MedMira Inc.

Condensed Interim Consolidated Financial Statements
For the three months ended October 31, 2013 and October 31, 2012
(Unaudited – Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ending October 31, 2013

December 6, 2013

Management's responsibility for financial reporting

The accompanying consolidated financial statements of MedMira Inc. (MedMira or the Company) are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements includes amounts and assumptions based on management's best estimates which have been derived with careful judgement.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to ensure that the financial records are reliable for preparation of the consolidated financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the condensed interim consolidated financial statements and the accompanying management's discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is a subcommittee of the Board of Directors. It is responsible for oversight of the internal control and financial matters assisting the Company's management and independent auditors to ensure that the integrity of the financial reporting process is maintained.

(signed) *Hermes Chan*

Chief Executive Officer

(signed) *Daniel Frid*

Chief Financial Officer

Unaudited consolidated statements of financial position
As at October 31, 2013 and July 31, 2013

In Canadian dollars

	Notes	31-Oct-13	31-Jul-13
		$	$
Assets			
Current assets			
Cash		4,555,296	20,942
Trade and other receivables		366,820	320,253
Prepaid expenses		31,018	70,103
Current tax assets		205,489	205,489
Inventories	5	233,814	205,000
Total current assets		5,392,438	821,787
Non-current assets			
Property, plant and equipment	6	335,748	345,056
Intangible assets	7	2	2
Total non-current assets		335,750	345,058
Total assets		5,728,188	1,166,845
Liabilities			
Current liabilities			
Current portion of debt	10	1,843,919	2,190,635
Accounts payable and accrued liabilities		2,419,117	2,560,003
Deferred revenue		90,608	103,322
Total current liabilities		4,353,643	4,853,960
Non-current liabilities			
Provision for royalty	12	763,306	739,817
Long term portion of debt	10	4,489,950	4,683,668
Total non-current liabilities		5,253,256	5,423,485
Total liabilities		9,606,900	10,277,445
Equity			
Share capital	8	59,018,425	55,661,183
Warrant reserve	8	7,207,647	4,493,647
Stock based compensation reserve	8	1,099,202	1,099,202
Equity reserve		595,770	595,770
Accumulated deficit		(71,799,756)	(70,960,402)
Total shareholders' deficiency		(3,878,712)	(9,110,600)
Total liabilities and equity		5,728,188	1,166,845

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

(signed) *Hermes Chan*, Director

(signed) *Romano Robusto*, Director

Unaudited consolidated statements of operations and comprehensive (loss) income
For the three months ended October 31, 2013 and October 31, 2012

In Canadian dollars

	Notes	31-Oct-13	31-Oct-12
		$	$
Product			
Product sales	4	174,720	201,688
Product cost of sales	5	(80,989)	(87,435)
Gross margin on product		93,731	114,253
Services			
Service sales	4	298,126	342,814
Service cost of sales	14	(251,424)	(290,028)
Gross margin on services		46,701	52,786
Operating expenses			
Research and development	14	(92,304)	(57,769)
Sales and marketing		(131,524)	(121,210)
Other direct costs		(117,291)	(80,790)
General and administrive		(386,266)	(409,114)
Total operating expenses		(727,385)	(668,883)
Operating loss		(586,953)	(501,844)
Non-operating income (expenses)			
Financing		(252,403)	644,195
Net (loss) income		(839,356)	142,351
Basic (loss) earnings per share	9	(0.002)	0.001
Diluted (loss) earnings per share	9	(0.002)	0.001

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Unaudited consolidated statements of changes in equity attributable to equity holders of the Company

In Canadian dollars

	Share capital						
	Common shares	Preferred shares	Warrant reserve	Stock based compensation reserve	Equity reserve	Accumulated deficit	Shareholders' deficiency
Balance at July 31, 2012	**55,658,683**	**2,500**	**4,493,647**	**1,099,202**	**595,770**	**(70,558,101)**	**(8,708,299)**
Net and comprehensive income	-	-	-	-	-	142,351	142,351
Balance at October 31, 2012	**55,658,683**	**2,500**	**4,493,647**	**1,099,202**	**595,770**	**(70,415,750)**	**(8,565,948)**
Net and comprehensive loss	-	-	-	-	-	(544,652)	(544,652)
Balance at July 31, 2013	**55,658,683**	**2,500**	**4,493,647**	**1,099,202**	**595,770**	**(70,960,402)**	**(9,110,600)**
Net and comprehensive loss	-	-	-	-	-	(839,355)	(839,355)
Issuance of common shares and warrants for cash	3,097,536	-	2,479,113	-	-	-	5,576,649
Issuance of common shares and warrants for debt	293,464	-	234,887	-	-	-	528,351
Share issuance costs	(33,758)	-	-	-	-	-	(33,758)
Balance at October 31, 2013	**59,015,925**	**2,500**	**7,207,647**	**1,099,202**	**595,770**	**(71,799,757)**	**(3,878,713)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Unaudited consolidated statements of cash flows
For the three months ended October 31, 2013 and October 31, 2012

In Canadian dollars

	Notes	31-Oct-13 $	31-Oct-12 $
Cash from operating activities			
Cash receipts from customers		413,564	519,459
Cash paid to suppliers and employees		(1,160,389)	(1,372,912)
Net cash from operating activities		(746,825)	(853,453)
Cash from investing activities			
Payment to acquire property, plant and equipment	6	(10,644)	(15,817)
Net cash from investing activities		(10,644)	(15,817)
Cash from financing activities			
Cash proceeds from share issuance		5,576,649	-
Share issuance costs		(33,758)	-
Cash proceeds from interest		30	-
Cash proceeds from new debt		399,547	-
Cash payment on existing debt		(581,674)	(58,785)
Cash payment of interest		(66,770)	(192,552)
Net cash from financing activities		5,294,025	(251,337)
Net (decrease) increase in cash		4,536,556	(1,120,607)
Cash at the beginning of the period		20,942	2,416,809
Effects of exchange on the foreign currency cash balances		(2,201)	(731)
Cash at the end of the period		4,555,296	1,295,471

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Reporting entity

Nature of operations

MedMira Inc. (MedMira or the Company) is a biotechnology company headquartered in Canada. The address of the Company's registered office is 155 Chain Lake Drive, Suite 1, Halifax, Nova Scotia, B3S 1B3. OnSite Lab Holdings AG owns the majority of MedMira's shares and is the controlling shareholder. The condensed interim consolidated financial statements of the Company as at and for the three months ended October 31, 2013 and 2012, comprise the Company and its subsidiaries. MedMira, through its subsidiaries, is engaged in the business of research, development and manufacturing of rapid diagnostics and technologies. The Company invests in research in order to maintain and expand its position in the global diagnostics market. MedMira's research is focused on specific areas of the broader diagnostics market, namely the rapid, point-of-care, and *in vitro* sectors. These financial statements include the accounts of the Company's subsidiaries.

2. Basis of preparation

a. Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee. The condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended July 31, 2013.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 6, 2013.

b. Going-concern

The accompanying condensed interim consolidated financial statements have been prepared on the basis of IFRS applicable to a going-concern, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption.

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the three months ended October 31, 2013, the Company realized a net loss of approximately $0.8 million (October 31, 2012 – net income $0.1 million), consisting of a net loss from operations of $0.6 million (October 31, 2012 – net loss $0.5 million), and other non-operating expenses of $0.3 million (October 31, 2012 – gain of $0.6 million). Negative cash flows from operations were approximately $0.7 million (October 31, 2012 – $0.9 million). As at October 31, 2013, the Company had an accumulated deficit of approximately $71.8 million (July 31, 2013 – $71.0 million). In addition to its on-going working capital requirements, the Company must secure sufficient funding for its research and development programs for existing commitments, including its current portion of loans of approximately $1.8 million. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going-concern.

Management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going-concern. Management plans to secure the necessary financing through new equity and debt arrangements. Nevertheless, there is no assurance that this initiative will be successful.

The Company is subject to risks associated with early stage companies, including but not limited to, dependence on key individuals, competition from substitute services and larger companies, and the requirement for the continued successful development and marketing of its products and services. The Company's ability to continue as a going-concern is dependent upon its ability to generate positive cash flow from operations and secure additional financing. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going-concern assumption not appropriate. These adjustments could be material.

c. Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis with the exception of certain financial instruments, which are measured in accordance with the policy described in note 3 of the July 31, 2013 consolidated financial statements, and inventory, which is measured at the lower of cost and net realizable value.

d. Functional and presentation currency

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All financial information is presented in Canadian dollars unless explicitly stated.

e. Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Results may differ from these estimates and include but are not limited to:

- Amounts recorded for depreciation, impairment and reversals of impairment of property, equipment and intangible assets which depend on estimates of net recoverable amounts based on expected economic lives and future cash flows from related assets;
- Amounts recorded for investment tax credits recoverable which are calculated based on the expected eligibility and tax treatment of qualifying scientific research and experimental development expenditures recorded in the Company's condensed interim consolidated financial statements;
- Contingencies that are accrued on an undiscounted basis when it is probable that a liability for past events exists and the liability can be reasonably estimated. In determining whether a liability exists, the Company is required to make judgements as to the probability of future events occurring;
- The allocation of proceeds between common shares and warrants, determined by valuation of warrants which includes assumptions regarding the volatility and risk free rate;
- The fair value calculation of promissory notes, convertible debt, and long-term debt, which includes assumptions of the market rate and expected cash flows;
- The fair value calculation of royalty liabilities, which includes determination of an appropriate discount rate, estimation of future sales, and estimation on price and cost of production;

In Canadian dollars

The fair value calculation of stock-based compensation, including determination of appropriate volatility and risk free rate;

- The fair value allocation of consideration for multiple element revenue arrangements, including timing of revenue recognition and allocation of cost; and
- Determination of operating segments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements and to the Company's subsidiaries.

The Company and its significant subsidiaries are shown below.

	Country of incorporation	Ownership interest	
		%	%
		31-Oct-13	**31-Jul-13**
MedMira Inc.	Canada	100	100
MedMira Laboratories Inc.	Canada	100	100
Maple Biosciences Inc.	Canada	100	100
MedMira International AG	Switzerland	100	N/A

New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, were not yet effective for the year ended July 31, 2013, and have not been applied in preparing these condensed interim consolidated financial statements. None of these new standards or amendments is expected to have a significant effect on the financial results of the Company.

Accounting standards issued but not yet applied:

IFRS 9, "Financial Instruments": IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. The IASB has issued an amendment to IFRS 9 Financial Instruments ("IFRS 9"), which changes the effective date of IFRS 9 (2009) and IFRS 9 (2011), so that IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2015, with early application permitted. This amendment was released in connection with IFRS 7 Financial Instruments: Disclosures – Transition Disclosures ("IFRS 7") which outlines that, with the amendments to IFRS 9, entities applying IFRS 9 do not need to restate prior periods but are required to apply modified disclosures. The Company continues to asses the impact of IFRS 9 on its consolidated financial statements.

IFRS 10, "Consolidated Financial Statements": The IASB issued IFRS 10, "Consolidated Financial Statements", effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces portions of IAS 27, "Consolidated and Separate Financial Statements", that addresses consolidation, and supersedes Standing Interpretations Committee (SIC) SIC-12 in its entirety. The objective of IFRS 10 is to define the principles of control and establish the basis of determining when and how an entity should be included within a set of consolidated financial statements. IAS 27 has been amended to reflect the issuance of IFRS 10 and retains guidance only for separate financial statements. The Company continues to asses the impact of IFRS 10 on its consolidated financial statements.

IFRS 11, "Joint Arrangements", effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interest in Joint Ventures and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning August 1, 2013. The Company continues to assess the impact of IFRS 11 on the consolidated financials statements of the Company.

IFRS 12, "Disclosure of Interests in Other Entities": The IASB issued IFRS 12, "Disclosure of Interests in Other Entities", effective for annual periods beginning on or after January 1, 2013. IFRS 12 requires extensive disclosures relating to a company's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. IFRS 12 enables users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position and performance. The Company continues to assess the impact of IFRS 12 on the consolidated financials statements of the Company.

IFRS 13, "Fair Value Measurement", effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, defines fair value, set out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning August 1, 2013. The Company does not expect that the new standard will have a material impact on the Company's financial statements.

Amendments to standards

IAS 19, "Employee Benefits", has been amended effective for annual periods beginning on or after January 1, 2013. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income, eliminating the previous options that were available. A number of other amendments have been made to recognition, measurement and classification. Currently, this standard has no impact on the consolidated financial statements of the Company.

IAS 1, "Presentation of Financial Statements", has been amended effective for annual periods beginning on or after July 1, 2012. The revised standard requires an entity to group items presented in the Statement of Comprehensive Income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. Currently, this standard has no impact on the consolidated financial statements of the Company.

In Canadian dollars

4. Revenue

	31-Oct-13	31-Oct-12
	$	$
Product sales	174,720	201,687
Service revenue	298,126	342,814
Total revenue	472,846	544,501

Service revenue is generated from research work on a contract with the US Army. The costs associated with research conducted to earn this revenue have been recognized as a service cost of sales (see note 14).

The Company organizes and records revenue based on major geographical territories around the world. The table below provides the geographic breakdown of revenue.

	31-Oct-13	31-Oct-12
	$	$
North America	408,876	479,197
Latin America and the Caribbean	34,792	63,829
Europe	-	1,475
Asia Pacific	29,177	-
Total revenue	472,846	544,501

5. Inventories

As at October 31, 2013, there were no valuation allowances against inventory (July 31, 2013 – $nil).

During the three months ended October 31, 2013, inventory valued at $69,575 was expensed as a cost of goods sold (October 31, 2012 – $61,874).

	31-Oct-13	31-Jul-13
	$	$
Raw materials and consumables	119,775	133,034
Work in process	111,117	65,975
Finished goods	2,922	5,991
Total inventories	233,814	205,000

In Canadian dollars

6. Property, plant and equipment

During the three months ended October 31, 2013 and the year ended July 31, 2013, the Company did not identify any indicators of impairment. The Company did not make any commitment to acquire property, plant and equipment during the three months ended October 31, 2013 (July 31, 2012 – $nil).

The table below summarizes changes in property, plant and equipment.

	Leasehold improvements $	Laboratory equipment $	Manufacturing equipment $	Office equipment and furniture $	Total $
Cost					
Balance at July 31, 2012	**561,079**	**23,931**	**174,394**	**186,402**	**945,806**
Additions	-	-	-	15,813	15,813
Balance at October 31, 2012	**561,079**	**23,931**	**174,394**	**202,215**	**961,619**
Additions	259,195	15,754	-	76,227	351,177
Balance at July 31, 2013	**820,274**	**39,685**	**174,394**	**278,442**	**1,312,796**
Additions	-	-	-	10,645	10,646
Balance at October 31, 2013	**820,274**	**39,685**	**174,394**	**289,087**	**1,323,442**
Accumulated depreciation and impairment losses					
Balance at July 31, 2012	**558,275**	**23,931**	**170,529**	**174,190**	**926,925**
Depreciation expense for the year	2,804	-	413	1,065	4,282
Balance at October 31, 2012	**561,079**	**23,931**	**170,942**	**175,255**	**931,207**
Depreciation expense for the year	24,058	1,572	1,238	9,664	36,532
Balance at July 31, 2013	**585,137**	**25,503**	**172,180**	**184,919**	**967,739**
Depreciation expense for the year	13,164	789	413	5,587	19,953
Balance at October 31, 2013	**598,301**	**26,292**	**172,593**	**190,506**	**987,692**
Carrying amounts					
At July 31, 2012	2,804	-	3,865	12,212	18,881
At October 31, 2012	-	-	3,452	26,960	30,412
At July 31, 2013	235,137	14,182	2,214	93,523	345,056
At October 31, 2013	221,973	13,393	1,801	98,581	335,748

In Canadian dollars

7. Intangible assets

	Intellectual properties $	Product technology $	Total $
Cost or deemed cost			
Balance at July 31, 2012	2,584,899	258,137	2,843,036
Balance at October 31, 2012	2,584,899	258,137	2,843,036
Balance at July 31, 2013	2,584,899	258,137	2,843,036
Balance at October 31, 2013	2,584,899	258,137	2,843,036
Accumulated amortization and accumulated impairment losses			
Balance at July 31, 2012	2,584,898	258,136	2,843,034
Balance at October 31, 2012	2,584,898	258,136	2,843,034
Balance at July 31, 2013	2,584,898	258,136	2,843,034
Balance at October 31, 2013	2,584,898	258,136	2,843,034
Carrying amounts			
At July 31, 2012	1	1	2
At October 31, 2012	1	1	2
At July 31, 2013	1	1	2
At October 31, 2013	1	1	2

The Company acquired product technology and intellectual properties in 2000 through the acquisition of Precious Life Savings Products Inc. and MedMira Laboratories Inc. In 2001, the Company recorded an impairment charge to write-down these assets to a nominal value. There is no indication that this impairment has reversed.

During 2006, the Company acquired intellectual properties, in the form of patents and technology with a value of $2,102,569 related to the acquisition of Maple Biosciences Inc. and the BAG-1 technology. During 2008, management reduced its research and development efforts related to these intangible assets and recorded an impairment charge to write-down these assets to a nominal value. Impairment charges at October 31, 2013 total $1,693,046 (July 31, 2013 – $1,693,046). There is no indication that this impairment has reversed.

8. Capital and other components of equity

a. Authorized

The Company is authorized to issue an unlimited number of Series A preferred shares, non-voting, non-participating, redeemable at the Company's option at $0.001 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. The preferred shares earn no dividends.

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value.

In Canadian dollars

b. Share capital issued

	Number of		Value of		
	Common shares	Preferred shares	Common shares $	Preferred shares $	Total share capital $
Balance at July 31, 2012	**392,264,320**	**5,000,000**	**55,658,683**	**2,500**	**55,661,183**
Balance at October 31, 2012	**392,264,320**	**5,000,000**	**55,658,683**	**2,500**	**55,661,183**
Balance at July 31, 2013	**392,264,320**	**5,000,000**	**55,658,683**	**2,500**	**55,661,183**
Issued for cash	111,532,973	-	3,097,536	-	3,097,536
Issued to repay debt	10,567,027	-	293,464	-	293,464
Share issuance costs	-	-	(33,758)	-	(33,758)
Balance at October 31, 2013	**514,364,320**	**5,000,000**	**59,015,925**	**2,500**	**59,018,425**

The total common shares issued and outstanding includes 4,064,464 common shares held in escrow scheduled to be released when the Company obtains positive operating cash flow.

The Series A preferred shares had a stated capital of $2,500 at October 31, 2013 (July 31, 2013 – $2,500).

c. Warrants

	Number of warrants	Warrant reserve $
Balance at July 31, 2012	**236,119,500**	**4,493,647**
Balance at October 31, 2012	**236,119,500**	**4,493,647**
Expired warrants	(40,000,000)	-
Balance at July 31, 2013	**196,119,500**	**4,493,647**
Issued to repay debt	111,532,973	2,479,113
Issued for cash	10,567,027	234,887
Balance at October 31, 2013	**318,219,500**	**7,207,647**

In Canadian dollars

The total warrants outstanding at October 31, 2013 are shown below.

Issued	Number	Exercise price	Expiry date
		$	
December 22, 2008	6,119,500	0.10	December 22, 2013
December 8, 2010	20,000,000	0.10	December 8, 2014
July 18, 2011	30,000,000	0.10	July 18, 2015
January 31, 2012	20,000,000	0.10	January 31, 2016
June 11, 2012	120,000,000	0.10	June 11, 2016
September 30, 2013	122,100,000	0.10	September 30, 2017
	318,219,500		

d. Stock based compensation

The Company has established a stock option plan for its employees, officers, and directors. All options vest immediately upon issue and the Company is authorized to issue a maximum of 13,000,000 options annually upon approval by shareholders. Options that have been issued and remain outstanding are exercisable into an equivalent of 4,495,000 common shares (July 31, 2013 – 4,530,000) at an exercise price of $0.10. The options expire between January 5, 2014 and October 13, 2014. During the three months ended October 31, 2013, no options were issued (October 31, 2012 – nil). All options outstanding at October 31, 2013 were exercisable.

The total options outstanding from July 31, 2012 to October 31, 2013 are shown below.

	Number	Weighted average exercise price	Equity reserve
		$	$
Options outstanding July 31, 2012	**5,840,000**	**0.12**	**1,099,202**
Options expired/forfeited	(790,000)	0.10	-
Options outstanding October 31, 2012	**5,050,000**	**0.12**	**1,099,202**
Options expired/forfeited	(520,000)	0.34	-
Options outstanding July 31, 2013	**4,530,000**	**0.10**	**1,099,202**
Options expired/forfeited	(35,000)	0.10	-
Options outstanding October 31, 2013	**4,495,000**	**0.10**	**1,099,202**

In Canadian dollars

The following table summarizes information about options outstanding and exercisable at October 31, 2013.

Range of exercise prices	Number outstanding and exercisable	Weighted average exercise price per share	Weighted average remaining contractual life (years)
0.10	4,495,000	0.10	0.74

9. Earnings (loss) per share

	31-Oct-13	31-Oct-12
	$	$
Net (loss) income attributable to common shareholders	(839,355)	142,351
Diluted (loss) income	**(839,355)**	**142,351**
Issued common shares	514,364,320	392,264,320
Weighted average number of common shares	434,320,987	392,264,320
Weighted average number of warrants	-	236,119,500
Weighted average number of options	-	5,651,087
Weighted average number of diluted shares	**434,320,987**	**634,034,907**
Basic (loss) earnings per share	(0.002)	0.001
Diluted (loss) earnings per share	(0.002)	0.001

The diluted weighted average number of common shares outstanding is the same as the basic weighted average number of common shares outstanding for the three months ended October 31, 2013 and the year ended July 31, 2013, as the Company had a net loss and the exercise of potentially dilutive instruments would be anti-dilutive.

In Canadian dollars

10. Loans and borrowings

a. Loans

	31-Oct-13		31-Jul-13	
	Carrying value	Contract value	Carrying value	Contract value
	$	$	$	$
Short term loans	310,519	310,519	714,191	714,191
Loan 1	935,912	1,150,000	919,380	1,150,000
Loan 2	1,171,425	1,425,000	1,223,342	1,500,000
Loan 3	29,841	35,000	33,201	39,000
Loan 4	5,214	5,214	5,758	5,136
ACOA loans	1,039,926	1,381,297	1,081,163	1,453,999
Nova Scotia government loan 1	2,785,251	3,364,000	2,843,099	3,480,000
Nova Scotia government loan 2	55,781	97,390	54,169	97,390
Total loan principal	**6,333,869**	**7,768,420**	**6,874,303**	**8,439,716**
Long term portion of principal	4,489,950		4,683,668	
Current portion payable of principal	1,843,919		2,190,635	

Short term loans

The Company has a number of short terms loans with related and non-related parties. These loans are utilised by the Company for short term working capital requirements. Loans are payable on demand with interest rates ranging from 3% to 15%. The loans were not in default at October 31, 2013.

Loan 1

Loan established October 31, 2012, originally bearing 3% interest with monthly interest only payments until November 30, 2013, followed by equal monthly principal payments and accrued interest for five additional years ending November 30, 2018. The loan interest was set to 5% on September 30, 2013 as the Company secured over $1.5 million in additional equity financing. The loan is secured by interest on intellectual property and on the step-up technology. The loan was not in default at October 31, 2013.

Loan 2

Loan established July 31, 2012, originally bearing 3% interest with monthly interest only payments until July 31, 2013, followed by equal monthly principal payments and accrued interest for five additional years ending July 31, 2018. The loan interest was set to 5% on September 30, 2013 as the Company secured over $1.5 million in additional equity financing. The loan was not in default at October 31, 2013.

Loan 3

Loan established July 31, 2012, originally bearing 3% interest with monthly monthly principal payments of $1,000, and accrued monthly interest ending September 30, 2016. The loan interest was set to 5% on September 30, 2013 as the Company secured over $1.5 million in additional equity financing. The loan was not in default at October 31, 2013.

Loan 4

Loan established August 24, 2011, bearing no interest payable in equal monthly payments of US$5,000.

Atlantic Canada Opportunities Agency (ACOA) loan

Loan established October 31, 2012, bearing no interest with monthly principal payments of $3,747 until July 31, 2013, followed by equal monthly principal payments of $24,234 for five additional years ending July 31, 2018. The loan is secured by all present and after acquired personal property, excepting consumer goods. The loan was not in default at October 31, 2013.

Nova Scotia government loan 1

Loan established September 14, 2012, bearing 3% interest with monthly interest only payments until July 31, 2013, followed by equal monthly principal payments for five additional years ending July 31, 2018. The loan is secured by first interest on intellectual property and on the Maple Bio sensor technology. The loan was not in default at October 31, 2013.

Nova Scotia government loan 2

Loan established September 14, 2012, bearing no interest with the balance due by August 31, 2018. The loan is secured by first interest on intellectual property and on the Maple Bio sensor technology. The loan was not in default at October 31, 2013.

b. Renegotiation of debt

During the year ended July 31, 2013, management renegotiated some of the outstanding loans which resulted in substantially different terms from the original agreements. These were treated as an extinguishment of the original liability and the recognition of a new liability. These debt arrangements were valued using a rate of approximately 11.8%, representing a reasonable exit price for the liabilities. This resulted in a gain on renegotiated debt of $2,027,442.

11. Financial instruments

a. Capital management

The Company's objectives when managing capital are to provide an adequate return to shareholders, safeguard its assets, maintain a competitive cost structure and continue as a going-concern in order to pursue the development and sale of its products. To maximize ongoing development and growth effort, the Company did not pay out dividends during the three months ended October 31, 2013 (October 31, 2012 – $nil). The Company is not anticipating paying out dividends during the year ended July 31, 2014.

In Canadian dollars

The Company's capital is summarized in the table below.

	31-Oct-13	31-Jul-13
	$	$
Total debt	6,333,869	6,874,303
Less: Cash and cash equivalents	(4,555,296)	(20,942)
Net debt	**1,778,572**	**6,853,361**
Shareholders' deficiency	(3,878,712)	(9,110,600)
Total capital	**(2,100,140)**	**(2,257,239)**

To facilitate the management of its capital structure, the Company prepares annual expenditure operating budgets that are updated as the input parameters change. Cash flow is monitored and updated daily.

b. Categories of financial instruments and fair value

	31-Oct-13		31-Jul-13	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
	$	$	$	$
Financial assets				
Available for sale				
Cash	4,555,296	4,555,296	20,942	20,942
Amortized cost				
Trade and accounts receivable	366,820	366,820	320,253	320,253
Financial liabilities				
Amortized cost				
Accounts payable and accrued liabilities	2,419,117	2,419,117	2,560,003	2,560,003
Current portion of debt	1,843,919	1,843,919	2,190,635	2,190,635
Long term portion of debt	4,489,950	4,489,950	4,683,668	4,683,668

c. Foreign currency risk

Most of the Company's sales are made in foreign currencies. The Company's US dollar foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are shown in the table below.

	31-Oct-13	31-Jul-13
	US$	US$
Cash and cash equivalents	118,683	1,239
Trade and other receivables	333,814	315,347
Prepaid expense	70,201	22,257
Accounts payable and accrued liabilities	62,491	161,066
Deferred income	53,331	66,512
Debt	5,000	5,000

In Canadian dollars

A one cent change in the US dollar exchange rate would result in approximately a $4,000 (July 31, 2013 – $1,000) impact on the balance sheet and consolidated statement of income.

d. Interest rate risk

The Company is not exposed to interest rate risk as it borrows funds at fixed rates.

e. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company mitigates this risk by requiring a 50% down payment on most orders at the time of purchase, and the remaining 50% prior to shipment. The receivables balance of $366,820 consists of trade receivables from sale of the Company's products and receivables on research initiatives. Historically, there have been few collection issues and the Company does not believe it is subject to any significant concentration of credit risk.

f. Liquidity risk

Liquidity risk represents the possibility that the Company may not be able to gather sufficient cash resources, when required and under reasonable conditions, to meet its financial obligations. As at October 31, 2013, the Company does not have sufficient cash to meet all of its continual liabilities.

The Company also continues to have an ongoing need for substantial capital resources to research and develop, commercialize and manufacture its products and technologies. The Company is not yet receiving a significant ongoing revenue stream, nor can it be certain that it will receive significant revenue before additional cash is required. As a result, there can be no assurance that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize its products without future financing.

The Company's contractual maturities for its financial liabilities are outlined in the table below.

For the period ended October 31, 2013	**Total**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**After 5 years**
	$	**$**	**$**	**$**	**$**
Loans	7,768,420	1,844,541	3,057,616	2,866,263	-
Total debt	**7,768,420**	**1,844,541**	**3,057,616**	**2,866,263**	**-**

For the year ended July 31, 2013	**Total**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**After 5 years**
	$	**$**	**$**	**$**	**$**
Loans	8,439,716	2,190,635	3,057,616	3,133,966	57,499
Total debt	**8,439,716**	**2,190,635**	**3,057,616**	**3,133,966**	**57,499**

The payments noted above do not include interest payments.

g. Fair value of financial instruments

Management has determined that the carrying amounts of financial assets and financial liabilities recognized in the condensed interim consolidated financial statements approximate fair value.

In Canadian dollars

12. Fair value measurement of royalty liability

The Company adjusted a royalty contract with a significant shareholder from $494,359 to fair value of $739,817 during the year ended July 31, 2013 based on the five year projected cash flow on future sales. The royalty liability represents the discounted amount likely to be paid based on future sales. Management used an effective annual discount rate of 12.7% which it believes fairly represents the market rate for the time value of money and the risks specific to the liability. During the three months ended October 31, 2013, $23,489 in accretion was recorded on this liability (October 31, 2012 – $21,472).

The calculation of fair value was based on management estimates that include: the likelihood and timing of completion of the research and development of the product, the likelihood of obtaining regulatory approval, the demand for the product at the time of completion, the price the Company will be able to sell the product for, and the cost of manufacturing the product. The royalty liability is monitored and adjusted based on expected future sales.

	Provision for Royalty $
Balance at July 31, 2012	**401,443**
Accretion	21,472
Balance at October 31, 2012	**422,915**
Fair value remeasurment	245,458
Accretion	71,444
Balance at July 31, 2013	**739,817**
Accretion	23,489
Balance at October 31, 2013	**763,306**

13. Related parties

The following transactions occurred with related parties during the three months ended October 31, 2013:

- Short term loan totalling $523,000 bearing 3% interest was repaid with shares to Onsite Lab Holding AG. Interest of $2,026 was accrued against this loan.
- The company completed a $6.105 million equity investment from OnSite Lab Holding AG (Onsite Lab). Onsite Lab acquired 122,100,000 equity units at $0.05. Each equity unit consists of one common share and one common share purchase warrant.
- Short term loans totalling $166,894 bearing 3% interest were received from a director. Interest of $1,154 was accrued against this loans.
- Director fees totalling $8,125 were incurred.

The following balances with related parties were outstanding at October 31, 2013:

- A receivable balance of $8,630 was owed to MedMira by a company which is presided over by a director (July 31, 2013 – $8,630).
- Accounts payable totalling $36,932 was due to directors (July 31, 2013 – $37,244).
- Short term loans totalling $273,867 was due to a director (July 31, 2013 – $107,778).
- A royalty provision was owed to OnSite Lab of $763,306 (July 31, 2013 – $739,817).

In Canadian dollars

14. Research and development

The Company receives government grants to offset the cost of developing certain products. These grants are recognized as a credit against the research expense in the period the expense is incurred. There are no unfulfilled conditions regarding the grants.

In addition to grants, the Company receives revenue related to a contract with the US Army. Research expenses related to the US Army contract are recognized in service cost of sales when the revenue is earned. During the three months ended October 31, 2013, $251,424 of the research costs incurred were recognized in service cost of sales (October 31, 2012 – $290,028).

The following table provides a summary of aggregate research costs and reimbursements.

	31-Oct-13	31-Oct-12
	$	$
Research and development expenses	368,715	389,737
Less: research and development expenses allocated to cost of sales	251,424	290,028
Less: reimbursed research and development expenses	-	18,919
Net research and development expense	**117,291**	**80,790**

15. Expenses by nature

The following table provides the Company's expenses listed by the nature of the expense.

	31-Oct-13	31-Oct-12
	$	$
Investment income	30	2,136
Change in inventory	(38,365)	(68,818)
Employee benefits	(520,949)	(424,916)
Depreciation	(19,952)	(4,286)
Distribution	(17,484)	(19,907)
Facility	(86,664)	(1,200)
Professional services	(58,496)	(15,430)
Lab supplies	(85,895)	(260,977)
Other expenses	(255,194)	(34,046)
Exchange gains (losses)	(14,774)	(174,278)
Finance costs	(214,458)	(116,117)
Gain on settlement of debt	-	715,689
	(1,312,201)	**(402,150)**

16. Operating segments

Management has determined that the Company has one reportable operating segment, rapid diagnostic products and services. This segment accounts for all of the Company's revenue, cost of sales and operating expenses. Determination of the operating segment was based on the level of financial reporting to the Company's chief decision maker.