
Financial Statements
(Unaudited - See Notice to Reader)

VMS REHAB SYSTEMS, INC.

December 31, 2015

(Expressed in Canadian Dollars)

FINANCIAL STATEMENTS
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NOTICE TO READER

On the basis of information provided by management I have compiled the balance sheet of **VMS Rehab Systems, Inc.** as at December 31, 2015 and the statement of loss and deficit for the year then ended.

I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Marlene L. Grant
Professional Corporation

Ottawa, Ontario
March 25, 2016

Chartered Professional Accountant
Certified General Accountant

BALANCE SHEET
(Unaudited - See Notice to Reader)

VMS REHAB SYSTEMS, INC.

(Expressed in Canadian Dollars)

	December 31	
	2015	2014
ASSETS		
CURRENT ASSETS		
Short-term investments--Note B	\$ 583,664	\$ 1,647
Accounts receivable	40,046	8,946
Prepaid expenses	-	11,944
Inventory	<u>3,477</u>	<u>3,434</u>
	627,187	25,971
PROPERTY, PLANT AND EQUIPMENT--Note C	<u>537</u>	<u>1,194</u>
	<u>\$ 627,724</u>	<u>\$ 27,165</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Bank overdraft	\$ 22,091	\$ 24,837
Accounts payable and accrued liabilities	46,450	33,242
Due to related parties--Note D	193,370	135,919
Income taxes payable	<u>1,507</u>	<u>-</u>
	263,418	193,998
CONVERTIBLE DEBT, NET OF AMORTIZED DISCOUNT--Note E	<u>157,468</u>	<u>133,448</u>
	420,886	327,446
SHAREHOLDERS' DEFICIENCY		
Capital stock--Note F	78,829	6,747
Retained earnings (deficit)	<u>128,009</u>	<u>(307,028)</u>
	<u>206,838</u>	<u>(300,281)</u>
	<u>\$ 627,724</u>	<u>\$ 27,165</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF LOSS AND DEFICIT
(Unaudited - See Notice to Reader)

VMS REHAB SYSTEMS, INC.

(Expressed in Canadian Dollars)

	Year Ended December 31	
	2015	2014
REVENUE	\$ 61,399	\$ 91,871
Cost of Sales	<u>86,651</u>	<u>93,211</u>
GROSS LOSS	(25,252)	(1,340)
EXPENSES		
Advertising	624	-
Amortization	657	453
Automotive	4,829	3,875
Bad debt (recovery)	2,272	(4,934)
Bank charges and interest	2,963	2,633
Insurance	598	586
Interest on long-term debt	36,434	32,770
Meals and entertainment	2,152	1,242
Office	2,862	1,541
Professional fees	25,229	35,651
Memberships and dues	28,160	3,352
Rent	6,296	4,219
Telephone	5,222	3,798
Travel	<u>3,582</u>	<u>6,220</u>
	<u>121,880</u>	<u>91,406</u>
LOSS FROM OPERATIONS	(147,132)	(92,746)
Other income	<u>583,676</u>	<u>-</u>
INCOME BEFORE INCOME TAXES	436,544	(92,746)
Provision for income taxes	<u>1,507</u>	<u>-</u>
NET INCOME (LOSS)	435,037	(92,746)
Deficit at beginning of year	<u>(307,028)</u>	<u>(214,282)</u>
RETAINED EARNINGS (DEFICIT)		
AT END OF YEAR	\$ <u>128,009</u>	\$ <u>(307,028)</u>

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NOTES TO FINANCIAL STATEMENTS
(Unaudited - See Notice to Reader)

VMS REHAB SYSTEMS, INC.

December 31, 2015

(Expressed in Canadian Dollars)

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Company was incorporated under the Ontario Business Corporations Act on March 26, 1998. The Company specializes in the manufacture and sale of products for the rehab segment of the health industry in North America and is focused on the development and sale of a high performance line of orthopedic seat cushions.

Inventory: Inventory is valued at lower of cost and estimated net realizable value.

Investment: The investment, which consists of shares in BioPharmcor B.V are stated at cost and estimated net realizable value.

Property, Plant and Equipment: Computer equipment is recorded at cost. Amortization is computed using the declining balance method at 55% annual rate.

In the year of acquisition, computer equipment purchases are amortized at one-half of the normal annual rate.

NOTE B--INVESTMENTS IN BIOPHARMCOR B.V

On March 6, 2015 the Company entered into a share purchase agreement with BioPharmcor B.V. to sell the issued and outstanding shares of BioPharmcor Sp Z O.O. for cash of \$1,659 and the issuance of 17,000,000 Class A Shares at a strike price of \$0.03 per share and 50,000 Class B Shares at a strike price of \$0.03 per share of Biopharmcor B.V.

NOTE C--PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2015</u>	<u>2014</u>
Computer equipment	\$ <u>1,647</u>	\$ <u>1,110</u>	\$ <u>537</u>	\$ <u>1,194</u>

NOTE D--DUE TO RELATED PARTIES

The balance due to the related parties are amounts due to the President of the company and to companies controlled by the President of the Company. They are non-interest bearing with no fix terms of repayment, unsecured and due on demand.

NOTE E--CONVERTIBLE DEBT

The convertible debt consists of \$157,468 (2014 - \$133,449) due to the President of the Company and to a company controlled by the President of the Company net of amortized discount of \$90,798 (2014 - \$114,818). The debenture is unsecured, bearing interest at 5% per annum paid semi-annually, due September 30, 2018.

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NOTE F--CAPITAL STOCK

	<u>2015</u>	<u>2014</u>
Authorized		
100 Class A Common shares		
Unlimited number of Class B Common Shares		
Issued		
100 Class A Common share	\$ 769	\$ 100
27,341,240 (2014 - 5,816,500)		
Class B Common Shares	<u>78,060</u>	<u>6,647</u>
	<u>\$ 78,829</u>	<u>\$ 6,747</u>

On January 21, 2014 the Company entered into a share purchase agreement with Argus Holdings N.V. to purchase the issued and outstanding shares of BioPharmcor Sp Z O.O., \$1,647 and the issuance of 5,312,500 Class B Common Shares with a value of \$637,500. The Company agrees to provide Argus Holdings N.V. with a derivative option package that will remain in place for three years comprising of 6,500,000 Class B voting shares with a option price of \$0.223 cents per share.

During the year Argus Holdings N.V. exercised part of its derivative stock option package and was issued 1,525,640 Class B voting shares at an option price of \$0.223 cents per share and 3,000 Class A Class shares for \$0.223 per share.

On December 3, 2015 a stock dividend of 20,000,000 Class B Common Shares was issued to Argus Holdings N.V.

NOTE G--CASH FLOW STATEMENT

A statement of cash flows has not been included as management has determined that it would not provide additional useful information.

NOTE H--COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified in order to conform with the current year's financial statement presentation.