

# **QUENTIN VENTURES LTD.**

Consolidated Financial Statements  
(Expressed in Canadian Dollars)

As at and for the years ended July 31, 2015 and 2014

# **QUENTIN VENTURES LTD.**

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**SAM S. MAH INC.**  
Chartered Accountant  
SUITE 2001  
1177 WEST HASTINGS STREET  
VANCOUVER, BC, V6E 2K3  
**T: 604.617.8858**  
**F: 604.688.8479**

## **INDEPENDENT AUDITOR'S REPORT**

To: the Shareholders of  
Quentin Ventures Ltd. (formerly Cinema Internet Networks Inc.)

I have audited the accompanying financial statements of Quentin Ventures Ltd. (formerly Cinema Internet Networks Inc.) ("the Company"), which comprise the statements of financial position as at July 31, 2015 and July 31, 2014 and the statements of income and comprehensive income and cash flows and statements of changes in equity for the years then ended July 31, 2015 and July 31, 2014 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.

### **Auditors' Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2015 and July 31, 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 my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of \$140,014 during the year ended July 31, 2015 and, as of that date, had an accumulated deficit of \$9,667,331 since inception. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

***"Sam S. Mah Inc"***  
Chartered Accountant

Vancouver, Canada  
October 16, 2015

**QUENTIN VENTURES LTD.**

## Consolidated Statements of Financial Position

As at July 31, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
<b>Assets</b>		
Current Assets:		
Amounts receivable	\$ 27,782	\$ 24,321
Equipment (note 6)	1	1
<b>Total Assets</b>	<b>\$ 27,783</b>	<b>\$ 24,322</b>
<b>Liabilities and Shareholders' Deficiency</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 222,981	\$ 733,058
Notes payable (note 7)	-	291,895
	<b>222,981</b>	<b>1,024,953</b>
Long term debt (note 8)	<b>493,347</b>	-
	<b>716,328</b>	<b>1,024,953</b>
Shareholders' Deficiency:		
Share capital (note 9)	<b>8,939,186</b>	8,526,686
Share-based reserves	<b>39,600</b>	-
Deficit	<b>(9,667,331)</b>	(9,527,317)
	<b>(688,545)</b>	<b>(1,000,631)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$ 27,783</b>	<b>\$ 24,322</b>

Nature of operations and going concern (note 1)

Proposed transaction (note 14)

Approved on Behalf of the Board October 16, 2015:

"Doug McFaul"

Doug McFaul - Director

"Moez Manji"

Moez Manji - Director

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

**QUENTIN VENTURES LTD.**

## Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
<b>Revenues</b>	\$ -	\$ 1,693
<b>Direct costs</b>	-	314
<b>Gross profit</b>	-	1,379
<b>Expenses</b>		
Gain on forgiveness of debt	-	(545,411)
General and administrative	-	27
Filing and transfer agent fees	9,669	18,432
Foreign exchange	-	16,037
Interest	7,445	21,314
Professional fees	83,300	71,000
Stock based compensation	39,600	-
	(140,014)	(418,601)
<b>Net Income /(loss) and comprehensive income /(loss) for the year</b>	\$ (140,014)	\$ 419,980
<b>Weighted average number of common shares outstanding</b>	6,464,464	2,185,012
<b>Basic and fully diluted net income /(loss) per share</b>	\$ (0.02)	\$ 0.19

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

**QUENTIN VENTURES LTD.**

## Consolidated Statements of Shareholder' Deficiency

(Expressed in Canadian dollars)

	Number of Common Shares (Note 9(b))	Share Capital	Share-based payment reserves	Deficit	Shareholders' Deficiency
<b>Balance, July 31, 2013</b>	<b>2,185,012</b>	<b>\$ 8,526,686</b>	<b>-</b>	<b>\$ (9,947,297)</b>	<b>\$ (1,420,611)</b>
Income/(loss) and comprehensive income/(loss) for the year	-	-	-	419,980	419,980
<b>Balance, July 31, 2014</b>	<b>2,185,012</b>	<b>\$ 8,526,686</b>	<b>\$ -</b>	<b>\$ (9,527,317)</b>	<b>\$ (1,000,631)</b>
Share issuance to settle debt	5,500,000	412,500	-	-	412,500
Share-based reserves	-	-	39,600	-	39,600
Loss for the year	-	-	-	(140,014)	(140,014)
<b>Balance, July 31, 2015</b>	<b>7,685,012</b>	<b>\$ 8,939,186</b>	<b>\$ 39,600</b>	<b>\$ (9,667,331)</b>	<b>\$ (688,545)</b>

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

**QUENTIN VENTURES LTD.**

Consolidated Statements of Cash Flows  
For the years ended July 31, 2015 and 2014  
(Expressed in Canadian dollars)

	2015	2014
<b>Cash provided by/(used for):</b>		
<b>Operating Activities:</b>		
Income/(Loss) for the year	\$ (140,014)	\$ 419,980
Items not affecting cash:		
Interest accrued	7,445	21,314
Foreign exchange loss	-	16,037
Stock based compensation	39,600	-
Gain on forgiveness of debt	-	(545,411)
Changes in non-cash working capital items:		
Amounts receivable	(3,461)	(1,849)
Accounts payable and accrued liabilities	(393,470)	(15,263)
Due to related parties	-	6,000
Reclassification of lease assignment (note 10)	-	(47,041)
	<b>(489,900)</b>	<b>(146,233)</b>
<b>Financing Activities:</b>		
Bank indebtedness	-	(38)
Proceeds from notes payable	335	146,271
Long term debt	489,565	-
	<b>489,900</b>	<b>146,233</b>
<b>(Decrease) in cash for the year</b>	<b>-</b>	<b>-</b>
<b>Cash, beginning of the year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Significant non-cash activities – (note 10)</b>		
<b>Supplemental cash flow information:</b>		
Interest Paid	\$ -	\$ -
Income taxes	\$ -	\$ -

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

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Quentin Ventures Ltd. (the "Company") is a Canadian public company that is listed on the NEX Board of the TSX-V under the symbol QTN.H. The Company was incorporated under the Canada Corporations Business Act on December 27, 1985, registered extra-provincially under the British Columbia Company Act on July 9, 1987, and effective June 18, 2014 the Company was continued into British Columbia. The Company's principal address is office is 1600 – 609 Granville Street, Vancouver, BC, Canada V7Y 1C3 and its registered records office is 2200-885 Georgia Street, Vancouver, B.C., V6C 3E8.

The Company was previously engaged in the sales and installation of broadband, high speed Internet services to the hospitality industry and other commercial customers, but is currently in the process of searching for and evaluating new business opportunities (see Proposed Transaction - Note 14).

As at July 31, 2015, the Company has not yet achieved profitable operations, has no sources of revenue, and expects to incur further losses in the development of its business. As at July 31, 2015, the Company has a working capital deficiency of \$195,198 (July 31, 2014 - \$1,000,631) and an accumulated deficit of \$9,667,331 (July 31, 2014 - \$9,527,317). The Company has insufficient working capital to fund its ongoing operating costs and administrative expenses for the next year, and the Company currently has no sources of revenue or cash balances from which to service its existing debt obligations. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from, settle its debt obligations, and raise equity capital to meet current and future obligations. In order to fund its continued operations and repay its debts the Company needs to raise additional financing by way of either incurring additional debt, re-negotiating its current debt, and/or issuing shares. Should the Company issue shares, it would significantly dilute the existing shareholders. There is no assurance that the Company will be able to raise the necessary financing on a timely basis or on terms acceptable to it. The continued operation of the Company currently remains dependent on the continued financial support from its creditors and shareholders and its ability to generate future profitable operations. The future success of the Company is dependent on the identification and successful negotiation/acquisition of a sustainable/viable business operation together with the ability to finance the acquisition or participation in this new opportunity. There can be no assurances that the Company will be able to secure a new business or will be able to obtain the financing required to support a new business acquisition.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 a process of forced liquidation and therefore 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.



**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES****a. Basis of presentation**

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Financial Statements have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated annual financial statements include the accounts of the Company and its wholly-owned subsidiary 1021784 B.C. Ltd., an inactive company incorporated on December 12, 2014 in connection with the Company's proposed transaction (see Note 14).

The Company's financial statements were authorized for issue by the Board of Directors on October 16, 2015.

**b. Functional and reporting currency**

The Canadian dollar is both the functional and presentation currency.

**c. Foreign currency translation**

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. At the end of each reporting year, the monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date while non-monetary assets and liabilities are translated at historical rates. Foreign currency gains and losses arising from translation are included in profit or loss.

**d. Revenue recognition**

Revenue from the sale and installation of equipment is recognized when the title passes and the system is installed and operational. Revenue from the sale of services is recognized when the services are provided. Amounts received relating to future periods are recorded as customer deposits and are recognized when the services are provided.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****e. Equipment**

Equipment is carried at acquisition cost less accumulated depreciation and impairment losses. Depreciation is determined at rates which will reduce the original cost to estimated residual values over the expected useful life of each asset. Depreciation is recognized using the declining balance method at the following annual rates:

Computer and office equipment	30%
Furniture and fixtures	20%

Equipment that is withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property, plant and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance.

**f. Impairment of non-financial assets**

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****g. Share capital**

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

**h. Stock-based compensation**

The Company has a stock option plan whereby stock options are granted in accordance with applicable regulatory policies. Stock-based compensation is accounted for at fair value as determined by an option valuation model using amounts that are believed to approximate the volatility of the trading price of the Company's shares, the expected lives of stock-based awards, the expected dividend yield and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense over their vesting period, with offsetting amounts recognized as reserves. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in reserves, is recorded as an increase to share capital. Option valuation models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

**i. Basic and diluted loss per share**

Basic loss per share is computed by dividing the loss for the period by the weighted-average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****j. Income taxes**

In assessing the probability of realizing income tax assets recognized, the Company makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can objectively be verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each fiscal year, the Company reassess unrecognized income tax assets.

**k. Financial Instrument measurement and valuation**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 12 to these financial statements. Any financial instrument that is valued using level 2 or level 3 inputs will involve estimate uncertainty.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****I. Financial assets**

The Company classifies its financial assets into one of the following categories and the accounting policy for each category is as follows:

**i. Fair value through profit or loss ("FVTPL")**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges. Asset in this category include cash.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

**ii. Available-for-sale ("AFS")**

Financial assets available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss ("OCI") except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost. The Company does not have any AFS assets.

Financial assets AFS are initially recognized, and subsequently carried at fair value with changes recognized in OCI. Attributable acquisition transaction costs, if any, are recognized in the initial fair value.

**iii. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include receivables.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method. The effective interest method is used to determine the amortized cost of loans and receivables and to allocate 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.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****m. Financial assets (continued)****iv. Held to maturity**

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently measured at amortized cost basis using the effective interest method, less any impairment losses. These assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not have any assets classified as held to maturity.

**v. Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting 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.

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.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****m. Financial assets (continued)****v. Impairment of financial assets (continued)**

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**vi. De-recognition of financial assets**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

**n. Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs. The Company classifies its financial liabilities into one of two categories and the accounting policy for each category is as follows:

**i. Fair value through profit or loss**

This category of financial liability includes liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are initially recorded at fair value with subsequent changes in fair value recognized in profit and loss.

**ii. Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. This category includes amounts due to related parties, accounts payables and accrued liabilities, and notes payable.

## QUENTIN VENTURES LTD.

### Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### a. Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year. There were no significant accounting estimates made during fiscal 2015.

During fiscal 2013, the Company recognized impairment on the carrying value of its equipment to a nominal value. The determination of level of impairment on the carrying value of the Company's equipment involves certain assumptions with respect to the anticipated economic environment in which the Company operates and estimates with respect to future cash generation from these assets. Actual cash flows will most likely vary from the Company's estimates which may impact the management's assessment of the level of impairment.

#### b. Critical accounting judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the statements are, but are not limited to, the following:

##### Going concern:

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company. The determination of the Company's ability to continue as a going concern is based on certain judgments on the continued financial support of the Company's debtors and shareholders.

### 4. RECENT ACCOUNTING PRONOUNCEMENTS

#### *New standard adopted during the year*

Effective April 1, 2014, the following standards were adopted but did not have a material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.
- IFRS 10 Investment Entities – Amendment.



## QUENTIN VENTURES LTD.

Notes to the Consolidated Financial Statements  
As at and for the years ended July 31, 2015 and 2014  
(Expressed in Canadian dollars)

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### 4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

#### *New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

### 5. FUTURE ACCOUNTING PRONOUNCEMENTS

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the year ended July 31, 2015, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the Company's financial statements. The Company has not early adopted these revised standards.

Effective for annual periods beginning on or after January 1, 2018

#### i. IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Services.

#### ii. IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

**6. EQUIPMENT**

	Office Equipment	Computer Equipment	Hotel Equipment	Total
<b>At July 31, 2012:</b>				
Cost	\$ 9,032	\$ 22,131	\$ 147,948	\$ 179,111
Accumulated amortization	(7,728)	(21,062)	(140,777)	(169,567)
<b>Net Book Value at July 31, 2012</b>	<b>1,304</b>	<b>1,069</b>	<b>7,171</b>	<b>9,544</b>
Depreciation - 2013	(124)	(339)	(2,265)	(2,728)
Impairment	(1,180)	(730)	(4,905)	(6,815)
<b>Net Book Value at July 31, 2013 and 2014 and 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>
<b>At July 31, 2013, 2014 and 2015:</b>				
Cost	\$ 9,032	\$ 22,131	\$ 147,948	\$ 179,111
Accumulated amortization	(7,852)	(21,401)	(143,042)	(172,295)
Impairment	(1,180)	(730)	(4,905)	(6,815)
<b>Net Book Value at July 31, 2013, 2014 and 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>

**7. NOTES PAYABLE**

	Principle	Accumulated Interest	Total Debt
July 31, 2014	\$ 252,510	\$ 39,385	\$ 291,895
Accrued interest	-	7,445	7,445
Additional advances	25,225	-	25,225
Debt settlement (Note 9(c))	(252,845)	(43,048)	(295,893)
Transfer to long term debt (Note 8)	(24,890)	(3,782)	(28,672)
<b>July 31, 2015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The notes payable bear interest at 12% per annum, are unsecured and due on demand. During the year ended July 31, 2015, the Company incurred \$7,445 of interest expense associated with these notes payable. During the year ended July 31, 2015, the Company settled \$295,893 of notes payable by issuance of 3,945,240 common shares at a deemed price of \$0.075 per share (note 9(c)), and, the terms of the balance of the outstanding notes payable were amended such that they are not due and payable until December 31, 2016. See note 8.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

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**8. LONG TERM DEBT**

	<b>Principle</b>	<b>Accumulated Interest</b>	<b>Total Debt</b>
July 31, 2014	\$ -	\$ -	\$ -
Transfer notes payable to long term debt (Note 7)	24,890	3,782	28,672
Transfer accounts payable to long term debt	464,675	-	464,675
<b>July 31, 2015</b>	<b>\$ 489,565</b>	<b>\$ 3,782</b>	<b>\$ 493,347</b>

During the year ended July 31, 2015, the terms of the outstanding notes payable were amended such that they are not due and payable until December 31, 2016. See note 7. Also during the year, in consideration of interest accruing at the rate of 12% per annum going forward, the terms of certain accounts payable were amended such that it is not due until December 31, 2016.

**9. SHARE CAPITAL****a. Authorized**

Unlimited number of common shares, without par value  
 Unlimited number of preferred shares, without par value

**b. Share Consolidation**

Effective June 27, 2014 the Company consolidated its common shares on a basis of 20 old common shares for 1 new common share. All share and loss per share figures in these financial statements reflect this consolidation.

**c. Issued and Outstanding**

	<b>Number of Common shares</b>	<b>Amount</b>
Balance as at July 31, 2014	2,185,012	\$ 8,526,686
Share issuance - debt settlement	5,550,000	412,500
<b>Balance as at July 31, 2015</b>	<b>7,685,012</b>	<b>\$ 8,939,186</b>

On October 20, 2014, the Company settled \$295,893 in notes payable and \$116,607 in accounts payable through the issuance of 5,500,000 shares at a deemed price of \$0.075 per share.

There are no preferred shares issued and outstanding as at July 31, 2014 or 2015.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

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**9. SHARE CAPITAL (continued)****d. Stock Options**

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less an applicable discount. The options can be granted for a maximum term of ten years.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, July 31, 2014</b>	-	\$ -
Granted	750,000	\$ 0.065
<b>Balance, July 31, 2015</b>	<b>750,000</b>	<b>\$ 0.065</b>

At July 31, 2015, a summary of stock options outstanding and exercisable are as follows:

<b>Grant date</b>	<b>Number of Stock Options Outstanding and Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Life in Years</b>
October 20, 2014	750,000	\$ 0.065	October 19, 2019	4.47

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options. For the year ended July 31, 2015, the Company recorded \$39,600 in share-based compensation expense as a result of options vesting during the period. The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model using the following assumptions:

Weighted average expected dividend yield	0%
Weighted average risk-free interest rate	1.25%
Weighted average expected life	5 years
Weighted average expected volatility	100%
Weighted average fair value of options granted	\$ 0.065

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

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**10. SIGNIFICANT NON-CASH TRANSACTIONS**

During the year ended July 31, 2014, as part of the Company's efforts to settle its debt obligations, the Company's lease obligation in the amount of US\$45,667, which has been outstanding since fiscal 2004, was assumed by an arm's length party in the amount of \$41,883. This amount was previously recorded as a capital lease and was included in accounts payable and accrued liabilities as at July 31, 2014. As at July 31, 2015 this amount is included in long term debt.

During the year ended July 31, 2015, the Company issued 5,500,000 common shares to settle \$295,893 in notes payable and \$116,607 in accounts payable and accrued liabilities at a deemed price of \$0.075 per share.

**11. CAPITAL MANAGEMENT**

The Company considers the aggregate of its share capital and deficit as capital. The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

At July 31, 2015, the Company has not yet achieved profitable operations and has no sources of revenue. The main source of cash flow has historically been generated from its financing activities. The Company will continue to require additional financing arrangements in order to meet its objectives for managing capital until such time as its sales generate sufficient funds from which to internally finance its operating costs. As at July 31, 2015, the Company remains dependent on the financial support of its shareholders and debt holders.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the year ended July 31, 2015.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****a. Fair value of financial instruments**

As at July 31, 2015 and July 31, 2014 the Company's financial instruments consist of amounts receivable, accounts payable and accrued liabilities, notes payable and long term debt. Amounts receivable are classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities, notes payable and long term debt are classified as other liabilities and are measured at amortized cost using the effective interest method. The fair values of these financial instruments approximate their carrying values because of their short term nature and/or the existence of market related interest rates on the instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

**b. Financial instrument risks**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**i. Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at July 31, 2015, the Company's amounts receivable consist mainly of GST receivable due from the government of Canada. The Company's management has assessed the level of credit risk related to its receivables to be low.

**ii. Interest rate risk**

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As of July 31, 2015, the Company's only interest exposure relates to its long term debt which accrues interest at a fixed rate of 12% per annum, therefore the Company is not currently exposed to risks associated with interest rate fluctuations.

**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****b. Financial instrument risks (continued)****iii. Liquidity risk**

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due.

At July 31, 2015, the Company has not yet achieved profitable operations, a history of losses, and expects to incur further losses in the development of its business. As at July 31, 2015, the Company has insufficient funds and no sources of revenue from which to repay its debt obligations or to fund on-going operating costs. On July 31, 2015 the Company had a cash balance of \$nil to settle liabilities of \$716,328. The Company will require additional financing to fund its on-going operating costs and the repayment of its debt obligations. This additional financing may be obtained by means of issuing share capital, or incurring additional debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. As at July 31, 2015, the Company remains dependent on the continued financial support of its debt holders and shareholders and is subject to significant liquidity risk.

**13. INCOME TAXES**

The tax effect of temporary differences that give rise to significant components of deferred income tax assets and liabilities by applying the combined federal and provincial income tax rate of 25.0% (2014 – 25.0%) as follows for the year ended July 31:

	2015	2014
Net income (loss) for the year	\$ (140,014)	\$ 419,980
Expected income tax (recovery)	(35,003)	104,995
Non-deductible items	9,900	-
Unrecognized benefits of non-capital losses	25,103	(104,995)
Total income taxes (recovery)	\$ -	\$ -

The tax effects of temporary differences that give rise to significant components of deferred income tax assets and liabilities are as follows:

	2015	2014
Deferred income tax assets:		
Non-capital losses available for future periods	\$ 598,000	\$ 572,000
Equipment	43,000	43,000
Gross deferred income tax assets	641,000	615,000
Valuation allowance	(641,000)	(615,000)
Net deferred	\$ -	\$ -

## QUENTIN VENTURES LTD.

### Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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#### 13. INCOME TAXES (continued)

The Company has incurred non-capital losses of approximately \$2,390,000 which, if unutilized, will expire through 2034. Future tax benefits that may arise as a result of these losses and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

#### 14. PROPOSED TRANSACTION

The Company has entered into an amalgamation agreement (the "Agreement"), dated January 19, 2015, as amended, among itself, its newly formed wholly-owned subsidiary, and Identillect Technologies Corp. ("Identillect"), whereby the Company would acquire Identillect (the "Acquisition"). The Acquisition will constitute a reverse takeover under the policies of the TSX Ventures Exchange (the "Exchange").

Identillect is a privately held technology company, incorporated under the laws of British Columbia, with operations in Orange County, California. Identillect was founded in 2010 and has been engaged in the development and commercialization of its software, a proprietary email encryption delivery technology, since that time, having already established a growing patent portfolio.

Prior to closing, Identillect will complete a stock split whereby each Identillect shareholder will receive 1.15 shares for each common share held. On closing of the Acquisition, the shareholders of Identillect shall receive common shares of the Company in exchange for all of the outstanding Identillect shares on a one for one basis. The Company will also issue 5,000,000 preferred shares to the holders of Identillect common shares, on a pro-rata basis, which will automatically convert into common shares of the Company subject to Identillect achieving gross revenues of at least Cdn\$10,000,000 in fiscal year ending December 31, 2016. The common shares will be issued pro rata to the shareholders of Identillect in proportion to the number of the Company's common shares that they continue to hold at the end of the performance period. The holders of Identillect convertible securities will also receive convertible securities of the Company, on a 1:1 basis.

Certain parties may be required to enter into applicable escrow or pooling agreements as required by the Exchange in connection with the Acquisition.

As a condition of the proposed Acquisition, the parties also intend to complete financings for gross proceeds of an additional Cdn\$3,000,000. Identillect has appointed Canaccord Genuity Corp. ("Canaccord") as its agent, on a commercially reasonable, to raise gross proceeds of up to \$2.5 million through a brokered private placement of up to 10,000,000 subscription receipts (the "Subscription Receipts") of Identillect (the "Offering"), at a price of \$0.25 per Subscription Receipt. Immediately before the closing of the Acquisition, each Subscription Receipt will automatically convert into one unit of Identillect, that will further convert to one unit of the Company pursuant to the Acquisition. Each unit of the Company will consist of one common share and one half of one share purchase warrant. Each full warrant will be exercisable into one common share of the Company at a price of \$0.40 per share for a period of 18 months from the date of issuance of the warrants. All the securities to be issued in the Offering will be free trading on closing of the Acquisition.



**QUENTIN VENTURES LTD.**

## Notes to the Consolidated Financial Statements

As at and for the years ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

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**14. PROPOSED TRANSACTION (continued)**

As part of the Acquisition, Identillect was to complete a concurrent non brokered private placement (the "Identillect Private Placement") of up to 2,000,000 units at a price of \$0.25 per unit, for aggregate gross proceeds of up to an additional \$500,000. Each Identillect unit is comprised of one common share and one half of one share purchase warrant. Each full warrant will be exercisable into one Identillect common share at a price of \$0.40 per share for a period of 18 months from the closing of the Acquisition. On closing of the Acquisition these warrants will enable the holder to acquire one common share of the Company on the same terms. All the securities to be issued in the Identillect Private Placement will be free trading on closing of the Transaction.

On September 19, 2015, the Identillect Private Placement closed oversubscribed. Identillect issued 2,200,000 units for aggregate gross proceeds of \$550,000.

Upon completion of the Acquisition, Identillect will pay Canaccord a cash commission equal to 7% of the aggregate proceeds of the Subscription Receipts sold, and will issue compensation options to the Agent to acquire that number of common shares of the Company equal to 10% of the number of Subscription Receipts sold under the Offering. Each compensation option will be exercisable at \$0.40 per share for a period of 18 months after closing. Canaccord will also receive a work fee of Cdn\$25,000 and a corporate finance fee 300,000 units having the same terms as the Offering units.

On completion of the Acquisition, the Company will seek classification as a Tier 2 technology issuer. Closing of the Acquisition remains subject to a number of conditions, including the completion of satisfactory due diligence, the entering into of definitive agreements, the completion of the Offering, receipt of all required shareholder, regulatory and third party consents, including Exchange approval, and satisfaction of other customary closing conditions.

The Acquisition cannot close until the required approvals are obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.