

APPLIED INVENTIONS MANAGEMENT INC.
Unaudited Interim Consolidated Financial Statements

For the nine-month period ended May 31, 2014
(Expressed in Canadian Dollars)

Applied Inventions Management Inc.

May 31, 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 May 31, 2014 and May 31, 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 May 31, 2014 and May 31, 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.

May 31, 2014

Unaudited

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Applied Inventions Management Inc.

Unaudited Interim Consolidated Balance Sheet

(Expressed in Canadian Dollars)

As at		May 31, 2014	August 31, 2013 (Audited)
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		\$1,380	\$398
Accounts receivable		5,650	5,650
		<u>\$7,030</u>	<u>\$6,048</u>
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$36,839	\$35,061
Due to shareholder – non interest bearing	3	343,154	343,154
Due to shareholder – interest bearing	4	183,633	147,530
Debenture	5	45,555	42,378
		<u>609,181</u>	<u>568,123</u>
Going Concern	1		
Shareholders' Equity			
Capital stock	6	2,142,923	2,142,923
Contributed surplus		731,040	731,040
Deficit		(3,476,114)	(3,436,038)
		<u>(602,151)</u>	<u>(562,075)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$7,030</u>	<u>\$6,048</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 May 31,		Nine months ended May 31,	
	2014	2013	2014	2013
Expenses				
Interest on debenture and shareholder advances	\$5,074	\$4,173	\$14,909	\$12,194
Professional fees	17,139	13,233	25,010	22,478
Bank charges	53	45	157	138
Net Loss and Comprehensive Loss	(\$22,266)	(\$17,451)	(\$40,076)	(\$34,810)
Loss per share				
Basic and fully diluted	(\$0.010)	(\$0.008)	(\$0.019)	(\$0.017)
Weighted average number of shares outstanding				
Basic and fully diluted	2,083,529	2,083,529	2,083,529	2,083,529

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	May 31, 2014	May 31, 2013
Capital Stock		
Balance, beginning of year	\$ 2,142,923	\$ 2,142,923
Balance, end of period	<u>\$ 2,142,923</u>	<u>\$ 2,142,923</u>
Contributed Surplus		
Balance, beginning of year	\$ 731,040	\$ 731,040
Balance, end of period	<u>\$ 731,040</u>	<u>\$ 731,040</u>
Deficit		
Balance, beginning of year	\$ (3,436,038)	\$ (3,396,458)
Net Loss and Comprehensive Loss for the period	<u>(40,076)</u>	<u>(34,810)</u>
Balance, end of period	<u>\$ (3,476,114)</u>	<u>\$ (3,431,268)</u>
Shareholders' Equity		
Balance, beginning of year	\$ (562,075)	\$ (522,495)
Net Loss and Comprehensive Loss for the period	<u>(40,076)</u>	<u>(34,810)</u>
Balance, end of period	<u>\$ (602,151)</u>	<u>\$ (557,305)</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)

For the nine months ended	May 31, 2014	May 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (40,076)	\$ (34,810)
Interest accrued	14,909	12,194
	<u>(25,167)</u>	<u>(22,616)</u>
Working capital adjustment:		
Increase (decrease) in accounts payable and accrued liabilities	1,778	3,708
	<u>(23,389)</u>	<u>(18,908)</u>
Net cash flows used in operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from shareholder	24,371	18,572
Net cash flows generated from financing activities	<u>24,371</u>	<u>18,572</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	982	(336)
Cash and cash equivalents, beginning of the year	398	781
Cash and cash equivalents, end of the period	<u>\$ 1,380</u>	<u>\$ 445</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
May 31, 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. 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 July 23, 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.

Applied Inventions Management Inc.
Notes to Unaudited Interim Consolidated Financial Statements
May 31, 2014
(Expressed in Canadian Dollars)

6. CAPITAL STOCK

a) Authorized

- unlimited Class "A" Subordinate Voting 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) 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

	Number of Shares	Amount
Class "A" Subordinate Voting Shares	<u>1,165,314</u>	<u>\$ 1,106,187</u>
Class "B" Multiple Voting Shares	918,215	1,036,736
Balance, May 31, 2014 and August 31, 2013	<u>2,083,529</u>	<u>\$ 2,142,923</u>

c) Share consolidation

At the last annual general meeting on June 4, 2014, the shareholders approved that the authorized capital of the Company be altered by consolidating all of the issued and outstanding Class "A" Subordinated Voting Shares and Class "B" Multiple Voting Shares on the basis of one (1) new Share for every ten (10) existing Shares of such lesser number of existing Shares as may be determined by the board and approved by applicable regulatory and exchange authorities. To date no consolidation has occurred.