QUANTUM INTERNATIONAL INCOME CORP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended May 31, 2015 and May 31, 2014

(in U.S. Dollars)

(Unaudited)

QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Financial Statements
(Unaudited)

Management Comments

These Condensed Interim Consolidated Financial Statements of Quantum International Income Corp. for the three month period ended May 31, 2015 and all the information contained in this interim financial report are the responsibility of management and have been approved by the Board of Directors.

July 30, 2015

Signed: ___(signed) Grant White_________
Grant White
Chief Executive Officer

QUANTUM INTERNATIONAL INCOME CORP

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(All amounts in U.S. dollars)

	May 31, 2015 $	February 28, 2015 $
ASSETS		
Current assets		
Cash and cash equivalents	796,736	520,594
Accounts receivable (Note 5)	927,550	513,117
Medical supplies	69,415	59,238
Prepaid expenses and other (Note 6)	1,066,946	38,347
Total current assets	2,860,647	1,113,296
Non-current assets		
Advances to related parties (Note 14)	7,773	9,713
Long term deposits (Note 6)	249,404	169,404
Property and equipment	1,451,499	1,532,556
Intangible assets	1,746,126	1,788,714
Goodwill (Note 10)	-	131,376
Total non-current assets	3,454,802	3,631,763
TOTAL ASSETS	6,315,449	4,763,059
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and other liabilities	2,039,472	2,058,122
Current portion of lease obligation	20,293	19,908
Income tax payable	455	2,614
Short term debt (Note 6)	966,858	-
	3,027,078	2,080,644
Lease obligation net of current portion	37,481	42,701
Total liabilities	3,064,559	2,123,345
Equity		
Share capital (Note 7)	14,866,299	13,405,158
Contributed surplus	749,397	732,342
Accumulated other comprehensive income	2,107,368	2,107,318
Deficit	(13,964,316)	(13,117,661)
Equity attributable to owners	3,758,748	3,127,157
Non-controlling interest	(507,858)	(487,443)
Total equity	3,250,890	2,639,714
TOTAL LIABILITIES AND EQUITY	6,315,449	4,763,059

ON BEHALF OF THE BOARD

(signed) Manu Sekhri — Manu Sekhri, Director

(signed) Grant White — Grant White, Director

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

QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Statements of Comprehensive Income
(Unaudited)
(All amounts in U.S. dollars)

	May 31, 2015 $	May 31, 2014 $
Revenue		
Patient revenue	802,955	-
Net licensing revenue	(22,337)	-
	780,618	-
		-
Operating and other expenses		
General and administrative expenses (Note 9)	(1,688,490)	(278,688)
Finance income	329	-
Finance costs	(3,715)	(4,706)
Gain (loss) on foreign exchange	44,163	(1,945)
	(1,647,713)	(285,338)
LOSS BEFORE TAXES	(867,095)	(285,338)
Income taxes (Note 11)		
Current	-	-
NET LOSS	(867,095)	(285,338)
Attributable to:		
Owners	(846,655)	(285,338)
Non-controlling interest	(20,440)	-
	(867,095)	(285,338)
Other comprehensive income (loss)		
Foreign currency translation reserve	75	17,514
NET LOSS AND COMPREHENSIVE LOSS	(867,020)	(267,824)
Attributable to:		
Owners	(846,605)	(267,824)
Non-controlling interest	(20,415)	-
	(867,020)	(267,824)
Earnings (loss) per share attributable to owners		
Basic and diluted (Note 12)	(0.01)	(0.01)
Weighted average common shares issued and outstanding (Note 12)	65,579,984	18,851,327

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

QUANTUM INTERNATIONAL INCOME CORP

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(All amounts in U.S. dollars)

	Attributable to Owners						
	Share Capital $	Contributed Surplus $	Deficit $	Accumulated Other Comprehensive Income $	Total $	Non-controlling Interest $	Total Equity $
Balance as at February 28, 2014	6,752,638	657,731	(9,960,091)	2,096,581	(453,141)	-	(453,141)
Equity issuance (Note 7)	1,037,620	-	-	-	1,037,620	-	1,037,620
Share issuance costs (Note 7)	(25,064)	-	-	-	(25,064)	-	(25,064)
Net loss for the period	-	-	(285,338)	-	(285,338)	-	(285,338)
Foreign currency translation reserve	-	-	-	17,514	17,514	-	17,514
Balance as at May 31, 2014	7,765,194	657,731	(10,245,429)	2,114,095	291,591	-	291,591
Balance as at February 28, 2015	13,405,158	732,342	(13,117,661)	2,107,318	3,127,157	(487,443)	2,639,714
Share based payments (Note 8)	-	17,055	-	-	17,055	-	17,055
Warrants exercised (Note 7)	1,471,641	-	-	-	1,471,641	-	1,471,641
Share issuance costs (Note 7)	(10,500)	-	-	-	(10,500)	-	(10,500)
Net loss for the period	-	-	(846,655)	-	(846,655)	(20,440)	(867,095)
Foreign currency translation reserve	-	-	-	50	50	25	75
Balance as at May 31, 2015	14,866,299	749,397	(13,964,316)	2,107,368	3,758,748	(507,858)	3,250,890

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

QUANTUM INTERNATIONAL INCOME CORP

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(All amounts in U.S. dollars)

	May 31, 2015 $	May 31, 2014 $
OPERATING ACTIVITIES		
Net loss	(867,095)	(285,338)
Items not affecting cash		
Amortization of property and equipment and intangible assets	118,386	-
Amortization of transaction costs on short term debt	8,858	-
Impairment of MME	182,787	-
Vesting of stock based compensation	17,055	-
Net change in non-cash operating working capital (Note 15)	(540,756)	(211,103)
Cash flows used in operating activities	(1,080,765)	(496,441)
INVESTING ACTIVITIES		
Deposit on potential acquisition	(1,080,000)	(330,706)
Cash flows used in investing activities	(1,080,000)	(330,706)
FINANCING ACTIVITIES		
Net proceeds from short term debt	970,000	-
Proceeds from share sale	-	1,037,620
Share issuance cost	-	(25,064)
Finance lease repayment	(4,835)	-
Proceeds from warrants exercised (Note 7)	1,471,641	-
Cash flows from financing activities	2,436,806	1,012,556
Net change in cash and cash equivalents	276,041	185,409
Cash and cash equivalents, beginning of period	520,594	46,017
Foreign exchange impact on cash	101	20,543
Cash and cash equivalents, end of period	796,736	251,969
Supplemental information		
Interest received	(329)	-
Interest paid	3,715	4,074

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

(amounts in U.S. dollars, unless otherwise stated)

1. REPORTING ENTITY

Quantum International Income Corp. (“Quantum” or the “Company”) is a Healthcare company focused on delivering national integrated health solutions in the United States. The Company seeks to back management teams with strong operational track records and deep healthcare experience. The Company intends for acquired businesses or assets to fit synergistically within a strategic framework, have a proven operating history, opportunities for standalone growth and, potentially in some cases, national expansion. Potential acquisition targets will be in various related areas of the US healthcare industry in different geographic regions to allow for diversification. Overall, Quantum seeks to integrate and grow business in order to generate capital appreciation and, potentially in the future, stable distributions to its shareholders.

The Company also currently owns and operates a Multiple Media Entertainment, a multimedia company engaged in media content distribution.

The transactions described in Note 4 were completed effective August 28, 2014 in connection with a change of business transaction. Reactivation on the TSX Venture Exchange (the “Exchange”) occurred on September 24, 2014.

Effective March 14, 2014, the name of the Company changed from “E.G. Capital Inc.” to “Quantum International Income Corp”.

The primary office is located at 79 Wellington St. West, Suite 1630, Toronto ON, M5K 1H1.

The consolidated financial statements of the Company as at May 31, 2015 comprise the Company and its subsidiaries (collectively the “Group”). The Company’s operating subsidiaries and ownership interests are as follows:

	Ownership interest
Multiple Media Entertainment Inc. (“MME”)	66.7 %
Quantum CSS Holdings Corp (“CSS-H”)	100 %
Centers for Special Surgery, LLC (“CSS”)	50 %
Center for Special Surgery of Essex County, LLC ("CSS-Essex")	50 %
Provmark LLC (“Provmark”)	100 %

MME is incorporated in Ontario, CSS-H is a Delaware company, CSS is a Delaware limited liability company, CSS-Essex is a New Jersey limited liability company and Provmark is a Florida limited liability company.

2. BASIS OF PREPARATION

(a) Going concern

The financial statements are prepared on a going concern basis. Due to the operating losses incurred at the consolidated level, working capital deficiency and the need to secure acquisition debt financing, the Company's continuance as a going concern is dependent upon its ability to obtain adequate acquisition debt financing and to reach profitability at the consolidated levels. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Additional losses could be recorded shall the Company be unable to realize its assets and discharge of its obligations in a going concern basis

(b) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements were prepared using accounting policies consistent with our audited consolidated financial statements for the year ended February 28, 2015. These unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements prepared under International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended February 28, 2015.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on July 30, 2015.

(c) Basis of measurement

These consolidated financial statements have been prepared on an accrual basis and under the historical cost basis except as permitted by IFRS and as otherwise indicated within these notes.

(d) Functional and presentation currency

The Company's consolidated financial statements are presented in United States dollars, which is also the group's functional currency. For each entity the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(e) Basis of consolidation

The Company uses the direct method of consolidation.

The consolidated financial statements comprise the accounts of the Company and its subsidiaries.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(f) Use of estimates and judgments

The preparation of the consolidated 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. 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 estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (CONT'D)

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i) the fair value of assets and liabilities acquired (Note 4),
ii) the fair value of warrants issued in settlement of agent's fees (Note 7), and
iii) deferred tax assets that are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized
iv) useful lives and recoverable values of property plant and equipment and intangible assets
v) control over CSS and CSS-Essex due to reasons other than percentage of ownership (Note 3)
vi) patient revenue is estimated in the period in which the related services are rendered. The amount is adjusted as required in subsequent periods based on final settlements and collections.
vii) valuation of stock based compensation
viii) estimation of MME recoverable amount (Note 10)
ix) Recoverable amounts of deposits on potential acquisitions

3. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the Company and all domestic and foreign subsidiary companies. Subsidiaries are those entities which the Company controls by having the power to direct the financial and operating activities and has exposure, or rights, to variable returns from those activities. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Translation of foreign currencies
Earnings of operations are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency at the average rate of exchange prevailing during the month the transaction occurs. Monetary assets and liabilities are translated at the period end rate and any resulting gains and losses are included in the net earnings of the foreign operations.

On consolidation, earnings of operations whose functional currency differs from the USD are translated using the average rate of exchange prevailing during the period. Assets and liabilities are translated at the exchange rate in effect at each period end. The difference between translating assets and liabilities of operations whose functional currency is not the USD at period end rates, and the exchange rates on the date of acquisition of those assets and liabilities is included in Other Comprehensive Income as a foreign currency translation adjustment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value, using the straight-line method over the estimated useful lives of the related assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The estimated useful lives for depreciation purposes are as follows:

Medical equipment	5-10 years
Office furniture and equipment	5-10 years
Vehicles	5-10 years
Computer equipment	2-5 years
Leasehold improvements	Lease term

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Assets acquired under finance leases are capitalized and depreciated based on the shorter of the remaining useful life of the assets or the length of the lease.

Operating lease payments are recognized as an operating expense in the statement of loss and comprehensive loss on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The estimated useful lives of intangible assets are as follows:

ASC operating licenses	11 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of loss and comprehensive loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill
On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. Goodwill arising on acquisitions is capitalized and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Goodwill is allocated to cash generating units for the purpose of this impairment testing.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company uses a fair value-based method of accounting for stock options granted to employees, directors, and non-employees. The fair value of the award is determined using the Black-Scholes option pricing model on the date of the grant for employees and fair market value of services rendered for non-employees. For awards with graded vesting, the fair value of each tranche, adjusted for expected forfeitures, is recognized over its respective vesting period as an increase in stock-based compensation expense and the contributed surplus account. When such stock options are exercised, the proceeds received by the Company, together with the respective amount previously recorded in contributed surplus, are credited to share capital.

Revenue

Patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

Revenue is recognized when performance of services has been complete and collection of amounts billed is reasonably assured.

Revenue from licensing in relations to broadcast agreements of media content is recognized when the risks and rewards of ownership of the goods are transferred, no continuing managerial involvement or control exists and when the revenue can be measured reliably. The Company records revenue on a net basis for licensing as they are acting as an agent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, public company and head office expenses, and income tax assets and liabilities.

Medical supplies

Medical supplies consist of various surgical supplies and medications and are valued at the lower of cost or market value.

Financial assets

Financial assets are classified in one of the following categories: financial assets at fair value through profit and loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are initially recognized at fair value plus transaction costs in the case of financial assets not at fair value through income. Subsequent remeasurement of financial assets is determined by their designation, which is reassessed at each reporting date.

Financial assets at fair value through income
A financial asset is classified as fair value through profit and loss ("FVTPL") if acquired principally for the purpose of selling in the short-term.

Subsequent to initial measurement, they are carried at fair value and all gains and losses realized and unrealized are recognized in the consolidated statement of income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables include cash and cash equivalents, accounts receivables and advances to related parties.

Loans and receivables are initially recognized at the amount expected to be received less a discount to reflect the time value of money. Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method less appropriate allowances for doubtful accounts.

Available-for-sale financial assets
Available-for-sale financial assets are financial assets that are either designated in this category or not classified in any of the other categories.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities
Financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to initial measurement, financial liabilities are recognized at amortized cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the consolidated statement of income over the contractual term using the effective interest rate method.

Financial liabilities at amortized cost are further classified as current or non-current depending on whether these fall due within twelve months after the balance sheet date or beyond. Financial liabilities are derecognized when either the Group is discharged from its obligation or the liability expires, is cancelled or replaced by a new liability with substantially modified terms. The Company's financial liabilities at amortized cost include accounts payable and short term debt.

New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2016, and have not been applied in preparing these consolidated financial statements:

IFRS 9, Financial instruments ("IFRS 9")

IFRS 9 replaces International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39"), and establishes principles for the financial reporting of financial assets and financial liabilities to permit users to assess the amounts, timing and uncertainty of an entity's future cash flows. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Company is currently assessing the impact of IFRS 9 on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers, which replaces all existing IFRS and US GAAP revenue requirements.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

Application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted under IFRS. The Company is currently assessing the impact of IFRS 15 on its consolidated financial statements.

IFRS 11, Joint Arrangements ("IFRS 11")

In May 2014, The International Accounting Standards Board (IASB) published amendments to IFRS 11 Joint Arrangements. IFRS 11 addresses the accounting for interests in joint ventures and joint operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after 1 January 2016. The Company is currently assessing the impact of IFRS 11 on its consolidated financial statements.

4. ACQUISITIONS

INVESTMENT IN MME

On August 28, 2014 Quantum completed a subscription for securities in the capital of MME that carry a voting interest in MME equivalent to two-thirds of the issued and outstanding voting securities (the "MME Interest"). The consideration paid by Quantum for the MME Interest was $459,850.

ACQUISITION OF ROSELAND ASSETS AND INVESTMENT IN CSS

On August 28, 2014, Quantum closed an asset purchase agreement with Roseland Ambulatory Surgery Center, LLC to purchase assets (“Roseland Assets”) including its exclusive ASC license, surgical equipment and supplies on site. The purchase price for the assets was $3,300,000.

In addition the Company paid license transfer costs of $58,000 which are included in the cost of the ASC license in intangible assets.

INVESTMENT IN ROCKLAND

On January 9, 2015, the Company announced that its subsidiary, CSS, has signed a definitive agreement to acquire a 90% interest in Advanced Surgery Center, LLC. (“Advanced”) by use of Nominee Agreements, whereby the individual members of CSS will become licensed by the New York State Department of Health in their individual capacity. Under the terms of the Agreement, CSS will acquire a 90% interest in Advanced for $4,000,000 payable in cash subject to adjustment. Completion of the transaction is subject to the approval of New York State’s Public Health and Health Planning Council and the New York State Department of Health. Advanced is also applying to the New York State Department of Health to become licensed for an additional operating room, which would fit within the existing floorplan of the facility operated by Advanced. Upon receipt of that approval, an additional $600,000 would be payable to the seller. It is anticipated that the transaction will close within 12 months, depending on the time required for New York State Department of Health’s approval.

(amounts in U.S. dollars, unless otherwise stated)

5. ACCOUNTS RECEIVABLE

	May 31, 2015 $	February 28, 2015 $
Trade receivables	891,947	484,654
Sales taxes recoverable	35,603	28,463
	927,550	513,117

Current	436,499	385,830
Past due 0 to 3 months	320,054	51,952
Past due 3 to 6 months	53,199	46,872
Past due more than 6 months	82,195	-
Trade receivables	891,947	484,654

The amounts actually collected by the Company from third-party payors are subject to variability due to the nature of out of network payor environment.

Management reviews and evaluates historical final settlements on a periodic basis and adjusts the estimated collections on an individual billings basis as required in subsequent periods.

6. PREPAID EXPENSES, LONG TERM DEPOSITS AND OTHER

On May 25, 2015, the Company borrowed, on an unsecured basis, $1,000,000 from Sprott Bridging Income Fund, which amount was used to make a refundable deposit in connection with the potential acquisition of a healthcare facility in the southeastern Unites States. Such loan is to be repaid on the earlier of: (i) demand; and (ii) July 6, 2015, bearing interest at a rate of 36% after the maturity date. A facility fee in the amount of $30,000 was prepaid by the Company. On June 30, 2015 the Company repaid the above mentioned note. The deposit is recorded as a current prepaid expense as at May 31, 2015.

On May 19, 2015, the Company paid a deposit of $80,000 for a potential real estate acquisition of a healthcare building in Florida. The purchase price of the real estate is approximately $4,000,000. The Company is currently negotiating with the vendor and no definitive terms have been agreed upon as at the date of these financial statements.

7. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share capital

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value.

(amounts in U.S. dollars, unless otherwise stated)

7. CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT'D)

	Common Shares	Warrants	Share Capital
Balance as at February 28, 2014	19,014,974	-	$ 6,752,638
Share consolidation	(17,114,869)	-	
Equity issuance	41,640,128	24,233,994	6,939,844
Warrants exercised	4,622,500	(4,622,500)	376,845
Share issuance costs	-	-	(680,167)
Stock based payments	360,000	-	15,998
Balance as of February 28, 2015	**48,522,733**	**19,611,494**	**$ 13,405,158**
Warrants exercised	18,577,500	(18,577,500)	1,471,641
Share issuance costs	-	-	(10,500)
Balance as of May 31, 2015	**67,100,233**	**1,033,994**	**$ 14,866,299**

Share consolidation

On March 14, 2014, the Company completed a one for ten consolidation of its common shares. The 19,014,974 common shares issued and outstanding prior to the consolidation have been consolidated to approximately 1,900,105 common shares.

Equity issuance

In March 2014, 23,200,000 Units were sold at a price of $0.04 per Unit for gross cash proceeds of $1,037,620. Each Unit is comprised of one common share in the capital of the Company ("Unit Shares") and one common share purchase warrant ("Warrants"). Each Warrant will entitle the holder thereof to purchase one common share of the Company at a price of $0.10 CAD ($0.09 USD) per common share for a period of 12 months after the date of the issue of the Warrants.

In August 2014, the Company closed a private placement for gross proceeds of $5,902,224 comprising 18,440,128 common shares at $0.32 per share.

Share issuance costs

The Company incurred $41,063 of share issuance costs associated with the March 2014 equity issuance. $25,065 was paid in cash and $15,998 was paid through common shares of the Company. The value of the shares was determined by the fair market value of the services provided.

The Company incurred $639,104 of share issuance costs associated with the August 2014 equity issuance. $582,880 was paid in cash and 1,033,994 warrants were granted in settlement of $56,224 of agent's commissions. Each warrant allows the holder to purchase one common shares at $0.35 CAD ($0.32 USD) per share, for a 24 month period from the date of closing of the private placement. The warrants were valued at the estimated fair market value of the services rendered and charged to contributed surplus.

The Company incurred $10,500 of share issuance costs associated with the bought deal financing announced June 17, 2015. Please refer to the subsequent events note for further details

Share based payments

The Company paid a finder's fee in relation to the March 2014 equity issuance in the amount of $15,998 which was paid through the issuance of 360,000 additional common shares.

(amounts in U.S. dollars, unless otherwise stated)

7. CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT'D)

The fair market value of warrants issued in settlement of agent's commission in relation to the August 2014 equity issuance in the amount of $56,224 was charged to contributed surplus during the period.

Warrants

During the period 18,577,500 warrants were exercised for the purchase of 18,577,500 common shares for total proceeds of $1,471,641.

As at May 31, 2015, the Company had outstanding warrants as follows:

Number of warrants	Exercise price	Exercise price (CAD)	Expiry
1,033,994	$ 0.32	$ 0.35	8/28/2016

8. SHARE OPTION PLAN

On November 21, 2013, the Company adopted a new "rolling" stock option plan which authorizes the Company to grant options to acquire up to 10% of its issued and outstanding Common Shares, from time to time. Specifically, the Option Plan reserves, for issue pursuant to stock options, a maximum number of Common Shares equal to 10% of the outstanding Common Shares from time to time, with no mandatory vesting provisions. The number of Common Shares reserved for issue to any one person in any 12 month period under the Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant without disinterested shareholder approval.

There has been no change to the number of options granted by the Company during the period ended May 31, 2015. $17,055 of options granted vested during the period (May 31, 2014 - $nil) and charged to general and administrative expenses.

On December 9, 2014, the Board of Directors has approved the issuance of 200,000 stock options to certain employees and directors of the corporation. These options have not been granted as of May 31, 2015. Options will be granted following the expiry of a blackout period.

As part of investor relations agreement with KIN Communications, the Company has agreed to grant 400,000 stock options to the company for its services. These stock options have not been granted as of May 31, 2015.

(amounts in U.S. dollars, unless otherwise stated)

9. ADMINISTRATIVE EXPENSES

Components of administrative expenses:

	Three months ended	
	May 31, 2015	**May 31, 2014**
	$	**$**
Professional and advisory fees	373,304	112,128
Management fees	152,479	93,138
Regulatory and filing fees	31,815	24,722
Salaries and benefits	341,175	-
Depreciation and amortization	118,386	-
General administrative expenses	388,289	48,700
Medical supplies used during the period	83,200	-
Impairment of assets (Note 10)	182,787	-
Stock based compensation	17,055	-
	1,688,490	278,688

10. IMPAIRMENT OF MME

On March 19, 2015 the CRTC released its decision that would allow subscribers to purchase cable content through pick-and-pay options. The ruling becomes mandatory starting December 2016 and could adversely affect MME business of bundling content. Following the decision MME was not able to produce meaningful results and after declining performance, management has decided that the Cash Generating Unit ("CGU") is impaired. The estimated recoverable amount of the CGU exceeded its carrying amount at the end of the period. As a result the Company impaired the assets of MME as follows:

	Carrying amount	**Impairment charge**	**Recoverable amount**
	$	**$**	**$**
Accounts receivable	190,770	(38,154)	152,616
Advances to related party	9,716	(1,943)	7,773
Property and equipment	5,260	(5,260)	-
Other assets	6,054	(6,054)	-
Goodwill	131,376	(131,376)	-
	343,176	(182,787)	160,389

Impairment charge is included in general and administrative expenses.

(amounts in U.S. dollars, unless otherwise stated)

11. INCOME TAXES

As at May 31, 2015, the Company has cumulative non-capital losses available to be carried forward in the following jurisdictions: Canada – $5,341,903, United States – $1,141,995, before non-controlling interests. The cumulative non-capital losses carried forward in the United States will be used to offset the $66,931 net income generated during the quarter. The non-capital losses in Canada begin to expire in 2026. The net operating losses in the U.S. begin to expire in 2035. The Company also has net capital losses in Canada of $4,110,250.

The income tax benefits relating to the losses in Canada and the U.S. have not been recognized in the consolidated financial statements as the recognition requirements under the liability method of accounting for income taxes have not been met.

The Company has accumulated deductible research and development expenses of $1,495,251 (CAD) in Canada that can be carried forward indefinitely.

12. EARNINGS (LOSS) PER SHARE

As the Company incurred a net loss during the three months ended May 31, 2015 and 2014, the loss and diluted loss per common share are based on the weighted-average common shares outstanding during the period. The following outstanding instruments could have a dilutive effect in the future:

	As at May 31, 2015
Common shares issuable on exercise of warrants	1,033,994
Vested stock options	166,667

13. OPERATING SEGMENTS

Management has identified four reportable business segments. Each of these reporting segments are managed separately and their results are based on internal management information that is regularly reviewed by the chief operating decision maker.

The Company's four reportable business segments are:

- Medical center operation in the USA, operated through CSS ("CSS")
- Purchase and sale of media content creation and distribution in Canada, operated through MME ("MME")
- USA healthcare marketing and distribution, operated through Provmark ("Provmark")
- Corporate expenses and office of the CEO ("Quantum")

Assets of CSS are held in the USA, all other assets are held in Canada.

(amounts in U.S. dollars, unless otherwise stated)

					May 31, 2015
	Quantum	Provmark	CSS	MME	Total
	$	$	$	$	$
Patient revenue	-	-	802,956	-	802,956
Net licensing revenue	-	-	-	(22,337)	(22,337)
Operating expenses	(639,145)	(43,226)	(736,024)	(87,308)	(1,505,703)
Impairment of MME	-	-	-	(182,787)	(182,787)
Net gain (loss) from operations	(639,145)	(43,226)	66,931	(292,432)	(907,871)
Interest and finance charges	(3,386)	-	-	-	(3,386)
Gain (loss) on foreign exchange	44,763	-	-	(601)	44,162
Net income (loss)	(597,766)	(43,226)	66,931	(293,033)	(867,095)
Total assets	1,635,142	-	4,224,970	455,337	6,315,449
Total liabilities	2,335,036	40,728	380,758	308,037	3,064,559

					May 31, 2014
	Quantum	Provmark	CSS	MME	Total
	$	$	$	$	$
Revenue	-	-	-	-	-
Operating expenses	(278,688)	-	-	-	(278,688)
Net loss from operations	(278,688)	-	-	-	(278,688)
Interest and finance charges	(4,706)	-	-	-	(4,706)
Loss on foreign exchange	(1,945)	-	-	-	(1,945)
Net loss	(285,338)	-	-	-	(285,338)
Total assets	677,154	-	-	-	677,154
Total liabilities	385,563	-	-	-	385,563

14. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel of the Company include the Chief Executive Officer, the President, Chief Financial Officer and all members of the Board of Directors.

Key management personnel compensation:

	May 31, 2015	**May 31, 2014**
	$	**$**
Management fees paid to corporations controlled by officers	92,479	93,138
Salaries and short term benefits	41,420	-
Director fees	21,147	-
Share based compensation	17,055	-

(amounts in U.S. dollars, unless otherwise stated)

14. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

As at May 31, 2015, the Company has accrued management fees payable to corporations controlled by officers and directors of the Company in the amount of $nil (May 31, 2014 - $83,701). The management fees are included in administrative expenses.

Rent paid to a corporation controlled by a director of the Company during the three months ended March 31, 2015 in the amount of $22,307 (three months ended March 31, 2014 - $33,508). The terms of the rental agreement are month to month and pricing is set at arm's length.

The subsidiary company, MME has advances due from iPowow! Canada Corp., a company indirectly controlled by the minority shareholders, in the amount of $7,773 as at March 31, 2015. The advances are non-interest bearing with no specific terms of repayment and are not expected to be repaid within one year.

15. SUPPLEMENTAL CASH FLOWS INFORMATION

Changes in non-cash operating working capital:

	Three months ended	
	May 31, 2015 $	**May 31, 2014 $**
Accounts receivable	(452,588)	(41,179)
Prepaid expenses and other	(34,654)	(38,119)
Supplies	(10,177)	-
Accounts payable and other liabilities	(43,337)	(131,805)
	(540,756)	(211,103)

16. SUBSEQUENT EVENTS

Anesthesia

On May 27, 2015, the Company announced that it has created a purpose built subsidiary, Quantum Anesthesia Management LLC., to acquire all the common shares of DA Management Corp.

DA Management Corp. is an anesthesia company with anesthesia administration contracts at all NYCSA in New York, New Jersey and the initial CSS facility in Essex County.

The Company issued 9,000,000 common shares as consideration for this transaction on July 23, 2015.

LTACH

On June 9, 2015, Quantum LTACH Holdings, LLC, the Columbus Hospital LTACH, the LTACH Seller and Richard Lipsky entered into the LTACH Purchase Agreement pursuant to which Quantum has agreed to indirectly acquire all of the LTACH Seller's membership interests in the Columbus Hospital LTACH.

The total consideration payable under the LTACH Purchase Agreement for the LTACH Acquisition is US$29,000,000 (the "LTACH Purchase Price"). The LTACH Purchase Price is payable in cash in accordance with the terms set forth in the LTACH Purchase Agreement. At the time of the LTACH

16. SUBSEQUENT EVENTS (CONT'D)

Acquisition, the Columbus Hospital LTACH will have approximately US$4,000,000 of debt to Flushing Bank (the "LTACH Debt"). The LTACH Debt will be assumed on the LTACH Closing (as defined herein).

In order to provide for optimal operations during the initial year of ownership of the Columbus Hospital LTACH by the Company, the Company has entered into a one-year consulting agreement with an entity (the "LTACH Consultant") that will provide consultants possessing extensive experience in long-term acute care hospital operations to the Columbus Hospital LTACH (the "LTACH Consulting Agreement"). Pursuant to the terms of the LTACH Consulting Agreement, the Company will pay the LTACH Consultant a monthly fee of US$25,833. In addition, the LTACH Consulting Agreement provides that the Columbus Hospital LTACH shall enter into a one-year employment agreement with each member of a three member team. These employment agreements shall be renewable upon the mutual consent of the parties for up to an additional five extensions of the one-year term. The aggregate annual salary amount payable pursuant to such agreements is expected to be US$580,000. Following the expiration of the LTACH Consulting Agreement and pursuant thereto, the Company has agreed to acquire the LTACH Consultant for a purchase price equal to (i) a convertible promissory note with a face value of US$6,400,000 (the "LTACH Note") which will be convertible into a 16% membership interest in the Columbus Hospital LTACH at the option of either the holder or the Company, and (ii) a cash payment that is dependent on the EBITDA of the Columbus Hospital LTACH during the term of the LTACH Consulting Agreement. The maximum cash payment amount shall be US$22,200,000, which amount would be payable if the Columbus Hospital LTACH produces EBITDA of US$15,000,000 or greater for such one year period. Lesser cash payment amounts will be payable on a pro rata basis for a lower EBITDA result. The LTACH Note and an amount equal to US$5,400,000 will be issued and paid, as the case may be, to the LTACH Consultant concurrent with the commencement of the LTACH Consulting Agreement, which will commence concurrent with the closing of the LTACH Acquisition.

Bought deal offering

On June 17, 2015, the Company announced that it has entered into an agreement with Mackie Research Capital Corporation ("Mackie"), as lead underwriter and sole bookrunner on behalf of a syndicate, for the sale on a "bought deal" basis of 47,620,000 subscription receipts of the Company at a price of $0.42 CAD per subscription receipt for gross proceeds of $20,000,400 CAD.

As part of the bought deal offering, the underwriter agreement included a clause requiring the internalization of the external manager. On July 20, 2015 the Company announced that the external manager will be internalized in exchange of 11,000,000 common shares of the Company.

On July 28, 2015, the Company announced that it has closed the final prospectus in relation to the bought deal offering and obtained the first tranche of proceeds of $3,080,062 to be used for working capital purposes.

The remainder of the proceeds will be released in accordance with the release schedule, pending: (i) the Company having secured the necessary additional debt financing required to, taking into account the net proceeds of the offering, fund the acquisition of Columbus LTACH, LLC d/b/a Columbus Hospital LTACH on terms that are satisfactory to the underwriters, acting reasonably; (ii) all conditions precedent to the closing of the acquisition of Columbus Hospital LTACH having been satisfied or waived; (iii) the Company having (a) internalized the management services provided by Quantum International Asset Management Corp., an external third party (the "External Manager"), currently provided pursuant to the management agreement dated August 28, 2014 between the Corporation and the External Manager (the "Management Agreement"), by acquiring the External Manager in exchange for the issuance of 11,000,000 Common Shares (as defined herein), on terms satisfactory to the Lead Underwriters, acting reasonably, (b)

16. SUBSEQUENT EVENTS (CONT'D)

terminated the Management Agreement immediately after (a) above, and (c) caused the External Manager to terminate any employment or consulting agreement it is party to with Grant White and Manu Sekhri; (iv) receipt by the Corporation of all applicable regulatory approvals in connection with the Offering; and (v) delivery of a notice from the Lead Underwriter confirming satisfaction of all conditions to the release of the Escrowed Proceeds from Escrow.

The Subscription Receipts will be converted on a pro rata basis into one Common Share and one-half of one Warrant for each Subscription Receipt held, without payment of additional consideration or further action on the part of the holder thereof, and the corresponding amount of funds will be released to the Corporation in accordance with the following schedule (the "Release Schedule"): (i) 9,524,000 of the Subscription Receipts and an amount equal to the Offering Price per Subscription Receipt so converted immediately upon the Closing of the Offering ("Closing Offering Condition") which occurred July 28, 2015; and (ii) the balance of the Subscription Receipts and an amount equal to the Offering Price per Subscription Receipt so converted upon satisfaction of all Release Conditions. For greater clarity, funds released to the Corporation pursuant to (i) above will not form part of the Escrowed Proceeds after the date of the closing of the Offering. In the event that all Release Conditions have not been satisfied or waived prior to the earlier of (i) the date which is 90 days after the Closing Date, and (ii) the date which the Corporation advises the Underwriters in writing that the LTACH Acquisition (as defined herein) will not be completed (each a "Termination Event"), with 5:00 p.m. (Toronto time) on the date on which the Termination Event occurs being the "Termination Time"), then, on the fifth (5th) business day following the Termination Event, the Escrowed Proceeds shall be used to pay to the holders of the then-outstanding Subscription Receipts an amount equal to the Offering Price for each such Subscription Receipt held. The Subscription Receipts that remain outstanding as a result of not having been previously converted into Underlying Securities upon the satisfaction of the Closing Offering Condition, will be automatically cancelled and be of no further force and effect concurrent with the return of the Escrowed Proceeds to the holders. To the extent that such unreleased Escrowed Proceeds plus accrued interest are not sufficient to make the aforementioned payments to holders of the Subscription Receipts, the Corporation shall contribute such amounts as are necessary to satisfy any shortfall. For clarity, the Corporation shall not have any obligation to return to the former holders of Subscription Receipts any amounts on account of Subscription Receipts converted into Underlying Securities in accordance with the Release Schedule, and purchasers of Subscription Receipts will not, under any circumstances, have any claim in respect of such amounts.

Second Bridge Loan

On June 30, 2015, the Company borrowed, on an unsecured basis, US$1,000,000 from a group of lenders, two of which are controlled by an individual that owns or controls approximately 10% of the outstanding common shares of the Company (the "Second Bridge Loan"). The Second Bridge Loan is to be repaid on the earlier of (i) August 31, 2015, and (ii) the date of the closing of the bought deal offering (the "Offering"), bearing interest at a rate of 15% per annum. The Second Bridge Loan was issued at a discount to the principal amount outstanding thereunder; that is, the Company received US$1,000,000. If the Second Bridge Loan is repaid on or prior to August 3, 2015, the Company must pay US$1,025,000 to retire the loan. If such loan is repaid after August 3, 2015, the Company must pay $1,050,000 to retire the loan. The proceeds of the Second Bridge Loan together with working capital were used by the Company to advance a loan to IHS HIALEAH, LLC ("IHS"), on an unsecured basis (the "IHS Loan"). The IHS Loan was also issued at a discount to the principal amount outstanding thereunder; that is, IHS received US$1,050,000. On maturity, IHS must pay to the Company US$1,200,000 to retire the IHS Loan. The IHS Loan is to be repaid to the Company on the earlier of (i) December 31, 2015, and (ii) 10 business days after the date that the Company delivers a notice to IHS indicating that the Company will not be exercising the IHS Option. IHS used the proceeds of the IHS Loan to advance a further US$1,000,000 to the escrow agent referred to

16. SUBSEQUENT EVENTS (CONT'D)

above (the "Second Deposit") so that it may pursue the acquisition of the SE US Assets. Receipt of the additional US$1,000,000, put the escrow agent in a position to return the originally deposited US$1,000,000 to the Company, which amount will be used by the Company to repay Sprott. The escrow agent will hold the funds representing the Second Deposit as a deposit. The Company understands that IHS has entered into an agreement with the vendors for the purchase of the SE US Assets. The Company understands that IHS will seek to secure a debt financing package towards the purchase of the SE US Assets. None of IHS, any holder of a membership interest in IHS nor any officer, director or equivalent thereof of IHS is a related party of the Company. However, it is expected that a member of management of the Company will monitor the progress of IHS and consult with IHS with respect to the above. If IHS is successful in achieving all of the foregoing, the Company may exercise an option to acquire 100% IHS for US$10.00 (the "IHS Option"), which option was granted by IHS and its members to the Company at the time of the advance of the IHS Loan by the Company to IHS. In the event of the exercise of the IHS Option by the Company, it is expected that an amount of money will be advanced by the Company to IHS sufficient to fund the equity component of the purchase price for the SE US Assets. As outlined above, there are a number of threshold items that must be satisfied by IHS before the Company would be in a position to consider exercising the IHS Option and thereafter advancing additional funds to IHS, which additional funds would have to be raised by the Company in a financing transaction as the proceeds of the Offering will be required to be applied to the LTACH Acquisition. The IHS Option may not be exercised by the Company until condition (a) of the Release Conditions has been satisfied unless MRCC otherwise consents. There can be no assurance that IHS will, among other things, be able to secure a debt financing package on acceptable terms. Even in the event that IHS is able to accomplish all of the foregoing, there can be no assurance that the Company will elect to exercise the option to acquire IHS and thereafter seek to complete the acquisition of the SE US Assets, or that it would be able to secure the additional financing necessary to put it in a position to do so.

On July 28, 2015, the Company repaid the second bridge loan from proceeds of the bought deal offering.

MME

Subsequent to period ending May 31, 2015 management undertook to evaluate the MME investment. No reorganization or divestiture plan has been formalized as at the date of these financial statements.