PDC BIOLOGICAL HEALTH GROUP CORPORATION
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2015

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
PDC Biological Health Group Corporation

I have audited the accompanying financial statements of PDC Biological Health Group Corporation (the "Company"), which comprise the statement of financial position as at July 31, 2015, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in equity for the year ended July 31, 2015, 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 audit. I conducted my audit 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 in my audits 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 its financial performance and its cash flow for the year ended July 31, 2015 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 has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter
The financial statements of the Company for the year ended July 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on December 8, 2014.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
April 13, 2016

PDC BIOLOGICAL HEALTH GROUP CORPORATION
STATEMENTS OF FINANCIAL POSITION

	July 31, 2015	(Restated – See Note 20) July 31, 2014
ASSETS		
Current		
Cash & cash equivalents	$ -	$ 674
Accounts & GST receivables	-	26,478
Inventory (Note 5)	-	72,020
	-	99,172
Property & equipment (Note 8)	-	28,397
Intangible assets (Note 9)	1	820,100
	$ 1	$ 947,669
LIABILITIES		
Current		
Bank indebtedness	$ 15,208	$ -
Accounts payable	105,739	122,481
Accrued liabilities	6,049,649	15,000
Other loans payable (Note 13(e))	127,875	117,975
Due to shareholders (Note 7)	959,487	778,779
Note payable (Note 7)	3,782,291	-
	11,040,249	1,034,235
Long term note payable (Note 7)	-	3,439,033
	-	4,473,268
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	7,410,778	7,410,778
Contributed surplus (Note 11)	729,062	729,062
Deficit	(19,180,088)	(11,665,439)
	(11,040,248)	(3,525,599)
	$ 1	$ 947,669

Incorporation and nature of business (Note 1)
Continuance of operations (Note 2)
Subsequent event (Note 19)

Approved and authorized for issue by the Board of Directors on April 13, 2016:

On behalf of the Board:

"Simon Cheng"	*"Andrew Tablotney"*
Simon Cheng, Director	Andrew Tablotney, Director

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

PDC BIOLOGICAL HEALTH GROUP CORPORATION
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year ended July 31 2015	Year ended July 31 2014
Revenue		
CRT unit sales & rental	$ 10,954	$ 36,238
	10,954	36,238
Cost of goods sold	1,661	9,353
	9,293	26,885
Expenses		
Accretion expense on note payable (Note 7)	343,258	-
Advertising and promotion	8,399	23,288
Amortization	410,278	411,663
Automotive	-	9,885
Bad debts (Note 16)	3,367	-
Bank charges and interest	10,320	13,168
Consulting fees	15,271	108,368
Office & miscellaneous	908	15,302
Professional fees	30,499	110,593
Rent (Note 12(a))	19,155	22,512
Telephone and communications	21,460	39,063
Travel	-	2,000
Transfer agent & listing fees	20,601	34,616
Wages and benefits	97,592	119,018
Listing expense re Reverse-Takeover (Note 4)	-	1,275,898
Gain on settlement of debt	(10,053)	-
Provision for lawsuit (Note 13(b))	6,042,649	-
Write down of inventory (Note 5)	72,020	-
Write down of property & equipment (Note 8)	18,139	-
Write down of intangible assets (Note 9)	420,079	-
	7,523,942	2,185,374
Net loss and comprehensive loss for the year	(7,514,649)	(2,158,489)
Weighted average number of common shares outstanding	67,833,000	65,301,850
Basic and diluted loss per common share	$ (0.11)	$ (0.03)

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

PDC BIOLOGICAL HEALTH GROUP CORPORATION
STATEMENTS OF CASH FLOWS

		Year ended July 31 2015		Year ended July 31 2014
Cash flows provided by (used in):				
Operating activities				
Net loss and comprehensive loss for the year	$	(7,514,649)	$	(2,158,489)
Items not involving cash:				
Accretion expense on note payable		343,258		-
Amortization		410,278		411,663
Bad debts		3,367		-
Interest accrued on other loans payable		9,900		9,900
Listing expense re Reverse-Takeover		-		1,275,898
Gain on debt settlement		(10,053)		-
Provision for lawsuit		6,042,649		-
Write down of inventory		72,020		-
Write down of property & equipment		18,139		-
Write down of intangible assets		420,079		-
		(205,012)		(461,028)
Changes in non-cash working capital items:				
(Increase)/Decrease in accounts & GST receivables		23,111		(2,656)
(Increase)/Decrease in inventory		-		2,076
Increase/(Decrease) in accounts payable & accrued liabilities		(14,689)		591
		(196,590)		(461,017)
Financing activities				
Long term note payable		-		(489,651)
Due to shareholders		180,708		861,279
Shares issued for cash		-		96,000
		180,708		467,628
Change in cash & cash equivalents during the year		(15,882)		6,611
Cash & cash equivalents, (overdraft) beginning of year		674		(5,937)
Cash & cash equivalents, (overdraft) end of year	$	(15,208)	$	674
Supplemental cash flow information				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
Accrued interest on other loans payable	$	9,900	$	9,900
Recognition of shares issued to Granja Gold shareholders	$	-	$	1,200,000
Net liabilities assumed from Granja Gold	$	-	$	75,898

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

PDC BIOLOGICAL HEALTH GROUP CORPORATION
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

	Number of Outstanding Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$
Balance, July 31, 2013	61,083,100	6,114,778	200,000	(9,506,950)	(3,192,172)
Amortization of long term note payable (Restated – See Note 20)	–	–	529,062	–	529,062
Recognition of shares issued to Granja Gold shareholders	6,000,000	1,200,000	–	–	1,200,000
Shares issued for cash & debt settlements	750,000	96,000	–	–	96,000
Net loss and comprehensive loss for the year	–	–	–	(2,158,489)	(2,158,489)
Balance, July 31, 2014 (Restated – See Note 20)	67,833,100	7,410,778	729,062	(11,665,439)	(3,525,599)
Net loss and comprehensive loss for the year	–	–	–	(7,514,649)	(7,514,649)
Balance, July 31, 2015	67,833,100	7,410,778	729,062	(19,180,088)	(11,040,248)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Granja Gold Inc. ("Granja") was incorporated on November 1, 2011 pursuant to the Ontario Business Corporations Act, Canada. The principal business of Granja was the identification, evaluation and acquisition of assets, properties or businesses.

Eidam Diagnostics Corporation ("Eidam") was federally incorporated in Canada on November 7, 2005. Eidam was established to provide research & development, manufacturing, technical support and marketing of a CRT 2000 Thermographic System, worldwide, based on the intellectual property acquired from Capital 21 Holdings Corporation, a company related by common shareholder.

On December 31, 2013, Granja completed its amalgamation with Eidam and formed a new company named "PDC Diagnostics Corp." pursuant to the definite arrangement agreement entered and announced on August 30, 2013 and plan of arrangement under the Business Corporation Act (British Columbia). On January 15, 2014, the Company further changed its name to PDC Biological Health Group Corporation (the "Company"). After the amalgamation, the Company changed its business and continues the business of Eidam as its principal business. The Company's shares were listed for trading on Canadian Securities Exchange ("CSE") in 2014, but were suspended subsequent to the year ended July 31, 2015 (Note 19).

The head office and principal office of the Company are located at 110 – 13160 Vanier Place, Richmond, BC V6V 2J2 Canada.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company had not yet achieved profitable operations. For the year ended July 31, 2015 the Company incurred a net loss of $7,514,649 (2014 - loss of $2,158,489). At July 31, 2015, the Company had an accumulated deficit of $19,180,088 (July 31, 2014 - $11,665,439) and had a working capital (deficiency) of ($11,040,249) (July 31, 2014 – ($935,063)) which may not be sufficient to sustain operations over the foreseeable future and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its success in marketing the CRT 2000 Thermographic System, the ability of the Company to obtain capital financing and receive continued support from its shareholders to further upgrade the product, and upon future profitable operations in manufacturing, selling and renting out its CRT Thermographic System. Management will continue to raise additional capital through future private placements and public offerings. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain adequate additional financing, management might be required to curtail the Company's operations. These financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business.

	July 31 2015 ($)	July 31 2014 ($)
Deficit	**(19,180,088)**	**(11,665,439)**
Working Capital (Deficiency)	**(11,040,249)**	**(935,063)**

2. BASIS OF PRESENTATION

These financial statements are prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management 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 be objectively verified.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and also at each reporting period. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, future capital requirements and future operating performance.

b) Deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for when they relate to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future income tax asset will be recovered, it does not recognize the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks and highly liquid money market securities and investment deposits issued by banks with an original maturity of three months or less.

d) Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts when management estimates collectability to be uncertain. Accounts receivable are continually reviewed to determine which, if any, accounts are doubtful of collection. In making the determination of the appropriate allowance amount, the Company considers current economic and industry conditions, relationships with each significant customer, overall customer credit-worthiness and historical experience.

e) Property & equipment

Equipment
Equipment is recorded at cost (including directly applicable taxes, freight-in and installation costs). Depreciation is recognized to write off the cost of assets less their residual value over their estimated useful lives at the following annual rates:

Computer equipment 45% per annum
Furniture and equipment 20% per annum
Leasehold improvements 5 years straight-line

Intangible assets
The Company carries intangible assets with finite useful lives that it acquires separately at cost less accumulated amortization and accumulated impairment losses. Amortization 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.

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 year ended July 31, 2015, $Nil (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. Amortization is recognized over their useful lives, on the straight line basis over 3 years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Revenue recognition

Revenue from product rental or product sales will be recognized upon elapse of time or upon the title transfer of the product to a retailer or final consumer when persuasive evidence of an arrangement exists, the price is fixed or determinable and collection is reasonably assured and the Company has no future performance obligations under any licensing agreement or other significant post-delivery obligations.

g) Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Canadian dollar. These financial statements are presented in Canadian Dollars which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

h) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment. The Company's due from related parties are classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities, due to shareholders, due to related parties and long term note payable are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Accounts receivable	Loans & receivables
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities
Due to shareholders	Other liabilities
Due to related parties	Other liabilities
Loans and note payable	Other liabilities

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

i) Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment (continued)

i) Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

j) Shared-based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company will sometimes receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Shared-based payments (continued)

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

k) Comprehensive income (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 shareholders 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 shareholders' 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.

l) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period. During the period ended July 31, 2015 and 2014, all the outstanding stock options were anti-dilutive.

m) Investment tax credit

Investment tax credits are a type of government assistance related to specific qualifying expenditures that are prescribed by tax legislation. They should be accounted for using the cost reduction approach such that credits related to the acquisition of assets would be either deducted from the related assets with any depreciation or amortization calculated on the net amount or deferred and amortized to income on the same basis as the related assets. Investment tax credits related to current expenses would be included in the determination of net income for the period.

n) 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Provisions (continued)

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.

o) Accounting standards, interpretations and amendments to existing standards which are newly adopted and not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after August 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its financial statements based on the characteristics of its financial instruments at the time of adoption.

4. REVERSE ASSETS ACQUISITION

Pursuant to and on the terms and subject to the condition set out in an arrangement agreement among Granja Gold Inc. ("Granja"), Eidam Diagnostics Corporation ("Eidam") Spinco dated August 30, 2013, Granja and Eidam amalgamated to form PDC Diagnostics Corporation ("PDC Diagnostics") effectively December 31, 2013. On completion of the Transaction, the former shareholders of Eidam have 91.1% ownership interest of the Company and control the combined entity.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since Granja was a shell company whose activities, prior to the acquisition, were limited to the management of cash resources and maintenance of its reporting issuer status and did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* ("IFRS 2") whereby Eidam is deemed to have issued shares in exchange for the net assets of

4. REVERSE ASSETS ACQUISITION (continued)

Granja together with its reporting issuer status at the fair value of the consideration received by Eidam. The accounting for this transaction resulted in the following:

(i) The financial statements of the combined entities are issued under the new amalgamated company, PDC Diagnostics Corporation which was changed to its current name of PDC Biological Health Group Corporation, but are considered a continuation of the financial statements of Eidam.

(ii) Since Eidam is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the financial statements at their historical carrying values.

(iii) As part of the completion of the reverse acquisition with Granja to facilitate the reporting issuer status of Eidam, the original shareholders of Granja retained 6,000,000 common shares of the Company.

Since the share and share-based consideration allocated to the former shareholders of Granja on closing the reverse acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets of Granja acquired on closing was expensed in the statement of comprehensive loss as listing expense.

The share-based compensation of $1,275,898 recorded as listing expense included the fair value of the 6,000,000 common shares retained by the former shareholders of Granja at $0.20 per share. The $0.20 value for the shares was based on the most recent effective financings completed by PDC Diagnostics after the reverse acquisition.

The fair value of the consideration given and resulting charge to listing expense comprised:

Fair value of share-based consideration allocated:	$
Deemed issuance of 6,000,000 common shares	1,200,000
	1,200,000
Identifiable assets acquired and liabilities assumed:	
Cash	7,620
Liabilities assumed	83,518
	75,898
Listing expense	1,275,898

5) INVENTORY

		July 31, 2015		July 31, 2014
Raw materials	$	62,920	$	62,920
Finished goods		9,100		9,100
Impairment and write down of inventory		(72,020)		-
	$	-	$	72,020

During the year 2015, the Company determined that all of inventory had been impaired and written down to $nil as at July 31, 2015.

6) DUE (TO) FROM RELATED PARTIES

These advances to and from related parties are unsecured, non-interest bearing and without specific repayment terms and are classified as loans and receivables and other financial liabilities at amortized costs. As related party loans receivables and payables, their amortized costs equals to their carrying value.

7) DUE TO / (FROM) SHAREHOLDERS

		July 31, 2015		July 31, 2014
Capital 21 Holdings	$	59,318	$	150,000
Dermamed Research & Dermamed Pharma		841,846		589,625
Deserving Health		10,000		-
Mr. Bernard Armani		48,323		39,154
	$	959,487	$	778,779

These advances to shareholders are unsecured, non-interest bearing and without specific repayment terms. Amount owing to Mr. Bernard Armani is secured by the Company's general assets under the Personal Property Security Act of British Columbia.

On July 31, 2014, the Company consolidated all three long term notes, reversed part of the assignment arrangement originally entered into with Dermamed Research and Capital 21, reclassified other loans payable amount as result of prior years' errors and entered into a new long term promissory note. The promissory note is for a total of $3,968,095 and to be due on January 31, 2016. Interest on the note is only payable if required by the Income Tax Act and will be at the prescribed rate prescribed by the Canada Revenue Agency. Using a market interest rate of 10% applicable to similar secured loans, this note payable was recorded using the amortized method and the carrying value was calculated at initial recognition to be at $3,439,033 with the difference of $529,062 being charged to contributed surplus (See Note 20). Accretion expense will then be charged to its statements of operation over 18 months. For the current year of 2015, accretion expense of $343,258 (2014 - $Nil) was charged to operations.

8) PROPERTY & EQUIPMENT

	July 31, 2015			
	Cost	Accumulated Amortization	Impairment	Net Book Value
Computer Equipment	$ 51,830	$ 51,357	$ 473	$ -
Equipment	77,797	67,598	10,199	-
Furniture & Fixtures	50,313	43,459	6,854	-
Leasehold Improvements	34,192	33,579	613	-
	$ 214,132	$ 195,993	$ 18,139	$ -

8) PROPERTY & EQUIPMENT (continued)

	July 31, 2014		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer Equipment	$ 51,830	$ 50,970	$ 860
Equipment	77,797	65,048	12,749
Furniture & Fixtures	50,313	41,746	8,567
Leasehold Improvements	34,192	27,971	6,221
	$ 214,132	$ 185,735	$ 28,397

During the year 2015, the Company determined that all of its property and equipment had been impaired and written down to $nil as at July 31, 2015.

9) INTANGIBLE ASSETS

	July 31, 2015			
	Cost	**Accumulated Amortization**	**Impairment**	**Net Book Value**
Development Costs	191,911	191,911	-	-
Intellectual Property Rights	4,000,200	3,580,120	420,079	1
	4,192,111	3,772,031	420,079	1

	July 31, 2014		
	Cost	**Accumulated Amortization**	**Net Book Value**
Development Costs	191,911	191,911	-
Intellectual Property Rights	4,000,200	3,180,100	820,100
	3,372,011	3,372,011	820,100

The Company's intangible assets consist of the purchased intellectual property rights (IPR) and certain capitalized development costs with respect to the CRT 2000 Thermographic System. The IPR were originally acquired by Capital 21 Holdings, a company related by common shareholders, from a third arms-length party at an exchanged value of $4,000,000. Capital 21 Holdings then transferred the IPR to the Company in exchange of 40,000,000 common shares issued from treasury and has become the majority shareholder since. Capitalized development costs are amortized over 36 months with amortization commencing in October 2006 on the initial marketing of the System.

During the year 2015, the Company determined that all of its intellectual property had been impaired and written down to minimal value of $1 as at July 31, 2015.

10) SHARE CAPITAL

Authorized 100,000,000 Common shares without par value

	Number of shares	**Amount**
Issued common shares:		
Balance July 31, 2013	61,083,100	6,114,778
Recognition of shares issued to Granja Gold shareholders (Note 10(a)(i) & Note 4)	6,000,000	1,200,000
Shares issued at $0.10 per share to settle debts (Note 10(a)(ii)	500,000	50,000
Shares issued at $0.25 per share for cash (Note 10(a)(iii))	250,000	46,000
Balance July 31, 2014 and July 31, 2015	67,833,100	$ 7,410,778

10) SHARE CAPITAL (continued)

(a) (i) On December 31, 2013, as part of amalgamation between Granja and Eidam, the Company recognized the issuance of 6,000,000 common shares at fair value of $0.20 to shareholders of Granja.

(ii) On January 15, 2014, the Company issued 500,000 common shares at $0.10 per share to Urban Select Capital Corporation, the former parent company of Granja, to settled debts at fair value of $50,000.

(iii) The Company closed a non-brokered private placement financing for gross proceeds of $50,000 through the issuance of 250,000 units at a price of $0.20 per unit. Each unit consist of one common share of the Company and one-half of one non-transferable share purchase warrant. Each warrant entitle the holder to purchase one additional common share of the Company for a period of two years from the closing date an exercise price of $0.50 per common share for the first twelve months and at an exercise price of $0.80 per common share thereafter. Finders' fee of $4,000 cash was paid.

(b) Stock Options Plan:

The Company has adopted an incentive stock option plan (the "Option Plan") dated November 8, 2005 which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors 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 was no stock option outstanding as at July 31, 2014 and July 31, 2015.

(c) Warrants:

(i) As at July 31, 2015, the Company had warrants outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price per Share	Expiry Date
125,000*	$0.50/$0.80	March 24, 2016
*Expired unexercised subsequent to July 31, 2015		

(ii) A summary of the Company's issued and outstanding share purchase warrants as at July 31, 2015 and July 31, 2014 and changes during these periods is presented below:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, July 31, 2013	-	-
Granted	125,000	$0.50/$0.80
Exercised/Expired	-	-
Balance, July 31, 2014 & July 31, 2015	125,000	$0.50/$0.80

11) CONTRIBUTED SURPLUS

		Amount
Balance, July 31, 2013	$	200,000
Restatement - Amortization of long term note payable (See Note 20)		529,062
Balance, July 31, 2014 (Restated) & July 31, 2015	$	729,062

12) RELATED PARTY TRANSACTIONS

(a) During the year ended July 31, 2015, the Company charged rent of $166,833 (2014 - $162,492) to Dermamed Research and Dermamed Pharma. As of July 31, 2015, the Company owed Dermamed Research and Dermamed Pharma in the amount of $841,846 (July 31, 2014 - $589,625) (See Note 7).

These transactions mentioned from (a) 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.

13) COMMITMENTS, CONTINGENCY AND CONTRACTUAL AGREEMENTS

(a) The Company entered into a draft agreement dated March 31, 2008 with Sanum Beteiligungsgesellschaft mbH (“Sanum”) to acquire 100% shares of Sanum’s wholly owned subsidiary located in US, Pleomorphic Product Sales, Inc. After the due diligence process, the Company decided not to continue with the draft agreement. Sanum however claimed the draft agreement was still valid. In 2009, Sanum commenced arbitration proceedings against the Company and the Company also counterclaimed against Sanum. In 2012, the parties completed witness testimony and both parties mutually agreed in 2013 to stay further arbitration proceedings while they attempt to resolve this dispute through mediation. During 2014, Sanum won the arbitration and was awarded in New York in the amount of US$4,631,447.40 and attempted to enforce the ruling in British Columbia, Canada. During 2015, Samun petitioned in the British Columbia Supreme Court to make that a British Columbia judgment and succeeded. As a result, the Company accrued a provision for lawsuit in the amount of $6,042,649, which was included in accrued liabilities on the statement of financial position as at July 31, 2015.

In response to the judgement awarded to Sanum, the Company also filed a claim during 2015 against Sanum in the British Columbia Supreme Court claiming a total amount of US$6,500,000 for loss of profit and other damages including fraudulent misrepresentations. Any settlement on this claim will be reflected to the statement of loss in the year occurred.

(b) The other loans payable amount was owed to two external parties for original principals of $82,500 since 2010. Interest expenses of 1% per month had been accrued for annually. These two external parties had filed a claim against the Company for repayment of the loans and were awarded by the British Columbia Supreme Court for the full principal amount plus interest, which were included in other loans payable on the statement of financial position as at July 31, 2015.

14) INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 26.00% (2014: 26.00%):

	2015	2014
Expected income tax benefit computed at statutory rates	$ 1,953,809	$ 561,207
Effect of tax rate reductions & other adjustments	(89,247)	(334,307)
Amortization	(106,672)	(107,032)
Write down of equipment and intellectual property	(113,937)	-
Current and prior tax attributes not recognized	(1,643,953)	(119,868)
	-	$ -

At July 31, 2015, the Company has non capital losses carried forward for Canadian income tax purposes totalling approximately $10,670,000, which will expire through to 2035 and may be applied against future taxable income. In addition, the Company has un-deducted Scientific Research and Experimental Development expenditures of approximately $386,000 and Investment Tax Credits of $10,012 available to offset future Canadian taxable income.

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

	2015	2014
Combined future expected recovery statutory tax rate		
	26.00%	26.00%
Deferred tax assets		
Non-capital loss carry forwards	$ 2,642,239	$ 1,218,895
Capital loss carry forward	62,096	62,096
Investment tax credits	10,102	10,102
Scientific Research & Experimental Development expenditures	100,360	100,360
Capital assets & ECE	864,758	644,149
Unrecognized deferred tax assets	(3,679,555)	(2,035,602)
Total Deferred Tax Assets	$ -	$ -

At July 31, 2015, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

15) SEGMENTED INFORMATION

The Company's business is considered as operating in one segment, developing, manufacturing, providing technological support and marketing the CRT 2000 Thermographic system. Sales were derived from customers located in the following geographic areas:

	2015	2014
Canada	$ 10,954	$ 12,032
United States	-	22,231
Europe	-	1,975
	$ 10,954	$ 36,238

16) FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash & cash equivalents, accounts receivable, due from related parties, bank indebtedness, accounts payable and accrued liabilities, due to related parties, due to shareholders and long term note payable.

Cash & cash equivalents is designated as FVTPL and therefore carried at fair value, with the unrealized gain or loss recorded in interest income.

The fair values of cash, bank indebtedness, accounts receivable and accounts payable & accrued liabilities approximate their book values because of the short-term nature of these instruments.

Due to/from related parties and due to shareholders with no fixed terms of repayment are carried at cost. Long term note payable with fixed terms of repayment are carried at amortized costs.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk
Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to accounts receivable and dues from related parties. The management in general sell or rent CRT units in cash to customers except for sales to related parties. As at July 31, 2015, accounts receivable include $Nil as allowance on doubtful receivables has been taken and recorded as bad debt expenses in 2015 in the amount of $3,367. There is no other credit risk exposure remaining after this allowance.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2015, the Company had a working capital (deficiency) of ($11,040,249). The Company will continue to raise additional capital through future private placements, public offering and loans from major shareholders.

Market Risk
The significant market risks exposure to which the Company is exposed to foreign currency risk. The Company has managed its foreign currency risk by selling to most of its customers in Unites States at Canadian currency. Management will continue with this strategy in marketing future CRT products to customers in all foreign countries. Management is in process of re-establishing its distribution and marketing networks in all foreign countries for its CRT 2000 Thermographic system and will take all possible measures to mitigate different foreign currency risks to a minimum.

17) MANAGEMENT OF CAPITAL

The Company considers the items included in shareholders' equity and cash as capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to provide the research & development, manufacturing, technological support and marketing of the CRT 2000 Thermographic system. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is still currently in its development stage in marketing its CRT 2000 Thermographic system; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned business expansion and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable

18) FAIR VALUE MEASUREMENT

As at July 31, 2015, certain financial instruments were recorded at fair value on the statement of financial position with changes to fair value being reported in the statement of loss, except for those investments that do not have a quoted market price in an active market, which are measured at cost. The fair value measurement of these instruments is classified according to the following hierarchy based on the amount of observable inputs available to value the instrument.

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.,: as prices) or indirectly (i.e.,: derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data.

At July 31, 2015, the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized in the statements of financial position at fair value are categorized as follows:

	Level 1	Level 2
Bank overdraft	$ 15,208	

19) SUBSEQUENT EVENT

The Company was cease traded by various Canadian securities commissions for failing to file its annual audited financial statements for year ended July 31, 2015 and for failing to file various interim financial statements subsequent to the 2015 year end. The Company's common shares have been suspended for trading on CSE due to the above failure.

20) RESTATEMENT

During the year 2015, the Company discovered an accounting error such that long term note payable of $3,968,095 dated July 31, 2014 should have recorded at amortized cost. Using a market adjusted risk rate of 10% applicable to similar secured loans, this note payable should be recorded using the amortized method and the carrying value calculated at initial recognition should be at $3,439,033 with the difference of $529,062 being charged to contributed surplus. Accretion expense will then be charged to its statements of operation over 18 months. For the year 2014, there was no accretion expense need to be recorded. This error was corrected in 2015 and resulted in a restatement of it's statements of financial position and statements of changes in shareholders' deficiency for 2014.

20) RESTATEMENT (continued)

The effect of the restatement is shown as follows:

	As Previously Reported	Adjustment	As Restated
Statement of Financial Position as at July 31, 2014:			
Other loans payable	$ 3,968,095	$ (529,062)	$ 3,439,033
Contributed surplus	$ 200,000	$ 529,062	$ 729,062
Shareholders' Equity/(Deficiency)	$ (4,054,661)	$ 529,062	$ (3,525,599)

	As Previously Reported	Adjustment	As Restated
Statement of Changes in Shareholders' Equity/(Deficiency) as at July 31, 2014:			
Contributed surplus	$ 200,000	$ 529,062	$ 729,062
Balance, July 31, 2014 – Shareholders' Equity/(Deficiency)	$ (4,054,661)	$ 529,062	$ (3,525,599)