# CORPORATION DE CAPITAL DE RISQUE WODEN/
# WODEN VENTURE CAPITAL CORPORATION

## FINANCIAL STATEMENTS

## JANUARY 31, 2015 AND 2014

**SUMMARY**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Woden Venture Capital Corporation

We have audited the accompanying financial statements of **WODEN VENTURE CAPITAL CORPORATION**, which comprise the statements of financial position as at January 31, 2015 and 2014, the statements of loss and comprehensive loss, the statements of changes in (deficiency) equity and the statements of cash flows for the years then ended and 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.

**Auditor's 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 the 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 the auditor's 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, the auditor considers 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 **WODEN VENTURE CAPITAL CORPORATION** as at January 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Corporation has a deficit of $331,292 as at January 31, 2015. This situation, combined with the other matters exposed in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

1

Bélanger Dalcourt

**Bélanger Dalcourt, CPA, SENC**

Montreal
May 29, 2015

[1]CPA auditor, CA, public accountancy permit No. A102870

## STATEMENTS OF FINANCIAL POSITION

## AS AT JANUARY 31

**(all amounts are in Canadian dollars)** 

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ | 95,464 | $ | 41,485 |
| Sales taxes recoverable | | 5,262 | | 974 |
| Prepaid expenses | | – | | 437 |
| | $ | 100,726 | $ | 42,896 |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | $ | 64,527 | $ | 45,025 |
| **Shareholders' (deficiency) equity** | | | | |
| Share capital (note 6) | | 292,667 | | 197,890 |
| Contributed surplus | | 74,824 | | 74,824 |
| Deficit | | (331,292) | | (274,843) |
| | | 36,199 | | (2,129) |
| | $ | 100,726 | $ | 42,896 |

**On behalf of the Board,**

*(s) Christian Lambert*
Christian Lambert, Director

*(s) Patrick Bélanger*
Patrick Bélanger, Director

CORPORATION DE CAPITAL DE RISQUE WODEN/
WODEN VENTURE CAPITAL CORPORATION

## STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

## FOR THE YEARS ENDED JANUARY 31

(all amounts are in Canadian dollars)



| | 2015 | 2014 |
|---|---|---|
| **Interest Income** | $ – | $ 102 |
| **Expenses** | | |
| Professional fees | 42,116 | 24,061 |
| Regulatory expenses | 13,876 | 23,294 |
| Insurance | 437 | 1,500 |
| Other expenses | 20 | 130 |
| | 56,449 | 48,985 |
| **Net loss and comprehensive loss** | $ (56,449 ) | $ (48,883 ) |
| **Net loss per share basic and diluted** | (0.01 ) | (0.01 ) |
| **Weighted average number of class A shares** | 4,168,493 | 3,700,000 |

## STATEMENTS OF CHANGES IN (DEFICIENCY) EQUITY

## FOR THE YEARS ENDED JANUARY 31

(all amounts are in Canadian dollars)



| | Share capital | | | | |
|---|---|---|---|---|---|
| | Number of Shares | Share Capital | Contributed Surplus | Deficit | Total (Deficiency) Equity |
| Balances as at January 31, 2013 | 3,700,000 | $ 197,890 | $ 74,824 | $ (225,960) | $ 46,754 |
| Net loss and comprehensive loss | – | – | – | (48,883) | (48,883) |
| Balance as at January 31, 2014 | 3,700,000 | $ 197,890 | $ 74,824 | $ (274,843) | $ (2,129) |
| Issuance of share capital | 1,000,000 | 100,000 | – | – | 100,000 |
| Issuance costs | – | (5,223) | – | – | (5,223) |
| Net loss and comprehensive loss | – | – | – | (56,449) | (56,449) |
| **Balance as at January 31, 2015** | 4,700,000 | $ 292,667 | $ 74,824 | $ (331,292) | $ 36,199 |

## STATEMENTS OF CASH FLOWS

## FOR THE YEARS ENDED JANUARY 31

**(all amounts are in Canadian dollars)** 

| | 2015 | 2014 |
|---|---|---|
| **Operating activities** | | |
| Net loss | $ (56,449) | $ (48,883) |
| Net change in non-cash working capital items | 15,651 | 3,745 |
| | (40,798) | (45,138) |
| **Financing activities** | | |
| Issuance of share capital, net of issuance costs | $ 94,777 | $ – |
| **Increase (decrease) in cash and cash equivalents** | 53,979 | (45,138) |
| **Cash and cash equivalents, beginning of year** | 41,485 | 86,623 |
| **Cash and cash equivalents, end of year** | $ 95,464 | $ 41,485 |

## 1. Incorporation and nature of activities

The Corporation was incorporated under the Canada Business Corporation Act on February 5, 2010. The principal business of the Corporation is the identification and evaluation of assets or businesses ("Transaction").

The Corporation is listed on the NEX Board of the Exchange. The head and registered office of the Corporation is located at 3030 Le Carrefour Blvd., suite 1002, Laval, Quebec, Canada.

The financial statements were approved by the Board of Directors on May 29, 2015.

## 2. Going concern

Financial statements as at January 31, 2015 were prepared according to the going concern assumption which states that the Corporation will be able to realize its assets and settle its liabilities in the normal course of business in the coming years.

However, given the material losses incurred in the past few years and the deficit, the continuation of operations depends on its ability to complete a Qualifying Transaction and to obtain additional financing. Such funding may come from additional equity financing, whether by way of private placement or through a strategic alliance or from other sources. The outcome of these matters cannot be predicted at this time.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities which might be necessary should the Corporation be unable to continue its operations.

## 3. Significant accounting policies

The significant accounting policies used in the preparation of these financial statements are described below.

### Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

## 3. Significant accounting policies (continued)

### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and highly liquid short-term investments with original maturities of three months or less from the date of purchase and which are readily convertible to known amounts of cash.

### Financial instruments

The Corporation's financial assets and liabilities are classified and measured as follows:

| Financial instrument | Category | Subsequent measurement |
|---|---|---|
| Cash and cash equivalents | Loans and receivables | Amortized cost |
| Accounts payable | Other financial liabilities | Amortized cost |

*Loans and receivables*

Loans and receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Other financial liabilities*

Other financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

### Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

*Financial assets carried at amortized cost*

The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

## 3. Significant accounting policies (continued)

### Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense, over the vesting period with a corresponding increase in contributed surplus. An individual 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 Corporation.

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 measured 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 an expense is adjusted to reflect the actual number of share options that are expected to vest.

### Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

### 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 other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

## 3. Significant accounting policies (continued)

### Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Corporation by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the EPS. The treasury stock method is used to determine the dilutive effect of share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the antidilutive effect of the outstanding share options.

## 4. New accounting standards issued not yet adopted

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's financial statements.

### Financial Instruments

In July 2014, the IASB has issued a revised version of, IFRS 9, *Financial Instruments*. IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement categories in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently evaluating the impact of adopting IFRS 9 on its financial statements.

## 4. New accounting standards issued not yet adopted (continued)

**Revenue from contract with customers**

In May 2014, the IASB has issued a new standard, IFRS 15, *Revenue from contracts with customers*, which is a replacement of IAS 18, *Revenue,* IAS 11, *Construction contract,* and related interpretations. The core principle of IFRS 15 is that an entity should recognize revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the performance obligation is transferred to the customer, and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Far more prescriptive guidance has been added in IFRS 15. IFRS 15 also requires additional disclosures through notes to financial statements. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. This standard may impact the Corporation when a Transaction will occur.

## 5. Critical accounting estimates, judgments and assumptions

Many of the amounts included in the financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Area of significant judgment and estimates affecting the amounts recognized in the financial statements includes the following:

**Valuation of share-based payments**

The Corporation records all share based payments using the fair value method. The Corporation uses the Black-Scholes model to determine the fair value of stock options. The main factor affecting the estimates of the fair value of stock options is the stock price expected volatility used. The Corporation currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Corporation, taking into consideration the expected life of the options.

(all amounts are in Canadian dollars) Page 13

## 6. Share capital

### Authorized

Unlimited number of:

Class A shares, voting, participating, without nominal or par value.

Class B shares, issuable in one or more series. The directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions related to the shares of each series, without nominal or par value.

### Issued and paid

| | 2015 | 2014 |
|---|---|---|
| 4,700,000 (3,700,000 in 2014) Class A shares | $ 292,667 | $ 197,890 |

### Transaction

On August 14, 2014, the Company issued 1,000,000 Class A shares for a gross proceed of $100,000.

### Escrowed shares

In accordance with the requirements of the TSX Venture Exchange, all of the 1,700,000 Class A shares issued prior to the public offering and prior to the completion of the Transaction must be held in escrow under a securities escrow agreement. Under the terms of the agreement, 10% of the Class A shares held in escrow will be released upon the issuance of notice of final acceptance of the Transaction by the Exchange and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

## 7. Stock option plan

Pursuant to resolutions of the Board of Directors of the Corporation dated August 26, 2010, the Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange, which provides that the Board of Directors of the Corporation may, from time to time, at its discretion, grant to directors, officers, employees and other key personnel of the Corporation, non-transferable options to purchase Class A shares, provided that the number of Class A shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the issued and outstanding Class A shares. The Board of Directors determines the price per Class A share and the number of Class A shares that may be allocated to directors, officers, employees and consultants of the Corporation and all other terms and conditions of the option, subject to the policies of the Exchange.

**(all amounts are in Canadian dollars)** **Page 14**

## 7. Stock option plan (continued)

On November 4, 2010, the Corporation granted a total of 470,000 stock options to the Directors of the Corporation, which are exercisable at $0.10 per share. Options are vested at the grant date. These options will expire on the tenth anniversary of their day of issuance.

The following table shows a reconciliation of stock options outstanding under the plan at the beginning and end of the year:

| | Number of options | Weighted average exercise price | Weighted average remaining contractual life |
|---|---|---|---|
| Outstanding as at January 31, 2013 | 470,000 | $0.10 | 93 months |
| Change during the year | – | – | – |
| Outstanding as at January 31, 2014 | 470,000 | $0.10 | 81 months |
| Cancelled during the year | ( 75,000 ) | – | – |
| Outstanding as at January 31, 2015 | 395,000 | $0.10 | 69 months |

Following information updated obtained, the contractual life disclosed has been increased, from 5 to 10 years, which now represents the actual life of these options. The weighted average remaining contractual lives disclosed have also been increased in consequence. This had no other impact on the financial statements of the Company.

## 8. Income taxes

The provision for income taxes differs from tax amount computed from to the statutory tax rate for the following reasons:

| | 2015 | 2014 |
|---|---|---|
| Income taxes at the effective rate of 27% (27% in 2014) | $ (15,240) | $ (13,200) |
| Deferred financing costs | (6,680) | (6,400) |
| Increase in valuation allowance | 21,920 | 19,600 |
| Income tax recovery reflected in the statement of income | $ – | $ – |

(all amounts are in Canadian dollars) Page 15

## 8. Income taxes (continued)

The Corporation's future income tax assets as at January 31, 2015 and 2014 are as follows:

| | 2015 | 2014 |
|---|---|---|
| **Future income tax assets** | | |
| Loss carried forward | $ 106,340 | $ 84,410 |
| Deferred financing costs | 1,130 | 6,410 |
| Valuation allowance | (107,470) | (90,820) |
| Future income tax assets recognized | $ – | $ – |

The Corporation's non-capital income tax losses expire as follows:

| | 2015 | 2014 |
|---|---|---|
| 2031 | $ 89,475 | $ 89,475 |
| 2032 | 81,558 | 81,558 |
| 2033 | 68,989 | 68,989 |
| 2034 | 72,619 | 72,619 |
| 2035 | 81,227 | – |
| | $ 393,868 | $ 312,641 |

## 9. Capital management

Capital consists of the Corporation's shareholders' (deficiency) equity. As at January 31, 2015, the Corporation's shareholders' equity amounted to $36,199. The Corporation's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The capital for expansion has been primarily proceeds from the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a qualifying transaction. Additional funds may be required to finance the Corporation's qualifying transaction.

Capital management has not changed compared to the previous year.

(all amounts are in Canadian dollars) Page 16

## 10. Financial instruments

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below.

### Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Corporation believes it has no significant credit risk.

### Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2015, the Corporation had a cash balance of $95,464 to settle current liabilities of $64,527. All of the Corporation's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

The Corporation does not hold any financial instruments which may expose it to one of the market risk.

## 11. Related parties

The following transactions occurred between an entity to which one director is related:

| | 2015 | 2014 |
|---|---|---|
| Legal fees | $ 31,616 | $ 9,657 |
| Issuance costs | 5,223 | – |
| | $ 36,839 | $ 9,657 |

These services were provided on terms equivalent to those that prevail in arm's length transactions. At the balance sheet date, a balance of $48,429 ($28,618 in 2014) is payable upon request to the related party.

## 12. Subsequent event

On March 19, 2015, the Corporation announced the signature of a letter of intent with the shareholders of Agyl ("Agyl") for the purchase of all the outstanding shares of Agyl. Agyl is a technology company which creates web and mobile applications that has investments in various areas, including medical billing. This acquisition shall constitute a Qualifying Transaction for the Corporation. Concurrently with the completion of the acquisition, the Corporation shall have completed a private placement of $1,250,000.