

QUANTUM INTERNATIONAL INCOME CORP

CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2014 and May 31, 2013

CONSOLIDATED FINANCIAL STATEMENTS

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

July 31, 2014

Management Comments

These Condensed Interim Consolidated Financial Statements of Quantum International Income Corp. for the three month period ended May 31, 2014 and all the information contained in this interim financial report are the responsibility of management and have been approved by the Board of Directors.

These Condensed Interim Consolidated Financial Statements were prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and are consistent with the Company’s business.

These Condenses Interim Consolidated Financial Statements of Quantum International Income Corp. for the three month period ended May 31, 2014 as well as the related comparative data have not been reviewed or audited by external auditors.

July 31, 2014

Signed: (signed) Grant White
Grant White
President & CEO

QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(All amounts in Canadian dollars)

	May 31, 2014	Feb 28, 2014
CURRENT ASSETS		
Cash (Note 3)	\$ 273,196	\$ 50,966
Accounts receivable (Note 4)	55,428	10,145
Other current assets (Note 5)	405,577	-
	\$ 734,201	\$ 61,111

CURRENT LIABILITIES

Accounts payable and other liabilities	\$ 418,045	\$ 562,984
Shareholders' equity		
Share capital (Note 6)	10,067,274	8,935,474
Contributed surplus	943,260	943,260
Deficit	(10,694,378)	(10,380,607)
	316,156	(501,873)
	\$ 734,201	\$ 61,111

ON BEHALF OF THE BOARD

<i>(signed)</i>	<i>(signed)</i>
_____ Manu Sekhri, Director	_____ 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 Statement of Income and Comprehensive Loss
Three Month Period Ending May 31, 2014 and May 31, 2013***(Unaudited)**(All amounts in Canadian dollars)*

	May 31, 2014	May 31, 2013
REVENUES	\$ -	\$ -
EXPENSES		
Administrative	306,386	16,165
Finance costs	7,385	18
	313,771	16,183
LOSS BEFORE TAXES	(313,771)	(16,183)
INCOME TAXES (Note 8)		
Current	-	-
NET LOSS AND COMPREHENSIVE LOSS	\$ (313,771)	\$ (16,183)
EARNINGS (LOSS) PER SHARE (Note 9)		
Basic earnings per share	(0.01)	(0.00)

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

QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Statement of Changes in Equity
Three Month Period Ending May 31, 2014 and May 31, 2013
(Unaudited)
(All amounts in Canadian dollars)

	Common Shares	Warrants	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance as at February 28, 2013	19,014,974	-	\$ 8,935,474	\$ 943,260	\$ (9,917,760)	\$ (39,026)
Net comprehensive loss for the period		-	-	-	(16,183)	(16,183)
Balance as at May 31, 2013	19,014,974	-	\$ 8,935,474	\$ 943,260	\$ (9,933,943)	\$ (55,209)
Balance as at February 28, 2014	19,014,974	-	\$ 8,935,474	\$ 943,260	\$ (10,380,607)	\$ (501,873)
Share consolidation	(17,114,869)	-	-	-	-	-
Equity Issuance	23,200,000	-	1,160,000	-	-	1,160,000
Warrant Issuance	-	23,200,000	-	-	-	-
Share issuance costs	-	-	(46,200)	-	-	(46,200)
Stock based payments	360,000	-	18,000	-	-	18,000
Net comprehensive loss for the period	-	-	-	-	(313,771)	(313,771)
Balance as of May 31, 2014	25,460,105	23,200,000	\$10,067,274	\$ 943,260	\$ (10,694,378)	\$ 316,156

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

QUANTUM INTERNATIONAL INCOME CORP**Condensed Interim Consolidated Statement of Cash Flows
Three Month Period Ending May 31, 2014 and May 31, 2013***(Unaudited)**(All amounts in Canadian dollars)*

	May 31, 2014	May 31, 2013
OPERATING ACTIVITIES		
Net comprehensive loss	\$ (313,771)	\$ (16,183)
	(313,771)	(16,183)
Net change in non-cash operating working capital items (Note 11)	(232,139)	13,810
Cash flows used in operating activities	(545,910)	(2,373)
INVESTING ACTIVITY		
Deposit on asset purchase (Note 13)	(363,660)	-
Cash flows used in investing activity	(363,660)	-
FINANCING ACTIVITY		
Proceeds from share sale (Note 6)	1,160,000	-
Share issue cost (Note 6)	(28,200)	-
Cash flows from financing activity	1,131,800	-
Net change in cash and cash equivalents	222,230	(2,373)
Cash and cash equivalents, beginning of year	50,966	206,354
Cash and cash equivalents, end of year	\$ 273,196	\$ 203,981
Supplemental information		
Interest paid	\$ 4,480	\$ -

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

QUANTUM INTERNATIONAL INCOME CORP
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Ended May 31, 2014
(amounts in Canadian dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is an inactive Corporation listed on the NEX board of the TSX Venture Exchange Inc. ("the Exchange"). The business of the Company is to identify and evaluate businesses or assets with a view to completing a reactivation transaction on the Exchange. The Company intends to acquire and develop businesses with sustainable and growing cash flows across multiple sectors.

With effect from 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, Toronto ON, M5K 1H1, Suite 1630.

Although these financial statements have been prepared on a going concern basis, certain facts and circumstances raise doubts as to this assumption. The Company incurred major operating losses in recent years and its cash flows from operations were negative for the last 5 years.

The Company's continued operations depend on management's ability to successfully complete a reactivation transaction on the exchange. As outlined in Note 13, the Company has entered into two (2) separate agreements as part of its reactivation strategy. Management expects that upon successful completion of the reactivation transaction, the revenues and net income generated will be sufficient to meet the obligations of the Company to continue as a going concern. There is no assurance that the strategy implemented by management will provide results. These financial statements do not include any adjustments that would be required if the Company was unable to continue operating. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the financial statements.

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were approved by the Board of Directors on July 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2014 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2014.

QUANTUM INTERNATIONAL INCOME CORP
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Ended May 31, 2014
(amounts in Canadian dollars, unless otherwise stated)

3. CASH

	May 31, 2014	February 28, 2014
Cash	\$ 273,196	\$ 50,254
Cash held in trust, contracted in CDN dollars	-	712
	\$ 273,196	\$ 50,966

4. ACCOUNTS RECEIVABLE

	May 31, 2014	February 28, 2014
Sales tax	\$ 55,428	\$ 10,145

5. OTHER ASSETS

	May 31, 2014	February 28, 2014
Deposit on asset purchase (Note 13)	\$ 363,660	\$ -
Other current assets	41,917	-
	\$ 405,577	\$ -

6. SHARE CAPITAL

Authorized

An unlimited number of common shares.

	Common Shares	Warrants	Share Capital
Balance as at February 28, 2014	19,014,974	-	\$ 8,935,474
Share consolidation	(17,114,869)	-	-
Equity Issuance	23,200,000	-	1,160,000
Warrant Issuance	-	23,200,000	-
Share issuance costs	-	-	(46,200)
Stock based payments	360,000	-	18,000
Balance as of May 31, 2014	25,460,105	23,200,000	\$ 10,067,274

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.

QUANTUM INTERNATIONAL INCOME CORP
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Ended May 31, 2014
(amounts in Canadian dollars, unless otherwise stated)

6. SHARE CAPITAL (CONT'D)

Equity Issuance

During the period, 23,200,000 Units were sold at a price of \$0.05 per Unit for gross cash proceeds of \$1,160,000. 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 per common share for a period of 12 months after the date of the issue of the Warrants.

As at May 31, 2014, the Company had outstanding warrants as follows:

Number of warrants	Exercise Price	Expiry
23,200,000	\$0.10	3/19/2015

Share Issuance Costs

The company incurred \$46,200 of share issuance cost associated with the equity issuance during the period. \$28,200 was paid in cash and \$18,000 was paid through common shares of the company. The value of the shares was determined by the fair market value of the services provided.

Share Based Payments

The Company paid a finder's fee in relation to the private placement in the amount of \$18,000 which was paid through the issuance of 360,000 additional common shares.

7. SHARE OPTION PLAN

On November 19, 2009, the shareholders of the Company adopted a 10% rolling share option plan which was approved by regulatory authorities.

There has been no change to the number of options granted by the Company during the period ended May 31, 2014 or the fiscal years ending February 28, 2014 and February 28, 2013. There are no outstanding option as of May 31, 2014, February 28, 2014 and February 28, 2013.

8. INCOME TAXES

The income taxes expense of \$nil differs from the amount of the tax recovery computed by applying statutory income tax rates to the income before taxes. The information relating with the differences and the tax effects are as follows:

	February 28, 2014	May 31, 2013
Income tax expense (recovery) based on the combined statutory income tax rate of 26.5 % (26.7% in 2013)	\$ (84,262)	\$ (4,321)
Increase in taxes payable resulting from:		
Elements non-deductible	-	-
Valuation allowance	84,262	4,321
Income tax expense	-	-

QUANTUM INTERNATIONAL INCOME CORP
Notes to the Condensed Interim Consolidated Financial Statements
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(amounts in Canadian dollars, unless otherwise stated)

8. INCOME TAXES (CONT'D)

The tax effects of temporary differences and net operating losses which rise to future income tax assets are as follows:

	May 31, 2014	February 28, 2014
Long-term future income tax assets		
Net operating losses carried forward	\$ 905,511	\$ 905,511
Unclaimed expenses	488,234	488,234
Accounting depreciation in excess of tax depreciation	7,154	7,154
Total long-term future income tax assets	1,400,899	1,400,899
Valuation allowance	\$ (1,400,899)	\$ (1,400,899)
Total long-term future income tax assets recognized	-	-

The Company has accumulated loss carry-forward for Federal, Québec and Ontario purposes, which are available to reduce the future taxable income and the benefits of which have not been recognized in these financial statements. These losses carry-forward expire as follows:

	Federal \$	Québec \$	Ontario \$
2016	1,383,515	1,383,515	-
2027	140,524	140,524	-
2028	754,349	754,977	4,000
2029	141,259	139,231	4,000
2030	174,966	174,408	4,000
2031	131,220	130,830	37,576
2032	113,984	113,984	5,000
2033	85,804	85,804	5,000
2034	422,442	-	422,442
	3,348,063	2,923,273	482,018

The Company has also accumulated deductible research and development expenses of \$1,495,251 for Federal and Québec purposes, and capital losses of \$4,057,309 for Federal, Québec and Ontario purposes. These elements are available to reduce future taxable income without limit of time. The potential tax benefits of these elements have not been recognized in these financial statements.

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Notes to the Condensed Interim Consolidated Financial Statements
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(amounts in Canadian dollars, unless otherwise stated)

9. EARNINGS (LOSS) PER SHARE

The income (loss) available to common shareholders and weighted average number of shares outstanding for comparative basic and diluted earnings per share at May 31, 2014 are:

	May 31, 2014	February 28, 2013
Weighted average common shares outstanding - basic	25,460,105	19,014,974
Effect of warrants:	23,200,000	-
Weighted average common shares – diluted	48,660,105	19,014,974
Net income (loss)	\$ (313,771)	\$ (16,183)
Basic earnings (loss) per share	(0.01)	(0.00)

Fully diluted earnings (loss) per share is not presented as it is antidilutive.

10. RELATED PARTY TRANSACTIONS

The Company paid fees to some officers and directors during the period totalling \$nil (\$3,073 in 2013).

During the period, Consulting Fees of \$120,000 were paid to corporations controlled by officers and directors of the Company (\$nil in 2013). Of the \$120,000 paid, \$60,000 related to services provided in the prior year and \$60,000 related to services provided in the current period. As of May 31, 2014, the Company has accrued Consulting Fees payable to corporations controlled by officers and directors of the Company in the amount of \$90,752 (\$nil in 2013). The Consulting Fees were included in Administrative Expenses.

As part of the private placement financing on March 20, 2014, the Company received \$100,000 of contribution by corporations controlled by officers and directors of the Company.

Rent in the amount of \$36,847 was paid during the period to a corporation controlled by a director of the Company (\$nil in 2013). Of the \$36,847, \$16,950 related to prior year and \$19,897 relates to the current period. The terms of the rental agreement are month to month and pricing is set at arm's length.

No other compensation is paid to officers and directors.

11. SUPPLEMENTAL CASH FLOWS INFORMATION

Changes in non-cash operating working capital items:

	May 31, 2014	May 31, 2013
Accounts receivable	\$ (45,283)	\$ 9,810
Other current assets	(41,917)	-
Accounts payable and accrued liabilities	(144,939)	4,000
	\$ (232,139)	\$ 13,810

QUANTUM INTERNATIONAL INCOME CORP
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Ended May 31, 2014
(amounts in Canadian dollars, unless otherwise stated)

12. COMMITMENTS

On November 21, 2013 the Board approved an Asset Management Agreement granting Quantum International Asset Management Corp the exclusive authority to manage the undertaking, business, and affairs of the Company. Included in the Asset Management Agreement are provisions for a monthly minimum asset management fee of \$33,333.33 which commences upon regulatory approval and successful completion of a reactivation transaction. The Asset Management Agreement remains in effect for a 7 year term. Quantum International Asset Management Corp is 100% owned by two directors of the Company.

13. OTHER ITEMS

Reactivation Transaction:

On May 30, 2014, the Company signed a definitive asset purchase agreement with the Roseland Ambulatory Surgery Center, LLC ("Roseland") in Roseland, New Jersey for a purchaser price of \$3,300,000 USD. The definitive agreement provides for, among other things, the acquisition of certain assets of Roseland, all located in Roseland, New Jersey, including its exclusive operating license issued by the New Jersey Department of Health, surgical equipment and inventory on site, and Roseland's interest in the lease of the building. The Transaction is expected to close on or before August 31, 2014.

A deposit of \$363,000 (US\$330,000) has been paid into escrow by the Company. The deposit will be released from escrow to the vendor on closing, and the Company will pay the balance of the purchase price in the amount of US\$2,970,000, in cash upon closing of the acquisition.

Separately, the Company has entered into an agreement to make a \$500,000 investment resulting in two-thirds ownership of Multiple Media Entertainment Inc. ("MME"), a full service media content creation and distribution company based in Toronto, Ontario.

The Company expects to finance the transactions by way of a \$6,002,500 offering of subscription receipts, at a price of \$0.35 per subscription receipt.

The Roseland and MME transactions are in connection with a proposed change of business transaction (within the meaning of the policies of the TSX Venture Exchange (the "Exchange")) (collectively, the "Transaction"). Upon completion of the Transaction, subject to certain conditions, it is intended that the Company will complete its reactivation from the NEX board of the Exchange (the "Reactivation"). The Company expects the closing of the Transaction to take place not later than August 31, 2014. Completion of the proposed Transaction is subject to, among other things, receipt of all necessary regulatory approvals and approval of the shareholders of the Company.