Financial Statements
(In Canadian dollars)

PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)

Year ended September 30, 2014 and period from December 8, 2012 to September 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Prospect Park Capital Corp.

We have audited the accompanying financial statements of Prospect Park Capital Corp. (a Capital Pool Company), which comprise the statements of financial position as at September 30, 2014 and 2013, the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended September 30, 2014 and period from December 8, 2012 to September 30, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 financial statements present fairly, in all material respects, the financial position of Prospect Park Capital Corp. (a Capital Pool Company) as at September 30, 2014 and 2013, and its financial performance and its cash flows for the year ended September 30, 2014 and period from December 8, 2012 to September 30, 2013 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

January 26, 2015
Toronto, Canada

PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)
(In Canadian dollars)

Statements of Financial Position

September 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents (note 3)	$ 934,025	$ 1,056,150
Accounts receivable	12,877	–
	$ 946,902	$ 1,056,150
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 190,756	$ 28,190
Shareholders' equity:		
Share capital (note 4)	1,040,562	1,040,562
Reserves (notes 5 and 6)	170,125	170,125
Deficit	(454,541)	(182,727)
	756,146	1,027,960
	$ 946,902	$ 1,056,150

See accompanying notes to financial statements.

On behalf of the Board:

Dr. Samuel Herschkowitz Director

Mr. Joshua Kornberg Director

PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)
(In Canadian dollars)

Statements of Loss and Comprehensive Loss

Year ended September 30, 2014 and period from December 8, 2012 to September 30, 2013

	2014	2013
Expenses:		
Share-based compensation (note 6)	$ –	$ 131,957
Professional fees	208,609	51,485
Transfer agent, listing and filing fees	76,190	–
Bank charges	1,395	–
Foreign exchange gain	(1,575)	–
Operating loss	(284,619)	(183,442)
Interest income	12,805	715
Loss and comprehensive loss	$ (271,814)	$ (182,727)
Loss per common share - basic and diluted (note 8)	$ (0.04)	$ (0.03)
Weighted average number of shares outstanding - basic and diluted (note 8)	7,371,913	6,021,068

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)
(In Canadian dollars)

Statements of Changes in Shareholders' Equity

Year ended September 30, 2014 and period from December 8, 2012 to September 30, 2013

	Share capital	Reserves: Warrants	Reserves: Stock options	Deficit	Total
Balance, December 8, 2012	$ 491,591	$ –	$ –	$ –	$ 491,591
Initial public offering, net of financing costs	548,971	38,168	–	–	587,139
Share-based compensation	–	–	131,957	–	131,957
Loss and comprehensive loss	–	–	–	(182,727)	(182,727)
Balance, September 30, 2013	1,040,562	38,168	131,957	(182,727)	1,027,960
Loss and comprehensive loss	–	–	–	(271,814)	(271,814)
Balance, September 30, 2014	$ 1,040,562	$ 38,168	$ 131,957	$ (454,541)	$ 756,146

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(A CAPITAL POOL COMPANY)
(In Canadian dollars)

Statements of Cash Flows

Year ended September 30, 2014 and period from December 8, 2012 to September 30, 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Operating loss	$ (284,619)	$ (183,442)
Change in non-cash operating items:		
Share-based compensation	–	131,957
Change in non-cash working capital:		
Accounts receivable	(12,877)	–
Accounts payable and accrued liabilities	162,566	19,781
Other	–	10,000
	(134,930)	(21,704)
Financing activities:		
Proceeds from initial public offering, net of financing costs	–	587,139
Investing activities:		
Interest received	12,805	715
Increase (decrease) in cash and cash equivalents	(122,125)	566,150
Cash and cash equivalents, beginning of period	1,056,150	490,000
Cash and cash equivalents, end of period	$ 934,025	$ 1,056,150

See accompanying notes to 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, 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 and accounts receivable. 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.

Refer to note 10 for further details about the completion of the Qualifying Transaction.

2. Significant accounting policies:

(a) Statement of compliance and basis of presentation:

These financial statements of the Corporation have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis.

These financial statements were authorized for use by the Board of Directors of the Corporation on January 26, 2015.

2. Significant accounting policies (continued):

(b) Functional and presentation currency:

These financial statements have been prepared in Canadian dollars, which is the Corporation's functional and presentation currency.

(c) Cash and cash equivalents:

Cash and cash equivalents in the statements of financial position comprise cash with a major Canadian chartered bank and mutual funds.

(d) Share-based payment transactions:

The Corporation has a share-based compensation plan that grants stock options and warrants to employees and non-employees.

The fair value method is applied for accounting for all share-based transactions, whereas the fair value of all stock options and warrants are estimated at the grant date using the Black-Scholes option pricing model.

For the options, compensation cost is recognized on a straight-line basis over the vesting period of the stock-based compensation expense. At the end of each reporting period, the Corporation reassesses its estimate of the number of stock options expected to vest and recognizes the impact of any revisions in earnings.

(e) Financial instruments:

The Corporation's financial assets and financial liabilities are classified as held-for-trading, loans and receivables or other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Held-for-trading financial instruments are measured at fair value with changes in fair value recognized in profit and loss in the period in which such changes arise. Loans and receivables and other financial liabilities are initially recorded at fair value and are subsequently measured at amortized cost.

2. Significant accounting policies (continued):

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements.

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;

- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 - inputs that are not based on observable market data (unobservable data).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, with impairment losses recognized in net income (loss) and comprehensive income (loss).

The Corporation designates its cash and cash equivalents as fair value through income and accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost using the effective interest rate method.

Cash and cash equivalents are classified as Level 1.

2. Significant accounting policies (continued):

(f) Significant accounting judgments and estimates:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the period. Actual amounts could differ from these estimates.

Estimates and underlying assumptions:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future years, if the revision affects both current and future periods.

Critical judgments in applying accounting policies:

Judgments included in these financial statements are decisions made by management, based on analysis of relevant information available at the time the decision is made. Judgments relate to the application of accounting policies, and decisions related to the measurement, recognition and disclosure of financial amounts.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effects on the amounts recognized in the financial statements are included in the following areas:

(i) Share-based compensation:

The Corporation includes estimates of forfeitures, expected life of the award, enterprise value of the Corporation and risk-free interest rates in the calculation of stock option expense. These estimates are based on previous experience and may change throughout the life of a stock option plan.

2. Significant accounting policies (continued):

(ii) Accounting standards adopted during the periods:

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 IFRS. At October 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation's financial statements.

(iii) Recent accounting pronouncements:

(a) IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB in October 2010 and will replace International Accounting Standard ("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. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of assessing the impact of this pronouncement.

(b) 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.

(In Canadian dollars)

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 common 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 September 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, December 8, 2012	3,736,913	$	491,591
Common shares issued pursuant to the IPO	3,635,000		727,000
Financing costs	–		(178,029)
Balance, September 30, 2013 and 2014	7,371,913	$	1,040,562

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 IPO), a $10,000 corporate finance fee and issued warrants valued at $38,168. The remaining financing costs consist of professional fees related to the issuance of the common shares.

(In Canadian dollars)

5. Warrants:

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

	Number of warrants	Weighted average exercise price
Issued and outstanding, December 8, 2012	–	$ –
Granted	363,500	0.20
Issued and outstanding, September 30, 2013 and 2014	363,500	0.20

On March 28, 2013, the Corporation granted warrants to the Agent to acquire 363,500 common shares at a price of $0.20 per share that may be exercised until March 28, 2015.

Total value of the warrants was estimated on the grant date to be $38,168. The following assumptions were used in the valuation: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.00%; and an expected average life of two years.

As of September 30, 2014, all 363,500 issued warrants remain outstanding.

6. Stock options:

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

	Number of stock options	Weighted average exercise price
Issued and outstanding, December 8, 2012	–	$ –
Granted	737,191	0.20
Issued and outstanding, September 30, 2013 and 2014	737,191	0.20

6. Stock options (continued):

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. These incentive stock options may be exercised for a period of ten years expiring March 28, 2023 at a price of $0.20 per share. A value of $131,957 was estimated on the grant date 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. The options fully vested on the grant date and the Company recorded $131,957 fair value as compensation expense for the year ended September 30, 2013.

7. Related party transactions:

Related parties include the Board of Directors, close family members, enterprises and others over which the Corporation 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:

(a) During the year ended September 30, 2014, the Corporation incurred expenditures of $162,224 (2013 - $4,863) from McMillan LLP for legal services. A partner of McMillan LLP is also an officer and director of the Corporation. Included in the September 30, 2014 accounts payable and accrued liabilities is $159,484 (2013 - $4,863) due to McMillan LLP.

(b) During the year ended September 30, 2014, the Corporation also incurred expenditures of nil (2013 - $44,574) from Garfinkle Biderman LLP for legal services. The officer and director noted in 7(a) is also a former partner of Garfinkle Biderman LLP. Included in the September 30, 2014 accounts payable and accrued liabilities is $5,126 (2013 - $5,126) due to Garfinkle Biderman LLP.

8. Loss per common share:

The calculation of basic and diluted loss per common share for the year ended September 30, 2014 was based on the loss of $271,814 (2013 - $182,727) and the weighted average number of common shares outstanding of 7,371,913 (2013 – 6,021,068). Diluted loss per common share did not include the effect of 737,191 incentive stock options (2013 - 737,191) and 363,500 warrants (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 common share calculations.

9. Financial instruments:

(a) Fair values:

At September 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 financial instruments.

(b) 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 risk 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 harmonized sales tax receivable from government authorities in Canada and other receivables. Management believes that the credit risk with respect to this accounts receivable is minimal.

9. Financial instruments (continued):

(c) Interest rate risk:

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

(d) Currency risk:

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these risks due to cash holdings in a U.S. dollar denominated bank account.

(e) 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.

(f) 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 common shares.

10. Subsequent event:

Pursuant to a share purchase agreement dated August 28, 2014 between SOK Partners LLC ("SOK") and the Corporation, the Corporation agreed to acquire 10,423,309 of common shares of Skyline Medical Inc. ("Skyline") from SOK for the purchase price of $1,000,000. The purchase price was payable as follows: (i) $400,000 payable in cash at closing; (ii) $300,000 payable at the 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 months of the closing by the issuance of 1,714,285 common shares of the Corporation at a deemed price of $0.175 per share. On October 23, 2014, the Corporation completed the acquisition and paid both the $400,000 cash on closing as well issued the initial 1,304,347 common shares.

Pursuant to a subscription agreement dated October 2013 between IOI and the Corporation, the Corporation 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 U.S. $150,000. On October 20, 2014, the Corporation completed the acquisition and purchased 5.66% in IOI Membership Interest for $169,065 (U.S. $150,000).

These acquisition collectively met the definition of a Qualifying Transaction (the "QT") as defined by the Exchange. The common shares of the Corporation commenced trading on the Exchange on October 24, 2014 under the symbol PPK and continues in the business of a public healthcare focused investments corporation.