

CENTURY FINANCIAL CAPITAL GROUP INC.

FINANCIAL STATEMENTS

AUGUST 31, 2013

(Expressed in Canadian Dollars)

CENTURY FINANCIAL CAPITAL GROUP INC.

FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

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Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Century Financial Capital Group Inc.

We have audited the accompanying financial statements of Century Financial Capital Group Inc. which comprise the statements of financial position as at August 31, 2013 and 2012 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Century Financial Capital Group Inc. as at August 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of \$20,477 during the year ended August 31, 2013, and as of that date, the company has a cumulative loss of \$1,572,321 and a working capital deficiency of \$174,216. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

A handwritten signature in black ink that reads "Schwartz Levitsky Feldman LLP". The signature is written in a cursive, flowing style.

Toronto, Ontario
December 3, 2013

Chartered Accountants
Licensed Public Accountants

CENTURY FINANCIAL CAPITAL GROUP INC.

Statements of Financial Position
As at August 31, 2013 and 2012
(Expressed in Canadian Dollars)

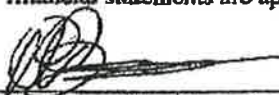
	August 31, 2013	August 31, 2012
Assets		
Current assets		
Cash	\$ 1,597	\$ 2,463
HST receivable	<u>377</u>	<u>1,920</u>
Total assets	<u>\$ 1,974</u>	<u>\$ 4,383</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,463	\$ 27,270
Due to related parties (Note 3)	<u>158,727</u>	<u>130,852</u>
Total liabilities	<u>176,190</u>	<u>158,122</u>
Shareholders' deficiency		
Share capital (Note 4)		
Common shares	1,398,105	1,046,468
Preference shares	-	351,637
Deficit	<u>(1,572,321)</u>	<u>(1,551,844)</u>
Total shareholders' deficiency	<u>(174,216)</u>	<u>(153,739)</u>
Total liabilities and shareholders' deficiency	<u>\$ 1,974</u>	<u>\$ 4,383</u>

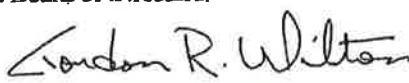
Going concern (Note 1)

Related Party Transactions and Balances (Note 3)

The accompanying notes are an integral part of these financial statements

These financial statements are approved on behalf of the Board of Directors.


Harry Bregman, Chief Executive Officer
Date: DECEMBER 3, 2013


Gordon Wilton, Chief Financial Officer
DATE: DECEMBER 3, 2013

CENTURY FINANCIAL CAPITAL GROUP INC.

Statements of Operations and Comprehensive Loss Years ended August 31, 2013 and 2012 (Expressed in Canadian Dollars)

	2013	2012
Revenue	\$ -	\$ -
Operating Expenses		
Management fees (Note 3)	-	48,000
Professional fees	10,876	10,036
Shareholder information	6,303	8,055
Accounting and corporate services	5,400	4,200
Transfer fee	3,100	3,140
Directors' fees	-	500
Office and general	205	227
Recovery of leases written off in prior years	(5,407)	(1,143)
	<u>20,477</u>	<u>73,015</u>
Loss before income taxes	(20,477)	(73,015)
Income taxes (Note 5)	-	-
Net loss and comprehensive loss	<u>\$ (20,477)</u>	<u>\$ (73,015)</u>
Basic and diluted loss per share (Note 4)	<u>\$ (0.0016)</u>	<u>\$ (0.0066)</u>
Weighted average number of common shares outstanding	<u>12,853,374</u>	<u>11,078,908</u>

The accompanying notes are an integral part of these financial statements

CENTURY FINANCIAL CAPITAL GROUP INC.

Statements of Changes in Shareholders' Equity Years ended August 31, 2013 and 2012 (Expressed in Canadian Dollars)

	Number of Common Shares	Number of Class A Preference Shares	Common Shares	Class A Preference Shares	Deficit	Total
Balance, August 31, 2011	11,078,908	704,000	\$1,046,468	\$351,637	\$(1,478,829)	\$(80,724)
Net loss and comprehensive loss for the year	-	-	-	-	\$(73,015)	\$(73,015)
Balance, August 31, 2012	11,078,908	704,000	\$1,046,468	\$351,637	\$(1,551,844)	\$(153,739)
Conversion of Class A preference shares into common shares	3,520,000	(704,000)	\$351,637	\$(351,637)	-	-
Net loss and comprehensive loss for the year	-	-	-	-	\$(20,477)	\$(20,477)
Balance, August 31, 2013	<u>14,598,908</u>	<u>-</u>	<u>\$1,398,105</u>	<u>\$-</u>	<u>\$(1,572,321)</u>	<u>\$(174,216)</u>

The accompanying notes are an integral part of these financial statements

CENTURY FINANCIAL CAPITAL GROUP INC.

Statements of Cash Flows Years ended August 31, 2013 and 2012 (Expressed in Canadian Dollars)

	2013	2012
Cash flows from operating activities:		
Net loss for the year	\$ (20,477)	\$ (73,015)
Changes in non-cash working capital items:		
HST receivable	1,543	339
Accounts payable and accrued liabilities	(9,807)	(4,500)
Due to related parties	27,875	72,092
	<hr/>	<hr/>
Cash used in operating activities	(866)	(5,084)
	<hr/>	<hr/>
Net decrease in cash, during the year	(866)	(5,084)
Cash, beginning of year	2,463	7,547
	<hr/>	<hr/>
Cash, end of year	\$ 1,597	\$ 2,463
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Century Financial Capital Group Inc. (the "Company") was incorporated under the Business Corporation Act of Ontario on October 20, 1994. The Company's head office is located at 4 King Street West, Suite 1320, Toronto, Ontario, M5H 1B6.

The Company was engaged in the leasing of various kinds of operating and manufacturing equipment such as industrial and construction machinery. All leases were fully written off prior to the date of transition to IFRS. As at August 31, 2013 the Company has no more leases and is currently inactive. Even though the leases have been fully written off the Company is still endeavoring to recover some of the amounts due on the leases written off due to defaults and non-payments.

As at August 31, 2013, the Company has a working capital deficiency of \$174,216 and a history of losses which raise substantial doubt about the Company's ability as a going concern. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at August 31, 2013, management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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 International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company for the years ended August 31, 2013 and 2012 were approved by the board of directors on December 3, 2013.

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis except for certain assets and financial instruments that are measured at their fair value as explained in the significant accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

(c) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(d) Income taxes

Income tax expense comprises of current and deferred taxes.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable or receivable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amount of an asset or liability and of its base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

(e) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Preference shares with terms requiring the Company, at the option of the holder, to convert into a fixed number of common shares at any time, without any obligation to deliver cash or another financial asset, are classified as equity.

(f) Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the net loss by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

(g) Use of estimates and critical judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liability, income and expenses. Actual results may differ from these estimates.

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 period affected.

Key areas requiring judgment and estimation uncertainty includes:

- Valuation of financial instruments including provisions; and
- Assessment of unrecognized deferred tax assets and liabilities for recoverability.

(h) Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss (“FVTPL”), loans and receivables, held to maturity (“HTM”), or available-for-sale financial assets (“AFS”), as appropriate at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. A financial asset is derecognized when contractual rights to the asset’s cash flows expire or if substantially all the risks and rewards of the asset are transferred. The Company does not currently have any financial assets in the HTM or AFS categories.

Financial assets at FVTPL

A financial asset is classified as FVTPL when the financial assets are held-for-trading or it is designated upon initial recognition as an FVTPL. A financial asset is classified as held-for-trading if (1) it has been acquired principally for the purpose of selling or repurchasing in the near term; (2) it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (3) it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss. Transaction costs are expensed as incurred.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Accounts receivable are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost, calculated using the effective interest method. This method calculates the amortized cost of a financial instrument and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the instrument's expected life, or where appropriate, a shorter period. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the statements of operations and comprehensive loss when the receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash and HST receivable as loans and receivables. The carrying value of HST receivable approximate its fair values due to their relatively short period to maturity.

Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective rate.

The carrying amount of receivables is reduced through the use of an allowance account. Associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of operations and comprehensive loss.

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL, or other financial liabilities, as appropriate upon initial recognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. The Company does not currently have any financial liabilities classified at FVTPL.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to the initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The Company's other financial liabilities include accounts payable and accrued liabilities, and due to related parties.

The carrying value of accounts payable and accrued liabilities and due to related parties approximates their fair value due to the relatively short periods to maturity.

Financial instruments carried at fair value

Financial instruments carried at fair value on the statements of financial position are measured using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

HST receivable, accounts payable and accrued liabilities and due to related parties are classified as level 3.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

(j) New accounting pronouncements not yet adopted

At the date of authorization of these financial statements, the following standards and interpretations were issued but are not yet effective. The Company has not yet adopted these standards and monitors changes to IFRS on an ongoing basis for its applicability.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

IFRS 7 – Financial Instruments: Disclosures (Amendment)

In December 2011, the IASB amended this standard to set out additional disclosure requirements regarding the offsetting of financial assets and financial liabilities. The standard was also amended to reflect the effects of adopting IFRS 9, Financial Instruments. This amendment is effective for the Company commencing September 1, 2015.

IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company commencing September 1, 2015.

IFRS 10 – Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidated – Special Purpose Entities." This standard is effective for the Company commencing January 1, 2013.

IFRS 11 – Joint Arrangements

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes the current IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Ventures". This standard is effective for the Company commencing January 1, 2013.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This standard is effective for the Company commencing January 1, 2013.

IFRS 13 – Fair Value Measurements

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

how it should be applied where its use is already required or permitted by other standards within IFRS. The Company intends to adopt the standard for the accounting period beginning on September 1, 2013.

IAS 1 – Presentation of Financial Statements (Amendment)

In June 2011, the IASB issued amendments to standards to align the presentation requirements for other comprehensive income (OCI). The IASB issued amendments to IAS 1 – Presentation of Financial Statements to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments to IAS 1 set out in Presentation of Items of Other Comprehensive Income will be implemented beginning on September 1, 2013.

IAS 28 – Instruments in Associates and Joint Ventures

IAS 28 outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of “significant influence”, which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies). This standard is effective for the Company commencing January 1, 2013.

3. RELATED PARTY TRANSACTIONS

The Company entered into a management agreement on March 1, 2002 with a private company to provide management and consulting services. The Company initially agreed to pay \$2,000 per month for these services. Effective March 1, 2004 the fee increased to \$4,000 per month. The management agreement does not have an expiry date but it may be cancelled by either party on sixty days written notice. During fiscal 2013, the Company incurred a total of nil (2012 - \$48,000) in management fees due to the waiver of the current year’s management fees by the services provider. The private company is owned by a shareholder who is related to one of the directors. The amount incurred was agreed to by the parties through the management agreement.

4. SHARE CAPITAL

a) Authorized and issued share capital

The Company is authorized to issue an unlimited number of the following classes of shares.

Convertible Class A preference shares convertible into 5 common shares for each Class A preference share.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

Common shares

Issued:

Common shares

	2013		2012	
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>
Shares issued and outstanding as at September 1	11,078,908	\$1,046,468	11,078,908	\$1,046,468
Conversion of Class A preference shares into common shares	<u>3,520,000</u>	<u>351,637</u>	<u>-</u>	<u>-</u>
Shares issued and outstanding as at August 31	<u>14,598,908</u>	<u>\$1,398,105</u>	<u>11,078,908</u>	<u>\$1,046,468</u>

Issued:

Convertible Class A preference shares

	2013		2012	
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>
Shares issued and outstanding as at September 1	704,000	\$351,637	704,000	351,637
Conversion of Class A preference shares into common shares	<u>(704,000)</u>	<u>(351,637)</u>	<u>-</u>	<u>-</u>
Shares issued and outstanding as at August 31	<u>-</u>	<u>\$ -</u>	<u>704,000</u>	<u>\$351,637</u>

Convertible Class A preference shares are convertible into common shares of the Company at any time at the option of the holder on the basis of 5 common shares for each Class A shares held and were converted on February 28, 2013.

Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

	<u>2013</u>	<u>2012</u>
Numerators		
Net loss for the year	\$ (20,477)	\$ (73,015)
Denominator		
Weighted average number of shares	<u>12,853,374</u>	<u>11,708,908</u>
Basic and diluted loss per share	<u>\$ (0.0016)</u>	<u>\$ (0.0066)</u>

5. INCOME TAXES

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and unused tax losses.

Unrecognized deferred tax assets as at August 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Non-capital losses carried forward	\$ 392,650	\$ 365,578
Cumulative Eligible Capital Balance	147	147
Capital loss	<u>4,200</u>	<u>4,200</u>
Unrecognized deferred tax asset	<u>\$ 396,997</u>	<u>\$ 369,925</u>

The reconciliation of income taxes at Canadian statutory rates to the provision for income taxes is as follows:

	<u>2013</u>	<u>2012</u>
Loss before income taxes	<u>\$(20,477)</u>	<u>\$(73,015)</u>
Approximate applicable statutory rate	26.50%	25.50%
Income tax at statutory rates	\$ (5,426)	\$(18,618)
Tax benefit for losses carry forward, not recognized	<u>5,426</u>	<u>18,618</u>
Income tax provision	<u>\$ -</u>	<u>\$ -</u>

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

As at August 31, 2013 the Company has business losses available for carry forward of approximately \$1,481,700. These losses have not been recognized in the financial statements. These losses expire as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 46,600
2015	3,900
2026	700
2027	149,500
2028	37,000
2029	991,000
2030	80,000
2031	80,000
2032	73,000
2033	20,000
Total	<u>\$ 1,481,700</u>

6. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the operation of the Company.

The Company considers its capital to be share capital and due to related parties.

The Company manages its capital structure in a manner that provides sufficient funding to maintain its operation. Funds are primarily secured through loans from directors and companies controlled by directors.

The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended August 31, 2013 and 2012. The Company is not subject to externally imposed capital requirements.

CENTURY FINANCIAL CAPITAL GROUP INC.

Notes to Financial Statements August 31, 2013 and 2012 (Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at August 31, 2013 and 2012 the estimated fair values of cash, accounts payable and accrued liabilities and due to related parties approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements as within fair value hierarchy (see Note 2h).

The fair value of cash is based on level 1 inputs of the fair value hierarchy and financial liabilities are based on level 3 inputs.

Unless otherwise indicated, the Company is not exposed to any significant risks from its financial instruments.

The risk exposure and the management of such risks is as follows:

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations from available cash. The ability to do this is dependent on loans from directors and companies controlled by directors.