CABBAY HOLDINGS CORP.

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MARCH 6, 2016
TO JUNE 30, 2016

Cabbay Holdings Corp.

Interim Financial Statements
Period from Incorporation on March 6, 2016 to June 30, 2016
(Prepared by management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the interim financial statements for the period ended June 30, 2016.

CABBAY HOLDINGS CORP.

STATEMENT OF FINANCIAL POSITION

	As at June 30, 2016	Date of incorporation on March 6, 2016
ASSETS		
Current		
Cash	$ 40	$ 1
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 3)	5,770	-
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 4)	1	1
Deficit	(5,731)	-
	(5,730)	1
	$ 40	$ 1

Nature and continuance of operations (Note 1)

Approved by the directors:

"Doug Unwin" "*Rob Charlton*"

CABBAY HOLDINGS CORP.

INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Three months ended June 30, 2016	Period from incorporation on March 6, 2016 to June 30, 2016
Expenses:		
Accounting fees	$ -	$ 420
Audit fees	-	5,250
Bank charges	53	61
Net loss and comprehensive loss for the period	$ (53)	$ (5,731)
Loss per share – Basic and diluted	$ (53)	$ (5,731)
Weighted average number of common shares outstanding	1	1

CABBAY HOLDINGS CORP.

INTERIM STATEMENT OF CASH FLOWS

		Period from incorporation on March 6, 2016 to June 30, 2016
Operating Activities		
Net loss for the period	$	(5,731)
Changes in non-cash working capital item related to operations:		
Accounts payable and accrued liabilities		5,770
Cash from operating activities		39
Financing Activities		
Proceeds from issuance of Common Share		1
Cash provided by financing activities		1
Increase in cash during the period		40
Cash, beginning of the period		-
Cash, end of the period	$	40

CABBAY HOLDINGS CORP.

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

Period from incorporation on March 6, 2016 to June 30, 2016

	Number of Shares $	Share Capital $	Deficit $	Total $
Balance, March 6, 2016 (date of incorporation)	1	1	-	1
Loss for the period	-	-	(5,731)	(5,731)
Balance, June 30, 2016	1	1	(5,731)	(5,730)

1. Nature of Operations

Cabbay Holdings Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 605 – 815 Hornby Street Vancouver, British Columbia V6Z 2E6. The registered and records office of the Company is located at the same address.

The Company's primary business is to complete a Plan of Arrangement with PT (the "Plan of Arrangement") whereby the Company becomes the holder of certain contingent assets due from Forge Therapeutics Inc. ("Forge"), which were acquired from Forge by PT in return for the rights to Intellectual Property, patents, and technology related to the fibrosis and ED drug development programs.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2016, the Company has no source of revenue, does not generate cash flows from operating activities. The Company had a net loss for the period from incorporation on March 6, 2016 to June 30, 2016 of $5,731 and an accumulated deficit at June 30, 2016 of $5,731.

The Company is currently subject to risks and uncertainties related to the negotiation and regulatory approval surrounding the Plan of Arrangement. On completion of the Plan of Arrangement the Company will become subject to risks and uncertainties common to drug discovery companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Preparation

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These audited financial statements have been prepared on an accrual basis.

2. **Significant Accounting Policies** (continued)

They are based on historical costs, modified where applicable. They are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 in any future periods affected. The Company has not identified any significant areas subject to estimates.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(e) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

2. **Significant Accounting Policies** (continued)

(f) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through other comprehensive income (loss).

2. **Significant Accounting Policies** (continued)

The Company has classified its cash at fair value through profit or loss.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could 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.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

(g) Recent accounting pronouncements

The Company has reviewed recent accounting pronouncements issued by the IASB and IFRIC which are not yet effective, but have not identified any that will have a material impact on the Company.

3. Related Party Transactions

Included in accounts payable and accrued liabilities is $100 advanced by a director of PT to the Company. The advance does not bear interest and has no set terms of repayment.

4. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at June 30, 2016 the Company has 1 common share outstanding which was issued to PT for proceeds of $1.

5. Income Taxes

At June 30, 2016, the Company had the following unrecognized deferred tax assets: non-capital losses of $1,490. These non-capital losses accumulated during the period from incorporation on March 6, 2016 to June 30, 2016 based on the Company's net loss of $5,731 during this period at the tax rate of 26% and, if unused, will expire in 2036.

6. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' deficiency and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

7. Financial Instruments and Risk

As at June 30, 2016, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

7. **Financial Instruments and Risk** (continued)

Liquidity Risk

The Company's financial liabilities consist of $5,770 in accounts payable and accrued liabilities. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

At June 30, 2016, the Company is not exposed to significant interest rate risk as it has no interest bearing debt.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

Cash is measured using level 1 fair value inputs.