



CALYX
BIO-VENTURES INC.

Calyx Bio-Ventures

Consolidated Financial Statements
(unaudited)

(EXPRESSED IN CANADIAN DOLLARS)

**For the three and six months ended
June 30, 2015 and 2014**

CALYX BIO-VENTURES INC. (“Calyx” or the “Company”)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company’s auditors have not reviewed or been involved in the preparation of these consolidated interim financial statements.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

In accordance with National Instrument 51-102 Section 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity’s auditor, for the three and six month periods ended June 30, 2015 and 2014.

The accompanying consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

Calyx Bio-Ventures Inc.
(unaudited – prepared by management)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
[Expressed in Canadian Dollars]

		June 30, 2015	December 31, 2014
	Notes	\$	\$
ASSETS			
Current			
Cash		135,192	17,083
Accounts and other amounts receivable		7,174	15,681
Prepaid expenses and deposits		28,311	13,215
Total current assets		<u>170,677</u>	<u>45,979</u>
Non-Current Assets			
Equipment	7	10,512	14,500
Intangible assets	6	228,852	276,200
Total assets		<u>410,041</u>	<u>336,679</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		8,384	81,915
Shareholders' equity			
Share capital	9	6,712,163	6,712,163
Warrants	9	-	533,014
Contributed surplus	9	2,320,346	1,726,159
Deficit		(8,630,852)	(8,716,572)
Total shareholders' equity		<u>401,657</u>	<u>254,764</u>
Total liabilities and shareholders' equity		<u>410,041</u>	<u>336,679</u>
Nature and continuance of operations	1		
Subsequent events	9, 14		

See accompanying notes

On behalf of the Board:

Director Director
"Roger Forde" "Gavin McMillan"

Calyx Bio-Ventures Inc.
(unaudited – prepared by management)

**CONSOLIDATED STATEMENTS OF NET LOSS
AND COMPREHENSIVE LOSS**
[Expressed in Canadian Dollars]

	June 30, 2015 (3 months)	June 30, 2014 (3 months)	June 30, 2015 (6 months)	June 30, 2014 (6 months)
EXPENSES				
Depreciation	1,994	-	3,988	-
Depreciation of intangible assets	23,674	-	47,348	-
Personnel costs	26,500	80,890	29,700	208,495
Professional and regulatory	24,244	18,757	25,741	29,667
Marketing	449	34,498	2,426	102,988
Office and administrative	31,746	3,629	43,622	19,665
	108,607	137,774	152,825	360,815
Loss before the undernoted	(108,607)	(137,774)	(152,825)	(360,815)
OTHER INCOME (EXPENSES)				
Share-based compensation	(61,173)	(9,551)	(61,173)	(53,584)
Foreign exchange loss	-	(139)	(518)	(1,002)
Loss after other income (expenses)	(169,780)	(147,464)	(214,516)	(54,586)
Proceeds on the sale of interest in associate (note 8)	300,236	-	300,236	-
Net and comprehensive income (loss)	130,456	(147,464)	85,720	(415,401)
Basic and diluted income (loss) per common share	0.003	(0.01)	0.002	(0.01)
Weighted average number of common shares outstanding				
- basic and diluted	38,954,632	38,351,892	38,954,632	38,351,892

See accompanying notes

Calyx Bio-Ventures Inc.
(unaudited – prepared by management)

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
[Expressed in Canadian Dollars]

	Number of Shares	Share Capital \$	Warrants \$	Contributed Surplus \$	Deficit \$	Total Shareholder s' Equity \$
Balance, December 31, 2014	48,351,892	6,712,163	533,014	1,726,159	(8,716,572)	254,764
Net and comprehensive (loss)/gain	-	-	-	-	85,720	85,720
Warrants expired	-	-	(533,014)	533,014	-	-
Share-based compensation	-	-	-	61,173	-	61,173
Balance, June 30, 2015	48,351,892	6,712,163	-	2,320,346	(8,630,852)	401,657
Balance, December 31, 2013	38,351,892	6,462,163	1,318,613	882,931	(8,189,586)	474,121
Net and comprehensive loss	-	-	-	-	(415,401)	(415,401)
Warrants expired	-	-	(743,301)	743,301	-	-
Share-based compensation	-	-	-	53,584	-	53,584
Balance, June 30, 2014	38,351,892	6,462,163	575,312	1,679,816	(8,604,987)	112,304
Balance, December 31, 2013	38,351,892	6,462,163	1,318,613	882,931	(8,189,586)	474,121
Net and comprehensive loss	-	-	-	-	(526,986)	(526,986)
Warrants expired	-	-	(785,599)	785,599	-	-
Issue shares - acquisition	10,000,000	250,000	-	-	-	250,000
Share-based compensation	-	-	-	57,629	-	57,629
Balance, December 31, 2014	48,351,892	6,712,163	533,014	1,726,159	(8,716,572)	254,764

See accompanying notes

Calyx Bio-Ventures Inc.

(unaudited – prepared by management)

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Expressed in Canadian Dollars]

	Six months ended June 30	
	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Net income (loss) for the period	85,720	(415,401)
Add (deduct) items not involving cash:		
Depreciation	3,988	-
Depreciation of intangible assets	47,348	-
Share-based compensation	61,173	53,584
Changes in working capital items relating to operations:		
Accounts and other amounts receivable	8,507	38,000
Prepaid expenses and deposits	(15,096)	40,190
Accounts payable and accrued liabilities	(73,531)	(107,609)
Cash provided/(used) in operating activities	118,109	(391,236)
FINANCING ACTIVITIES	-	-
Increase (decrease) in cash for the year	118,109	(391,236)
Cash, beginning of period	17,083	497,540
Cash, end of period	135,192	106,304

See accompanying notes

Calyx Bio-Ventures Inc.
(unaudited – prepared by management)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

1. NATURE AND CONTINUANCE OF OPERATIONS

Calyx Bio-Ventures Inc. (“Calyx” or “the Company”) was incorporated under the Business Corporations Act (British Columbia) on June 10, 2008. The registered address of the Company is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. These consolidated financial statements reflect the consolidated financial position, statements of net loss and comprehensive loss, change in equity and cash flows of Calyx and its wholly owned subsidiaries (collectively, “the Company”).

These consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern which assumes that the Company will continue in operations for the foreseeable future and be able to realize its assets and discharge its obligations in the normal course of business. The ability of the Company to continue as a going concern is dependent upon obtaining ongoing financing and there can be no assurance that the Company will be able to raise any capital through any type of offering or similar financial arrangement. This may cast significant doubt upon the entity’s ability to continue as a going concern.

Through its wholly owned subsidiary, Cannigistics Agri-Solutions Corp. (“Cannigistics”), the Company is in the business of bringing technology solutions to advanced indoor agriculture.

These consolidated interim financial statements were authorized for issue on August 31, 2015 by the board of directors of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations adopted by the International Accounting Standards Board (“IASB”).

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include the accounts of Calyx and its wholly owned subsidiaries. Intercompany transactions and accounts have been eliminated on consolidation.

Critical judgments in applying accounting policies

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

Going concern

As described in Note 1, these consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern.

Investment in Associate

As described in Note 8, management has assessed that the Company does not have control over Agrisoma and the investment has been accounted for using equity accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

Acquisition of Cannigistics

As described in Note 5, the acquisition of Cannigistics was determined to be an acquisition of assets and not a business combination.

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes thereto. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment in future periods. The key assumption concerning the future and other key sources of estimation, uncertain at the reporting date that have a significant risk of causing a material adjustment is described below.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Warrant transactions

The Company values common share purchase warrants issued as part of private placement units and as non-cash compensation fees to brokers or finders for private placements at the fair value at the time of issuance. Estimating fair value for warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the warrant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Held-to-maturity investments are

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect at the reporting date. Non-monetary assets and liabilities are translated using historical exchange rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

Revenue and expense items are translated at the average exchange rate during the year. Exchange gains and losses are included in the determination of net loss for the year.

Equipment

Equipment is carried at cost less accumulated depreciation. The Company provides for depreciation of its equipment using the declining balance method with annual rates at 55%.

Intangible assets

Intangible assets with finite lives consist of acquired technologies and software. Intangible assets with finite lives are depreciated on a straight-line basis over their estimated useful lives and are measured at cost less accumulated depreciation and accumulated impairment losses. Cost for intangible assets acquired in a business combination represents the fair value of the asset at the time of the acquisition. Intangible assets with finite lives are currently depreciated over the following periods:

<u>Estimated useful life</u>	
Software	3 years

Interest in associate

The Company accounts for its investment in associates using the equity method of accounting. Under the equity method, the investment is carried in the statements of financial position at cost and is adjusted for the Company's share of the associate's profit or loss subsequent to the investment. Losses are recorded until the carrying amount is reduced to \$Nil; losses beyond this point are not recognized until the Company makes additional investment in the associate or positive earnings are achieved by the associate and the Company's share of profits equals its share of losses not previously recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred obligations to provide funding to the associate. Details of the interest in associates are disclosed in Note 8.

Income taxes

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in associates, where deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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.

Loss per common share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year excluding contingently issuable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

shares, if any. Since the Company's stock options are anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

Share-based compensation and other share-based payments

The Company records all share-based compensation awards to the Company's officers, directors and employees at fair value of the awards at the date they are granted. The Company records all share-based compensation awards to the Company's non-employees at fair value of the awards at measurement date. Graded vesting awards are accounted for as though each installment is a separate award. The fair value of stock options is determined using the Black-Sholes option pricing model. The estimate of fair value requires the determination of the most appropriate inputs to the model including the expected life of the award and volatility and making assumptions about them. The assumptions used for estimating fair value of share-based compensation awards are disclosed in Note 9. The fair value of stock options that vest in the year is recorded as an expense.

Common share purchase warrants

As part of financing, the Company may issue common share purchase warrants as part of units offered for sale and as compensation to brokers for placement of securities. The fair value of warrants is determined using the Black-Sholes option pricing model. The estimate of fair value requires the determination of the most appropriate inputs to the model including the expected life of the warrants and volatility and making assumptions about them. The assumptions used for estimating fair value of warrants are disclosed in Note 9.

3. CHANGES IN ACCOUNTING POLICIES

New Standards and Interpretations Not Yet Adopted

IFRS 9 - Financial Instruments

This new standard is a partial replacement of 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The proposed effective date of IFRS 9 is January 1, 2018.

The Company has not early adopted this standard and is currently assessing the impact that this standard will have on its consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. FINANCIAL INSTRUMENTS

Recognition and Measurement

The Company has made the following classifications for its financial instruments:

- a) Cash and accounts and other amounts receivable are classified as loans and receivables;
and
- b) Accounts payable are classified as other financial liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

Management of Financial Risk

The Company, through its financial assets and liabilities, is exposed to various risks. The following is an analysis of risks as at June 30, 2015:

Financial Risk Management

The Board of Directors is responsible for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, accounts and other amounts receivable and accounts payable.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and accounts and other amounts receivable. The cash consists of operating funds with commercial banks. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its accounts and other amounts receivables. This risk is minimal as receivables consist primarily of refundable government taxes.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is exposed to foreign exchange risk on its cash and its obligations under accounts payable.

The Company has expenditures denominated in US dollars. Fluctuations in the value of the US dollar relative to the Canadian dollar are not expected to have a significant impact the Company's results from operations.

5. ACQUISITION

Acquisition of Cannigistics Agri-Solutions Corp.

On December 9, 2014, the Company completed the acquisition of all of the issued and outstanding shares of Cannigistics. Cannigistics is a development stage company focused on bringing sophisticated, versatile and flexible technology solutions to advanced indoor agriculture.

The acquisition of Cannigistics was accounted for as an asset acquisition. The assets acquired and liabilities assumed are consolidated as of December 9, 2014.

Consideration paid for all of the issued and outstanding shares of Cannigistics consisted of 10,000,000 common shares of the Company with a fair value of \$250,000.

Pursuant to the share purchase agreement under which Cannigistics was acquired by Calyx, as subsequently amended between Calyx and the former shareholders of Cannigistics, an additional 3,000,000 common shares are issuable on the achievement of certain milestones before October 1, 2015.

Calyx Bio-Ventures Inc.
(unaudited – prepared by management)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

Allocation of Value – Assets and Liabilities of Cannigistics:

Assets acquired:	
Current receivables	\$ 16,961
Computer equipment	20,000
Intangible assets - software	284,091
	<u>321,052</u>
Liabilities assumed:	
Accounts payable and accruals	31,484
Net assets acquired	<u>\$ 289,568</u>
Cost consisted of:	
Issuance of common shares	\$ 250,000
Transaction costs	39,568
Total cost of acquisition	<u>\$ 289,568</u>

The intangible assets acquired by the Company with the acquisition of Cannigistics were software related. In connection with the acquisition of Cannigistics, the Company incurred legal and professional fees of \$39,568. These transaction costs were added to the total purchase price and allocated among the net assets acquired.

6. INTANGIBLE ASSETS

As of June 30, 2015, the Company's intangible assets consist entirely of software. The Company's intangible assets are as follows:

	<u>Software</u>
December 31, 2013	\$ -
Acquired from Cannigistics (note 5)	284,091
Depreciation	(7,891)
December 31, 2014	<u>\$ 276,200</u>
Depreciation	47,348
June 30, 2015	<u>\$ 228,852</u>

All software related intangibles are being depreciated on a straight-line basis over three years.

7. EQUIPMENT

As of June 30, 2015, the Company's equipment was as follows:

	<u>Computer Equipment</u>
December 31, 2013	\$ -
Acquired from Cannigistics (note 5)	20,000
Depreciation for the period	(5,500)
December 31, 2014	<u>\$ 14,500</u>
Depreciation for the period	(3,988)
June 30, 2015	<u>\$ 10,512</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[Expressed in Canadian Dollars]

Three and six month periods ended June 30, 2015

8. INTEREST IN ASSOCIATE

[a] As of December 31, 2014, the Company had an interest in Agrisoma Biosciences Inc. ("Agrisoma"), a company focused on carinata, a non-food oilseed crop that is a source of oil for biofuel production. During the year ended December 31, 2014, Agrisoma completed a third party financing without Calyx's participation. The resulting financing decreased Calyx's interest in Agrisoma to approximately 22.8%.

[b] The following table summarizes the Company's equity share of Agrisoma and the carrying value of its investment:

December 31, 2012	\$ 2,072,051
Equity loss	(1,752,205)
Depreciate intangibles	(157,508)
Impairment loss	<u>(162,338)</u>
December 31, 2013 and 2014	<u>\$ -</u>

[c] [c] Impairment in carrying value of interest in associate:

During the year ended December 31, 2013, the Company wrote down the carrying value of the interest in associate to \$Nil to reflect the uncertainty of its investment in Agrisoma.

On April 14, 2015, Agrisoma purchased Calyx's interest in Agrisoma for \$300,236 and was recorded as proceeds from the sale of interest in associate.

9. EQUITY

[a] Share Capital

Authorized:

Common shares: unlimited number, without par value;
Preferred shares: unlimited number, issuable in series.

Issued and outstanding shares:

During the six month period ended June 30, 2015, the Company did not undertake any financing activities. During the year ended December 31, 2014, the Company completed the following financing activities:

The Company issued 10,000,000 common shares for the acquisition of Cannigistics (Note 5).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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[b] Warrants

Warrant transactions during the period:

	Number of common shares issuable	Amount \$
Balance, December 31, 2013	16,351,334	1,318,613
Expired warrants	(7,351,334)	(785,599)
Balance, December 31, 2014	9,000,000	533,014
Expired warrants	(9,000,000)	(533,014)
Balance, June 30, 2015	-	-

During the six months ended June 30, 2015, all remaining common share warrants (9,000,000) expired without exercise. The value of these warrants (\$533,014) has been transferred to contributed surplus.

[c] Contributed surplus

	Amount \$
Balance, December 31, 2013	882,931
Share-based compensation	
Immediate vesting	26,550
Graded vesting-2013 options	31,079
Expired common share purchase warrants	785,599
Balance, December 31, 2014	1,726,159
Share-based compensation	61,173
Expired common share purchase warrants	533,014
Balance, June 30, 2015	2,320,346

[d] Stock options

The Company has a “rolling” stock option plan (the “Plan”) that allows the Company to issue a number of stock options of up to 10% of the Company’s issued and outstanding common shares at any given time. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or not more than 2% of the issued shares on a yearly basis if granted to any one consultant or to any one employee engaged in investor relations activities.

The term, subject to a maximum of ten years, and vesting period of the options is determined by the Board of Directors. The exercise price of the options are required to have an exercise price no less than the Discounted Market Price (as such term is defined in the policies of the TSX Venture Exchange, or “TSX-V”), or such other price as may be required by the TSX-V; there are no cash settlement alternatives for the option holders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Stock option transactions are summarized as follows:

	Number of optioned common shares	Weighted average exercise price \$
Balance, December 31, 2013	3,476,753	0.23
Options forfeited	(791,753)	0.25
Options granted	150,000	0.20
Balance, December 31, 2014	2,835,000	0.22
Options forfeited	(2,835,000)	0.22
Options granted	2,650,000	0.05
Balance, June 30, 2015	2,650,000	0.05

Options granted in 2015:

On June 12, 2015, 2,650,000 options were granted to directors and consultants of the Company. These options vested on issue, have a five year term and are exercisable at \$0.05 per share. The calculated value of these options was \$61,173 and is included in share based compensation expense and the corresponding credit in contributed surplus. The value of the options was calculated using the Black-Scholes pricing model with the following assumptions: dividend yield 0.0%, expected volatility 118.68%, risk free interest rate 0.94%, and an expected life of five years.

Options granted in 2014:

On February 13, 2014, 150,000 options were granted to directors of the Company during the year. These options vested on issue, had a five year term and were exercisable at \$0.20 per share. The calculated value of these options was \$26,550 and is included in share based compensation expense and the corresponding credit in contributed surplus. The value of the options was calculated using the Black-Scholes pricing model with the following assumptions: dividend yield 0.0%, expected volatility 138.17%; risk-free interest rate 1.69%, and an expected life of five years. The director resigned from the Board which resulted in the termination of these options in the six month period ended June 30, 2015.

The weighted average fair value of options granted during the year is \$0.07 per share [2013-\$0.20]. The total expense is \$57,629 [2013-\$437,370].

The options outstanding under the Plan at June 30, 2015 are as follows:

Exercise price	Options outstanding		Options exercisable
	Number of common shares issuable	Remaining contractual life (years)	Number of common shares issuable
\$0.05	2,650,000	5.00	2,650,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Three and six month periods ended June 30, 2015

10. RELATED PARTY TRANSACTIONS

During the period, the Company granted 1,700,000 stock options [2014-1,450,000] to directors of the Company, with a fair value of \$39,243 [2014-\$26,550]. Details of stock options are disclosed in Note 9 (d).

During the period, the Company incurred fees of \$11,000 [2014-\$74,368] for key management personnel.

11. COMMITMENTS AND CONTINGENCIES

[a] Dispute over Licensing Agreement terms

On December 23, 2013, the Company received an invoice for US\$362,999 from Agrisoma who maintained the Company was responsible for payment under a license and sub license agreement between the Company and Agrisoma dated January 1, 2001 and as amended March 26, 2004. The Company's legal counsel's view was that this allegation was baseless and without merit and therefore the Company did not accrue this amount in the year ended December 31, 2013. On June 30, 2014, the Company entered into a settlement and termination agreement with Agrisoma and fully settled all matters relating to the license agreement and the termination of the license agreement with no cash paid nor amounts payable by either party.

12. INCOME TAXES

The Company's effective income tax rate differs from the statutory income tax rate [December 31, 2014- 26% and December 31, 2013- 25.75%]. The differences arising from the following items:

	2014	2013
	\$	\$
Income tax recovery at statutory rates	(137,016)	(911,721)
Permanent differences	15,390	380,498
Change in losses and other unrecognized tax benefits	143,152	536,741
Change in future tax rate	(21,526)	(5,518)
	<u>-</u>	<u>-</u>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Components of the Company's unrecognized deferred tax assets and liabilities as of December 31 are shown below:

	2014	2013
	\$	\$
Deferred tax assets:		
Non-capital losses carry forwards	712,783	565,622
Share issue costs and others	86,540	112,074
Interest in affiliate	780,484	780,484
Total unrecognized deferred tax assets	<u>1,579,807</u>	<u>1,458,180</u>

Calyx Bio-Ventures Inc.
(unaudited – prepared by management)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Three and six month periods ended June 30, 2015

As the Company has a history of losses, deferred tax assets have not been recognized.

The Company has operating non capital loss carry forwards available to offset future taxable income, the amounts and expiry dates noted below:

	2014
Expiry:	<u>\$</u>
2028	412,000
2029	319,000
2030	253,000
2031	49,000
2032	6,000
2033	1,137,000
2034	566,000
Total	<u>2,742,000</u>

13. MANAGEMENT OF CAPITAL

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its strategic plan. The Company manages and performs regular review of financial information. The Company does not have any externally imposed capital requirement to which it is subject.

14. SUBSEQUENT EVENTS

On July 7, 2015, the Company cancelled and returned to treasury for 733,219 common shares. This related to a plan of arrangement completed by the Company with Chromos Molecular Systems in 2008. These shares were to be exchanged for previously cancelled shares of Chromos. Pursuant to the terms of the arrangement agreement, the Company exercised its right to cancel these shares, as they were not exchanged within six years of closing of the arrangement.