

**CENTURY FINANCIAL CAPITAL GROUP INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE SIX MONTH PERIOD ENDED FEBRUARY 28, 2015**

This management discussion and analysis ("MD&A") of results of operations and financial condition of Century Financial Capital Group Inc. ("Century" or "the Company") describes the operating and financial results of the Company for the six months ("second quarter") ended February 28, 2015. The MD&A supplements, but does not form part of the financial statements of the Company and should be read in conjunction with Century's unaudited financial statements and related notes for the six months ended February 28, 2015 and the audited financial statements for fiscal year ended August 31, 2014.

The Company prepares and files its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts herein are in Canadian currency unless otherwise specified.

**Forward-looking Statements**

*Some statements contained in this MD&A are forward-looking, and therefore involve uncertainties or risks that could cause actual results to differ materially. The Company's line of business involves the leasing of various types of industrial equipment. Leasing is a business that can be impacted by the direction of interest rates, which can be volatile and unpredictable. The Company disclaims any obligation to update forward-looking statements.*

**Date of MD&A**

This MD&A was prepared using information that is current as of April 27, 2015, unless otherwise stated.

**Overall Performance**

Century Financial Capital Group Inc. was engaged in the leasing of various kinds of operating and manufacturing equipment such as industrial and construction machinery. However, the Company has no more leases and its operation 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. The majority of these default and non-payments were partially due to the global recession of the last five years. All of the Corporation's operations and assets are situated in Canada.

**Results of Operations**

**Six Months Ended February 28, 2015**

Century's gross revenue which represents recovery of debts written off in prior years was \$nil for the six months ended February 28, 2015 compared with \$nil for the six months ended February 28, 2014. The Company had a net loss of \$10,663 for the six months ended February 28, 2015 compared to a net loss of \$7,814 for the six months ended February 28, 2014. The increased loss in the latest six month period over the previous six month period is primarily due to increase in audit fees. Total expenses for the six months ended February 28, 2015 was \$10,663 compared with expenses of \$7,814 for the six months ended February 28, 2014.

**Three Months Ended February 28, 2015**

Century's gross revenue was \$nil for the three months ended February 28, 2015 compared with \$nil for the three months ended November 30, 2014 and with gross revenue of \$nil for the three months ended February 28, 2014. The Company had a net loss of \$8,863 for the three month period ended February 28, 2015 compared to a net loss of \$1,800 for the three months ended November 30, 2014 and with a net loss of \$1,709 for the three months ended February 28, 2014. The increased loss in the previous quarter over the latest three-month period is primarily due to audit and SEDAR filing fees. Total expenses for the three months ended February 28, 2015 was \$8,863 compared with expenses of \$1,800 for the three months ended November 30, 2014 and with expenses of \$1,709 for the three months ended February 28,

2014.

### Summary of Quarterly Results

The following tables set out financial performance highlights for the last eight quarters and were prepared in accordance with International Financial Reporting Standards (“IFRS”).

	<b>Second Quarter Feb. 28, 2015</b>	<b>First Quarter Nov. 30, 2014</b>	<b>Fourth Quarter Aug. 31, 2014</b>	<b>Third Quarter May 31, 2014</b>
Revenues	\$ 0	\$ 0	0	\$0
Expenses	8,863	1,800	11,537	28,610
Gain (loss) on sale of marketable securities	0	0	0	0
Future income tax recovery (expense)	0	0	0	0
Net loss	(8,863)	(1,800)	(11,537)	(28,610)
Net loss per share(basic and diluted)	(0.00)	(0.00)	(0.01)	(0.02)
Cash flows from (used in) operating activities	(52)	(18)	(6)	42
Cash and cash equivalents, end of period	14	66	84	90
Assets	2,317	300	4,112	3,790
Long-term liabilities	0	0	0	0
Dividends	0	0	0	0

	<b>Second Quarter Feb. 28, 2014</b>	<b>First Quarter Nov. 30, 2013</b>	<b>Fourth Quarter Aug. 31, 2013</b>	<b>Third Quarter May 31, 2013</b>
Revenues	0	\$ 0	\$ 507	\$ 4,424
Expenses	1,709	6,105	11,413	2,534
Gain (loss) on sale of marketable securities	0	0	0	0
Future income tax recovery (expense)	0	0	0	0
Net income (loss)	(1,709)	(6,105)	(10,906)	1,890
Net income (loss) per share(basic and diluted)	(0.00)	(0.00)	(0.00)	0.00
Cash flows from (used in) operating activities	(5)	(1,544)	(2,032)	3,466
Cash and cash equivalents, end of period	48	53	1,597	3,629

Assets	645	703	1,974	3,957
Long-term liabilities	0	0	0	0
Dividends	0	0	0	0

### Summary of Fiscal Year Results Years Ended August 31, 2014 and 2013

Century's gross revenue for the fiscal year 2014 decreased to \$nil compared with \$5,407 for fiscal year 2013. This year-over-year decrease is primarily a result of amounts recovered from past years' defaulted lease balances. The Company reported a net loss of \$47,961 for fiscal year 2014 compared with a net loss of \$20,477 for fiscal year 2013. The increase in loss is primarily due to the cost of an annual and special meeting of shareholders held on April 3, 2014. Total expenses for fiscal year 2014 were \$47,961 compared with \$25,884 for fiscal year 2013.

	For year ended August 31, 2014	For year ended August 31, 2013	For year ended August 31, 2012
Revenues	\$0	\$5,407	\$1,143
Expenses	47,961	25,884	74,158
Gain (loss) on sale of marketable securities	0	0	0
Future income tax recovery (expense)	0	0	0
Net loss	(47,961)	(20,477)	(73,015)
Net loss per share (basic and diluted)	(0.03)	(0.02)	(0.01)
Cash flows used in operating activities	(1,513)	(866)	(5,084)
Cash and cash equivalents, end of period	84	1,597	2,463
Assets	4,112	1,974	4,383
Long-term liabilities	0	0	0
Dividends	0	0	0

### Liquidity and Capital Resources

Century reported working capital deficiency of \$64,522 at February 28, 2015 (deficiency of \$53,859 at August 31, 2014; deficiency of \$182,030 at February 28, 2014) and cash of \$14 at February 28, 2015 (\$84 at August 31, 2014; \$48 at February 28, 2014).

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 equity, which comprises share capital and deficit, which at February 28, 2015 was a net deficit of \$64,522 (August 31, 2014 – \$53,859).

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 size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three month period ended February 28, 2015. The Company is not subject to externally imposed capital requirements.

The management is concerned that the Company due to extreme fluctuations of market conditions over the past six years has created a major loss in its lease portfolio. Management is actively seeking to encourage an infusion of capital from private outside investors to reactivate the Company. This may take time but management will start a search program as soon as possible.

#### **Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

#### **Related Party Transactions**

The amounts due to related parties as at February 28, 2015 of \$23,881 (August 31,2014 – \$6,016) are unsecured, non-interest bearing and carries no specific terms of repayment. Included in due to related parties is a balance due to a private company owned by a Director of the Company in the amount of \$10,406 (August 31,2014 – \$4,406). The remaining related party balance of \$13,475 (August 31,2014 – \$1,610) consists of amounts due to the Director of the Company and the Director's spouse.

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 the three month period ended November 30, 2014, the Company incurred a total of \$nil (2013 – \$nil) in management fees due to the waiver of the current and prior year's management fees by the service 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.

At the annual and special meeting of shareholders held on April 3, 2014, the Company's shareholders approved the issuance of the following post-consolidated common shares in settlement of debt:

1. 2,708,080 post-consolidated common shares in settlement of a debt of \$67,702 due to Harper Capital Inc.
2. 1,354,040 post-consolidated common shares in settlement of a debt of \$67,702 due to Harper Capital Inc.
3. 336,220 post-consolidated common shares in settlement of a debt of \$16,811 due to Harry Bregman.
4. 322,060 post-consolidated common shares in settlement of a debt of \$16,103 due to

Bernice Bregman.

As the date of issuance of the financial statements, these shares have not been issued.

### **Critical Accounting Estimates and management uncertainty**

The preparation of these financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. :

Key areas requiring judgment and estimation uncertainty includes:

- 1 Valuation of financial instruments, including provisions and accruals
- 2 Valuation of deferred income tax assets and liabilities

### **Accounting Standards Adopted During the Period**

The following is an overview of accounting standards adopted during the year that are relevant to the Company in preparing its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued are either not applicable or do not have a significant impact on the Company's financial statements.

#### Financial Assets and Liabilities

During the year ended August 31, 2014, the Company adopted certain amendments to IFRS 7, Financial Instruments: Disclosures on a retrospective basis. These amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position and subject to master netting arrangements or similar arrangements. As the Company is not offsetting financial instruments and does not have relevant offsetting arrangements, the retrospective adoption of these amendments to IFRS 7 did not have any impact on the disclosures of the Company.

#### Fair Value Measurement

During the year ended August 31, 2014, the Company adopted IFRS 13, *Fair Value Measurement* on a prospective basis. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. The adoption of IFRS 13 did not have a material impact on the fair value measurements carried out by the Company.

#### Presentation of Financial Statements

During the year ended August 31, 2014, the Company adopted amendments to IAS 1, *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income on a retrospective basis*. The amendment requires that a Company present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Additional disclosures required as a result of the adoption of IAS 1 had no impact on the Company's financial statements and no changes were required to the comparative figures.

### **Recent Accounting Pronouncements Not Yet Adopted**

The following is an overview of new or amended IFRSs that are relevant to the Company in preparing its financial statements in future periods. The Company has not yet completed the process of assessing the impact that the new and amended standards will have on its financial statements or determining whether to adopt in advance any of the new requirements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

#### **IFRS 9 Financial Instruments**

In November 2009, IFRS 9 Financial Instruments was published covering the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and a single impairment method replacing the multiple rules in IAS 39. In October 2010, the IASB published amendments to IFRS 9 Financial Instruments which provides added guidance on the classification and measurement of financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied. The Company has not yet assessed the impact of the adoption of this standard on its financial statements.

#### **Financial Assets and Liabilities**

In December 2011, the IASB published amendments to IAS 32 Financial Instruments: Presentation. The effective date for the amendments to IAS 32 is for annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify when an entity has a legally enforceable right to offset, as well as clarify, when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The Company has not yet assessed the impact of the adoption of this standard on its financial statements.

#### **IFRS 2 Share-based Payment**

The amendments to IFRS 2, Share-based Payment, effective for transactions with a grant date on or after July 1, 2014, changed the definitions of "vesting condition" and "market condition", and added definitions for "performance condition" and "service condition". These amendments did not have a significant impact on the Company's financial statements.

#### Annual Improvements to IFRS (2010 – 2012) and (2011 – 2013) cycles

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. Special transitional requirements have been set for certain of these amendments. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014, earlier application is permitted. The Company adopted these amendments in its financial statements for the annual period beginning September 1, 2014. The extent of the impact of adoption of the amendments has not yet been **determined**.

#### **Financial and other instruments**

The Company's financial instruments consist of cash, HST receivable, accounts payable and accrued liabilities, and due to related parties.

The carrying amount of HST receivable and accounts payable and accrued liabilities approximates their values because of the short-term maturities of these items. It is managements' opinion that the Company is not exposed to significant interest or currency risks arising from these financial instruments.

The due to related parties amount bears no interest, with no specific terms of repayment and is due on demand. The fair value of this amount has not been disclosed due to the fact that the cash flow stream is not determinable.

#### **Disclosure of outstanding share data**

As at February 28, 2015, 1,459,891 common shares were issued and outstanding.

By Articles of Amendment dated June 24, 2011, the Company's Class A preference shares shall automatically be converted into fully paid common shares of the Company upon the completion of a transaction, or series of transactions, that results in change of control to the Company.

The resolution authorizing the amendment was approved at a special meeting of the Class A preference shareholders on June 15, 2011.

By Articles of Amendment dated October 17, 2011, the Company's Class A preference shares shall automatically be converted to fully paid common shares of the Company by a unanimous resolution of the Board of Directors, not earlier than October 14, 2011.

The resolution authorizing the amendment was approved at a special meeting of the Class A preference shareholders on October 5, 2011.

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 preference share held and were converted February 28, 2013.

By Articles of Amendment dated April 28, 2014, the common shares of the Company were consolidated on a one-for-ten basis, which has been retroactively adjusted as at September 1, 2012.

#### **Fees for audit services rendered**

**For the fiscal year ended August 31, 2014**, Schwartz Levitsky Feldman LLP billed the Company \$12,000 for audit services.

**For the fiscal year ended August 31, 2013**, Schwartz Levitsky Feldman LLP billed the Company \$10,500 for audit services.

### **Audit Committee**

The Company presently has an audit committee composed of the Secretary-Treasurer, Gordon Wilton, who is a director. There are currently two vacancies on the audit committee due to the recent death of Gerald Iscove and the recent resignation of Lawrence McKay. Mr. Wilton is “financially literate” as defined under Multilateral Instrument 52-110.

### **Audit Committee Charter**

#### **1.0 Purpose of the Committee**

1.1 The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Company’s financial statements and other relevant public disclosures, the Company’s compliance with legal and regulatory requirements relating to financial reporting, the external auditors’ qualifications and independence and the performance of the internal audit function and the external auditors.

#### **2.0 Members of the Audit Committee**

2.1 At least one Member must be “financially literate” as defined under Multilateral Instrument 52-110 (the “Instrument”) having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

2.2 The Audit Committee shall consist of no less than three directors.

2.3 A majority of the Members of the Audit Committee shall be “independent” as defined under the Instrument, while the Company is in the developmental stage of its businesses.

#### **3.0 Relationship with External Auditors**

3.1 The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee.

3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.

3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.

3.4 The Audit Committee will have direct communications access at all times with the external



auditors.

#### **4.0 Non-Audit Services**

4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:

- (i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
- (ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

#### **5.0 Appointment of Auditors**

5.1 The external auditors will be appointed each year by the shareholders of the Company at the annual meeting of the shareholders.

5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

#### **6.0 Evaluation of Auditors**

6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the directors and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

#### **7.0 Remuneration of the Auditors**

7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each annual meeting of the shareholders.

7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

#### **8.0 Termination of the Auditors**

8.1 The Audit Committee has the power to terminate the services of the external auditors, with or

without the approval of the Board of Directors, acting reasonably.

## **9.0 Funding of Auditing and Consulting Services**

9.1 Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

## **10.0 Role and Responsibilities of the Internal Auditor**

10.1 At this time, due to the Company's size and limited financial resources, the Secretary-Treasurer of the Company shall be responsible for implementing internal controls and performing the role as the internal auditor to ensure that such controls are adequate.

## **11.0 Oversight of Internal Controls**

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, and that such internal controls are effective.

## **12.0 Continuous Disclosure Requirements**

12.1 At this time, due to the Company's size and limited financial resources, the Secretary-Treasurer of the Company is responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

## **13.0 Other Auditing Matters**

13.1 The Audit Committee may meet with the Auditors independently of the management of the Company at any time, acting reasonably.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Company.

## **14.0 Annual Review**

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

## **15.0 Independent Advisers**

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.

## **Corporate Governance**

The Company's Board of Directors has ultimate responsibility for the management of the Company. The Board of Directors discharges its responsibilities directly and through its Audit Committee.

The Company is a small corporation with no full-time employees and only two directors. The directors

are as follows: Harry Bregman, President and Gordon Wilton, Secretary-Treasurer . There are currently two vacancies on the Board of Directors due to the recent death of Gerald Iscove and the recent resignation of Lawrence McKay. Responsibility for the day-to-day management of the Company is undertaken by Harry Bregman, the President who also undertakes primary responsibility for the effective communication between the Company, its shareholders and the public. Shareholders communication, particularly financial communication, is reviewed by the Company's Board of Directors. Having regard to the size of the board and the amount of time required to administer the business affairs of the Company most corporate governance activities and issues are dealt with by the full board.

The Board members who would be considered related would be Harry Bregman, the President and Gordon Wilton, the Secretary-Treasurer, being officers of the Company. The Board has not appointed a committee responsible for the appointment/assessment of directors. Any changes to the composition of the Board of Directors are discussed and determined by the full board in conjunction with the President.

In the past, the Company has made available, at the Company's expense, outside legal advisors to the directors of the Company on an "as needed" basis. The outside two current directors of the Company have experience as directors of public corporations and as such are fully qualified to discharge their functions as outside directors. Based upon this and on the size and simplicity of the Company's operations, the Company has not implemented at this time all of the formal corporate governance guidelines established by the Toronto Stock Exchange. The Board has under advisement the review of a strategic planning process and development of policies in this regard.

**Additional Information**

Additional information relating to the Company is available on the Internet at the SEDAR website located at [www.sedar.com](http://www.sedar.com).