

Financial Statements of



June 30, 2012

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

John D. Pennal  
*President*

Jenifer Cho  
*Director of Finance*

August 28, 2012

**AYLEN CAPITAL INC.****Statements of Financial Position - Unaudited**

(Expressed in Canadian Dollars)

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 55,151	\$ 70,503
Marketable securities (Note 3)	350,133	453,015
Accounts receivable (Note 4)	130,183	183,574
HST Recoverable	22,714	26,975
Prepaid expense and sundry assets	8,976	8,724
	567,157	742,791
INVESTMENTS (Note 5)	1,843,890	1,843,890
PROPERTY AND EQUIPMENT (Note 6)	484,763	586,986
GOODWILL	116,831	116,831
	<b>\$ 3,012,641</b>	<b>\$ 3,290,498</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 48,325	\$ 96,753
Deferred revenue (Note 8)	330,717	374,324
Provision	-	40,000
	379,042	511,077
<b>LONG-TERM</b>		
Note payable (Note 9)	609,513	582,591
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL (Note 10)	2,429,528	2,429,528
CONTRIBUTED SURPLUS	39,628	39,628
DEFICIT	(445,070)	(272,326)
	2,024,086	2,196,830
	<b>\$ 3,012,641</b>	<b>\$ 3,290,498</b>

The accompanying notes form an integral part of these financial statements

**AYLEN CAPITAL INC.****Statements of Loss and Comprehensive Loss - Unaudited****For the three months and six months ended June 30, 2012****(with comparative for the Year Ended December 31, 2011)**

(Expressed in Canadian Dollars)

	<b>Three months ended June 30</b>	<b>Six Months ended June 30</b>	<b>December 31, 2011</b>
<b>Revenues</b>			
Sales revenue	\$ 134,410	\$ 344,926	\$ 107,057
Interest and other income	3,591	6,487	1,445
Gain on sale of marketable securities	2,742	9,168	1,162
	<b>140,743</b>	<b>360,581</b>	<b>109,664</b>
<b>Expenses</b>			
General and administrative	86,078	189,573	161,844
Selling expenses	88,415	193,859	120,413
Stock-based compensation	-	-	39,628
Amortization	52,376	104,753	34,900
Accretion expense (Note 9)	13,461	26,922	8,974
Unrealized loss on fair value of marketable securities held for trading (Note 3)	35,038	18,218	16,231
	<b>275,368</b>	<b>533,325</b>	<b>381,990</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(134,625)</b>	<b>(172,744)</b>	<b>(272,326)</b>
Deficit, beginning of period	(310,445)	(272,326)	-
<b>Deficit, end of period</b>	<b>\$ (445,070)</b>	<b>\$ 445,070)</b>	<b>\$ (272,326)</b>
Net loss per share - basic and fully diluted (Note 11)	\$ <b>(0.008)</b>	\$ (0.01)	\$ <b>(0.10)</b>
Weighted average number of shares (Note 11)	<b>16,856,632</b>	<b>16,856,632</b>	<b>2,817,219</b>

The accompanying notes form an integral part of these financial statements

**AYLEN CAPITAL INC.****Statements of Changes in Equity - Unaudited****For the six months ended June 30, 2012**

(Expressed in Canadian Dollars)

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	Number of fully paid common shares	Capital stock	Contributed Surplus	Deficit	Total shareholders' equity
Balance at December 31, 2011	16,856,632	\$ 2,429,528	\$ 39,628	\$ (272,326)	\$ 2,196,830
Net loss for the period	-	-	-	(172,744)	(172,744)
Balance at June 30, 2012	16,856,632	\$ 2,429,528	\$ 39,628	\$ (445,070)	\$ 2,024,086

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The accompanying notes form an integral part of these financial statements

## AYLEN CAPITAL INC.

### Statements of Cash Flows

For the three months and six months ended June 30, 2012 - Unaudited

(with comparative for the Year Ended December 31, 2011)

(Expressed in Canadian Dollars)

	Three months ended June 30	Six months ended June 30	December 31, 2011
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>			
<b>Operating</b>			
Net loss for the period	\$ (134,625)	\$ (172,744)	\$ (272,326)
Items not affecting cash:			
Unrealized (gain) loss on fair value of marketable securities held for trading (Note 3)	35,038	18,218	16,231
Stock-based compensation	-	-	39,628
Amortization	52,376	104,753	34,900
Gain on sale of marketable securities	(2,742)	(9,168)	-
Accretion expense (Note 9)	13,461	26,922	8,974
	(36,492)	(32,019)	(172,593)
Net changes in non-cash working capital balances:			
Accounts receivable	(54,330)	53,391	(101,456)
Prepaid expenses and sundry assets	(20)	(252)	149,169
Accounts payable and accrued liabilities	(37,217)	(88,428)	59,035
Deferred revenue	45,915	(43,606)	104,590
HST Recoverable	15,015	4,260	(26,975)
	(67,129)	(106,654)	11,770
<b>Investing</b>			
Purchase of office equipment	(1,311)	(2,530)	(1,805)
Proceeds from sale of marketable securities	48,170	93,832	49,468
Cash transferred from Spackman Equities Group Inc (formerly Centiva Capital Inc.)	-	-	10,970
	46,859	91,302	58,633
<b>Increase in cash position during the period</b>	<b>(20,270)</b>	<b>(15,362)</b>	<b>70,403</b>
Cash and cash equivalents, beginning of period	\$ 75,421	\$ 70,503	\$ 100
<b>Cash and cash equivalents, end of period</b>	<b>\$ 55,151</b>	<b>\$ 55,151</b>	<b>\$ 70,503</b>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for:			
Interest paid	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -
Cash and cash equivalent	\$ 55,151	\$ 55,151	\$ 70,503

The accompanying notes form an integral part of these financial statements

**AYLEN CAPITAL INC.**  
**Notes to the financial statements**  
**June 30, 2012**  
(Expressed in Canadian Dollars)

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These interim financial statements should be read in conjunction with the 2011 annual financial statements of Aylen Capital Inc.

**1. INCORPORATION AND NATURE OF OPERATIONS**

Aylen Capital Inc. ("Aylen" or the "Company") was incorporated on October 28, 2010 as a wholly-owned subsidiary of Centiva Capital Inc. ("Centiva"). Aylen remained inactive from the date of incorporation to October 31, 2011.

On September 30, 2011, a plan of arrangement (the "Arrangement") was completed pursuant to Section 192 of the Canada Business Corporations Act, whereby Centiva and Aylen entered into an agreement to distribute the existing assets of Centiva to shareholders by way of the Arrangement. Under the terms of the Arrangement, all of the existing assets and liabilities of Centiva were transferred to Aylen in exchange for shares of Aylen and a promissory note in an amount representing \$0.05 per issued and outstanding common share of Centiva immediately prior to the Arrangement. The Arrangement was approved by Centiva shareholders at a special meeting held on September 23, 2011 and by the Ontario Superior Court of Justice on September 27, 2011. The effective date of the transaction was October 31, 2011. On the same date, Centiva changed its name to Spackman Equities Group Inc ("SEGI").

Centiva transferred all of its then existing assets and liabilities, except those relating to the new equity and tax losses, to Aylen in exchange for common shares of Aylen. The assets which were transferred to Aylen from Centiva consist of an equity interest in a technology-based company, VFM Leonardo Inc., a technology-based business, Grapevine Solutions, and a portfolio of marketable securities. Grapevine Solutions ("Grapevine"), an unincorporated division of Aylen, operates a web-based survey and data collection business. Aylen took over Grapevine's operations effective November 1, 2011.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") under IAS 34 – Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as outlined in Note 2, Basis of Preparation and Significant Accounting policies as described in our financial statements for the year ended December 31, 2011. The interim financial statements do not include all of the notes required in annual financial statements. These financial statements were authorized for issuance by the Board of Directors of the Company on August 28, 2012.

**AYLEN CAPITAL INC.**  
**Notes to the financial statements**  
**June 30, 2012**  
(Expressed in Canadian Dollars)

**3. MARKETABLE SECURITIES**

The Company has the following marketable securities:

	June 30, 2012		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value
Investment in equities	\$ 382,789	\$ 349,940	\$ 469,053	\$ 452,822
Mutual funds	193	193	193	193
	\$ 382,982	\$ 350,133	\$ 469,246	\$ 453,015

The investments in equities are publicly-traded investments on a recognized securities exchange and for which no sales restrictions apply. The fair value of these securities is based on quoted closing prices at the balance sheet date or the closing bid price on the last day the security traded if there were no trades at the balance sheet date. The fair value of mutual funds is determined using the net value per unit of each fund. The decrease in the fair value of marketable securities of \$18,218 was recognized in the statement of loss and comprehensive loss for the six months ended June 30, 2012.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable are amounts due from subscriptions that remain uncollected at year end. These amounts are classified as current because collection is expected in one year or less. Accounts receivable are recognized initially at the amount expected to be received less any discount to reduce the recoverable amount to fair value. Subsequently, accounts receivable are measured at amortized cost using the effective interest method less a provision for impairment.

The following table outlines the details of aging of the Company's receivables:

	June 30, 2012	December 31, 2011
Current	\$ 68,752	\$ 9,547
Past due		
31-60 days	31,192	151,051
Greater than 60 days	30,239	22,976
Less: allowance for doubtful accounts	-	-
Total receivable, net	\$ 130,183	\$ 183,574

Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The management evaluates the accounts receivable on a periodic basis and will make a decision as to write-down.



**AYLEN CAPITAL INC.**  
**Notes to the financial statements**  
**June 30, 2012**  
(Expressed in Canadian Dollars)

**5. INVESTMENTS**

Included in the assets transferred from Centiva was the equity investment in privately-held company, VFM Leonardo Inc:

	<b>No. of shares</b>	<b>Carrying value</b>
Privately held investments:		
(a) VFM Leonardo Inc.		
Common shares	3,075,358.5	\$ 1,156,000
Class A Preferred Shares, Series 1 and warrants to purchase further common shares	2,436,658	687,890
	5,512,016.5	\$ 1,843,890

The Company owned an equity interest of 9.6% in VFM Leonardo Inc. ("VFM") representing approximately 11.6% on a fully-diluted basis, should all warrants and options be exercised.

Class A Preferred Shares, Series 1 were entitled to a cumulative dividend of 8% per annum and are convertible into common shares at a conversion price of \$0.2811 per share. Preferred shares are redeemable at any time after April 22, 2013 for an amount equal to the purchase price plus all accrued and unpaid dividends.

The Company held 12,000,000 warrants with expiry date of March 1, 2014 and an exercise price of \$0.001 per share. The Company uses the Black-Scholes option-pricing model in calculating the fair value of warrants. The Company has determined that the resulting fair value of warrants was not material and therefore no amount has been assigned to warrants.

VFM is a provider of interactive content solutions to the lodging and travel industry. VFM uses the latest technology, some proprietary, to produce, host, manage, distribute and track rich media advertising platform and distribution network on many different travel websites. VFM is the world's largest producer and distributor of online visual content for the hotel and travel industry. VFM's annual gross revenues are increasing. During the first six months of 2012, VFM exceeded its internally budgeted revenues. VFM's cash position remains positive and has successfully financed its operations through internally generated funds.

Investments in VFM were recorded at carrying value, there being no active market in its privately-held shares. The management reviewed the indicators of impairment based on IAS 36 and believed that there is no permanent impairment on VFM investments as at June 30, 2012.

**AYLEN CAPITAL INC.**  
**Notes to the financial statements**  
**June 30, 2012**  
(Expressed in Canadian Dollars)

**6. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	Net book value	
			June 30, 2012	December 31, 2011
Software	\$ 605,000	\$ 134,444	\$ 470,556	\$ 571,389
Computer equipment	24,828	10,621	14,207	15,597
	\$ 629,828	\$ 145,065	\$ 484,763	\$ 586,986

There were no impairment losses recognized with respect to obsolescence of the software and computer equipment as at June 30, 2012.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist primarily of outstanding vendors' invoices and accrued expenses incurred during the year. The balances owing to the creditors are payable in accordance with the vendors' individual credit terms. The Company's contractual maturities were broken down as follows:

	June 30, 2012	December 31, 2011
Less than 3 months	\$ 10,825	\$ 96,753
3 - 6 months	37,500	-
6 - 9 months	-	-
9 - 12 months	-	-
Greater than 12 months	-	-
	\$ 48,325	\$ 96,753

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations.

**8. DEFERRED REVENUE**

Deferred revenue represents the unearned portion of subscription fees collected from customers amortized on a straight-line basis over the remaining life of the contract.

	June 30, 2012	December 31, 2011
Unearned subscription fees	\$ 330,717	\$ 374,324

**AYLEN CAPITAL INC.**  
**Notes to the financial statements**  
**June 30, 2012**  
(Expressed in Canadian Dollars)

**9. NOTE PAYABLE**

The Company issued a demand promissory note in the amount of \$842,832 to Spackman Equities Group Inc. (formerly Centiva Capital Inc) on October 31, 2011 in exchange for the assets and liabilities transferred (see Note 4 of the December 31, 2011 financial statements). The note is secured and is subject to certain conditions such that the holder shall not demand payment of the principal amount unless assets of the maker have been sold and the holder shall not demand payment from the maker in an amount that exceeds the net proceeds of the sale of such assets by the maker.

The Company uses the effective interest rate method to determine the fair value of the note. The effective interest rate of the note was 8% and a maturity date of 5 years from the date of issue. The discount is amortized on a straight-line basis over a period of 5 years. At each reporting period, the Company accretes the carrying value of the note by recognizing accretion expense in the statement of loss and comprehensive loss and a credit to note payable.

The balance of note payable as at June 30, 2012 and December 31, 2011 was determined as follows:

	June 30, 2012	December 31, 2011
Fair value of note payable, on issue date at 8%, term 5 years	\$ 573,617	\$ 573,617
Accretion expense	35,896	8,974
	\$ 609,513	\$ 582,591

**10. SHARE CAPITAL**

a) Authorized

An unlimited number of common shares, an unlimited number of Class A common shares and unlimited number of preferred shares issuable in series.

(b) Issued and outstanding

	Number of common shares	Amount
Balance at June 30, 2012 and December 31, 2011	16,856,632	\$ 2,429,528

(a) Stock options

The Company has an incentive stock option plan for the officers and directors enabling them to purchase common shares. Each option granted under the plan is for a maximum term of 10 years. The exercise price is determined by the Company's board of directors at the time the option is granted, subject to regulatory approval, and may not be less than the most recent closing price of the common shares at the date of grant. Vesting provisions are also determined at the time of grant by the Company's board of directors.

**AYLEN CAPITAL INC.**  
**Notes to the financial statements**  
**June 30, 2012**  
(Expressed in Canadian Dollars)

No new stock options were granted during the second quarter of 2012.

The following table shows the stock options held by officers and directors as at June 30, 2012:

Number of options outstanding	Exercise Price \$	Expiry Date	Number of options exercisable
150,000	0.10	November 26, 2012	150,000
835,663	0.05	December 5, 2021	835,663
50,000	0.10	May 2, 2013	50,000
50,000	0.10	May 13, 2013	50,000
150,000	0.10	November 27, 2013	150,000
150,000	0.10	November 25, 2014	150,000
150,000	0.10	November 19, 2015	150,000
150,000	0.10	December 5, 2016	150,000
1,685,663	0.07		1,685,663

The following summarizes information on the stock options outstanding as at June 30, 2012:

Weighted average exercise price	\$ 0.07
Options outstanding as at June 30, 2012	1,685,663
Weighted average remaining contractual life	5.8 years
Options exercisable as at June 30, 2012	1,685,663

**11. NET LOSS PER SHARE**

	June 30, 2012	December 31, 2011
Net loss for the period - basic and diluted	\$ (172,744)	\$ (272,326)
Weighted average number of common shares	16,856,632	2,817,219
Basic and diluted loss per share	\$ (0.01)	\$ (0.10)

Loss per share is calculated by dividing the net loss per financial statements by weighted average number of common shares outstanding for the period. The effect of stock options was anti-dilutive and, hence, diluted loss per share equals basic loss per share.