

**CENTURY FINANCIAL CAPITAL GROUP INC.**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**YEAR ENDED AUGUST 31, 2016**

## **Introduction**

This Management Discussion and Analysis ("MD&A") is dated December 29, 2016 and unless otherwise noted, should be read in conjunction with the Century Financial Capital Group Inc.'s ("Century" or the "Company") audited financial statements for the years ended August 31, 2016 and 2015 and the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was written to comply with the requirements of National Instrument 51-102-Continuous Disclosure Obligations. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the year ended August 31, 2016 are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if (1) such information is a change or a fact that has or would reasonably be expected to have, a significant effect on the market price or value of the Company's common shares; or (2) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (3) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Caution Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

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Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain shareholder loans or equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding and/or related parties discontinue funding the Company resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the twelve months ending August 31, 2017, will be consistent with the Company's current expectations.	Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

Century Financial Capital Group Inc. was incorporated under the Business Corporations Act of Ontario on October 20, 1994.

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, 2016, the Company has no more leases and is currently inactive.

## **Overall Performance**

The statements of financial position as of August 31, 2016, indicate a cash position of \$9,343 (August 31, 2015 - \$nil) and total current assets of \$9,343 (August 31, 2015 - \$2,861). Current liabilities at August 31, 2016, total \$80,422 (August 31, 2015 - \$80,154). Shareholders' deficiency is comprised of share capital of \$1,398,105 (August 31, 2015 - \$1,398,105), shares to be issued of \$233,318 (August 31, 2015 - \$188,318) and accumulated deficit of \$1,702,502 (August 31, 2015 - \$1,663,716) for a net shareholders' deficiency of \$71,079 (August 31, 2015 - \$77,293).

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Working capital deficiency, which is current assets less current liabilities, is \$71,079 (August 31, 2015 - \$77,293).

During the year ended August 31, 2016, the Company reported a net loss of \$38,786 (\$0.03 basic and diluted loss per share) compared to a net loss of \$43,434 (\$0.03 basic and diluted loss per share) for the year ended August 31, 2015.

The Company has no operating revenue and its level of expenditures is dependent on the sale of equity capital to finance its operations. Therefore, it is difficult to identify any meaningful trends or develop an analysis from cash flows.

### **Selected Financial Information**

As Century has no revenue, the Company's ability to fund its operations is dependent upon its ability to secure financing through equity issues.

A summary of selected information for each of the three most recent fiscal years is as follows:

	<b>Year ended August 31, 2016 (\$)</b>	<b>Year ended August 31, 2015 (\$)</b>	<b>Year ended August 31, 2014 (\$)</b>
Revenues	nil	nil	nil
Net loss	38,786	43,434	47,961
Net loss per share – basic	0.03	0.03	0.03
Net loss per share – diluted	0.03	0.03	0.03

	<b>As at August 31, 2016 (\$)</b>	<b>As at August 31, 2015 (\$)</b>	<b>As at August 31, 2014 (\$)</b>
Total assets	9,343	2,861	4,112
Total long-term financial liabilities	nil	nil	nil
Distribution or cash dividends	nil	nil	nil

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A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended	Total Revenue (\$)	Loss		Total Assets (\$)
		Total (\$)	Per Share (\$)	
August 31, 2016	-	17,706	0.01	9,343
May 31, 2016	-	9,818	0.01	29,949
February 29, 2016	-	9,296	0.01	14,312
November 30, 2015	-	1,966	0.00	7,539
August 31, 2015	-	24,617	0.02	2,861
May 31, 2015	-	8,154	0.01	2,590
February 28, 2015	-	8,863	0.01	2,317
November 30, 2014	-	1,800	0.00	300

### **Discussion of Operations**

#### Three months ended August 31, 2016 compared with three months ended August 31, 2015

Century's net loss totaled \$17,706 for the three months ended August 31, 2016, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$24,617 with basic and diluted loss per share of \$0.02 for the three months ended August 31, 2015. The decrease of \$6,911 in net loss was principally because for the three months ended August 31, 2016, accounting and corporate services expense decreased \$3,175 and transfer fees decreased by \$4,468. Due to the Company currently not having any operations, expenses are minimal and consistent with the prior period.

#### Year ended August 31, 2016 compared with year ended August 31, 2015

Century's net loss totaled \$38,786 for the year ended August 31, 2016, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$43,434 with basic and diluted loss per share of \$0.03 for the year ended August 31, 2015. The decrease of \$4,648 in net loss was principally because for the year ended August 31, 2016, transfer fees decreased \$3,632, shareholders' information decreased by \$4,009, professional fees decreased by \$6,131 and office and general increased by \$6,687. Due to the Company currently not having any operations, expenses are minimal and consistent with the prior period.

### **Liquidity and Financial Position**

As at August 31, 2016, the Company's cash balance was \$9,343 (August 31, 2015 - \$nil) and the Company had a working capital deficiency of \$71,079 (August 31, 2015 - \$77,293).

During the year ended August 31, 2016, the Company received \$45,000 proceeds towards a private placement yet to close, which has been included in shares to be issued. The private placement is for common shares at \$0.02 per share up to a total of \$60,000.

During the year ended August 31, 2016, the Company also entered into an \$18,000 unsecured and non-interest bearing loan agreement with a related party. The loan was due on demand and was repaid during the year ended August 31, 2016.

The Company is dependent on the equity and debt markets as its sole source of operating working capital. Management believes the Company will need to raise additional working capital to maintain its operations and activities for the current fiscal year.

The Company will continue to rely on equity and debt financing during such period and there can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

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

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Related Party Transactions**

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

As at August 31, 2016, the amounts due to related parties of \$43,363 include convertible debts of \$nil that are due on demand, unsecured, and non-interest bearing (August 31, 2015 - \$31,485 including convertible debts of \$23,882). Out of the total balance, \$16,010 was payable to a director (Harry Bregman) of the Company. The remainder of \$27,353 was payable to a company controlled by the same director of the Company and the director's spouse.

On October 28, 2015, the Company entered into an \$18,000 unsecured and non-interest bearing loan agreement with a related party (Yaron Conforti). The loan was due on demand and was repaid during the year ended August 31, 2016.

### **Share Capital**

As of the date of this MD&A, the Company had 1,459,891 issued and outstanding common shares.

#### Shares to be issued:

At the annual and special meeting of shareholders held on April 3, 2014, shareholders approved the issue of the following common shares in settlement of debts:

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

During the year ended August 31, 2015, the Company entered into an agreement whereby private, arm's-length investors purchased a portion of the Company's existing debt held by related parties. The agreement stipulates \$20,000 of the accounts payable to be settled in the Company's common shares at \$0.067 per share.

During the year ended August 31, 2016, the Company received \$45,000 proceeds towards a private placement yet to close, which has been included in shares to be issued. The private placement is for common shares at \$0.02 per share up to a total of \$60,000. As of the date of this MD&A, these shares have not been issued.

## **Recent Accounting Pronouncements**

### **New standard IFRS 9 "Financial Instruments"**

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its financial statements.

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.

## **Capital Management**

The Company's objectives when managing capital are to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern and to maintain its operations. 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 year ended August 31, 2016. The Company is not subject to externally imposed capital requirements.

## **Financial Instruments**

The Company is exposed to certain financial risks as listed below. There has been no change in the exposure to risk, nor its objectives, policies and process for managing the risk from the prior year.

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with a reputable financial institution, from which management believes the risk of loss to be minimal.

### 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 obligation from available cash. The ability to do this is dependent on loans from directors and companies controlled by directors.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

### *Interest rate risk*

The Company has cash balances and non-interest bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates, bankers acceptance and money market deposits, with reputable financial institutions. The interest rate risk is remote.

### *Foreign currency risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

## **Risks and Uncertainties**

The Company has no source of operating cash flow and no assurance that additional funding will be available. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.



The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company. The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

### **Disclosure of Internal Controls**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

#### **General and Administrative**

	<b>Year ended August 31, 2016 (\$)</b>	<b>Year ended August 31, 2015 (\$)</b>
Shareholders' information	-	4,009
Accounting and corporate services	11,702	9,265
Transfer fees	3,336	6,968
Professional fees	16,995	23,126
Office and general	6,753	66
<b>Total</b>	<b>38,786</b>	<b>43,434</b>