

**APPLIED INVENTIONS MANAGEMENT INC.**  
**Unaudited Interim Consolidated Financial Statements**

**For the three-month period ended November 30, 2011**  
(Expressed in Canadian Dollars)

# **Applied Inventions Management Inc.**

November 30, 2011

## **Notice to Reader**

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

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended November 30, 2011 and 2010, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, Collins Barrow Toronto LLP, have not performed a review of the interim consolidated financial statements for the interim periods ended and as at November 30, 2011 and 2010 in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of Interim financial statements by an entity's auditor.

**Applied Inventions Management Inc.**

November 30, 2011

Unaudited

**CONTENTS**

	<u>Page</u>
Unaudited Interim Consolidated Financial Statements:	
Balance Sheets	4
Statements of Loss and Comprehensive Loss	5
Statements of Cash Flows	6
Statements of Changes in Equity	7
Notes to Financial Statements	8 - 10

# Applied Inventions Management Inc.

## Unaudited Interim Consolidated Balance Sheet

(Expressed in Canadian Dollars)

As at		November 30, 2011	August 31, 2011 (Audited)	September 1, 2010
	Notes			
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		919	21,079	-
		<u>919</u>	<u>21,079</u>	<u>-</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities		33,784	72,678	33,665
Due to shareholder – non interest bearing	3	343,154	343,154	347,154
Due to shareholder – interest bearing	4	66,430	38,271	-
Debenture	5	35,901	35,028	31,884
		<u>479,269</u>	<u>489,131</u>	<u>412,663</u>
Going Concern	1			
<b>Shareholders' Equity</b>				
Capital stock	6	2,142,923	2,142,923	2,142,923
Contributed surplus		731,040	731,040	731,040
Deficit		(3,352,313)	(3,342,015)	(3,286,626)
		<u>(478,350)</u>	<u>(468,052)</u>	<u>(412,663)</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>919</u>	<u>21,079</u>	<u>-</u>

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

"Gabriel Nachman"

Director (signed)

"Barry M. Polisuk"

Director (signed)

# Applied Inventions Management Inc.

## Unaudited Interim Consolidated Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the three months ended	November 30, 2011	November 30, 2010
<b>Expenses</b>		
Interest on debenture and shareholder advances	\$ 2,350	\$ 796
Professional fees	7,091	-
Office and general	857	-
<b>Net Loss and Comprehensive Loss</b>	<u><u>\$ (10,298)</u></u>	<u><u>\$ (796)</u></u>
<b>Loss per share</b>		
Basic and fully diluted	<u><u>\$ (0.005)</u></u>	<u><u>\$ (0.001)</u></u>
<b>Weighted average number of shares outstanding</b>		
Basic and fully diluted	<u><u>2,083,529</u></u>	<u><u>2,083,529</u></u>

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

**Applied Inventions Management Inc.**  
**Unaudited Interim Consolidated Statement of Changes in Equity**  
(Expressed in Canadian Dollars)

<b>For the three months ended</b>	<b>November 30, 2011</b>	<b>November 30, 2010</b>
<b>Capital Stock</b>		
Balance, beginning of quarter	\$ 2,142,923	\$ 2,142,923
Balance, end of quarter	<u>\$ 2,142,923</u>	<u>\$ 2,142,923</u>
<b>Contributed Surplus</b>		
Balance, beginning of quarter	\$ 731,040	\$ 731,040
Balance, end of quarter	<u>\$ 731,040</u>	<u>\$ 731,040</u>
<b>Deficit</b>		
Balance, beginning of quarter	\$ (3,342,015)	\$ (3,286,626)
Net Loss and Comprehensive Loss for the quarter	(10,298)	(796)
Balance, end of quarter	<u>\$ (3,352,313)</u>	<u>\$ (3,287,422)</u>
<b>Shareholders' Equity</b>		
Balance, beginning of quarter	\$ (468,052)	\$ (412,663)
Net Loss and Comprehensive Loss for the quarter	(10,298)	(796)
Balance, end of quarter	<u>\$ (478,350)</u>	<u>\$ (413,459)</u>

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

**Applied Inventions Management Inc.**  
**Unaudited Interim Consolidated Statement of Cash Flows**  
(Expressed in Canadian Dollars)

<b>For the three months ended</b>	<b>November 30, 2011</b>	<b>November 30, 2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss</b>	\$ (10,298)	\$ (796)
Interest accrued	2,350	796
	<u>(7,948)</u>	<u>-</u>
<b>Working capital adjustment:</b>		
Decrease in accounts payable and accrued liabilities	(40,371)	-
<b>Net cash flows used in operating activities</b>	<u>(48,319)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from shareholder	28,159	-
<b>Net cash flows generated from financing activities</b>	<u>28,159</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(20,160)</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>21,079</b>	<b>-</b>
<b>Cash and cash equivalents, end of the period</b>	<u><u>\$ 919</u></u>	<u><u>\$ -</u></u>

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

**Applied Inventions Management Inc.**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**November 30, 2011**  
(Expressed in Canadian Dollars)

**1. GOING CONCERN**

Applied Inventions Management Inc. (the "Company") is incorporated under the laws of the Province of Ontario and is inactive.

These unaudited consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will realize its net assets and discharge its liabilities in the normal course of business. The Company has minimal assets. Without financial support from directors or shareholders, the Company will not be able to discharge its liabilities. During the previous year, the Company was successful in obtaining a revocation of the Cease Trade Order, which was originally issued in 2001 by the Ontario Securities Commission.

The head office, principal address and registered and records office of the Company are located at 1 Adelaide Street East, Suite 801, Toronto Ontario, M5C-2V9.

The board of directors of the Company approved these unaudited interim consolidated financial statements on January 27, 2012.

**2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE**

These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the application of IFRS as compared to the application of previous Canadian GAAP has not had any significant impact on these unaudited consolidated interim financial statements. These unaudited consolidated interim financial statements are in compliance with IAS 34, Interim Financial Reporting. The IFRS principles have been applied to all periods presented. They have also been applied in preparing an opening IFRS balance sheet at September 1, 2010 for the purposes of transition to IFRS as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1").

These unaudited interim consolidated financial statements do not include all disclosures normally provided in annual financial statements for the year ended August 31, 2010. In management's opinion, the unaudited interim consolidated financial information includes all the adjustments necessary to present fairly such information. Interim results are not necessarily indicative of the results expected for the year. The unaudited interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP audited annual financial statements for the year ended August 31, 2011.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

**3. SHAREHOLDER ADVANCES - NON-INTEREST BEARING**

Shareholder advances include unpaid management and consulting fees and advances made on behalf of the Company prior to September 1, 2009. They bear no interest, are secured by a general security agreement and have no specified terms of repayment.

**4. SHAREHOLDER ADVANCES - INTEREST BEARING**

Shareholder advances, principal plus accrued interest, include advances made by the shareholder on behalf of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum, are calculated on a monthly basis, are secured by a general security agreement and have no specified terms of repayment.



**Applied Inventions Management Inc.**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**November 30, 2011**  
(Expressed in Canadian Dollars)

**5. DEBENTURE**

The demand debenture, principal plus accrued interest, is payable to a shareholder of the Company. It bears interest at 10% per annum, and matured on November 5, 1998 and is secured by a general security agreement. The debenture is in default and the conversion features which previously existed have lapsed.

**6. CAPITAL STOCK**

**a) Authorized**

unlimited	Class "A" subordinate voting convertible shares, convertible into an equal number of Class B shares at the option of the holder upon an offer to purchase all or substantially all of the Class B shares of the Company;
unlimited	Class "B" multiple voting (20 votes per share) convertible shares, convertible into an equal number of Class A shares at the option of the holder;
unlimited	Class "C" preference shares

**b) Issued and outstanding:**

	<b>Number of Shares</b>	<b>Amount</b>
Class "A" subordinate voting shares	<u>1,165,314</u>	<u>\$ 1,106,187</u>
Class "B" shares	<b>918,215</b>	<b>1,036,736</b>
<b>Balance, August 31, 2011 and November 30, 2011</b>	<u><u>2,083,529</u></u>	<u><u>\$ 2,142,923</u></u>

**7. TRANSITION TO IFRS**

Significant accounting policies

On first-time adoption of IFRS, the general principle is that an entity retrospectively restates its results for all standards in force at the first reporting date. However, IFRS 1 provides certain exemptions from the general requirements of IFRS to assist with the transition process. The following is the IFRS 1 exemption elected by the Company and exception used in the preparation of the Company's balance sheet at the date of transition to IFRS on September 1, 2010.

Estimates

Hindsight was not used to create or revise estimates. The estimates previously made by the Company under GAAP were not revised for IFRS except where necessary to reflect differences in accounting policies.

Reconciliation of GAAP to IFRS

The following tables set forth, for the periods indicated, a reconciliation from GAAP to IFRS, of equity, loss and comprehensive loss:

**Applied Inventions Management Inc.**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**November 30, 2011**  
(Expressed in Canadian Dollars)

**7. TRANSITION TO IFRS (cont'd)**

**Reconciliation of shareholders' equity:**

	<b>September 1, 2010</b>	<b>November 30, 2010</b>	<b>August 31, 2010</b>
Equity in accordance with GAAP	<u>\$ (412,663)</u>	<u>\$ (413,459)</u>	<u>\$ (412,663)</u>
IFRS adjustment to equity	-	-	-
	<u><b>\$ (412,663)</b></u>	<u><b>\$ (413,459)</b></u>	<u><b>\$ (412,663)</b></u>

**Reconciliation of loss and comprehensive loss**

	<b>Three months ended November 30, 2010</b>	<b>Year Ended August 31, 2010</b>
Loss and comprehensive loss in accordance with GAAP	<u>\$ (796)</u>	<u>\$ (22,895)</u>
IFRS adjustment to loss and comprehensive loss	-	-
<b>Loss and comprehensive loss in accordance with IFRS</b>	<u><b>\$ (796)</b></u>	<u><b>\$ (22,895)</b></u>

**Cash flow**

The adoption of IFRS did not significantly affect cash flows compared to GAAP. There were no changes to overall net cash flows.