Medwell Capital Corp.

Interim Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2015

Medwell Capital Corp.

Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

(expressed in thousands of Canadian dollars)

	March 31, 2015	December 31, 2014
	$	$
Assets		
Cash and cash equivalents	2,073	2,490
Investments held for distributions to shareholders (notes 4 and 9)	-	5,451
Investments held for sale (notes 4 and 9)	275	-
Investments (notes 4, 9 and 13)	925	631
Restricted cash (note 6)	594	594
Accounts receivable	-	22
Prepaid expenses	9	26
Property and equipment	22	23
	3,898	9,237
Liabilities		
Accounts payable and accrued liabilities (note 7)	887	490
Distributions to shareholders payable (note 8)	-	5,489
	887	5,979
Shareholders' Equity		
Share capital (note 8)	161,190	161,026
Contributed surplus	13,275	13,275
Accumulated other comprehensive loss (note 7)	(115)	(115)
Deficit	(171,339)	(170,928)
	3,011	3,258
	3,898	9,237

Guarantees (note 6)

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.)

Medwell Capital Corp.

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(expressed in thousands of Canadian dollars)

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, December 31, 2014	161,026	13,275	(115)	(170,928)	3,258
Loss and comprehensive loss for the period	-	-	-	(411)	(411)
Adjustment in reduction in stated capital (note 8)	164	-	-	-	164
Balance, March 31, 2015	161,190	13,275	(115)	(171,339)	3,011
Balance, December 31, 2013	166,515	13,202	-	(162,936)	16,781
Loss and comprehensive loss for the period	-	-	-	(4,944)	(4,944)
Balance, March 31, 2014	166,515	13,202	-	(167,880)	11,837

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.)

Medwell Capital Corp.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three-month period ended March 31,	
	2015	**2014**
	$	**$**
Expenses		
Change in fair value of investments		
Unrealized	(324)	4,615
Realized	(82)	-
Operating, general and administrative (note 5)	825	340
Depreciation of property and equipment	1	2
Interest earned	(9)	(13)
	411	4,944
Loss and comprehensive loss	(411)	(4,944)
Basic and diluted loss per common share (note 10)	(0.06)	(0.68)
Basic and diluted weighted average number of common shares outstanding (note 10)	7,283	7,283

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.)

Medwell Capital Corp.

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three-month period ended March 31, 2015 $	2014 $
Cash provided by (used in)		
Operating activities		
Net loss	(411)	(4,944)
Items not involving cash		
Unrealized (gain) loss on investments	(324)	4,615
Realized gain on investments	(82)	-
Depreciation of property and equipment	1	2
	(816)	(327)
Net change in non-cash working capital items (note 12)	436	(57)
	(380)	(384)
Investing activities		
Purchase of property and equipment	-	(3)
Transfer from restricted cash	-	36
Distribution to shareholders	(37)	-
	(37)	33
Decrease in cash and cash equivalents	(417)	(351)
Cash and cash equivalents – Beginning of period	2,490	4,405
Cash and cash equivalents – End of period	2,073	4,054
Cash and cash equivalents consists of		
Bank accounts	1,213	1,804
Interest bearing deposits and securities	860	2,250
	2,073	4,054
Supplemental cash flow information		
Income taxes paid	$ -	$ -
Interest paid	-	-

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.)

(expressed in thousands of Canadian dollars)

1 Nature of business

Medwell Capital Corp. (the "Corporation" or "Medwell") was continued in the province of Alberta under the Business Corporations Act (Alberta). Medwell is incorporated and domiciled in Canada. The address of its registered office is 2900 Manulife Place, 10180 – 101 Street, Edmonton, Alberta. The Corporation's shares are traded on the TSX Venture Exchange (the "TSXV") under the symbol "MWC".

Medwell is an advisory firm which directly invests in and advises companies on strategy and technology development. Medwell's investments are primarily in the healthcare sector and comprise investments in equity, debt and convertible securities, which are acquired for capital appreciation and shorter-term gains.

Since inception, the Corporation has incurred significant losses each year. The accumulated deficit from inception to March 31, 2015, is $171,339. Unless the Corporation is able to generate sufficient revenue or capital appreciation on its investments, it will continue to incur losses from operations and may not achieve or maintain profitability. Given the nature of the Corporation's activities, the results of operations and financial condition are dependent upon the market value of the securities that comprise their portfolio.

The Corporation manages its liquidity risk through the management of its capital structure, cash flows and the availability and sourcing of financing. The development or investment into additional technologies by the Corporation may require a significant infusion of additional funds. On March 31, 2015 the Corporation entered into an Arrangement agreement and is in process of carrying out a public offering, with closing of the offering and arrangement scheduled for May 14, 2015 (see note 13). Failure to obtain such additional financing could result in delay or indefinite postponement of further investment.

2 Basis of presentation and statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB applicable to the preparation of interim condensed consolidated financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS.

3 Significant accounting policies, judgement and estimation uncertainties

The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2014.

The Corporation makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Corporation's accounting policies and key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2014.

(expressed in thousands of Canadian dollars)

4 Investments

2015

Investee	Common shares	Preferred shares	Total cost of investment $	Estimated Fair value at March 31, 2015 $
Spectral Medical Inc. (formerly Spectral Diagnostics Inc.)	1,063,396	-	340	925
Mimetogen Pharmaceuticals Inc.	-	2,674,718	2,810	275
Novation Pharmaceuticals Inc.	-	-	250	-
Investments and Investments held for sale	1,063,396	2,674,718	3,400	1,200

2014

Investee	Common shares	Preferred shares	Total cost of investment $	Estimated Fair value at December 31, 2014 $
Spectral Medical Inc. (formerly Spectral Diagnostics Inc.)	16,271,886	-	5,206	5,451
Total investment held for distribution to shareholders (note 8)	16,271,886	-	5,206	5,451
Spectral Medical Inc. (formerly Spectral Diagnostics Inc.	1,063,396	-	340	356
Mimetogen Pharmaceuticals Inc.	-	2,674,718	2,810	275
Novation Pharmaceuticals Inc.	-	-	250	-
Total investments	17,335,282	2,674,718	3,400	631
Total investments held for distribution to shareholders and total investments	17,335,282	2,674,718	8,606	6,082

On March 31, 2015 the Corporation entered into an agreement relating to the 1,063,396 common shares of Spectral Medical Inc. (Spectral) (see Note 13).

On March 31, 2015, the Corporation accepted an offer of up to $3,200 for the sale of all of the Corporation's interest in Mimetogen Pharmaceutical Inc. (Mimetogen), in the form of $250 on closing, plus a contingent payment of up to $2,950 from amounts received by the purchaser from Mimetogen by reason of its ownership of the Class B and Class C shares prior to the first anniversary of the purchase date (the Offer). The Offer involved an individual who is not at arm's length to key management associated with the Offer, and included a

(expressed in thousands of Canadian dollars)

provision that the President and CEO of Medwell must agree to continue on as a director of Mimetogen for no less than 3 years as the purchaser's appointee. $250 was received on April 24, 2015 and the sale was completed.

The convertible debenture with Novation Pharmaceuticals Inc. in the amount of $250 is due on June 14, 2015. Given the increased uncertainty with respect to the timing and amount of repayment and absence of sufficient security, the convertible debenture was written down to its estimated net realizable value of $nil in a prior year.

5 Operating, general and administrative

	Three months ended March 31, 2015 $	2014 $
Salaries and short-term employee benefits	267	233
Professional fees	469	21
Office expenditures	13	18
Regulatory and filing fees	37	18
Travel	11	23
Rent and insurance	28	27
	825	340

6 Guarantees

On April 30, 2010, certain employees, officers and directors of the Corporation purchased 7,245,000 Class A common shares of the Corporation as part of the disposition of shares by the University of Alberta. In connection with the purchase, the Corporation provided guarantees through a Guaranteed Investment Certificate ("GIC") to a financial institution on behalf of the employees, officers and directors for loans the employees used to purchase the common shares acquired.

The maximum credit risk exposure to the Corporation, is the balance of the outstanding loans if the employee, officer or director fails to perform their obligations under these loans. The Corporation has estimated that the risk of loss from these guarantees is not probable and, as such, no amounts have been recognized in these financial statements.

The total amount of loans outstanding at March 31, 2015 is $558 (December 31, 2014- $558) and is due from the Corporation's President and Chief executive Officer. A GIC in the amount of $558 has been pledged as collateral for the loans and is included in the restricted cash on the consolidated statement of financial position (see Note 13).

The Corporation has license and research agreements with third parties related to its discontinued Dirucotide program that include indemnification provisions that are customary in the industry. These guarantees generally require the Corporation to compensate the other party for certain damages and costs incurred as a result of third party claims or damages arising from these transactions. The potential losses are mitigated with insurance carried by the Corporation.

These indemnification provisions may survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Corporation has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying interim consolidated financial statements with respect to these indemnification obligations.

7 Accounts payable and accrued liabilities

The Corporation has recognized a liability as at March 31, 2015, in the amount of $463 (December 31, 2014 – $461) in accordance with IAS 19, Employee Benefits. The amount accrued is estimated based on a payment of $475 at the end of two years discounted at 1.5%. The discount rate is based on high quality Canadian bond yields over a similar time period. The accretion expense has been included in salaries and short-term employee benefits. As at December 31, 2014 management revised its estimated time of payment of the liability from seven years to two years and revised its discount rate from 4.6% to 1.5%. The resulting $115 re-measurement loss was recorded in other comprehensive loss.

8 Share capital

Authorized and issued

The Corporation had 7,282,589 common shares issued and outstanding on March 31, 2015 and on December 31, 2014.

On November 14, 2014, the Corporation's board of directors approved the distribution of Spectral shares to its shareholders, by way of a reduction in stated capital, at a rate of 2.25 shares of Spectral for every one share of Medwell held at the record date of December 15, 2014. On December 15, 2014, 7,282,589 Medwell shares were outstanding resulting in a distribution of 16,271,886 Spectral shares. The resolution called for non-resident shareholders to be paid the value of 113,964 Spectral shares in cash of $37in lieu of receiving Spectral shares. In order to allow for the distribution, the Corporation's shareholders approved a reduction in the stated capital of Medwell's common shares of an amount equal to the fair market value on the distribution date. At December 31, 2014, a liability and reduction in the stated capital of $5,489 was recognized based on a fair value of $0.335 per share. On January 2, 2015, 16,271,886 Spectral shares and cash of $37 were distributed to the shareholders .The fair value of the shares on January 2, 2015 was $0.325 per share resulting in an adjusted distribution and capital reduction of $5,325. The change in the Capital reduction of $164 was reflected in the three month period ended March 31, 2015.

(expressed in thousands of Canadian dollars)

Incentive stock option plan

	Three months ended March 31, 2015	
	Number of options #	Weighted average exercise price $
Outstanding – January 1	411,500	4.79
Granted	-	-
Cancelled	(14,063)	9.66
Outstanding –March 31	397,437	3.77
Exercisable – March 31	397,437	3.77

Stock-based compensation expense

The Corporation is following the fair value based method of accounting for stock options. Compensation expense of $nil has been recorded for the three months ended March 31, 2015 (2014 – $nil).

9 Financial Instruments

Fair value of financial instruments

The Corporation has determined the fair value of its financial instruments as follows:

a) Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to their short-term nature.

b) Financial instruments measured at fair value are categorized within the fair value hierarchy. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety, if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a

(expressed in thousands of Canadian dollars)

particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Corporation's financial instruments, measured at fair value on the consolidated statements of financial position.

	Level 1	Level 2	Level 3	
Recurring measurements Assets	Quoted market price $	Valuation technique – observable market inputs $	Valuation technique non–observable market inputs $	March 31, 2015 Total $
Common Shares	925	-	-	925
Preferred Shares	-	-	275	275
Total	925	-	275	1,200

	Level 1	Level 2	Level 3	
Recurring measurements Assets	Quoted market price $	Valuation technique – observable market inputs $	Valuation technique non–observable market inputs $	December 31, 2014 Total $
Common Shares	5,807	-	-	5,807
Preferred Shares	-	-	275	275
Total	5,807	-	275	6,082

Investments are carried at fair value in accordance with the following:

At the end of each financial reporting period, the Corporation's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

(expressed in thousands of Canadian dollars)

i) Level 1

Financial instruments categorized as Level 1 in the hierarchy include investments in the common shares of publicly traded companies listed on an active stock exchange. These instruments are recorded at fair value based upon the closing bid price at the balance sheet date. If an active market does not exist, the investments are recorded at fair value using a valuation technique based upon management's estimates which consider reliable, observable market inputs.

The amounts at which investments in publicly traded companies could be disposed of may differ from fair value as a result of a number of factors including, but not limited to, premiums paid for large blocks of shares.

ii) Level 2

Financial instruments categorized as Level 2 in the hierarchy include warrants and options not traded on a recognized securities exchange. These instruments are recorded at fair value using a valuation technique that considers the exercise price, the closing bid price of the underlying shares, time value adjustments, volatility and liquidity. The fair value of any warrants or options that the Corporation holds in a public company is calculated each reporting period using the Black-Scholes pricing model.

iii) Level 3

Financial instruments categorized as Level 3 in the hierarchy include investments in private companies. These instruments are initially recorded at cost, being the fair value at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending upon the circumstances, be adjusted by applying one or more valuation techniques. The Corporation uses a market approach, and uses the transaction price paid for an identical or similar instrument valuation technique.

Under the transaction price paid for an identical or similar instrument valuation technique, the Corporation considers whether the transaction price paid to invest in an instrument that is identical or similar to the unquoted equity instrument being valued might be a reasonable starting point for measuring the fair value of the unquoted equity instrument at the measurement date. The Corporation takes into consideration all information about the performance and operations of the investee that becomes reasonably available to the Corporation after the date of initial recognition up to the measurement date.

The Corporation considers factors that might indicate that the transaction price might not be representative of fair value at the measurement date. These factors include:

- A significant change in the performance of the investee compared with budgets, plans or milestones;
- Changes in expectation as to whether the investee's technical product milestones will be achieved;
- A significant change in the market for the investee's equity or its products or potential products;

(expressed in thousands of Canadian dollars)

- A significant change in the global economy or the economic environment in which the investee operates;
- A significant change in the performance of comparable entities, or in the valuations implied by the overall market;
- Internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy; and
- Evidence from external transactions in the investee's equity, either by the investee or by transfers of equity instruments between third parties.

The Corporation also considers the existence of factors such as whether the environment in which the investee operates is dynamic, whether there have been changes in market conditions, or the passage of time.

In the absence of the changes described above the fair value of the investment is left unchanged.

Determining the fair value of the Corporation's investments in private companies is subject to certain limitations; which can include, the lack of available and/or reliable financial information. Application of the valuation policies described above may involve uncertainties and determinations based on management's judgement and any value estimated from the techniques applied may not be realized.

The adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed.

The amount at which an investment in a private company could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, management. Any fair value estimated by the application of these techniques may not be realized.

The Corporation is responsible to perform a valuation of financial instruments, including Level 3 fair values. The valuation is reviewed quarterly.

The Corporation's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers into or transfers out of fair value hierarchy levels during the quarter.

Transaction costs incurred in the purchase and sale of investments, such as brokerage commissions, are recorded as an expense in the consolidated statements of operations. Purchases and sales of securities are accounted for on a trade-date basis.

The Corporation also incurs costs to investigate certain early stage projects and other potential investment opportunities to determine whether an investment will be made. These costs are expensed as incurred.

The total amount of the change in fair value of the Corporation's financial instruments and the total amount of unrecognized gains and losses on its financial instruments are reflected in the accompanying consolidated statements of operations.

(expressed in thousands of Canadian dollars)

10 Loss per common share

Basic loss per common share is computed by dividing loss by the weighted average number of common shares outstanding for the period. In determining diluted loss per common share, the weighted average number of common shares outstanding is adjusted for stock options eligible for exercise where the average market price of common shares for the three-months ended March 31, 2015, exceeds the exercise price. At March 31, 2015, no stock options or warrants required adjustment to calculate fully diluted loss amounts. Common shares that could potentially dilute basic loss from operations and loss per common share in the future that could be issued from the exercise of stock options or warrants, were not included in the computation of the diluted loss per common share for the three-months ended March 31, 2015 because to do so would be anti-dilutive.

	Three months ended March 31,	
(# of shares)	**2015**	**2014**
Basic weighted average common shares outstanding during the period	7,283	7,283
Dilutive effect of options	-	-
Diluted weighted average common shares	7,283	7,283

11 Related party transactions

During the three months ended March 31, 2015, the Corporation paid professional firms in which certain directors or officers have interests. In the three months ended March 31, 2015 the Corporation paid for professional fees in the amount of $323 (2014 - $nil). These are included in operating, general and administration expenses.

All transactions with related parties have occurred 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.

12 Net change in non-cash working capital items

	Three months ended March 31,	
	2015	**2014**
	$	**$**
Accounts receivable	22	-
Prepaid expenses and other current assets	17	17
Accounts payable and accrued liabilities	397	(74)
	436	(57)

(expressed in thousands of Canadian dollars)

13 Material Agreements

Arrangement Agreement with GDI Integrated Facility Services Inc.

On March 31, 2015, the Corporation entered into an arrangement agreement (the Arrangement Agreement) with GDI Integrated Facility Services Inc. (GDI), a private company, relating to a transaction (the Arrangement) pursuant to which the Corporation proposes to acquire, among other things, all of the issued and outstanding securities of GDI in exchange for the issuance of shares of the Corporation and cash consideration (the Cash Consideration). As part of the Arrangement, GDI will be liquidated into the Corporation to form a single entity to be renamed "GDI Integrated Facility Services Inc." that will carry on the business of GDI. The transaction will be accounted for as a reverse acquisition.

Pursuant to the Arrangement Agreement, the Corporation has been assigned a value fixed at $11,200, an amount equal to $1.54 per issued and outstanding common share of the Corporation as at March 31, 2015.

Concurrently with the closing of the Arrangement, the Corporation will carry out a public offering of equity (the Offering), which will be conditional on, and will close concurrently with the Arrangement. As part of the Arrangement, the Corporation will consolidate its currently issued and outstanding common shares by a ratio of one share for every 10.4 pre-consolidation common share held. The public offering is for 9,400,000 subordinate voting shares at a price of $16.00 per subordinate voting share for aggregate gross proceeds of $150,400. The underwriters have been granted an over-allotment option to purchase up to an additional 705,000 subordinate voting shares at a price per subordinate voting share equal to the offering price. Upon completion of the Offering and the Arrangement, such 7,282,589 common shares will become 700,249 subordinate voting shares. Upon completion of the Offering and the Arrangement, (assuming no exercise of the Over Allotment Option) 10,724,252 Subordinate Voting Shares and 9,461,200 multiple voting shares will be issued and outstanding, representing a total of 20,185,452 shares. A portion of the proceeds to be received by the Corporation from the Offering will be used to pay the Cash Consideration.

Closing of the Offering and Arrangement are scheduled for May 14, 2015, however the Arrangement is subject to the completion of the Offering, and certain shareholder and regulatory approvals and other consents and waivers.

Because Birch Hill Equity Partners has an ownership position in both the Corporation and GDI, this transaction is considered a related party transaction.

The Corporation's board of directors has approved the Arrangement Agreement based on a third party fairness opinion and the recommendation of a special committee to the board.

Agreement with Queensbury and Sale of shares of Spectral Medical Inc.

On March 31, 2015, the Corporation entered into an agreement with Queensbury Ventures Inc. (Queensbury), a company through which the services of the President and Chief Executive Officer are provided, and Kevin Giese (Giese), whereby the services of Queensbury and Giese, the latter as Chairman, CEO and President of the Corporation, are to be terminated, subject to the closing of the Arrangement with GDI and therefore have not been accrued at March 31, 2015. Under the terms of this agreement: the Corporation will pay the outstanding third party share purchase loan in the amount of $558 (see note 6), transfer to Queensbury the ownership in 1,063,396 shares of Spectral Medical Inc. with a value of $699 based on the 20 day weighted average trading price as at March 30, 2015, and pay Queensbury cash in the amounts of $443 on closing, $100 over the next 12 months, and GST on all of the above amounts; and Giese agrees to provide certain ongoing advisory services to the Corporation for the next 12 months(total value of $1,800), and to be nominated to the board of directors of the New GDI on the same remuneration terms as other independent directors. Because the termination costs are subject to the closing of the Arrangement with GDI, no additional amount above the $463 liability already recognized (note 7) has been recorded at March 31, 2015. Upon completion of the transaction no additional payments will be owed by the Corporation to Queensbury or Giese.