

Next Edge Bio-Tech Plus Fund

Annual Financial Statements – 2014

As at and for the period ended December 31st, 2014



Next Edge Bio-Tech Plus Fund
Annual financial statements
December 31, 2014

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Next Edge Bio-Tech Plus Fund

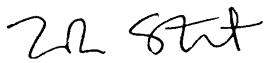
Management's responsibility for financial reporting

Next Edge Capital Corp. (the "Manager") is responsible for the accompanying financial statements and all the information in this report. These financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect Management's judgment and best estimates.

Management has established systems of internal control that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet Management's responsibilities for the integrity of the financial statements.

The Manager recognizes its responsibility to conduct the Fund's affairs in the best interest of its unitholders.

Respectfully,



Toreigh N. Stuart
Chief Executive Officer



David Scobie
Chief Operating Officer

Next Edge Capital Corp.
March 27, 2015

INDEPENDENT AUDITORS' REPORT

To the unitholders of Next Edge Bio-Tech Plus Fund (the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statement of financial position as at December 31, 2014, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period from December 1, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2014, and its financial performance and its cash flows for the period from December 1, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Toronto, Canada

27 March 2015

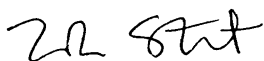
The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants
Licensed Public Accountants

Next Edge Bio-Tech Plus Fund
Statement of financial position

As at	December 31, 2014
ASSETS	
Current assets	
Cash	10
<hr/>	
Net assets attributable to holders of redeemable units	10
<hr/>	
Net assets attributable to holders of redeemable units per class	
Class A	10
Class A1	-
Class F	-
Class F1	-
<hr/>	
	10
<hr/>	
Number of redeemable units outstanding per class	
Class A	1
Class A1	-
Class F	-
Class F1	-
<hr/>	
Net assets attributable to holders of redeemable units per unit	
Class A	10.00
Class A1	-
Class F	-
Class F1	-

Approved by Next Edge Capital Corp.



Toreigh N. Stuart
Chief Executive Officer



David Scobie
Chief Operating Officer

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Statement of comprehensive income

For the period from December 1, 2014 (inception date of the Fund) to December 31, 2014, the Fund did not earn any income or incur any expenses, resulting in nil net income for the period.

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Statement of changes in net assets attributable to holders of redeemable units

For the period	December 1 to 31, 2014
<u>Class A</u>	
Beginning of period	-
Proceeds from issuance of units	10
End of period	10
<u>Class A1</u>	
Beginning of period	-
End of period	-
<u>Class F</u>	
Beginning of period	-
End of period	-
<u>Class F1</u>	
Beginning of period	-
End of period	-

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Statement of cash flows

For the period	December 1 to 31, 2014
Cash flows from operating activities	
Increase (Decrease) in net assets attributable to holders of redeemable units	-
Net cash provided by operating activities	-
Cash flows from financing activities	
Proceeds from redeemable units issued	10
Net cash flows provided by (used in) financing activities	10
Net increase (decrease) in cash	10
Cash, beginning of period	-
Cash, end of period	10
Cash comprises:	
Cash at bank	10

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2014

1. FUND INFORMATION

Next Edge Bio-Tech Plus Fund (the “**Fund**”) is a mutual fund established as a trust under the laws of the Province of Ontario by a declaration of trust dated December 1, 2014 made by Next Edge Capital Corp., as trustee. The Fund is divided into units of participation (“**Units**”) representing an interest in the Fund held by unitholders. The Fund has four classes of Units: Class A Units, Class A1 Units, Class F Units and Class F1 Units.

This Fund will seek short and long-term capital appreciation through the ownership of small and mid-capitalization biotechnology and healthcare companies based in Canada and the United States. The Fund started investing according to its investment objective on February 17, 2015.

The Fund is managed by Next Edge Capital Corp. (the “**Manager**”). The registrar, transfer agent and valuation agent of the Fund is Citigroup Fund Services Canada Inc., whose address is 100-5900 Hurontario St., Mississauga, ON L5R 0E8. The custodian of the Fund is CIBC Mellon Trust Company, whose address is 320 Bay Street, Toronto, ON M5H 4A6.

The financial statements were approved by the board of directors of the Manager on March 27, 2015.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, the Fund’s accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statement.

Cash

Cash is comprised of cash on deposit with a Canadian financial institution.

Functional and presentation currency

The Canadian dollar is the functional and presentation currency for the Fund.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of the cash and the Fund’s obligation for net assets attributable to holders of redeemable units approximate their fair values due to their short term nature.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2014 (continued)

Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period.

Income and expense allocation

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day's net asset value, which includes redeemable participating unitholder trade(s) dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees do not require allocation. All class-specific operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

Taxation

The Fund intends to qualify as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset.

As at December 31, 2014, the Fund has nil capital and non-capital loss carry-forwards.

Net assets attributable to holders of redeemable units

Net assets attributable to holders of redeemable units are classified as financial liabilities and are redeemable at the unitholder's option at prices based on the Fund's net asset value ("Net Asset Value" or "NAV") per unit at the time of redemption. The amounts are continuously measured at their redemption value.

The NAV measured as at the close of every Business Day (a day on which the TSX is open for trading), or, if not a Business Day, on the following Business Day and on any other day as the Manager determines (a "Valuation Date"), will be obtained by the Valuation Agent by taking the then fair value of the assets of the Fund less the aggregate amount of its liabilities excluding those attributable to holders of redeemable units. The NAV per unit of any class of units of the Fund for a Valuation Date will be obtained by dividing the then fair value of the assets of the Fund less the aggregate amount of its liabilities (excluding those attributable to holders of redeemable units) in each case attributable to that class of units, by the total number of units of the class outstanding at the time the calculation is made on the Valuation Date and adjusting the result to a maximum of four decimal places ("NAV per Unit").

For each Fund unit sold, the Fund receives an amount equal to the NAV per Unit, on the date of the transaction. Units are redeemable at the option of the unitholders at their NAV per Unit on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units is reduced by the related NAV on the date of redemption.

The calculation of the value of net assets attributable to holders of redeemable units ("Net Assets") for financial statement purposes in accordance with IFRS is generally consistent with the calculation of NAV for transactional purposes.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2014 (continued)

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund will adopt any applicable standards when they become effective.

IFRS 9, Financial Instruments - Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. In addition, the entity's own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Manager is in the process of assessing the impact of IFRS 9.

4. FINANCIAL INSTRUMENTS RISK

The Fund started investing according to its investment objective on February 17, 2015.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. The Fund's policy is to maintain at least 15 to 20% of its assets in cash, and have as a majority of its remaining portfolio investments in securities traded on exchanges that are liquid (i.e. investments that can be readily disposed of through market facilities). For the period December 1 to 31, 2014, the Fund held all its assets in cash.

5. REDEEMABLE UNITS

For the period December 1 to 31, 2014, the Fund offered four classes of redeemable units: Class A units, Class A1 units, Class F units, and Class F1 units. The Class of units selected affects the commissions that were payable by an investor, the management fee payable by the Fund, and the compensation that a dealer received in respect of the sale of units.

All of the Classes have the same investment objective, strategy and restrictions but differ in respect of one or more features, such as the management fee, sales commission, and service commission. The NAV per Unit of each class would not necessarily be the same as a result of the different fees, expenses and distributions allocable to each class of units. The Fund and the Manager does not charge a fee or commission when investors purchase units of the Fund. An authorized broker, dealer or advisor may charge investors an upfront selling commission of up to 3.00% at the time of purchase of Class A units or Class A1 units, which would reduce the amount of money invested in the Class A units or Class A1 units of the Fund.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2014 (continued)

The number of units issued, redeemed or cancelled during the period December 1 to 31, 2014 for each respective Class is summarized in the following tables.

For the period December 1 to 31, 2014

Class A

Balance, Beginning	-
Units issued for cash	1
Balance, Ending	1

Class A1

Balance, Beginning	-
Balance, Ending	-

Class F

Balance, Beginning	-
Balance, Ending	-

Class F1

Balance, Beginning	-
Balance, Ending	-

6. RELATED PARTY TRANSACTIONS

The Fund's investment activities are managed by Next Edge Capital Corp.

Management fees

Each class of units of the Fund pays the Manager a management fee for providing general management and administrative services. The fee is calculated and accrued daily and paid monthly. The maximum annual rate of the management fee for each class is as follows:

<u>Class A</u> up to 2.25%	<u>Class A1</u> up to 1.00%	<u>Class F</u> up to 1.25%	<u>Class F1</u> nil
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The Fund is responsible for all other expenses incurred in connection with its operation and administration.

In order to establish the Fund, the Manager contributed \$10.00 in exchange for 1 Class A Unit of the Fund, which was subsequently cancelled upon the first issuance of units to external unitholders on January 21, 2015.

Next Edge Bio-Tech Plus Fund

General information

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