

ANTERIOR EDUCATION SYSTEMS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended March 31, 2015 and 2014

**(Expressed in Canadian Dollars)
(Unaudited)**

ANTERIOR EDUCATION SYSTEMS LTD.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	As at March 31, 2015	As at September 30, 2014
	(Unaudited)	
ASSETS		
Current		
Cash	\$ 61,872	\$ 32,311
Accounts receivable	62,182	55,742
Prepaid expenses	33,694	65,251
Inventory	16,232	18,944
	<u>173,980</u>	<u>172,248</u>
Non-current assets		
Bond deposit (Note 3)	28,072	28,072
Property and equipment (Note 4)	70,226	50,773
Intangible assets (Note 5)	250,000	250,000
Goodwill	290,575	290,575
	<u>638,873</u>	<u>619,420</u>
TOTAL ASSETS	<u>\$ 812,853</u>	<u>\$ 791,668</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 414,046	\$ 228,096
Deferred revenue	201,083	177,654
Shareholder loans (Note 8)	100,651	94,151
	<u>715,780</u>	<u>499,901</u>
Non-current liabilities		
Convertible debentures (Note 6)	-	170,041
Loan payable (Note 7)	225,000	-
TOTAL LIABILITIES	<u>940,780</u>	<u>669,942</u>
(DEFICIENCY) EQUITY		
Equity portion of convertible debentures (Note 6)	-	35,709
Share capital (Note 9)	408,286	117,536
Deficit	(536,213)	(31,519)
TOTAL (DEFICIENCY) EQUITY	<u>(127,927)</u>	<u>121,726</u>
TOTAL LIABILITIES AND (DEFICIENCY) EQUITY	<u>\$ 812,853</u>	<u>\$ 791,668</u>

Going concern (Note 1)

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 22, 2015. They are signed on behalf of the Board of Directors by:

“Peter Lee” (Signed)

Director

“Dalton Larson” (Signed)

Director

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

ANTERIOR EDUCATION SYSTEMS LTD.

Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss) Income

(Expressed in Canadian dollars)

(Unaudited)

	Six months ended March 31, 2015	Six months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Revenue				
Tuition fees	\$ 470,083	\$ -	\$ 267,792	\$ -
Testing and other income	461,262	50,000	244,999	20,000
	931,345	50,000	512,791	20,000
Direct costs	724,697	-	443,299	-
	206,648	50,000	69,492	20,000
Expenses				
Bank charges	22,198	61	12,883	38
Consulting fees	19,331	11,475	12,945	8,825
Depreciation	6,924	-	3,462	-
Insurance	9,568	-	4,318	-
Marketing and advertising	84,698	10,808	30,679	3,479
Occupancy costs	202,261	-	99,146	-
Office and administration	32,320	826	19,694	205
Professional fees	11,125	-	11,125	-
Salaries and benefits	322,917	-	194,673	-
	711,342	23,170	388,925	12,547
Net (loss) income and comprehensive (loss) income for the period	\$ (504,694)	\$ 26,830	\$ (319,433)	\$ 7,453
Basic and diluted (loss) earnings per share	\$ (0.07)	\$ 0.01	\$ (0.04)	0.00
Weighted average number of shares outstanding	8,053,485	3,500,360	10,182,652	3,500,360

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

ANTERIOR EDUCATION SYSTEMS LTD.

Condensed Interim Consolidated Statements of Changes in (Deficiency) Equity

(Expressed in Canadian dollars)

(Unaudited)

	Equity portion of convertible debentures	Share capital		Deficit	Total
		Number	Amount		
Balance at September 30, 2013	\$ -	360	\$ 36	\$ (4,272)	\$ (4,236)
Convertible debentures issued	35,709	-	-	-	35,709
Shares issued for cash	-	3,500,000	17,500	-	17,500
Net income for the period	-	-	-	26,830	26,830
Balance at March 31, 2014	35,709	3,500,360	17,536	22,558	75,803
Shares issued for cash	-	1,000,000	25,000	-	25,000
Shares issued for acquisition of subsidiaries	-	1,500,000	75,000	-	75,000
Net loss for the period	-	-	-	(54,077)	(54,077)
Balance at September 30, 2014	35,709	6,000,360	117,536	(31,519)	121,726
Shares issued for cash	-	1,700,000	85,000	-	85,000
Shares issued on conversion of debentures	(35,709)	5,143,750	205,750	-	170,041
Net loss for the period	-	-	-	(504,694)	(504,694)
Balance at March 31, 2015	\$ -	12,844,110	\$ 408,286	\$ (536,213)	\$ (127,927)

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

ANTERIOR EDUCATION SYSTEMS LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Six months ended March 31, 2015	Six months ended March 31, 2014
Cash flows from operating activities		
Net (loss) income for the period	\$ (504,694)	\$ 26,830
Items not affecting cash:		
Depreciation	6,924	-
Changes in non-cash working capital items:		
Accounts receivable	(6,440)	(1,250)
Inventory	2,712	-
Prepaid expenses	31,557	(15,650)
Accounts payable and accrued liabilities	185,950	182
Deferred revenue	23,429	-
	<u>(260,562)</u>	<u>10,112</u>
Cash flows from financing activities		
Advances from (to) shareholders	6,500	(40,813)
Proceeds from loan	225,000	-
Proceeds from issuance of shares	85,000	17,500
	<u>316,500</u>	<u>(23,313)</u>
Cash flows from investing activity		
Purchase of property and equipment	(26,377)	-
Increase (decrease) in cash	29,561	(13,201)
Cash, beginning of period	32,311	11,105
Cash, end of period	\$ 61,872	\$ (2,096)
Supplemental cash flow information		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -
Non-cash financing activity		
Shares issued on conversion of debentures	\$ 205,750	\$ -

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

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

Six months Ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

1. GENERAL INFORMATION AND GOING CONCERN

a) Description of the business

Anterior Education Systems Ltd. (the “Company”) was incorporated in the Province of British Columbia on June 28, 2013, under the Business Corporations Act of British Columbia.

The Company’s registered and records office is located at Suite 150 Kootenay Street, Vancouver, British Columbia, V5K 4P6.

On September 30, 2014, the Company completed its acquisition of all the issued and outstanding shares of International Language Institute Ltd. (“ILI”) and English Canada World Organization Inc. (“EC”), English as a Second Language schools in Halifax, Nova Scotia.

ILI and EC were incorporated by Certificates of Incorporation issued pursuant to the provisions of the Business Corporations Act (Nova Scotia) on September 27, 1985 and November 27, 2003, respectively. ILI provides high quality language courses for international students and EC provides the Certificate in Teaching English to Speakers of Other Languages (“CELTA”) teacher training and operates the International English Language Testing System (“IELTS”) test centres in Atlantic Canada.

b) Going concern

The Company has incurred a net loss in the six months ended March 31, 2015 in the amount of \$504,694 (2014 – net income of \$32,809). The Company also has an accumulated deficit of \$536,213 (September 30, 2014 - \$31,519) and a working capital deficiency of \$541,800 (September 30, 2014 – \$327,653) as at March 31, 2015. The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

Six months Ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s most recent annual consolidated financial statements. These condensed interim consolidated financial statements do not contain all the information required for full annual consolidated financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 22, 2015.

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company’s management, all adjustments considered necessary for a fair presentation have been included.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, ILI and EC. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances are eliminated on consolidation.

3. BOND DEPOSIT

As at March 31, 2015, the Company has a bond held at the Canadian Imperial Bank of Commerce as a letter of credit for the beneficiary of the Minister of Finance for the Province of Nova Scotia on behalf of the Private Career Colleges Division in the amount of \$28,072 (September 30, 2014 – \$28,072).

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

Six months Ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

4. PROPERTY AND EQUIPMENT

Cost	Furniture and office equipment	Computer equipment	Leasehold improvements	Total
Balance, September 30, 2014	\$ 24,767	\$ 1,238	\$ 24,768	\$ 50,773
Additions	-	13,590	12,787	26,377
Balance, March 31, 2015	\$ 24,767	\$ 14,828	\$ 37,555	\$ 77,150

Accumulated depreciation	Furniture and office equipment	Computer equipment	Leasehold improvements	Total
Balance, September 30, 2014	\$ -	\$ -	\$ -	\$ -
Depreciation	5,196	-	1,728	6,924
Balance, March 31, 2015	\$ 5,196	\$ -	\$ 1,728	\$ 6,924

Net carrying amounts	Furniture and office equipment	Computer equipment	Leasehold improvements	Total
Balance, September 30, 2014	\$ 24,767	\$ 1,238	\$ 24,768	\$ 50,773
Balance, March 31, 2015	\$ 19,571	\$ 14,828	\$ 35,827	\$ 70,226

5. INTANGIBLE ASSETS

The changes in the carrying amount of intangible assets are shown below:

Curriculum

Balance, March 31, 2015 and September 30, 2014 \$ 50,000

Trade nameBalance, March 31, 2015 and September 30, 2014 200,000**Total intangible assets****\$ 250,000**

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

Six months Ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

6. CONVERTIBLE DEBENTURES

On September 30, 2014, the Company issued 0% convertible debentures to directors and officers of the Company in the amount of \$205,750, which were due and payable on September 30, 2016.

Upon issuance of the debentures, the Company recorded a liability of \$170,041 as at September 30, 2014. The liability component was being accreted using the effective interest rate method. The amount was calculated using a discount rate of 10%. The estimated fair value of the holders' options to convert the debentures into common shares in the amount of \$35,709 had been separated from the fair value of the liability and was included in equity.

On February 28, 2015, all \$205,750 of the convertible debentures was converted into 5,143,750 common shares of the Company at \$0.04 per share.

7. LOAN PAYABLE

During the six months ended March 31, 2015, the Company entered into an agreement with BHR Capital Corp. ("BHR") whereby BHR will facilitate the Company into a going-public transaction. The details of the transaction are as follows:

- a) BHR advanced to the Company a loan in the amount of \$225,000, which will be repaid from the first financings. There will be no interest payable on the loan.
- b) Subsequent to completion of the transaction, the resulting reporting issuer will complete the following private placements (financings):
 - a financing of \$200,000 for units of the Company at a price of \$0.05 per unit, each unit comprised of one common share of the Company and one-half of one common share purchase warrant exercisable into one common share of BHR at \$0.10 per common share for a period of 12 months; and
 - a financing of \$500,000 for units of the Company at a price of \$0.25 per unit (the "\$0.25 financing"), each unit comprised of one common share of the Company and one-half of one common share purchase warrant exercisable into one common share of BHR at \$0.50 per common share for a period of 24 months.

Any shares of the Company issued prior to the close of the transaction will be exchanged for the same number of shares of the reporting issuer.

- c) A third financing of \$1,000,000 for shares of BHR at a price of \$0.50 per common share (the "\$0.50 financing") is contemplated to occur after the reporting issuer is listed on the Canadian Securities Exchange.
- d) The purchased shares will be subject to stock restrictions on the terms set out in a Stock Restriction Agreement.
- e) With respect to the transaction, prior to the closing, the Company will pay total finder's fees of 550,000 common shares of the Company to third parties.

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

Six months Ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

7. LOAN PAYABLE (Continued)

- f) With respect to the \$0.25 financing and the \$0.50 financing, the Company may pay a finder's fee of: (1) cash payment of up to 10% of the gross proceeds of the \$0.25 financing and the \$0.50 financing; and (2) non-transferable finder's warrants to acquire so many common shares of BHR as equal to 10% of the number of securities sold under the \$0.25 financing and the \$0.50 financing.

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and measured by the exchange amount, which is the amount agreed upon by the transacting parties. All amounts owing to officers, directors and shareholders, except for convertible debentures, are unsecured, non-interest bearing and due on demand.

The following are related party transactions and amounts owing at March 31, 2015 that are not otherwise disclosed elsewhere:

Transactions with key management personnel

The Company's key management personnel are those individuals that have the authority to make business decisions. Annual compensation provided to key management personnel, representing executive officers and directors of the Company, is disclosed on an accrual basis, representing compensation expensed during the year, regardless of when compensation is paid. During the six months ended March 31, 2015, short-term benefits of \$92,000 (2014 - \$Nil) were paid comprising of directors' and wages.

As at March 31, 2015, \$26,000 (September 30, 2014 - \$3,150) were payable to a company controlled by an officer of the Company and included in accounts payable and accrued liabilities.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

9. SHARE CAPITAL (Continued)

b) Issued and outstanding

Pursuant to common share subscription agreements dated October 31, 2013, 3,500,000 common shares at a price of \$0.005 per share were issued for gross proceeds of \$17,500.

Pursuant to common share subscription agreements dated September 26, 2014, 1,000,000 common shares at a price of \$0.025 per share were issued for gross proceeds of \$25,000.

Pursuant to a share purchase agreement dated September 30, 2014, 1,500,000 common shares at a price of \$0.05 per share were issued for acquisition of ILI and EC.

Pursuant to a private placement dated February 4, 2015, the Company issued 1,700,000 units to directors and officers of the Company at a price of \$0.05 per unit. Each unit consists of one common share and one-half share purchase warrant, with each whole warrant exercisable for purchase of one additional common share at \$0.10 per share for a period of one year.

Pursuant to the terms of the convertible debentures, on February 28, 2015, 5,143,750 common shares at a price of \$0.04 per share were issued for gross proceeds of \$205,750.

As at March 31, 2015, the Company had 850,000 warrants outstanding (September 30, 2014 – Nil), exercisable for purchase of one additional common share at \$0.10 per share, expiring on February 4, 2016. As at March 31, 2015 and September 30, 2014, the Company did not have any stock options outstanding.

10. SUBSEQUENT EVENTS

- a) Subsequent to March 31, 2015, the Company approved a stock option plan for certain employees, officers, directors and contractors of the Company to purchase common shares. Subject to the Company's stock option plan, vesting provisions, terms of the options and exercise prices are set at the time of issuance by the Board of Directors. Options are issued with terms not exceeding five years.
- b) Subsequent to March 31, 2015, the Company granted incentive stock options to purchase up to 1,200,000 common shares of the Company at an exercise price of \$0.10 per share, exercisable in whole or in part until April 2, 2020.
- c) Subsequent to March 31, 2015, the Company borrowed an additional loan in the amount of \$223,000 from BHR Capital Corp. There will be no interest payable on the loan.
- d) Subsequent to March 31, 2015 the Company completed a one for one share exchange on April 22, 2015 and past AES shareholders now own 12,844,110 of 26,812,610 issued and outstanding shares in BHR.

ANTERIOR EDUCATION SYSTEMS LTD.

Notes to Condensed Interim Consolidated Financial Statements

Six months Ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

- e) Subsequent to March 31, 2015, the Company cancelled \$223,000 loan following the share exchange with BHR.