tax at rates of 26.5% (2013 – 26.5%) in the Canadian jurisdictions and 35% (2013 – 35%) in the U.S. jurisdictions.

The reported recovery of income taxes differs from amounts computed by applying the combined federal and provincial income tax rates to the reported loss before income taxes due to the following:

	2014	2013
Net Income before tax	$4,326,735	$2,452,840
Combined statutory income tax rate	26.50%	26.50%
Expected income tax recovery at current rate	$1,146,585	$650,002
Foreign tax differential	3,535	3,666
Change in exchange rates	(11,472)	(8,901)
Non-deductible expenses	36,242	16,571
Utilization of prior year losses	-	(14,733)
Other	(2,234)	1,539
Change in deferred tax assets not recognized	-	(123,332)
Provision for tax	$1,172,656	$524,812

Deferred Tax Balances
The balance in the statement of financial position comprises:

	2014	**2013**
Non-capital losses carried forward	$136,368	$220,922
Equipment and other	14,191	27,816
Investment tax credits	22,821	22,821
Deferred tax assets	$173,380	$271,559
Equipment and other	$(23,375)	$(16,858)
Deferred tax liability	$(23,375)	$(16,858)

There are Canadian and United States non-capital losses which will expire as follows:

Canadian Expiry	Canadian In Canadian dollars	United States Expiry	United States In Canadian dollars
		2018	119,617
		2019	66,079
		2021	10,405
		2022	45,826
		2023	29,542
		2024	70,021
		2026	26,421
2029	23,799	2031	171
	$ 23,799		$ 368,082

The potential benefit of the carry-forward non-capital losses in Canada and United States have been recognized in these financial statements as it is probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

21. Segment Reporting

A segment is a component of the Company that:

i) engages in business activities from which it may earn revenue and incur expenses,
ii) whose operating results are reviewed by the board of directors, and
iii) for which discrete financial information is available.

Though the Company has a legacy business in bio and health friendly insecticides, management of the Company is primarily focused on growing the pharmaceutical business and does not account for administrative overhead separately for the insecticide business. Consequently, the Company recognizes one business segment for all its operations.

Revenue breakdown by business is provided below:
a) for both Pharmaceuticals and Insecticides business, and
b) for both Canadian and International jurisdictions

(Expressed in Canadian Dollars)

Revenue by Business

		Twelve Months Ended **December 31, 2014**		December 31, 2013
Canada				
Pharma Business	**$**	**10,839,250**	$	6,834,247
Insecticide Business	**$**	**829,542**	$	736,445
Total Canada	**$**	**11,668,792**	$	7,570,692
International Jurisdictions				
Pharma Business	**$**	**492,019**	$	134,784
Insecticide Business	**$**	**50,330**	$	92,705
Impact of Currency Translation	**$**	**(14)**	$	1,244
Total International Jurisdictions	**$**	**542,335**	$	228,734
Total Revenue	**$**	**12,211,127**	$	7,799,426

Non Current Assets consist of Equipment, Intangible Assets and Deferred Tax. As indicated in the table below, Non Current Assets are located in Canada.

Non Current Assets	December 31, 2014	December 31, 2013
In Canada	$440,451	$194,019
In Foreign Jurisdictions	Nil	Nil

Head Office

Suite 520,
170 Attwell Drive,
Toronto, Ontario, M9W 5Z5
Canada

Telephone	905.206.0013
Facsimile	905.206.1413
Email	info@biosyent.com
Website	www.biosyent.com

Board of Directors

René C. Goehrum
Toronto, Ontario, Canada

Douglas R. Larson
Vancouver, British Columbia, Canada

Peter D. Lockhard
Toronto, Ontario, Canada

Paul Montador
Newmarket, Ontario, Canada

Milton E. Wakefield
Lloydminster, Alberta, Canada

Stephen Wilton
Unionville, Ontario, Canada

Officers

René C. Goehrum
Chairman, President and Chief Executive Officer

Alfred D'Souza
Vice-President & Chief Financial Officer

Registrar and Transfer Agent

Computershare Trust Company Canada
100 University Avenue,
Toronto, Ontario, M5J 2Y1
Canada

Auditors

MNP LLP
Toronto, Ontario, Canada

Solicitors

WildeBoer Dellelce LLP
Toronto, Ontario, Canada

Cognition LLP
Toronto, Ontario, Canada

Bank

Royal Bank of Canada
Mississauga, Ontario, Canada

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Stock Listing

TSX Venture Exchange
Trading symbol: RX

Registered Office

Suite 520,
170 Attwell Drive,
Toronto, Ontario, M9W 5Z5
Canada

BioSyent

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