

Dollinger Enterprises USA Ltd.
(Namaste Vapes Division)
Carve-Out Financial Statements
From commencement of operations
on September 3, 2014 to August 31, 2015

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Contents

From commencement of operations on September 3, 2014 to August 31, 2015

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Independent Auditors' Report

To the Directors of Dollinger Enterprises USA Ltd. (Namaste Vapes Division):

We have audited the accompanying carve-out financial statements of Dollinger Enterprises USA Ltd (Namaste Vapes Division), which comprise the carve-out statement of financial position as at August 31, 2015 and the carve-out statements of earnings and comprehensive income, changes in equity and cash flows for the period from the Commencement of operations on September 3, 2014 to August 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the carve-out financial statements:

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

Auditors' responsibility:

Our responsibility is to express an opinion on these carve-out financial statements based on our audit. We conducted our audit 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 carve-out 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 carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the carve-out 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 Corporation'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 carve-out financial statements.

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

Opinion:

In our opinion the carve-out financial statements present fairly, in all material respects, the carve-out financial position of Dollinger Enterprises USA Ltd (Namaste Vapes Division) as at August 31, 2015 and its carve-out financial performance and its carve out cash flows for the period from the Commencement of operations on September 3, 2014 to August 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of matter:

Without modifying our opinion, we draw attention to Note 2 to the carve-out financial statements which describes the basis of preparation used in these carve-out financial statements. The carve-out financial statements have been prepared on a carve-out basis and the results do not necessarily reflect what the financial position, results of operations, and cash flows would have been had the assets been included within a separate legal entity, nor are they indicative of future results in respect of the assets as they exist after the completion of the arrangement agreement, which is described in Note 1.

MNP¹ SENCRL, S.F.

Montréal, Québec
January 29, 2016

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)
Carve-Out Statement of Financial Position

As at August 31, 2015
(Expressed in US dollars)

	2015
Assets	
Current	
Cash	128,536
Prepays and deposits	4,735
Inventory (Note 4)	375,903
Divisional receivable	60,976
Due from related party (Note 5)	115,938
Total assets	686,088
Liabilities	
Current	
Accounts payable and accrued liabilities (Note 6)	138,934
Taxes payable	176,304
Total Liabilities	315,238
Equity	
Net investment	370,850
Total Equity	370,850
	686,088

Approved on behalf of the Board of Directors on January 26, 2016:

(*Sean Dollinger*)
Director

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)
Carve-Out Statement of Earnings and Comprehensive Income
From commencement of operations on September 3, 2014 to August 31, 2015
(Expressed in US dollars)

	2015
Sales	3,447,235
Cost of goods sold	1,935,746
Gross profit	1,511,489
Operating expenses	
Advertising and promotion	351,931
Consulting fees	298,131
Salaries	141,488
Bank and credit card fees	94,388
Professional fees	38,620
Communications	33,985
General and administrative	30,854
Rent and rental services	31,318
Travel and vehicles	15,611
Repairs and maintenance	3,846
Foreign exchange loss	26,955
	1,067,127
Income before income taxes	444,362
Provision for income taxes	176,304
Net earnings and comprehensive income for the period	268,058

The accompanying notes are an integral part of these Carve-Out Financial Statements

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)
Carve-Out Statement of Changes in Equity

From commencement of operations on September 3, 2014 to August 31, 2015
(Expressed in US dollars)

	<i>Total net investment</i>
Balance as at September 3, 2014	-
Due to shareholder (Note 7)	102,792
Net earnings and comprehensive income for the period	268,058
Balance as at August 31, 2015	370,850

The accompanying notes are an integral part of these Carve-Out Financial Statements

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Carve-Out Statement of Cash Flows

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

	2015
Cash provided by (used for) the following activities	
Operating activities	
Net earnings and comprehensive income	268,058
Changes in non-cash working capital items:	
Increase in current assets	(557,552)
Increase in accounts payable and accrued liabilities	138,934
Increase in taxes payable	176,304
	25,744
Financing activities	
Due to shareholder	102,792
Increase in cash resources	128,536
Cash resources, beginning of period	-
Cash resources, end of period	128,536

The accompanying notes are an integral part of these Carve-Out Financial Statements

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

1. Nature of operations

The Namaste Vapes Division ("Namaste" or the "Division") as presented in these carve-out financial statements is not a legal entity. The operations and related assets and liabilities are currently owned by Dollinger Enterprises USA Inc. (the "Company"), a company incorporated under the laws of the state of Florida on September 3, 2014. The Company's head office is located at 601 Heritage, Suite 212, Jupiter, Florida, USA 33458.

The Namaste Vapes Division of Dollinger Enterprises USA Inc. is an e-commerce business that distributes vaporizers and accessories for aromatherapy purposes. The Division is also designing with the intention to commercialize its own proprietary vaporizer products.

These financial statements have been prepared on a carve-out basis and present the financial position, financial performance and cash flows of the Division had the Division been accounted for on a stand-alone basis, and includes the Division's share of assets, liabilities, revenues and expenses. The carve-out financial statements have been prepared due to the anticipated arrangement agreement that is being contemplated by the Dollinger Enterprises USA.

The arrangement agreement will result in the three cornered amalgamation of Dollinger Canada, a newly incorporated entity that will comprise the Namaste Vapes Division of Dollinger Enterprises USA (hereinafter referred to as "Namaste"), Greenrush Analytical Laboratories Inc., a wholly owned subsidiary of Next Gen, and Next Gen (the "Transaction")

Pursuant to the Definitive Agreement (the "Agreement") dated October 30, 2015, and extended and revised on December 15, 2015, between Next Gen, Dollinger Enterprises Ltd. ("Dollinger Enterprises"), Dollinger Enterprises USA Inc. ("Dollinger USA"), and Green Rush Analytical Laboratories Inc. ("Green Rush"), Next Gen will acquire all of the issued and outstanding shares of Dollinger Canada, through a three-cornered amalgamation whereby prior to the Transaction, Dollinger Enterprises will transfer all of the shares it holds in Dollinger USA (its wholly owned subsidiary) to a newly incorporated company, Dollinger Canada. Next Gen will then acquire all of the issued and outstanding shares of Dollinger Canada through a three cornered amalgamation whereby Dollinger Canada and Green Rush will amalgamate and the shareholders of Dollinger Canada will receive post consolidated shares of Next Gen in exchange for their shares of Dollinger Canada.

Because the Division was part of a corporate group, these carve-out financial statements depict the Parent Company's net investment in net assets, representing the amount associated specifically with this Division. Management estimates, where necessary, have been used to prepare such allocations.

These carve-out financial statements are not necessarily indicative of the results that would have been attained if the Division had been operated as a separate legal entity during the period presented and therefore are not necessarily indicative of future operating results.

These financial statements were approved and authorized by the Board of Directors of the Company on January 26, 2016.

2. Basis of preparation

2.1. Basis of presentation and statement of compliance

The principal accounting policies adopted in the preparation of the carve-out financial statements are set out below. The carve-out financial statements are presented in US dollars, which is also the Division's functional currency.

These carve-out financial statement have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board which also comprise International Accounting Standards and Interpretations (collectively IFRSs as issued by the IASB).

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Division's accounting policies. The areas where significant judgments and estimates have been made in preparing the carve-out financial statements and their effect are disclosed below.

The carve-out financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

2. Basis of preparation (continued)

2.2. Use of management estimates, judgments and measurement uncertainty

The preparation of these carve-out financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the carve-out financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the carve-out financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these carve-out financial statements include:

Working capital assets such as current assets and liabilities which were specifically identifiable based on the nature of the products purchased and sold were specifically attributable to the Division.

Taxes payable was estimated based on the size of the Namaste Division's operations and the contribution of the Division's estimated earnings.

General and administrative expenses were allocated based on management's best estimate of the Division's contribution to the overall operations of the Company as a whole and the amount of time spent operating this Division.

Where costs were specifically attributable to the Namaste Division, they were allocated directly. Equity in the net assets is shown as a net investment in place of Shareholder's Equity because a direct ownership by shareholders in the Division does not exist.

All excess cash flows are assumed to be distributed to the Parent Company and all cash flow deficiencies are assumed to be funded by the Parent Company through the net investment.

Management has determined the above judgments, estimates and assumptions reflected in these carve-out financial statements are reasonable.

2.3 New and revised standards

New standards and interpretations to be adopted in future periods

At the date of authorization of these carve-out financial statements, the IASB and IFRS Interpretations Committee (IFRIC) have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Division has not early adopted. However, the Division is currently assessing what impact the application of these standards or amendments will have on the carve-out financial statements.

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so. The Division is currently assessing the impact, if any, of adopting these amendments to IAS 1.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted. The Division has not yet determined the impact of the amendments on its financial statements. The Division is currently assessing the impact, if any, of adopting IFRS 9.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

2. Basis of preparation (continued)

2.3 New and revised standards (continued)

IFRS 15 Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. The Division has not yet determined the impact of the amendments on its financial statements. The Division is currently assessing the impact, if any, of adopting IFRS 15.

3. Summary of significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with original maturities of three months or less. As at August 31, 2015, there were no cash equivalents.

3.2 Inventory

Inventory is valued at the lower of cost and net realizable value. The Division uses the weighted average method to track and cost inventory items. The inventory consists of vaporizers, vaporizer accessories, and therapeutic herbs. The inventory consists solely of goods currently available for sale and does not include any unfinished goods or work-in-progress.

Inventory is written down to net realizable value by item when a decline in the price of items indicates that the cost is higher than the net realizable value. When events having caused a decline in the valuation of inventories no longer exist, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value.

3.3 Accounts payable and accrued liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Provisions are recognized when the Division has an obligation (legal or constructive) arising from a past event, and the Division has a present obligation, and the costs to settle this obligation are both probable and able to be reliably measured.

3.4 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.5 Revenue recognition

The Division derives its revenues from the online sales of vaporizers and accessories through e-commerce platforms. Revenue is recognized when goods are delivered and the significant risks and rewards of ownership and control have been transferred, the amount of revenue can be measured reliably, the receipt of economic benefits is probable and costs incurred can be measured reliably.

Revenues billed before date of delivery are accounted for as deferred.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

3. Summary of significant accounting policies (continued)

3.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As of August 31, 2015, the Division did not have any finance leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.7 Income taxes

Tax expense is recognized in the statement of profit and loss, except to the extent it relates to items directly in equity, in which case the related tax is recognized in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Division does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Division intends to settle its current tax assets and liabilities on a net basis.

3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial assets of the Division are comprised of cash, divisional receivable and due from related parties. The financial liabilities of the Division are comprised of accounts payable and accrued liabilities, and due to shareholder.

Financial assets and financial liabilities are recognized in the carve-out statement of financial position initially at fair value when the Division becomes a party to the contractual provisions of the financial instrument.

3.9 Financial assets

Financial assets are classified, at initial recognition, into one of the following categories:

- fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; or
- derivatives designated as hedging instruments in an effective hedge.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

3. Summary of significant accounting policies (continued)

3.9 Financial assets (continued)

Financial assets at fair value through profit or loss ("FVTPL") include financial assets held for trading, and are classified as such if they are acquired for the purpose of selling or repurchasing in the near term, and those that are designated as such upon initial recognition when doing so results in more relevant information being presented. This category also includes derivative financial instruments entered into by the Division that are not designated as hedging instruments in an effective hedging relationship.

Financial assets are initially and subsequently measured at fair value with the exception of loans and receivables and investments that are held-to-maturity, which are subsequently measured at amortized cost using the effective interest rate method, less impairment.

Subsequent recognition of changes in fair value of financial assets re-measured at each reporting date at fair value depend on their initial classification. Financial assets at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Available-for-sale financial assets are measured at fair value with gains and losses included in other comprehensive income until the asset is removed from the consolidated statement of financial position or until impaired.

3.10 Impairment of financial assets

At each reporting date, the Division assesses whether its financial assets are impaired. Impairment losses are recognized in the consolidated income statement when there is objective evidence that the financial assets are impaired. Financial assets are deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset(s) that can be reliably estimated.

3.11 Derecognition of financial assets

Financial assets are derecognized when the Division's contractual rights to the cash flows from the respective assets have expired or have been transferred and the Division has neither exposure to the risks inherent in those assets nor entitlement to rewards from them.

3.12 Financial liabilities and equity instruments

Debt and equity instruments issued by the Division are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, into one of the following categories:

- fair value through profit or loss;
- other financial liabilities measured at amortized cost; or
- derivatives designated as hedging instruments in an effective hedge.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term, and those that are designated as such upon initial recognition when doing so results in more relevant information being provided. This category includes derivative financial instruments entered into by the Division that are not designated as hedging instruments in an effective hedging relationship. Otherwise, they are considered as an other financial liability.

Financial liabilities at fair value through profit or loss are measured at fair value with all gains and losses included in net income in the period in which they arise. Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Division are recognized at the proceeds received, net of direct issue costs and applicable income taxes.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

3. Summary of significant accounting policies (continued)

3.13 Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign denominated monetary assets and liabilities are translated to their US dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. The carve-out financial statements are presented in US dollars, which is also the Division's functional currency.

4. Inventory

All inventory consists of finished goods.

The cost of inventory recognized as an expense and included in cost of goods sold for the period ended August 31, 2015 is \$1,470,510.

5. Due from related party

Due from related party is non-interest bearing, unsecured, and receivable within the upcoming fiscal year. The related party is an entity that is controlled by a family relationship of a Director of the Company.

6. Accounts payable and accrued liabilities

	<i>As at August 31, 2015</i>
Consulting accrual	48,500
Employee contributions payable	34,706
Audit accrual	26,600
Rent payable and leasehold inducements	9,860
Payroll accrual	5,698
Deferred revenue	4,424
Other accounts payable	9,146
Total	138,934

7. Due to Shareholder

Due to shareholder is non-interest bearing, unsecured, and payable within the upcoming fiscal year.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

8. Capital Management

Capital structure financial policy

The Division's capital is composed of debt and equity. As at August 31, 2015, the Division has \$102,792 of shareholder debt.

The Division's objective for managing capital are: (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and (ii) to manage capital in a manner which maximizes the interests of shareholders.

The Division manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Division's capital structure is managed in conjunction with the capital structure and financial needs of the day-to-day operations. The Division currently funds the working capital requirements out of its internally-generated cash flows and the periodic use of credit facilities.

Management does not establish quantitative return on capital criteria, however management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Division, is appropriate. As at August 31, 2015, the Division is not subject to any externally imposed capital requirements.

9. Financial instruments

Fair value of financial instruments

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.
- Level Three includes inputs that are not based on observable market data.

The Division has designated its cash as FVTPL and its divisional receivable and due from related parties as loans and receivables. Its accounts payable and accrued liabilities and due to shareholder have been designated as other financial liabilities.

As at August 31, 2015, both the carrying and fair value amounts of all of the Division's financial instruments are approximately equivalent due to their short term nature.

A summary of the Division's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Division's credit risk is primarily attributable to cash, accounts receivable and due from related parties. The Division has no significant concentration of credit risk arising from operations. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to financial instruments included in cash and due from related parties is minimal. The Division's maximum exposure to credit risk as at August 31, 2015 is the carrying value of cash.

Liquidity risk

Liquidity risk is the risk that the Division will encounter difficulty in satisfying its financial obligations. The Division manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. As at August 31, 2015, the Division had current assets of \$686,088 compared to current liabilities of \$315,238. All amounts in current liabilities are due within one year.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

9. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Division's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Division's monetary assets and liabilities. The Division is not exposed to interest rate price risk.

Foreign currency risk

The Division buys inventory and sells products in several countries. The Division is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Division does not use derivative instruments to reduce its exposure to foreign currency risk.

Transactions in foreign currencies are translated to the respective functional currencies at the spot rate on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in income.

The Division's exposure to foreign exchange risk of transactions and the effects on revenue as a result of a strengthening of 1% in the relevant foreign currencies against the US dollar as at August 31, 2015, would be \$34,484. A weakening of 1% in the relevant foreign currencies against the US dollar would have an equal and opposite impact on revenue.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Division is not exposed to significant other price risk.

10. Related parties and key management

Key management includes the Division's directors, senior officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

*From commencement of
operations on
September 3, 2014 to
August 31, 2015*

Balances:

Cash compensation	19,493
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Total compensation to key management	19,493
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Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

11. Income taxes

The reconciliation of the combined US federal and state statutory income tax rate of 39% to the effective tax rate is as follows:

2015

Net income before income taxes	444,362
Expected income tax expense	173,301
Decrease in income taxes resulting from:	
Permanent differences	3,003
Income tax expense	176,304

Deferred tax

As of August 31, 2015, there were no material temporary differences.

12. Commitments and contingencies

Commitments

- a) The Division has commitments under operating leases for its office space. The minimum lease payments due are as follows:

Fiscal year

2016	27,725
2017	28,787
2018	19,634

13. Segmented information

Product information

The Division has one reportable segment as the Division's operations are substantially all related to the sales of vaporizers and accessories through ecommerce platforms.

Geographic information

The Division markets its products globally. Sales are attributed to countries based on the location of customers. Current assets other than financial instruments and deferred taxes are attributed to countries based on the location of the assets.

Dollinger Enterprises USA Ltd. (Namaste Vapes Division)

Notes to the Carve-Out Financial Statements

From commencement of operations on September 3, 2014 to August 31, 2015

(Expressed in US dollars)

13. Segmented information (continued)

From commencement of
operations on
September 3, 2014 to
August 31, 2015

Revenue from external customers

UK	1,499,497
Germany	407,590
Australia	290,403
Brazil	226,696
New Zealand	157,991
France	143,847
Italy	142,195
Netherlands	127,570
Sweden	106,069
Spain	70,234
Ireland	62,442
Austria	58,361
Denmark	34,656
US	32,753
South Africa	26,846
Israel	26,089
Other	33,996

Total	3,447,235
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As at
August 31, 2015

Inventory by location

UK	312,335
United States	63,568

Total	375,903
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Customer information

The Division does not have any major customers representing more than 10% of total sales for the reporting segment.

14. Subsequent events

Pursuant to a Business Combination Agreement dated October 30, 2015 between Next Gen Metal Corp. ("Next Gen"), Dollinger Enterprises Ltd. ("Dollinger Enterprises") and Dollinger Enterprises USA Inc. ("Dollinger USA"), Next Gen will acquire all of the issued and outstanding shares of Dollinger Canada, which will be entirely comprised of the Namaste Division, through a three-cornered amalgamation whereby Dollinger Canada, a company to be formed by Dollinger Enterprises to acquire all of the shares of Dollinger USA prior to the closing date, and Greenrush Analytical Laboratories Inc., a wholly owned subsidiary of Next Gen, will amalgamate upon the closing and the shareholders of Dollinger Canada will receive post-consolidated shares of Next Gen in exchange for their shares in Dollinger Canada.

The Business Combination Agreement was extended and revised on December 15, 2015.

Subsequent to the reporting period ended August 31, 2015, the Division reimbursed \$95,000 of outstanding shareholder loan amount.