

**TJR Coatings Inc.**  
**Management discussion and analysis**  
**For Period ended July 31, 2012**

**Report as of September 5, 2012**

*Management Discussion and Analysis contains certain forward-looking statements and information relating to TJR Coatings Inc. (“TJR” or the “Company”) which is based on the beliefs of Management as well as assumptions made by and information currently available to TJR. These statements, which can be identified by the use of forward-looking terminology such as “anticipates,” “believes,” “estimates,” “expects,” “may,” “will,” “should” or the negative thereof or other variations thereon and similar expressions, as they relate to TJR or its management, are intended to identify forward-looking statements.*

*The forward-looking statements relate to, among other things, regulatory compliance and, the sufficiency of current working capital. Such statements reflect the current views of TJR’s’ management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of TJR to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.*

*The Company disclaims any obligation to update or revise any forward-looking statements if circumstances or management’s estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.*

The following discussion and analysis should be read in conjunction with the Company’s unaudited condensed interim financial statements (“**interim financial statements**”) and related notes thereto for the six months ended (**the “period”**) July 31, 2012 as well as the audited annual financial statements for the year ended January 31, 2012. All comparisons of results for the period ended July 31, 2012 are against results for the Period ended July 31, 2011. All dollar amounts refer to Canadian dollars except otherwise stated. Additional information relating to TJR Coatings Inc. is available on the SEDAR web site at [www.sedar.com](http://www.sedar.com).

The unaudited interim financial statements (“financial statements”) of TJR Coatings Inc. were approved for issuance by the Board of Directors on September 5, 2012. The interim financial statements and comparables to the previous year were prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

## Description of the business and overview

TJR was incorporated December 11, 1998 in the Province of Ontario. On March 31, 1999, TJR acquired 100% of the outstanding shares of Noble House Coatings Inc. ("NHCI"). NHCI was a manufacturer and distributor of specialized wood coating products. On November 1, 2001, NHCI discontinued all operations as a subsidiary of TJR. As such the company had no active business left.

The Company has not been in operations since the discontinuance of NHCI. The Company is currently under a Cease Trade order from the Ontario Securities Commission for not being in compliance with its continuous disclosure obligations according to National Instrument 51-102. It is the intention of the Company to bring all continuous filing obligations up to date and apply for a revocation of the Cease Trade order. This endeavor is funded by a third party and thus the Company is dependent on this person to continue the advancement of funds.

## Results of operations - Period ended July 31, 2012 compared to the period ended July 31, 2011

Professional fees in the period totaled \$24,527 (2011 - \$33,253). These expenses consisted of audit, accounting and fees related to reviving the Company. Interest accrued for the period was \$5,751 (2011 - \$3,254) (see *loan payable and related party*).

## Summary of quarterly results

Cdn\$	Jul 31 2012	Apr 30 2012	Jan 31 2012	Oct 31 2011	Jul 31 2011	Apr 30 2011	Jan 31 2011	Oct 31 2010
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	(24,478)	(5,800)	(15,807)	(5,461)	(31,982)	(4,525)	(6,492)	(9,953)
Net income (loss) per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	0	0	0	4,983	4,548	4,158	3,118	3,095

## Loan payable and related party

The Company is dependent upon cash advances from Robert Salna, a director, to discharge its liabilities. At July 31, 2012 these advances (\$135,366) including accrued interest (\$15,997) amounted to \$151,363. The advances were interest bearing at a rate of 10% per annum, unsecured and with no fixed repayment terms. There are no ongoing contractual or other commitments resulting from the loan. The purpose is to finance the administrative and accounting functions of the Company until a business acquisition is completed. The Company anticipates repayment of these advances through future share financings.

## **Liquidity and capital resources**

At July 31, 2012, the Company had negative working capital of \$152,103 (January 31, 2012 - negative \$121,825). The Company is in need of working capital and is investigating various options. It is unknown at this time what success the Company will have.

The Company's continued existence is dependent on the financial support of a third party until the Company can acquire a viable business, and cash generated from operations or share financings.

The Company manages its capital to ensure that the Company will be able to continue as a going concern. The strategy remains unchanged from 2011. The Company raises capital, as necessary, to meet its needs and therefore, does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the year compared to the previous year.

## **Risk and uncertainties**

At present, the Company is insolvent, has no business, no source of operating funds and is dependent on a third party for advances in order to pay its bills as they come due. Should the support of the third party cease, it is unlikely that the Company will continue in business.

The Company will have to pursue, either through acquisition or start-up, a new business. There is no guarantee that the Company will be successful in this regard.

## **Fair value of financial instruments**

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation. The fair values of the Company's financial instruments are estimated based on the amount at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. As these estimates are subjective in nature, involving uncertainties and matter of judgment, they cannot be determined with precision. Changes in assumptions can affect estimated fair values.

## **Outstanding share data**

The Company has authorized an unlimited number of common shares. Issued capital stock consists of the following: 22,583,836 common shares

The Company maintains a Stock Option Plan for officers, directors, employees and other persons who provide services for the Company. At the period ended July 31, 2012, no options were granted, outstanding or exercised.

### **Accounting standards and critical accounting estimates**

Please refer to Note 3 of our annual financial statements for the most recently completed year for our significant accounting policies and critical accounting estimates.

### **Future accounting changes**

#### **(a) Fair value measurement**

IFRS 13, Fair Value Measurement (IFRS 13), was issued in May 2011. This standard addresses the definition of fair value, sets out a single standard framework for measuring fair value and requires certain disclosures about fair value measurements.

The above standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company is currently assessing the impact on its financial statements.

#### **(b) Financial instruments**

IFRS 9, Financial Instruments (IFRS 9) was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39; Financial Instrument Recognition and measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. In December 2011, the International Accounting Standards Board ("IASB") issued amendments for IFRS 9, extending the mandatory effective date for implementation of IFRS 9, which is now effective for annual periods beginning on or after January 1, 2015, although early adoption is permitted. The Company is currently assessing the impact on its financial statements.

#### **(c) Financial instruments**

IFRS 7, Financial Instruments - Disclosures (IFRS 7), was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The

amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The IASB also issued amendments requiring the disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect, of offsetting financial assets and financial liabilities to the entity's financial position. These amendments are effective for annual periods beginning on or after January 2013. The Company is currently assessing the impact on its financial statements.

**(d) *Presentation of financial statement***

IAS 1, Presentation of Financial Statement (IAS 1), was issued in June 2011 and required presenting items in other comprehensive income in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or as two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company is currently assessing the impact on its financial statements.

**Outlook**

The Company is actively seeking business prospects although none have been found at this time.

**Approval**

The Board of Directors and the Audit Committee of the Company have approved the disclosure contained in this MD & A. A copy of this MD & A will be provided to anyone who requests it.