SARATOGA ELECTRONIC SOLUTIONS INC.

FORM 2A

LISTING STATEMENT

MARCH 6, 2015

Table of Contents

1. Forward-Looking Statements

The information provided in this listing statement (the "**Listing Statement**"), including information incorporated by reference, may contain "forward-looking statements" about Saratoga Electronic Solutions Inc. ("**Saratoga"** or the "**Issuer**"). In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by Saratoga that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by, or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal" or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance, or business developments. These statements speak only as of the date they are made and are based on information currently available and on the Issuer's then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the progress and the successful and timely completion of the various stages of the licensing process;

(b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;

(c) market competition and agricultural advances of competitive products;

(d) the timing and availability of the Issuer's products and acceptance of the Issuer's products by the market;

(e) the progress and success of development of the Issuer's medical marijuana strains;

(f) the ability to successfully market, sell and distribute the Issuer's products and to expand the Issuer's customer base; and

(g) other risks described in this Listing Statement and described from time to time in the Issuer's documents filed with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents provided by the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences or effects. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on the Issuer's behalf may issue. The Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, other than as required under securities legislation. See "*Risk Factors*".

2. Corporate Structure

Saratoga

Saratoga is currently listed on the NEX board of the TSX Venture Exchange (the "**TSXV**") and does not have any commercial operations. Since the earlier disposition of its automated teller machine business, Saratoga has been carrying out a review of its strategic alternatives, which review has culminated with the approval of the Transaction (defined below).

Proposed Transaction

On September 12, 2014, Saratoga announced that it had entered into a letter of intent for the consummation of a reverse takeover transaction with Abba Medix Corp. ("**Abba Medix**") whereby Saratoga will acquire all of the issued and outstanding shares of Abba Medix in exchange for shares of Saratoga (the "**Transaction**"). A definitive share exchange agreement was entered into as of February 24, 2015 by and among Saratoga, 2419104 Ontario Inc., Ahmad Rasouli, the other shareholders of Abba Medix and Abba Medix in respect of the Transaction (the "**Share Exchange Agreement**"). Upon completion of the Transaction, Abba Medix will become a wholly-owned subsidiary of the Issuer and it is intended that, following completion of the Transaction, the Issuer will be renamed Abba Medix Group Inc. subsequent to the obtaining of shareholder approval for such name change at the Issuer's next annual general meeting.

Prior to the completion of the Transaction, the common shares of the Issuer ("**Common Shares**") will voluntarily be delisted from the TSVX with the intention of being listed on the Canadian Securities Exchange (the "**CSE**") concurrently with the closing of the Transaction.

Abba Medix

Abba Medix was incorporated on August 21, 2013 under the name 2385167 Ontario Corp. This name was subsequently changed to Abba Medix Corp. on August 29, 2013. The head office of Abba Medix is located at 1773 Bayly Street, Pickering, Ontario, L1W 2Y7.

Unless otherwise indicated in this Listing Statement, the information appearing herein gives effect to the closing of the Transaction.

3. General Development of the Business

Abba Medix was founded on August 21, 2013, to capitalize on the changing legislation governing the production of medical marijuana in Canada. Effective April 1, 2014, Health Canada requires medical marijuana users to purchase their medical marijuana from commercial producers licensed by Health Canada ("**Licensed Producers**") under the *Marihuana for Medical Purposes Regulations* ("**MMPR**"). Abba Medix is investing in this opportunity for commercial growers of medical marijuana in Canada. Abba Medix plans to cater to a demographic currently comprised of 37,000 legal users of medical marijuana in Canada, a number anticipated to grow to 450,000 over the next 10 years.[1]

Abba Medix's business model focuses on expanding both organically and by acquisition. Abba Medix intends to use both its stock and/or cash as a currency to acquire targeted medical marijuana producers ("**Producers**"). Specifically, Abba Medix will look to acquire Producers who are (a) seeking an exit from the market; (b) looking for a monetization strategy; or (c) interested in consolidation with potential efficiencies of costs, production and distribution.

Abba Medix plans to have a broad panoramic view of the market by adding additional revenue streams through licensing, joint ventures and/or other forms of business combinations. Abba Medix expects to leverage its customer base when new complementary products and services (such as beverages and testing equipment) are introduced. Once Abba Medix establishes access to the end user, Abba Medix expects to offer diversified products and services through already established channels of distribution. By utilizing these channels and offering diverse products, Abba Medix believes that it will be well-positioned to attract and retain clients in what is expected to be a highly competitive environment.

Other than as disclosed herein, Abba Medix is not aware of any trends, uncertainties, demands, commitments, or events which are reasonably likely to have a material effect upon Abba Medix's net sales or revenues, income from continuing operations, profitability, liquidity, or capital resources.

Licensing Application

In November 2013, Abba Medix filed an application (the "**Application**") to become a Licensed Producer under the MMPR. Health Canada wrote to Abba Medix on two separate occasions (February and March 2014) to make further inquiries in regard to security, storage, disposal, record keeping and sources of supply. In February and March, respectively, Abba Medix responded.

In April 2014, Abba Medix emailed Health Canada to make further inquiries regarding the status of the Application. In August 2014, Health Canada communicated that no additional information was required from Abba Medix. In October 2014, Abba Medix was notified by Health Canada that the Application was being processed and that the Application had been sent to the RCMP in April 2014 to perform the requisite security review. Health Canada further advised Abba Medix that upon the successful completion of the security check, it will contact Abba Medix to book its first pre-licensing inspection.

[1] "Marihuana for Medical Purposes Regulations". *Canada Gazette.* Government of Canada. Vol. 146 (50) (2012, December 15). Retrieved from http://gazette.gc.ca/rp-pr/p1/2012/2012-12-15/html/reg4-eng.html.

As of the date of this Listing Statement, there are 23 Licensed Producers authorized to cultivate medical marijuana. Of those 23, 15 are permitted to sell their products.[2] These numbers are expected to grow as Health Canada has advised that additional licenses will be issued. Abba Medix's initial assessment is that it meets the criteria for licensing set forth by the government owing to its advanced business plan and the involvement of key industry veterans in its operations.

[2] http://www.hc-sc.gc.ca/dhp-mps/marihuana/info/list-eng.php.

4. Narrative Description of the Business

Milestone Events

In 2000, the Ontario Court of Appeal ruled that the Government of Canada must make medical marijuana available to those patients in need of it.[3] In July 2001, Canada implemented a government-run program for medical marijuana access, authorized and regulated under the *Marihuana Medical Access Regulations* (repealed) (the "**MMAR**").[4] Under the MMAR, Health Canada allowed physicians to authorize cannabis use for compassionate end of life care or for debilitating pain, seizures or symptoms. In a press release issued on June 10, 2013, Health Canada stated that the number of authorized persons under the MMAR had grown from 500 in 2001 to over 30,000 as of the date of the press release.[5]

As of April 1, 2014, users authorized to possess marijuana for medical purposes must purchase it from a Licensed Producer. Possession and use of medical marijuana is only permitted when authorized by a physician or nurse practitioner who has provided specified medical documentation. Planning to avail itself of the new and unprecedented opportunities afforded to Licensed Producers, Abba Medix has applied to become a Licensed Producer. Abba Medix's business is at present focused primarily on the Canadian market, but it plans to consider expansion into international markets as well.

It is likely that many competitors of Abba Medix also appreciate the business opportunities offered to Licensed Producers. Consequently, were Abba Medix to be successful in becoming a Licensed Producer, it expects to be entering into a highly competitive market.

Clinical Trials

Although there have been numerous independent studies regarding the health benefits of medical marijuana, until recently there has never been a clinical trial registered with Health Canada. In May 2014, Canada's first medical marijuana clinical trial was registered with Health Canada. The trial focuses on patients with osteoarthritis of the knee ("**Patients**"). The trial will record the effects of medical marijuana on Patients against Patients who receive a placebo.[6] Results of the first clinical trial have yet to be released, but Abba Medix believes that this milestone will create opportunities to register additional clinical trials with Health Canada that will demonstrate other uses of medicinal marijuana.

Licensing Application

In November 2013, Abba Medix filed the Application under the MMPR. Health Canada wrote to Abba Medix on two separate occasions (February and March 2014) to make further inquiries in regard to security, storage, disposal, record keeping and sources of supply. In February and March, respectively, Abba Medix responded.

In April 2014, Abba Medix emailed Health Canada to make further inquiries regarding the status of the Application. In August 2014, Health Canada communicated that no additional information was required

---

[3] *R v Parker,* 2000 CanLII 5762 (ONCA), 49 OR (3d) 481. See also http://www.cbc.ca/news/canada/toronto/marijuana-ruling-lights-path-to-legalization-1.1083191.
[4] http://gazette.gc.ca/rp-pr/p1/2012/2012-12-15/html/reg4-eng.html.
[5] http://www.hc-sc.gc.ca/ahc-asc/media/nr-cp/_2013/2013-79-eng.php.
[6] http://www.huffingtonpost.ca/2014/05/22/medical-marijuana-clinical-trial-canada_n_5373658.html.

from Abba Medix. In October 2014 Abba Medix was notified by Health Canada that the Application was being processed and that the Application had been sent to the RCMP in April 2014 to perform the requisite security review. Health Canada further advised Abba Medix that upon the successful completion of the security check, it will contact Abba Medix to book its first pre-licensing inspection.

The amount of time required to become a Licensed Producer is dependent on Health Canada's timeline for reviewing the Application. Additionally, the amount of time Abba Medix may need to resolve any comments received from Health Canada will not be known until such comments are received. As a result, Abba Medix is currently at too early a stage to provide any estimate of the amount of time required to become a Licensed Producer.

As of the date of this Listing Statement there are 23 Licensed Producers authorized to cultivate medical marijuana. Over those 23, 15 are permitted to sell their products. These numbers are expected to grow as Health Canada has advised that additional licenses will be issued. Abba Medix's initial assessment is that it meets the criteria for licensing set forth by the government owing to its advanced business plan and the involvement of key industry veterans in its operations. However, there can be no assurance that Abba Medix's Application will be approved by Health Canada.

Estimated and Projected Working Capital

The estimated working capital deficiency of Abba Medix as at January 31, 2015, is approximately $297,000. Abba Medix expects to fund the working capital deficiency and the completion of the construction of the production facilities by raising capital through the issuance of common shares. The proceeds from these share issuances will also fund the working capital requirements until Abba Medix is able to generate positive working capital from operations. The anticipated sources and uses of cash to December 31, 2015 are as follows:

	$
Cash balance, January 31, 2015	318,000
Settlement of accounts payable outstanding as at January 31, 2015	(745,000)
Proceeds of February 2015 private placements	1,112,000
Estimated proceeds of private placements to be completed following receipt of License under MMPR	5,000,000
Additional capital expenditures required to complete phase one of the production facilities	(1,500,000)
Additional capital expenditures required to complete phase two of the production facilities	(3,385,000)
Additional capital expenditures related to phase three of the production facilities	(1,058,000)
Estimated transaction costs not included in accounts payable as at January 31, 2015	(239,000)
Expected cash flows generated by operations (January 2015 – December 2015)	900,000
Expected cash balance, December 31, 2015	**403,000**

Production Facilities

The construction of Abba Medix's production facilities will be rolled out in three phases:

(a) **First Phase**

The first phase became inspection ready in December 2014. This first phase entailed the leasing of 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space with over 312 special growing lights. This will allow for expected production of 104kg of marijuana per month once the operation is active.

(b) **Second Phase**

The second phase entails the addition of 16,000 square feet of growing space, including 468 special growing lights, increasing expected production to 260kg of medical marijuana per month. The anticipated date of completion of the second phase is September 2015.

(c) **Third Phase**

The third phase entails adding a further 10,000 square feet to the production facilities with a further 468 growing lights, increasing expected production by 156kg of medical marijuana per month. The anticipated date of completion of the third phase is March 2016.

Upon completion of the third phase, Abba Medix's production facilities will have an area of approximately 45,000 square feet, consisting of 1,248 growing lights and an expected capacity to produce 416kg of medical marijuana per month.

Products and Marketing

Abba Medix's business model focuses on selling many varieties of high quality, naturally grown medical marijuana with recurring sales to a loyal and growing clientele. Abba Medix will initially focus on the most common strains used in global jurisdictions where medical marijuana is currently regulated. Of these popular strains, Abba Medix will begin its operations by offering 14 varieties, eventually expanding to more than 30 varieties to complement the expansion of its growing facilities.

Abba Medix will create user awareness through multiple avenues. Although Health Canada regulations do not allow for broad public advertising, Abba Medix will leverage its status as a publicly traded company to garner media coverage while executing on its sales plan. Specifically, the sales plan will target the following channels:

(a) **Doctors' Offices and Pain Clinics**

A principal focus of Abba Medix's marketing plan will be on educating family physicians and pain therapy clinics by way of direct marketing in the form of mailing product brochures that describe different strains of medical marijuana being offered by Abba Medix. This direct mailing will be followed by phone calls and in-person visits to provide additional information tailored to each medical professional in hopes of allowing them to better inform and aid their patients.

(b) **In-House Loyalty Programs**

Abba Medix's in-house loyalty program will encourage existing clients to refer friends, family and co-workers who are looking for a supplier for their medical marijuana. Abba Medix will also provide special discounts to new registrants.

(c) **Wholesale**

Abba Medix is looking to build relationships with other suppliers and registered distributors of medical marijuana. In the event that legislation evolves to allow for medical marijuana to be distributed in alternative forms from those currently permitted, Abba Medix will seek to build relationships with other companies to utilize these additional avenues of distribution.

Abba Medix will also look for opportunities to sign long-term contracts with other registered manufacturers of cannabis bi-products and other distributors of dried marijuana. Abba Medix intends to market its products with medical based names (as opposed to names that appear "trendy") to emphasize that Abba Medix is not catering to recreational users, but rather is branding its products as being reliable goods for the treatment of medical conditions.

Key non-Management Personnel

Frederick J. Green, Master Grower

Frederick J. Green has nearly 40 years of plant production experience and holds his Masters Degree in Commercial Floriculture from Cornell University. Frederick's experience dates back to his time as a graduate student where he was involved in determining "best use practices" for growing plants under artificial light, including light quality, intensity, duration and fixture efficiency. Funded by a grant from the Massachusetts Society for Promoting Agriculture, Frederick founded a greenhouse cut flower business where he implemented the Cornell lighting guidelines on a commercial scale. He designed, built and operated a growth room for the cloning of 5,000 chrysanthemum plants per week that were used for cut flower production.

Frederick was employed as the Head of Cultivation at the Medical Marijuana of Massachusetts production facility from March to June of 2014. He also acted as a horticultural consultant from 2011 to 2013, advising clients on the best growing practices for medical marijuana.

Growing Environment

The Abba Medix production facilities will be fully climate controlled, with all key growing elements monitored and computer controlled to ensure consistent production. There will be production elements which will require brief manual monitoring and intervention on a daily basis, but all key environmental functions will be electronically controlled.

The production facilities will be built to be fully compliant with all material building and safety requirements. All electrical, plumbing and security systems and related equipment will be built to materially comply with full commercial standards.

The production facilities and equipment required to manage production under the MMPR include the following:

(a) Walk-in vault to comply with the Health Canada Security Directives for Controlled Substances;

(b) Building security, including access control, video surveillance and motion detectors;

(c) Shipping bay for client shipments;

(d) Growing equipment, including trays, containers, specialized lighting and associated controls, circulating fans and watering systems;

(e) HVAC systems, primarily exhaust and cooling, to maintain an optimal growing environment;

(f) Enhanced electrical distribution primarily for the high intensity lighting systems; and

(g) Laboratory equipment to monitor and test product quality for compliance with the *Food and Drugs Act*, *Pest Control Products Act* and product labelling standards under the MMPR.

5. Selected Consolidated Financial Information

Saratoga Consolidated Financial Information

(a) Annual

The following selected financial data of Saratoga has been derived from the audited annual financial statements of the Issuer for its three most recently completed fiscal years and from the amended unaudited condensed consolidated interim financial statements of the Issuer for the nine-month period ended December 31, 2014.

	As at and for the Nine Months Ended December 31, 2014 ($) (Unaudited)	**As at and for the Year Ended March 31, 2014 ($) (Audited)**	**As at and for the Year Ended March 31, 2013 ($) (Audited)**	**As at and for the Year Ended March 31, 2012 ($) (Audited)**
Revenue	Nil	14,302	42,259	59,474
Income (loss) before net finance costs, income taxes, and discontinued operations	922,876	(154,835)	(204,237)	(676,514)
Net finance expense	2,128	38,361	3,492	61,507
Income (loss) before income taxes and discontinued operations	920,748	(193,196)	(207,729)	(738,021)
Income tax expense (recovery)	Nil	(60,428)	(60,671)	(129,818)
Net income (loss) from continuing operations	920,748	(132,768)	(147,058)	(608,203)
Net income (loss) from discontinued operations	Nil	(412,563)	292,012	4,035,987
Comprehensive income (loss)	920,748	(545,331)	144,954	3,427,784
Earnings (loss) per share, basic	0.04987	(0.02954)	0.00785	0.18567

Earnings (loss) per share, diluted	0.04987	(0.02954)	0.00785	0.18477
Total assets	12,538	1,292,128	1,422,208	2,352,144
Bank loans	Nil	Nil	Nil	590,000

(b) Quarterly

The following table contains selected unaudited financial data of Saratoga for its 8 most recently completed financial quarters ended December 31, 2014.

Fiscal Year	**2015**			**2014**				**2013**
For the quarters ended	**Dec**	**Sep**	**Jun**	**Mar**	**Dec**	**Sep**	**Jun**	**Mar**
Net revenues	Nil	Nil	Nil	Nil	4,767	4,767	4,767	5,767
Net income (loss) from continuing operations	(44,199)	981,881	(16,934)	(24,788)	(408,761)	(47,844)	(63,938)	36,634
Net income (loss) from discontinued operations	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(107,733)
Comprehensive income (loss)	(44,199)	981,881	(16,934)	(24,788)	(408,761)	(47,844)	(63,938)	(71,099)
Income (loss) per share, basic	(0.00239)	0.05319	(0.00092)	(0.00135)	(0.02214)	(0.00259)	(0.00346)	(0.00385)
Income (loss) per share, diluted	(0.00239)	0.05319	(0.00092)	(0.00135)	(0.02214)	(0.00259)	(0.00346)	(0.00385)

Abba Medix Financial Information

The following selected financial data of Abba Medix has been derived from the audited financial statements of Abba Medix for the period from August 21, 2013 to July 31, 2014, and from the unaudited condensed interim financial statements for the three months ended October 31, 2014.

	As at and for the three months ended October 31, 2014 ($)	**As at and for the period ended July 31, 2014 ($)**
Revenue	Nil	Nil
Loss and comprehensive loss for the period	(495,123)	(254,776)
Loss per share, basic and diluted	(0.49)	(0.74)
Total assets	1,226,349	944,210

6. Management's Discussion and Analysis

Abba Medix

(a) **For the Period from August 21, 2013 to July 31, 2014**

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Abba Medix constitutes the review by the management of Abba Medix ("**Management**") of the factors that affected Abba Medix's financial and operating performance for the period from August 21, 2013 to July 31, 2014. The MD&A for the period from August 21, 2013 to July 31, 2014, was prepared as of September 18, 2014 and should be read in conjunction with the audited financial statements ("**Financial Statements**") of Abba Medix for the same period, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as described in Note 2 to the Financial Statements. Information regarding the accounting policies used in the preparation of the Financial Statements is set out in Note 3 to the Financial Statements.

Abba Medix was founded in 2013 to capitalize on the dramatically changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada eliminated the ability of approximately 37,000 Canadian licensed users to grow medical marijuana for medicinal use on their own. From that point forward, these users were required to purchase product from Licensed Producers. Users still need appropriate documentation signed by a health care practitioner and are required to register with one of the Licensed Producers; however, the Licensed Producer will file the application with Health Canada on the patient's behalf.

The main reason for these revolutionary changes is based on Health Canada's determination that medical marijuana should be treated as any other medication. Other major issues that propagated change include security concerns related to potential home invasions by criminals attempting to steal marijuana and the potential diversion of marijuana to the illicit market.

These changes by Health Canada have created an unprecedented opportunity for new commercial growers in Canada.

Currently, there are only 13 Licensed Producers. Of those 13, only 5 are currently in the growing and producing stage. As Abba Medix moves to production upon becoming a Licensed Producer, it will be well positioned to take advantage of the explosive growth in the industry.

As mentioned above, there are over 37,000 legal users of medical marijuana in Canada and Health Canada expects this number to grow to over 450,000 over the next 10 years. Although Abba Medix believes the Health Canada forecast to be conservative, this translates into a $1.3 billion industry in Canada.

During the period ended July 31, 2014, Abba Medix's efforts and capital were invested in completing the Application and beginning construction of its production facilities located in Pickering, Ontario. The production facilities will be completed in 3 stages. The first phase, which is expected to be completed in the early part of the fourth quarter of the 2014 calendar year, entails the completion of 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery, and required vault and storage space with over 380 special growing lights. This will allow for production of 115kg of medical marijuana per month. The second stage will include an additional 16,000 square feet of growing space, including 600 special growing lights, increasing production to 295kg per month. The anticipated date of completion of the second phase is September 2015. The third phase entails adding an additional 10,000 square feet to the production facilities with a further 430 growing lights. This will ultimately provide Abba Medix with production facilities of approximately 45,000 square feet, 1410 growing lights and the capacity to produce 430kg of medical marijuana per month. This third phase is expected to be completed by December 2015.

During the period ended July 31, 2014, Abba Medix had invested $190,203 in the construction of the leasehold improvements, which include amounts paid to general contractors and professionals with respect to architectural, engineering, and construction consultation, and for general building materials. Abba Medix also spent an additional $68,483 on security equipment including safes, closed circuit monitoring systems, access controls, and an alarm system.

Abba Medix also engaged a special consultant for $100,000 to assist in completing the Application. The consultant has expertise in developing operational and security systems that comply with the specific requirements inherent to the Health Canada license application.

In order to fund the asset acquisitions and Application, Abba Medix issued 1,000,000 Class A common shares for aggregate gross proceeds of $750,001.

Abba Medix's ability to continue as a going concern is dependent upon, but not limited to, its ability to (a) become a Licensed Producer; (b) raise financing necessary to discharge its liabilities as they become due; and (c) generate positive cash flows from operations. There is no certainty that Abba Medix will be successful in raising financing given the current condition of the financial markets, and as such there is significant uncertainty that Abba Medix will be able to continue as a going concern.

Capital Resources

Abba Medix is currently in the process of completing non-brokered financings which are expected to include subscriptions for 160,000 Class A common shares of Abba Medix for gross proceeds of $1,200,000 (the "**Financing**").[7] Of the gross proceeds to be received, it is anticipated that $800,000 will be used towards the construction of the production facilities, with the remaining $400,000 to be used for general working capital purposes.

Abba Medix may require access to an additional credit facility. Belair Capital Markets Inc. will make available to Abba Medix a loan in the amount of $200,000 secured by a promissory note bearing interest at bank prime, with the principal and accrued interest to be repaid by an assignment of proceeds from future financings.

[7] $200,000 of the Financing has already been received.

Capital Expenditures

As at September 18, 2014, projected capital expenditures to complete the entire production facilities are as follows:

Nature of expenditure	$1000's	Frequency
Diesel generator	450	One time only
2500 KWA power transformer	250	One time only
Special lighting system	720	One time only
Research and development equipment	400	One time only
By-product extraction systems	600	One time only
Construction of phase 2 and 3	1500	One time only
Grow system and machinery	300	One time only
Total	**4,220**	

Results from Operations

During the period from August 21, 2013 to July 31, 2014, Abba Medix was focused on completing the Application and beginning the construction of its production facilities. Costs incurred relating to the construction have been capitalized in the Financial Statements and did not have an impact on the loss or comprehensive loss of $254,776 or $0.74 per share on a fully-diluted basis for the period ended July 31, 2014.

As discussed previously, Abba Medix engaged a consultant to assist in completing the Application, the cost of which has been expensed as consulting fees. Also included in consulting fees of $137,500 for the period are amounts paid for corporate advisory and management services.

Other significant expenses of Abba Medix for the period ended July 31, 2014 include occupancy charges of $72,841 related to the leased office and production facilities and professional fees of $26,433 for legal and accounting services.

Abba Medix also incurred a loss on foreign exchange of $6,665, office and general expenses of $3,206, and advertising and promotional expenses of $2,674.

As Abba Medix has yet to complete construction of its office and production facilities, it did not generate any revenues during the period ended July 31, 2014.

Common Share Data

Abba Medix is authorized to issue an unlimited number of Class A common shares. As at September 18, 2014, Abba Medix's issued and outstanding share capital consists of 1,000,000 Class A common shares.

Summary of Quarterly Results

As Abba Medix is not, and has not been, a reporting issuer under applicable securities legislation, and has not prepared quarterly financial results, a summary of quarterly results is not included in this MD&A.

Liquidity and Capital Resources

Abba Medix's cash position was $213,962 as at July 31, 2014, and as of that date, it had a working capital deficiency of $66,291.

Abba Medix expects to spend approximately $4,220,000 to complete all 3 stages of its production facilities. In order to finance the completion of the production facilities, and to address the working capital deficiency existing at July 31, 2014, Abba Medix intends to complete various issuances of common shares prior to, and following, the completion of the Transaction. In addition to the estimated construction costs, Abba Medix has monthly working capital requirements of approximately $80,000.

The ability of Abba Medix to generate sufficient cash resources to complete the construction of its production facilities and to fund general working capital requirements will be dependent on obtaining the financing contemplated above. There is no certainty that Abba Medix will be able to raise such financing, failing which, it will have to explore other financing options.

As described below, and in Note 8 of the Financial Statements, Abba Medix, subject to the completion of certain events and conditions, shall have the ability to settle a liability of US$200,000 that is included in its accounts payable and accrued liabilities as at July 31, 2014, by issuing common shares of Abba Medix if it is publicly traded, or in equity in the joint venture described in Note 15 of the Financial Statements (the "**Joint Venture**").

As at July 31, 2014, Abba Medix's commitments are as follows:

(a) During the period ended July 31, 2014, Abba Medix entered into a License and Distribution Agreement (the "**L&D Agreement**") that granted to Abba Medix the right to use specified properties (the "**Authored Work**") in certain geographical regions including, but not limited to, Canada. The Authored Work focused on formulas for beverages and technology for a patented Tetrahydrocannabinol ("**THC**") test kit.

Pursuant to the L&D Agreement, the licensor granted to Abba Medix the ability, with written notice, to sublicense the Authored Work in specified geographical regions. Further, the licensor shall grant rights to Abba Medix for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event Abba Medix declines to license and/or distribute any products developed by the licensor, Abba Medix shall give written notice as to its intention to the licensor.

Abba Medix will pay to the licensor a royalty which shall be calculated as 15% of gross profits resulting in any way from the Authored Work. An advance royalty payment in the amount of US$300,000 ($319,830) (the "**Advance Royalty Payment**") was due at the execution of the L&D Agreement, payable as to US$50,000 in cash upon execution of the L&D Agreement and US$50,000 in cash 30 days from the execution of the L&D Agreement, with the balance to be paid in cash, in stock of Abba Medix (if Abba Medix is publicly traded) or in equity in the Joint Venture. In connection with the Joint Venture Agreement (as defined below), the licensor shall have the obligation to convert its share in the equity of the Joint Venture into common shares of Abba Medix if and when Abba Medix becomes a publicly traded company, at which time the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from Abba Medix will exist. If Abba Medix does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that Abba Medix distributes products produced by the licensor in its described geographical region, Abba Medix will purchase such product at a discount of 85% of the gross wholesale profit.

During the period ended July 31, 2014, Abba Medix paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. Abba Medix was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment and is currently negotiating the terms of the L&D Agreement with the licensor.

(b) During the period ended July 31, 2014, Abba Medix entered into a contract for construction related to its production facilities. The construction costs of $55,000 are payable as follows: 10% upon signing of the contract; 30% on commencement of the project; 30% upon completion of half of the project; and 30% upon completion of the project. As at July 31, 2014, Abba Medix had paid the first 40% of the project. Included in accounts payable and accrued liabilities at July 31, 2014, is $9,593 for work performed related to the period ended July 31, 2014.

(c) During the period ended July 31, 2014, Abba Medix entered into an agreement for the provision of corporate and market-related advisory services. As consideration for the services rendered pursuant to the agreement, Abba Medix granted to the advisor, pursuant to the terms of Abba Medix's stock option plan, options (the "**Options**") to purchase 9% of the total issued and outstanding shares post-funding of the first funding of up to $1,000,000, at the same strike price as such initial funding, exercisable for a period of 12 months from the date of a completed going public transaction. As additional consideration, Abba Medix also agreed to pay the advisor a fee of $7,500 per month for the first six months of the agreement; $5,000 per month for the subsequent six months; and $4,000 per month for the last 12 months of the agreement. The advisory fee is due monthly as long as the agreement remains in effect. All such fees accrue from the date of the agreement and become due on closing of the Financing as described above.

This agreement will expire on May 6, 2016, and can be cancelled for any reason by either party upon 90 days' notice. If the purpose for cancellation is "for cause", then this period can be reduced to 30 days.

Subsequent to July 31, 2014, this agreement was amended with respect to the Options to be issued to the advisor. Pursuant to the amendments, upon successful completion of the Transaction, the advisor will be entitled to receive warrants (the "**Warrants**"), instead of Options, entitling it to acquire an amount of Saratoga shares equal to 9% of the issued and outstanding Saratoga shares at the time of the closing of the Transaction, exercisable for a period of 12 months at a price of $0.25 per share in consideration of financial advisory and other services provided to Abba Medix in connection with the Transaction.

(d) During the period ended July 31, 2014, Abba Medix entered into a Joint Venture Agreement for the purpose of forming three identified joint ventures (the "**Joint Venture Agreement**") to further the development in Canada, on an exclusive basis, of business activities of the three companies identified in the Joint Venture Agreement. The term of the joint ventures are for five years from the date of the execution of the Joint Venture Agreement, and to be renewed for further periods of five years with both parties negotiating in good faith. The Joint Venture Agreement contemplates consummating final definitive joint venture agreements that will govern each of the original three proposed Joint Venture opportunities. Pursuant to the Joint Venture Agreement, Abba Medix's equity interest in each of the proposed Joint Venture companies will be 45%, and it will act as the managing partner of the Joint Ventures. As of the date of these financial statements none of the 3 joint venture companies contemplated in the Joint Venture Agreement have been formed. See also Note 8 of the Financial Statements.

(e) Abba Medix has commitments under operating leases for its production facilities. The minimum lease payments due are as follows:

Year	Amount
2015	$188,396
2016	$201,695
2017	$206,495
2018	$180,740
2019	$80,975

Off-Balance Sheet Arrangements

Abba Medix does not have any off-balance sheet arrangements.

Transactions with Related Parties

During the period ended July 31, 2014, Abba Medix was party to the following related party transactions:

(a) A total of $64,158 in occupancy expenses was paid to a company whose shareholders are related to the shareholders of one of Abba Medix's corporate shareholders. As at July 31, 2014, prepaid expenses included $63,302, deferred lease inducement included $11,970 and accounts payable and accrued liabilities included $3,872 payable to this company.

(b) A total of $10,000 in consulting fees was charged by a company controlled by an individual who is a shareholder of one of Abba Medix's corporate shareholders. As at July 31, 2014, accounts payable and accrued liabilities included $3,955 payable to this company.

(c) A total of $2,500 of advertising and promotional expenses and $5,000 of consulting fees were charged by an individual who is a shareholder of one of Abba Medix's corporate shareholders.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of Abba Medix to continue as a going concern, the recognition of deferred tax assets, evaluation of contingencies and the estimated useful lives of its property and equipment and intangible assets.

Future Accounting Pronouncements

IFRS 9 Financial Instruments ("**IFRS 9**") was issued by the IASB in October 2010 and will replace *IAS 39 Financial Instruments: Recognition and Measurement* ("**IAS 39**"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for mandatory adoption of IFRS 9 has not yet been determined.

IAS 32 Financial Instruments: Presentation has been amended to provide application guidance on the offsetting of financial assets and financial liabilities. The guidance is effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Financial Instruments and Other Instruments

Abba Medix's financial instruments consist of (a) cash; (b) amount due from a related company; (c) a short-term advance to a related party; and (d) accounts payable and accrued liabilities. It is Management's opinion that Abba Medix is not exposed to significant interest, credit or currency risks arising from these financial instruments and that the fair value of these instruments approximates their carrying value due to their short-term maturities.

In conducting its business, the principal risks and uncertainties faced by Abba Medix relate to becoming a Licensed Producer and raising sufficient capital to complete construction of its production facilities and fund its working capital requirements.

Abba Medix’s risk exposures and the impact on its financial instruments are summarized below:

(a) ***Credit Risk***

Abba Medix is not exposed to any significant credit risk as at July 31, 2014. Abba Medix’s cash is on deposit with a highly rated financial institution in Canada. Abba Medix's HST recoverable is due from the government of Canada.

(b) ***Liquidity Risk***

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. Abba Medix’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of Abba Medix’s current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms unless otherwise noted in Note 15 of the Financial Statements. As at July 31, 2014, Abba Medix has current assets of $371,024 and current liabilities of $437,315. Abba Medix has a working capital deficiency as at July 31, 2014 of $66,291.

(c) ***Currency Risk***

Abba Medix is exposed to currency risk on the outstanding balance of the Advance Royalty Payment as described in Note 8 of the Financial Statements, which is repayable in United States Dollars. At July 31, 2014, if the Canadian Dollar had weakened (strengthened) 10% against the United States Dollar with all other variables held constant, the net loss for the year would have been $27,260 higher (lower).

(b) **For the Three Months Ended October 31, 2014**

The following MD&A of Abba Medix constitutes the review by Management of the factors that affected Abba Medix’s financial and operating performance for the period from August 1, 2014 to October 31, 2014. The MD&A for the period from August 1, 2014 to October 31, 2014, was prepared as of February 18, 2015 and should be read in conjunction with the unaudited condensed interim financial statements (“**Interim Financial Statements**”) of Abba Medix for the three months ended October 31, 2014, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. The Interim Financial Statements have been prepared in accordance with IFRS as described in Note 2 to the Interim Financial Statements. Information regarding the accounting policies used in the preparation of the Interim Financial Statements is set out in Note 3 to the Interim Financial Statements.

There have not been any significant changes to Abba Medix’s operations or to the industry in which Abba Medix operates between September 18, 2014, the date of Abba Medix’s MD&A for the period from August 21, 2013 to July 31, 2014, and the date of this MD&A.

During the three month period ended October 31, 2014, Abba Medix continued to focus its efforts and capital towards completing the Application and continuing the construction of its production facilities located in Pickering, Ontario.

During the period ended October 31, 2014, Abba Medix invested $303,037 in the construction of the leasehold improvements, which include amounts paid to general contractors and professionals with respect to architectural, engineering and construction consultation and for general building materials.

Abba Medix also spent an additional $139,850 on manufacturing equipment, $35,122 on office furniture and equipment, $23,218 on computer equipment and $1,480 on security equipment.

During the period ended October 31, 2014, Abba Medix issued 56,939 Class A Common shares for aggregate gross proceeds of $427,000. The proceeds were used to fund the asset acquisitions and Application.

Abba Medix's ability to continue as a going concern is dependent upon, but not limited to, its ability to (a) become a Licensed Producer; (b) raise financing necessary to discharge its liabilities as they become due; and (c) generate positive cash flows from operations. There is no certainty that Abba Medix will be successful in raising financing given the current condition of the financial markets, and as such there is significant uncertainty that Abba Medix will be able to continue as a going concern.

Capital Resources

As at February 18, 2015, Abba Medix has issued a total of 1,336,887 Class A common shares for gross proceeds of $3,276,401

Abba Medix may require access to an additional credit facility. Belair Capital Markets Inc. will make available to Abba Medix a loan in the amount of $200,000 secured by a promissory note bearing interest at bank prime, with the principal and accrued interest to be repaid by an assignment of proceeds from future financings.

Capital Expenditures

Subsequent to the preparation of the MD&A for the period from August 21, 2013 to July 31, 2014 dated September 18, 2014, Abba Medix revised its projected capital expenditures to complete the production facilities. In order to ensure an optimal growing environment, Abba Medix changed the type of lighting to be installed and also decided to utilize a custom HVAC unit specifically designed for Abba Medix's production facilities. These changes, along with several other smaller changes, had the effect of increasing the projected capital expenditures to complete the facilities from the projected amounts originally included in the MD&A for the period from August 21, 2013 to July 31, 2014. As at February 18, 2015, the date of the MD&A for the three months ended October 31, 2014, the projected capital expenditures to complete Abba Medix's entire production facilities are as follows:

Nature of expenditure	$1,000's	Frequency
Capitalized maintenance and repairs	300	Annual
Diesel generator – 2 units installed	350	One time only
2,500 KWA power transformer/supply and installation	350	One time only
Special lighting system supply and installation	2000	One time only
Research and development equipment	500	One time only
Construction of phase 2 and 3	1000	One time only
Shelving for grow rooms	450	One time only
HVAC units and water chiller system	2000	One time only
Security system including camera and door contacts	225	One time only
Total	**7,175**	

Results from Operations

During the three months ended October 31, 2014, Abba Medix continued its focus on completing the Application and construction of its production facilities. Costs incurred relating to the construction have been capitalized in the Interim Financial Statements and did not have an impact on the loss or comprehensive loss of $495,123 or $0.49 per share on a fully-diluted basis for the period ended October 31, 2014.

The most significant area of expense incurred during the period ended October 31, 2014, was transaction costs of $252,708. These costs include legal and accounting fees, as well as amounts paid to securities regulators in connection with the Transaction.

Abba Medix incurred consulting fees of $89,778 during the period ended October 31, 2014, which includes amounts paid for corporate advisory and management services, and services with respect to the design of growing, nursery, vegetation, drying and trimming, laboratory and research rooms.

Other significant expenses of Abba Medix for the period ended October 31, 2014 include occupancy charges of $52,767 related to the leased office and production facilities, salaries and benefits of $28,859 for individuals who began employment with Abba Medix during the period and professional fees of $24,493 for legal and accounting services.

Abba Medix also incurred office and general expenses of $19,683, advertising and promotional expenses of $16,150 and a gain on foreign exchange of $7,435. Abba Medix also incurred non-cash amortization expense of $14,960 related to the distribution and licensing rights acquired during the period ended July 31, 2014.

As Abba Medix has yet to complete construction of its office and production facilities, it did not generate any revenues during the period ended October 31, 2014.

Common Share Data

Abba Medix is authorized to issue an unlimited number of Class A common shares. As at February 18, 2015, Abba Medix's issued and outstanding share capital consists of 1,336,877 Class A common shares.

Summary of Quarterly Results

As Abba Medix is not, and has not been, a reporting issuer under applicable securities legislation, and has not prepared historical quarterly financial results for periods prior to the three months ended October 31, 2014, a summary of quarterly results is not included in this MD&A prepared as of February 18, 2015.

Liquidity and Capital Resources

Abba Medix's cash position was $4,593 as at October 31, 2014, and as of that date, it had a working capital deficiency of $323,763.

Abba Medix expects to spend approximately $7,175,000 to complete all three phases of its production facilities. In order to finance the completion of the production facilities, and to address the working capital deficiency existing at October 31, 2014, Abba Medix has completed and intends to complete various issuances of common shares prior to, and following, the completion of the Transaction. In addition to the estimated construction costs, Abba Medix has monthly working capital requirements of approximately $96,000.

The ability of Abba Medix to generate sufficient cash resources to complete the construction of its production facilities and to fund general working capital requirements will be dependent on obtaining the financing contemplated above. There is no certainty that Abba Medix will be able to raise such financing, failing which, it will have to explore other financing options.

As at October 31, 2014, Abba Medix's commitments are as follows:

(a) During the period ended July 31, 2014, Abba Medix entered into the L&D Agreement that granted to Abba Medix the right to use the Authored Work in certain geographical regions including, but not limited to, Canada. The Authored Work focused on formulas for beverages and technology for a patented THC test kit.

Pursuant to the L&D Agreement, the licensor granted to Abba Medix the ability, with written notice, to sublicense the Authored Work in specified geographical regions. Further, the licensor granted rights to Abba Medix for any and all products that the licensor produced, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may have produced in the medicinal marijuana market. In the event that Abba Medix declined to license and/or distribute any products developed by the licensor, Abba Medix would give written notice as to its intention to the licensor.

Abba Medix would pay to the licensor a royalty which shall be calculated as 15% of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) was due at the execution of the L&D Agreement, payable as to US$50,000 in cash upon execution of the L&D Agreement and US$50,000 in cash 30 days from the execution of the L&D Agreement, with the balance to be paid in cash, in stock of Abba Medix (if Abba Medix is publicly traded). In the event that Abba Medix distributed products produced by the licensor in its described geographical region, Abba Medix would purchase such product at a discount of 85% of the gross wholesale profit.

During the period ended July 31, 2014, Abba Medix paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. Abba Medix was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment.

During the period ended October 31, 2014, the Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been re-allocated to prepaid expenses as the licensor has indicated the payment will be applied against future purchases from the licensor by Abba Medix, or against any future license and distribution agreements that the parties may enter into. See also note 8 of the Interim Financial Statements.

(b) During the period ended July 31, 2014, Abba Medix entered into an agreement for the provision of corporate and market-related advisory services. As consideration for the services rendered pursuant to the agreement, Abba Medix granted to the advisor, pursuant to the terms of Abba Medix's stock option plan, Options to purchase 9% of the total issued and outstanding shares post-funding of the first funding of up to $1,000,000, at the same strike price as such initial funding, exercisable for a period of 12 months from the date of a completed going public transaction. As additional consideration, Abba Medix also agreed to pay the advisor a fee of $7,500 per month for the first six months of the agreement; $5,000 per month for the subsequent six months; and $4,000 per month for the last 12 months of the agreement. The advisory fee is due monthly as long as the agreement remains in effect. All such fees accrue from the date of the agreement and become due on closing of the Financing as described above.

This agreement will expire on May 6, 2016, and can be cancelled for any reason by either party upon 90 days' notice. If the purpose for cancellation is "for cause", then this period can be reduced to 30 days.

During the period ended October 31, 2014, this agreement was amended with respect to the Options to be issued to the advisor. Pursuant to the amendments, upon successful completion of the Transaction, the advisor will be entitled to receive the Warrants, instead of Options, entitling it to acquire an amount of Saratoga shares equal to 9% of the issued and outstanding Saratoga shares at the time of the closing of the Transaction, exercisable for a period of 12 months at a price of $0.25 per share in consideration of financial advisory and other services provided to Abba Medix in connection with the Transaction.

(c) During the period ended July 31, 2014, Abba Medix entered into the Joint Venture Agreement for the purpose of forming three identified joint ventures to further the development in Canada, on an exclusive basis, of business activities of the three companies identified in the Joint Venture Agreement. The term of the Joint Venture was intended to be for five years from the date of the execution of the Joint Venture Agreement, and to be renewed for further periods of five years with both parties negotiating in good faith. The Joint Venture Agreement contemplated consummating final definitive joint venture agreements that would govern each of the original three proposed Joint Venture opportunities. Pursuant to the Joint Venture Agreement, Abba Medix's equity interest in each of the proposed Joint Venture companies would be 45%, and Abba Medix would act as the managing partner of the Joint Ventures. As of the date of this Listing Statement none of the Joint Venture companies contemplated in the Joint Venture Agreement have been formed. During the period ended October 31, 2014, the Joint Venture Agreement was terminated. See also note 8 of the Interim Financial Statements.

(d) During the period ended October 31, 2014, Abba Medix entered into a Consulting Agreement (the "**Consulting Agreement**") for the provision of services with respect to (but not limited to) product growing strategy and layout design for growing room, nursery rooms, vegetative rooms, plantation stations, drying rooms and trimming rooms over a term of one year in exchange for a monthly fee of $13,000. The agreement can be terminated by either party by providing 60 days' notice to the other party.

(e) During the period ended October 31, 2014, Abba Medix was assigned a legally binding Letter of Intent ("**LOI**"), pursuant to which Abba Medix will enter into an agreement to obtain an exclusive right to purchase and import into Canada any medical cannabis and medical cannabis products produced by the supplier ("**Exclusive Supply Agreement**") that is legally allowed by the Canadian Government. In consideration for the Exclusive Supply Agreement, Abba Medix is to pay an Exclusive Supply Agreement fee of $150,000 and issue 500,000 non-restricted common shares of Abba Medix upon close of the Exclusive Supply Agreement. With respect to the $150,000 Exclusive Supply Agreement fee, Abba Medix paid a $50,000 non-refundable no-shop fee upon execution of the LOI and will make a final cash payment of $100,000 upon close of the Exclusive Supply Agreement. Subsequent to the period ended October 31, 2014, the LOI expired before the Exclusive Supply Agreement could be finalized and, although a formal extension has not been agreed to, the parties continue to work towards finalizing an exclusive supply agreement as contemplated in the original LOI. The $50,000 non-refundable no-shop fee has been included in prepaid expenses as at October 31, 2014.

(f) Abba Medix has commitments under operating leases for its production facilities. The minimum lease payments due are as follows:

Fiscal Year	Amount
2015	$188,396
2016	$201,695
2017	$206,495
2018	$180,740
2019	$80,975

<u>Off-Balance Sheet Arrangements</u>

Abba Medix does not have any off-balance sheet arrangements.

<u>Transactions with Related Parties</u>

During the period ended October 31, 2014, Abba Medix was party to the following related party transactions:

(a) A total of $46,793 in occupancy expenses was paid to a company whose shareholders are related to the shareholders of one of Abba Medix's corporate shareholders. As at October 31, 2014, prepaid expenses included $72,228, deferred lease inducement included $10,528 and accounts payable and accrued liabilities included $7,743 payable to this company.

(b) A total of $30,000 in consulting fees was charged by a company controlled by an individual who is a shareholder of one of Abba Medix's corporate shareholders. As at October 31, 2014, accounts payable and accrued liabilities included $11,300 payable to this company.

(c) A total of $2,500 of advertising and promotional expenses and $6,287 of salaries were paid to an individual who is a shareholder of one of Abba Medix's corporate shareholders.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Interim Financial Statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Interim Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of Abba Medix to continue as a going concern, the recognition of deferred tax assets, evaluation of contingencies and the estimated useful lives of its property, equipment and intangible assets.

Future Accounting Pronouncements

There have been no future accounting pronouncements announced during the period ended October 31, 2014 that are expected to impact the financial statements of Abba Medix. Please see the discussion of future accounting pronouncements in the MD&A for the period from August 21, 2013 to July 31, 2014.

Financial Instruments and Other Instruments

Abba Medix's financial instruments consist of (a) cash; (b) share subscriptions receivable; (c) amount due from related company; (d) a short-term advance to a related party; (e) accounts payable and accrued liabilities; (f) short-term advances; (g) a short-term advance from a related party; and (h) amounts due to a related company. It is Management's opinion that Abba Medix is not exposed to significant interest, credit or currency risks arising from these financial instruments and that the fair value of these instruments approximates their carrying value due to their short-term maturities.

In conducting its business, the principal risks and uncertainties faced by Abba Medix relate to becoming a Licensed Producer and raising sufficient capital to complete construction of its production facilities and fund its working capital requirements.

Abba Medix's risk exposures and the impact on its financial instruments are summarized below:

(a) ***Credit Risk***

Abba Medix is not exposed to any significant credit risk as at October 31, 2014. Abba Medix's cash is on deposit with a highly rated financial institution in Canada. Abba Medix's HST recoverable is due from the government of Canada.

(b) ***Liquidity Risk***

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. Abba Medix's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of Abba Medix's current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms unless otherwise noted in Note 15 of the Interim Financial Statements. As at October 31, 2014, Abba Medix has current assets of $464,956 and current liabilities of $788,719. Abba Medix has a working capital deficiency as at October 31, 2014 of $323,763.

Subsequent Events

Subsequent to the period ended October 31, 2014, Abba Medix:

(a) issued 279,938 Class A Common shares for proceeds of $2,099,400; and

(b) entered into the Consulting Agreement for the provision of business advisory services with respect to corporate development services, business strategy and operational matters, developing new business opportunities, identifying and advising on potential business acquisitions and participation in various internal and external business meetings of Abba Medix in exchange for a monthly fee of $12,500. On each anniversary of the Consulting Agreement, the parties shall review the amount of the consulting fees. The amount of the consulting fees shall not be changed unless mutually agreed upon by the parties in writing.

The Consulting Agreement shall commence on the date on which Abba Medix completes the Transaction, and shall continue for a period of five years thereafter. This Consulting Agreement is conditional upon and shall not take effect unless the Transaction is completed.

Either party can terminate this Consulting Agreement at any time, without cause, subject to providing the other party with 90 days advance written notice of termination.

<u>Saratoga</u>

The MD&A of Saratoga in respect of its year ended March 31, 2014 and in respect of its nine-month period ended December 31, 2014 (amended) is available on SEDAR.

7. Market for Securities

In early 2015, the Issuer anticipates that the listing of its shares will migrate from the TSVX to the CSE upon the closing of the Transaction.

Approximately 40 days after the Issuer commences listing on the CSE, the Issuer intends to offer its securities on the OTCQB (simultaneously with the CSE).

8. Consolidated Capitalization

Pro Forma Consolidated Capitalization of Saratoga (post-Transaction)

The following table sets forth the capitalization of Saratoga after giving effect to the transactions described in the Pro Forma Consolidated Financial Statements attached hereto as Appendix “C”.

Designation of Security	Amount Authorized	Amount Outstanding after giving effect to the Transaction
Common Shares	Unlimited	61,241,364
Long-term debt	N/A	N/A

Proposed Fully-Diluted Share Capital of Saratoga (post-Transaction)

In addition to the information set out in the capitalization table above, the following table sets out the proposed fully diluted share capital of Saratoga after giving effect to the Transaction.

	Number of Saratoga shares after giving effect to the Transaction (Fully-Diluted)	Percentage of Saratoga shares after giving effect to the Transaction (Fully-Diluted)
Shares held as of the date of this Listing Statement by current Saratoga shareholders	18,461,300	27.6%
Shares to be issued to shareholders of Abba Medix	42,780,064	64.1%
Shares reserved for issuance upon the exercise of Warrants to advisor	5,511,723	8.3%
Total (fully-diluted)	66,753,087	100%

9. Options to Purchase Securities

Upon successful completion of the Transaction, an advisor to Abba Medix will be entitled to receive Warrants entitling it to acquire an amount of Common Shares equal to 9% of the issued and outstanding Common Shares (on a non-diluted basis) at the time of the closing of the Transaction (expected to be 5,511,723 Common Shares, see "*Consolidated Capitalization*"), exercisable for a period of 12 months at a price of $0.25 per share in consideration of financial advisory and other services provided to Abba Medix in connection with the Transaction.

In addition, Saratoga has adopted a share option plan (the "**Share Option Plan**") in order to encourage the achievement of Saratoga's growth objectives. Pursuant to the Share Option Plan, the directors of Saratoga may, from time to time, in their discretion, and in accordance with the requirements of securities regulators, grant non-transferable share options to the directors, executive officers, employees and consultants of Saratoga, provided that the aggregate number of Common Shares reserved for issue shall not exceed 855,000 Common Shares. Options granted pursuant to the Share Option Plan are exercisable for a period of up to five years from the date the option is granted. The number of Common Shares reserved for issue to any individual beneficiary under the Share Option Plan shall not exceed 5% of the aggregate number of issued and outstanding Common Shares, provided that the number of Common Shares reserved for issue to all consultants under the Share Option Plan shall not exceed 2% of the aggregate number of issued and outstanding Common Shares. Options granted pursuant to the Share Option Plan terminate on the date of termination of employment or of office, except that, subject to the prior expiry of the options, the options may be exercised within 30 days following such termination provided that it is not a termination for cause. Moreover, should the termination of employment or office occur by reason of death, the options may be exercised within one year following such death, subject to the prior expiry of the options. The Share Option Plan stipulates that, in general, the number of options granted shall vest over an 18 month period, in which 1/3 shall vest after six months, 1/3 shall vest after 12 months and 1/3 shall vest after 18 months.

Options granted pursuant to the Share Option Plan shall have an exercise price no less than the market price of the Common Shares at the close of business on the day prior to the date of grant, less the maximum discount allowed under the policies of securities regulators.

No options have been granted by Saratoga pursuant to the Share Option Plan since December 12, 2007.

After the completion of the Transaction, a revised share option plan of Saratoga will be presented at a special meeting of shareholders (the "**Meeting**"). No Options are intended to be allocated until the Meeting. At the Meeting, it is intended for an option plan to be presented to officers, directors and management of Saratoga.

10. Description of the Securities

Saratoga is authorized to issue an unlimited number of Common Shares, Series I preferred shares and Series II preferred shares.

The Common Shares are voting participating shares without par value.

The Series I preferred shares are non-voting, carry a 6% non-cumulative dividend, are redeemable at the option of Saratoga, and are convertible into Common Shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the Common Shares during five days preceding the date on which the notice of conversion is given.

The Series II preferred shares are non-voting, carry a 8% non-cumulative dividend, are redeemable at the option of Saratoga, and are convertible into Common Shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the Common Shares during five days preceding the date on which the notice of conversion is given.

At the date of this Listing Statement, Saratoga has issued 18,461,300 Common Shares for gross proceeds of $1,793,803.

As at the date of this Listing Statement, Saratoga has no preferred shares issued and outstanding.

The following table is a list of all Class A common shares that have been issued in Abba Medix since its inception.

Date of Issuance	Subscriber	No. of Abba Medix Class A Common Shares	Subscription Amount
August 21, 2013	2419104 Ontario Inc.	200,000	$1
May 30, 2014	2419104 Ontario Inc.	400,000	$375,000
May 30, 2014	Ahmad Rasouli, in trust	400,000	$375,000
October 17, 2014	Xtratech Enterprise Inc.	6,667	$50,000
October 17, 2014	Liliane Colpron	6,667	$50,000
October 17, 2014	Shermineh Mohammadzadeh	3,334	$25,000
October 17, 2014	Wanting Zhang	4,000	$30,000
October 17, 2014	Luky Ningtyas-Fries	3,334	$25,000
October 17, 2014	Peter Van Rooyen	3,334	$25,000
October 17, 2014	Masood Rasooli	10,267	$77,000
October 17, 2014	Paul Davock	3,334	$25,000
October 17, 2014	George Ross Erhart	3,334	$25,000
October 17, 2014	Michael Eveleigh	3,334	$25,000
October 17, 2014	Jason Falk	4,000	$30,000
October 17, 2014	James Fuchs	5,334	$40,000
November 6, 2014	1446966 Ontario Ltd.	3,334	$25,000

Date of Issuance	Subscriber	No. of Abba Medix Class A Common Shares	Subscription Amount
November 6, 2014	R. Cameron McRae	3,334	$25,000
November 6, 2014	Dean and Susan Bellefleur	3,334	$25,000
November 6, 2014	Paul Cancilla	4,000	$30,000
November 19, 2014	Amarjit Sandhar	6,667	$50,000
November 19, 2014	Thomas Hewitt	3,334	$25,000
November 19, 2014	Michael Gaspar	3,334	$25,000
December 22, 2014	Amarjit Sandhar	6,667	$50,000
December 22, 2014	James Whitecross	6,667	$50,000
December 22, 2014	Parshan Sahota	13,334	$100,000
December 22, 2014	Kuan Chih David Han	5,334	$40,000
December 22, 2014	Kirk Atwell	6,667	$50,000
December 22, 2014	Ashley Lee	3,334	$25,000
December 22, 2014	Parkash Disanjh	3,334	$25,000
December 22, 2014	Nick Marchiori	3,334	$25,000
December 22, 2014	Pirouz Pirouzi	3,350	$25,125
December 22, 2014	Vajie Zeratparvar	700	$5,250
December 22, 2014	Balbir Kaur Mander	3,334	$25,000
December 22, 2014	Fred Green	1,734	$13,000
December 22, 2014	Parshan Sahota	6,667	$50,000
December 22, 2014	Wanting Zhang	6,667	$50,000
December 22, 2014	Gobinder S. Randhawa	3,334	$25,000
December 22, 2014	Mengxuan Wu	3,334	$25,000
December 22, 2014	Kuan Chih David Han	1,600	$12,000
December 22, 2014	Zohreh Ozgoli	3,334	$25,000
January 21, 2015	Richard Vallee	3,334	$25,000
January 21, 2015	Marie-Josee Latremouille	3,334	$25,000
January 21, 2015	Fred Green	934	$7,000
January 21, 2015	Dominic Pecchia	2,000	$15,000
January 21, 2015	Francesco Ignagni	2,000	$15,000
January 21, 2015	Giovanni Pellegrino	3,334	$25,000
January 21, 2015	Nunzia Pellegrino	3,334	$25,000
January 21, 2015	Steve Paniccia & Lynda Paniccia	3,334	$25,000
February 2, 2015	Parshan Sahota	3,334	$25,000
February 2, 2015	Howard Platnick	16,700	$125,250
February 2, 2015	Shane Rutherford	14,000	$105,000
February 2, 2015	Donald Bayer	16,700	$125,250

Date of Issuance	Subscriber	No. of Abba Medix Class A Common Shares	Subscription Amount
February 2, 2015	Vince Gaetano	6,667	$50,000
February 2, 2015	Blue Bridge Capital Inc.	6,667	$50,000
February 6, 2015	Sherminеh Mohammadzadeh	2,000	$15,000
February 6, 2015	Tony Dindoust	3,334	$25,000
February 6, 2015	Kirk Atwell	3,334	$25,000
February 6, 2015	Parshan Sahota	4000	$30,000
February 9, 2015	Joseph Panetta	3,333	$25,000
February 9, 2015	Leslie Mark Glass	670	$5,025
February 9, 2015	Amanjot Kahlon	3,334	$25,000
February 9, 2015	Jagwant Singh	3,334	$25,000
February 9, 2015	Santerra Asset Management & Development Inc.	10,000	$75,000
February 9, 2015	Michael Marchese	7,533	$56,500
February 9, 2015	Daniela Fiumara	6,666	$50,000
February 9, 2015	Robert Oliva	6,666	$50,000
February 9, 2015	Vincenzo Cirillo	3,333	$25,000
February 9, 2015	Luigi Ruffolo	3,333	$25,000
February 9, 2015	Luigi & Nadia Ruffolo	3,333	$25,000
February 9, 2015	Robert W. Treumann & Terri Patterson	3,334	$25,000
February 9, 2015	Surrinder Sahota	6,667	$50,000
February 9, 2015	Greenline Solutions Ltd.	3,333	$25,000
February 9, 2015	Bachittar Sahota	6,667	$50,000
		1,336,877	**$3,276,401**

11. Escrowed Securities

Upon the closing of the Transaction, the Common Shares to be beneficially owned by the following shareholders of Abba Medix shall be subject to the terms of a contractual escrow agreed upon with Saratoga, which form of agreement shall be in accordance with Form 46-201F1 – *Escrow Agreement* of the Canadian Securities Administrators, pursuant to which:

(a) The 19,200,000 Common Shares registered to 2419104 Ontario Inc. will be placed into escrow. On the third anniversary of the closing of the Transaction, 25% of these Common Shares will be released, with an additional 25% being released on the fourth anniversary and the remaining 50% being released on the fifth anniversary; and

(b) The 12,800,000 Common Shares registered to Ahmad Rasouli, in trust for 2418659 Ontario Inc. will be placed into escrow. On the third anniversary of the closing of the Transaction, 25% of these shares will be released, with an additional 25% being released on the fourth anniversary and the remaining 50% being released on the fifth anniversary.

12. Principal Shareholders

The table below lists those shareholders holding 10% or greater equity in Saratoga after giving effect to the Transaction.

Saratoga Shareholders' Register (after giving effect to the Transaction) 61,241,364 Outstanding Shares[8]		
Name	**No. of Common Shares**	**Percentage**
2419104 Ontario Inc.[9]	19,200,000	31.4%
Ahmad Rasouli in trust for 2418659 Ontario Inc. [10]	12,800,000	20.9%

[8] Belair Capital Markets Inc. has Warrants exercisable into 5,511,723 Common Shares, which together with the 3,562,289 Common Shares it will own upon completion of the Transaction will represent 9,074,012 Common Shares (13.6%) on a fully-diluted basis.

[9] 2419104 Ontario Inc. is a company owned and controlled by Ahmad Rasouli and beneficially owned by Ahmad Rasouli, Sandy Han, Abolfazel Rasouli and Ovidiu Purdel.

[10] The shares are held in trust by Ahmad Rasouli for the benefit of 2418659 Ontario Inc. 2418659 Ontario Inc. is owned and controlled by Robert Sahota, Jagroop Sahota and Bhajan Sahota.

13. Directors and Officers

The following table sets forth the names of the directors and executive officers of the Issuer and their respective municipal residences, offices, positions held with the Issuer upon completion of the Transaction, and principal occupations, together with the number of Common Shares held by them after giving effect to the Transaction:

Name and Municipality	Position Held	Principal Occupation	Common Shares Beneficially Owned or Controlled (on a non-diluted basis)
Paul Cancilla Toronto, Ontario	Director	Partner of Kronis, Rotsztain, Margles, Cappel ("**KRMC**") LLP, Barristers & Solicitors from 2010 to present. Associate of KRMC LLP from 2002 until becoming partner.	128,000 (0.2%)
Georges Durst Montreal, Québec	Chairman of the Board of Directors	President & Chief Executive Officer of Saratoga since 2004. Founder & ex-Chief Executive Officer of Sportscene Group Inc.	3,320,825 (5.4%)
Nick Migliore Toronto, Ontario	Director	President & owner of Reilly Security from 2003 to present. Chairman of the Toronto Association of Police and Private Security.	0 (0%)
Ahmad Rasouli Toronto, Ontario	Chief Executive Officer and Director	Founded Abba Medix on August 21, 2013 (the "**Incorporation Date**"). Chief Executive Officer of Abba Medix since the Incorporation Date. Chief Executive Officer of Walk'N Comfort from September 2009 to November 2014.	32,000,000[11] (52.3%)
Richard Vallée Laval, Québec	Chief Financial Officer	Chief Financial Officer of Saratoga. Acting Chief Financial Officer of Capital Pro-Égaux Inc. from 2005 to 2007. Chief Organisation Officer of Groupe Granitcon Inc. from 1982 to 2003.	106,688 (0.2%)

[11] Representing the Common Shares owned by 2419104 Ontario Inc. and Ahmad Rasouli, in trust for 2418659 Ontario Inc. (see *Principal Shareholders*).

In connection with the closing of the Transaction the board of directors will establish:

(a) an audit committee consisting of Georges Durst, Paul Cancilla and Nick Migliore; and

(b) a compensation committee consisting of Georges Durst, Paul Cancilla and Nick Migliore.

Assuming the closing of the Transaction, the directors and officers of the Issuer, as a group, will own, directly or indirectly, 35,555,513 Common Shares of the Issuer, representing 58.1% of its outstanding share capital. This amount includes the 12,800,000 Common Shares held by Ahmad Rasouli in trust for 2418659 Ontario Inc., beneficially owned by Robert Sahota, Jagroop Sahota and Bhajan Sahota (see *Principal Shareholders*).

In addition to the 19,200,000 Common Shares beneficially owned or controlled by the Rasouli Family (through 2419104 Ontario Inc.) after giving effect to the Transaction, Ahmad Rasouli will also control the voting rights to the 12,800,000 Common Shares beneficially owned by the Sahota Family (through 2418659 Ontario Inc.), pursuant to the terms of a voting trust agreement.

Corporate Cease Trade Orders and Bankruptcy

To the knowledge of Saratoga and Abba Medix, other than as disclosed herein below, during the past 10 years, no Saratoga director, officer, insider, promoter, or shareholder holding a sufficient number of securities in Saratoga or Abba Medix to affect materially the control of Saratoga or Abba Medix, either currently or proposed to exist following the closing of the Transaction, was a director, officer, insider, or promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied that issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that person.

Georges A. Durst, Donald W. Seal, Q.C. and Martin Fontaine were subject to a management cease trade order imposed by the *Autorité des marchés financiers* between July 30, 2008 and January 8, 2009 due to Saratoga's failure to file its March 31, 2008 annual financial statements within the requisite delay and Saratoga's failure to file its March 31, 2008 year-end financial statements within the requisite delay. In addition, Georges A. Durst, Donald W. Seal and Martin Fontaine held office as directors of Saratoga when the *Autorité des marchés financiers* issued a cease trade order in respect of the Common Shares: (a) from August 1, 2011 to August 16, 2011, due to Saratoga's failure to file its annual financial statements and related management's discussion and analysis for the year ended March 31, 2011 within the requisite delay; and (b) from September 30, 2011 to November 7, 2011, due to Saratoga's failure to file its interim financial statements and related MD&A for the three month period ended June 30, 2011 within the requisite delay.

Neither Donald W. Seal Q.C. nor Martin Fontaine will continue as directors of Saratoga post-Transaction.

Penalties or Sanctions

To the knowledge of Saratoga and Abba Medix, no director of Saratoga, either currently existing or proposed to exist following the closing of the Transaction, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, or has entered into a settlement agreement with a Canadian securities regulatory authority, nor has any such person been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

Personal Bankruptcy

To the knowledge of Saratoga and Abba Medix, no director of Saratoga, either currently existing or proposed to exist following the closing of the Transaction, nor any personal holding corporation of any such person, has, within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of that person.

Conflicts of Interest

To the knowledge of Saratoga and Abba Medix, and other than as disclosed in this Listing Statement, there are no known existing or potential conflicts of interest among any:

(a) director;
(b) executive officer; or
(c) principal shareholder

of Saratoga, either currently existing or proposed to exist following completion of the Transaction, or of an associate of any party referenced in (a), (b) or (c), except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies. See "*Risk Factors*".

Management

Upon completion of the Transaction, Ahmad Rasouli will devote his full working time and attention to the Issuer unless otherwise authorized by the Board of Directors. Mr. Rasouli’s compensation will come in the form of an annual salary, base bonus and annual performance bonus. Following the termination of Mr. Rasouli’s employment with the Issuer (for any reason), Mr. Rasouli may not compete with the Issuer in Canada for a period of 24 months.

Contemporaneously with the closing of the Transaction, Mr. Rasouli’s shares of the Issuer shall be deposited in escrow with an independent third party escrow agent. On the third anniversary of the closing of the Transaction, 25% of Mr. Rasouli’s shares will be released from escrow, with an additional 25% being released on the fourth anniversary and the remaining 50% being released on the fifth anniversary.

Other management agreements for key executives are currently under negotiation.

14. Capitalization

The following information relates to the expected Common Shares that will be listed upon the closing of the Transaction.

TABLE 1 - Issued Capital				
	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully-diluted)**
Public Float				
Total outstanding (A)	61,241,364	66,753,087	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	47,110,233	52,621,956	76.9%	78.8%
Total Public Float (A-B)	**14,131,131**	**14,131,131**	**23.1%**	**21.2%**
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	32,000,000	32,000,000	52.3%	47.9%
Total Tradeable Float (A-C)	**29,241,364**	**34,753,087**	**47.7%**	**52.1%**

TABLE 2 - Public Securityholders (Registered)		
Class of Security - Common Shares		
Size of Holding	Number of Holders	Number of Securities Owned
1-99 securities	25	1,998
100 - 499 securities	49	6,610
500 - 999 securities	7	5,409
1000 - 1,999 securities	57	57,925
2,000 - 2,999 securities	3	7,250
3,000 - 3,999 securities	0	0
4,000 - 4,999 securities	0	0
5,000 or more securities	73	14,051,939
Unable to confirm	0	0
TOTAL	**214**	**14,131,131**

TABLE 3 - Public Securityholders (Beneficial)		
Class of Security - Common Shares		
Size of Holding	Number of Holders	Total Number of Securities
1-99 securities	18	1,047
100 - 499 securities	38	8,532
500 - 999 securities	12	7,100
1000 - 1,999 securities	7	7,750
2,000 - 2,999 securities	7	16,952
3,000 - 3,999 securities	1	3,000
4,000 - 4,999 securities	2	9,500
5,000 or more securities	78	11,600,490
Unable to confirm	0	0
TOTAL	**163**	**11,654,371**

TABLE 4 - Non-Public Securityholders (Registered)		
Class of Security - Common Shares		
Size of Holding	**Number of Holders**	**Total Number of Securities**
1-99 securities	0	0
100 - 499 securities	0	0
500 - 999 securities	0	0
1000 - 1,999 securities	0	0
2,000 - 2,999 securities	0	0
3,000 - 3,999 securities	0	0
4,000 - 4,999 securities	0	0
5,000 or more securities	11	47,110,233
Unable to confirm	0	0
TOTAL	**11**	**47,110,233**

15. Executive Compensation

Executive Compensation for Saratoga

Summary of Executive Compensation Table

The following table sets out information concerning the compensation earned from Saratoga during the financial years ended March 31, 2014, 2013 and 2012 by Saratoga's Chief Executive Officer and Chief Financial Officer (the "**Saratoga Named Executive Officers**" or "**Saratoga NEOs**"). There was no other executive officer of Saratoga whose total salary, bonus and other annual compensation exceeded $150,000 on March 31, 2014.

Saratoga NEO Name and Principal Position	Financial Period	Salary ($)	Share-based Awards ($)	Option-based Awards ($)	Non-equity Incentive Plan Compensation		Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Georges A. Durst CEO	2014 2013 2012	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	5,197(1) 85,735(2) 46,765(3)	5,197 85,735 46,765
Richard Vallée CFO	2014 2013 2012	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	29,000(4) 130,969(4) 165,357(4)	29,000 130,969 165,357

(1) Of this amount, $1,500 represents fees received in Mr. Durst's capacity as a director of Saratoga and $3,697 represents a car allowance.
(2) Of this amount, Mr. Durst received compensation in the form of professional fees for consulting services provided to Saratoga in the amount of $76,200, and $9,535 represents a car allowance.
(3) Of this amount, Mr. Durst received compensation in the form of professional fees for consulting services provided to Saratoga in the amount of $35,512, $1,500 represents fees received in Mr. Durst's capacity as a director of Saratoga and $9,753 represents a car allowance.
(4) Mr. Vallée received compensation in the form of professional fees for consulting services provided to Saratoga.

Incentive Plan Awards

During the financial year ended March 31, 2014, the value of all incentive plan awards vested or earned by each Saratoga NEO was nil. Saratoga has no share-based or option-based incentive awards for Saratoga NEOs as of March 31, 2014.

Pension Plan Benefits

Saratoga does not have any pension plans or deferred compensation plans.

Termination and Change of Control Benefits

Saratoga does not have any compensatory plan or arrangement in respect of compensation received or that may be received by any Saratoga NEO to compensate them in the event of the termination of their employment by way of resignation, retirement, or change of control, or in the event of a change in their responsibilities following a change of control of Saratoga.

Director Compensation

Overview

The Saratoga Board of Directors is responsible for developing and implementing the directors' compensation plan. The main objectives of the directors' compensation plan are (a) to attract and retain the services of the most qualified individuals; (b) to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and board committee membership, and is competitive with other comparable public issuers; and (c) to align the interests of the directors with those of the long-term Saratoga shareholders.

The Saratoga Board of Directors has adopted a policy of remunerating its members through the payment of a fee of $500 for each meeting of (a) the Board of Directors attended; and (b) a committee of the Board of Directors attended.

Director Compensation Table

The following table represents the compensation received by the Saratoga Board of Directors during the financial year that ended March 31, 2014.

Name	Fees earned ($)	All other compensation ($)	Total compensation ($)
Donald W. Seal, Q.C.	1,500[(1)]	Nil	1,500
Alfredo Perez	1,000[(1)]	Nil	1,000
Martin Fontaine	1,500[(1)]	Nil	1,500

(1) This amount represents fees received in the capacity as a director of Saratoga.

Indebtedness of Directors and Executive Officers

As at the date of this Listing Statement, none of the executive officers, directors, employees or former executive officers, directors or employees of Saratoga or of any of its subsidiaries was indebted to Saratoga or any of its subsidiaries as at the same date, and the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Saratoga or of any of its subsidiaries.

Management Contracts

Management services for Saratoga are not, to any substantial degree, performed by persons other than the executive officers of Saratoga. Saratoga was not subject to any management agreement for the financial year ended March 31, 2014.

Executive Compensation for Abba Medix

Summary of Executive Compensation Table

The following table sets out information concerning the compensation earned from Abba Medix during the financial year ended July 31, 2014 by Abba Medix's Chief Executive Officer (the "**Abba Medix Named Executive Officer"** or "**Abba Medix NEO**"). There was no other executive officer of Abba Medix whose total salary, bonus and other annual compensation exceeded $150,000 on July 31, 2014.

Abba Medix NEO Name and Principal Position	Financial Period	Salary ($)	Share-based Awards ($)	Option-based Awards ($)	Non-equity Incentive Plan Compensation		Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Ahmad Rasouli CEO	2014	Nil	Nil	Nil	Nil	Nil	Nil	10,000(1)	10,000

(1) During the period from August 21, 2013 to July 31, 2014, $10,000 of consulting fees were paid to a company controlled by Mr. Rasouli.

Incentive Plan Awards

Abba Medix has no share-based or option-based incentive awards for Abba Medix NEOs.

Pension Plan Benefits

Abba Medix does not have any pension plans or deferred compensation plans.

Termination and Change of Control Benefits

Abba Medix does not have any compensatory plan or arrangement in respect of compensation received or that may be received by any Abba Medix NEO to compensate them in the event of the termination of their employment by way of resignation, retirement or change of control, or in the event of a change in their responsibilities following a change of control of Abba Medix.

Director Compensation

Director Compensation Table

The following table represents the compensation received by the Abba Medix Board of Directors during the financial year that ended July 31, 2014.

Name	Fees earned ($)	All other compensation ($)	Total compensation ($)
Ahmad Rasouli	Nil	Nil	Nil

Indebtedness of Directors and Executive Officers

As at October 31, 2014, none of the executive officers, directors, employees or former executive officers, directors or employees of Abba Medix was indebted to Abba Medix as at the same date, and the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Abba Medix.

Management Contracts

Management services for Abba Medix are not, to any substantial degree, performed by persons other than the executive officers of Abba Medix. Abba Medix was not subject to any management agreement for the financial year ended July 31, 2014 or for the three month period ended October 31, 2014.

Executive Compensation for Saratoga after giving effect to the Transaction

The following section sets out the anticipated compensation for Ahmad Rasouli, who will serve as the Chief Executive Officer of Saratoga following the closing of the Transaction and Richard Vallée who will serve of Chief Financial Officer.

Compensation Discussion and Analysis

The executive compensation program of Saratoga after giving effect to the Transaction will be administered by the Saratoga board of directors. The board of directors will receive recommendations from the compensation committee, a sub-committee of the board of directors, which committee will be responsible for determining the form and mechanism of executive compensation to be paid or granted to executive officers, directors and employees.

Base salary will be designed to provide income certainty and to attract and retain executives, and therefore will be based on the assessment of a number of factors such as current competitive market conditions, compensation levels within the peer group and factors particular to the executive, including individual performance, the scope of the executive's role with Saratoga and retention considerations. In addition to base salary, Saratoga may award executives with short-term incentive awards in the form of annual cash bonuses. Annual cash bonuses are intended to provide short-term incentives to executives and to reward them for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The amount will not be pre-established and will be at the discretion of the board of directors. While in most cases there will be no target amount for annual cash bonuses, the board of directors will review similar factors as those discussed above in relation to base salary. Equity incentive awards will be designed to, among other things, motivate executives to achieve longer-term sustainable business results and align their interests with those of Saratoga shareholders. Grantees of equity incentive awards benefit only if the market value of the Common Shares at the time of stock option exercise is greater than the exercise price of the stock options at the time of grant. Awards will be based on a variety of factors, such as the need to attract or retain key individuals, competitive market conditions and internal equity. The amounts and terms of historical and outstanding awards will be taken into account from time to time when determining whether and in what amount to make new awards.

Summary Compensation Table – Proposed Compensation

After giving effect to the Transaction, Saratoga will have two executive officers, who will constitute the named executive officers of Saratoga. The following table sets for the proposed compensation for Saratoga's executives for the 12–month period after the Completion of the Transaction.

					Non-equity incentive plan compensation ($)				
Name and Principal Position	**Year**	**Salary ($)**	**Share-based awards**	**Option-based awards**	**Annual Incentive Plans**	**Long-term Incentive Plans**	**Pension Value ($)**	**All other Compensation ($)(2)**	**Total Compensation ($)**
Ahmad Rasouli, CEO	2014	250,000	Nil	Nil	-(1)	Nil	Nil	64,400	314,400
Richard Vallée CFO	2014	2,500/ month	Nil	Nil	Nil	Nil	Nil	Nil	2,500/month

(1) An additional bonus may be provided based on performance.
(2) Base bonus to be paid at the conclusion of each fiscal year (starting at $50,000). The base bonus is to be increased at the end of each fiscal year by the increase in the Canadian cost of living (if any). Mr. Rasouli will also receive (a) a car allowance of $1,200 per month; (b) a mobile phone (and accompanying plan); and (c) a laptop computer.

Incentive Plans

Following the completion of the Transaction, Saratoga will create an incentive package for its executives through the compensation committee.

Director Compensation

As at the date of this Listing Statement, there has been no agreed upon compensation for any director of Saratoga after giving effect to the Transaction.

16. Risk Factors

The following are certain risk factors relating to Saratoga or Abba Medix which prospective investors should carefully consider before deciding whether to purchase the Common Shares. The following information is a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement and the documents incorporated by reference herein. The risks and uncertainties described below are not the only risks and uncertainties faced by Saratoga or Abba Medix. Additional risks and uncertainties not currently known to Saratoga or Abba Medix or that Saratoga or Abba Medix currently deem immaterial may also impair business operations. If any of the following risks actually occur, Saratoga or Abba Medix's businesses, financial conditions and results of operations and, therefore, the value of the Common Shares, could be adversely affected.

There are numerous factors which may affect the success of Saratoga or Abba Medix's businesses that are beyond their control including local, national and international economic and political conditions. Saratoga and Abba Medix's businesses involve a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome.

Abba Medix's ability to become a Licensed Producer

On June 16, 2014, the Canadian Securities Administrators issued a notice urging investors looking to invest in medical marijuana to exercise caution before investing. The notice emphasized potential financial harm to investors who purchase shares in a medical marijuana company before that company is a viable business.[12]

Abba Medix is not currently a Licensed Producer. The Application has not yet been approved to allow Abba Medix to be become a Licensed Producer. Whether the Application is approved, and Abba Medix becomes a Licensed Producer, is at the discretion of authorities unaffiliated with either Saratoga or Abba Medix. The inability to become a Licensed Producer will have a material adverse effect on Abba Medix's operations and business.

Until (a) Abba Medix's production facilities are (i) available for inspection by Health Canada; and (ii) recognized as meeting the requirements under the MMPR; and (b) Abba Medix is in receipt of a final licence from Health Canada, Abba Medix cannot begin production of medical marijuana.

Regulatory Risks

If Abba Medix becomes a Licensed Producer there is no guarantee that it will continue to be a Licensed Producer indefinitely. The medical marijuana business is highly regulated. Achievement of Abba Medix's business objectives is contingent, in part, upon compliance with regulatory requirements, maintaining its status as a Licensed Producer and obtaining the necessary regulatory approvals for the production and sale of its products. The extent of the resources required to secure the necessary regulatory approvals is unknown. The inability of Abba Medix to (a) obtain the required regulatory approvals; or (b) maintain its status as a Licensed Producer, may hinder the operations of Abba Medix's business which may have a material adverse impact on its operations.

[12] https://www.securities-administrators.ca/aboutcsa.aspx?id=1241&terms=marijuana.

Market for Shares

There is no established market for the Common Shares. An investment in the Common Shares must be regarded as highly speculative and subject to a number of risks that one must consider due to the proposed nature of Abba Medix's business and its present stage of development. No stability rating for the Common Shares has been applied for or obtained from any rating agency.

There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares.

Share Price and Volume Volatility

The Common Shares may be affected by limited or sporadic trading volumes, which may affect shareholders' ability to sell the Common Shares. Saratoga's share price may be volatile and could be subject to wide fluctuations due to a number of factors including the risk factors described in this Listing Statement. In addition, broad fluctuations in the financial markets as well as economic conditions may adversely affect the market price of the Common Shares.

Risk of Loss

Investment in the Common Shares is highly speculative given the proposed nature of Abba Medix's business and its present stage of development.

The Common Shares are only suitable to investors who are prepared to rely entirely on the directors and management of Saratoga and can afford to risk the loss of their entire investment. Those investors who are not prepared to rely on the directors and management of Saratoga or cannot afford the risk of losing their entire investment should not invest in the Common Shares.

Restrictions on Trading

Trading in the Common Shares may be halted at various times for various reasons, including for failure by the Issuer to submit documents to the CSE within the time periods required.

Nature of Abba Medix and Present Stage of Development

Abba Medix was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends. There are many risks and uncertainties encountered by a company that, like Abba Medix, is in its early stages of operations. This Listing Statement may not successfully address all risks and uncertainties.

Certain directors of Saratoga will only devote part of their time and attention to the affairs of Saratoga and there are potential conflicts of interest to which some of the directors of Saratoga will be subject in connection with the operations of the Saratoga.

Laws and Regulation in respect of Medical Marijuana

Abba Medix's business will be subject to the legislation authorizing the commercial production of medical marijuana by Licensed Producers. If legislative prohibitions against such commercial production are enacted, Abba Medix will no longer be able to supply its products.

Abba Medix's Success is Dependent Upon the Acceptance of its Products and its Business

Abba Medix's success depends upon it achieving significant market acceptance of its medical marijuana products. Abba Medix cannot guarantee that pharmacies or consumers will stock or purchase its products. Acceptance of Abba Medix's products will depend on the success of advertising, promotional and marketing efforts and Abba Medix's ability to provide products to consumers. To date, Abba Medix has not spent significant funds on marketing and promotional efforts, although in order to increase awareness of its medical marijuana products it expects to spend significant funds on promotion, marketing and advertising in the future. If these marketing efforts fail to develop an awareness of Abba Medix's products, marketing expenses may never be recovered and Abba Medix may never be able to generate any significant future revenues. In addition, even if awareness of its products increases, Abba Medix may not be able to produce enough of its product to meet retail demand.

Adverse publicity associated with Abba Medix's products or those of similar companies or concerning any actual or purported failure by Abba Medix to comply with applicable laws and regulations could harm its financial condition and operating results. The results of Abba Medix's operations may be significantly affected by the public's perception of Abba Medix and similar companies. This perception is dependent upon opinions concerning: (a) the safety and quality of Abba Medix's products or of similar products distributed by other companies; and (b) Abba Medix's distributors, manufacturers and customers. Such risks may be heightened if early clinical tests report results unfavourable to the business of Licensed Producers.

Adverse publicity, whether accurate or not, connected to customers' use or misuse of products, or that associates consumption of Abba Medix's products, or any similar products, with illness or other adverse effects, may create public doubt as to the benefits of Abba Medix's products. Furthermore, claims that such products are ineffective, inappropriately labelled, or have inaccurate instructions as to their use, could negatively affect Abba Medix's reputation or the market demand for its products.

Abba Medix May Need to Raise Capital to Continue Growth

There is no assurance that actual cash requirements will not exceed estimates. In particular, additional capital may be required in the event that Abba Medix encounters greater costs associated with the completion of the Transaction or general and administrative expenses. If Abba Medix cannot obtain capital through financings or otherwise, its ability to execute its development plans and achieve profitable operational levels will be limited. Abba Medix may not be able to obtain additional financing on favourable terms, if at all. Abba Medix's future cash flow and the availability of financing are subject to a number of variables, including potential production and market prices of medical marijuana. Further, debt financing could lead to a diversion of cash flow to satisfy debt-servicing obligations and create restrictions on business operations. If Abba Medix is unable to raise additional funds, there would be a material adverse effect on its operations.

Fluctuation in Operating Costs

Abba Medix may experience fluctuations in future quarterly operating results that may be caused by many factors, including but not limited to: (a) variability of sales to new and existing customers; (b) changes in the level of marketing and other operating expenses; (c) competitive factors; and (d) the timing of delivery. Consequently, Abba Medix believes that period-to-period comparisons of its operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. It is likely that Abba Medix's future quarterly operating results will from time-to-time not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the Common Shares. Until the point where Abba Medix is able to generate and predict continued positive cash flows from recurring revenue, it faces risk in utilizing its existing cash resources which may potentially require further cash infusions from investors to maintain its operations.

Additionally, Abba Medix's production facilities will consume considerable energy when producing medical marijuana. Consequently, Abba Medix is vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the operations of Abba Medix.

Government Regulation and Trade Restrictions

Trade restrictions may be created that will have an adverse effect on Abba Medix's long-term plan to ship its products internationally. Governments or special-interest groups may attempt to protect existing pharmaceutical industries through duties, tariffs, or public relations campaigns. These efforts may adversely affect Abba Medix's ability to ship its products in a cost effective manner.

Moreover, any negative changes to international treaties and regulations or international trade agreements and embargoes imposed by such entities as the World Trade Organization could result in a rise in trade quotas, duties, taxes and similar impositions which could limit the number of countries where Abba Medix might market and sell its products. Such events could have an adverse effect on Abba Medix's business.

Any changes in government regulation with respect to labelling and advertising of Abba Medix's products could have an adverse effect on its business. A change in these requirements could add additional costs to the production of Abba Medix's products.

Technological Advances

Existing products or products under development by Abba Medix's competitors could prove to be more effective or less costly than what is produced by Abba Medix's production facilities. If Abba Medix fails to both (a) access new technology; and (b) continually upgrade its production facilities and processes to reflect technological advances, then the competitive position of Abba Medix's businesses may be negatively affected. This may result in a material adverse effect on Abba Medix's results of operations, business, prospects and financial condition.

Production Facilities

To date, Abba Medix's activities and resources have been primarily focused on its production facilities (for a description of the production facilities see "*Narrative Description of the Business – Production Facilities*"). Abba Medix will continue to focus on these facilities for the foreseeable future. Adverse changes or developments affecting the production facilities, including, but not limited to, risks related to the growing environment (see "*Risks of the Agricultural Business*") and breaches of security, could have a material and adverse effect on the operations of Abba Medix. Any breach of Abba Medix's security measures, including an inability to satisfy security requirements as determined by Health Canada, could also have an adverse impact on Abba Medix's ability to become or continue to be a Licensed Producer.

Risks of the Agricultural Business

Medical marijuana is an agricultural product. As such, the business of Abba Medix is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although Abba Medix's production facilities are built to consider such risks, there can be no assurance that the aforementioned risks will not have a material adverse impact on the production of its products.

Rapid Growth Could Harm Abba Medix's Future Business Results

Abba Medix expects to experience significant and rapid growth. If Abba Medix is unable to hire staff to manage operations, this rapid growth could harm its future business results and may strain managerial and operational resources. As Abba Medix proceeds with the marketing and sale of anticipated products, Abba Medix may need to add staff to (a) manage operations; (b) handle sales and marketing efforts; and (c) perform finance and accounting functions. Abba Medix may be required to hire a broad range of additional personnel in order to successfully advance operations. This growth is likely to place a strain on management and operational resources. The failure to (a) develop and implement effective operational and financial systems; (b) hire and retain sufficient personnel for the performance of all the functions necessary to effectively service and manage Abba Medix's potential business; or (c) manage growth effectively, could have a material adverse effect on Abba Medix's business and financial condition.

Competition

Abba Medix operates in a highly competitive marketplace with various competitors. Increased competition may result in reduced gross margins and/or loss of market share, either of which would seriously harm Abba Medix's business and results of operations. Management cannot be certain that Abba Medix will be able to compete successfully against current or future competitors or that competitive pressure will not seriously harm its business. Some of Abba Medix's competitors are much larger and have greater access to capital, sales, marketing and other resources. These competitors may be able to (a) respond more rapidly to new laws and regulations; (b) adapt to new or emerging changes in customer requirements more quickly; (c) taken advantage of acquisition and other opportunities more readily; (d) devote greater resources to the development, promotion and sale of their products; or (e) adopt more aggressive pricing policies, than Abba Medix can. Furthermore, some of these competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties in the industry to increase their ability to rapidly gain market share.

Abba Medix may encounter competitors that have (a) greater resources; (b) been in operation for longer; and (c) more production and marketing experience, than Abba Medix. Competition with companies that have some or all of these attributes could materially and adversely impact the operations of Abba Medix.

Under the MMPR, Health Canada has only issued a small number of licenses for the production and selling of medical marijuana to date. However, there are currently many applicants seeking to become Licensed Producers. An increased number of Licensed Producers could have an adverse impact on Abba Medix's operations. Because of the developing nature of the medical marijuana industry in Canada, Abba Medix expects to face competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for medical marijuana products will increase resulting in heightened competition and a broader choice of products for medical marijuana users. Consistent investment may be required for Abba Medix to maintain a competitive position in the market. If the necessary resources are not available, Abba Medix may not remain competitive which could materially and adversely impact the operations of Abba Medix.

Difficulty Implementing Business Strategy

The growth and expansion of Abba Medix is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that Abba Medix will be successful in the implementation of its business strategy.

Abba Medix is Sensitive to Marijuana Seed Prices and Supply

Changes in the price of marijuana seeds can affect Abba Medix's business. Abba Medix will generally be unable to pass along increased marijuana seed costs to consumers and accordingly, rising input prices will tend to reduce profit margins.

A Decline in the Price of Common Stock

A decline in the price of the Common Shares could result in a reduction in the liquidity of the Common Shares and a reduction in Saratoga's ability to raise additional capital for operations. A reduction in Saratoga's ability to raise equity capital in the future could have a material adverse effect upon its business plan and operations, including its ability to continue operations. If Saratoga's stock price declines, it may not be able to raise additional capital or generate funds from operations sufficient to meet its obligations.

Labour Difficulties

The maintenance of a productive and efficient labour environment cannot be assured. A disruption in the labour force could negatively affect operations which in turn could have a material adverse effect on Abba Medix's business.

Key Personnel

The loss of any key Management or non-Management personnel would have an adverse effect on Abba Medix's future development and could impair its ability to succeed. Abba Medix's performance is substantially dependent upon the expertise of its key Management and non-Management personnel and Abba Medix's ability to continue to hire and retain such personnel. It would be difficult to find sufficiently qualified individuals to replace key Management or non-Management personnel. The loss of any key Management or non-Management personnel could have a material adverse effect on Abba Medix's business, development, financial condition and operating results.

In March 1993 and in July 1996, Ahmad Rasouli, the Chief Executive Officer and a director and principal shareholder of the Issuer, plead guilty to certain criminal offences for which he was fined the amount of $650 in one case, and received a suspended sentence plus 18 months' probation in the other case. Mr. Rasouli has recently applied for a pardon in respect of such infractions. None of these infractions falls within the list of enumerated offences which would automatically render Mr. Rasouli ineligible to receive the security clearance necessary in order for Abba Medix to be approved as a Licensed Producer. However, there is no assurance that Health Canada will not otherwise exercise the discretion afforded to it under the MMPR to refuse to approve Abba Medix as a Licensed Producer on such grounds, in which case Abba Medix will be required to organize its affairs differently in order to be considered for the granting of such approval.

Loss of Customers

The loss or cancellation of business with any of Abba Medix's then established larger customers could materially and adversely affect its business, financial condition or results of operations.

Further, a recession in the general economy, increased interest rates, a change in the availability of consumer credit, increased taxation levels, increased unemployment, or uncertainties regarding future economic prospects could affect consumers' spending habits and have an adverse effect on Abba Medix's results.

Uncertain Demand

Demand for Abba Medix's products is dependent on a number of social, political and economic factors that are beyond its control. While Abba Medix believes that demand for its products will continue to grow, there is no assurance that such demand will exist or that its products will be purchased to satisfy such demand.

Disaster Recovery

Abba Medix's sales operations will be highly automated and a disruption or failure of its website systems may delay its ability to complete sales and to provide services. A major disaster or other catastrophic event that results in the destruction or disruption of any of Abba Medix's critical business or information technology systems could severely affect its ability to conduct normal business operations. This possible disruption may materially and adversely affect Abba Medix's future operating results.

Equity of Officers and Directors

The officers and directors of the Issuer will beneficially own a substantial portion of the Common Shares. As a result, the officers and directors will have the ability to influence matters affecting other shareholders, including the election of the Issuer's directors, the acquisition or disposition of the Issuer's assets, and the future issuance of shares of the Issuer. Because the directors and officers control such shares, investors may find it difficult to replace the Issuer's directors and officers if they disagree with the way the Issuer's business is being operated. Because the influence by these insiders could result in management making decisions that are in the best interest of those insiders and not in the best interest of investors, investors may lose some or all of the value of their investment.

Actions of Customers

The Issuer cannot guarantee that its customers (i.e. doctors' offices and pain clinics) will adhere to the all applicable laws. If such customers do commit any illegal actions, the Issuer may be deemed to be aiding and abetting illegal activities through the services the Issuer provides to those customers. As a result, the Issuer may be subject to actions by law enforcement authorities, which may materially and adversely affect the Issuer's business.

Various Jurisdictions

The Issuer's website will be visible in jurisdictions where the activities described therein are considered illegal. As a result, the Issuer may face legal action from a jurisdiction for engaging in an activity considered illegal in that jurisdiction.

Rapid Growth of Medical Marijuana Industry

The medicinal marijuana industry is undergoing rapid growth and substantial change, which may result in increasing consolidation and formation of strategic relationships. The Issuer expects this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm the Issuer in a number of ways, including:

(a) the Issuer could lose strategic relationships if the Issuer's strategic partners are acquired by or enter into relationships with a competitor (which could cause the Issuer to lose access to distribution, content, technology, and other resources);

(b) the relationship between the Issuer and the strategic partner may deteriorate and cause an adverse effect on the Issuer's business;

(c) the Issuer could lose customers if competitors or users of competing technologies consolidate with the Issuer's current or potential customers; and

(d) the Issuer's current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put the Issuer at a competitive disadvantage, which could cause the Issuer to lose customers, revenue and market share. Consolidation could also force the Issuer to expend greater resources to meet new or additional competitive threats, which could also harm the Issuer's operating results.

Systems and Networks

The Issuer's operations are in part dependent upon the continued reliable operation of the information systems and networks of third parties. If these third parties do not provide reliable operation, the Issuer's ability to service their customers will be impaired and its business, reputation and operating results could be harmed.

Online commerce and communications depend on the ability to transmit confidential information over private and public networks. Any compromise of the Issuer's ability to transmit and store such information and data securely, and any costs associated with preventing or eliminating such problems, could damage the Issuer's business, hurt the Issuer's ability to distribute products and services and collect revenue, harm the Issuer's reputation and expose the Issuer to litigation or liability. The Issuer may also be required to expend significant capital or other resources to protect against the threat of security breaches or hacker attacks or to alleviate problems caused by such breaches or attacks. Any successful attack or breach of the Issuer's security could hurt consumer demand for the Issuer's products and services, and expose the Issuer to consumer class action lawsuits.

Insurance

Insurance that is otherwise readily available, such as workers compensation, general liability and directors and officers insurance, may be more difficult for the Issuer to find, and more expensive, due to the nature of the medicinal marijuana industry. If the Issuer is forced to operate without certain forms of insurance, it may (a) prevent the Issuer from entering into certain business sectors; (b) inhibit the Issuer's growth; and (c) expose the Issuer to additional risk and financial liabilities.

Currently Abba Medix's landlord's insurance policy provides Abba Medix limited coverage. It is intended that upon becoming a Licensed Producer, Saratoga will be covered by a more comprehensive policy that is appropriate for its business. There is no assurance that such policy will be obtained, or, if obtained, beyond commercially reasonable terms.

Disruptions in Delivery Services

Abba Medix will depend on fast and efficient delivery services to distribute its perishable products. Disruption of this delivery service could adversely affect the operations of Abba Medix. Rising costs associated with the delivery services used by Abba Medix may also adversely affect the operations of Abba Medix and its ability to operate profitably.

Dividends

The Issuer does not intend to pay any dividends in the foreseeable future, nor plan on making any cash distributions in the manner of a dividend or otherwise.

17. Promoters

Ahmad Rasouli is considered to be a promoter of the Issuer. Mr. Rasouli will hold 32,000,000 (52.3%) Common Shares after giving effect to the Transaction which includes 12,800,000 Common Shares held by Ahmad Rasouli in trust for 2418659 Ontario Inc.

18. Legal Proceedings

Saratoga

There is no legal proceeding material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party nor of which any of its respective property is the subject matter and there is no such proceeding known to the Issuer to be contemplated.

There are no penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof.

The Issuer has not entered into any settlement agreement before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

There are no other penalties or sanctions imposed by a court or regulatory body against the Issuer.

Abba Medix

There is no legal proceeding material to Abba Medix to which Abba Medix is a party nor of which any of its property is the subject matter and there is no such proceeding known to Abba Medix to be contemplated.

There are no penalties or sanctions imposed against Abba Medix by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof.

Abba Medix has not entered into any settlement agreement before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

There are no other penalties or sanctions imposed by a court or regulatory body against Abba Medix.

19. Interest of Management and Others in Material Transactions

Saratoga

No director, executive officer or principal shareholder of Saratoga, or associate or affiliate of a director, executive officer or principal shareholder of Saratoga, has any material interest, direct or indirect, in any material transactions with Saratoga within the three years before the date of this Listing Statement.

Abba Medix

No director, executive officer or principal shareholder of Abba Medix, or an associate or affiliate of a director, executive officer or principal shareholder of Abba Medix, has any material interest, direct or indirect, in any material transactions with Abba Medix within the three years before the date of this Listing Statement.

20. Auditors, Transfer Agents and Registrars

The auditor of Saratoga is MNP LLP. The auditor of Abba Medix is Forbes Andersen LLP. Following the closing of the Transaction, MNP LLP will remain as Saratoga's auditor.

The transfer agent and registrar of the Common Shares is Computershare.

21. Material Contracts

Abba Medix has entered into the following material contracts:

License and Distribution Rights

During the period ended July 31, 2014, Abba Medix entered into the L&D Agreement (as described under "*Management's Discussion and Analysis - Liquidity and Capital Resources*") that granted to Abba Medix the right to use the Authored Work (as described under "*Management's Discussion and Analysis - Liquidity and Capital Resources*") in certain geographical regions including, but not limited to, Canada. The Authored Work focused on formulas for beverages and technology for a patented THC test kit.

Pursuant to the L&D Agreement, the licensor granted to Abba Medix the ability to, with written notice, sublicense the Authored Work in specified geographical regions. Further, the licensor granted rights to Abba Medix for any and all products that the licensor produced, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may have produced in the medicinal marijuana market. In the event that Abba Medix declined to license and/or distribute any products developed by the licensor, Abba Medix would give written notice as to its intention to the licensor.

Abba Medix would pay to the licensor a royalty which would be calculated as 15% of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) was due at the execution of the L&D Agreement, payable as to US$50,000 in cash upon execution of the L&D Agreement, US$50,000 in cash 30 days from the execution of the L&D Agreement and the balance to be paid in cash or in stock of Abba Medix if Abba Medix were to be publicly traded. In the event that Abba Medix distributed products produced by the licensor in its described geographical region, Abba Medix would purchase such product at a discount of 85% of the gross wholesale profit.

During the period ended July 31, 2014, Abba Medix paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. Abba Medix was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment.

During the period ended October 31, 2014, the L&D Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been re-allocated to prepaid expenses as the licensor has indicated the payment will be applied against future purchases from the licensor by Abba Medix or against any future license and distribution agreements that the parties may enter into.

Corporate Advisory Services

(a) During the period ended July 31, 2014, Abba Medix entered into an agreement for the provision of corporate and market-related advisory services. As consideration for the services rendered pursuant to the agreement, Abba Medix shall grant to the advisor, pursuant to the terms of Abba Medix's stock option plan, 9% of the total issued and outstanding shares post-funding of the first funding of up to $1,000,000, options each Option entitling the holder to purchase one common share of Abba Medix at the same strike price as the initial funding of up to $1,000,000 as described, exercisable for a period of 12 months from the date of a completed public transaction. As additional consideration for the services rendered pursuant to this agreement, Abba Medix also agreed to pay an advisory fee of $7,500 per month for the first six months of the agreement; $5,000 per month for the subsequent six months; and, $4,000 per month for the last 12 months of the agreement. The advisory fee is due monthly as long as the agreement remains in effect. All such fees will accrue from the date of the agreement and will become due on closing of the Financing as described above.

This agreement will expire on May 6, 2016, and can be cancelled for any reason by either party with 90 days' notice. A written notification must be submitted by the party requesting the cancellation and must be sent to the other party in writing with delivery confirmation. If the purpose for cancellation is "for cause", then this period can be reduced to a 30 day period.

During the period ended October 31, 2014, the agreement was amended with respect to the Options to be issued to the advisor. Pursuant to the amendments, upon successful completion of the Transaction, the advisor will be entitled to receive Warrants, instead of Options, entitling it to acquire an amount of Saratoga shares equal to 9% of the issued and outstanding Saratoga shares at the time of the closing of the Transaction, exercisable for a period of 12 months at a price of $0.25 per share in consideration of financial advisory and other services provided to Abba Medix in connection with the Transaction.

(b) Subsequent to the period ended October 31, 2014, Abba Medix entered into the Consulting Agreement for the provision of business advisory services with respect to corporate development services, business strategy and operational matters, developing new business opportunities, identifying and advising on potential business acquisitions and participation in various internal and external business meetings of Abba Medix in exchange for a monthly fee of $12,500. On each anniversary of the Consulting Agreement, the parties shall review the amount of the consulting fees. The amount of the consulting fees shall not be changed unless mutually agreed upon by the parties in writing.

The Consulting Agreement shall commence on the date on which Abba Medix completes the Proposed Transaction, and shall continue for a period of five years thereafter. This Consulting Agreement is conditional upon and shall not take effect unless the Proposed Transaction is completed.

Either party can terminate the Consulting Agreement at any time, without cause, subject to providing the other party with 90 days advance written notice of termination.

Joint Venture Agreements

During the period ended July 31, 2014, Abba Medix entered into the Joint Venture Agreement for the purpose of forming three identified joint ventures to further the development in Canada, on an exclusive basis, of the business activities of three companies identified in the Joint Venture Agreement. The term of the Joint Venture was intended to be for five years from the date of the execution of the Joint Venture Agreement, and to be renewed for further periods of five years with both parties negotiating in good faith. The Joint Venture Agreement contemplated consummating final definitive joint venture agreements that would govern each of the original three proposed Joint Venture opportunities. Pursuant to the Joint Venture Agreement, Abba Medix's equity interest in each of the proposed Joint Venture companies would be 45%, and Abba Medix would act as the managing partner of the Joint Ventures. The Joint Venture Agreement was terminated during the period ended October 31, 2014, prior to the formation of any of the Joint Venture companies contemplated in the Joint Venture Agreement.

Letter of Intent

During the period ended October 31, 2014, Abba Medix was assigned the LOI, pursuant to which Abba Medix will enter into an agreement to obtain an exclusive right to purchase and import into Canada any medical cannabis and medical cannabis products produced by the supplier that is legally allowed by the Canadian Government. In consideration for the Exclusive Supply Agreement, Abba Medix is to pay an Exclusive Supply Agreement fee of $150,000 and issue 500,000 non-restricted common shares of Abba Medix upon close of the Exclusive Supply Agreement. With respect to the $150,000 Exclusive Supply Agreement Fee, Abba Medix paid a $50,000 non-refundable no-shop fee upon execution of the LOI and will make a final cash payment of $100,000 upon close of the Exclusive Supply Agreement. Subsequent to the period ended October 31, 2014, the LOI expired before the Exclusive Supply Agreement could be finalized and, although a formal extension has not been agreed to, the parties continue to work towards finalizing an Exclusive Supply Agreement as contemplated in the original LOI. The $50,000 non-refundable no-shop fee has been included in prepaid expenses in the Interim Financial Statements.

Operational Consulting Agreement

During the period ended October 31, 2014, Abba Medix entered into the Consulting Agreement for the provision of services with respect to (but not limited to) product growing strategy and layout design for growing room, nursery rooms, vegetative rooms, plantation stations, drying rooms and trimming rooms over a term of one year in exchange for a monthly fee of $13,000. The Consulting Agreement can be terminated by either party by providing 60 days' notice to the other party.

Share Exchange Agreement

Saratoga entered into the Share Exchange Agreement with Abba Medix and its shareholders as of February 24, 2015 pursuant to which Saratoga will acquire all of the issued and outstanding shares of Abba Medix in exchange for Common Shares.

Pursuant to the Transaction, the Abba Medix shareholders will receive 32 Common Shares for each of the 1,336,877 Class A common shares of Abba Medix currently issued and outstanding. Upon closing of the Transaction, Saratoga will issue from treasury an aggregate of 42,780,064 Common Shares to the Abba Medix shareholders. Following such issuance, there will be an aggregate of 61,241,364 Common Shares issued and outstanding. Based on the foregoing, following completion of the Transaction, the current holders of Common Shares will hold approximately 30.15% of the outstanding Common Shares and the Abba Medix shareholders will hold approximately 69.85% of the outstanding Common Shares.

22. Interest of Experts

There are no direct or indirect interests in the property of Saratoga or Abba Medix, or of a related person of Saratoga or Abba Medix, received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement.

23. Other Material Facts

No other material facts about Saratoga, Abba Medix or their securities are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to Saratoga, Abba Medix and their securities.

24. Financial Statements

Financial Statements for Abba Medix may be found in Appendix “A”.

Financial Statements for Saratoga may be found in Appendix “B”.

Saratoga’s Unaudited Pro-Forma Consolidated Statement of Financial Position as at December 31, 2014 may be found in Appendix “C”.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Saratoga Electronic Solutions Inc. hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Saratoga Electronic Solutions Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at ______________________

this 6 day of March, 2015.

Georges Durst Chief Executive Officer	Richard Vallee Chief Financial Officer
Martin Fontaine Director	Don Seal Director

CERTIFICATE OF ABBA MEDIX

The foregoing contains full, true and plain disclosure of all material information relating to Abba Medix Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at ______________________

this 6 day of March, 2015.

____
Ahmad Rasouli
Chief Executive Officer

____
Ahmad Rasouli
Director

Appendix “A” – Abba Medix Financial Statements

This Appendix “A” includes:

(a) Audited financial statements of Abba Medix for the period ended July 31, 2014; and

(b) Unaudited financial statements of Abba Medix for the three months ended October 31, 2014.

Financial Statements

Abba Medix Corp.

For the Period from August 21, 2013 to July 31, 2014

INDEX

Forbes Andersen

Forbes Andersen LLP *Chartered Accountants*
200-56 Temperance St., Toronto, ON Canada M5H 3V5
T. 416.947.0464 F. 416.364.8797
www.forbesandersen.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABBA MEDIX CORP.

We have audited the accompanying financial statements of Abba Medix Corp., which comprise the statement of financial position as at July 31, 2014, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from August 21, 2013 to 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 controls 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Abba Medix Corp. as at July 31, 2014, and its financial performance and its cash flows for the period from August 21, 2013 to July 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(b) in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Abba Medix Corp.'s ability to continue as a going concern.

Forbes Andersen LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
September 4, 2014

Abba Medix Corp.

Statement of Financial Position as at July 31, 2014

Assets

Current Assets

Cash	$ 213,962
HST recoverable	59,889
Prepaid expenses and deposits	63,302
Due from related company (note 5)	8,871
Short-term advance to related party (note 6)	25,000
	371,024
Distribution and Licensing Rights (note 8)	314,500
Property and Equipment (note 7)	258,686
	$ 944,210

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	$ 437,315
Deferred Lease Inducement (note 9)	11,670
	448,985

Shareholders' Equity

Share Capital (note 10)	750,001
Deficit	(254,776)
	495,225
	$ 944,210

Basis of Presentation and Going Concern (note 2)
Subsequent Event (note 16)

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

Approved on behalf of the Board

"Ahmad Rasouli", Director

Abba Medix Corp.

Statement of Loss and Comprehensive Loss
For the period from August 21, 2013 to July 31, 2014

Revenue	$ -
Expenses	
Advertising and promotion	2,674
Amortization of distribution and licensing rights (note 8)	5,330
Bank charges	127
Consulting fees	137,500
Loss on foreign exchange	6,665
Occupancy	72,841
Office and general	3,206
Professional fees	26,433
	254,776
Loss and comprehensive loss for the period	$ (254,776)
Loss per Share - basic and diluted	$ (0.74)
Weighted Average Number of Common Shares Outstanding - basic and diluted	346,087

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

Abba Medix Corp.

Statement of Changes in Shareholders' Equity
For the period from August 21, 2013 to July 31, 2014

	Number of Common Shares	Issued Capital	Deficit	Total Equity
Opening balance as at August 21, 2013 upon incorporation	-	$ -	$ -	$ -
Class A Common shares issued for cash	1,000,000	750,001	-	750,001
Net loss for the period	-	-	(254,776)	(254,776)
Balance as at July 31, 2014	1,000,000	$ 750,001	$ (254,776)	$ 495,225

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

Abba Medix Corp.

Cash Flow Statement

For the period from August 21, 2013 to July 31, 2014

Operating Activities	
Net loss for the period	$ (254,776)
Items not involving cash:	
Amortization of distribution and license rights	5,330
Deferred lease inducement	11,670
	(237,776)
Net changes in non-cash working capital:	
Decrease (increase) in HST recoverable	(59,889)
Decrease (increase) in prepaid expenses and deposits	(63,302)
Increase (decrease) in accounts payable and accrued liabilities	77,123
	(46,068)
	(283,844)
Investing Activities	
Distribution and licensing rights	(53,895)
Property and equipment	(164,429)
Due from related company	(8,871)
Short-term advance to related party	(25,000)
	(252,195)
Financing Activities	
Issuance of share capital	750,001
Change in cash	213,962
Cash - beginning of period	-
Cash - end of period	$ 213,962

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

1. Nature of Operations

Abba Medix Corp. (the “Company”) was incorporated under the Ontario Business Corporations Act on August 21, 2013. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

The Company has applied to Health Canada for a license to produce medical marijuana under the Marihuana for Medical Purposes Regulations (“MMPR”).

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Committee ("IFRIC") and were approved by the Company's Board of Directors on September 4, 2014.

b) Going Concern

These financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. There are material uncertainties regarding the Company's ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon, but not limited to, obtaining a licence to produce medical marijuana under the MMPR, and its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. The Company has not generated revenue from operations. During the period ended July 31, 2014, the Company incurred a net loss of $254,776 and as of that date, the Company's deficit was $254,776. As at July 31, 2014, the Company has current assets of $371,024 and current liabilities of $437,315. The Company has a working capital deficiency of $66,291 as at July 31, 2014.

These financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company’s assets and liabilities at liquidation values could be material to these financial statements.

3. Significant Accounting Policies

Cash

Cash includes bank deposits at a reputable financial institution in Canada with an original maturity of three months or less which are readily convertible into a known amount of cash.

Accounts Payable and Accrued Liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle this obligation are both probable and able to be reliably measured.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimated useful lives and residual values accounted for on a prospective basis.

As at July 31, 2014, the Company was in the process of completing construction of its premises for purposes of obtaining its licence from Health Canada and commencing operations. Although the Company has capitalized the amounts spent on property and equipment, as at July 31, 2014, the assets were not determined to be available for use, and as such, the Company's property and equipment have not been depreciated during the period ended July 31, 2014.

Gains and losses on disposals are determined by comparing the proceeds with the corresponding carrying amounts and are included in the statement of loss and comprehensive loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs of disposal and their value in use. Fair value is the price at which the asset could be bought or sold in an orderly transaction between market participants. In assessing fair value in use, the estimated 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.

3. Significant Accounting Policies (continued)

Intangible Assets

The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite useful lives are carried at cost less accumulated amortization. Amortization is calculated using the straight line method over the estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. If impairment indicators are present, these assets are subject to an impairment review. Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified.

The Company's intangible asset includes amounts charged to obtain distribution and licensing rights (see note 8). The useful life of the distribution and licensing rights is determined to be five years, and as such, the Company has amortized the distribution and licensing rights on a straight-line basis over that period.

Impairment of Non-Financial Assets

For all non-financial assets, the Company reviews its carrying amount at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. Where such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The Company has assessed its assets, and has determined that conditions indicating potential impairment were not present as at July 31, 2014.

Deferred Taxes

Deferred taxes are determined, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the date of the statement of financial position are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which temporary differences or unused tax losses can be utilized.

Deferred tax is charged or credited in the statement of loss and comprehensive loss, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is treated accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant Accounting Policies (continued)

Foreign Currency Translation

The financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar.

Transactions denominated in foreign currencies are initially recorded in the functional currency using exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the statement of loss and comprehensive loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As of July 31, 2014, the Company did not have any finance leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Other Comprehensive Income (Loss)

Other 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 or loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company's comprehensive income (loss), and components of other comprehensive income (loss) are presented in the statement of comprehensive income (loss) and the statement of changes in equity. During the period ended July 31, 2014, the Company did not have any items that gave rise to other comprehensive income or loss.

3. Significant Accounting Policies (continued)

Financial Instruments

Financial assets and liabilities within the scope of IAS 39 (Financial Instruments: Recognition and Measurement) are classified as financial assets or liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets and liabilities at initial recognition.

All of the Company's financial instruments are initially measured at fair value, with subsequent measurements dependent upon the classification of each financial instrument.

Financial assets classified as fair value through profit or loss include cash which is measured at fair value, with all gains and losses included in net income in the period in which they arise. Loans and receivables, which includes amounts due from a related company and short-term advance to related party, are recorded at amortized cost less impairment losses.

An impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company does not currently have any financial assets classified as held to maturity or available for sale.

Other financial liabilities, which include accounts payable and accrued liabilities, are recorded at amortized cost using the effective interest method.

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

The Company does not have any derivatives designated as hedging instruments in an effective hedge.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

The Company's financial assets and liabilities recorded at fair value on the statement of financial position or disclosed in the notes have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at July 31, 2014, the Company's cash is categorized as Level I measurement. The Company does not hold any Level II or III investments.

Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive.

Future Accounting Pronouncements

IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for mandatory adoption of IFRS 9 has not yet been determined.

IAS 32 Financial Instruments: Presentation has been amended to provide application guidance on the offsetting of financial assets and financial liabilities. The guidance is effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and the impact it may have on its financial statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, the recognition of deferred tax assets, evaluation of contingencies and the estimated useful lives of the Company's property and equipment and intangible assets.

Management has determined that judgments, estimates and assumptions reflected in these financial statements are reasonable.

5. Due from Related Company

The amount due from a related company is non-interest bearing, unsecured, and has no specific terms of repayment. All transactions are measured at the exchange amount. The related company is controlled by a shareholder of one of the Company's corporate shareholders.

6. Short-term Advance to Related Party

The short-term advance to a related party is non-interest bearing, unsecured, and has no specific terms of repayment. All transactions are measured at the exchange amount. The related company is a shareholder of one of the Company's corporate shareholders. Subsequent to the period ended July 31, 2014, the advance was repaid in full.

7. Property and Equipment

As at July 31, 2014	**Leasehold Improvements**	**Security Equipment**	**Total**
Cost			
Balance, beginning of period	$ -	$ -	$ -
Additions	190,203	68,483	258,686
Balance, end of period	190,203	68,483	258,686
Accumulated depreciation			
Balance, beginning of period	-	-	-
Depreciation	-	-	-
Balance, end of period	-	-	-
Net carrying amount as at July 31, 2014	$ 190,203	$ 68,483	$ 258,686

8. Distribution and Licensing Rights

During the period ended July 31, 2014, the Company entered into a License and Distribution Agreement (the "Agreement") that granted to the Company the right to use certain properties (the "Authored Work") in certain geographical regions. Pursuant to the Agreement, the licensor granted to the Company the ability to sublicense the Authored Work in any of the described geographical regions, with written notice to the licensor. Further, the licensor shall grant right to the Company for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event that the Company declines to license and/ or distribute any products developed by the licensor, the Company shall give written notice as to its intention to the licensor.

The Company will pay to the licensor a royalty which shall be calculated as fifteen percent (15%) of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) shall be due at the execution of the Agreement, payable as to US$50,000 in cash upon execution of the Agreement, US$50,000 in cash thirty days from the execution of the Agreement, and the balance to be paid in cash, stock of the Company if the Company is publicly traded or in equity of the Joint Venture described in note 15. In connection with the Joint Venture Agreement, the licensor shall have the right and obligation to convert its share in the equity of the Joint Venture into common shares of the Company, if and when the Company becomes a publicly traded company, at which time, the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from the Company will exist. If the Company does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that the Company distributes products produced by the licensor, in its described geographical region, the Company will purchase such product at a discount of 85% of the gross wholesale profit.

During the period ended July 31, 2014, the Company paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. The Company was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment and is currently negotiating the terms of the Agreement with the licensor.

9. Lease Inducements

Upon signing two leases, the Company received lease inducements including certain rent-free periods. These lease inducements are being amortized to rent expense on a straight-line basis over the term of the leases. The leases will expire on January 31, 2019.

10. Issued Capital

The Company is authorized to issue an unlimited number of Class A Common shares and an unlimited number of Class B Common shares. As at July 31, 2014, the Company's issued and outstanding share capital consisted of 1,000,000 Class A Common shares.

11. Income Taxes

a) Income Taxes

		2014
Loss before income taxes	$	(254,776)
Statutory rate		26.5%
Expected income tax recovery		(67,516)
Non-deductible expenses		23
Difference between amortization of Distribution and License Rights for accounting and income tax purposes		(213)
		(67,706)
Change in deferred tax assets not recognized		67,706
Net expected deferred income tax recovery	$	-

b) Deferred Income Tax Assets

The tax effects of temporary differences that give rise to the deferred income tax assets at July 31, 2014 are as follows:

		2014
Non-capital loss carry forwards	$	67,706
Distribution and License Rights		(213)
		67,493
Deferred tax assets not recognized		(67,493)
Net expected deferred income tax recovery	$	-

A valuation allowance has been applied against all of the above deferred income tax assets.

c) Non-Capital Losses

The Company has a non-capital loss carried forward of approximately $255,493 available to reduce future years' taxable income. This loss will expire as at July 31, 2034.

12. Related Party Transactions and Balances

During the period ended July 31, 2014, the Company incurred the following related party transactions:

a) A total of $64,158 in occupancy expenses was paid to a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at July 31, 2014, prepaid expenses included $63,302, deferred lease inducement included $11,970 and accounts payable and accrued liabilities included $3,872 payable to this company.

b) A total of $10,000 in consulting fees was charged by a company controlled by an individual who is a shareholder of one of the Company's corporate shareholders. As at July 31, 2014, accounts payable and accrued liabilities included $3,955 payable to this company.

c) A total of $2,500 of advertising and promotional expenses and $5,000 of consulting fees were charged by an individual who is a shareholder of one of the Company's corporate shareholders.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

13. Financial Instruments and Other Risks

Fair Values

The carrying amounts for the Company’s cash, amount due from a related company, short-term advance to a related party and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these items.

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

Credit Risk

The Company is not exposed to any significant credit risk as at July 31, 2014. The Company’s cash is on deposit with a highly rated financial institution in Canada. The Company's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. All of the Company’s current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms unless otherwise noted in note 15. As at July 31, 2014, the Company has current assets of $371,024 and current liabilities of $437,315. The Company has a working capital deficiency as at July 31, 2014 of $66,491.

13. Financial Instruments and Other Risks (continued)

Currency Risk

The Company is exposed to currency risk on the outstanding balance of the Advance Royalty Payment as described in note 8, which is repayable in United States Dollars. At July 31, 2014, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the year would have been $27,260 higher (lower).

14. Capital Disclosures

The Company includes equity, comprised of issued capital stock and deficit, in the definition of capital.

The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's assets and ensure the Company's ability to continue as a going concern;

(ii) to raise sufficient capital to finance the construction of its production facility and obtain a licence to produce medical marijuana under the MMPR.

(iii) to raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's short term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company expects to spend its existing working capital and raise additional funds as required.

The Company does not have any externally imposed capital requirements.

15. Commitments

a) During the period ended July 31, 2014, the Company entered into a contract for the construction of its production facility. The construction costs of $55,000 per the contract are payable as follows: ten percent (10%) upon signing of the contract, thirty percent (30%) on commencement of the project, thirty percent (30%) upon completion of half of the project, and thirty percent (30%) upon completion of the project. As at July 31, 2014, the Company had paid the first forty percent (40%) of the project. Included in accounts payable and accrued liabilities at July 31, 2014, is $9,593 for work performed related to the period ended July 31, 2014.

15. Commitments (continued)

b) During the period ended July 31, 2014, the Company entered into an agreement for the provision of corporate and market-related advisory services. As consideration for the services rendered pursuant to the agreement, the Company shall grant to the advisor, pursuant to the terms of the Company's stock option plan, 9% of the total issued and outstanding shares post funding of the first funding of up to $1,000,000, options (the "Options"), each such option entitling the holder to purchase one common share of the Company at the same strike price as the initial funding of up to $1,000,000 as described, for a period of twelve (12) months from the date of a completed going public transaction. As additional consideration for the services rendered pursuant to this agreement, the Company shall pay an advisory fee of $7,500 per month for the first six (6) months of the agreement; $5,000 per month for the subsequent six (6) months; and, $4,000 for the last twelve (12) months of the agreement. The advisory fee is due monthly as long as the agreement remains in effect. All such fees will accrue from the date of the agreement and will become due on closing of the financing as described above.

The agreement will expire on May 6, 2016, and can be cancelled for any reason by either party with ninety (90) days notice. A written notification must be submitted by the party requesting the cancellation and must be sent to the other party in writing with delivery confirmation. If the purpose for cancellation is "for cause", then this period can be reduced to thirty (30) days.

c) During the period ended July 31, 2014, the Company entered into a Joint Venture Agreement for the purpose of forming three (3) identified joint ventures to further the development in Canada on an exclusive basis, the business activities of three individual companies identified in the Joint Venture Agreement. The term of the joint ventures shall be for five (5) years from the date of the execution of the Joint Venture Agreement, and can be renewed for further periods of five (5) years with both parties negotiating in good faith. The Joint Venture Agreement contemplates consumating final definitive joint venture agreements that will govern each of the original three (3) proposed joint venture opportunities. Pursuant to the Joint Venture Agreement, the Company's equity interest in each of the proposed joint venture companies will be forty-five percent (45%), and the Company will act as the Managing Partner of the Joint Ventures. As of the date of these financial statements none of the three (3) joint venture companies contemplated in the Joint Venture Agreement have been formed. See also note 8.

d) The Company has commitments under operating leases for its facilities. The minimum lease payments due are as follows:

Year	Amount
2015	$ 188,396
2016	$ 201,695
2017	$ 206,495
2018	$ 180,740
2019	$ 80,975

16. Subsequent Events

Subsequent to the period ended July 31, 2014, the Company filed Articles of Amendment to decrease the authorized capital of the Company by deleting and cancelling the Class B common shares.

Condensed Interim Financial Statements

Abba Medix Corp.

For the Three Months ended October 31, 2014

Unaudited - See Review Engagement Report

INDEX

Forbes Andersen

Forbes Andersen LLP *Chartered Professional Accountants*
340 Richmond Street West, Toronto, Canada M5V 1X2
T. 416.947.0464 F. 416.364.8797
www.forbesandersen.com

REVIEW ENGAGEMENT REPORT

TO THE SHAREHOLDERS OF ABBA MEDIX CORP.

We have reviewed the condensed interim statement of financial position of Abba Medix Corp. as at October 31, 2014 and the condensed interim statements of loss and comprehensive loss, changes in shareholders' equity and cash flow for the period then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussions related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these condensed interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim financial statements are not, in all material respects, in accordance with International Financial Reporting Standards.

The comparative figures were neither reviewed or audited unless otherwise indicated.

Forbes Andersen LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 24, 2015

Abba Medix Corp.

Condensed Interim Statement of Financial Position as at October 31, 2014
Unaudited - See Review Engagement Report

	October 31, 2014	July 31, 2014 (Audited)
Assets		
Current Assets		
Cash	$ 4,593	$ 213,962
Share subscriptions receivable (note 11)	120,000	-
HST recoverable	178,086	59,889
Prepaid expenses and deposits	162,277	63,302
Due from related company (note 5)	-	8,871
Short-term advance to related party (note 6)	-	25,000
	464,956	371,024
Distribution and Licensing Rights (note 8)	-	314,500
Property and Equipment (note 7)	761,393	258,686
	$ 1,226,349	$ 944,210
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 619,069	$ 437,315
Short-term advances (note 9)	144,650	-
Due to related company (note 5)	20,000	-
Short-term advance from related party (note 6)	5,000	-
	788,719	437,315
Deferred Lease Inducement (note10)	10,528	11,670
	799,247	448,985
Shareholders' Equity		
Share Capital (note 11)	1,177,001	750,001
Deficit	(749,899)	(254,776)
	427,102	495,225
	$ 1,226,349	$ 944,210

Basis of Presentation and Going Concern (note 2)
Subsequent Events (note 17)

The accompanying notes form an integral part of these condensed interim financial statements.

Abba Medix Corp.

Condensed Interim Statement of Loss and Comprehensive Loss
For the Three Months Ended October 31, 2014
Unaudited - See Review Engagement Report

	2014	2013[(1)]
Revenue	$ -	$ -
Expenses		
Advertising and promotion	16,150	-
Amortization of distribution and licensing rights (note 8)	14,960	-
Bank charges	512	7
Consulting fees	89,778	-
Loss on foreign exchange	(7,435)	-
Occupancy	52,767	8,667
Office and general	19,683	-
Professional fees	24,493	1,242
Salaries and benefits	28,859	-
Training and education	1,470	-
Transaction costs	252,708	-
Travel	1,178	-
	495,123	9,916
Loss and comprehensive loss for the period	$ (495,123)	$ (9,916)
Loss per Share - basic and diluted	$ (0.49)	$ -
Weighted Average Number of Common Shares Outstanding - basic and diluted	1,009,284	-

(1) For the period from August 21, 2013 to October 31, 2013.

The accompanying notes form an integral part of these condensed interim financial statements.

Abba Medix Corp.

Condensed Interim Statement of Changes in Shareholders' Equity
For the Three Months Ended October 31, 2014
Unaudited - See Review Engagement Report

	Number of Common Shares	Issued Capital	Deficit	Total Equity
Opening balance as at August 1, 2014	1,000,000	$ 750,001	$ (254,776)	$ 495,225
Class A Common shares issued for cash	56,939	427,000	-	427,000
Net loss for the period	-	-	(495,123)	(495,123)
Balance as at October 31, 2014	1,056,939	$ 1,177,001	$ (749,899)	$ 427,102

	Number of Common Shares	Issued Capital	Deficit	Total Equity
Opening balance as at August 21, 2013 upon incorporation	-	$ -	$ -	$ -
Class A Common shares issued for cash	-	-	-	-
Net loss for the period	-	-	(9,916)	(9,916)
Balance as at October 31, 2013	-	$ -	$ (9,916)	$ (9,916)

The accompanying notes form an integral part of these condensed interim financial statements.

Abba Medix Corp.

Condensed Interim Cash Flow Statement
For the Three Months Ended October 31, 2014
Unaudited - See Review Engagement Report

	2014	2013[1]
Operating Activities		
Net loss for the period	$ (495,123)	$ (9,916)
Transaction costs	252,708	
Items not involving cash:		
Amortization of distribution and license rights	14,960	-
Deferred lease inducement	(1,142)	-
	(228,597)	(9,916)
Net changes in non-cash working capital:		
Decrease (increase) in HST recoverable	(118,197)	(2,372)
Decrease (increase) in prepaid expenses and deposits	(65,370)	(13,264)
Increase (decrease) in accounts payable and accrued liabilities	78,524	952
	(105,043)	(14,684)
	(333,640)	(24,600)
Investing Activities		
Property and equipment	(370,925)	-
Due to/ from related company	28,871	15,177
Short-term advance to/ from related party	30,000	12,000
	(312,054)	27,177
Financing Activities		
Issuance of share capital	307,000	-
Short-term advances	129,325	-
	436,325	-
Change in cash	(209,369)	2,577
Cash - beginning of period	213,962	-
Cash - end of period	$ 4,593	$ 2,577

[1] For the period from August 21, 2013 to October 31, 2013.

The accompanying notes form an integral part of these condensed interim financial statements.

1. Nature of Operations

Abba Medix Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on August 21, 2013. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

The Company has applied to Health Canada for a license to produce medical marijuana under the Marihuana for Medical Purposes Regulations ("MMPR").

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed internal financial statements should be read in conjunction with the Company's audited financial statements for the period from August 21, 2013 to July 31, 2014, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Committee ("IFRIC").

These condensed interim financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited financial statements for the period from August 21, 2013 to July 31, 2014.

b) Going Concern

These condensed interim financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. There are material uncertainties regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon, but not limited to, obtaining a licence to produce medical marijuana under the MMPR, and its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. The Company has not generated revenue from operations. During the period ended October 31, 2014, the Company incurred a net loss of $495,123 and as of that date, the Company's deficit was $749,899. As at October 31, 2014, the Company has current assets of $464,956 and current liabilities of $788,719. The Company has a working capital deficiency of $323,763 as at October 31, 2014.

These condensed interim financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these condensed interim financial statements.

3. Significant Accounting Policies

Cash

Cash includes bank deposits at a reputable financial institution in Canada with an original maturity of three months or less which are readily convertible into a known amount of cash.

Accounts Payable and Accrued Liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle this obligation are both probable and able to be reliably measured.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimated useful lives and residual values accounted for on a prospective basis.

As at October 31, 2014, the Company was in the process of completing construction of its premises for purposes of obtaining its licence from Health Canada and commencing operations. Although the Company has capitalized the amounts spent on property and equipment, as at October 31, 2014, the assets were not determined to be available for use, and as such, the Company's property and equipment have not been depreciated during the period ended October 31, 2014.

Gains and losses on disposals are determined by comparing the proceeds with the corresponding carrying amounts and are included in the statement of loss and comprehensive loss.

3. Significant Accounting Policies (continued)

Property and Equipment (continued)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs of disposal and their value in use. Fair value is the price at which the asset could be bought or sold in an orderly transaction between market participants. In assessing fair value in use, the estimated 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.

Intangible Assets

The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite useful lives are carried at cost less accumulated amortization. Amortization is calculated using the straight line method over the estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. If impairment indicators are present, these assets are subject to an impairment review. Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified.

The Company's intangible asset includes amounts charged to obtain distribution and licensing rights (see note 8). The useful life of the distribution and licensing rights is determined to be five years, and as such, the Company has amortized the distribution and licensing rights on a straight-line basis over that period.

Impairment of Non-Financial Assets

For all non-financial assets, the Company reviews its carrying amount at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. Where such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The Company has assessed its assets, and has determined that conditions indicating potential impairment were not present as at October 31, 2014.

3. Significant Accounting Policies (continued)

Deferred Taxes

Deferred taxes are determined, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the date of the statement of financial position are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which temporary differences or unused tax losses can be utilized.

Deferred tax is charged or credited in the statement of loss and comprehensive loss, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is treated accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Translation

The condensed interim financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar.

Transactions denominated in foreign currencies are initially recorded in the functional currency using exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the statement of loss and comprehensive loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As of October 31, 2014, the Company did not have any finance leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant Accounting Policies (continued)

Other Comprehensive Income (Loss)

Other 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 or loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company's comprehensive income (loss), and components of other comprehensive income (loss) are presented in the statement of comprehensive income (loss) and the statement of changes in equity. During the period ended October 31, 2014, the Company did not have any items that gave rise to other comprehensive income or loss.

Financial Instruments

Financial assets and liabilities within the scope of IAS 39 (Financial Instruments: Recognition and Measurement) are classified as financial assets or liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets and liabilities at initial recognition.

All of the Company's financial instruments are initially measured at fair value, with subsequent measurements dependent upon the classification of each financial instrument.

Financial assets classified as fair value through profit or loss include cash which is measured at fair value, with all gains and losses included in net income in the period in which they arise. Loans and receivables, which includes amounts due from related company and short-term advance to related party, are recorded at amortized cost less impairment losses.

An impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company does not currently have any financial assets classified as held to maturity or available for sale.

Other financial liabilities, which include accounts payable and accrued liabilities, short-term advances, short-term advance from related party and amounts due to related company are recorded at amortized cost using the effective interest method.

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

The Company does not have any derivatives designated as hedging instruments in an effective hedge.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

The Company's financial assets and liabilities recorded at fair value on the statement of financial position or disclosed in the notes have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at October 31, 2014, the Company's cash is categorized as Level I measurement. The Company does not hold any Level II or III investments.

Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive.

Changes in Accounting Policies

During the period ended October 31, 2014, the Company adopted the revisions to IAS 32 Financial Instruments: Presentation which included amendments to provide application guidance on the offsetting of financial assets and financial liabilities. The adoption of these revisions did not have an impact on these condensed interim financial statements.

Future Accounting Pronouncements

IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for mandatory adoption of IFRS 9 has not yet been determined.

The Company has not yet completed its evaluations of the effect of adopting the above standard and the impact it may have on its financial statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, the recognition of deferred tax assets, evaluation of contingencies and the estimated useful lives of the Company's property and equipment and intangible assets.

Management has determined that judgments, estimates and assumptions reflected in these condensed interim financial statements are reasonable.

5. Due to/ from Related Company

The amounts due to/ from a related company are non-interest bearing, unsecured, and have no specific terms of repayment. All transactions are measured at the exchange amount. The related company is controlled by a shareholder of one of the Company's corporate shareholders.

6. Short-term Advance to/ from Related Party

The short-term advances to/ from a related party are non-interest bearing, unsecured, and have no specific terms of repayment. All transactions are measured at the exchange amount. The related company is a shareholder of one of the Company's corporate shareholders.

7. Property and Equipment

As at October 31, 2014	**Leasehold Improvements**	**Security Equipment**	**Computer Equipment**	**Manufacturing Equipment**	**Office Furniture and Equipment**	**Total**
Cost						
Balance, beginning of period	$ 190,203	$ 68,483	$ -	$ -	$ -	$ 258,686
Additions	303,037	1,480	23,218	139,850	35,122	502,707
Balance, end of period	493,240	69,963	23,218	139,850	35,122	761,393
Accumulated depreciation						
Balance, beginning of period	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of period	-	-	-	-	-	-
Net carrying amount as at October 31, 2014	$ 493,240	$ 69,963	$ 23,218	$ 139,850	$ 35,122	$ 761,393

7. Property and Equipment (continued)

As at July 31, 2014	Leasehold Improvements	Security Equipment	Total
Cost			
Balance, beginning of period	$ -	$ -	$ -
Additions	190,203	68,483	258,686
Balance, end of period	190,203	68,483	258,686
Accumulated depreciation			
Balance, beginning of period	-	-	-
Depreciation	-	-	-
Balance, end of period	-	-	-
Net carrying amount as at July 31, 2014	$ 190,203	$ 68,483	$ 258,686

8. Distribution and Licensing Rights

During the period ended July 31, 2014, the Company entered into a License and Distribution Agreement (the "Agreement") that granted to the Company the right to use certain properties (the "Authored Work") in certain geographical regions. Pursuant to the Agreement, the licensor granted to the Company the ability to sublicense the Authored Work in any of the described geographical regions, with written notice to the licensor. Further, the licensor shall grant right to the Company for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event that the Company declines to license and/ or distribute any products developed by the licensor, the Company shall give written notice as to its intention to the licensor.

The Company will pay to the licensor a royalty which shall be calculated as fifteen percent (15%) of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) shall be due at the execution of the Agreement, payable as to US$50,000 in cash upon execution of the Agreement, US$50,000 in cash thirty days from the execution of the Agreement, and the balance to be paid in cash, stock of the Company if the Company is publicly traded or in equity of the Joint Venture described in note 15. In connection with the Joint Venture Agreement, the licensor shall have the right and obligation to convert its share in the equity of the Joint Venture into common shares of the Company, if and when the Company becomes a publicly traded company, at which time, the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from the Company will exist. If the Company does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that the Company distributes products produced by the licensor, in its described geographical region, the Company will purchase such product at a discount of 85% of the gross wholesale profit.

8. Distribution and Licensing Rights (continued)

During the period ended July 31, 2014, the Company paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. The Company was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment as it was re-negotiating the terms of the Agreement with the licensor.

During the period ended October 31, 2014, the Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been re-allocated to prepaid expenses as the licensor has indicated the payment will be applied against future purchases from the licensor by the Company, or against any future license and distribution agreements that the parties may enter into.

9. Short-term Advances

The short-term advances are non-interest bearing, unsecured, and have no specific terms of repayment.

10. Lease Inducements

Upon signing two leases, the Company received lease inducements including certain rent-free periods. These lease inducements are being amortized to rent expense on a straight-line basis over the term of the leases. The leases will expire on January 31, 2019.

11. Issued Capital

The Company is authorized to issue an unlimited number of Class A Common shares. During the period ended October 31, 2014, the Company filed Articles of Amendment to decrease the authorized capital of the Company by deleting and canceling the Class B Common shares. As at October 31, 2014, the Company's issued and outstanding share capital consisted 1,056,939 Class A Common shares. As at October 31, 2014, proceeds of $120,000 from the issuance of 16,000 Class A Common shares, had yet to be received by the Company. Subsequent to October 31, 2014, the proceeds were received in full.

12. Related Party Transactions and Balances

During the period ended October 31, 2014, the Company incurred the following related party transactions:

a) A total of $46,793 in occupancy expenses was paid to a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at October 31, 2014, prepaid expenses included $72,228, deferred lease inducement included $10,528 and accounts payable and accrued liabilities included $7,743 payable to this company.

b) A total of $30,000 in consulting fees was charged by a company controlled by an individual who is a shareholder of one of the Company's corporate shareholders. As at October 31, 2014, accounts payable and accrued liabilities included $11,300 payable to this company.

c) A total of $2,500 of advertising and promotional expenses and $6,287 of salaries were paid to an individual who is a shareholder of one of the Company's corporate shareholders.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

13. Financial Instruments and Other Risks

Fair Values

The carrying amounts for the Company’s cash, amounts due to/ from a related company, short-term advance to/ from a related party, accounts payable and accrued liabilities and short-term advance approximate their fair values because of the short-term nature of these items.

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

Credit Risk

The Company is not exposed to any significant credit risk as at October 31, 2014. The Company’s cash is on deposit with a highly rated financial institution in Canada. The Company's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. All of the Company’s current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms unless otherwise noted in note 15. As at October 31, 2014, the Company has current assets of $464,956 and current liabilities of $788,719. The Company has a working capital deficiency as at October 31, 2014 of $323,763.

14. Capital Disclosures

The Company includes equity, comprised of issued capital stock and deficit, in the definition of capital.

The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's assets and ensure the Company's ability to continue as a going concern;

(ii) to raise sufficient capital to finance the construction of its production facility and obtain a licence to produce medical marijuana under the MMPR.

(iii) to raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company expects to spend its existing working capital and raise additional funds as required.

The Company does not have any externally imposed capital requirements.

15. Commitments

a) During the period ended July 31, 2014, the Company entered into an agreement for the provision of corporate and market-related advisory services. As consideration for the services rendered pursuant to the agreement, the Company shall grant to the advisor, pursuant to the terms of the Company's stock option plan, 9% of the total issued and outstanding shares post funding of the first funding of up to $1,000,000, options (the "Options"), each such option entitling the holder to purchase one common share of the Company at the same strike price as the initial funding of up to $1,000,000 as described, for a period of twelve (12) months from the date of a completed going public transaction. As additional consideration for the services rendered pursuant to this agreement, the Company shall pay an advisory fee of $7,500 per month for the first six (6) months of the agreement; $5,000 per month for the subsequent six (6) months; and, $4,000 for the last twelve (12) months of the agreement. The advisory fee is due monthly as long as the agreement remains in effect. All such fees will accrue from the date of the agreement and will become due on closing of the financing as described above.

   The agreement will expire on May 6, 2016, and can be cancelled for any reason by either party with ninety (90) days notice. A written notification must be submitted by the party requesting the cancellation and must be sent to the other party in writing with delivery confirmation. If the purpose for cancellation is "for cause", then this period can be reduced to thirty (30) days.

15. Commitments (continued)

a) (continued)

During the period ended October 31, 2014, the agreement was amended with respect to the options to be issued to the advisor. Pursuant to the amendments, upon successful completion of the proposed transaction as described in note 16, the advisor will be entitled to receive warrants, instead of options, entitling it to acquire an amount of common shares equal to 9% of the issued and outstanding common shares at the time of the closing of the proposed transaction, exercisable for a period of twelve months at a price of $0.25 per share in consideration of financial advisory and other services provided to the Company in connection with the proposed transaction.

b) During the period ended July 31, 2014, the Company entered into a Joint Venture Agreement for the purpose of forming three (3) identified joint ventures to further the development in Canada on an exclusive basis, the business activities of three individual companies identified in the Joint Venture Agreement. The term of the joint ventures shall be for five (5) years from the date of the execution of the Joint Venture Agreement, and can be renewed for further periods of five (5) years with both parties negotiating in good faith. The Joint Venture Agreement contemplates consummating final definitive joint venture agreements that will govern each of the original three (3) proposed joint venture opportunities. Pursuant to the Joint Venture Agreement, the Company's equity interest in each of the proposed joint venture companies will be forty-five percent (45%), and the Company will act as the Managing Partner of the Joint Ventures. During the period ended October 31, 2014, the Joint Venture Agreement was terminated. See also note 8.

c) During the period ended October 31, 2014, the Company entered into a Consulting Agreement for the provision of services with respect to (but not limited to) product growing strategy and layout design for growing room, nursery rooms, vegetative rooms, plantation stations, drying and trimming rooms over a term of one year in exchange for a monthly fee of $13,000. The agreement can be terminated by either party by providing 60 days notice to the other party.

d) During the period ended October 31, 2014, the Company was assigned a legally binding Letter of Intent ("LOI"), pursuant to which the Company will enter into an agreement to obtain an exclusive right to purchase and import into Canada any medical cannabis and medical cannabis products produced by the Supplier that is legally allowed by the Canadian Government. In consideration for the Exclusive Supply Agreement, the Company is to pay an Exclusive Supply Agreement fee of $150,000 and issue 500,000 non-restricted common shares of the Company upon close of the Exclusive Supply Agreement. With respect to the $150,000 Exclusive Supply Agreement Fee, the Company paid a $50,000 non-refundable no-shop fee upon execution of the LOI and will make a final cash payment of $100,000 upon close of the Exclusive Supply Agreement. Subsequent to the period ended October 31, 2014, the LOI expired before the Exclusive Supply Agreement could be finalized and, although a formal extension has not been agreed to, the parties continue to work towards finalizing an Exclusive Supply Agreement as contemplated in the original LOI. The $50,000 non-refundable no-shop fee has been included in prepaid expenses as at October 31, 2014.

15. Commitments (continued)

e) The Company has commitments under operating leases for its facilities. The minimum lease payments due are as follows:

Fiscal Year	Amount
2015	$ 188,396
2016	$ 201,695
2017	$ 206,495
2018	$ 180,740
2019	$ 80,975

16. Proposed Transaction

On September 12, 2014, the shareholders of the Company signed a letter of intent (the "Letter of Intent") with Saratoga Electronic Solutions Inc. (“Saratoga”) pursuant to which, Saratoga will purchase, directly or indirectly, 100% of the issued and outstanding common shares of the Company in exchange for 32,000,000 common shares of Saratoga at a deemed price of $0.25 per share (the "Transaction"). At the time the Letter of Intent was signed, the Company's issued and outstanding common shares consisted of 1,000,000 Class A Common shares. Pursuant to the Letter of Intent, each shareholder of the Company will receive 32 common shares of Saratoga in exchange for each common share of the Company owned at the time of the Transaction (the "Exchange Ratio"). An aggregate of up to 5,120,000 additional common shares of Saratoga may be issued in consideration of common shares of the Company which may be held by investors following a private placement of up to $1,200,000 in the Company which may be completed prior to the closing of the proposed transaction. As of the date of these condensed interim financial statements, the Company has issued 188,605 Class A Common shares for proceeds of $1,414,375, of which 56,939 were issued during the period ended October 31, 2014 for proceeds of $427,000. The Transaction will take place by way of an amalgamation, arrangement, share exchange or other similar form of transaction. There is no guarantee that this proposed transaction will be completed.

17. Subsequent Events

Subsequent to the period ended October 31, 2014, the Company:

a) Issued 131,666 Class A Common shares for proceeds of $987,375.

17. Subsequent Events (continued)

b) Entered into a Consulting Agreement for the provision of business advisory services with respect to corporate development services, business strategy and operational matters, developing new business opportunities, identifying and advising on potential business acquisitions and participation in various internal and external business meetings of the Company in exchange for a monthly fee of $12,500. On each anniversary of the Consulting Agreement, the parties shall review the amount of the consulting fees. The amount of the consulting fees shall not be changed unless mutually agreed upon by the parties in writing.

The Consulting Agreement shall commence on the date on which the Company completes the proposed transaction as described in note 16, and shall continue for a period of five years thereafter. This Consulting Agreement is conditional upon and shall note take effect unless the proposed transaction is completed.

Either party can terminate this Consulting Agreement at any time, without cause, subject to providing the other party with 90 days advance written notice of termination.

Appendix “B” – Saratoga Financial Statements

This Appendix “B” includes:

(a) Audited consolidated financial statements of Saratoga for the year ended March 31, 2014 and 2013; and

(b) Amended unaudited condensed consolidated interim financial statements of Saratoga for the nine months ended December 31, 2014 and 2013.

Consolidated Financial Statements of

SARATOGA ELECTRONIC SOLUTIONS INC.

March 31, 2014 and 2013

SARATOGA ELECTRONIC SOLUTIONS INC.
Table of Contents

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Saratoga Electronic Solutions Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the Management Discussion and Analysis (MD&A) is consistent with the year-end audited consolidated financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors ("Board") and Audit Committee ("Committee") are composed of some Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and with the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP SENCRL, srl, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with, both the Committee and management to discuss their audit findings.

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

MNP SENCRL srl / LLP

Independent Auditors' Report

To the Shareholders of Saratoga Electronic Solutions Inc.:

We have audited the accompanying consolidated financial statements of Saratoga Electronic Solutions Inc. and its subsidiary (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2014 and March 31, 2013, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saratoga Electronic Solutions Inc. and its subsidiary as at March 31, 2014 and March 31, 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP SENCRL, srl [1]

Montréal, Québec
July 28, 2014

[1] CPA auditor, CA permit No. A119507

1155, BOUL. RENÉ-LÉVESQUE O., 19E ÉTAGE ; MONTRÉAL QC; H3B 2J8
1-888-861-9724 TÉL: 514-861-9724 TÉLÉC: 514-861-9446 www.MNP.ca

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Financial Position

As at	Note	**March 31, 2014**	March 31, 2013
		$	$
ASSETS			
Current assets:			
Cash		**6,254**	144,028
Funds held in trust	*4*	**1,200,000**	-
Trade and other receivables	*5*	**15,313**	8,347
Trade receivables from related parties	*16*	**52,976**	36,533
Income taxes recoverable		**17,585**	-
Prepaid expenses		**-**	14,496
Loan receivable from a private company	*6*	**-**	50,000
		1,292,128	253,404
Non-current assets			
Property, plant and equipment	*7*	**-**	1,168,804
Total assets		**1,292,128**	1,422,208

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 28, 2014:

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Financial Position

As at	Note	March 31, 2014	March 31, 2013
		$	$
LIABILITIES			
Current liabilities			
Trade payables		**50,603**	86,506
Trade payables to related parties	*16*	**5,516**	5,864
Sales taxes payable	*15*	**494,668**	-
Income taxes payable		**-**	43,166
		550,787	135,536
Shareholders' equity			
Common shares	*11*	**1,793,803**	1,793,803
Contributed surplus		**182,650**	182,650
Deficit		**(2,380,112)**	(1,834,781)
Equity (deficiency) attributable to shareholders		**(403,659)**	141,672
Non-controlling interest	*8*	**1,145,000**	1,145,000
Total equity		**741,341**	1,286,672
Total equity and liabilities		**1,292,128**	1,422,208

The accompanying notes form an integral part of the consolidated financial statements.

Subsequent event (Note 19)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 28, 2014:

(Signed) **"GEORGES A. DURST"** Director

(Signed) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended

	Note	**March 31, 2014**	March 31, 2013
		$	$
Revenue		**14,302**	42,259
Expenses			
Selling and administrative	*9*	**158,347**	341,824
Depreciation of property, plant and equipment	*7*	**35,811**	38,406
Recovery of strategic revision process costs		**-**	(129,873)
Write-off of loan receivable from a private company	*6*	**50,000**	-
Money remittance, net		**(8,014)**	(3,861)
Gain on disposal of property, plant and equipment		**(67,007)**	-
		169,137	246,496
Loss before net finance costs, income taxes and discontinued operations		**(154,835)**	(204,237)
Finance expense		**38,361**	3,492
Loss before income taxes and discontinued operations		**(193,196)**	(207,729)
Income tax recovery	*10 (a)*	**(60,428)**	(60,671)
Loss from continuing operations		**(132,768)**	(147,058)
Income (loss) from discontinued operations	*15*	**(412,563)**	292,012
Total comprehensive income (loss) for the year		**(545,331)**	144,954
Loss per share from continuing operations (Note 13):			
Basic and diluted		**(0.00719)**	(0.00797)
Earnings (loss) per share for the year (Note 13):			
Basic and diluted		**(0.02954)**	0.00785
Weighted average number of common shares (Note 13)			
Basic and diluted		**18,461,300**	18,461,300

The accompanying notes form an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Changes in Equity

For the Years Ended March 31, 2014 and 2013

	Share capital					
	Number	Amount	Contributed surplus	Deficit	Non-controlling interest	Total equity
	#	$	$	$	$	$
Balance at March 31, 2012	18,461,300	1,793,803	182,650	(1,979,735)	1,270,000	1,266,718
Redemption of preferred shares held by non-controlling interest (Note 8)	-	-	-	-	(125,000)	(125,000)
Total comprehensive income	-	-	-	144,954	-	144,954
Balance at March 31, 2013	18,461,300	1,793,803	182,650	(1,834,781)	1,145,000	1,286,672
Total comprehensive loss	**-**	**-**	**-**	**(545,331)**	**-**	**(545,331)**
Balance at March 31, 2014	**18,461,300**	**1,793,803**	**182,650**	**(2,380,112)**	**1,145,000**	**741,341**

The accompanying notes from an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Cash Flows

For the Years Ended

	Note	**March 31, 2014**	March 31, 2013
Cash flows from (used in) operating activities			
Loss from continuing operations		**(132,768)**	(147,058)
Items not involving cash:			
Depreciation of property, plant and equipment	*7*	**35,811**	38,406
Write-off of loan receivable from a private company	*6*	**50,000**	-
Gain on disposal of property, plant and equipment		**(67,007)**	-
Deferred tax expense	*10 (a)*	-	10,800
		(113,964)	(97,852)
Changes in non-cash working capital			
Funds held in trust		**(1,200,000)**	51,767
Trade and other receivables		**(6,966)**	156,720
Trade receivables from related parties		**(16,443)**	(21,576)
Income taxes recoverable		**(17,585)**	-
Prepaid expenses		**14,496**	(133)
Trade payables		**(35,903)**	(364,151)
Trade payables to related parties		**(348)**	2,050
Sales taxes payable		**494,668**	-
Income taxes payable		**(43,166)**	43,166
Cash flows used in operating activities of continuing operations		**(925,211)**	(230,009)
Cash flows from (used in) operating activities of discontinued operations	*14*	**(412,563)**	292,012
Cash flows used in investing activities			
Loan receivable from a private company		**-**	(50,000)
Proceeds on disposal of property, plant and equipment		**1,200,000**	-
Cash flows from (used in) investing activities of continuing operations		**1,200,000**	(50,000)
Cash flows used in financing activities			
Decrease in short-term loans		-	(590,000)
Decrease in bank indebtedness		-	(40,955)
Redemption of preferred shares held by non-controlling interest		-	(125,000)
Cash flows used in financing activities of continuing operations		-	(755,955)
Net decrease in cash		**(137,774)**	(743,952)
Cash - beginning of year		**144,028**	887,980
Cash - end of year		**6,254**	144,028
Supplemental information (Note 14)			
Interest paid		**2,717**	85,310
Income taxes recovered		**-**	(7,180)

The accompanying notes form an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2014 and 2013

1. Reporting entity

Saratoga Electronic Solutions Inc. (the “Company”) is incorporated under the *Canada Business Corporations Act* and is listed on the TSX Venture Exchange. These consolidated financial statements of the Company as at and for the years ended March 31, 2014 and March 31, 2013 comprise the results of the Company and its subsidiary 9261-5277 Québec Inc. (“Québec Inc”) (together referred to as the „Group‟ and individually as „Group entity‟). The Company, through its subsidiary 9261-5277 Québec Inc., earned rental income on the leasing of some office space in its property at 2975 Hochelaga, Montreal, QC, H1W 1G1. This property was sold at year end and the Company no longer has any operations.

The address of the registered office is 2975 Hochelaga, Montreal, QC, H1W 1G1.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”).

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Group‟s functional currency.

Critical accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements and reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management‟s experience and other factors, including expectations of future events or actions that are believed to be reasonable under the circumstances. The actual results may differ from these estimates, judgments and assumptions.

2. **Basis of presentation** (cont"d.)

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of (a) its fair value less costs to sell and (b) its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm"s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset"s performance of the cash generated unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Group reviews the adequacy of these provisions at the end of the reporting year. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the year in which such determination is made.

Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the years over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by

2. Basis of presentation (cont'd.)

changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

Share-based payments transaction

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received and the probability of a loss being realized. Several of these factors are a source of estimation uncertainty.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

A. Basis of consolidation

The Company's consolidated financial statements represent those of the parent company and its subsidiary, as disclosed in Note 1, as at March 31, 2014 and March 31, 2013.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (cont'd.)

B. Revenue recognition

Rental income is recognized on an accrual basis.

C. Finance cost

Finance costs comprise interest expense on borrowing from credit facilities, stamping fees, facility fees, accruals of differences between amounts advanced and the principal repayable and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income or loss using the effective interest method.

D. Cash

Cash is comprised of cash on deposit with a bank in general non-interest bearing accounts.

E. Financial instruments

Non-derivative financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through income or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments are measured at fair value and are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Financial assets at fair value through profit or loss

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognized in income or loss. Assets in this category include loan receivable from a private company.

3. Significant accounting policies (cont'd.)

Loans and receivables

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest recognized on an effective yield basis. Assets in this category include cash, trade and other receivables, trade receivables from related parties and funds held in trust.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include trade payables, trade payables to related parties and sales taxes payable.

Equity instruments

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 Company are recorded at the proceeds received, net of direct issue costs.

Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes options model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to shares.

F. Property, Plant and Equipment

Initial recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of equipment includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting policies (cont'd.)

Subsequent measurement

The cost of replacing part of an item of equipment is recognized as part of the carrying amount of such item, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in the statements of comprehensive income (loss) as an expense as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value and is provided on a declining balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparatives years are as follows:

Building	6%
Computer hardware and software	30%
Furniture and fixtures	20%

The residual values, useful lives and methods of depreciation are reviewed annually and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item.

G. Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are 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 negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3. Significant accounting policies (cont‟d.)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

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 rate. Losses are recognized in income or 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 profit or loss.

Non-financial assets

The Company‟s non-financial assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset‟s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset‟s fair value less costs to sell and its 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 current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (“CGUs”).

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss. An impairment loss recognized for goodwill is not reversed.

3. Significant accounting policies (cont‟d.)

H. Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized.

I. Earnings (loss) per share

The Group presents basic earnings (loss) per share „„EPS‟‟‟data for its common shares. Basic EPS are computed by dividing income or loss by the weighted average number of ordinary shares outstanding during the year. Diluted EPS are computed similarly to basic earnings per share, except that the weighted average shares outstanding are increased to include shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding share options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the year.

3. Significant accounting policies (cont'd.)

J. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

K. Share-based payments

The Company operates an equity-settled compensation plan under which it receives services from employees, directors and consultants as consideration for equity instruments of the Company.

The Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

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

L. Fair Value Hierarchy

The Group classifies financial instruments recognised at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7 – Financial Instruments: Disclosures. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

3. Significant accounting policies (cont"d.)

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

M. Segment reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Group to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment"s performance. In this regard, the Group conducts its business in one segment relating to corporate items.

N. New standards, interpretations and amendments adopted during the year ended March 31, 2014

IFRS 13 – Fair Value Measurement

Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among specific standards requiring fair value measurements. IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. This new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between participants, at the measurement date. It also establishes disclosures about fair value measurement. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at March 31, 2014.

Amendments to IAS 1 – Financial Statement Presentation

The amendments to IAS 1 require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as remeasurements related to IAS 19 will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that chose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. There was no impact to the Company"s financial statements upon adoption of this standard.

3. Significant accounting policies (cont‟d.)

O. Recent accounting pronouncements and amendments not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 2 – Share-based payment

The amendments to IFRS 2, issued in December 2013, clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 7 – Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IFRS 9 – Financial instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 – Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial

3. Significant accounting policies (cont"d.)

assets including equity investments are measured at their fair values at the end of the subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013, to (i) include guidance on hedge accounting, (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity"s own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income ("OCI"), without having to adopt the remainder of IFRS 9, and to (iii) remove the previous mandatory effective date for adoption of January 1, 2015. The standard was later amended to introduce a new mandatory effective date for adoption of January 1, 2018 with early adoption permitted.

IAS 24 – Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IAS 36 – Impairment of assets

The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

3. Significant accounting policies (cont‟d.)

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IAS 39 – Financial Instruments: Recognition and measurement

The amendments to IAS 39, issued in June 2013, clarify that notation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. Within IFRIC 21, a levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards (such as income taxes that are within the scope of IAS 12); and
- fines or other penalties that are imposed for breaches of the legislation.

„Government‟ refers to government, government agencies and similar bodies whether local, national or international. IFRIC 21 provides an interpretation of the requirements in IAS 37 for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21.

4. Funds held in trust

During the year ended March 31, 2014, the Company entered into an agreement to sell the 2975 Hochelaga building, Montréal, H1W 1G1. The purchase price is held in trust by the lawyers as of March 31, 2014.

SARATOGA ELECTRONIC SOLUTIONS INC.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2014 and 2013

5. Trade and other receivables

	March 31, 2014	March 31, 2013
	$	$
Trade receivables	**15,313**	2,360
Sales taxes receivable	-	5,987
Total trade and other receivables	**15,313**	8,347

Aging analysis	**March 31, 2014**	March 31, 2013
	$	$
Current	**12,953**	306
30 – 90 days	-	101
Over 90 days	**2,360**	7,940
Total trade and other receivables	**15,313**	8,347

No amounts are impaired at March 31, 2014 and March 31, 2013.

6. Loan receivable from a private company

	March 31, 2014	March 31, 2013
	$	$
Loan receivable from a private company, unsecured, bearing interest at 12% per annum, due on January 25, 2014. At the option of the Company, this loan may be converted, at any time during the term, to an equity position in the borrower equivalent to 10% of the outstanding equity. This loan receivable was written-off as of March 31, 2014.	**-**	50,000

SARATOGA ELECTRONIC SOLUTIONS INC.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2014 and 2013

7. Property, plant and equipment

	Land	Building	Furniture and computer equipment	Total
	$	$	$	$
Cost				
At March 31, 2013 and March 31, 2012	585,300	834,700	27,699	1,447,699
Dispositions	**(585,300)**	**(834,700)**	**(27,699)**	**(1,447,699)**
At March 31, 2014	**-**	**-**	**-**	**-**
Accumulated Depreciation				
At March 31, 2012	-	222,111	18,378	240,489
Depreciation expense	-	36,755	1,651	38,406
At March 31, 2013	-	258,866	20,029	278,895
Depreciation expense	**-**	**34,550**	**1,261**	**35,811**
Dispositions	**-**	**(293,416)**	**(21,290)**	**(314,706)**
At March 31, 2014	-	-	-	-
Net book value				
At March 31, 2013	**585,300**	**575,834**	**7,670**	**1,168,804**
At March 31, 2014	**-**	**-**	**-**	**-**

8. Non-controlling interest

The non-controlling interest consists of 1,145,000 Class 'D' preferred shares (2013 – 1,145,000) of Québec Inc., non-voting, non-participating, non-convertible, non-cumulative annual dividend of 8%, and redeemable at $1 per share. Changes in non-controlling interest are summarized as follows:

	2014	2013
	$	$
Balance beginning of year	**1,145,000**	1,270,000
Preferred shares redeemed during the year	-	(125,000)
Balance, end of year	**1,145,000**	1,145,000

9. Selling and administrative

Selling and administrative expenses are comprised of:

	2014	2013
	$	$
Salaries	**9,197**	97,187
Professional fees	**98,951**	164,054
Office and general	**1,144**	2,507
Utilities	**13,846**	21,330
Insurance	**5,626**	13,472
Taxes and licences	**28,844**	36,517
Telecommunications	**739**	1,471
Other	**-**	5,286
	158,347	341,824

10. Income taxes

(a) *The provision for income taxes consists of:*

	2014	2013
	$	$
Current taxes	**(60,428)**	(71,471)
Deferred taxes	**-**	10,800
	(60,428)	(60,671)

10. **Income taxes** (cont‟d.)

(b) *Reconciliation of income taxes:*

The impact of differences between the Group‟s reported income taxes on operating loss and the recovery that would otherwise result from the application of statutory rates is as follows:

	2014		2013	
	$	**%**	$	%
Income tax recovery at the combined basic Federal and Provincial tax rates on loss before income taxes and income from discontinued operations	**(51,970)**	**27**	(55,879)	27
Permanent differences	**47,403**	**(25)**	2	-
Change in deferred tax assets not recognized	**(56,184)**	**29**	(3,320)	2
Other	**323**	**-**	(1,474)	1
Income tax recovery	**(60,428)**	**31**	(60,671)	30

(c) *Deferred tax assets:*

The tax effects of significant items comprising the Group‟s net deferred tax assets and liabilities are as follows:

	2014	2013
	$	$
Loss carry forwards and other deductible amounts	**776,919**	713,401
Property, plant and equipment	**-**	8,723
Deferred tax assets not recognized	**(776,919)**	(722,124)
	-	-

(d) *Tax loss carry forwards:*

The Group has losses available for income tax purposes that can be used to reduce taxable income of future years. These approximate losses expire as follows:

10. Income taxes (cont'd.)

	Federal	Quebec
	$	$
2027	-	21,000
2028	822,000	848,000
2029	454,000	443,000
2030	576,000	571,000
2031	78,000	74,000
2033	126,000	123,000
2034	258,000	244,000
	2,314,000	2,324,000

(e) Other deductible amounts

The Company has available approximately $259,000 (Quebec $262,000) of cumulative eligible capital which may be carried forward indefinitely to be deducted against taxable income.

The Company has available approximately $335,000 (Quebec $193,000) of capital losses which may be carried forward indefinitely to be deducted against capital gains.

11. Share capital

Share capital authorized:

An unlimited number of the following classes of shares:

Common, voting participating shares without par value.

Series I preferred shares issuable in series, non-voting, 6% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

Series II preferred shares issuable in series, non-voting, 8% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

11. Share capital (cont‟d.)

	Number #	Amount $
Common shares		
Balance, March 31, 2014 and March 31, 2013	**18,461,300**	**1,793,803**

There are no preferred shares issued and outstanding as at March 31, 2014 and 2013.

12. Share-based payments

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 855,000. The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the ordinary shares at the time of the grant, and the term of the options cannot exceed five years and unexercised options are cancelled after termination of employment or directorship. The option‟s exercise price and vesting period is established by the Board of Directors, the options granted vest according to a graded schedule of 33.3% every six months commencing on the grant date.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle options.

There were no options granted and no stock option compensation costs incurred for the years ended March 31, 2014 and March 31, 2013.

The Company‟s share options are as follows for the reporting years presented:

12. **Share-based payments** (cont'd.)

	March 31, 2014		March 31, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
	#	**$**	#	$
Balance - beginning of year	-	-	90,000	0.26
Expired	-	-	90,000	0.26
Balance - end of year	-	-	-	-

There were no options outstanding at March 31, 2013 and March 31, 2014.

13. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the net income (loss) for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted earnings (loss) per share, potential ordinary shares such as share options have been included as they would have the effect of decreasing the earnings (loss) per share. Details of share options issued that could potentially dilute loss per share in the future are given in Note 12.

Both the basic and diluted earnings (loss) per share have been calculated using the net income (loss) as the numerator, i.e. no adjustment to the income were necessary for the years ended March 31, 2014 and March 31, 2013 respectively.

13. Earnings (loss) per share (cont‟d.)

	Year ended	
	March 31, 2014	March 31, 2013
	$	$
Net loss from continuing operations	**(132,768)**	(147,058)
Loss per share:		
Basic and diluted loss per share	**(0.00719)**	(0.00797)
Net income (loss) from discontinued operations	**(412,563)**	292,012
Earning (loss) per share:		
Basic and diluted earnings per share	**(0.02235)**	0.01582
Net income (loss) from the year	**(545,331)**	144,954
Earnings (loss) per share:		
Basic and diluted earnings per share	**(0.02954)**	0.00785
Weighted average number of common shares outstanding:	**#**	#
Basic and diluted	**18,461,300**	18,461,300

14. Supplemental cash flow information

For the year ended	**March 31, 2014**	March 31, 2013
	$	$
Net income (loss) from discontinued operations	**(412,563)**	292,012
Cash flows from (used in) operating activities of discontinued operations	**(412,563)**	292,012

15. Sales taxes

In December 2012, Quebec Inc. claimed ITCs, for the three prior years, on fees charged to it by a supplier for the housing fees related to automated banking machines. Quebec Inc. took the position that it was eligible to make this claim following a recent court ruling that clarified the current legislation defining "financial service" in the Income Tax Act in a situation where an intermediary provides on-premises space allowing a third party to render financial services to its clients. The tax authorities audited the Company in the current year and denied the Company‟s position and requested that the ITCs be refunded. The amount recoverable last year and payable this year were recorded as discontinued operations net of tax in the statements of comprehensive income as it related to the former ATM network segment that was disposed of in the year ended March 31, 2012.

For the year ended	**March 31, 2014**	March 31, 2013
	$	$
Sales tax assessment (recovery) pre tax	**412,563**	(399,469)
Sales tax (recovery) net of tax reported as discontinued operations	**412,563**	(292,012)

16. Related party transactions

Balances and transactions between Saratoga Electronic Solutions Inc. and its subsidiary, which is a related party of Saratoga Electronic Solutions Inc., have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Country of incorporation	Percentage of interest	
		March 31, 2014	March 31, 2013
9261-5277 Québec Inc.	Canada	**100 %**	100 %

The Group‟s related parties include private companies controlled by directors as described below.

16. Related party transactions (cont‛d.)

As at	**March 31, 2014**	March 31, 2013
	$	$
Trade receivables from related parties:		
Companies with common director	**52,976**	36,533
Total trade receivables from related parties	**52,976**	36,533
Trade payables to related parties:		
Directors	**5,516**	5,864
Total trade payables to related parties	**5,516**	5,864
Revenues for the year ended:		
Rental income from companies under common control	**14,302**	19,069
Total revenues	**14,302**	19,069
Administrative – related parties:		
Professional fees	-	34,000
Utilities	-	4,963
Total Administrative – related parties	-	38,963

The Group has identified its directors and certain officers as its key management personnel. The compensation costs for key management personal for the years ended March 31, 2014 and 2013 are as follows:

	March 31, 2014	March 31, 2013
	$	$
Salaries and benefits key management personnel	**3,697**	85,735
Directors	**5,500**	5,500

17. Financial instruments risks

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and interest rate risk. The Group‟s risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group‟s short-to medium-term cash flows by minimizing the exposure to financial markets. The Group does not actively engage in the trading of financial speculative purposes. The most significant financial risks to which the Group is exposed are described below. The Group is exposed to market risk through its use of financial instruments and specifically to interest risk and certain other risks, which result from both its operating and investing activities. No changes were made in the objectives, policies and processes during the reporting years.

The carrying value of cash, funds held in trust, trade and other receivables, trade receivables from related parties, loan receivable from a private company, trade payables and trade payables to related parties are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group‟s trade and other receivables. The Group may also have credit risk relating to cash. The carrying amount of financial assets, as disclosed in the statements of financial position, represents the Group‟s maximum exposure.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Group‟s operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures.

17. **Financial instruments risk** (cont‟d.)

The following table presents the contractual maturities of the Corporation‟s financial liabilities:

As at March 31, 2014			**Payments by Periods**		
	Total	**< 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Trade payables	50,603	50,603	-	-	-
Trade payables to related parties	5,516	5,516	-	-	-
Sales taxes payable	494,668	494,668			

As at March 31, 2013			**Payments by Periods**		
	Total	**< 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Trade payables	86,506	86,506	-	-	-
Trade payables to related parties	5,864	5,864	-	-	-

(c) Foreign currency risk

All of the Group‟s cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Group‟s functional and reporting currency. Therefore, the Group is not exposed to foreign currency risk.

18. Capital management

The Group‟s primary objectives when managing capital is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Group capital items are cash, funds held in trust and common shares. Capital is $3,000,057 as at March 31, 2014 (2013 – $1,937,831).

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or debt, or sell assets to reduce debt or fund acquisition or development activities. The Group does not have any externally imposed restrictions on its capital.

The Company had also created a new class of preferred shares in prior years as described in Note 11. The primary purpose of creating these preferred shares is to provide management with greater flexibility respecting potential future financings and other corporate transactions.

19. Subsequent event

Subsequent to year end, the Group redeemed 705,000 Class „„D‟‟‟ preferred shares held by non-controlling interest.

Condensed Consolidated Interim Financial Statements of

SARATOGA ELECTRONIC SOLUTIONS INC.

December 31, 2014 and 2013

SARATOGA ELECTRONIC SOLUTIONS INC.
Table of Contents

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Saratoga Electronic Solutions Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the Management Discussion and Analysis (MD&A) is consistent with the condensed consolidated interim financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed consolidated interim financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of condensed consolidated interim financial statements.

The Board of Directors ("Board") and Audit Committee ("Committee") is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the interim report. The Committee has the responsibility of meeting with management to discuss the internal controls over the financial reporting process and financial reporting issues.

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

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

As at	Note	December 31, 2014	March 31, 2014
		$	$
ASSETS			
Current assets:			
Cash		**5,878**	6,254
Funds held in trust	*5*	-	1,200,000
Trade and other receivables	*6*	**6,660**	15,313
Trade receivables from related parties	*16*	**-**	52,976
Income taxes recoverable		**-**	17,585
Total assets		**12,538**	1,292,128

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on February 27, 2015:

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

As at	Note	December 31, 2014	March 31, 2014
		$	$
LIABILITIES			
Current liabilities			
Trade payables		**122,422**	50,603
Trade payables to related parties	*16*	**6,000**	5,516
Loan payable to director	*8*	**15,000**	-
Sales taxes payable	*14*	**-**	494,668
		143,422	550,787
Shareholders' equity			
Common shares	*11*	**1,793,803**	1,793,803
Contributed surplus		**182,650**	182,650
Deficit		**(2,107,337)**	(2,380,112)
Deficiency attributable to shareholders		**(130,884)**	(403,659)
Non-controlling interest	*9*	**-**	1,145,000
Total deficiency		**(130,884)**	741,341
Total deficiency and liabilities		**12,538**	1,292,128

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Going concern (Note 2)

Subsequent event (Note 19)

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on February 27, 2015:

(*Signed*) **"GEORGES A. DURST"** Director

(Signed) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited)

	Note	Three-months ended December 31,		Nine-months ended December 31,	
		2014	**2013**	**2014**	2013
		$	**$**	**$**	$
Revenues		**-**	4,767	**-**	14,302
Expenses					
Selling and administrative	*10*	**44,050**	32,794	**102,946**	137,371
Depreciation of property, plant and equipment		-	8,959	**-**	26,877
Money remittance, net		**-**	16	**-**	(2,963)
Gain on disposal of subsidiary	*15*	**-**	-	**(1,025,822)**	-
Sales taxes assessment (recovery)		**-**	412,563	**-**	412,563
		44,050	454,332	**(922,876)**	573,848
Income (loss) before net finance expense and income taxes		**(44,050)**	(449,565)	**922,876**	(559,546)
Finance expense		**149**	2,039	**2,128**	3,840
Income (loss) before income taxes		**(44,199)**	(451,604)	**920,748**	(563,386)
Income tax expense:					
Current taxes		-	(42,843)	-	(42,843)
Deferred taxes		-	-	-	-
Total comprehensive income (loss) for the period		**(44,199)**	(408,761)	**920,748**	(520,543)
Earnings (loss) per share for the period (Note 13):					
Basic and Diluted		**(0.00239)**	(0.02214)	**0.04987**	(0.02820)
Weighted average number of common shares (Note 13)					
Basic and Diluted		**18,461,300**	18,461,300	**18,461,300**	18, 461,300

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

For the Nine-month Period Ended December 31, 2014 and 2013

	Share capital					
	Number	Amount	Contributed surplus	Deficit	Non-controlling interest	Total equity
	#	$	$	$	$	$
Balance at March 31, 2013	18,461,300	1,793,803	182,650	(1,834,781)	1,145,000	1,286,672
Total comprehensive income (loss)	-	-	-	(520,543)	-	(520,543)
Balance at December 31, 2013	18,461,300	1,793,803	182,650	(2,355,324)	1,145,000	766,129
Balance at March 31, 2014	18,461,300	1,793,803	182,650	(2,380,112)	1,145,000	741,341
Redemption of preferred shares held by non-controlling interest (Note 9)	-	-	-	-	(705,000)	(705,000)
Sale of subsidiary (Note 15)	-	-	-	(647,973)	(440,000)	(1,087,973)
Total comprehensive income	-	-	-	920,748	-	920,748
Balance at December 31, 2014	18,461,300	1,793,803	182,650	(2,107,337)	-	(130,884)

The accompanying notes from an integral part of the condensed consolidated interim financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

Periods Ended

	Note	Three-months ended December 31,		Nine-months ended December 31,	
		2014	**2013**	**2014**	2013
		$	**$**	**$**	$
Cash flows (used in) from operating activities					
Income (loss) from operations		**(44,199)**	(408,761)	**920,748**	(520,543)
Items not involving cash:					
Gain on disposal of subsidiary	*15*	**-**	-	**(1,025,822)**	-
Depreciation of property, plant and equipment		**-**	8,959	**-**	26,877
		(44,199)	(399,802)	**(105,074)**	(493,666)
Changes in non-cash working capital					
Trade and other receivables		**(1,293)**	9,020	**(749)**	5,987
Trade receivables from related parties		**-**	(5,481)	**-**	(18,448)
Funds held in trust		**-**	-	**1,162,000**	-
Prepaid expenses		**-**	10,274	**-**	13,271
Income taxes recoverable		**-**	(42,843)	**11,688**	(43,166)
Sales taxes payable		**-**	476,658	**(449,757)**	476,658
Trade and other payables		**41,130**	15,600	**76,564**	(34,825)
Trade payables to related parties		**3,000**	(13,614)	**2,000**	(2,464)
Cash flows from (used in) operating activities		**(1,362)**	49,812	**696,672**	(96,653)
Cash flows from investing activity					
Disposal of subsidiary	*15*	**-**	-	**(7,048)**	-
Cash flows from (used in) investing activity		**-**	-	**(7,048)**	-
Cash flows used in financing activities					
Loan payable to director		**-**	-	**15,000**	-
Redemption of preferred shares held by non-controlling interest (Note 9)		**-**	-	**(705,000)**	-
Cash flows used in financing activities		**-**	-	**(690,000)**	-
Net increase (decrease) in cash		**(1,362)**	49,812	**(376)**	(96,653)
Cash - beginning of year		**7,240**	(2,437)	**6,254**	144,028
Cash - end of period		**5,878**	47,375	**5,878**	47,375
Supplemental information					
Interest paid in cash				**1,421**	2,340
Income taxes paid (recovered) in cash				**(11,688)**	**-**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

1. Reporting entity

Saratoga Electronic Solutions Inc. (the "Company") is incorporated under the *Canada Business Corporations Act* and is listed on the TSX Venture Exchange. These condensed consolidated interim financial statements of the Company for the three-month and nine-month periods ended December 31, 2014 and December 31, 2013 comprise the results of the Company and its subsidiary 9261-5277 Québec Inc. ("Québec Inc") (together referred to as the ''Group'' and individually as ''Group entity''). The Company, through its subsidiary 9261-5277 Québec Inc., earned rental income on the leasing of some office space in its property at 2975 Hochelaga, Montreal, QC, H1W 1G1. This property was sold at year end March 31, 2014 and the Company no longer has any operations.

The Company entered into a definitive purchase agreement to sell its wholly-owned subsidiary 9261-5277 Québec Inc. ("Québec Inc.") to Osiris Blindé (2010) Inc. The closing of the transaction was held on September 26, 2014.

The address of the registered office is 2975 Hochelaga, Montreal, QC, H1W 1G1.

2. Going concern

These condensed consolidated interim financial statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Group has incurred substantial recurring losses to date and has an accumulated deficit of $2,107,337 and a negative working capital of $130,884 at December 31, 2014. In addition, the Company has sold all its operating business as explained in Note 1.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company entered into a non-binding letter of intent (the "LOI") with the shareholders of Abba Medix Corp. ("Abba Medix"), who act at arm's length to Saratoga, which outlines the general terms and conditions of a proposed transaction pursuant to which Saratoga will acquire all of the issued and outstanding shares of Abba Medix in exchange for shares of Saratoga (the "Transaction"). The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital and to complete the proposed transaction. There is no assurance that the Company will be able to materialize its plan.

2. Going concern (cont'd.)

The condensed consolidated interim financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Company be unable to achieve its plan to find new investing opportunities given that a director of the Company has attested to provide all funding necessary for the Company to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. The impact on the consolidated financial statements could be material.

3. Basis of presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are in compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company and the notes thereto.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial assets which are presented at fair value.

These condensed consolidated interim financial statements have not been subject of an audit and have been approved by the Board of directors on February 27, 2015.

3. Basis of presentation (cont'd.)

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Group's functional currency.

Critical accounting estimates, judgements and assumptions

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities at the date of the condensed consolidated interim financial statements and reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events or actions that are believed to be reasonable under the circumstances. The actual results may differ from these estimates, judgments and assumptions.

The condensed consolidated interim financial statements have been prepared following the same accounting policies used in the annual consolidated financial statements for the years ended March 31, 2014 and March 31, 2013.

4. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited annual consolidated financial statements as at and for the year ended March 31, 2014, except for the following new accounting pronouncements:

(a) New standards, interpretations and amendments adopted during the year

During the year, the Group adopted the following new or amended IFRS standards and Interpretations of IFRS ("Interpretations") that became mandatory for application. The adoption of these new or amended IFRS standards and Interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods.

4. Significant accounting policies (cont'd.)

IFRS 2 – Share-based payment

The amendments to IFRS 2, issued in December 2013, clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 7 – Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IAS 24 – Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

IAS 36 – Impairment of assets

The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

4. Significant accounting policies (cont'd.)

IAS 39 – Financial Instruments: Recognition and measurement

The amendments to IAS 39, issued in June 2013, clarify that notation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. Within IFRIC 21, a levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards (such as income taxes that are within the scope of IAS 12); and
- fines or other penalties that are imposed for breaches of the legislation.

"Government" refers to government, government agencies and similar bodies whether local, national or international. IFRIC 21 provides an interpretation of the requirements in IAS 37 for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21.

(b) Recent accounting pronouncements and amendments not yet effective

IFRS 9 Financial Instruments

On July 24, 2014, the IASB issued the final version of IFRS 9 Financial Instruments. The new standard will replace IAS 39 Financial Instruments: Recognition and Measurement and is mandatorily effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The final version of IFRS 9 includes a new expected loss impairment model and limited amendments to classification and measurement for financial assets and will supersede any previous versions.

IFRS 9 will not replace the requirements set out for portfolio fair value hedge accounting for interest rate risk. This project was separated from the IFRS 9 project due to the longer term nature of the macro hedging project. This project is currently at the discussion paper phase.

4. Significant accounting policies (cont'd.)

The new standard will introduce an improved logical model for classification and measurement, impairment, derecognition and hedge accounting.

The Group has not yet applied the new *IFRS 9 – Financial instruments* that has been issued as at December 31, 2014 but is not yet effective. The Company does not plan to early adopt this new standard.

5. Funds held in trust

During the year ended March 31, 2014, the Company entered into an agreement to sell the building held by Québec Inc. located at 2975 Hochelaga, Montréal, H1W 1G1. The purchase price was held in trust by the lawyers as March 31, 2014.

6. Trade and other receivables

	December 31, 2014	March 31, 2014
	$	$
Trade receivables	**-**	15,313
Sales taxes receivable	**6,660**	-
Total trade and other receivables	**6,660**	15,313

Aging analysis		
	$	$
Current	**-**	12,953
30 – 90 days	**-**	**-**
Over 90 days	**6,660**	2,360
Total trade and other receivables	**6,660**	15,313

No amounts are impaired at December 31, 2014 and March 31, 2014.

7. Property, plant and equipment

	Land	Building	Furniture and computer equipment	Total
	$	$	$	$
Cost				
At March 31, 2013	585,300	834,700	27,699	1,447,699
Dispositions	**(585,300)**	**(834,700)**	**(27,699)**	**(1,447,699)**
At March 31, 2014 and December 31, 2014	-	-	-	-
Accumulated Depreciation				
At March 31, 2013	-	258,866	20,029	278,895
Depreciation expense	-	34,550	1,261	35,811
Dispositions		(293,416)	(21,290)	(314,706)
At March 31, 2014 and December 31, 2014	**-**	-	-	-
Net book value				
At March 31, 2013	**585,300**	**575,834**	**7,670**	**1,168,804**
At March 31 and December 31, 2014	**-**	**-**	**-**	**-**

8. Loan payable to director

	December 31, 2014	March 31, 2014
	$	$
Loan payable to a director of the Company, non-interest bearing; unsecured and with no specific terms of repayment.	**15,000**	-
	15,000	-

9. Non-controlling interest

The non-controlling interest consists of Nil Class 'D' preferred shares (2013 – 1,145,000) of Québec Inc., non-voting, non-participating, non-convertible, non-cumulative annual dividend of 8%, and redeemable at $1 per share. Changes in non-controlling interest are summarized as follows:

	December 31, 2014	March 31, 2014
	$	$
Balance beginning of year	**1,145,000**	1,145,000
Redeemed during the year	**(705,000)**	-
Sale of Québec Inc. (1)	**(440,000)**	-
Balance, end of period	-	1,145,000

(1) The $440,000 is excluded from the condensed consolidated statements of financial position as a result of the sale of Québec Inc. (Note 15).

10. Selling and administrative

Selling and administrative expenses are comprised of:

	Three-month period ended December 31,		**Nine-month period ended December 31,**	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	$
Salaries	**3,000**	2,218	**5,000**	8,154
Professional fees	**41,050**	10,820	**96,856**	79,114
Office and general	**-**	-	-	1,144
Utilities	**-**	8,391	**1,088**	14,632
Insurance	**-**	1,775	**-**	5,639
Taxes and licences	**-**	9,339	**2**	27,935
Telecommunications	**-**	251	**-**	753
	44,050	32,794	**102,946**	137,371

11. Share capital

Share capital authorized:

An unlimited number of the following classes of shares:

Common, voting participating shares without par value.

Series I preferred shares issuable in series, non-voting, 6% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

Series II preferred shares issuable in series, non-voting, 8% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

	Number \#	Amount $
Common shares		
Balance, March 31, 2014 and December 31, 2014	**18,461,300**	**1,793,803**

There are no preferred shares issued and outstanding as at December 31, 2014 and 2013.

12. Share-based payments

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 855,000. The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the ordinary shares at the time of the grant, and the term of the options cannot exceed five years and unexercised options are cancelled after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors, the options granted vest according to a graded schedule of 33.3% every six months commencing on the grant date.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle options.

There were no options granted and no stock option compensation costs incurred for the nine-month periods ended December 31, 2014 and 2013.

The Company's share options are as follows for the reporting years presented:

There were no options outstanding at December 31, 2014 and March 31, 2014.

13. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the net income (loss) for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted earnings (loss) per share, potential ordinary shares such as share options have been included as they would have the effect of decreasing the earnings (loss) per share. Details of share options issued that could potentially dilute loss per share in the future are given in Note 12.

Both the basic and diluted earnings (loss) per share have been calculated using the net income (loss) as the numerator, i.e. no adjustment to the income were necessary for the periods ended December 31, 2014 and December 31, 2013 respectively.

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Net income (loss) from operations	**(44,199)**	(408,761)	**920,748**	(520,543)
Earnings (loss) per share:				
Basic and diluted earnings (loss) per share	**(0.00239)**	(0.02214)	**0.04987**	(0.02820)
Weighted average number of shares outstanding:	**#**	#	**#**	#
Basic and diluted	**18,461,300**	18,461,300	**18,461,300**	18,461,300

14. Sales taxes

In December 2012, Quebec Inc. claimed ITCs, for the three prior years, on fees charged to it by a supplier for the housing fees related to automated banking machines. Quebec Inc. took the position that it was eligible to make this claim following a recent court ruling that clarified the current legislation defining "financial service" in the Income Tax Act in a situation where an intermediary provides on-premises space allowing a third party to render financial services to its clients. The tax authorities audited the Company in the year ended March 31, 2014 and denied the Company's position and requested that the ITCs be refunded. The remaining amount payable of $44,911 is excluded from the consolidated statements of financial position as a result of the sale of Group entity Québec Inc. (Note 15).

15. Sale of Group entity Québec Inc.

During the second quarter ending September 30, 2014, the Company entered into a share purchase agreement to sell all of the shares of 9261-5277 Québec Inc. for cash consideration of $1. The following balances were excluded from the consolidated statements of financial position as a result of the sale:

	December 31, 2014
	$
Cash	7,049
Trade and other receivables	9,402
Trade receivables from related parties	52,976
Funds held in trust	38,000
Income taxes recoverable	5,897
Trade and other payables	4,745
Trade payables to related parties	1,516
Sales taxes payable	44,911
Class D preferred shares	440,000
Share capital of Québec Inc.	647,973
	1,025,821

This transaction, except for cash of $7,409, has been treated as a non-cash transaction on the consolidated statements of cash flows.

16. Related party transactions

Balances and transactions between Saratoga Electronic Solutions Inc. and its subsidiary, which is a related party of Saratoga Electronic Solutions Inc., have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Country of incorporation	Percentage of interest	
		December 31, 2014	December 31, 2013
9261-5277 Québec Inc.	Canada	**Nil**	100 %

The Group's related parties include private companies controlled by directors as described below.

As at	**December 31, 2014**	March 31, 2014
	$	$
Trade receivables from related parties:		
Companies with common director	**-**	52,976
Total trade receivables from related parties	**-**	52,976
Trade payables to related parties:		
Directors	**6,000**	5,516
Total trade payables to related parties	**6,000**	5,516

For the nine months ended	**December 31, 2014**	December 31, 2013
	$	$
Revenues for the year ended:		
Rental income from companies under common control	-	14,302
Total revenues	-	14,302

16. Related party transactions (cont'd.)

For the three months ended	**December 31, 2014**	December 31, 2013
	$	$
Revenues for the year ended:		
Rental income from companies under common control	-	4,767
Total revenues	-	4,767

The Group has identified its directors and certain officers as its key management personnel.

The compensation costs for key management personal for the nine-month periods ended December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
	$	$
Salaries and benefits key management personnel	-	6,654
Directors	**5,000**	1,500

The compensation costs for key management personal for the three-month periods ended December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
	$	$
Salaries and benefits key management personnel	-	2,218
Directors	**3,000**	-

17. Financial instruments risks

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and interest rate risk. The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets. The Group does not actively engage in the trading of financial speculative purposes. The most significant financial risks to which the Group is exposed are described below. The Group is exposed to market risk through its use of financial instruments and specifically to interest risk and certain other risks, which result from both its operating and investing activities. No changes were made in the objectives, policies and processes during the reporting years.

The carrying value of cash, funds held in trust, trade and other receivables, trade receivables from related parties, trade payables and trade payables to related parties are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's trade and other receivables. The Group may also have credit risk relating to cash. The carrying amount of financial assets, as disclosed in the statements of financial position, represents the Group's maximum exposure.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Group's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures.

17. Financial instruments risks (cont'd.)

The following table presents the contractual maturities of the Corporation's financial liabilities:

As at December 31, 2014			**Payments by Periods**		
	Total	**< 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Trade payables	122,422	122,422	-	-	-
Trade payables to related parties	6,000	6,000	-	-	-
Loan payable to director	15,000	15,000	-	-	-

As at March 31, 2014

			Payments by Periods		
	Total	**< 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Trade payables	50,603	50,603	-	-	-
Trade payables to related parties	5,516	5,516	-	-	-
Sales taxes payable	494,668	494,668	-	-	-

(c) Foreign currency risk

All of the Group's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Group's functional and reporting currency. Therefore, the Group is not exposed to foreign currency risk.

18. Capital management

The Company's primary objectives when managing capital is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company's capital items are cash, funds held in trust and common shares. Capital is $1,799,681 as at December 31, 2014 (March 31, 2014 – $3,000,057).

The Company sets the amount of capital in proportion to risk. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or debt, or sell assets to reduce debt or fund acquisition or development activities. The Company does not have any externally imposed restrictions on its capital.

The Company had also created a new class of preferred shares in prior years as described in Note 11. The primary purpose of creating these preferred shares is to provide management with greater flexibility respecting potential future financings and other corporate transactions.

19. Subsequent event

The Company has announced that on February 24, 2015 it executed a definitive share exchange agreement (the "**Share Exchange Agreement**") with Abba Medix Corp. ("**Abba Medix**") and its shareholders (the "**Abba Medix Shareholders**") pursuant to which the Company will acquire all of the issued and outstanding shares of Abba Medix in exchange for shares of the Company (the "**Transaction**").

Pursuant to the Transaction, the Abba Medix Shareholders will receive 32 common shares of the Company ("**Saratoga Shares**") for each of the 1,336,877 Class A common shares of Abba Medix currently issued and outstanding. Upon closing of the Transaction, the Company will issue from treasury an aggregate of 42,780,064 Saratoga Shares to the Abba Medix Shareholders. Following such issuance, there will be an aggregate of 61,241,364 Saratoga Shares issued and outstanding. Based on the foregoing, following completion of the Transaction, the current holders of Saratoga Shares will hold approximately 30.15% of the outstanding Saratoga Shares and the Abba Medix Shareholders will hold approximately 69.85% of the outstanding Saratoga Shares.

19. Subsequent event (cont'd)

Contemporaneously with the closing of the Transaction, the founding shareholders of Abba Medix shall enter into an escrow agreement pursuant to which they will be restricted from selling the 32,000,000 Saratoga Shares held by them for the first three years following the closing of the Transaction, with 25% of their shares being released from escrow on each of the third and fourth anniversaries of the closing of the Transaction, and the remaining 50% of their shares being released on the fifth anniversary.

Pursuant to an advisory agreement entered into between Abba Medix and Belair Capital Markets, Abba Medix agreed to issue to Belair Capital Markets an option to acquire up to 9% of its issued and outstanding shares upon successful completion of a transaction. In the previously announced LOI, Saratoga agreed to assume the obligation to issue the option to Belair Capital Markets, entitling it to acquire 5,511,723 of Saratoga Shares at any time during the 12-month period following closing at a price of $0.25 per share, thereby ensuring that Abba Medix would remain a wholly-owned subsidiary of Saratoga following completion of the Transaction.

Appendix "C" – Saratoga Unaudited Pro-Forma Consolidated Statement of Financial Position

This Appendix "C" includes the Saratoga unaudited pro-forma consolidated statement of financial position.

Unaudited Pro-Forma Consolidated Statement of Financial Position

Saratoga Electronic Solutions Inc.

As at December 31, 2014

INDEX

Saratoga Electronic Solutions Inc.

Unaudited Pro-Forma Consolidated Statement of Financial Position as at December 31, 2014

	Saratoga Electronic Solutions Inc. December 31, 2014	Abba Medix Corp. October 31, 2014	Pro-Forma Adjustments	Note	Pro-Forma Consolidated
Assets					
Current Assets					
Cash	$ 5,878	$ 4,593	$ 2,099,400	2 (b)	
			(512,825)	2 (d)	$ 1,597,046
Trade and other receivables	6,660	-	-		6,660
Share subscriptions receivable	-	120,000	-		120,000
HST recoverable	-	178,086	-		178,086
Prepaid expenses and deposits	-	162,277	-		162,277
	12,538	464,956	1,586,575		2,064,069
Property and Equipment	-	761,393	-		761,393
	$ 12,538	$ 1,226,349	$ 1,586,575		$ 2,825,462

	Saratoga Electronic Solutions Inc. December 31, 2014	Abba Medix Corp. October 31, 2014	Pro-Forma Adjustments	Note	Pro-Forma Consolidated
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	$ 122,422	$ 619,069	$ (252,708)	2 (d)	$ 488,783
Trade payables to related parties	6,000	-	-		6,000
Loan payable to director	15,000	-	-		15,000
Due to related company	-	20,000	-		20,000
Short-term advances	-	144,650	-		144,650
Short-term advance from related party	-	5,000	-		5,000
	143,422	788,719	(252,708)		679,433
Deferred Lease Inducement	-	10,528	-		10,528
	143,422	799,247	(252,708)		689,961
Equity					
Issued Capital	1,793,803	1,177,001	4,615,325	2 (a)	
			(1,793,803)	2 (a)	
			2,099,400	2 (b)	7,891,726
Contributed Surplus	182,650	-	(182,650)	2 (a)	
			472,912	2 (c)	472,912
Deficit	(2,107,337)	(749,899)	(4,746,209)	2 (a)	
			2,107,337	2 (a)	
			(472,912)	2 (c)	
			(260,117)	2 (d)	(6,229,137)
	(130,884)	427,102	1,839,283		2,135,501
	$ 12,538	$ 1,226,349	$ 1,586,575		$ 2,825,462

1. Basis of Presentation

The unaudited pro-forma consolidated statement of financial position (the "pro-forma statement of financial position") of Saratoga Electronic Solutions Inc. (“Saratoga”) has been prepared from information derived from the unaudited condensed consolidated interim financial statements of Saratoga for the period ended December 31, 2014, and the unaudited condensed interim financial statements of Abba Medix Corp. (“Abba”) for the period ended October 31, 2014, on the basis of the assumptions and adjustments described in note 2.

This pro-forma statement of financial position may not necessarily be indicative of Saratoga’s future financial position or of the financial position that would have been obtained if the proposed transactions had taken effect on the date indicated. This statement of financial position should be read in conjunction with Saratoga’s unaudited condensed consolidated interim financial statements for the period ended December 31, 2014, and in conjunction with Abba’s unaudited condensed interim financial statements for the period ended October 31, 2014.

This pro-forma statement of financial position has been prepared in accordance with International Financial Reporting Standards and is presented in Canadian Dollars, which is the functional currency of both Saratoga and Abba.

2. Pro-Forma Assumptions

The pro-forma statement of financial position takes into account the transactions and assumptions as described hereafter, as if they had taken place on December 31, 2014.

(a) On February 24, 2015, the shareholders of Abba entered into a definitive share exchange agreement (the "Share Exchange Agreement") with Saratoga pursuant to which, each shareholder of Abba will exchange, transfer and assign all of the Class A Common shares of Abba he, she or it owns to Saratoga in consideration of Saratoga's issuance to such shareholder a number of common shares of Saratoga on the basis of thirty-two (32) common shares of Saratoga for each one (1) Class A Common share of Abba (the "Transaction"). Pursuant to the Share Exchange Agreement, the deemed value of the Saratoga common shares issued to the shareholders of Abba shall be $0.25 per share.

Upon completion of the Transaction, the former shareholders of Abba will become the controlling shareholders of Saratoga. For accounting purposes, Abba is the deemed acquirer and Saratoga the deemed acquired company, and accordingly, Abba’s balances are accounted for at cost and Saratoga is accounted for at fair value. Since Saratoga’s operations do not constitute a business, the Transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, Saratoga's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by Saratoga will be allocated to share capital, and the transaction costs will be expensed. For purposes of this unaudited pro-forma consolidated statement of financial position, it has been assumed that all conditions of the Share Exchange Agreement have been met.

2. Pro-Forma Assumptions (continued)

(a) (continued)

The allocation of the consideration transferred is as follows:

Consideration transferred (18,461,300 shares at a price of $0.25 per share)	$ 4,615,325
Net assets (liabilities) of Saratoga acquired	(130,884)
Transaction costs	$ 4,746,209

The acquisition-date fair value of the consideration transferred by Saratoga for its interest in Abba is based on the number of equity interests Abba would have had to issue to give the owners of Saratoga the same percentage equity interest in the combined entity that results from the Transaction as described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for Abba. An adjustment has been booked to adjust the fair market value of Saratoga's equity interest in Abba accordingly.

(b) Subsequent to October 31, 2014, Abba issued 279,938 Class A Common shares for proceeds of $2,099,400 pursuant to private placements. The Class A Common shares of Abba issued pursuant to the private placements will be exchanged for common shares of Saratoga pursuant to the Share Exchange Agreement as described in note 2(a). The result of this is that 8,958,016 common shares of Saratoga will be issued to the subscribers of the private placement upon close of the Transaction.

(c) Prior to the period ended October 31, 2014, Abba entered into an agreement for the provision of corporate and market-related advisory services. As consideration for the services rendered pursuant to the agreement, Abba shall grant to the advisor, pursuant to the terms of Abba's stock option plan, options to purchase a number of shares following completion of a going public transaction.

During the period ended October 31, 2014, the agreement was amended with respect to the options to be issued to the advisor. Pursuant to the amendments, upon successful completion of the Transaction, the advisor will be entitled to receive warrants, instead of options, entitling it to acquire an amount of common shares of Saratoga equal to 9% of the issued and outstanding common shares of Saratoga at the time of the closing of the Transaction, exercisable for a period of twelve months at a price of $0.25 per share in consideration of financial advisory and other services provided to Abba in connection with the Transaction.

2. Pro-Forma Assumptions (continued)

(c) (continued)

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.98%
Expected life	1 year
Expected volatility	100%

The estimated fair value of $472,912 will be expensed as a transaction cost.

(d) The companies estimate they will incur approximately $512,825 of professional fees associated with the Transaction. As at October 31, 2014, $252,708 of these professional fees was included in Abba's accounts payable and accrued liabilities.

3. Pro-Forma Issued Capital

A continuity of pro-forma consolidated issued capital is provided below:

Issued Capital	**Number**	**Amount**
Common shares of Saratoga outstanding as at December 31, 2014	18,461,300	$ 1,793,803
Elimination of Saratoga share capital at historical cost (note 2 (a))	-	(1,793,803)
To record the fair market value of shares issued to Saratoga's shareholders (note 2(a))	-	4,615,325
Class A Common shares of Abba outstanding as at October 31 2014	1,056,939	1,177,001
Issuance of additional shares of Saratoga to the shareholders of Abba (note 2(a))	32,765,109	-
Class A Common shares of Abba issued pursuant to the private placements (note 2(b))	279,938	2,099,400
Issuance of additional shares of Saratoga to the subscribers of the Abba private placements (note 2(a))	8,678,078	-
Balance as at December 31, 2014 after giving effect to pro-forma adjustments	61,241,364	$ 7,891,726