

CARRINGTON ACQUISITION CORP.
INTERIM FINANCIAL STATEMENTS
January 31, 2015
(Unaudited - See Notice to Reader)

Notice to Reader

Responsibility for Financial Statements

The accompanying unaudited interim financial statements of Carrington Acquisition Corp. for the second quarter ended January 31, 2015 have been prepared by management . These financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes the financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company for the periods presented.

March 27, 2015

Carrington Acquisition Corp.

Statement of Financial Position
As at January 31, 2015
with comparative balances as at July 31, 2014
(Unaudited - See Notice to Reader)

	January 31 2015	July 31 2014
Assets		
Current Assets		
Cash	16	\$ 514
Accounts receivable	1,330	577
	<u>\$ 1,346</u>	<u>\$ 1,091</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 1)	<u>224,204</u>	<u>215,249</u>
Shareholders' equity:		
Capital Stock (Note 2)	300,803	300,803
Deficit	<u>(523,661)</u>	<u>(514,961)</u>
	<u>(222,858)</u>	<u>(214,158)</u>
	<u>\$ 1,346</u>	<u>\$ 1,091</u>

Approved on Behalf of the Board:

"signed by George Lunick" Director
George Lunick

"signed by Doug Campbell" Director
Doug Campbell

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

Carrington Acquisition Corp.
Statement of Loss and Comprehensive Loss
Period ended January 31, 2015
with comparative balances for the period ended January 31, 2014
(Unaudited - See Notice to Reader)

	Three months ended January 31		Six months ended January 31	
	2015	2014	2015	2014
Revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses				
Bank charges and interest	60	665	96	1,007
Filing fees	4,951	4,033	5,484	5,658
Professional fees	3,120	323	3,120	1,793
	<u>8,131</u>	<u>5,021</u>	<u>8,700</u>	<u>8,458</u>
Net loss for the period	(8,131)	(5,021)	(8,700)	(8,458)
Other comprehensive income	-	-	-	-
Comprehensive loss for the period	<u>\$ (8,131)</u>	<u>\$ (5,021)</u>	<u>\$ (8,700)</u>	<u>\$ (8,458)</u>
Loss per share:				
Basic and diluted	<u>\$ (0.0020)</u>	<u>\$ (0.0012)</u>	<u>\$ (0.0021)</u>	<u>\$ (0.0020)</u>
Weighted Average Number of Shares outstanding	<u>4,150,000</u>	<u>4,150,000</u>	<u>4,150,000</u>	<u>4,150,000</u>

The accompanying notes are an integral part of these financial statements

Carrington Acquisition Corp.

Statement of Changes in Equity

Period ended January 31, 2015

with comparative balances for the period ended January 31, 2014

(Unaudited - See Notice to Reader)

	Share Capital	Deficit	Total
Balance - July 31, 2013	300,803	(497,990)	(197,187)
Net loss for the period ended January 31, 2014	<u> </u>	<u>(8,458)</u>	<u>(8,458)</u>
Balance January 31, 2014	<u>300,803</u>	<u>(506,448)</u>	<u>(205,645)</u>
Balance - July 31, 2014	300,803	(514,961)	(214,158)
Net loss for the period ended January 31, 2015	<u> </u>	<u>(8,700)</u>	<u>(8,700)</u>
Balance - January 31, 2015	<u>300,803</u>	<u>(523,661)</u>	<u>(222,858)</u>

The accompanying notes are an integral part of these financial statements

Carrington Acquisition Corp.

Cash Flow Statement

Period Ended January 31, 2015

with comparative balances for the period ended January 31, 2014

(Unaudited - See Notice to Reader)

	Six months ended January 31 2015	Six months ended January 31 2014
Cash flows provided by (used for):		
Operating activities		
Net loss for the period	\$ (8,700)	\$ (8,458)
Changes in non-cash working capital balances		
Accounts receivable	(753)	(496)
Prepaid expenses	-	
Accounts payable and accrued liabilities	<u>8,955</u>	<u>8,952</u>
Increase (decrease) in cash during period	(498)	(2)
Cash - beginning of period	<u>514</u>	<u>165</u>
Cash - end of period	<u><u>\$ 16</u></u>	<u><u>\$ 163</u></u>
Represented by:		
Cash	<u><u>16</u></u>	<u><u>163</u></u>

The accompanying notes are an integral part of these financial statements

Carrington Acquisition Corp.

Notes to Financial Statements

January 31, 2015

with comparative balances for the year ended July 31, 2014

(Unaudited - See Notice to Reader)

Nature of Business:

The company was incorporated on July 21, 2005 pursuant to the Alberta Business Corporations Act and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The registered and head office of the Company is 502, 383 Richmond Street, London, Ontario, N6A 3C4.

Continuance of Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Summary of significant accounting policies:

a) *Statement of Compliance*

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual Consolidated Financial Statements for the year ended July 31, 2014.

These unaudited interim financial statements do not necessarily include all of the information and footnotes required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation under IAS 34 have been included.

The Company has not and will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

The unaudited interim financial statements and the notes thereto have been prepared under principles applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business.

b) *Financial Instruments*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurements are dependent on their classification. Financial assets are classified as fair value through profit and loss (FVTPL), held-to-maturity (HTM), loans and receivables or available-for-sale (AFS). Financial liabilities are classified as fair value through profit and loss (FVTPL) or other liabilities. Classification depends on the purpose for which they were acquired or issued, their characteristics or the corporation's designation. The standards require that all financial assets be measured at fair value with the exception of loans and receivables, assets classified as HTM and AFS financial assets that do not have quoted market prices in an active market. All financial liabilities classified as FVTPL must also be measured at fair value.

Classification of Financial Instruments

The following summarizes the corporation's classification of its significant categories of financial instruments:

Cash and bank indebtedness	Fair value through profit and loss
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Fair value through profit and loss

Cash and investments have been designated as FVTPL and are measured at fair value as at the statement of financial position date.

Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest. Loans and receivables are accounted for at amortized cost.

Other Liabilities

Other liabilities are recorded at amortized cost.

c) *Cash and Cash Equivalents*

Cash and cash equivalents in the balance sheet consist of cash in banks. The Company's cash and cash equivalents are invested with major financial institutions in business accounts.

d) *Share Capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

e) *Loss per share*

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighed average number of shares outstanding during the period. Diluted loss per share is equal to that of basic loss per share since the effects of the stock options and other dilutive instruments have been excluded as they are anti-dilutive.

f) *Deferred Income taxes:*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: Goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent the Company does not consider it probable that a deferred tax asset will be recognized, it provides a valuation allowance against that excess.

g) *Stock-based compensation*

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual that is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as man expense is adjusted to reflect the actual number of share options that are expected to vest.

h) *Fair Value of Financial Instruments and Risk Management*

The fair value of a financial instrument is the amount of consideration that would be upon between knowledgeable, willing third parties. Upon initial recognition, the fair value of a financial instrument is the consideration given or received. Subsequent fair values are based on bid and offer prices for financial instruments quoted in active markets. Where no active market exists, fair values may be determined using valuation techniques commonly used by market participants such as discounted cash flow analysis.

Fair values of financial assets and liabilities

The fair value of the Company's cash, accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values due to the short term maturity of these financial instruments. The fair values are estimated based on discounted future cash flows using discount rates which represent borrowing rates available to the Company for debt of similar terms and maturity.

Liquidity Risk

Liquidity risk arises from the Company being unable to meet its financial obligation when they fall due. As at January 31, 2015, the Company had a current asset balance of \$1,346 (July 2014 - \$1,091) to settle current liabilities of \$224,204 (July 2014 - \$215,249). Management is in the process of obtaining additional funding through a share issuance and expects to satisfy its debts with a portion of the proceeds.

Credit risk

Credit risk arises from non-performance by parties engaged in contractual financial obligations. The Company's exposure to credit risk is limited to the carrying value of accounts receivable in the amount of \$1,330 (July 2014 - \$577). The Company's accounts receivable consists of an amount owing from the government for HST. The full amount has subsequently been collected.

i) *Significant Estimates*

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

1. **Accounts payable and accrued liabilities**

Of the balance outstanding , approximately \$106,946 is due for legal work performed in relation to a previous proposed transaction.

2. **Capital stock**

a) **Authorized:**

Unlimited number of preference shares may be issued in one or more series, with rights, privileges, restrictions and conditions as determined by the directors.

Unlimited common shares without a nominal or par value

b) **Issued and outstanding:**

	January 31, 2015		July 31, 2014	
	Number of common shares	Amount	Number of common shares	Amount
Balance, beginning and end of period	4,150,000	\$300,803	4,150,000	\$300,803

During the period ended July 31, 2006, the Company issued 2,300,000 common shares at \$0.05 per share. These shares are subject to an escrow agreement and will be released from escrow 10% upon completion of the company's qualifying transaction and an additional 15% every six months thereafter. During the year ended July 31, 2009 the company cancelled 1,150,000 of the above noted common shares. There was no monetary change with regards to this transaction.

During the period ended July 31, 2007, the Company issued 3,000,000 common shares at \$0.10 per share in an initial public offering at a cost of \$114,197.

c) **Stock option plan:**

The Company has established a stock option plan, subject to regulatory approval, for the benefit of directors, officers and key employees and consultants of the corporation.

Pursuant to the stock option plan 415,000 common shares have been reserved for options to be granted to the directors of the Company. These options can be exercised within five years of issuance at a price of \$0.10 per share. As at the end of the period there were nil options issued and outstanding.

3. Deferred Income Tax Benefits

The company has incurred non-capital losses of \$622,686 which may be applied to reduce taxable income of future years expiring as follows:

2027	\$98,971
2028	\$161,719
2029	\$185,675
2030	\$69,289
2031	\$50,214
2032	\$25,453
2033	\$31,364
2034	\$27,610

Deferred tax benefits which may arise as a result of these non-capital losses have been offset by a valuation allowance and have not been recognized in these financial statements.

4. Related Party Transactions

Accounts payable and accrued liabilities include \$81,971 (July 2014 - \$63,871) advanced to the company by its directors and a company controlled by a director. These advances were made to assist the company in paying current filing fees and are unsecured, non-interest bearing and have no set terms of repayment.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

5. Fair Value of Financial Instruments and Risk Management

The fair value of a financial instrument is the amount of consideration that would be agreed upon between knowledgeable, willing third parties. Upon initial recognition, the fair value of a financial instrument is the consideration given or received. Subsequent fair values are based on bid and offer prices for financial instruments quoted in active markets. Where no active market exists, fair values may be determined using valuation techniques commonly used by market participants such as discounted cash flow analysis.

a) Fair Values of financial assets and liabilities

The fair value of the company's cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values due to the short-term maturity of these financial instruments. The fair values are estimated based on discounted future cash flows using discount rates which represent borrowing rates available to the company for debt of similar terms and maturity.

b) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its trade accounts payables.

c) Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the company by failing to discharge an obligation. The company's credit risk is mainly related to its accounts receivables.

6. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue acquiring an interest in a material asset or business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and stock options. 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 attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents.