MANAGEMENT DISCUSSION AND ANALYSIS
DOLLINGER ENTERPRISES USA LTD. (NAMASTE VAPES DIVISION)
FOR THE PERIOD FROM THE COMMENCEMENT OF OPERATIONS ON SEPTEMBER 3, 2014 TO AUGUST 31, 2015

This “Management’s Discussion and Analysis” (“MD&A”) has been prepared as of January 26, 2016, and should be read in conjunction with the audited carve-out financial statements of the Namaste Vapes Division (the “Division”) of Dollinger Enterprises USA Ltd. (the “Company”) for the period from the commencement of operations on September 3, 2014 to August 31, 2015.

The Division’s audited carve-out financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are reported in US dollars unless otherwise stated. All financial analysis, data and information set out in this MD&A are unaudited.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

Management’s Discussion and Analysis for the Division is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving Management’s Discussion and Analysis.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Division’s business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward- looking statements are not historical facts, but reflect the Division’s current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section “Risks and Uncertainties” below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: management’s goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Division’s current and future technologies; management’s outlook regarding commercialization of its Guru vaporizer; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company’s products; and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although management has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Management believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and management undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

DESCRIPTION OF THE BUSINESS

The Division is a global leader in vaporizer product distribution and manufacturing. The Division has over 30 e-commerce retail stores in 20 countries and aims to provide the best in class and most professional customer experience possible. NamasteVapes™'s retail sites offers one of the largest ranges of brand name vaporizers products on the market, which includes distribution partnerships with over 30 manufacturers providing some of the latest and most innovative products.

In addition to its e-commerce distribution business, the Division is actively developing and commercializing unique proprietary products for retail and wholesale distribution, including vaporizers, accessories and herbs. Recognized as a source of information and reviews on aromatherapy products, the Division has a unique market perspective and ability to design and engineer products that align with the current direction of the market. This business segment will be branded under the tradename GrizzlyOriginals™ and will include the upcoming launch of the Guru™, an enhanced vaporizer capable of seamlessly vaporizing liquids, concentrates and dry herbs from a single portable unit.

Business Strategy of the Division

Management's business strategy is currently focused on a multi-pronged approach to diversify revenue streams including e-commerce distribution, product development and manufacturing, and wholesale activities. Management believes there is established and growing consumer demand for its products internationally and has developed strong sales channels in the United Kingdom and Continental Europe. The current expansion focus is as follows:

- The Division is currently entering into exclusive distribution agreements with leading manufactures of vaporizers. As the Division has arrangements with multiple warehouse facilities and an established e-commerce distribution network, this is a natural vertical for expansion on a wholesale and retail basis. The Division also will be expanding its e-commerce platform in new and established markets, including Mexico, Australia, Brazil and others.

- The Division has completed development and is proceeding with commercialization of its own proprietary product, the Guru™. This is the first vaporizer to seamlessly provide a solution to vaporize dry-herbs, concentrates and liquids. The product will be distributed through the Division's e-commerce platform as well as distribution agreements with international wholesalers that will provide entrance into the US market through established distribution channels. After this initial launch, the Division also plans on commercializing additional products to expand its propriety portfolio.

- The Division has identified several opportunities to expand by acquisition and is further evaluating opportunities with the objective of securing additional revenue and earnings as well as market and product exposure.

Operational Highlights

- Generated e-commerce revenue of $3,447,235 and net income of $268,058. Gross profit for the period was $1,511,489, a gross profit margin of 43.8%;

- Developed and launched over 30 e-commerce sites in over 20 countries, including customer support and service hubs with technical and language skills;

- Established fulfillment and logistics centers in key markets, including the United States, United Kingdom, and Australia;

- Established commercial relationships with over 30 manufactures and wholesale distributors of the leading vaporizer products globally;

- Designed and developed the Guru, a proprietary vaporizer unlike existing products currently on the market. The Guru is unique in that it functions with dry-herbs, waxes and concentrates and liquids; and

- Gained a reputation as a leading source of information and reviews on vaporizer products. Established a collection of Youtube videos and other social media blogs outlining the positives and negatives of the world's top vaporizers.

BASIS OF PRESENTATION

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.

These carve-out financial statement have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board which include 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 required 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 *"Summary of Significant Accounting Polices"*.

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.

New and revised standards

<u>New standards and interpretations to be adopted in future periods</u>

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

RESULTS OF OPERATIONS

The Company and Division commenced commercial operations on September 3, 2014.

During the period from the commencement of operations on September 3, 2014 to August 31, 2015, the Division focused on the e-commerce distribution and sale of vaporizers and accessories for aromatherapy purposes, with the objective of developing international distribution channels and producing a sustainable increase in inventory.

The table below sets forth selected annual information for the Division during the period from the commencement of operations on September 3, 2014 to August 31, 2015.

	From commencement of operations on September 3, 2014 to August 31, 2015 $
Revenue	**3,447,235**
Cost of goods sold	**1,935,746**
Gross profit	**1,511,489**
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**
Net income (loss)	**268,058**
Total assets	**686,088**
Non-current liabilities	**-**
Current liabilities	**315,238**
Net investment	**370,850**

<u>Revenue</u>

The Division's revenue for the period from the commencement of operations on September 3, 2014 to August 31, 2015 was $3,447,235. This was period of commercial operations for the Division, with revenue first being recognized in September of 2014. Since then, revenue resulted from a steady customer base over the period. The majority of revenue was generated by several key markets, including the United Kingdom and Germany, which accounted for 55.3% of total revenue.

The table below summarizes the Division's revenue by country:

		Period from the Date of Incorporation (September 3, 2014) to August 31, 2015	Country Percentage of Total Revenue
Revenue from external customers			
UK	$	1,499,497	43.50%
Germany		407,590	11.82%
Australia		290,403	8.42%
Brazil		226,696	6.58%
New Zealand		157,991	4.58%
France		143,847	4.17%
Italy		142,195	4.12%
Netherlands		127,570	3.70%
Sweden		106,069	3.08%
Spain		70,234	2.04%
Ireland		62,442	1.81%
Austria		58,361	1.69%
Denmark		34,656	1.01%
US		32,753	0.95%
South Africa		26,846	0.78%
Israel		26,089	0.76%
Other		33,996	0.99%
Total	**$**	**3,447,235**	100.00%

Cost of Sales

Cost of sales includes all expenditures to purchase the product and deliver the product to the customer. This includes the purchase price less any discounts, import duties, shipment fees, storage and insurance. 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.

The Division's cost of sales for the period from the commencement of operations on September 3, 2014 to August 31, 2015 was $1,935,746, which resulted in a gross margin of $1,511,489. The gross margin generated by the Division is due to the mark-up of products sold to retail customers compared to the cost of securing the products from wholesale distributors and manufactures.

Operating Expenses

Advertising and promotion expenses for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $351,931. These expenditures relate to online search services provided by Google AdWords as well as other online promotional and social media tools utilized by the Division to generate sales. These costs further represent the Division's significant investment into search engine optimization and its ongoing customer acquisition strategy.

Consulting fees for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $298,131. These expenditures relate to compensation amounts paid to various companies and individuals for marketing and distribution services, customer service activities, and product development and research.

Salaries for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $141,488. These expenditures relate to management and administrative salaries in support of the operations of the Division, managing fulfillment and procurement, and general operating activities.

Bank and credit card fees for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $94,388. These expenditures include service and transaction fees to PayPal, Amex and commercial banks for processing incoming and outgoing orders from customers, suppliers and service providers, foreign transaction fees, and other bank service charges.

Professional fees for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $38,620. The expenditures relate to fees paid to accountants, lawyers and other professionals that provided services to the Division during the period.

Communication expenses for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $33,985. These expenditures relate to phone, internet and computer expenses.

General and administrative expenses for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $30,854. These expenditures relate to office supplies, licensing fees and other general operating expenses.

Rent and rental services for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $31,318. These expenditures relate to the Division's share of costs associated with the leasing of office space, janitorial services and utilities.

Travel and vehicles for the period from the commencement of operations on September 3, 2014 to August 31, 2015 were $15,611. These expenditures relate to costs associated with airfare, meals, fuel and other travel and vehicle related expenses.

Foreign exchange expense for the period from the commencement of operations on September 3, 2014 to August 31, 2015 was $26,955.

Financing

During the period from the commencement of operations on September 3, 2014 to August 31, 2015, the Division funded operations without any equity financing. As at August 31, 2015, the Division has an amount of $102,792 due to shareholder, which the Division utilized to fund near term liquidity requirements of the Division. Due to shareholder is non-interest bearing, unsecured, and payable within the upcoming fiscal year.

Liquidity

The Division's objective when managing its liquidity and capital structure are to generate sufficient cash to fund operating and organic growth requirements.

As at August 31, 2015, the Division has cash available of $128,536 as a result of profitable operations and shareholder loans to the Division. Working capital for the Division consists of current assets less current liabilities. As at August 31, 2015, the Division has sufficient capital resources to satisfy its near term financial obligations.

The table below sets forth the cash and working capital position of the Division as at August 31, 2015.

	As at August 31, 2015 **$**
Cash	128,536
Working capital	370,850

The table below sets forth the Division's cash flows during the period from the commencement of operations on September 3, 2014 to August 31, 2015.

Net cash provided by:	**From commencement of operations on September 3, 2014 to August 31, 2015** **$**
Operating activities	25,744
Investing activities	-
Financing activities	102,792

Cash Provided by Operating Activities

The cash generated by operating activities of $25,744 was due to the profitable sale of products during the period from the commencement of operations on September 3, 2014 to August 31, 2015. During the period, changes in current assets resulted in a decline in operational of cash flow by $557,552 and changes in current liabilities generated an increase of $315,238, a net change in working capital of $(242,314). The majority of the increase in current assets consisted of an ending inventory balance increase of $375,903 and an amount due from a related party of $115,938. The majority of the increase in current liabilities consisted of income taxes payable of $176,304, consulting accruals of $48,500, and employee contributions of $34,706.

Cash Provided by Investing Activities

The Division did not have any cash provided by or used in investing activities for the period from the commencement of operations on September 3, 2014 to August 31, 2015.

Cash Provided by Financing Activities

The Division's cash provided by financing activities for the period from the commencement of operations on September 3, 2014 to August 31, 2015 consists of a due to shareholder amount of $102,792 as at August 31, 2015.

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

The Division's capital is composed of debt and shareholders' equity. The Division utilizes cash flow from operations and shareholder loans to support development and continued operations and to meet liabilities and commitments as they come due. Specifically, the Division has accumulated earnings of $268,058 and working capital of $370,850 as at August 31, 2015. As at August 31, 2015, the Division has $102,792 of shareholder debt.

Capital Activities

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.

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.

The Division's principal capital needs are for funds to expand its market presence, design and develop propriety products, and general working capital requirements to support growth. Since formation of the Division, these capital needs have been funding utilizing internally-generated cash flows and the periodic use of credit facilities.

Related Party Transactions

The Division has an outstanding amount due from related party that is non-interest bearing, unsecured, and receivable within the upcoming fiscal year. As at August 31, 2015, due from related party totaled $115,938.

Compensation awarded to key management was $19,493 during the period. 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.

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, its due from related parties as loans and receivables, and its accounts payable and accrued liabilities and due to shareholder as other financial liabilities. All are recognized as Level One measurements.

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 it operations and anticipating its operating and investing activities. As at August 31, 2015, the Division has a current assets of $686,088 compared to current liabilities of $315,238. All amounts in current liabilities are due within one year.

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.

Off-Balance Sheet Arrangements

The Division does not have any off-balance sheet arrangements.

Seasonality

The Division does not consider its business to be seasonal.

Inflation and Changing Prices

Neither inflation nor changing prices for the period from the commencement of operations on September 3, 2014 to August 31, 2015 has a material impact on operations of the Division.

RECENT DEVELOPMENTS AND 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 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 Laborotories 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.

RISK FACTORS

There are risks relating to the business carried on by the Division which prospective investors should carefully consider before deciding whether to purchase shares of the Division. The Division will face a number of challenges in the development of its business. Due to the nature of the Division's business and present stage of the business, the Division may be subject to significant risks. Readers should carefully consider all such risks and readers are strongly encouraged to review in its entirety the section in this Listing Statement entitled *Risk Factors.*