

**CLIFFSIDE CAPITAL LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016**

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Cliffside Capital Ltd. prepared as of August 26, 2016 should be read in conjunction with the Company’s unaudited interim financial statements and notes thereto for the three months and six months ended June 30, 2016 and 2015, prepared in accordance with International Financial Reporting Standards (IFRS). All monetary amounts are expressed in Canadian dollars.

Nature of the Business and Incorporation:

Cliffside Capital Ltd. (the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on October 22, 2013 with the intent to being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) corporate finance manual. The Company has no assets other than cash and proposes to identify and evaluate potential properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition or participation therein subject to regulatory approval and, if required, shareholders’ approval.

As a Capital Pool Company, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company (see “Subsequent Event” below).

The Company raised \$4,000,000 in two separate non-brokered private placements, comprising a seed round of 10 million common shares at \$0.05 per share for gross proceeds of \$500,000 completed on September 16, 2013 and an additional 35 million common shares at \$0.10 per share for gross proceeds of \$3.5 million completed on March 26, 2014.

The Company completed its Initial Public Offering (the “IPO” or “Offering”) of 10,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,000,000 on April 14, 2014. Its shares commenced trading on the Exchange on April 17, 2014.

The Company has incurred share issue costs aggregating \$337,835 comprising Agent’s costs of \$235,706 and other costs including listing fees, legal and professional fees, and general and administrative expenses aggregating \$102,129.

Raymond James Ltd. (the “Agent”) acted as agent for the IPO. In connection with the IPO, the Company paid \$100,000 as commission, equal to 10% of the gross proceeds of the Offering. The Agent has been paid a corporate finance fee of \$16,950, including applicable taxes and was reimbursed \$31,436 for its legal fees and other expenses incurred pursuant to the Offering. In the third quarter 2014, the Agent requested an additional expense reimbursement of \$27,320 which has been accrued in the December 31, 2015 year-end financial statements. Subsequent to the year end, on completion of the Qualifying Transaction, the Company paid the outstanding accrued amount for agent’s expenses.

The Company also granted the Agent a non-transferable option to purchase 100,000 common shares at a price of \$0.10 per common share, valued at \$60,000 as per the Company’s financial statements. This option was available for exercise for a period of 24 months from the date of listing of the common shares on the Exchange and expired on April 17, 2016.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of the listing on the TSX-V. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

On June 23, 2016 at an annual and special meeting of the shareholders, the Company received the requisite approvals by its shareholders of the proposed Qualifying Transaction (“the QT”). On July 4, 2016 the Company announced that it had completed its QT effective July 1, 2016 (see “Subsequent Event” below).

Further on July 5, 2016 the Exchange granted final acceptance (the “Final Exchange Bulletin”) for the QT and confirmed that with effect from July 7, 2016, the Company will no longer be considered a Capital Pool Company and will restart trading as a Tier 2 Investment Company under the symbol CEP.

The registered office is located at Suite 200, 11 Church Street, Toronto, M5E 1W1.

Management Team:

Michael Stein – Chairman and Director
Mark H. Newman – Chief Executive Officer and Director
Keith L. Ray – Director
Adam E. Paul - Director
Yazdi Bharucha – Chief Financial Officer and Secretary

The directors will devote their time and expertise as required by the Company, however, it is not anticipated that any director will devote 100% of his time. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and completion of a Qualifying Transaction as defined under the policies of the Exchange.

Summary of results:

Select Operating Results	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net income (loss)	(7,270)	(23,398)	(9,512)	(91,262)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

The Company incurred a net (loss) of \$ (7,270) and \$(23,398) during the three months ended June 30, 2016 and 2015 respectively. Operating expenses of \$7,839 for the three month period ended June 30, 2016 were mainly comprised of general and administrative expenses. Interest income of \$569 for the three months ended June 30, 2016 represents interest earned on deposits. Operating expenses of \$26,312 for the three months ended June 30, 2015 mainly comprised of legal and general and administrations expenses. Interest income earned for the three months ended June 30, 2015 was \$2,914.

The company incurred Net (loss) of \$(9,512) and \$(91,262) for the six months ended June 30, 2016 and 2015 respectively. Included in the six month period ended June 30, 2016 were general and administrative expenses of 10,663 and interest income of \$1,151. Included in the six month period ended June 30, 2015 were operating expenses of \$43,776, \$55,000 non-cash stock based compensation for the Chief Financial Officer, and interest income of \$7,514.

Liquidity and Capital Resources

As of June 30, 2016, the Company had cash of \$4,521,631. As discussed in more detail under the share capital section, the Company raised gross proceeds of \$5 million from issuance of common shares and incurred cumulative expenses of \$506,350 (other than non-cash compensation expense and net of working capital changes). As of June 30, 2016 the Company is in compliance with all its listing obligations under the policies of the Exchange.

Share capital

The Company is authorized to issue an unlimited number of common shares.

	Number	Amount
Issued and outstanding common shares	55,000,000	\$4,662,165

On October 22, 2013, the Company issued one share at a price of \$0.05 per common share for total proceeds of \$0.05.

On December 16, 2013, the Company issued an additional 9,999,999 shares at a price of \$0.05 per common share for total proceeds of \$499,999.95.

On March 26, 2014 the Company closed a non-brokered private placement, pursuant to which the Company sold an aggregate of 35,000,000 Common Shares at \$0.10 per share, for aggregate gross proceeds to the Company of \$3,500,000. The gross proceeds of the Private Placement was held in escrow until the completion of the Offering on April 17, 2014, upon which date all of the gross proceeds were automatically released from escrow.

On April 14, 2014 the Company completed a public offering of 10,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$1,000,000. The share issuance cost related to the offering was \$337,835. The Company's common shares began trading on the Exchange on April 17, 2014, under the trading symbol of "CEP.P".

In connection with the IPO, the Company granted the Agent a non-transferable option to purchase that number of common shares equal to 10% of the aggregate number of common shares sold pursuant to the Offering at a price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the common shares on the Exchange. The company recorded stock compensation expense of \$60,000 for this grant. This option expired April 17, 2016.

Upon completion of the IPO, the Company granted incentive stock options to its directors and officers to purchase an aggregate of up to 10% of the issued and outstanding common shares after giving effect to the Offering at a price of \$0.10 per common share, exercisable for a period of ten years from the date granted (the "Incentive Stock Options"), as shown below. The Company recorded stock compensation expense of \$550,000 for the options granted.

On February 2, 2015 Mr. Yazdi Bharucha was appointed Chief Financial Officer and awarded 550,000. Options at a price of \$0.10 per common share, exercisable for a period of ten years from the date granted (the "Incentive Stock Options"). The Company recorded stock compensation expense of \$55,000 for the options granted.

Name of Optionee	No. of Common Shares reserved under Option	Exercise Price per Common Share	Expiry Date
Mark H. Newman	1,100,000	\$0.10	10 years from the date of grant
Michael Stein	1,100,000	\$0.10	10 years from the date of grant
Bernd Knobloch	550,000	\$0.10	10 years from the date of grant
Keith L. Ray	550,000	\$0.10	10 years from the date of grant
Adam E. Paul	550,000	\$0.10	10 years from the date of grant
Yazdi Bharucha	550,000	\$0.10	10 years from the date of grant
Total	4,400,000		

Selected Statement of Financial Position

	As at June 30, 2016	As at December 31, 2015
Cash	\$4,521,631	\$4,641,361
Shareholders' Equity	\$4,575,478	\$4,584,990

Summary of Quarterly Results

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Operating Expenses	\$7,839	\$2,824	\$3,213	\$15,768	\$26,312	\$72,464	(\$44,803)	\$2,715
Interest Income	569	582	582	882	2,914	4,600	7,917	6,036
Comprehensive Income (Loss)	(7,270)	(2,242)	(2,631)	(14,886)	(23,398)	(67,864)	52,720	3,321
Earnings (loss) per Share, Basic and diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.00	0.00

Changes in Accounting Policies Including Initial Adoption

For a description of the Company's accounting policies and accounting pronouncements, that will be effective in future years, refer to Note 1 in the financial statements.

Risks and Uncertainties

In the normal course of business, the Company is exposed to certain risks and uncertainties and manages them, as follows:

Business Acquisition Risks

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading (see "Subsequent Event" below).

Liquidity Risks

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

Credit Risk arises from the possibility that debtors may be unable to fulfil their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of the date of these financial statements the Company's sole debtor is the Toronto Dominion Bank, for interest owed on deposits. Therefore the Company does not believe it is currently exposed to any significant credit risk.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is not currently exposed to significant interest rate risk as it does not have any interest bearing financial assets or financial liabilities.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company does not have significant transactions denominated in foreign currency and therefore is not currently exposed to significant foreign currency risk.

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk.

Fair Values

The company's financial instruments includes cash held, account receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to their short term nature.

Trading and Share Statistics	2016*	2015
Average Monthly Trading Volume	14,285	61,200
Share Price		
High	0.08	0.105
Low	0.06	0.065
Close	0.08	0.065
Outstanding Shares	55,000,000	55,000,000

*Reflects trading from January 1 to February 22, 2016 only. Trading in the company shares was halted on Feb 23, 2016 pending approval of the Qualifying Transaction and resumed on completion of the QT with effect on July 7, 2016 under the symbol CEP (see subsequent event note).

Management Update

In November of 2014, Chief Executive Officer and Director, Mark Newman, informed the board of directors of the Company of his decision to accept a new position that will be based in Tokyo, Japan. The Board and Mr. Newman agreed that, in the interim, Mr. Newman will continue to serve as the Chief Executive Officer of the Company. However, the Board believes it will likely be necessary to replace Mr. Newman as the Chief Executive Officer of the company in the foreseeable future (see "Subsequent Event" below).

On February 3, 2015, Mr. Yazdi Bharucha was appointed as the Chief Financial Officer in place of Mr. Michael Chong, and acquired 250,000 shares from Mr. Michael Chong, which are covered under the escrow agreement. Mr. Bharucha was also awarded 550,000 options at a price of \$0.10 common shares, exercisable for a period of ten years from the date granted, (the "Capital Incentive Stock Option") and 550,000 equivalent options previously awarded to Mr. Michael Chong have been cancelled.

On September 22, 2015 Mr. Yazdi Bharucha, the Company's Chief Financial Officer was also appointed as Secretary of the Company to replace Mr. Lorenzo Baroni in this position. Mr. Lorenzo Baroni, the Company's Chief Operating officer and Secretary has resigned from the Company, effective September 22, 2015 and his 550,000 options previously awarded have been cancelled. Mr. Akkerman also resigned from the Company on December 27, 2014 and his 550,000 options previously awarded were also cancelled.

Subsequent Event

On July 4, 2016 the company announced that it has completed its QT effective July 1, 2016. The qualifying transaction comprises the company's acquisition from AutoCapital Canada Management Inc. ("ACCMI") of an 85-per-cent limited partnership interest in an Ontario limited partnership holding approximately \$3.5-million aggregate principal amount of automobile loans originated and serviced in Canada. The company paid ACCMI \$3-million from cash on hand. Upon completion of the qualifying transaction, the company has an 85-per-cent limited partnership interest in the new limited partnership, and will focus its business on purchasing loans and other similar financial assets from third parties which have specialized expertise and proven records in originating and servicing these types of assets. Further on July 5, the Exchange granted final acceptance ("the Final Exchange Bulletin") for the QT and confirmed that effective from July 7, 2016 the Company will no longer be considered a Capital Pool Company and the common shares will restart trading as a Tier 2 Investment Company under the symbol CEP.

On August 3, 2016 the company announced the appointment of Fern Glowinsky as the Chief Executive Officer effective September 6, 2016 to replace Mr. Mark Newman. Ms. Glowinsky will also join the Board of Directors of the Company.

Additional Information:

Additional information about the Company can be accessed at www.sedar.com No AIF required to be filed.

Forward- Looking Disclaimer

Certain statements contained in this MD&A constitute forward-looking statements which reflect the Company's current expectations and projections about future results. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements except as required by applicable law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the company.

Cliffside Capital Ltd.
Condensed Interim Financial Statements
(Unaudited)

Six Month Period Ended June 30, 2016

Financial Statements

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Notice to reader pursuant to National Instrument 52-109

Responsibility for Financial Statements:

The accompanying unaudited condensed interim Financial Statements of Cliffside Capital Ltd. as at and for the six month period ended June 30, 2016 have been prepared by the company's management. Recognizing that the company is responsible for both the integrity and objectivity of the condensed interim financial statements, management is satisfied that these condensed interim financial statements have been fairly presented.

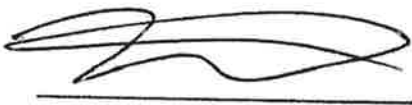
Auditors' involvement:

The external auditors of the company have not audited or performed a review of these condensed interim financial statements.

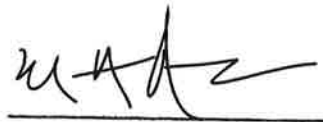
Cliffside Capital Ltd.
Statements of Financial Position

As at	Note #	Jun 30, 2016	December 31, 2015
Assets			
Current			
Cash		\$ 4,521,631	\$ 4,641,361
Accounts Receivable		186	193
Deferred Transaction Costs	3	387,100	-
		\$ 4,908,917	\$ 4,641,554
Liabilities			
Current			
Accounts payable and accrued liabilities	4	\$ 333,439	\$ 56,564
Shareholders' Equity	5		
Share Capital		4,662,165	4,662,165
Contributed Surplus		665,000	665,000
Deficit		(751,687)	(742,175)
		4,575,478	4,584,990
		\$ 4,908,917	\$ 4,641,554

Approved on behalf of the Board



Michael Stein



Mark H. Newman

The accompanying notes are an integral part of these financial statements.

Cliffside Capital Ltd.
Statements of Changes in Shareholders' Equity

	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2015	\$ 4,662,165	\$ 665,000	\$ (742,175)	\$ 4,584,990
Net loss and comprehensive loss for the period	-	-	(9,512)	(9,512)
Balance, June 30, 2016	\$ 4,662,165	\$ 665,000	\$ (751,687)	\$ 4,575,478

	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2014	\$ 4,662,165	\$ 610,000	\$ (613,269)	\$ 4,658,896
Stock based compensation	-	55,000	-	55,000
Net loss and comprehensive loss for the period	-	-	(91,262)	(91,262)
Balance, June 30, 2015	\$ 4,662,165	\$ 665,000	\$ (704,531)	\$ 4,622,634

The accompanying notes are an integral part of these financial statements

Cliffside Capital Ltd.
Statement of Net Loss and Comprehensive Loss

	Three months Ended June 30		Six months Ended June 30	
	2016	2015	2016	2015
Expenses				
Stock-based compensation <i>(Note 5)</i>	\$ -	\$ -	\$ -	\$ 55,000
Accounting and legal	-	24,980	-	31,634
General and administration	7,839	1,332	10,663	12,142
	7,839	26,312	10,663	98,776
Finance income				
Interest income	569	2,914	1,151	7,514
Net loss and comprehensive loss	\$ 7,270	\$ 23,398	\$ 9,512	\$ 91,262
Loss per share				
Basic and diluted <i>(Note 6)</i>	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average number of outstanding common shares				
Basic and diluted <i>(Note 6)</i>	45,000,000	45,000,000	45,000,000	45,000,000

The accompanying notes are an integral part of these financial statements.

**Cliffside Capital Ltd.
Statements of Cash Flows**

	Three months Ended June 30		Six months Ended June 30	
	2016	2015	2016	2015
Cash provided by the following activities				
Net Loss	\$ (7,270)	\$ (23,398)	\$ (9,512)	\$ (91,262)
Change in working capital	(75,321)	7,574	(110,218)	(11,226)
Non-Cash Compensation Expense	-	-	-	55,000
Increase (Decrease) in Cash during the period	(82,591)	(15,824)	(119,730)	(47,488)
Cash beginning of period	4,604,222	4,688,891	4,641,361	4,720,555
Cash, end of period	\$4,521,631	\$4,673,067	\$4,521,631	\$4,673,067

The accompanying notes are an integral part of these financial statements.

1. Nature of organization

Description of the business

Cliffside Capital Ltd. (the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on October 22, 2013 with the intent to being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) corporate finance manual.

As a Capital Pool Company, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company.

On June 23, 2016 at an annual and special meeting of the shareholders, the Company received the requisite approvals by its shareholders of the proposed Qualifying Transaction (“the QT”). On July 4, 2016 the Company announced that it had completed its QT effective July 1, 2016 (see “Subsequent Event” note 10).

Further on July 5, 2016 the Exchange granted final acceptance (the “Final Exchange Bulletin”) for the QT and confirmed that with effect from July 7, 2016, the Company will no longer be considered a Capital Pool Company and will restart trading as a Tier 2 Investment Company under the symbol CEP.

.Approval of Financial Statements

The financial statements were approved by the Company’s Board of Directors and authorized for issue on August 26, 2016.

2. Summary of significant accounting policies

These interim financial statements have been prepared by management in accordance with IAS 34, “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The accounting policies followed in these interim financial statements are consistent with those of Cliffside’s audited annual financial statements for the year ended December 31, 2015. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial reporting Standards (“IFRS”), as issued by the IASB, have been omitted or condensed.

The following are the significant accounting policies used in the preparation of these financial statements:

Deferred Transaction Costs

These costs represent deferred transaction costs relating to completion of the proposed qualifying transaction. These costs would be allocated to the respective assets and liabilities when the Qualifying Transaction is given effect.

2. Summary of significant accounting policies (continued)

Stock-based Compensation

The Company accounts for stock-based compensation to directors, officers and employees and non-employees using the fair value method. The fair value of options issued to directors, officers, employees and consultants to the Company is charged to net income (loss) with an offsetting amount recorded to contributed surplus. The fair value of options issued to agents in conjunction with a public offering is charged against share capital with the offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option-pricing model. Consideration paid on the exercise of stock options is recorded as share capital.

Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for items and matters such as accrued liabilities, deferred income taxes and fair value of stock options or other amounts pursuant to the Company's significant accounting policies.

Deferred Income Taxes

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. To the extent that the Company does not consider it to be probable that a deferred tax asset will be recovered, it provides a valuation allowance against the amount. As at June 30, 2016, and December 31, 2015, management has not recognized any deferred tax assets as it is not probable that the deferred tax assets are recoverable.

Earnings per Share

Earnings or loss per share are calculated using the weighted average number of shares outstanding during the reporting period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the reporting period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation. Shares that are considered contingently returnable are excluded from the calculation of basic and diluted earnings or loss per share.

Comprehensive Loss

Comprehensive loss includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive loss is the total of net loss and other comprehensive loss. Other comprehensive loss comprises expenses and losses that, in accordance with IFRS, require recognition, but are excluded from net loss. The Company does not have any items giving rise to other comprehensive loss in the reporting period, nor is there any accumulated balance of other comprehensive loss. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net loss for the period.

Summary of significant accounting policies (continued)

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at June 30, 2016:

<u>Type</u>	<u>Classification</u>
Cash	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

The Company initially measures all of its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- a) Loans and receivables are measured at amortized cost using the effective interest method.
- b) Other financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

Standards issued but not yet effective

There are pending changes to IFRS which are not yet effective for the period ended June 30, 2016 which have not been applied in the preparation of the financial statements. The Company is currently considering the impact that these standard changes will have on the financial statements. The standards issued or amended but not yet effective at June 30, 2016 include the following:

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management will continue to evaluate the impact of this standard on the Company.

Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). This standard outlines a single comprehensive model with prescriptive guidance for entities to use in accounting for

Cliffside Capital Ltd.
Notes to the Financial Statements

revenue arising from contracts with its customers. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. This standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The effective date is for reporting periods beginning on or after January 1, 2018 with early application permitted.

Leases

In January 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16") which supersedes IAS 17, "Leases" and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 has also been applied. The Company is currently evaluating the impact to the consolidated financial statements.

3. Deferred Transaction costs

These costs represent deferred transaction costs relating to completion of the proposed Qualifying Transaction.

4. Accounts payable and accrued liabilities:

	June 30, 2016	Dec 31, 2015
IPO Fees (see note 10)	\$ 27,320	\$ 27,320
Professional fees	<u>306,119</u>	<u>29,244</u>
Total	<u>\$333,439</u>	<u>\$ 56,564</u>

5. Share capital

a) Authorized and Issued

The Company is authorized to issue an unlimited number of common shares.
Issued and outstanding common shares

	Number	Amount
Issuance of common shares – October 22, 2013	1	\$0.05
<u>Issuance of common shares – December 16, 2013</u>	<u>9,999,999</u>	<u>499,999.95</u>
<u>Balance as at December 31, 2013</u>	<u>10,000,000</u>	<u>500,000.00</u>
Issuance of common shares – March 26, 2014	35,000,000	3,500,000.00
Issuance of common shares – April 14, 2014	10,000,000	1,000,000.00
<u>Equity Issuance costs</u>	<u>-</u>	<u>(337,835.00)</u>
<u>Balance as at December 31, 2014</u>	<u>55,000,000</u>	<u>\$4,662,165.00</u>
<u>Balance as at December 31, 2015</u>	<u>55,000,000</u>	<u>\$4,662,165.00</u>
<u>Balance as at June 30, 2016</u>	<u>55,000,000</u>	<u>\$4,662,165.00</u>

b) Share Issuance Summary

On October 22, 2013, the Company issued one share at a price of \$0.05 per common share for total proceeds of \$0.05. On December 16, 2013, the Company issued an additional 9,999,999 shares at a price of \$0.05 per common share for total proceeds of \$499,999.95.

c) Private Placement

On March 26, 2014 the Company closed a non-brokered private placement, pursuant to which the Company sold an aggregate of 35,000,000 Common Shares at \$0.10 per share, for aggregate gross proceeds to the Company of \$3,500,000. The gross proceeds of the Private Placement were left in escrow until the completion of the Offering on April 14, 2014, upon which all of the gross proceeds were automatically released from escrow.

d) Initial Public Offering (IPO)

The Company entered into an agency agreement with Raymond James Ltd. (the “Agent”) and filed a prospectus for the purpose of offering a minimum of 5,000,000 common shares and a maximum of 10,000,000 common shares of the Company at a price of \$0.10 per share. The IPO for 10 million common shares at a price of \$0.10 per share was fully subscribed for \$1,000,000. The Company’s common shares began trading on the Exchange on April 17, 2014.

e) Agent’s Compensation

The share issuance costs related to the IPO were \$235,706 comprising the agent’s commission of \$100,000, equal to 10% of the gross proceeds of the IPO and a corporate finance fee of \$16,950 (including applicable taxes). Furthermore the agent has been reimbursed for its legal fees and other expenses of \$58,756 incurred pursuant to the IPO, (except for an amount of \$27,320 which was accrued in the December 31, 2015 financial statements.) Subsequent to the year end, on completion of the QT the Company paid the outstanding accrued amount for agent’s expenses.

As part of the compensation to the underwriter of the IPO, the Corporation issued 1,000,000 options exercisable for 24 months from the date of issue at the exercise price of \$0.10. The stock options were valued at \$60,000 using the Black-Scholes option pricing model using the following assumptions: expected life of 2 years, risk free rate of 1.07% which corresponds to the yield of a government issued bond with the same maturity as the expected life of the options, expected dividend yield of 0% and expected volatility of 100%. This option expired April 14, 2016.

f) Incentive Stock Options

On completion of the IPO, the Company granted incentive stock options to its directors and officers to purchase an aggregate of up to 10% of the issued and outstanding common shares after giving effect of the Offering at a price of \$0.10 per common share, exercisable for a period of ten years from the date granted (the “Incentive Stock Options”). All of the Incentive Stock Options will be fully vested upon issuance and the fair value thereof recorded immediately in earnings as compensation expense. The stock options were valued at \$550,000 using the Black-Scholes option pricing model using the following assumptions: expected life of 10 years, risk free rate of 2.07% which corresponds to the yield of a government issued bond with the same maturity as the expected life of the options, expected dividend yield of 0% and expected volatility of 100%.

On February 3, 2015, Mr. Yazdi Bharucha was appointed as Chief Financial Officer in place of Mr. Michael Chong and acquired 250,000 shares from Mr. Chong which are covered under the escrow agreement. Mr. Bharucha was also awarded 550,000 options, at a price of \$0.10 per common shares, exercisable for a period of ten years from the date granted and options equivalent to 550,000 granted previously to Mr. Michael Chong were cancelled. In addition, 550,000 options

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issued to each of Mr. Akkerman and Mr. Baroni were cancelled on December 27, 2014 and September 22, 2015 respectively.

g) Escrowed Shares

34,250,000 of the 45,000,000 common shares of the Company issued in 2014 prior to the IPO and all common shares that may be acquired from treasury by Non Arm's Length Parties, as defined in the policies of the Exchange, either under the Offering or otherwise prior to completion of the Qualifying Transaction were deposited with the Escrow Agent under an escrow agreement (the "Escrow Agreement"). All common shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange (the "Financial Exchange Bulletin").

Additionally, all common shares of the Company acquired by a Control Person, as defined in the policies of the Exchange, in the secondary market prior to the completion of a Qualifying Transaction, are required to be deposited in escrow and, subject to certain permitted exemptions, the securities of the Company held by principals of the resulting issuer will also be escrowed.

As a capital pool company, the 10 million common shares issued in 2013 pursuant to two separate non-brokered private placements comprising a seed round of 10 million common shares at \$0.05 per share are considered contingently returnable and hence are excluded from the calculation of basic and diluted earnings or loss per share.

6. Net loss per share

Net Loss per share for the three months ended June 30, 2016 and June 30, 2015 were calculated based on the following:

	Three months Ended June 30		Six months Ended June 30	
	2016	2015	2016	2015
Numerator:				
Net Income (loss) - basic and diluted	\$ (7,270)	\$ (23,398)	\$ (9,512)	\$ (91,262)
Denominator:				
Weighted average shares outstanding	45,000,000	45,000,000	45,000,000	45,000,000
Net Loss per share – basic and dilutive	\$0.00	\$0.00	\$0.00	\$0.00
Shares outstanding – basic and diluted	55,000,000	55,000,000	55,000,000	55,000,000

As a capital pool company, the 10 million common shares issued in 2013 pursuant to two separate non-brokered private placements comprising a seed round of 10 million common shares at \$0.05 per share are considered contingently returnable and hence are excluded from the calculation of basic and diluted earnings or loss per share. On July 5, 2016 the Exchanged granted final acceptance (the "Final Exchange Bulletin") for the QT and confirmed that effective from July 7, 2016 the Company will no longer be considered a Capital Pool Company. Accordingly going forward, these shares will no longer be considered contingently returnable shares.

7. Capital Management

The Company manages its common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize the ongoing efforts to identify, evaluate and complete a Qualifying Transaction, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company expects its current capital resources will be sufficient to carry its operations through its current operating period.

8. Financial Instruments and Risk Management

In the normal course of business, the Company is exposed to certain financial risks and uncertainties, and manages them as follows:

Business and Asset Acquisition Risks

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading (see "Subsequent Event" note 10).

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is from cash raised from equity financing, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which may be used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of the date of these financial statements the Company's sole debtor is the Toronto Dominion Bank for interest receivable on deposits. Therefore the Company does not believe it is currently exposed to any significant credit risk.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows

associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is not currently exposed to significant interest rate risk as it does not have any interest bearing financial assets or financial liabilities.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company does not have significant transactions denominated in foreign currency and therefore is not currently exposed to significant foreign currency risk.

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk.

Fair Values

Financial instruments including cash held, accounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to their short term nature.

9. Related Party Transactions

Certain costs incurred during 2015 and the 6 months ended June 30, 2016 prior to the completion of the QT, aggregating to \$24,151 have been paid by a director and shareholder, an insider of the Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") (the "Related Party") and the Company has no obligation to reimburse those costs.

10. Subsequent Event

On July 4, 2016 the company announced that it has completed its QT effective July 1, 2016. The qualifying transaction comprises the company's acquisition from AutoCapital Canada Management Inc. ("AACMI") of an 85-per-cent limited partnership interest in an Ontario limited partnership holding approximately \$3.5-million aggregate principal amount of automobile loans originated and serviced in Canada. The company paid ACCMI \$3-million from cash on hand. Upon completion of the qualifying transaction, the company has an 85-per-cent limited partnership interest in the new limited partnership, and will focus its business on purchasing loans and other similar financial assets from third parties which have specialized expertise and proven records in originating and servicing these types of assets. Further on July 5, the Exchange granted final acceptance ("the Final Exchange Bulletin") for the QT and confirmed that effective from July 7, 2016 the Company will no longer be considered a Capital Pool Company and the common shares will restart trading as a Tier 2 Investment Company under the symbol CEP.

On August 3, 2016 the company announced the appointment of Fern Glowinsky as the Chief Executive Officer effective September 6, 2016 to replace Mr. Mark Newman. Ms. Glowinsky will also join the Board of Directors of the Company.