FUNDAMENTAL APPLICATIONS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended September 30, 2014

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for review of condensed interim financial statements by an entity's auditor.

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2014 and June 30, 2014
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	September 30, 2014	June 30, 2014
ASSETS		
Current		
Cash	$ 47,973	$ 241,612
Prepaid expenses	18,000	-
	65,973	-
Deferred development costs (Note 4)	209,201	50,000
	$ 275,174	$ 291,612
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 30,815	$ 38,000
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	476,920	150,000
Subscriptions received (Note 6)	(10,000)	160,681
Contributed surplus (Note 6)	314,500	-
Deficit	(537,061)	(57,069)
	244,359	253,612
	$ 275,174	$ 291,612

Approved and authorized by the Board on November 27, 2014:

On behalf of the Board:

"Justin Rasekh"
Name: Justin Rasekh

"Nicholas Miller"
Name: Nicholas Miller

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended September 30, 2014 and
For the period from incorporation on April 4, 2014 to June 30, 2014
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended September 30, 2014	For the period from incorporation on April 4, 2014, to June 30, 2014
Administrative expenses		
Accounting and audit fees	$ 2,675	$ 3,000
Bank charges	71	-
Consulting (Note 9)	38,729	7,500
Charge related to public company listing (Note 4)	17,920	-
Legal fees	57,262	46,569
Listing fees	13,335	-
Marketing	31,500	-
Share-based payments (Notes 6 and 9)	314,500	-
Transfer agent	4,000	-
Net loss and comprehensive loss for the period	$ (479,992)	$ (57,069)
Basic and diluted loss per share	$ (0.04)	$ (0.01)
Weighted average number of common shares outstanding	11,663,736	8,356,322

FUNDAMENTAL APPLICATIONS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended September 30, 2014 and
For the period from incorporation on April 4, 2014 to June 30, 2014
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended September 30, 2014	For the period from incorporation on April 04, 2014, to June 30, 2014
Operating Activities		
Net loss for the period	$ (479,992)	$ (57,069)
Items not affecting cash:		
Share-based payments	314,500	-
	(165,492)	(57,069)
Changes in non-cash working capital items related to operations:		
Prepaid expenses	(18,000)	-
Accounts payable and accrued liabilities	(7,185)	38,000
Cash used in operating activities	(190,677)	(19,069)
Financing Activities		
Advances on private placement	(170,681)	160,681
Shares issued for cash	266,920	150,000
Cash provided by financing activities	96,239	310,681
Investing Activity		
Deferred development costs	(99,201)	(50,000)
Cash used in investing activity	(99,201)	(50,000)
Increase (decrease) in cash during the period	(193,639)	241,612
Cash, beginning of the period	241,612	-
Cash, end of the period	$ 47,973	$ 241,612
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
for the period from Incorporation on April 4, 2014, to September 30, 2014
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Subscriptions Received	Contributed Surplus	Deficit	Total
Balance, at Incorporation April 4, 2014	-	$ -	$ -	$ -	$ -	$ -
Shares issued for cash at $0.005 per share	2,000,000	10,000	-	-	-	10,000
Shares issued for cash at $0.02 per share	7,000,000	140,000	-	-	-	140,000
Subscriptions received	-	-	160,681	-	-	160,681
Net loss for the period	-	-	-	-	(57,069)	(57,069)
Balance, June 30, 2014	9,000,000	150,000	160,681	-	(57,069)	253,612
Subscriptions refunded	-	-	(151,681)	-	-	(151,681)
Shares issued for cash at $0.02 per share	450,000	9,000	(9,000)	-	-	-
Pursuant to asset purchase agreement (Note 5)	3,000,000	60,000	-	-	-	60,000
Shares issued for cash at $0.20 per share	1,250,000	250,000	(10,000)	-	-	240,000
Shares issued to Salient (Note 4)	396,000	7,920	-	-	-	7,920
Share based payments (Note 6)	-	-		314,500		314,500
Net loss for the period	-	-	-	-	(479,992)	(479,992)
Balance, September 30, 2014	14,096,000	$ 476,920	$ (10,000)	$ 314,500	$ (537,061)	$ 244,359

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. Nature and Continuance of Operations

Fundamental Applications Corp. (the "Company" or "Fundamental") was incorporated on July 14, 2014 under the Business Corporation Act of British Columbia under the name of Kluster Technologies Inc. The Company is in the development of Serum, a social media application for smartphones. On August 1, 2014, the Company changed its name to Antisocial Networks Ltd. and later changed the name to Fundamental Applications Corp. on September 2, 2014.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "FUN".

The head office of the Company is 1820 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and which were in effect as of September 30, 2014.

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs. The financial statements are presented in Canadian dollars which is also the Company's functional currency.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2014, the Company has not generated any revenues from operations, has an accumulated deficit of $537,061. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. Basis of Preparation – (cont'd)

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements is the classification of financial instruments and the going concern assumption.

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at June 30, 2014. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2014.

Accounting standards issued but not yet applied

The following new standard and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impact of this new standard and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncements.

- IFRS 9 – *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

4. Plan of Arrangement

Pursuant to an arrangement agreement ("arrangement") dated July 21, 2014 between Antisocial Holdings Ltd. ("Antisocial"), Salient Corporate Services Inc. ("Salient") and Fundamental Applications Corp. (formerly Kluster Technologies Inc.). ("Fundamental") a wholly-owned subsidiary of Salient incorporated on July 14, 2014 for the sole purpose of the arrangement.

Under the arrangement, Antisocial paid a purchase price of $10,000 to Salient in order to acquire all issued and outstanding shares of Fundamental. Antisocial paid an additional $7,920 in closing cost to Salient.

On September 16, 2014, Fundamental completed a one for one share exchange with the shareholders of Antisocial, pursuant to which Antisocial became a wholly-owned subsidiary company of Fundamental. Salient issue 1,000 common shares and $7,920 to Fundamental and Fundamental issued 396,000 common shares to Salient for distribution to the shareholders of Salient.

Since this transaction resulted in the shareholders of Antisocial owning a majority of the issued and outstanding shares of Fundamental, this transaction is accounted for as a reverse acquisition and the condensed interim consolidated financial statements are a continuation of the operations of Antisocial and not of Fundamental.

The public company listing cost does not meet the criteria for recognition of an intangible asset in accordance with IAS 38 "Intangible Assets". Accordingly, the Company charged $17,920 to the Statement of Comprehensive Loss on the date of the reverse acquisition.

5. Deferred Development Costs

On July 31, 2104, the Company completed an Asset Purchase Agreement with Vibecast Corp. for the purchase of the intellectual property and intellectual property rights, the application software, and the Trade-Marks using the term "Serum" for the consideration of $60,000. The Company issued to Vibecast Corp 3,000,000 common shares of the Company at a deemed value of $0.02 per share.

On April 15, 2014, the Company commenced development of the Serum smartphone application and has incurred $149,201 as at September 30, 2014. Serum is a social media application focusing on providing an anonymous channel for users to ask and answer questions. Serum will be accessible by both Smartphones and Tablets. As of September 30, 2014, the application is still in its development stage, and development costs will be assessed for impairment in future periods.

6. Share Capital

a) Authorized

Unlimited common shares, without par value.

6. Share Capital (cont'd)

b) Issued

During the three month period ended September 30, 2014

On July 10, 2014, the Company issued 450,000 common shares at a price of $0.02 per share for total proceeds of $9,000.

On July 31, 2014, the Company issued 3,000,000 common shares at a price of $0.02 per share valued at $60,000 pursuant to an asset purchase agreement.

On September 12, 2014, the Company issued 1,250,000 common shares at a price of $0.20 per share for total proceeds of $250,000 of which $10,000 remains outstanding as at September 30, 2014.

On September 30, 2014, the Company issued 396,000 common shares valued at $7,920, pursuant to the terms of the arrangement agreement.

During the period ended June 30, 2014

On April 4, 2014, the Company issued 2,000,000 common shares at a price of $0.005 per share for total proceeds of $10,000.

On June 12, 2014, the Company issued 7,000,000 common shares at a price of $0.02 per share for total proceeds of $140,000.

c) Share-based compensation and contributed surplus

The Company has a share-based compensation plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

On September 18, 2014, the Company granted 850,000 share purchase options to directors and officers of the Company and consultants entitling the holders thereof the right to acquire one common share for each option held at $0.50 per share expiring on September 18, 2019. These options vest immediately.

The Company recorded a fair value of $314,500 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.10%; Dividend yield of NIL; Expected volatility of 100.00%; Expected life of 5.00 years. The forfeiture rate was 0.

(Stated in Canadian Dollars)

6. Share Capital (cont'd)

A summary of the Company's share purchase options outstanding are presented below:

	Options	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining
Granted during the period	850,000	$0.50	
Outstanding and exercisable at September 30, 2014	850,000	$0.50	4.97

d) Stock Restriction

As at September 30, 2014, 4,500,000 common shares were subject to stock restrictions pursuant to a stock restriction agreement dated August 28, 2014. Pursuant to the August 28, 2014 stock restriction agreement, 5,000,000 common shares were subject to resale restrictions. 10% of those shares, equal to 500,000 shares, were released from restrictions on the listing date, being September 18, 2014, and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months after the listing date.

7. Financial Instruments

As at September 30, 2014, the Company's financial instruments consist of cash, accounts payable and accrued liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash, accounts payable and accrued liabilities approximate their fair value due to the relatively short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

7. Financial Instruments (cont'd)

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and amounts receivable. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as liabilities and cash are non interest bearing as at September 30, 2014.

8. Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements.

(Stated in Canadian Dollars)

9. Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

	2014	2013
Administrative expenses		
Consulting fees	$ 25,000	$ -
Share-based payments	166,500	-
	$ 191,500	$ -

Key management compensation

The Company considers its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and directors of the Company to be key management. During the three month period ended September 30, 2014, the recorded $191,500 in key management compensation as noted in the above table.

10. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow.

During the three month period ended September 30, 2014, the Company issued to Vibecast Corp 3,000,000 common shares of the Company valued at $60,000 pursuant to the terms of the Asset Purchase Agreement.

10. Subsequent Events

Subsequent to September 30, 2014:

The Company proposes a private placement of up to 2,000,000 units at a price of $0.40 per unit for gross proceed of $800,000. Each unit will consist of one common share and one share purchase warrant exercisable to purchase one additional common share at a price of $0.75 per share for a period of one year. The Company will pay finder's fee of 7%, payable in cash and finder warrants each exercisable to purchase one common share at a price of $0.40 per share for a period of one year. On October 30, 2014, the Company completed the first tranche by issuing 125,000 units at a price of $0.40 per unit for gross proceeds of $50,000. On November 10, 2014, the Company announced a re-pricing of this private placement to $750,000 of up to 2,500,000 units at a price of $0.30 per unit. The terms for the warrants remain unchanged. The Company will be issuing 41,666 additional units to the investors who subscribed under the initial tranche closing.

On October 2, 2014, a shareholder of the Company advanced $120,000 to the Company for working capital. The advance is non-interest bearing, unsecured and is due on demand.