Auxellence Health Corporation
(formerly 0924888 BC Ltd.)

Unaudited Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2015

(Expressed in Canadian dollars)

Auxellence Health Corporation
(formerly 0924888 BC Ltd.)
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MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Auxellence Health Corporation (formerly 0924888 BC Ltd.) [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Sydney Au
Chief Executive Officer

Vancouver, BC
February 26, 2015

Auxellence Health Corporation
(formerly 0924888 BC Ltd.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2015 $	June 30, 2015 $
Assets		
Current		
Cash & cash equivalents	3,908	6,910
Government remittances recoverable	4,792	2,228
Loan receivable (Note 4)	-	-
Prepaid expenses and deposit	2,000	2,000
	10,700	**11,138**
Intangible properties (Note 3(l))	**4,601,241**	**3,587,432**
Total Assets	**4,611,941**	**3,598,570**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable (Note 5 & 10)	210,194	208,935
Accrued liabilities	809,304	13,000
Client deposits	10,000	-
Interest Payable	6,572	
Loans payable (Note 7)	1,049,050	807,500
Convertible debt (Note 7)	-	-
Preferred shares (Note 6)	2,000	2,000
	2,087,120	**1,031,435**
Shareholders' Equity:		
Equity portion of convertible debts	-	41,625
Capital stock (Note 6)	3,018,242	1,430,537
Contributed Surplus	223,916	-
Deficit	(717,338)	(397,042)
		2,567,135
Total Liabilities and Shareholders' Equity	**4,611,941**	**3,598,570**

Nature and Continuance of Operations (Note 1)
Commitment (Note 13)
Subsequent Events (Note 14)

Approved and authorized for issue by the Board of Directors on February 26, 2015**:**

"Sydney Au"	***"Ron Ozols"***
Sydney Au, Director	Ron Ozols, Director

The accompanying notes are an integral part of these Consolidated Financial Statements

Auxellence Health Corporation
(formerly 0924888 BC Ltd.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Six Months Ended December 31, 2015	Six Months Ended December 31, 2014
Expenses				
Amortization of interest expenses	$ -	$ -	$ -	$ 14,483
Advertising	-	4,599	-	4,599
Bank charges	198	121	472	292
Consulting fees	-	-	-	-
Office & miscellaneous	-	1,078	614	1,078
Professional fees	16,676	4,500	24,551	64,783
Share-based payments	-	-	-	-
Transfer agent & filing fees	1500	-	3,000	3,893
Listing Expenses	7,055	6,701	8,749	9,876
Net loss and total comprehensive loss for the period	**$ 25,429**	**$ 16,999**	**$ 37,386**	**$ 99,004**
Other Income	**$ (3,524)**	**(2,857)**	**(12,095)**	**(102,057)**
Comprehensive gain (loss) for Period	**$ (21,905)**	**(14,142)**	**25,291**	**3,053**
Basic and diluted loss per common share	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
Weighted average number of common shares outstanding	**105,379,284**	**105,379,284**	**105,379,284**	**86,726,554**

The accompanying notes are an integral part of these Consolidated Financial Statements

Auxellence Health Corporation
(formerly 0924888 BC Ltd.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars except the number of shares)

	Number of Outstanding Shares	Share Capital	Equity Portion of Convertible Debts	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, June 30, 2014	**42,377,684**	**1,430,537**	**41,625**		**(397,042)**	**1,075,120**
Shares issued for purchase of IP (Note 7)	40,000,000	400,000				400,000
Shares issued for debt (Note 7)	23,001,600	1,150,080				1,150,080
Equity portion of convertible debt						41,625
Net loss and comprehensive loss for the period	-	-			3,053	3,053
Balance, December 31, 2014	**105,379,284**	**2,980,617**	**41,625**	**-**	**(393988)**	**2,669,878**
Balance, June 30, 2015	**105,379,284**	**3,018,242**	**-**	**223,916**	**(684,670)**	**2,557,488**
Share based - compensation	-	-		-	-	-
Net loss and comprehensive loss for the period	-	-	-		(32,668)	(32,668)
Balance, December 31, 2015	**105,379,284**	**3,018,242**	**-**	**223,916**	**(717,338)**	**2,524,820**

The accompanying notes are an integral part of these Consolidated Financial Statements

Auxellence Health Corporation
(formerly 0924888 BC Ltd.)
Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

		Six Months Ended December 31, 2015		Six Months Ended December 31, 2014
Cash (used in) /provided by:				
Operating activities				
Net income (loss) for the period	**$**	**(25291)**	**$**	**3053**
Non-cash items:				
Share-based payments		-		-
Finance charges on convertible debt		-		-
Stock based compensation		-		-
Change in non-cash working capital items:				
Government remittances recoverable		(1,635)		-
Loan receivable		-		-
Prepaid expenses and deposit		-		(1300)
Accounts payable & accrued liabilities		15,500		(14,496)
Preferred shares		-		-
Net cash provided by operating activities		**(11,426)**		**(12,743)**
Investing activities				
Loans receivable		-		-
Intangible properties		(87,505)		(245,000)
Net cash used in investing activities		**(87,505)**		**(245,000)**
Financing activities				
Proceeds on issuance of loans payable		97,350		300,650
Repayment of loans payable		-		-
Convertible debts		-		-
Investor deposits		-		-
Equity portion of convertible debts		-		-
Issuance Common shares		-		-
Capital Stock		-		-
Net cash provided by financing activities		**97,350**		**300,650**
Change in cash & cash equivalents		**(1,581)**		**(42,904)**
Cash & cash equivalents, beginning of the period		**2,432**		**14,940**
Cash & cash equivalents, end of the period	**$**	**3,908**	**$**	**40,605**
Interest paid	**$**	**-**	**$**	**-**
Income taxes paid	**$**	**-**	**$**	**-**
Fair value of stock options granted	**$**	-	**$**	**-**

The accompanying notes are an integral part of these Consolidated Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Auxellence Health Corporation (the "Company" or "Auxellence"), was incorporated on November 9, 2011 under the laws of British Columbia, Canada. The Company's registered office and place of business is located at 2922 Mt. Seymour Parkway, North Vancouver, BC, V7H 1E9.

The Company's shares are listed on Canadian Securities Exchange ("CSE") under the symbol "AID" and the Frankfurt stock exchange under the symbol "AUH".

The consolidated financial statements of the Company for the Period ended December 31, 2015 (including comparatives) have been prepared by management, reviewed and authorized for issue by the Board of Directors on February 26 2015. Shortly thereafter, the financial statements are made available to shareholders and others through filing on the System for Electronic Document Analysis and Retrieval ("SEDAR").

Auxellence is a technology company offering Automated Biomedical Care online for common health problems. The Company has developed a platform for electro-physiologically interactive computing that supports therapeutic-diagnostic along with multiple online software applications that are to be used for personal health management. The commercialization of the licensed proprietary system may take many years to be in successful operation and the amount of resulting income, if any, is difficult to determine with any certainty. As a start-up company, the Company does not anticipate producing revenues for some time, other than from incidental revenue. At December 31, 2015 the Company had not yet achieved profitable operations, had recurring losses, a deficit of $717,338 (June 30 2015 ($397,042). At December 31 2015, the Company had some non-related income from work performed in relation to a plan of arrangement but this not from core business operations. The Company expects to incur further losses in the development of its business.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated 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. Such adjustments could be material.

2. BASIS OF PRESENTATION

a. Statement of compliance

The financial statements for the period ended December 31, 2015 were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these financial statements are presented below.

b. Going concern basis of presentation

These financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading, or has no realistic alternative but to do so.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business.

c. Principles of consolidation

The consolidated financial statements consolidate the assets, liabilities and results of all entities in which the Company holds a controlling interest. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany balances, transactions and unrealized profits are eliminated in full. The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Pursuant to the requirements of IFRS 1, this requirement has been applied prospectively from the date of transition to IFRS.

These consolidated financial statements include the accounts C&C Cosmeceuticals Corp, a wholly-owned subsidy.

2. BASIS OF PRESENTATION (continued)

d. Significant accounting judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments 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 period. Actual results could differ from these estimates.

These 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Ability to continue as a going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

(ii) Fair value of financial derivatives:

Investments in warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants are valued at intrinsic value. Refer to Note 7 for further details.

(iii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 7 for further details.

2. BASIS OF PRESENTATION (continued)

d. Significant accounting judgments and estimates (continued)

(iv) Impairment of financial assets

The carrying value and the recoverability of intangible properties, which are included in the statements of financial position:

The recoverability of intangible property is evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible asset. External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its intangible asset. Internal sources of information the Company considers include the manner in which intangible asset are being used or are expected to be used and indications of economic performance of the assets.

(v) Income taxes

The Company operates in the United States and Canada and is subject to multiple tax jurisdictions, and consequently, income is subject to various rates and rules of taxation. As a result, the Company's effective tax rate may vary significantly from the Canadian statutory tax rate depending upon the profitability of operations in a different jurisdiction. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable sale prices, and can either be increased or decreased where, in the view of management, such change is warranted. In determining whether a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented. Refer to Note 11 for further details.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are in effect for the period ended December 31, 2015 and have been applied consistently to all periods presented in these financial statements.

a. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Shared-based payments

The fair value of any options granted is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. There are currently no options outstanding.

c. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

d. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The initial measurement of financial assets and liabilities is fair value and their subsequent measurement is dependent on their classification as described below. Classification of a financial instrument depends on the purpose for which it was acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Asset / Liability	Classification	Subsequent measurement
Cash and cash equivalents	Fair value through profit or loss	Fair Value
Loan receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Client deposits	Other financial liabilities	Amortized cost
Convertible debt	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Note payable	Other financial liabilities	Amortized cost
Preferred shares	Other financial liabilities	Amortized cost
Equity component of convertible debt	Fair value through profit or loss	Fair Value

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

Financial assets or financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the period end date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in profit or loss.

Financial liabilities at fair value through profit or loss are those non-derivative financial liabilities that the Company elects to designate on initial recognition as financial instruments that it will measure at fair value. These are accounted for in the same manner as financial assets at fair value through profit or loss. The Company has not designated any non-derivative financial liabilities as financial liabilities at fair value through profit or loss.

Refer to compound financial instruments note below for details on measurement of option component of convertible debt and derivatives.

Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or financial assets or financial liabilities at fair value through profit or loss investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized or deemed to be an other than temporary impairment when the cumulative loss is transferred to profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other financial liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

Compound financial instruments

Convertible debt, under which the Company has the right to settle all or part of the instrument in cash on the conversion date, are classified as a financial liability with an embedded derivative. The debt component of the convertible debt is presented on the Consolidated Statements of Financial Position and is initially recognized as the difference between the fair value of the financial instrument as a whole and the fair value of the embedded derivative. The debt component is subsequently recognized at amortized cost using the effective interest rate method. The embedded derivative represents the conversion feature (option component, see Note 7) and is classified as a financial liability at fair value through profit and loss. The embedded derivative is subsequently recognized at fair value with changes in fair value recognized in net loss. Interest expense relating to the debt component is also recognized in net loss.

All derivative instruments, including embedded derivatives, are recorded on the consolidated statements of financial position at fair value unless exempted from derivative treatment as an own-use instrument. All changes in fair value are recorded in net earnings unless they are designated in a valid cash flow hedging relationship, in which case changes in fair value are recorded in accumulated other comprehensive income.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities 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.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

e. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Impairment of financial assets (continued)

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale (AFS) equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

f. Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis.

If the carrying amount of a non-financial asset exceeds the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use, an impairment loss is recognized in net earnings as the excess of the carrying amount over the recoverable amount.

Where the recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. The mine plan is the basis for forecasting production output in each future year and for forecasting production costs. For value-in-use calculations, production costs and output may be revised to reflect the continued use of the asset in its present form.

Non-financial assets that have suffered an impairment are tested for a possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. In these instances, the impairment loss is reversed to the recoverable amount

but not beyond the carrying amount, net of amortization, that would have arisen if the prior impairment loss had not been recognized. Goodwill impairments are not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Share capital

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

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

h. Comprehensive loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive
income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

i. Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

j. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Provisions (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

k. Research and development costs

Research and development costs include direct salaries and benefits, administration, contracting, consulting and professional fees.

The Company recognizes expenditure on research activities as an expense in the period incurred. During the period ended December 31, 2015 and 2014, $Nil was incurred on research activities.

The Company recognizes an internally-generated intangible asset arising from development (or from the development phase of an internal project) if, and only if, it has demonstrated all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount the Company initially recognizes for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets these recognition criteria. Subsequent to initial recognition, the Company reports these assets at cost less accumulated amortization and accumulated impairment losses.

The Company recognized the payments made to Decanex as development costs and amortization of the development costs is recognized over their useful lives, on the straight line basis over 10 years. The Company reviews the estimated useful life and amortization method at the end of each reporting period, accounting for the effect of any changes in estimate on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Future changes in accounting policies

The IASB issued a number of new and revised International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), amendments and related interpretations. At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which could be applicable to the Company and are not yet effective for the relevant reporting periods.

IAS 1, "Presentation of Financial Statements"

The IASB amended IAS 1 in December 2014 to clarify the existing presentation and disclosure requirements and provide guidance to assist in determining what to disclose and how that information should be presented in the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 9, "Financial Instruments"

IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39, "Financial Instruments: Recognition and Measurement" and IFRIC 9, "Reassessment of Embedded Derivatives". The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Future changes in accounting policies (continued)
Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 - 2013 Cycle

The following standards were revised to incorporate amendments issued by the IASB in December 2013:

- IFRS 2 Share-based Payment was amended to clarify the definition of vesting conditions.
- IFRS 3 Business Combinations was amended to clarify the accounting for contingent consideration in a business combination and clarify that scope exceptions for joint ventures.
- IFRS 8 Operating Segments was amended to add disclosure requirement for aggregation of operating segments and clarify the reconciliation of the total reportable segments' assets to the entity's assets.
- IFRS 13 Fair Value Measurement was amended to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of if they are financial assets or liabilities.

m. Segment reporting

A reportable segment, as defined by IFRS 8 *Operating Segments* ("IFRS 8"), is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being providing health monitoring and therapeutic services to the consumer using a licensed proprietary expert system.

4. LOAN RECEIVABLE

As of December 31, 2015, the former company Loan Receivable amount was paid off and has been extinguished. It was formerly recorded as a short term non-interest bearing loan with no fixed term of repayment and its amortized cost approximates its carrying value.

5. ACCOUNTS PAYABLE

	December 31**, 2015**	December 31**, 2014**
Accounts payable to third parties	(974)$	$(11,026)
Accounts payable to related parties (note 10)	209,220	4,382
	$ 210,194	$ (6,644

6. REDEEMABLE PREFERENCE SHARES

(a) Authorized

Unlimited Class A preference shares

(b) Issued

	December 31, 2015		June 30, 2015	
	Shares	Amount	Shares	Amount
Class A preferred shares				
Balance, beginning of year	-	$ -	-	$ -
Issued – Plan of Arrangement	23,001,600	$ 4,000	23,001,600	$ 4,000
Redeemed	(11,500,800)	($ 2,000)	(11,500,800)	($ 2,000)
Class A preferred shares	11,500,800	$ 2,000	11,500,800	$ 2,000

The Class A preference shares, with a redemption price of $0.00017 each, are non-voting, non-participating and are redeemable by the Company in accordance with the Plan of Arrangement. At December 31, 2015 11,500,800 (2014 – Nil) preferred shares will be redeemed once the Plan of Arrangement is completed.

7. CAPITAL STOCK

a. Authorized: unlimited Common shares without par value; and
unlimited Preferred shares without par value.

b. Issued and Outstanding:

Common shares

On November 5, 2013, the Company closed and issued a non-brokered private placement of 1,040,000 common shares at $0.20 per share for proceeds of $208,000. No finder's fee was paid on this private placement.

On August 18, 2014, the Company issued 40,000,000 shares for the purchase of the Intellectual Property subject to certain terms and conditions.

On September 2, 2014 the Company issued 23,001,600 shares to convert a total of $1,150,080 of debt into equity with a full warrant exercisable at $0.10 for 3 or 5 years from date of issue.

Share purchase warrants

On August 18, 2014 the Company issued 3,000,000 warrants exercisable at $0.10 for 3 years from date of issue.

On December 31, 2014 the Company issued 3,100,000 warrants exercisable at $0.10 for 3 years from date of issue.

7. CAPITAL STOCK (continued)

On December 31, 2014 the Company issued 8,940,000 warrants exercisable at $0.10 for 5 years from date of issue.

On September 2, 2014 the Company issued 7,961,600 warrants exercisable at $0.10 for 5 years from date of issue.

The fair value of warrants issued during the year were determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	2015	2014
Weighted average risk-free interest rate	**1.43 %**	- %
Weighted average estimated volatility	**259.25 %**	- %
Weighted average expected life	**4.47 years**	-
Weighted average expected dividend yield	**- %**	- %

A summary of warrant transactions and weighted average exercise price during the year are as follows:

	December 31, 2015		June 30, 2014	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	**-**	**$ -**	-	$ -
Issued in debt conversion	23,001,600	**$ 0.10**	-	$ -
Expired	**-**	**$ -**	-	$ -
Balance, end of period	23,001,600	**$ 0.10**	-	$ -

As of December 31, 2015, the following warrants were outstanding and exercisable:

Number of Warrants Outstanding	**Exercise Price**	**Expiry Date**	**Number of Warrants Exercisable**
3,000,000	$ 0.10	August 17, 2017	3,000,000
3,100,000	$ 0.10	August 29, 2017	3,100,000
8,940,000	$ 0.10	August 29, 2019	8,940,000
7,961,600	$ 0.10	September 1, 2019	7,961,600
23,001,600			23,001,600

Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. There are no stock options outstanding.

7. CAPITAL STOCK (continued)

Stock Options (continued)

As at December 31, 2015, the Company had no compensation and stock options granted.

8. DEBTS

a. Convertible debentures

On May 1, 2013, C&C converted a related party shareholder loan in the amount of $148,500 into an 18 month promissory note payable (see Note 6 & Note 10). This promissory note is non-interest bearing and interest will, in like money, only be payable if required under income tax laws at the prescribed rate applicable by Canada Revenue Agency on the unpaid portion, from time to time, as well after as before maturity and both before and after default. This note payable is a related party payable and its amortized cost approximates its carrying value.

On November 5, 2013, the entire note payable of $148,500 was converted into a one year non-interest bearing convertible debt with conversion feature at $0.20 per common share.

On November 5, 2013, the Company issued $388,500 of convertible debt that has a term of one year which is non-interest bearing with conversion feature at $0.20 per common share (Note 13). The holders of this debt may, within the specified time period, convert their debt at their discretion. The company has the right to force conversion of this debt after four months from the beginning of the debt.

An equity component of the debt, which is accounted for as an embedded derivative, of $41,625 has been reduced from the carrying value of the convertible debt at inception and recorded in shareholders' equity. The option component of this debt is re-measured at fair value at each reporting period. During the year ended June 30, 2014 the carrying value of this convertible debt has been accreted up to $374,017 and the Company recorded finance charges of $27,142.

On August 19th, 2014 the convertibility feature of all convertible debt was exercised and became equity. As a result Company recorded finance charges of $14,483.

b. Unsecured loans

	December 31, 2015	December 31, 2014
Amounts owing to third parties	**$ 854,350**	$ 30,000
Amounts owing to related parties (Note 10)	**194,700**	341,851
	$ 1,049,050	$ 371,851

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

a. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions.

To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

b. Credit risk

The Company's credit risk was primarily attributable to bank balances, GST/HST receivable and loan receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. GST/HST receivable is due from Canadian Government and management believes that the credit risk to be minimal. Loan receivable is due from Haltain which has been repaid to the Company subsequent to the year end.

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had cash balance of $3,908 (June 30, 2015 - $6,910) and current Account Payable of $210,194 (June 30, 2015 - $208,935). All of the Company's financial liabilities have or are treated with maturities of less than one year, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

d. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

10. FAIR VALUE

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements on a recurring basis by within the fair value hierarchy. The Company does not have any non-recurring fair value measurements.

Measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

10. FAIR VALUE (continued)

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
(ii) 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).
(iii Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2015 and 2014:

	December 31, 2015		June 30, 2015	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 3,908	$ -	$ 6,910	$ -
Financial liabilities at fair value through profit or loss				
Equity component of convertible debt (a)				

The methods of measuring each of these financial assets and liabilities have not changed during the past year. The Company does not have any financial assets or liabilities measured at fair value based on unobservable inputs (Level 3). The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

(a) Equity component of convertible debt

The Company calculated the fair value of the equity component of convertible debt using the residual method.

The Company determined the fair value of the debt component of the convertible debt by using a present value technique with a discount rate of 12%. The discount rate was determined based on equivalent debt available on the open market without a conversion feature. The difference between the fair value of the debt and the face value of the instrument would be the fair value of the equity component of the convertible debt.

11. RELATED PARTY TRANSACTIONS

(a) Included in Prepaid expenses and deposits is $2,000 (2014 - $Nil) paid for shares yet received from companies with a director and officer in common.
(b) Included in accounts payable is $14,550 (June 2015 - $3,522) owed to a two directors and of which one is a major shareholder.
(c) Included in loans payable is $194,700 (June 2015 - $80,500) owing to directors of the company.

11. RELATED PARTY TRANSACTIONS (continued)

(e) Included in other income is $12,095 (2014 - $Nil) earned from companies with a common director and officer.

(f) Included in stock based compensation is $26,800 (2014 - $Nil) recognized as the value of the warrants issued on the conversion of the convertible debt to individuals related to directors and officers of the company and $46,816 (2014 - $Nil) recognized as the value of the warrants issued on the conversion of the convertible debt to companies controlled by a common director.

(g) Key management personnel compensation:
Included in stock based compensation is $46,816 (June 2014 - $Nil) recognized as the value of the warrants issued on the conversion of the convertible debt to directors and officers of the company.

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

12. INCOME TAXES

The Company has accumulated non-capital losses expire as follows (tax attributes are subject to revision and potential adjustment by tax authorities):

2032	305,534
2033	798,008
2034	1,040,896
2035	1,530,647

A reconciliation of income taxes at statutory rates is as follows:

	December 31, 2015	June 30, 2015
Loss for the period before income taxes	$ (277,981)	$ (277,981)
Expected income tax recovery at 26% (2014 – 25%)	(72,275)	(72,275)
Tax effects of:		
Non-deductible expenses and other deductions	50,923	50,923
Change in valuation allowance	21,352	21,352
Deferred income tax recovery	$ -	$ -

12. INCOME TAXES

The significant components of the Company's deferred income tax assets are as follows:

	December 31, 2015	June 30, 2014
Substantively enacted tax rate	26%	25%
Deferred income tax assets:		
Non-capital losses	$ 955,522	$ 955,522
Eligible capital expenditures	12,723	12,723
Deferred development costs	(932,732)	(932,732)
Valuation allowance	(35,513)	(35,513)
Net deferred income tax assets	$ –	$ –

Estimated taxable income for the period is $Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

13. COMMITMENT

In July of 2014 the Company entered into a licensing, development, collaboration, marketing and general servicing agreement (which requires monthly payments of $95,000 beginning August 2014 for a period of two years towards the further research and development for the services and the system described above.

2016	1,140,000
2017	95,000

14. SUBSEQUENT EVENTS

On February 19th, 2016 the Company announced that it had received a notice of default and demand for payment from its operator for $826,210.

On February 22nd, 2016 the Company announces a Private Placement financing for a minimum $1.5 Million and a maximum $2 Million dollars to be raised.

On February 23rd, 2016 the Company announces the arranging of a $1.05 Million Secured Convertible Credit Facility by the Company Chairman.

On February 25th, 2016 the Company announces the resolution of the notice of default and the demand for payment by the operator by providing a Convertible Debt for the full amount outstanding of $827,681.