ANTERIOR EDUCATION SYSTEMS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2014 and the period from incorporation on June 28, 2013 to September 30, 2013

(Expressed in Canadian Dollars)

MORGAN & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Anterior Education Systems Ltd.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Anterior Education Systems Ltd., which comprise the consolidated statements of financial position as at September 30, 2014 and 2013, and the consolidated statements of operations and comprehensive loss, changes in equity (deficiency) and cash flows for the year ended September 30, 2014 and the period from incorporation on June 28, 2013 to September 30, 2013, 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditor's 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 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 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 Anterior Education Systems Ltd. as at September 30, 2014 and 2013, and its financial performance and its cash flows for the year ended September 30, 2014 and the period from incorporation on June 28, 2013 to September 30, 2013 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, Canada — *"Morgan & Company LLP"*

April 16, 2015 — Chartered Accountants

ANTERIOR EDUCATION SYSTEMS LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at September 30, 2014	As at September 30, 2013
ASSETS		
Current		
Cash	$ 32,311	$ 11,105
Accounts receivable	55,742	-
Prepaid expenses	65,251	3,450
Inventory	18,944	-
	172,248	14,555
Non-current assets		
Bond deposit (Note 5)	28,072	-
Property and equipment (Note 6)	50,773	-
Intangible assets (Note 7)	250,000	-
Goodwill (Note 4)	290,575	-
	619,420	-
TOTAL ASSETS	$ 791,668	$ 14,555
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 228,096	$ 8
Deferred revenue	177,654	-
Shareholder loans (Note 9)	94,151	18,783
	499,901	18,791
Non-current liability		
Convertible debentures (Note 8)	170,041	-
TOTAL LIABILITIES	669,942	18,791
EQUITY (DEFICIENCY)		
Equity portion of convertible debentures (Note 8)	35,709	-
Share capital (Note 10)	117,536	36
Deficit	(31,519)	(4,272)
TOTAL EQUITY (DEFICIENCY)	121,726	(4,236)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)	$ 791,668	$ 14,555

Going concern (Note 1)

These consolidated financial statements were authorized for issuance by the Board of Directors on April 16, 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 consolidated financial statements.

ANTERIOR EDUCATION SYSTEMS LTD.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended September 30, 2014	Period from incorporation on June 28, 2013 to September 30, 2013
Revenue	**$ 70,000**	$ 10,000
Expenses		
Advertising and promotion	**21,483**	2,978
Bank charges	**140**	180
Consulting fees	**55,006**	3,750
Office and administration	**6,118**	3,725
Professional fees	**14,500**	3,639
	97,247	14,272
Net loss and comprehensive loss for the period	**$ (27,247)**	$ (4,272)
Basic and diluted loss per share	**$ (0.01)**	$ (11.87)
Weighted average number of shares outstanding	**3,222,887**	360

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

ANTERIOR EDUCATION SYSTEMS LTD.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian dollars)

	Equity portion of convertible debentures	Share capital		Deficit	Total
		Number	Amount		
Balance at June 28, 2013 (incorporation date)	$ -	360	$ 36	$ -	$ 36
Net loss for the period	-	-	-	(4,272)	(4,272)
Balance at September 30, 2013	-	360	36	(4,272)	(4,236)
Convertible debentures issued	35,709	-	-	-	35,709
Shares issued for cash	-	4,500,000	42,500	-	42,500
Shares issued for acquisition of subsidiaries	-	1,500,000	75,000	-	75,000
Net loss for the year	-	-	-	(27,247)	(27,247)
Balance at September 30, 2014	**$ 35,709**	**6,000,360**	**$ 117,536**	**$ (31,519)**	**$ 121,726**

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

ANTERIOR EDUCATION SYSTEMS LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		Year ended September 30, 2014		Period from incorporation on June 28, 2013 to September 30, 2013
Cash flows from operating activities				
Net loss for the period	**$**	**(27,247)**	$	(4,272)
Changes in non-cash working capital items:				
Prepaid expenses		**(15,650)**		(3,450)
Accounts payable and accrued liabilities		**16,440**		8
		(26,457)		(7,714)
Cash flows from financing activities				
Advances from shareholders		**75,368**		18,783
Proceeds from convertible debentures		**205,750**		-
Proceeds from issuance of shares		**42,500**		36
		323,618		18,819
Cash flows from investing activity				
Acquisition of subsidiaries, net of cash acquired		**(275,955)**		-
Increase in cash		**21,206**		11,105
Cash, beginning of period		**11,105**		-
Cash, end of period	**$**	**32,311**	$	11,105
Supplemental cash flow information				
Cash paid for interest	**$**	**-**	$	-
Cash paid for taxes	**$**	**-**	$	-
Non-cash investing activity				
Shares issued for acquisition of subsidiaries	**$**	**75,000**	$	-

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

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 year in the amount of $27,247 (2013 - $4,272). The Company also has an accumulated deficit of $31,519 (2013 - $4,272) and a working capital deficiency of $327,653 (2013 – $4,236) as at September 30, 2014. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of preparation (Continued)

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.

b) Basis of consolidation

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.

c) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

The most significant estimates included in these consolidated financial statements are recognition of deferred tax assets and liabilities, purchase price allocation, the allocation of liability and equity components of convertible debentures, useful lives of tangible and intangible assets and the assumptions used in impairment analyses. The most significant judgments are the impairment assessments for tangible and intangible assets, determination of functional currency, the recording of deferred tax assets and liabilities and the allocation of purchase price.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration for the acquisition is measured at the fair values of the assets transferred, the liabilities assumed and the equity interests issued at the acquisition date. The excess of the consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill. Transaction costs that are incurred in connection with a business combination are expensed as incurred. Any costs associated with the issuance of equity securities are recorded as a reduction of share capital. On an acquisition-by-acquisition basis, any non-controlling interest is measured either at fair value of the non-controlling interest or at the fair value of the proportionate share of the net assets acquired.

Any contingent consideration is measured at the fair value on acquisition date and is included as part of the consideration transferred. The fair value of the contingent consideration is re-measured at each reporting date with the corresponding gain or loss being recognized in earnings.

e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company's financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

Classification choices for financial assets include:

- Fair value through profit or loss ("FVTPL"): measured at fair value with changes in fair value on re-measurement recorded in net income or loss;
- Held to maturity: non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity and are recorded at amortized cost with gains or losses recognized in net income or loss in the period that the asset is derecognized or impaired;
- Available-for-sale: non-derivative financial assets not classified in any other category; and are measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and
- Loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost with gains and losses recognized in net income or loss in the period that the financial asset is derecognized or impaired.

Financial instruments include cash, accounts receivables, bond deposit, accounts payable and accrued liabilities, shareholder loans, and convertible debentures. Cash is classified as FVTPL, accounts receivable is classified as loans and receivable, bond deposit is classified as held to maturity, and accounts payable and accrued liabilities, shareholder loans, and convertible debentures are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Cash

Cash includes cash on hand, and deposits held with Canadian registered banks with original maturities of three months or less.

g) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventory consists of books and CD products that are recorded at the lower of cost and net realizable value. Costs are mainly printing cost and material cost. Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion, discounts, commissions and other selling expenses necessary to make the sale.

h) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the costs of certain components of property and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized in earnings using the depreciation rates as follows:

- Furniture and office equipment - 5 years straight-line basis
- Computer equipment - 50% diminishing balance basis
- Leasehold improvements - 6 years straight-line basis

The Company reviews the depreciation rate and the depreciation method at each reporting date.

i) Intangible assets

The Company’s finite life and indefinite life intangible assets are recorded at their cost which, for intangible assets acquired in business combinations, represents the fair value at the acquisition date. Indefinite life intangible assets, which include trade names, are not subject to depreciation and are tested for impairment annually or when indicated by changes in events or circumstances. An impairment of an indefinite life intangible asset is recorded when, and to the extent that, the carrying value of an indefinite life intangible asset exceeds the fair value of the related indefinite life intangible asset with fair values of the indefinite life intangible assets being determined pursuant to generally accepted valuation methodologies.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Intangible assets (Continued)

Finite life intangible assets, which includes curriculum, are carried at cost less accumulated depreciation and impairment. The asset is depreciated over five years on a straight-line basis, being its estimated useful life. Finite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable through future discounted net cash flows from the use or disposal of the related finite life intangible asset.

j) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's cash generating units that are expected to benefit from the synergies of the business combination. Goodwill is not depreciated and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Specifically, goodwill impairment is determined comparing the fair values of each cash generating unit to its carrying amount, including goodwill. If the fair value of each cash generating unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a cash generating unit exceeds its fair value; the second step compares the implied fair value of goodwill to the carrying value of the cash generating unit's goodwill.

The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined to the assets and liabilities of the cash generating unit. The excess of the fair value of the cash generating unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. Estimating fair value is performed by utilizing various valuation techniques, with the primary technique being a discounted cash flow analysis. The Company plans to perform the impairment test annually.

k) Convertible debentures

The Company classified its convertible debentures into liability and equity components based on the residual method. The liability component is calculated as the present value of the principal and interest, discounted at a rate approximating the interest rate that was estimated that would have been applicable to non-convertible debt at the time the debt was issued. This portion of the convertible debt is accreted over its term to the full face value using the effective interest rate method. The equity element of the convertible debt comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Revenue recognition

Revenue from a contract to provide service is recognized by reference to the stage of completion of the contract. Tuition fee revenue, net of discounts, is recognized on a straight-line basis over the period of instruction. Tuition fees paid in advance of course offerings, net of related discounts, are recorded as deferred revenue and recognized in revenue over the period of instruction.

Non-operating and other income such as internship fees, homestay service, and interest are recognized when earned.

m) Earnings (loss) per share

Basic earnings (loss) per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is determined by adjusting the respective weighted average number of common shares outstanding for the effects of all potentially diluted common share options and warrants. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

n) Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Foreign currency translation

Foreign currency amounts are translated into Canadian dollars as follows:

Monetary assets and liabilities are translated at the exchange rates in effect at the financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the foreign currency rates prevailing at the date of the transaction except for depreciation, which is translated at historical rates. Translation gains or losses are included in net income or loss. The functional currency of the Company, ILI and EC is the Canadian dollar.

p) New standards and interpretations

The Company will adopt the following standards and interpretations issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") as of October 1, 2014:

IFRS 10 (revised), Consolidated Financial Statements

Amendments to IFRS 10 were issued by the IASB to define investment entities, provide an exception to the consolidation of investment entities by a parent company, and prescribe fair value measurement to measure such entities. These amendments are effective for annual periods beginning on or after January 1, 2014. There will be no impact on the Company's consolidated financial statements upon adoption of the amendments to IFRS 10.

IFRS 12 (revised), Disclosure of Interests in Other Entities

Amendments to IFRS 12, issued by the IASB, introduce new disclosure requirements related to investment entities, including the significant judgments and assumptions used to determine an investment entity and the measurement of such an entity. These amendments are effective for annual periods beginning on or after January 1, 2014. There will be no impact on the Company's consolidated financial statements upon adoption of the amendments to IFRS 12.

IAS 32 (revised), Financial Instruments: Presentation

Amendments to IAS 32 were issued to clarify the criteria required to offset financial assets and financial liabilities. These amendments are effective for annual periods beginning on or after January 1, 2014. There will be no impact on the Company's consolidated financial statements upon adoption of the amendments to IAS 32.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New standards and interpretations (Continued)

IAS 36 (revised), Impairment of Assets

IAS 36 has been amended to reduce the circumstances in which the recoverable amount of cash generating units are required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. These amendments are effective for annual periods beginning on or after January 1, 2014. There will be no impact on the Company's consolidated financial statements upon adoption of the amendments to IAS 36.

IAS 39 (revised), Financial Instruments: Recognition and Measurement

Amendments to IAS 39 were issued to clarify that there would be no requirements to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. These amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of the amendments will not have any impact on the Company's consolidated financial statements.

IFRIC 21, Levies

IFRIC 21, Levies, provides guidance on when to recognize a liability for a levy imposed by a government. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation clarifies that no liability should be recognized before the specified minimum threshold to trigger that levy is reached. The adoption of IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. There will be no impact on the Company's consolidated financial statements upon adoption of IFRIC 21.

q) New standards and interpretations not yet adopted

The following standards and interpretations issued by the IASB or IFRIC are not yet effective and have not yet been adopted by the Company:

IFRS 11 (revised), Joint Arrangements

Amendments to IFRS 11 were issued by the IASB to clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company does not expect these amendments will have a material impact on its consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) New standards and interpretations not yet adopted (Continued)

IAS 16 (revised), Property, Plant and Equipment & IAS 38 (revised), Intangible Assets

Amendments to IAS 16 and 38 were issued to provide additional guidance on how the depreciation of property, plant and equipment and intangible assets should be calculated. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company does not expect these amendments will have a material impact on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, was issued by the IASB in May 2014 and will replace IAS 18, Revenue, IAS 11, Construction Contracts, as well as a number of other revenue-related interpretations. IFRS 15 provides a single, principles based five-step model for recognizing revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration expected to be entitled in exchange. IFRS 15 will also result in enhanced disclosures about revenue and provide guidance for transactions that were not previously addressed comprehensively. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company is assessing the impact, if any, the adoption of this standard may have on its consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, was first issued by the IASB in November 2009 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. In July 2014, the final version of IFRS 9 was published, adding a new expected loss impairment model and limited amendments to the classification and measurement for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact, if any, the adoption of this standard may have on its consolidated financial statements.

3. RISK MANAGEMENT

a) Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk, and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

3. RISK MANAGEMENT (Continued)

b) Fair value of financial instruments

The fair values of cash, accounts receivables, accounts payables and accrued liabilities, shareholder loans, and convertible debentures approximate their carrying values due to the short term maturity of those instruments. The fair value of the bond deposit approximates its carrying value as it bears interest at market floating rates or fixed rates consistent with market rates for similar instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

c) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, and accounts receivables. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by: maintaining its bank accounts at large financial institutions, and monitoring accounts receivables. The Company has no past due or impaired receivables.

d) Liquidity risk

Liquidity risk is the risk of the Company's inability to meet its financial obligations as they come due. As at September 30, 2014, the Company had a working capital deficiency of $327,653 (2013 – $4,236). The Company is focused on generating more revenue and is actively pursuing additional sources of financing to ensure that it can meet its on-going operating requirements and planned capital expenditures. The Company has no current commitments for capital expenditures as of the date hereof. There is no assurance that the Company will be successful in these initiatives.

e) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. A significant change in the currency exchange rates between the Canadian Dollar relative to the U.S. Dollar and the British Pound could have an effect on the Company's results of operations.

(Expressed in Canadian dollars)

3. RISK MANAGEMENT (Continued)

f) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2014 and 2013, the Company did not have any financial instruments subject to significant interest rate risk.

g) Capital management

The Company defines capital as equity portion of convertible debentures, share capital and deficit, which totals $121,726 (2013 – deficiency of $4,236). The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. In order to maximize on-going development efforts, the Company does not pay out dividends. There has been no change to the Company's capital management in 2014 and 2013.

4. BUSINESS COMBINATION AND ACQUISITION OF ILI AND EC

On September 30, 2014, the Company acquired all of the issued and outstanding common shares of ILI and EC for total consideration of $375,000 as follows:

a) $50,000 in cash deposits paid on August 22, 2014;
b) $150,000 in cash paid on September 30, 2014;
c) $100,000 in cash payable on September 30, 2015; and
d) 1,500,000 common shares of the Company valued at $75,000 issued on September 30, 2014.

The Company has allocated the purchase price as follows:

Net assets acquired at fair values

Cash	$	24,045
Accounts receivable		55,742
Prepaid expenses		46,151
Inventory		18,944
Bond deposit		28,072
Property and equipment		50,773
Intangible assets		250,000
Goodwill		290,575
Accounts payable and accrued liabilities		(211,648)
Deferred revenue		(177,654)
	$	375,000

(Expressed in Canadian dollars)

5. BOND DEPOSIT

As at September 30, 2014, 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 (2013 – $Nil).

6. PROPERTY AND EQUIPMENT

Cost	Furniture and office equipment	Computer equipment	Leasehold improvements	Total
Balance, September 30, 2013	$ -	$ -	**$ -**	$ -
Acquisition of ILI and EC (Note 4)	24,767	1,238	24,768	50,773
Balance, September 30, 2014	**$ 24,767**	**$ 1,238**	**$ 24,768**	**$ 50,773**

Net carrying amounts	Furniture and office equipment	Computer equipment	Leasehold improvements	Total
Balance, September 30, 2013	$ -	$ -	$ -	$ -
Balance, September 30, 2014	**$ 24,767**	**$ 1,238**	**$ 24,768**	**$ 50,773**

7. INTANGIBLE ASSETS

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

Curriculum	
Balance, September 30, 2013	$ -
Acquisition of ILI and EC (Note 4)	50,000
Balance, September 30, 2014	50,000
Trade name	
Balance, September 30, 2013	-
Acquisition of ILI and EC (Note 4)	200,000
Balance, September 30, 2014	200,000
Total intangible assets	**$ 250,000**

8. 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. The debentures were convertible into common shares of the Company at $0.04 per share.

8. CONVERTIBLE DEBENTURES (Continued)

Upon issuance of the debentures, the Company recorded a liability of $170,041. The liability component is 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 has been separated from the fair value of the liability and is included in equity.

Subsequent to year-end, all $205,750 of the convertible debentures were converted into 5,143,750 common shares of the Company at $0.04 per share.

9. 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 September 30, 2014 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 year ended September 30, 2014, short-term benefits of $35,116 (2013 – $Nil) were paid comprising of directors' and consulting fees.

During the year ended September 30, 2014, the Company paid rent of $5,000 (2013 - $Nil) to a company controlled by an officer of the Company, and $3,150 (2013 - $Nil) were outstanding at year-end and included in accounts payable and accrued liabilities.

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

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.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (Continued)

b) **Issued and outstanding** (Continued)

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 (Note 4).

As at September 30, 2014 and 2013, the Company did not have any stock options, warrants or other dilutive securities outstanding.

11. INCOME TAXES

The Company and its subsidiaries are subject to income taxes in Canada on its taxable income as reported in its statutory accounts at a tax rate in accordance with the relevant income tax laws.

a) Income tax expenses

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2014	2013
Statutory tax rate	**26%**	26%
Income tax recovery at statutory rate	**$ (7,000)**	$ (1,000)
Increase (reduction) in income taxes:		
Tax assets acquired from business combination	**(124,000)**	-
Tax assets not recognized	**131,000**	1,000
Total income tax recovery	**$ -**	$ -

b) Deferred income taxes

Deferred income taxes result primarily from differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The Company has temporary differences between the tax and accounting bases of assets. The temporary differences that give rise to deferred income tax assets (liabilities) at September 30, 2014 and 2013 are as follows:

	2014	2013
Deferred tax assets and liabilities		
Non-capital losses carried forward	**$ 85,000**	$ 1,000
Property and equipment	**47,000**	-
Deferred tax assets not recognized	**(132,000)**	(1,000)
Net deferred tax assets (liabilities)	**$ -**	$ -

(Expressed in Canadian dollars)

11. INCOME TAXES (Continued)

b) Deferred income taxes (Continued)

As at September 30, 2014, the Company has non-capital losses carried forward of approximately $330,000 (2013 - $4,000), which expire through to 2034.

12. COMMITMENTS

As at September 30, 2014, the Company has two leases for school facilities.

The future minimum payments as of September 30, 2014 under the leases are:

2015	$	370,383
2016		370,383
2017		379,497
2018		379,497
2019		388,610
	$	1,888,370

13. SUBSEQUENT EVENTS

a) Subsequent to year-end, 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:

i) BHR will advance 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.

ii) 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.

iii) 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.

iv) The purchased shares will be subject to stock restrictions on the terms set out in a Stock Restriction Agreement.

v) 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.

13. SUBSEQUENT EVENTS (Continued)

vi) 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.

b) Subsequent to year-end, 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.

c) Subsequent to year-end, 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.

d) Subsequent to year-end, 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.