

Unaudited Condensed Consolidated Interim Financial Statements of

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

For the three and six months ended February 28, 2017
and February 29, 2016

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

(Unaudited)

As at

	February 28, 2017	August 31, 2016
Assets		
Current assets		
Cash (note 4)	\$ 24	\$ 149
Short-term investments (note 4)	51	51
Accounts receivable and other receivables (note 5)	7	8
Prepaid expenses and deposits (note 7)	59	13
	141	221
Jolian Parties receivable (note 6)	837	807
Investment in ONEnergy Inc. (note 8)	911	1,656
	\$ 1,889	\$ 2,684

Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable	\$ 35	\$ 13
Accrued liabilities (note 9)	211	294
	246	307
Shareholders' equity		
Share capital (note 10)	58,549	58,549
Accumulated other comprehensive loss	(598)	-
Deficit	(56,308)	(56,172)
	1,643	2,377
	\$ 1,889	\$ 2,684

Subsequent events (note 18)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors:

(Signed) – Daniel S. Marks _____

Director and Interim Chief Executive Officer

(Signed) – Henry J. Kloepper _____

Director and Interim Chief Financial Officer

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

For the

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Expense (recovery)				
Compensation	\$ 27	\$ 45	\$ 58	\$ 89
General and administrative (note 12)	(9)	120	22	208
	18	165	80	297
Loss for the period before the undernoted	(18)	(165)	(80)	(297)
Interest income	16	1	25	2
Loss on sale of ONEnergy Inc. shares	(8)	-	(81)	(3)
Net loss for the period	(10)	(164)	(136)	(298)
Fair value adjustment in ONEnergy Inc. (note 8)	(423)	(64)	(598)	(1,017)
Comprehensive loss for the period	\$ (433)	\$ (228)	\$ (734)	\$ (1,315)
Loss per share				
Basic and diluted	\$ (0.003)	\$ (0.002)	\$ (0.005)	\$ (0.013)
Weighted average number of shares outstanding				
Basic and diluted	153,144,590	102,747,854	153,144,590	102,747,854

The accompanying notes are an integral part of the consolidated financial statements.

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

(Unaudited)

	Share Capital		Share Option Reserve	Accumulated Other Comprehensive		Total
	Shares	Amount		Deficit	Loss	
Balance, September 1, 2015	102,747,854	\$ 58,139	\$ -	\$ (53,817)	\$ (1,111)	\$ 3,211
Net loss for the period	-	-	-	(298)	-	(298)
Other comprehensive loss	-	-	-	-	(1,017)	(1,017)
Balance, February 29, 2016	102,747,854	\$ 58,139	\$ -	\$ (54,115)	\$ (2,128)	\$ 1,896
Balance, August 31, 2016	153,144,590	\$ 58,549	\$ -	\$ (56,172)	\$ -	\$ 2,377
Net loss for the period	-	-	-	(136)	-	(136)
Other comprehensive loss	-	-	-	-	(598)	(598)
Balance, February 28, 2017	153,144,590	\$ 58,549	\$ -	\$ (56,308)	\$ (598)	\$ 1,643

The accompanying notes are an integral part of the consolidated financial statements.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

(Unaudited)

For the

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
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Cash flows from operating activities				
Loss before comprehensive loss for the period	\$ (10)	\$ (164)	\$ (136)	\$ (298)
Loss on sale of ONEnergy Inc. shares	8	-	81	3
Change in non-cash operating assets and liabilities				
Accounts receivable and other receivables	1	67	1	64
Jolian Parties receivable	(26)	-	(30)	-
Prepaid expenses and deposits	(1)	50	(46)	7
Accounts payable and accrued liabilities	(30)	(53)	(61)	(32)
Interest earned on investments	-	-	-	(1)
Decrease in restricted cash	-	-	-	50
Cash used in operating activities	(58)	(100)	(191)	(207)
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Investing activities				
Cash received on sale of ONEnergy Inc. shares	20	-	66	5
Redemption of short-term investments	-	50	-	-
Interest received on short-term investments	-	1	-	-
Cash provided by investing activities	20	51	66	5
Decrease in cash	(38)	(49)	(125)	(202)
Cash, beginning of period	62	188	149	341
Cash, end of period	\$ 24	\$ 139	\$ 24	\$ 139

The accompanying notes are an integral part of the consolidated financial statements.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2017 and February 29, 2016

(Unaudited)

1. Nature of operation and going concern

Kure Technologies, Inc. (the "Company"), formerly Unique Broadband Systems, Inc., was incorporated May 22, 1998 under the Business Corporations Act of Ontario.

At the Company's Annual General and Special Meeting of Shareholders which was held on February 28, 2017, shareholders approved (i) the consolidation (the "Consolidation") and split (the "Split") of its common shares (the "Share Change"), and (ii) the change of the name of the Company to Kure Technologies, Inc. (the "Name Change") (note 18).

The Company is currently looking for business opportunities. As at February 28, 2017, the Company's shares were listed for trading on the NEX, a separate board of the TSX Venture Exchange, under the symbol of "UBS.H" (note 18). The address of the Company's head office and registered and records office is 365 Bay Street, Suite 800, Toronto, Ontario M5H 2V1.

Kure Technologies, Inc. is a publicly listed Canadian company. References to "Kure" and the "Company" include the legal entity Kure Technologies, Inc. and its wholly owned subsidiary, UBS Wireless Services Inc.

Going concern

These consolidated financial statements were prepared on a going-concern basis of preparation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has an accumulated deficit of \$56,308. The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing and or achieve profitable operations in the future. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2017 and February 29, 2016

(Unaudited)

2. Summary of significant accounting policies

These audited consolidated financial statements were approved for issue by the Board of Directors on April 24, 2017.

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual audited financial statements for the year ended August 31, 2016.

(b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the investment in ONEnergy Inc. ("ONEnergy").

(c) Basis of consolidation

The unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, USB Wireless Services Inc. which was incorporated in Ontario.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany balances, transactions, revenues and expenses have been eliminated.

3. Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective under IFRS, and determined that the following may have an impact on the Company:

The IASB published IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, substantially overhauls accounting requirements related to hedging and introduces a new credit loss impairment model. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of determining the impact on its financial statements.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2017 and February 29, 2016

(Unaudited)

4. Cash

(a) Cash

As at February 28, 2017, the Company held \$24 of cash (August 31, 2016 - \$149) and no cash equivalents.

(b) Short-term investments

As at February 28, 2017, Kure held \$51 in short-term investments (August 31, 2016 – \$51), which includes a fully cashable guaranteed investment certificate (“GIC”) with original maturity of one year. As at February 28, 2017, the effective annual interest rate on the GIC was 0.71%. The fair value of short-term investments has been valued using Level 1 inputs.

5. Accounts receivable and other receivables

As at February 28, 2017, accounts receivable and other receivables totaled \$7 (August 31, 2016 - \$8), representing GST/HST receivable.

6. Jolian Parties receivable

The Company is seeking to recover, from former Chief Executive Officer (“CEO”) Gerald McGoey and Jolian Investments Ltd, together referred to as the “Jolian Parties”, cost and disgorgement orders and pre- and post-judgment interest (note 15). A summary of the receivable is outlined in the following table:

	February 28, 2017	August 31, 2016
Cost orders	\$ 1,384	\$ 1,384
Disgorgement order	200	200
Accrued pre- and post-judgement interest	100	76
Jolian Parties Recovery	1,684	1,660
Garnishments received	(8)	-
Impairment of receivable from Jolian Parties	(489)	(489)
Estimation of collection costs	(350)	(364)
Net receivable	\$ 837	\$ 807

The Company is continuing its efforts to collect amounts owed and believes that it will recover all monies from the Jolian Parties. However, there are costs associated with the collection of the debt which may not be fully recoverable. There is also risk in the amount and timing of the cash flows. Accordingly, the Company made an estimate of collection costs in the amount of \$400.

KURE TECHNOLOGIES, INC.

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Notes to Condensed Consolidated Interim Financial Statements

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6. Jolian Parties receivable (continued)

During fiscal 2017, Kure received garnished funds from the Jolian Parties totaling \$8 (fiscal 2016 - \$nil), recorded \$24 in accrued interest on the Jolian receivable (fiscal 2016 - \$76), and \$14 in collection costs (fiscal 2016 - \$36).

The Company has recorded an impairment of \$489 reflecting the uncertainty of the amount and timing of collection. While there exists uncertainty as to the timing and collection of this receivable, the Company is vigorously pursuing all available means to fully realize on the receivable and will seek to recover its full costs associated with doing so.

If the amount is fully recovered, the difference between the proceeds and the carrying value will be credited to net income.

7. Prepaid expenses and deposits

The Company's prepaid expenses and deposits, as at February 28, 2017 and August 31, 2016, are summarized in the following table:

	February 28, 2017	August 31, 2016
Legal retainers ⁽¹⁾	\$ 8	\$ 8
Other	51	5
Total	\$ 59	\$ 13

⁽¹⁾ Funds are held in trust with law firms for, among other things, legal advice with regard to the Jolian Parties recoveries.

8. Investment in ONEnergy Inc.

As at August 31, 2016 the Company held 2,546,500 common shares in ONEnergy (TSXV:OEG).

During the first quarter of fiscal 2017, the Company sold 71,000 shares in ONEnergy for gross proceeds of \$46, and 47,000 shares during the second quarter of fiscal 2017 for gross proceeds of \$20. As at February 28, 2017, the economic and voting interest of ONEnergy was 10.1%.

Shares in ONEnergy are currently halted pending the results of a proposed acquisition which, according to ONEnergy's public filings, is anticipated to be completed during June, 2017.

The value of the Company's 2,428,500 shares of ONEnergy as at February 28, 2017, based on the bid price of its common shares of \$0.375 as at December 21, 2016 (the halt date), was \$911 (August 31, 2016 - \$0.65; \$1,656).

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9. Accrued liabilities

The Company's accrued liabilities, as at February 28, 2017 and August 31, 2016, are summarized in the following table:

	February 28, 2017	August 31, 2016
HST on cost recoveries ⁽¹⁾	\$ 151	\$ 152
Professional expenses ⁽²⁾	7	97
Legal expenses	15	44
Compensation accruals ⁽³⁾	28	-
Board fees ⁽⁴⁾	10	-
Other	-	1
Total	\$ 211	\$ 294

⁽¹⁾ The HST portion of funds recovered from the Jolian Parties is adjusted on receipt.

⁽²⁾ Includes costs associated with the Company's audit, tax reporting and annual general meeting requirements.

⁽³⁾ Includes consulting fees accrued for services rendered by the Company's CEO.

⁽⁴⁾ Includes accrued director fees for the Company's Board of Directors.

10. Share capital

(a) Authorized

Unlimited common shares

Unlimited Class A non-voting shares

(b) Issued and outstanding

As at February 28, 2017 and August 31, 2016, KURE had 153,144,590 common shares (the "Common Shares") and no Class A non-voting shares issued and outstanding, totaling \$58,549 (note 18).

(c) Stock option incentive plan

Kure's stock option plan (the "Option Plan") provides for the granting of stock options to employees, directors and consultants of Kure. Under the Option Plan, up to 19,765 common shares may be issued from treasury. The exercise price of the options is determined by the Board of Directors at the time of the grant of an option, but cannot be lower than the closing market price of Kure's shares on the NEX on the business day immediately preceding the day on which an option is granted. In the absence of terms specifying otherwise, options vest annually over a three-year period and are exercisable during a period not to exceed 10 years from such grant.

As at February 28, 2017 and August 31, 2016, no stock options were issued or outstanding.

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Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited)

11. Segment disclosure

There were no recorded revenues for the three and six months ended February 28, 2017 and February 29, 2016.

12. General and administrative

During the three months ended February 28, 2017, the Company recorded general and administrative recovery of \$9 due mainly to \$16 in HST refunds, received from the Canada Revenue Agency pursuant to a review, which was expensed at year-end Fiscal 2016, partially offset by \$7 in operating expenses (February 29, 2016 - \$120 in expenses).

During the six months ended February 28, 2017, the Company recorded general and administrative expenses totaling \$22 (February 29, 2016 - \$208).

13. Related party transactions

Compensation of key management personnel

The Company's key management personnel includes members of the executive team and the board of directors of the Company and its wholly owned subsidiaries.

Key management compensation for the three and six months ended February 28, 2017 totaled \$18 and \$36 (February 29, 2016 - \$43 and \$86) respectively, which included \$5 and \$10 for director fees (February 29, 2016 - \$18 and \$35) respectively and \$13 and \$26 respectively to the CEO of the Company (February 29, 2016 - \$25 and \$51 respectively).

14. Income taxes

As at February 28, 2017, Kure had \$20,256 in non-capital income tax losses with expiry dates between 2027 and 2036, SRED pool carryforwards of \$11,545, capital loss carryforwards of \$23,294, share issuance costs of \$75, and non-tax deductible reserves of \$242.

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Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited)

15. Contingencies

Jolian claims

The Company was successful in defending, at trial and on appeal, all claims brought by the Jolian Parties in respect of certain contingent awards approved by the previous directors in 2009 and claims for enhanced severance. The Company was awarded costs, for both the trial heard in February and March 2013 (“Jolian Trial”) and the appeal and cross-appeal heard on June 17, 2014, totaling \$1,384.

The Jolian Parties’ claim for indemnification was disallowed during the Jolian Trial and was upheld on appeal. The Jolian Parties were ordered to repay KURE the \$200 legal retainer advanced to their counsel, pursuant to a disgorgement order. Accordingly, the total owed to Kure by the Jolian Parties is \$1,584. The Company is seeking recovery of the cost and disgorgement orders and pre- and post-judgment interest, which has been recorded in Jolian Parties receivable (Note 6). During the first quarter of 2017, the company received \$8 in garnished funds from the Jolian Parties.

16. Management of capital

The Company’s overall strategy with respect to management of capital is to provide the financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern. This is effected by offsetting less liquid strategic investment holdings with low-risk highly-liquid cash accounts and, from time to time, short-term deposits.

The Company currently does not use other sources of financing that require fixed payments of interest and principal due to the lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company invests its liquid capital in short-term investments to obtain adequate cash returns. The investment decision is based on cash management to ensure working capital is available to meet the Company’s short-term obligations while maximizing liquidity, and returns on unused capital and allowing flexibility in holding longer term strategic investments.

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Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

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(Unaudited)

17. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's exposure to credit risk relates mainly to the amount owing to the Company by the Jolian Parties (Notes 6 and 15).

Interest rate risk

The Company had no significant exposure to interest rate risk through its financial instruments as at February 28, 2017 and August 31, 2016.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 16, in normal circumstances (note 8).

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities.

Other price risk

The Company is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair value of the investment.

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Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2017 and February 29, 2016

(Unaudited)

18. Subsequent events

(a) Share consolidation and split

On March 16, 2017, the Company completed the Share Change (note 1). The basis of the Consolidation was one post-Consolidation Common Share for each 1,000 pre-Consolidation Common Shares. The holders of less than 1,000 common shares were paid cash consideration equal to that number of common shares held by the holder prior to the Share Change multiplied by \$0.0075. On March 30, 2017, approximately 2,080,000 pre-Consolidation common shares were returned to treasury and \$16 was paid out.

Immediately following the Consolidation, the remaining Common Shares were split on the basis of 100 post-Split Common Shares for each one post-Consolidation Common Share. As a result, as at April 24, 2017, there were approximately 15,107,000 common shares in Kure issued and outstanding .

(b) Name change

The Company filed articles of amendment to finalize the Name Change from Unique Broadband Systems, Inc. to Kure Technologies, Inc. on March 16, 2017.

(c) NEX listing

Effective March 17, 2017, the Company's common shares were listed and posted for trading on the NEX under the symbol "KUR.H".