IDG HOLDINGS INC.

AUDITORS' REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2015

kpmg

KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Telefax (250) 480-3539
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of IDG Holdings Inc.

We have audited the accompanying financial statements of IDG Holdings Inc. which comprise the statements of financial position as at June 30, 2015 and June 30, 2014, the statements of comprehensive loss, changes in equity and cash flows for the years ended June 30, 2015 and June 30, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of IDG Holdings Inc. as at June 30, 2015 and June 30, 2014, and its financial performance and its cash flows for the years ended June 30, 2015 and June 30, 2014 in accordance with International Financial Reporting Standards.

(Signed) KPMG LLP

Chartered Professional Accountants

September 10, 2015
Victoria, Canada

IDG HOLDINGS INC.

STATEMENTS OF FINANCIAL POSITION

		June 30, 2015	June 30, 2014
CURRENT ASSETS:			
Cash and cash equivalents		645,781	684,612
Prepaid expenses		3,756	2,334
		649,537	686,946
CURRENT LIABILITIES:			
Accounts payable		13,500	13,526
		13,500	13,526
SHAREHOLDERS' EQUITY:			
Share capital	(Note 4)	1,193,280	1,193,280
Contributed surplus	(Note 5)	40,138	40,138
Deficit		-597,381	-559,998
		636,037	673,420
		649,537	686,946

See accompanying notes to these financial statements

ON BEHALF OF THE BOARD:

(Signed by) Xen Stefanopoulos, Director

(Signed by) Glynn Jones, Director

IDG HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30

		2015	2014
		$	$
INCOME			
Investment income		7,659	8,515
OPERATING EXPENSES			
Audit, legal, regulatory and other fees		-26,137	-26,660
Insurance, and office supplies		-6,892	-6,557
Management compensation	(Note 8)	-9,800	-9,550
Other		-2,213	-2,045
		-45,042	-44,812
Loss before items below		-37,383	-36,297
Income taxes	(Note 6)	-	-
NET LOSS AND COMPREHENSIVE LOSS		-37,383	-36,297
LOSS PER SHARE, basic and diluted		-0.004	-0.004
Weighted average number of shares outstanding			
Basic and diluted		8,389,500	8,389,500

See accompanying notes to these financial statements

IDG HOLDINGS INC.

STATEMENTS OF CHANGES IN EQUITY

	Share Capital (Note 4)	Contributed Surplus	Deficit	Total
Balance June 30, 2013	1,193,280	40,138	-523,701	709,717
Loss for the period	-	-	-36,297	-36,297
Balance June 30, 2014	1,193,280	40,138	-559,998	673,420
Loss for the period	-	-	-37,383	-37,383
Balance June 30, 2015	1,193,280	40,138	-597,381	636,037

See accompanying notes to these financial statements

IDG HOLDINGS INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30

	2015	2014
	$	$
OPERATING ACTIVITIES		
Investment income	7,659	8,515
Operating expenses	-45,042	-44,812
Net loss	-37,383	-36,297
Change in non-cash operating working capital:		
- Prepaid expenses	-1,422	-1,819
- Accounts payable and accrued liabilities	-26	-274
	-1,448	-2,093
NET CHANGE IN CASH AND CASH EQUIVALENTS	-38,831	-38,390
CASH AND CASH EQUIVALENTS, beginning of year	684,612	723,002
CASH AND CASH EQUIVALENTS, end of year	645,781	684,612

See accompanying notes to these financial statements

NOTE 1 REPORTING ENTITY

IDG Holdings Inc. (the Company) is incorporated under the Business Corporations Act (Alberta). Its business operations, previously conducted through subsidiary companies, were sold with effect from July 1, 2006. The only activities since the sale were collection of amounts owing from that sale and short-term investment of cash resources. The Company is seeking an acquisition or investment in a new business. No transactions were under negotiation or proposed to be entered into as at June 30, 2015.

The Company's shares are listed on the TSX Venture NEX Exchange. Its registered office is 300 – 14505 Bannister Road SE, Calgary, Alberta, T2X 3J3, and its principal place of business is 25 – 106 – 4480 West Saanich Road, Victoria, BC, V8Z 3E9.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements have been approved and authorized for issue by the board of directors on September 10, 2015.

(b) Basis of Measurement

These financial statements have been prepared on the historical cost basis. No items in the Statement of Financial Position are presented at fair value.

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of asset, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Financial instruments:

(i) Financial assets:

The Company has the following non-derivative financial assets: cash and cash equivalents, which are carried at amortized cost. The Company has no derivative financial assets. Financial assets are de-recognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Financial liabilities:

The Company has the following non-derivative financial liabilities: accounts payable. The Company has no derivative financial liabilities. All financial liabilities are recognized initially at fair value plus any directly-attributable transaction costs, on the date the Company became a party to the contractual provisions of the instrument. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

(b) Impairment:

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if a loss event has occurred after initial recognition of the asset, and that loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Impairment losses are recognized as expenses charged against income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed to income up to the carrying amount that would have been determined if no impairment loss had been recognized.

(c) New reporting standards and interpretations:

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended June 30, 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company in the future.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and Cash Equivalents:

Cash and cash equivalents include cash and highly liquid securities with terms to maturity of less than three months when acquired.

(e) Investment Income:

Investment income, which is recorded on the accrual basis, consists of interest on cash and cash equivalents.

(f) Income Taxes:

The Company uses the asset and liability method of accounting for income taxes, under which deferred tax assets or liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities, and their respective tax values. A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply when the asset is realized or the liability settled. The effect of changes in income tax rates is recognized in the year during which rates are substantively enacted.

(g) Share based payments:

The Company accounts for stock option awards under the fair value method, under which compensation cost is measured and expensed at fair value at the grant date, which is also the vesting date.

(h) Earnings per Share:

Diluted earnings per share are calculated according to the treasury stock method, whereunder the weighted average number of common shares outstanding assumes that the proceeds of dilutive options exercised are applied to repurchase common shares at the average market price for the period. Stock options are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options.

NOTE 4 SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

Issued and fully paid:	**2015**	**2015**	**2014**	**2014**
Common shares	Number of Shares	$	Number of Shares	$
Balance at beginning of year	8,389,500	1,193,280	8,389,500	1,193,280
Changes during the year	-	-	-	-
Balance at end of year	8,389,500	1,193,280	8,389,500	1,193,280

In terms of the Company's stock option plan approved annually by shareholders, 10% or 838,950 of the issued shares are reserved for issuance on the exercise of options, but no options are currently outstanding. In the 2009 fiscal year the Company obtained approval for a share consolidation but has not yet carried out the consolidation.

NOTE 5 CONTRIBUTED SURPLUS

Contributed surplus include the net excess of average carrying value over the cost of purchase of shares re-purchased on the open market in previous years, and the value of stock options granted in previous years. There was no change in contributed surplus during the year. The components of contributed surplus are as follows:

	2015	**2014**
	$	$
Excess of average carrying value over cost of own shares purchased	34,109	34,109
Stock based compensation	6,029	6,029
	40,138	40,138

NOTE 6 INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the combined Federal and Provincial statutory income tax rate of 26% (2014 – 26%) to net loss, as follows:

	2015	2014
	$	$
Estimated taxes recoverable on loss before tax	9,720	9,437
Losses not recognized	-9,720	-9,437
Income tax recovery	-	-

The Company has net capital losses of $445,000 available for carry forward to be applied against future taxable capital gains, and $230,000 of net operating losses available for carry forward to be applied against future taxable operating income. The operating losses begin to expire in 2030. The benefit of these tax losses has not been recorded in the financial statements.

NOTE 7 FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents and accounts payable approximate their fair value. The Company is exposed to risks as a result of holding these financial instruments. The following is a description of those risks and the objectives, policies and processes that have been implemented to measure and manage the risks:

i. Credit risk

Credit risk results from the possibility that one party to a financial instrument will cause a financial loss for the Company by failing to discharge its contractual obligations. The Company's exposure to credit risk as at June 30, 2015 was limited to the value of the Company's cash and cash equivalents. The Company mitigates this risk by holding cash and cash equivalents with reputable financial institutions.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company assesses interest rate risk by continually identifying and monitoring changes in interest rates that may adversely impact expected future cash flows. The Company mitigates its exposure to interest rate risk by investing cash resources in investments with terms to maturity of less than six months when purchased.

A change in interest rates of 1% could increase or decrease the Company's investment income by approximately $6,000.

NOTE 7 FINANCIAL INSTRUMENTS (CONTINUED)

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient available reserves in order to meet its liquidity requirements at any point in time. The Company believes that it will have adequate liquidity to fund its financial liabilities through its existing working capital. Accounts payable and accrued liabilities are considered current obligations and due within the next operating cycle or one year.

NOTE 8 RELATED PARTY TRANSACTIONS

	2015	2014
	$	$
The Company paid directors fees totaling	4,500	4,250
The Company paid or accrued fees payable to a director and officer (key management personnel) for accounting and administrative services	5,300	5,300
	9,800	9,550

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE 9 CAPITAL MANAGEMENT

The Company defines capital to be shareholders' equity. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's objectives when managing capital are to ensure that the Company will continue as a going concern in order that it can sustain daily operations and generate appropriate returns for its shareholders commensurate with the level of risk. As at June 30, 2015, the Company had capital resources consisting mainly of cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares.