Applied Inventions Management Inc.

Consolidated Financial Statements

Expressed in Canadian Dollars

For the Years Ended August 31, 2012 and 2011

Collins Barrow
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Applied Inventions Management Inc.

We have audited the accompanying consolidated financial statements of Applied Inventions Management Inc. and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2012, August 31, 2011 and September 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years August 31, 2012 and August 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Applied Inventions Management Inc. and its subsidiaries as at August 31, 2012, August 31, 2011, and September 1, 2010, and its financial performance and its cash flows for the years ended August 31, 2012 and August 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes material uncertainties that cast significant doubts about Applied Inventions Management Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
December 5, 2012
Toronto, Ontario

Applied Inventions Management Inc.
Consolidated Balance Sheets
Expressed in Canadian Dollars
As at

	August 31, 2012	August 31, 2011 (Note 13)	September 1 2010 (Note 13)
Assets			
Current			
Cash	**$ 781**	$ 21,079	$ -
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 3)	**$ 28,549**	$ 72,678	$ 33,665
Shareholder advances - non-interest bearing (Note 4)	**343,154**	343,154	347,154
Shareholder advances - interest bearing (Note 5)	**113,047**	38,271	-
Debenture (Note 6)	**38,526**	35,028	31,844
	523,276	489,131	412,663
Shareholders' Deficiency			
Capital Stock (Note 7)	**2,142,923**	2,142,923	2,142,923
Contributed surplus	**731,040**	731,040	731,040
Deficit	**(3,396,458)**	(3,342,015)	(3,286,626)
	(522,495)	(468,052)	(412,663)
	$ 781	$ 21,079	$ -

Nature of Business and Going Concern (Note 1)

Approved by the Board **"Barry M. Polisuk"** Director **(Signed)** **"Gabriel Nachman"** Director **(Signed)**

See accompanying notes

Applied Inventions Management Inc.
Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars
Years Ended August 31, 2012 and 2011

		2012		2011 (Note 13)
Expenses				
Bank charges	**$**	**170**	$	221
Interest on debenture and shareholder advances (Note 9)		**11,875**		3,951
Professional fees (Note 9)		**42,398**		51,217
Net loss and comprehensive loss for the year	**$**	**(54,443)**	$	(55,389)

Loss per share				
Basic and diluted	**$**	**(0.03)**	$	(0.03)

Weighted average number of common shares outstanding		
Basic and diluted	**2,083,529**	2,083,529

See accompanying notes

Applied Inventions Management Inc.
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars
Years Ended August 31, 2012 and 2011

	Capital Stock	Constributed Surplus	Deficit	Total
	(Note 7)			(Note 13)
Balance, September 1, 2010	**$ 2,142,923**	**$ 731,040**	**$ (3,286,626)**	**$ (412,663)**
Net loss and comprehensive loss	-	-	(55,389)	(55,389)
Balance, August 31, 2011	**$ 2,142,923**	**$ 731,040**	**$ (3,342,015)**	**$ (468,052)**
Net loss and comprehensive loss	-	-	(54,443)	(54,443)
Balance, August 31, 2012	**$ 2,142,923**	**$ 731,040**	**$ (3,396,458)**	**$ (522,495)**

See accompanying notes

Applied Inventions Management Inc.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars
Years Ended August 31, 2012 and 2011

	2012	2011 (Note 13)
Cash provided by (used in)		
Operations		
Net loss and comprehensive loss	**$ (54,443)**	$ (55,389)
Items not affecting cash		
Interest accrued on debentures and shareholder advances	**11,875**	3,951
Shareholder payment of professional fees	**84,199**	12,204
	41,631	(39,234)
Net changes in non-cash working capital		
Accounts payable and accrued liabilities	**(44,129)**	39,013
	(2,498)	(221)
Financing		
Shareholder advances	**1,200**	21,300
Repayment of shareholder advances	**(19,000)**	-
	(17,800)	21,300
Net change in cash	**(20,298)**	21,079
Cash, beginning of year	**21,079**	-
Cash, end of year	**$ 781**	$ 21,079

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN

Applied Inventions Management Inc. (the "Company") is incorporated under the laws of the Province of Ontario and is inactive. The Company does not engage in commercial operations and has no assets other than a minimal amount of cash. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a potential acquisition.

On August 26, 2011, the Company was successful in obtaining a revocation of the Cease Trade Order with the Ontario Securities Commission.

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the year ended August 31, 2012, the Company incurred a loss of $54,443 (2011 - $55,389) and, as of that date, the Company had accumulated deficit of $3,396,458 (2011 - $3,342,015, September 1, 2010 - $3,286,626), a working capital deficiency of $522,495 (2011 - $468,052, September 1, 2010 - $412,663) and negative cash flows from operations of $2,498 (2011 - $221). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Notes 4, 5, and 6) and its ability to raise additional funds through the issuance of shares or debt.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

The registered office of the Company is located at 1 Adelaide Street East Suite 801 Toronto Ontario M5C 2V9.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB"). In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Statement of Compliance (Cont'd)

These are the Company's first annual consolidated financial statements presented in accordance with IFRS as issued by the IASB. IFRS 1 First-Time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in Note 13. Subject to Note 13, the Company has consistently applied the same accounting policies in its opening IFRS consolidated balance sheet at September 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's previously issued financial statements for the period ended August 31, 2011.

The consolidated financial statements of the Company for the years ended August 31, 2012 and 2011 were approved and authorized for issue by the Board of Directors on December 5, 2012.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Applied Inventions Management Corporation U.S.A. and Tour Technologies. The two subsidiaries are inactive.

Functional and Presentation Currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and other liabilities. Classification of these financial instruments is as follows:

Financial Instrument		Classification
Cash		FVTPL
Accounts payable and accrued liabilities		Other financial liabilities
Shareholder advances	- non-interest bearing	Other financial liabilities
	- interest bearing	Other financial liabilities
Debenture		Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares. If the number of common shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it does not record that excess.

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2011 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(b) IFRS 10 Consolidated Financial Statements was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC 12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(c) IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities Non Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(d) IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(e) IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRSs and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB’s Accounting Standards Codification (formerly referred to as SFAS 157), completes a major project of the boards’ joint work to improve IFRSs and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements (Cont'd)

(f) IAS 1 Presentation of Financial Statements was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2012	August 31, 2011 (Note 13)	September 1, 2010 (Note 13)
Trade payables	**$ 11,824**	$ 66,428	$ 22,665
Accrued liabilities:			
Legal	**2,000**	-	-
Audit and accounting	**14,725**	6,250	11,000
	$ 28,549	$ 72,678	$ 33,665

4. 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.

5. 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 calculated monthly, are secured by a general security agreement and have no specified terms of repayment.

6. 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.

Expressed in Canadian Dollars

7. 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:

Common Shares	Number of Shares	Amount
Class "A" subordinate shares	1,165,314	$ 1,106,187
Class "B" shares	918,215	1,036,736
Balance as at September 1, 2010, August 31, 2011 and August 31, 2012	**2,083,529**	**$ 2,142,923**

8. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 27.00% (2011 - 28.92%) to the net loss and comprehensive loss for the period. The reason for the difference is as follows:

	2012	2011 (Note 13)
Loss before income taxes	**$ (54,443)**	$ (55,389)
Statutory rate	**27.00 %**	28.92 %
Expected income tax recovery	**$ (14,700)**	$ (16,018)
Increase (decrease) resulting from:		
Change in rates and other	**11,161**	2,171
Change in deferred tax assets not recognized	**3,539**	13,847
Income tax expense	**$ -**	$ -

Expressed in Canadian Dollars

8. INCOME TAXES (Cont'd)

The Company's deferred income tax assets are estimates as follows:

	August 31, 2012	August 31, 2011 (Note 13)	September 1, 2010 (Note 13)
Deferred income tax assets			
Non-capital losses	**$ 32,470**	$ 28,931	$ 15,084
	32,470	28,931	15,084
Less: Deferred tax assets not recognized	**(32,470)**	(28,931)	(15,084)
Net deferred income tax asset	**$ -**	**$ -**	$ -

Losses Carried Forward

As at August 31, 2012, the Company has non-capital losses for income tax purposes of $123,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2026	$ 6,000
2028	5,000
2030	1,000
2031	56,000
2032	55,000
	$ 123,000

9. RELATED PARTY TRANSACTIONS

(a) The interest expense of $11,875 (2011 - $3,951) is due to a shareholder who is also a director and officer. The balance includes interest accrued on the debenture payable in the amount of $3,498 (2011 - $3,184). The remaining amount of $8,377 (2011 - $767) is interest accrued on outstanding shareholder advances during the year.

(b) The debenture of $38,526 (2011 - $35,028, September 1, 2010 - $31,844), consisting of principal plus accrued interest, is payable to a shareholder who is also a director and officer (see Note 6).

(c) During the year, the Company accrued $NIL (2011 - $5,000) for consulting fees, included in professional fees, to an officer, director and principal shareholder. Included in accounts payable and accrued liabilities is $10,000 (2011 - $10,000, September 1, 2010 - $5,000) related to these fees.

(d) During the year, the Company incurred $NIL (2011 - $36,767) for legal fees and disbursements, included in professional fees, to a law firm in which a director of the Company is a partner. Included in accounts payable and accrued liabilities is $NIL (2011 - $36,767, September 1, 2010 - $NIL) related to these fees.

All related party transactions are in the normal course of operations and are measured at their exchange amounts.

10. STOCK OPTION PLAN

During the year, all previous stock option plans of the Company were repealed, revoked and cancelled in order to introduce a new stock option plan. The new stock option plan provides for a maximum of 10% of the issued and outstanding Class A Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class B Multiple Voting Shares on the date of grant to be issuable.

During the fiscal years ended August 31, 2012 and 2011, no options to purchase common shares were granted under the plan.

11. CAPITAL RISK MANAGEMENT

The Company considers capital stock, contributed surplus and deficit to represent capital. As at August 31, 2012 and 2011, the Company has a shareholders' deficiency and management's objective is to maintain its ability to continue as a going concern (Note 1).

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended August 31, 2012 and 2011

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, debenture and shareholder advances, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk of the Company at year-end is the carrying value of its cash. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2012, the Company has current liabilities of $523,276 (2011 - $489,131, September 1, 2010 - $412,663) and no significant assets other than a cash balance of $781 (2011 - $21,079, September 1, 2010 - $NIL). As a result, the Company is dependent on obtaining additional financing to meet its current obligations.

13. CONVERSION TO IFRS

As stated in Significant Accounting Policies Note 2, these are the Company’s first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the consolidated financial statements for the year ended August 31, 2011 and in the preparation of an opening IFRS balance sheet at September 1, 2010 (the Company’s date of transition).

First-time Adoption of IFRS

Under IFRS 1, IFRS has been applied retrospectively at the date of transition to the balance sheet and the statement of loss and comprehensive loss, changes in equity and cash flows with all adjustment to assets and liabilities as stated under Canadian GAAP taken to retained earnings, except where certain exemptions and elections were applied. The primary exemption used by the Company is:

Business Combinations. IFRS 3, “Business Combinations” (IFRS 3), has not been applied retrospectively to past business combinations. Accordingly, the Company did not restate business combinations that took place prior to September 1, 2010.

Share-based Payments. IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS, September 1, 2010. The Company did not apply IFRS 2 to awards that were granted on or before November 7, 2002 and to those granted after November 7, 2002, which were vested by September 1, 2010.

Estimates. IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company’s opening IFRS consolidated statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

Expressed in Canadian Dollars

13. CONVERSION TO IFRS (Cont'd)

Reconciliations from Canadian GAAP to IFRS

As management had anticipated, given that the Company is inactive and given the limited number of transactions that the Company has entered into in the past and the Company's previous accounting policies, the adoption of IFRS had no impact on the Company's consolidated financial position, financial performance and cash flows.

Comparative Consolidated Financial Statements

The Company’s adoption of IFRS had no impact on the consolidated balance sheets as at September 1, 2010 and August 31, 2011, nor on the statement of cash flows for the year ended August 31, 2011.

Reconciliation of Comprehensive Loss and Equity

Reconciliation of net loss and comprehensive loss	August 31, 2011
Net loss and comprehensive loss under Canadian GAAP	$ (55,389)
IFRS adjustments to net loss and comprehensive loss	-
Net loss and comprehensive loss under IFRS	$ (55,389)

Reconciliation of shareholders' deficiency	August 31, 2011	September 1, 2010
Total shareholders' deficiency under Canadian GAAP	$ (468,052)	$ (412,663)
IFRS adjustments to shareholders' deficiency	-	-
Total shareholders' deficiency under IFRS	$ (468,052)	$ (412,663)