PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED JUNE 30, 2014

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Prospect Park Capital Corp. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended June 30, 2014 have not been reviewed by the Corporation's auditors.

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at June 30, 2014	As at September 30, 2013
Assets		
Current		
Cash and cash equivalents (Note 3)	**$ 986,196**	$ 1,056,150
Accounts receivable	**5,684**	-
Prepaid expenses	**15,000**	-
Total Assets	**$ 1,006,880**	$ 1,056,150
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 126,536**	$ 28,190
Total Liabilities	**126,536**	28,190
Shareholders' Equity		
Share capital (Note 4)	**1,040,562**	1,040,562
Reserves (Notes 5 and 6)	**170,125**	170,125
Deficit	**(330,343)**	(182,727)
Total shareholders' equity	**880,344**	1,027,960
Total Liabilities and Shareholders' Equity	**$ 1,006,880**	$ 1,056,150

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

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Nine Months Ended June 30, 2014	Nine Months Ended June 30, 2013
Expenses				
Share-based compensation (Note 6)	**$ -**	$ -	**$ -**	$ 131,957
Professional fees	**14,476**	7,698	**141,805**	28,769
Transfer agent, listing and filing fees	**10,394**	-	**15,091**	-
Bank charges	**325**	-	**415**	-
Operating loss before the following items	**(25,195)**	(7,698)	**(157,311)**	(160,726)
Interest income	**3,155**	-	**9,695**	-
Net loss and comprehensive loss for the period	**$ (22,040)**	$ (7,698)	**$ (147,616)**	$ (160,726)
Loss per share - basic and diluted (Note 8)	**$ (0.01)**	$ (0.00)	**$ (0.04)**	$ (0.13)
Weighted average number of shares outstanding - basic and diluted (Note 8)	**3,635,000**	3,635,000	**3,635,000**	1,251,612

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

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Reserves: Warrant Reserve	Reserves: Equity Settled Share-based Payments Reserve	Deficit	Total
Balance, September 30, 2012	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Common shares issued, net of financing costs	3,736,913	491,591	-	-	-	491,591
Initial public offering, net of issuance costs	3,635,000	548,971	38,168	-	-	587,139
Share-based compensation	-	-	-	131,957	-	131,957
Net loss and comprehensive loss for the period	-	-	-	-	(160,726)	(160,726)
Balance, June 30, 2013	**7,371,913**	**$ 1,040,562**	**$ 38,168**	**$ 131,957**	**$ (160,726)**	**$ 1,049,961**
Balance, September 30, 2013	**7,371,913**	**$ 1,040,562**	**$ 38,168**	**$ 131,957**	**$ (182,727)**	**$ 1,027,960**
Net loss and comprehensive loss for the period	-	-	-	-	(147,616)	(147,616)
Balance, June 30, 2014	**7,371,913**	**$ 1,040,562**	**$ 38,168**	**$ 131,957**	**$ (330,343)**	**$ 880,344**

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

PROSPECT PARK CAPITAL CORP.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended June 30, 2014	Nine Months Ended June 30, 2013
Cash and cash equivalents (used in) provided by:		
Operating activities		
Net loss for the period	**$ (147,616)**	$ (160,726)
Adjustment for:		
Share-based compensation	**-**	131,957
Net changes in non-cash working capital:		
Accounts receivable	**(5,684)**	-
Prepaid expenses	**(15,000)**	-
Accounts payable and accrued liabilities	**98,346**	5,474
Net cash used in operating activities	**(69,954)**	(23,295)
Financing activities		
Proceeds from issuance of common shares, net of financing costs	**-**	491,591
Proceeds from initial public offering, net of issuance costs	**-**	587,139
Net cash provided by financing activities	**-**	1,078,730
Change in cash and cash equivalents during the period	**(69,954)**	1,055,435
Cash and cash equivalents, beginning of period	**1,056,150**	-
Cash and cash equivalents, end of period	**$ 986,196**	$ 1,055,435

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

1. Nature of Operations

Prospect Park Capital Corp. (the “Corporation”) was incorporated under the *Business Corporations Act* (Ontario) on September 7, 2012 and to date there have been limited operations. The registered office of the Corporation is located at 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3. The Corporation's financial year ends on September 30.

On March 28, 2013, the Corporation completed an initial public offering ("IPO") pursuant to Policy 2.4 – Capital Pool Companies (the “CPC Policy”) of the TSX Venture Exchange (“Exchange”) and became classified as a Capital Pool Company (as such term is defined in the CPC Policy). The Corporation's common shares were listed on the Exchange and commenced trading under the symbol "PPK.P". The Corporation's principal business is the identification and evaluation of assets or businesses for the purpose of completing a Qualifying Transaction (as such term is defined in the CPC Policy).

The Corporation has not commenced commercial operations and has no assets other than cash and cash equivalents, accounts receivable and prepaid expenses. The Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's shares from trading.

2. Significant Accounting Policies

Statement of compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and using the accounting policies described herein consistent with the Corporation's September 30, 2013 audited annual financial statements with exception of new accounting standards adopted during the period as described below. These unaudited condensed interim statements should be read in conjunction with the September 30, 2013 audited annual financial statements.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 29, 2014.

Accounting standards adopted during the period

(i) IFRS 13 – Fair Value Measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. At October 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation’s unaudited condensed interim financial statements.

Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace 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. IFRS 9 will be effective for accounting periods beginning on January 1, 2018. The Corporation is in the process of assessing the impact of this pronouncement.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

Recent accounting pronouncements (continued)

(ii) IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted. The Corporation is in the process of assessing the impact of this pronouncement.

3. Cash Restrictions

The proceeds raised from the issuance of common shares by a company classified as a Capital Pool Company may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses not related to the identification and evaluation of a Qualifying Transaction. These restrictions apply until Completion of the Qualifying Transaction by the Corporation as defined under the policies of the Exchange. As of June 30, 2014, these restrictions have been met.

4. Share Capital

(a) Authorized:

The Corporation has authorized share capital of an unlimited number of common shares.

(b) Issued common shares:

	Number of Shares	Amount
Balance, September 30, 2012	**-**	**$ -**
Common shares issued for cash (seed financing) (i)	3,736,913	500,000
Financing costs	-	(8,409)
Common shares issued pursuant to the IPO (ii)	3,635,000	727,000
IPO costs (ii)	-	(178,029)
Balance, June 30, 2013	**7,371,913**	**$ 1,040,562**
Balance, September 30, 2013 and June 30, 2014	**7,371,913**	**$ 1,040,562**

(i) Between October 18, 2012 and November 1, 2012, the Corporation issued 3,736,913 common shares for cash of $500,000 in its seed financing. Upon completion of the IPO, these shares are being held in escrow and will be released in future periods in accordance with the policies of the Exchange.

(ii) On March 28, 2013, the Corporation completed its IPO by issuing 3,635,000 common shares at a price of $0.20 per share for gross proceeds of $727,000. Canaccord Genuity Corp. (the "Agent") acted as agent for the IPO. The Corporation paid the Agent a commission of $72,700 (10% of the gross proceeds of the offering) and a $10,000 corporate finance fee. In addition, the Corporation granted the Agent warrants to acquire 363,500 common shares at a price of $0.20 per share that may be exercised until March 28, 2015.

(Expressed in Canadian Dollars)

5. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, September 30, 2012	**-**	**-**
Granted (i)	363,500	0.20
Balance, June 30, 2013	**363,500**	**0.20**
Balance, September 30, 2013 and June 30, 2014	**363,500**	**0.20**

(i) A value of $38,168 was estimated for the 363,500 agent's warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.00%; and an expected average life of two years.

The following table reflects the actual warrants issued and outstanding as of June 30, 2014:

Expiry Date	Exercise Price ($)	Number of Warrants Outstanding
March 28, 2015	0.20	363,500

6. Stock Options

The following table reflects the continuity of stock options for the periods presented:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, September 30, 2012	**-**	**-**
Granted (i)	737,191	0.20
Balance, June 30, 2013	**737,191**	0.20
Balance, September 30, 2013 and June 30, 2014	**737,191**	**0.20**

(i) On March 28, 2013, the Corporation granted incentive stock options to its then existing four directors to acquire a total of 737,191 common shares. The incentive stock options may be exercised for a period of ten years at a price of $0.20 per share. The incentive stock options vested on the date of grant.

A value of $131,957 was estimated for the 737,191 stock options on the date of grant with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.55%; and an expected average life of ten years.

(Expressed in Canadian Dollars)

6. Stock Options (Continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2014:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
March 28, 2023	0.20	8.75	737,191	737,191	-

7. Related Party Transactions

Related parties include the Board of Directors, close family members, enterprises and others over which it exercises significant influence.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors.

(i) An amount of $nil and $131,957, respectively was recognized as share-based compensation during the three and nine months ended June 30, 2013 for the incentive stock options that were granted to the Corporation's then existing four directors that hold stock options (Note 6(i)).

(ii) During the three and nine months ended June 30, 2014, the Corporation also incurred expenditures of $13,246 and $121,020, respectively (three and nine months ended June 30, 2013 - $nil) to McMillan LLP for legal services (including disbursements). Robbie Grossman is a partner of McMillan LLP and an officer and director of the Corporation. Included in the June 30, 2014 accounts payable and accrued liabilities is $119,811 (September 30, 2013 - $4,863) due to McMillan LLP.

(iii) During the three and nine months ended June 30, 2014, the Corporation also incurred expenditures of $nil (three and nine months ended June 30, 2013 - $18,670 and $39,448, respectively) to Garfinkle Biderman LLP for legal services (including disbursements), and part of this amount pertains to financing costs. Robbie Grossman is a former partner of Garfinkle Biderman LLP and an officer and director of the Corporation. Included in the June 30, 2014 accounts payable and accrued liabilities is $5,126 (September 30, 2013 - $5,126) due to Garfinkle Biderman LLP.

(iv) As at June 30, 2014, Dr. Samuel Herschkowitz owned directly or indirectly 860,749 common shares of the Corporation, representing approximately 12% of the issued and outstanding common shares of the Corporation. Dr. Herschkowitz is the Chief Executive Officer, Chief Financial Officer and a director of the Corporation. The remaining 88% of the shares are widely held, which includes various small holdings which are owned by directors of the Corporation. These holdings can change at any time at the discretion of the owner.

(v) On September 19, 2013, the Corporation entered into an agreement with SOK (defined below) to purchase shares of Skyline (defined below). The Corporation is related to SOK due to Dr. Samuel Herschkowitz, one of the directors and officers of the Corporation, and Joshua Kornberg, one of the directors of the Corporation, being the co-managing members and each 50% owners of a private company that is the managing member and sole beneficial owner of SOK. In addition, Joshua Kornberg is a director and officer of Skyline and Frank Mancuso Jr., one of the directors of the Corporation, is an independent director of Skyline. Refer to Note 11 for further details.

The Corporation is not aware of any arrangements that may, at a subsequent date, result in a change in control of the Corporation. To the knowledge of the Corporation, it is not directly or indirectly owned or controlled by another company, by any government or by any natural or legal person severally or jointly.

8. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended June 30, 2014 was based on the loss attributable to common shareholders of $22,040 and $147,616, respectively (three and nine months ended June 30, 2013 - $7,698 and $160,726, respectively) and the weighted average number of common shares outstanding of 3,635,000 (three and nine months ended June 30, 2013 - 3,635,000 and 1,251,612, respectively). Diluted loss per share did not include the effect of 737,191 incentive stock options (June 30, 2013 - 737,191) and 363,500 agent's warrants (June 30, 2013 - 363,500) as they are anti-dilutive.

The seed common shares are considered contingently returnable until the Corporation completes a Qualifying Transaction and accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

9. Financial Instruments

Fair Values
At June 30, 2014, the Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. The Corporation classifies its cash and cash equivalents as a financial asset at fair value through profit and loss, accounts receivable as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

Credit Risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

Accounts receivable consists of sales tax receivable from government authorities in Canada. Management believes that the credit risk with respect to this accounts receivable is minimal.

Interest Rate Risk
The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Capital Management
The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

10. Qualifying Transaction

On October 7, 2013, the Corporation announced that it had entered into three agreements for investments in Skyline Medical Inc. (“Skyline”), JB Therapeutics and IOI, LLC (“IOI”). Pursuant to the terms of the agreements and subject to completion of certain conditions precedent, including, satisfactory due diligence, execution of definitive agreements and receipt of all necessary director, shareholder, regulatory and Exchange approvals, the proposed transactions are intended to qualify as the Corporation's Qualifying Transaction.

If the three transactions are completed, the Corporation would effectively invest more than 50% of its available cash in equity or debt securities of the above companies and the Corporation would continue as an “investment issuer” on the Exchange, focused on investments in the health care industry.

The Corporation continues to work towards completing the Qualifying Transaction (see Note 11).

11. Subsequent Event

On August 28, 2014, the Corporation received conditional approval from the Exchange for its Qualifying Transaction. The Corporation has called an annual and special meeting of shareholders on September 25, 2014 (the “Meeting”) to consider (among other matters) the Majority of the Minority Shareholder Approval (as such term is defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”)) of the Skyline Investment (defined below) and the IOI Investment (defined below) (together, the “Transactions”). Subject to completion of certain conditions precedent, including, receipt of all necessary regulatory and Exchange approvals, the Transactions will collectively constitute the Corporation’s “Qualifying Transaction”.

Pursuant to a share purchase agreement dated August 28, 2014 between SOK Partners LLC (“SOK”) and the Corporation (the “SOK Agreement”), the Corporation has agreed to acquire (such acquisition, the “Skyline Investment") $1,700,000 of common shares (“Skyline Shares”) of Skyline from SOK for the purchase price of $1,000,000. The purchase price of $1,000,000 shall be payable as follows: (i) $400,000 payable at closing of the Skyline Investment (“Skyline Closing”); (ii) $300,000 payable at the Skyline Closing by the issuance of 1,304,347 common shares of the Corporation at a deemed price of $0.23 per share; and (iii) $300,000 payable within six (6) months of the Skyline Closing by the issuance of 1,714,285 common shares of the Corporation at a deemed price of $0.175 per share.

The Corporation is not proceeding with the previously announced proposed investment in JB Therapeutics.

Pursuant to a subscription agreement between IOI and the Corporation (the “IOI Agreement”), the Corporation has agreed to acquire from IOI approximately 5.0% to 7.5% of the outstanding interests of the members of IOI (“IOI Membership Interest”) for the purchase price of USD$150,000. Upon completion of the IOI Investment, if the Minimum Term Loan (as defined below) is extended to Serenity Pharmaceuticals, LLC (“Serenity”), the Corporation would beneficially hold 7.5% of the IOI Membership Interest and if the Maximum Term Loan (as defined below) is extended to Serenity, the Corporation would hold 5.0% of the IOI Membership Interest. IOI, as co-lender, and various lenders have entered into a credit and guaranty agreement dated as of July 12, 2013 with Serenity as borrower and Firefly Agent, LLC as administrative agent (“IOI Credit Agreement”). Pursuant to the IOI Credit Agreement, IOI (as to 20%) and the Lenders (as to 80%) have agreed to extend to Serenity a USD$15,000,000 senior secured first lien multi-draw term loan (the "Minimum Term Loan"), subject to an increase of up to USD$5,000,000 to USD$20,000,000 (the "Maximum Term Loan") at Serenity’s option subject to certain qualifications as outlined in the IOI Credit Agreement.

11. Subsequent Event (Continued)

As SOK, Skyline and IOI may each be considered a “related party” to the Corporation, the Transactions may each be considered a “related party transaction” (as such term is defined in MI 61-101) and, accordingly, requires (among other things) Majority of the Minority Shareholder Approval at the Meeting. As a result, the Transactions are conditional upon (among other things) being approved at the Meeting by a Majority of the Minority Shareholder Approval. A management information circular dated August 28, 2014 setting out the purposes of and the required approvals to be passed at the Meeting has been filed on SEDAR (www.sedar.com) on August 29, 2014 pursuant to Exchange requirements in connection with the Skyline Investment and the IOI Investment. If the Qualifying Transaction is successfully completed the Corporation will commence trading on the Exchange as an “investment issuer”.

Further details regarding SOK, Skyline, IOI, the Transactions, the Meeting, and the “related party’s” can be found in the management information circular for the Meeting and the News Release issued by the Corporation on August 29, 2014.