

**iMD COMPANIES, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**UNAUDITED**  
**AT JUNE 30, 2016**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 120
Accounts Receivable	0
Inventory Assets	20,184
Prepaid and other Current Assets	1,590
Total Current Assets	<u>21,894</u>

**OTHER ASSETS:**

Equipment-net	1,547
Investments	282,529
Notes receivable	4,944
Total Assets	<u>\$ 310,914</u>

**LIABILITIES & MINORITY INTEREST**

**CURRENT:**

Accounts payable and accrued expenses	\$ 889,486
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**LONG TERM:**

Convertible Notes payable	524,200
Accrued interest expense	110,120
Total Liabilities	<u>1,523,806</u>

Minority Interest	36,890
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**STOCKHOLDERS' DEFICIT**

Preferred stock Series A & B	50
Common Stock	578,077
Additional paid-in capital	2,832,949
Accumulated (deficit)	(4,660,858)
Total Stockholders' deficit	<u>(1,249,782)</u>

Total liabilities, minority interest and stockholders' deficit	<u>\$ 310,914</u>
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See accompanying notes to these unaudited consolidated financial statements.

**IMD COMPANIES, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**UNAUDITED**

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
<b>REVENUE</b>				
Fee Service and Sales Income	\$	\$ 538	\$	\$ 538
Cost of Sales		268		268
Gross Profit	-	270	-	270
<b>OPERATING EXPENSES</b>				
Sales & Marketing	-	-		32,421
Bank Service Charges	-	-		-
Insurance expense	-	-		-
Management fees	-	-		-
Professional fees		3,900		3,900
Officer Wages	33,000	60,000	66,000	120,000
Salary and wages		-		6,500
Interest expense	10,101	12,724	20,202	21,101
Other Administrative costs		6,097		6,097
Shares for services		-		32,122
Telephone expense	900	-	1,800	-
Rent Expense	3,000	-	6,000	-
Engineering Costs		-	-	-
Lease expenses		-	-	-
Depreciation & amortization	110		331	
Total Operating Expenses	47,111	82,721	94,333	222,141
Net (loss) from operations	(47,111)	(82,451)	(94,333)	(221,871)
Abandoned projects		(493,376)	-	(493,376)
Net (loss)	\$ (47,111)	\$ (575,827)	\$ (94,333)	\$ (715,247)

See accompanying notes to these unaudited consolidated financial statements.

**IMD COMPANIES, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**UNAUDITED**  
**PART 1 OF 2**

	Preferred Shares	Amount	Common Shares	Amount
Balance at December 31, 2013	50,011	\$ 50	213,405,162	\$ 213,405
Adjustment to acquisition of R-Quest				
Acquisition of Lumz n Blooms LTD.			10,000,000	10,000
Shares issued for services			84,750,000	84,750
Shares issued for debt			142,306,872	142,307
Net (loss) for year ended Dec 31, 2014				
Balance as of Dec 31, 2014	<u>50,011</u>	<u>50</u>	<u>450,462,034</u>	<u>450,462</u>
Shares issued for services			19,622,098	19,622
Acquisition of Lumz n Blooms LTD.			9,800,000	9,800
Shares issued for debt			98,192,440	98,192
Net (loss) for year ended December 31, 2015				
Balance as of December 31, 2015	<u>50,011</u>	<u>50</u>	<u>578,076,572</u>	<u>578,076</u>
Net (loss) for six months ended June 30, 2016				
Balance as of June, 30 2016	<u><u>50,011</u></u>	<u><u>\$ 50</u></u>	<u><u>578,076,572</u></u>	<u><u>\$ 578,076</u></u>

See accompanying notes to these unaudited consolidated financial statements.

**IMD COMPANIES, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**UNAUDITED**  
**PART 2 OF 2**

	Paid-in Capital	Accumulated (Deficit)	Total
Balance at December 31, 2013	\$ 3,832,367	\$ (2,797,708)	\$ 1,248,114
Adjustment to acquisition of R-Quest	(1,400,000)		(1,400,000)
Acquisition of Lumzn Blooms LTD.			10,000
Shares issued for services	0		84,750
Shares issued for debt	327,577		469,884
Net (loss) for year ended Dec 31, 2014		(935,107)	(935,107)
Balance as of Dec 31, 2014	<u>2,759,944</u>	<u>(3,732,815)</u>	<u>(522,359)</u>
Shares issued for services			19,622
Acquisition of Lumzn Blooms LTD.			9,800
Shares issued for debt	73,005		171,197
Net (loss) for year ended December 31, 2015		(833,710)	(833,710)
Balance as of December 31, 2015	<u>2,832,949</u>	<u>(4,566,525)</u>	<u>(1,155,450)</u>
Net (loss) for six months ended June 30, 2016		(94,333)	(94,333)
Balance as of June, 30 2016	<u>\$ 2,832,949</u>	<u>\$ (4,660,858)</u>	<u>\$ (1,249,783)</u>

See accompanying notes to these unaudited consolidated financial statements.

**IMD COMPANIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**  
**PART 1 of 2**

	For the three months ended June 30		For the six months ended June 30	
	2016	2015	2016	2015
<b>OPERATING ACTIVITIES</b>				
Net (loss) for the period	\$ (47,111)	\$ (575,938)	\$ (94,333)	\$ (715,358)
Amortization and depreciation	110	111	331	111
Shares issued for services		0		19,622
Adjustments to reconcile net cash (used in) operations:				
Changes in assets and liabilities				
(Incr)/decr - accounts receivable		0		121,003
(Incr)/decr - inventory		0		(13,797)
(Incr)/decr - Other assets		(538)		5,663
Incr/(decr) - accounts payable	36,900	406,236	73,800	155,216
Incr/(decr) - accrued interest	10,101	12,724	20,202	21,101
<b>Net cash (used in) provided by operating activities</b>	<u>0</u>	<u>(157,405)</u>	<u>0</u>	<u>(406,439)</u>
<b>INVESTING ACTIVITIES</b>				
Change in minority interest		46,410		46,410
Furniture and Equipment		0	0	0
Database Web Application		0	0	0
Ultrasound Equipment		(14,051)	0	0
Intellectual assets	0	120,000	0	120,000
<b>Net cash (used in) provided by investing activities</b>	<u>0</u>	<u>152,359</u>	<u>0</u>	<u>166,410</u>
<b>FINANCING ACTIVITIES</b>				
Increase in long term notes	0	0	0	0
Issued shares to reduce debt & accr interest	0	5,000	0	216,970
Other	0	0	0	0
<b>Net cash (used in) provided by financing activities</b>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>216,970</u>
<b>INCREASE (DECREASE) IN CASH</b>	0	(46)	0	(23,059)
<b>CASH, BEGINNING OF PERIOD</b>	<u>120</u>	<u>73</u>	<u>120</u>	<u>23,086</u>
<b>CASH, END OF PERIOD</b>	<u>\$ 120</u>	<u>\$ 27</u>	<u>\$ 120</u>	<u>\$ 27</u>

See accompanying notes to these unaudited consolidated financial statements.

**IMD COMPANIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**  
**PART 2 of 2**

For the three months ended		For the six months ended	
June 30		June 30	
2016	2015	2016	2015

**NON CASH TRANSACTIONS IN COMMON SHARES**

Issuance of 9,800,000 for acquisition	\$	0	\$	9,800	\$	0	\$	9,800
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See accompanying notes to these unaudited consolidated financial statements.

# **IMD COMPANIES, INC.**

## **Notes to Unaudited Consolidated Financial Statements**

**For the six months ending June 30, 2016 and 2015**

**(Unaudited)**

### **NOTE 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES**

#### **The Company**

The Company was originally incorporated in Delaware on March 31, 1993 as ADV Acquisition Corp. The Company had numerous name changes and on February 15, 2008 re-domiciled in Florida as International Biofuels, Inc. On September 23, 2010 the Company changed its name to iMD Companies, Inc.

On September 24, 2013 the Company purchased 51% of R-Quest Hydroponics, Inc. that is a software and hardware manufacturer for the Hydroponics industry. The Company issued 100,000,000 common shares of the Company valued at \$2,000,000 based upon its stock value at the time. The acquisition has been written down to the value of its acquired assets and intellectual property and is fully consolidated into the financial statements with a corresponding minority interest.

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the periods presented. Significant adjustments may be required upon the financial statements being audited to be in conformity with Generally Accepted Accounting Principles.

#### **Use of Estimates**

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position.

#### **Cash & Cash Equivalents**

The company's policy is to consider cash and cash equivalents to consist of checking accounts, money market accounts or certificates of deposit having maturity dates of 180 days or less.

#### **Financial Instruments**

Financial instruments consist primarily of cash, security deposits and obligations under accounts payable and accrued expenses. The carrying amounts of cash, accounts receivable, security deposits, accounts payable and accrued expenses approximate fair value because of the short-term maturity of those instruments.

#### **Income Taxes**

The Company records its federal and state income tax liability as it is incurred.

## NOTE 2. INVESTMENTS

The Company consolidates its 51% ownership R-Quest Hydroponics on its books at its estimated fair value and the remaining 49% as Minority Interest.

## NOTE 3: CONVERTIBLE NOTES

### Retired Convertible Notes

On January 12, 2013 the Company issued a convertible note for \$120,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. During the quarter ended June 30, 2014 the Holder converted \$50,000 of principal for 9,018,279 common shares. The outstanding balance of the note was \$70,000 at June 30, 2014. During the quarter ended September 30, 2014 the Holder sold principal amounts of the note for \$25,000 and \$23,500 to two different third parties. The third party that purchased \$25,000 of principal converted \$14,000 of it into 14,000,000 common shares during the quarter. The party that purchased \$23,500 of principal converted the entire amount into 3,804,407 common shares. At September 30, 2014 the outstanding principal balance of the original Holder on the original note \$21,500 in principal and \$3,010 of accrued interest and the outstanding principal balance with a third party from the original note was \$11,000 and \$1,540 of accrued interest. During the quarter ended December 31, 2014 the Holder converted all of the remaining principal and accrued interest for 15,500,000 common shares.

On February 1, 2012 the Company issued a convertible note for \$10,000 accruing an annual interest at 8% of the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. On April 9, 2014 the note was sold to a third party. During the quarter ended September 30, 2014 the third party converted the entire outstanding principal and accrued interest totaling \$12,877 for 2,341,220 common shares resulting in the payoff of the note.

On August 26, 2013 the Company issued a convertible note for \$53,699 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. During the quarter ended September 30, 2014 the Holder converted the remaining \$26,198 of principal into 5,424,895 common shares resulting in the payoff of the original note.

On February 1, 2012 the Company issued a convertible note for \$27,000 and it had an outstanding balance of \$27,000 at June 30, 2014. The note accrues annual interest at 8% of the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions during the quarter ended September 30, 2014. During the quarter ended March 31, 2015 the outstanding principal balance and accrued interest was paid off with the issuance of 15,000,000 common shares.

### Outstanding Convertible Notes

On November 19, 2010 the Company issued a convertible note for \$85,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The principal outstanding balance of the note was \$85,000 and accrued interest was \$37,400 at June 30, 2016.



On December 31, 2011 the Company issued a convertible note for \$144,700 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. On August 30, 2013 the original Holder sold the entire \$144,700 note to third party. During the quarter ended June 30, 2014 the Holder converted \$40,292 of principal and accrued interest for 7,267,290 common shares. The outstanding balance of the note was \$104,208 of principal and \$2,084 of accrued interest at September 30, 2014. During the quarter ended December 31, 2014 the Holder converted into 25,000,000 common shares for \$22,916 of principal and \$2,084 and during the quarter ended March 31, 2015 an additional 15,000,000 common shares were issued for principal and interest. The principal outstanding balance of the note was \$93,418 and accrued interest was \$9,821 at June 30, 2016.

On October 1, 2012 the Company issued a convertible note for \$8,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions prior to June 30, 2014. The outstanding principal balance of the note was \$8,000 and accrued interest was \$2,400 at June 30, 2014.

On October 1, 2012 the Company issued a convertible note for \$23,228 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. Prior to June 30, 2014 the Holder converted \$21,500 of principal. The outstanding balance of the note was \$1,728 of principal and \$2,609 at June 30, 2014.

On October 1, 2012 the Company issued a convertible note for \$42,431 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The Holder subsequently sold the note to a third party that converted \$12,631 of principal prior to June 30, 2014. During the quarter ended September 30, 2014 the third party converted \$14,000 of principal for \$14,000. During the quarter ended March 31, 2015 11,000,000 common shares were issued in payment of \$5,616 of principal and \$5,384 of accrued resulting in the outstanding balance of the note at June 30, 2015 being \$10,184 of principal and \$300 of accrued interest. During the quarter ended June 30, 2015, the Company issued 14,010,000 common shares to reduce the principal by \$14,010. The outstanding balance of the note was \$1,790 of accrued interest at June 30, 2016.

On December 2, 2012 the Company issued a convertible note for \$9,615 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The outstanding balance of the note was \$9,615 of principal and \$2,692 at June 30, 2016.

On August 26, 2013 the Company issued a convertible note for \$16,734 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The outstanding balance of the note was \$16,734 of principal and \$3,682 at June 30, 2016.

On September 26, 2013 the Company issued a convertible note for \$14,441 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The outstanding balance of the note was \$14,441 of principal and \$3,177 at June 30, 2016.

On October 21, 2013 the Company issued a convertible note for \$200,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. Prior to June 30, 2014 there were a number of conversions resulting in the outstanding balance of the note being \$30,573 of principal and \$5,039 at June 30, 2016.

On December 31, 2013 the Company issued a convertible note for \$49,419 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions during prior to June 30, 2014. The outstanding balance of the note was \$49,419 and \$9,883.

On April 15, 2014 the Company issued a convertible note for \$32,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions during prior to June 30, 2014. The outstanding balance of the note was \$32,000 and \$5,120 at June 30, 2016.

On April 30, 2014 the Company issued a convertible note for \$37,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions during the quarter ended June 30, 2014. During the quarter ended June 30, 2015, the Company issued 14,000,000 common shares to reduce the principal by \$16,565. At June 30, 2016 the outstanding principal balance was \$20,435 and \$5,427 of accrued interest.

On May 9, 2014 the Company issued a convertible note for \$8,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions prior to June 30, 2014. The outstanding principal balance of the note was \$8,000 and accrued interest was \$1,280 at June 30, 2016.

On July 31, 2014 the Company issued a convertible note for \$17,000 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. There were no conversions during prior to June 30, 2014. The outstanding balance of the note was \$17,000 and accrued interest was \$2,625 at June 30, 2016.

On August 26, 2014 the Company issued a convertible note for \$23,500 that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. Prior to October 1, 2014 there were \$2,000 of principal conversions. The outstanding balance of the note was \$21,500 and accrued interest was \$6,020 at June 30, 2016.

On December 31, 2014 the Company issued a convertible note for \$20,000 for \$20,000 of cash that accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The outstanding balance of the note was \$20,000 and accrued interest was \$2,400 at June 30, 2016.

During the Company ended March 31, 2015 the Company recorded a convertible debt of \$118,800 pursuant to an approving settlement agreement and stipulation for dismissal filed on October 15, 2014, by the Circuit Court in the Eleventh Judicial Circuit in Miami, Florida for outstanding debt the Holder acquired by purchasing debt from

creditors of the Company. The debt is exempt from registration requirements of the Act pursuant to Section 3(a)(10) of the Securities Act. During the quarter ended March 31, 2015 the company issued 20,000,000 common shares to retire \$90,480. During the quarter ended June 30, 2015 the company issued 5,000,000 common shares to retire \$5,000. The principal balance at June 30, 2016 was \$23,320 with \$928 of accrued interest.

On February 15, 2015, the Company issued a convertible note for \$68,017 for expenses paid on behalf of the Company. The note accrues interest at 8% per annum on the outstanding balance. The principal and accrued interest on the note are convertible at a 55% discount from the lowest trade price during the prior 180 days but interest can not be converted below the par value of the stock. The outstanding balance of the note was \$68,017 and accrued interest was \$7,828 at June 30, 2016.

#### **NOTE 4. STOCKHOLDERS EQUITY**

##### **Preferred Stock**

The Company has authorized 100,000 Class B Preferred Shares. At June 30, 2015 there were 50,011 preferred shares outstanding. Each Preferred B share is convertible into 250 common shares at the option of the Holder.

##### **Common Stock**

On September 24, 2013 the Company purchased 51% of R-Quest Hydroponics, Inc. for 100,000,000 common shares of the Company valued at \$2,000,000 and subsequently wrote down the value to \$300,000.

During the last quarter of 2013 the Company issued 52,000,000 common shares valued at \$1,040,000 to 4 individuals and 4 companies that were not related or affiliated with each other or the Company.

During the second quarter of 2014 Company issued 10,000,000 common shares for the acquisition of Lumz n Blooms LTD.

The Company issued 60,716,350 shares of common stock, reducing debt of the company by \$336,629 during the first two quarters of 2014. During the third quarter of 2014 the Company issued 41,090,522 shares of common stock valued at \$92,755. During the fourth quarter of 2014 the Company issued 84,750,000 common shares for services valued at \$84,750 and 40,500,000 common shares for retiring \$40,500 of principal and accrued interest on convertible debentures.

During the quarter ended March 31, 2015 the Company issued 19,622,098 common shares for services valued at \$19,622, 9,800,000 common shares valued at \$9,800 for the Lumz n Blooms acquisition and 65,182,440 to pay \$126,644 of principal and \$9,018 of accrued interest on convertible debt.

During the quarter ended June 30, 2015, the Company retired \$35,575 in principal of convertible debt by issuing 33,010,000 common shares on convertible debt.

At June 30, 2016 the Company had 700,000,000 common shares authorized and 578,076,572 common shares outstanding.

## **Warrants**

On April 30, 2014 a Common Stock Purchase Warrant was executed for up to 800,000 shares as additional consideration for a \$37,000 convertible note. The warrants may be exercised for all or part at any time up to April 29, 2019 to purchase 800,000 common shares at \$.05 per share. In case the warrant shares aren't registered at the time of exercise, the warrants are subject to cashless exercise at the discretion of the warrant holders.

## **NOTE 5. ABANDONED PROJECTS**

On April 24, 2014 the Company acquired 100% of Lumz'n Blooms LTD for 10,000,000 common shares. It's main products allow consumers to "Bring the Sun Indoors". Lighting, ballasts, growing materials are considered the "Pickaxe and Shovel" of the "Green Rush". During 2015 the Company abandoned its acquisition and wrote it off.

During the quarter ended June 30, 2015, the Company abandoned its subsidiaries Optimum Mobile Imaging LLC (OMI) and Integrated Medical Diagnostics that performed ultrasound procedures as ordered by physicians in their clinics on their patients. OMI operated in Arizona as an Independent Diagnostic Testing Facility that was licensed by Medicare and was contracted with most health insurance carriers in AZ for reimbursement of medically necessary procedures. The Company wrote off its investments of \$300,000 in the subsidiaries and their capitalized intellectual property of \$193,376.