

Applied Inventions Management Inc.

Interim Financial Statements

For the period ended May 31, 2011

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an 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 an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended May 31, 2011 and 2010, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Corporation's management.

The Company's independent auditors, Collins Barrow Toronto LLP, have not performed a review of the interim financial statements for May 31, 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.

May 31, 2011

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Applied Inventions Management Inc.
Consolidated Balance Sheet
As at May 31, 2011
Unaudited

These consolidated interim financial statements have not been reviewed by the Company's external auditors

| | May 31, 2011 | August 31, 2010 (AUDITED) |
|--|-------------------------|---------------------------------|
| Assets | | |
| Current | | |
| Cash | \$ <u>118</u> | \$ <u>-</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 27,326 | \$ 33,665 |
| Due to shareholder (note 4) | 364,093 | 347,154 |
| Debenture (Note 3) | <u>34,232</u> | <u>31,844</u> |
| | <u>425,651</u> | <u>412,663</u> |
| Going Concern (Note 1) | | |
| Shareholders' Deficiency | | |
| Capital stock | 2,142,923 | 2,142,923 |
| Contributed surplus | 731,040 | 731,040 |
| Deficit | <u>(3,299,496)</u> | <u>(3,286,626)</u> |
| | <u>(425,533)</u> | <u>(412,663)</u> |
| | \$ <u>118</u> | \$ <u>-</u> |

See accompanying notes to financial statements

Applied Inventions Management Inc.
 Consolidated Statements of Operations and Deficit
 For the Third Quarter ended May 31, 2011
 Unaudited

These consolidated interim financial statements have not been reviewed by the Company's external auditors

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------------------------|-----------------------|------------------------------|-----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Expenses | | | | |
| Interest | \$ 796 | \$ 724 | \$ 2,388 | \$ 2,172 |
| Bank charges | 182 | - | 182 | - |
| Professional fees | <u>5,300</u> | <u>-</u> | <u>10,300</u> | <u>-</u> |
| Net loss for the quarter | (6,278) | (724) | (12,870) | (2,172) |
| Deficit, beginning of quarter | <u>(3,293,218)</u> | <u>(3,265,179)</u> | <u>(3,286,626)</u> | <u>(3,263,731)</u> |
| | <u>\$ (3,299,496)</u> | <u>\$ (3,265,903)</u> | <u>\$ (3,299,496)</u> | <u>\$ (3,265,903)</u> |
| Net loss per share | | | | |
| Basic and diluted | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> |
| Weighted average number of common shares outstanding | | | | |
| Basic and diluted | <u>2,083,529</u> | <u>2,083,529</u> | <u>2,083,529</u> | <u>2,083,529</u> |

See accompanying notes to financial statements

Applied Inventions Management Inc.
 Consolidated Statement of Cash Flows
 For the period ended May 31, 2011
 Unaudited

These consolidated interim financial statements have not been reviewed by the Company's external auditors

| | Three months ended May 31, | | Nine months ended May 31, | |
|--|---------------------------------------|-------------|--------------------------------------|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Cash provided by (used in) | | | | |
| Net loss for the period | \$ (6,278) | \$ (724) | \$ (12,870) | \$ (2,172) |
| Items not affecting cash | | | | |
| Interest accrued | 796 | 724 | 2,388 | 2,172 |
| Shareholder advance of cash | 300 | - | 300 | - |
| Shareholder payment of professional fees | <u>11,639</u> | <u>-</u> | <u>16,639</u> | <u>-</u> |
| Net change in non-cash working capital | 6,457 | - | 6,457 | - |
| Accounts payable and accrued liabilities | (6,339) | - | (6,339) | - |
| Net change in cash | <u>118</u> | <u>-</u> | <u>118</u> | <u>-</u> |
| Cash beginning of period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash end of period | <u>\$ 118</u> | <u>\$ -</u> | <u>\$ 118</u> | <u>\$ -</u> |

See accompanying notes to financial statements

Applied Inventions Management Inc.
Notes to Unaudited Consolidated Financial Statements
For the Quarter Ended May 31, 2011

These consolidated interim financial statements have not been reviewed by the Company's external auditors

1. Going Concern

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

These consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assume 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. Management is currently identifying opportunities to reactivate the Company but there is no assurance that management will successfully do so.

2. Significant Accounting Policies

Principles of Consolidation

These consolidated interim 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.

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada and are consistent with those outlined in the Company's 2010 annual audited financial statements. These consolidated interim financial statements do not include all disclosures normally provided in annual financial statements and accordingly should be read in conjunction with the Company's consolidated audited financial statements for the year ended August 31, 2010. In management's opinion, the unaudited interim 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 Statement of Changes in Equity has not been included in these consolidated interim financial statements as there were no equity transactions and all of the period's activity is reflected in the Statement of Operations and Deficit.

Other comprehensive income consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. To date there has not been any other comprehensive income and accordingly, a statement of comprehensive income has not been presented.

3. 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.

Applied Inventions Management Inc.
Notes to Unaudited Consolidated Financial Statements
For the Quarter Ended May 31, 2011

These consolidated interim financial statements have not been reviewed by the Company's external auditors

4. Due to Shareholder

Amounts due to shareholder include unpaid management and consulting fees and advances made on behalf of the Company. They bear no interest, are secured by a general security agreement and have no specific terms of repayment.