

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

**For the six-month period ended February 28, 2014**  
(Expressed in Canadian Dollars)

# **Applied Inventions Management Inc.**

February 28, 2014

## **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 February 28, 2014 and February 28, 2013, 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 February 28, 2014 and February 28, 2013 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.**

February 28, 2014

Unaudited

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# Applied Inventions Management Inc.

## Unaudited Interim Consolidated Balance Sheet

(Expressed in Canadian Dollars)

As at		February 28, 2014	August 31, 2013 (Audited)
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$4,045	\$398
Accounts receivable		5,650	5,650
		<u>\$9,695</u>	<u>\$6,048</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$39,237	\$35,061
Due to shareholder – non interest bearing	3	343,154	343,154
Due to shareholder – interest bearing	4	162,693	147,530
Debenture	5	44,496	42,378
		<u>589,580</u>	<u>568,123</u>
Going Concern	1		
<b>Shareholders' Equity</b>			
Capital stock	6	2,142,923	2,142,923
Contributed surplus		731,040	731,040
Deficit		(3,453,848)	(3,436,038)
		<u>(579,885)</u>	<u>(562,075)</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><b>\$9,695</b></u>	<u><b>\$6,048</b></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)

	Three months ended		Six months ended	
	February 28, 2014	February 28, 2013	February 28, 2014	February 28, 2013
<b>Expenses</b>				
Interest on debenture and shareholder advances	\$4,829	\$4,158	\$9,835	\$8,021
Professional fees	4,776	3,324	7,871	9,244
Bank charges	53	49	104	94
<b>Net Loss and Comprehensive Loss</b>	<b>(\$9,658)</b>	<b>(\$7,531)</b>	<b>(\$17,810)</b>	<b>(\$17,359)</b>
<b>Loss per share</b>				
Basic and fully diluted	<b>(\$0.005)</b>	<b>(\$0.003)</b>	<b>(\$0.008)</b>	<b>(\$0.008)</b>
<b>Weighted average number of shares outstanding</b>				
Basic and fully diluted	<b>2,083,529</b>	<b>2,083,529</b>	<b>2,083,529</b>	<b>2,083,529</b>

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)

As at	February 28, 2014	February 28, 2013
<b>Capital Stock</b>		
Balance, beginning of year	\$ 2,142,923	\$ 2,142,923
Balance, end of period	<u>\$ 2,142,923</u>	<u>\$ 2,142,923</u>
<b>Contributed Surplus</b>		
Balance, beginning of year	\$ 731,040	\$ 731,040
Balance, end of period	<u>\$ 731,040</u>	<u>\$ 731,040</u>
<b>Deficit</b>		
Balance, beginning of year	\$ (3,436,038)	\$ (3,396,458)
Net Loss and Comprehensive Loss for the period	<u>(17,810)</u>	<u>(17,359)</u>
Balance, end of period	<u>\$ (3,453,845)</u>	<u>\$ (3,413,817)</u>
<b>Shareholders' Equity</b>		
Balance, beginning of year	\$ (562,075)	\$ (522,495)
Net Loss and Comprehensive Loss for the period	<u>(17,810)</u>	<u>(17,359)</u>
Balance, end of period	<u>\$ (579,885)</u>	<u>\$ (539,854)</u>

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

For the six months ended	February 28, 2014	February 28, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss</b>	\$ (17,810)	\$ (17,359)
Interest accrued	9,835	8,021
	<u>(7,975)</u>	<u>(9,338)</u>
<b>Working capital adjustment:</b>		
Increase (decrease) in accounts payable and accrued liabilities	4,176	(5,768)
<b>Net cash flows used in operating activities</b>	<u>(3,799)</u>	<u>(15,106)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from shareholder	7,446	14,815
<b>Net cash flows generated from financing activities</b>	<u>7,446</u>	<u>14,815</u>
<b>NET INCREASE ( DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,647</b>	<b>(291)</b>
	<b>398</b>	<b>781</b>
<b>Cash and cash equivalents, beginning of the year</b>		
<b>Cash and cash equivalents, end of the period</b>	<u><u>\$ 4,045</u></u>	<u><u>\$ 490</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**  
**February 28, 2014**  
(Expressed in Canadian Dollars)

**1. GOING CONCERN**

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

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. On August 26, 2011, 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 Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential acquisition.

The registered office of the Company is 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 April 25, 2014.

**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 are in compliance with IAS 34, Interim Financial Reporting.

These unaudited interim consolidated financial statements do not include all disclosures normally provided in annual financial statements for the year ended August 31, 2013. 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 audited annual financial statements for the year ended August 31, 2013 in accordance with International Financial Reporting Standards.

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.

**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.



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**Notes to Unaudited Interim Consolidated Financial Statements**  
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**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	918,215	1,036,736
<b>Balance, February 28, 2014 and August 31, 2013</b>	<u><u>2,083,529</u></u>	<u><u>\$ 2,142,923</u></u>

**c) Share consolidation**

At the last annual general meeting, the shareholders approved a consolidation of each class of shares up to 10 for 1, at the discretion of the directors. To date no consolidation has occurred or is proposed.