

# **NEWBRIDGE CAPITAL INC.**

**Management's Discussion & Analysis**

**For the Six Months  
Ended September 30th, 2008**

**NEWBRIDGE CAPITAL INC.**  
**Management's Discussion and Analysis ("MD&A")**  
**Six Months Ended June 30<sup>th</sup>, 2008**

The following management discussion and analysis ("MD&A"), dated November 25th, 2008, relates to our interim financial statements for the first half of fiscal 2009, being the six month period ended June 30, 2008. The MD&A should be read in conjunction with the Company's unaudited financial statements and related notes therein that are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All financial information is stated in Canadian dollars, unless otherwise stated. Additional information regarding Newbridge Capital Inc. ("Newbridge" or "the Company"), including our audited financial statements and MD&A for the financial year ended March 31, 2008 ("fiscal 2008"), can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING STATEMENTS**

This report contains forward-looking statements which reflect management's expectations regarding the Company's future plans and intentions, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "estimates", "predicts" and similar expressions have been used to describe these forward-looking statements. These statements reflect management's current beliefs and are based on the information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with identifying, evaluating, negotiating and financing a potential Qualifying Transaction as well as changes in general economic, political and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, as no assurances can be given as to future results, levels of activity or achievements.

### **Description of Business**

Newbridge was incorporated under the Business Corporations Act of British Columbia on September 12, 2005 and is a Capital Pool Company as defined by Policy 2.4 of the TSX Venture Exchange (the "TSX").

The Company is in the process of identifying and evaluating business opportunities with the objective of completing a "qualifying transaction" under TSX rules. Under these rules, a qualifying transaction must be entered into within 24 months of listing which occurred on August 10, 2007. A "qualifying transaction" will be where the Company acquires significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

## Overall Performance

As at September 30th, 2008, the Company had cash and other current assets totaling \$376,977 (September 30<sup>th</sup>, 2007; \$385,143) and working capital of \$360,642 (September 30<sup>th</sup>, 2007; \$384,383). During the quarter ended September 30th, 2008, the Company incurred \$8,968 (2007; \$42,987) on administration and operating expenses.

## Results of Operations

Newbridge is in the development stage and as a result, historical revenues and expenditures are not indicative of future activities.

	Three Months Ended		Six Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
<b>Expenses</b>				
Filing and transfer agent fees	\$ 3,791	\$ 2,162	\$ 4,557	\$ 3,666
Office	12	1,257	53	1,257
Stock-based compensation	-	37,125	-	37,125
Professional fees	5,165	2,443	5,310	3,637
Net and comprehensive loss for the period	8,968	42,987	9,920	45,685
<b>Basic and diluted loss per share</b>	<b>\$ 0.00</b>	<b>\$ 0.02</b>	<b>\$ 0.00</b>	<b>\$ 0.03</b>

The quarterly and half year losses decreased \$34,019 and \$35,765 respectively over those incurred in the comparative periods for the prior fiscal year and were due primarily stock-based compensation expense in the second quarter of the prior fiscal year that were partially offset by higher expenditures on filing, transfer agent, and professional fees thus far in the current fiscal year.

## Summary of Quarterly Results

The following table sets forth a comparison of revenues and earnings for the previous eight quarters:

Quarter	2009 Second	2009 First	2008 Fourth	2008 Third	2008 Second	2008 First	2007 Fourth	2007 Third
Revenue	-	-	-	-	-	-	-	n/a
Capital Exp	-	-	-	-	-	-	-	n/a
Net Loss	(8,968)	(952)	(20,394)	343	(42,987)	(2,698)	(5,836)	n/a
Net Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)	(0.01)	(0.08)	n/a

Newbridge did not prepare and disseminate quarterly financial statements under its mandate to its private shareholders prior to the fourth quarter of fiscal 2007. As such, not all of the comparative past eight quarters of summary financial information are readily available and are not presented herein. The fiscal period for which summary financial

information is not available are marked “n/a” in the table directly above. The Company will present comparative trailing quarterly summary financial information in each future quarter until the Exchange requirements are fulfilled for summary quarterly data.

## Cash Flows, Liquidity and Capital Resources

Cash balance was \$371,898 at September 30, 2008, a decrease of \$6,187 from \$378,085 at June 30, 2008. This decrease in cash during the quarter was driven by cash outflows from net operating losses and changes in working capital. Cash balance decreased \$7,186 for the half year ended September 30, 2008, which also was driven by cash outflows from net operating losses and changes in working capital.

Cash used by operations for the second quarter of fiscal 2009 was \$6,187 compared to \$13,084 for the same period in 2008. The decrease in cash used by operations was driven by the impact of changes in non-cash working capital and partially offset by an increase in cash operating expenses. For the half year ended September 30, 2008, cash used by operations was \$7,186, compared to \$16,699 for the same period in 2007. The decrease in cash used by operations was driven by the impact of changes in non-cash working capital and partially offset by an increase in cash operating expenses.

Cash was not used for any investing activities in the first fiscal quarters of 2009 and 2008.

There was no cash provided from financing activities during the first quarter of fiscal 2009 compared to the comparative quarter in 2008 when \$400,000 was raised from the issuance of common shares, net of share issuance costs of \$72,238. There was no cash provided from financing activities during the first half of fiscal 2009 compared to the comparative period in 2008 when \$410,000 was raised from the issuance of common shares, net of share issuance costs of \$101,221.

We monitor cash used by operations and any capital requirements as a measure of our operational cash burn. It should be noted that this metric is a non-GAAP measure of operational cash burn. The calculation of this measure of cash usage and a reconciliation of this financial measure of cash flows is as follows:

(Unaudited)	Three months ended		Six months ended	
	September 30		September 30	
	2008	2007	2008	2007
Cash used in operating activities	(6,187)	(13,084)	(7,186)	(16,699)
Add: Purchase of equipment	-	-	-	-
Cash used in Operations and Capital Requirements	(6,187)	(13,084)	(7,186)	(16,699)
Reconciliation to GAAP statements of Cash Flow:				
Add: Cash from financing activities	-	327,762	-	308,779
Increase (decrease) in Cash	(6,187)	314,678	(7,186)	292,080

Liquidity for the Company thus far has been provided by issuing stock in the Company as Newbridge does not currently conduct any business operations. Proceeds from its Initial Prospectus Offering (the “Offering”), and existing cash from prior issuances of stock will be utilized to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. In addition, the Company has 200,000 share purchase warrants outstanding that are exercisable until August 1, 2009 at \$0.20 per share.

However, in the event Newbridge identifies a target business, assets or property as its Qualifying Transaction, it is probable that it will have to seek additional financing.

The Company's expectations regarding the use of the net proceeds from the IPO were disclosed in the prospectus dated June 28, 2007. The following table summarizes the use of these proceeds through September 30, 2008:

	Per Prospectus	Received (Spent) through September 30, 2008	Cash Remaining September 30, 2008
	\$	\$	\$
Cash proceeds from private placements raised prior to the Offering	110,000	110,000	n/a
Cash proceeds from the IPO received August 2, 2007	400,000	400,000	n/a
Total Proceeds	510,000	510,000	n/a
Agent's commission and administration fee	(60,000)	(50,500)	n/a
Legal, accounting, audit, and other expenses related to the Offering	(40,000)	(54,491)	n/a
Funds available on completion of the Offering	410,000	405,009	n/a
Funds available for identifying and evaluating assets or business prospects	362,000	-	362,000
Funds for G&A expenses until completion of the Qualifying Transaction	48,000	35,892	12,108

### **Credit Facilities**

The Company has no credit facility outstanding as at June 30th, 2008.

### **Contractual Obligations**

The Company has no contractual obligations outstanding as at June 30th, 2008.

### **Off Balance Sheet Arrangements**

As at June 30th, 2008, the Company had no off-balance sheet arrangements.

### **Related Party Transactions**

The Company had no related party transactions for the current and comparative fiscal periods ended September 30<sup>th</sup>.

## Outstanding Share Data

### Common shares outstanding

	Number of Shares		
Issued for cash at \$0.10 per share	1,100,000		
Issued for cash at \$0.20 per share	2,000,000		
Balance, March 31 <sup>st</sup> , 2008	3,100,000		
Balance November 25 <sup>th</sup> , 2008 (unaudited)	3,100,000		

The following table provides the weighted average number of common shares outstanding for purposes of computing loss per for the relevant periods:

	Three months ended		Six months ended	
	September 30		September 30	
	2008	2007	2008	2007
Weighted average Common Shares Outstanding	3,100,000	2,433,333	3,100,000	1,737,705

The first 1,100,000 shares issued to founders are held in escrow. Pursuant to an escrow agreement, 10% of the escrowed shares will be released upon receipt of the Final Exchange Bulletin (the "Initial Release") issued by the TSX signifying the acceptance of a "qualifying transaction" and 15% will be released every six months thereafter for a period of thirty-six months.

### Stock Options and Warrants Outstanding

As at March 31<sup>st</sup> 2008, September 30, 2008 (unaudited) and at November 25, 2008 (unaudited), there are 310,000 stock options and 200,000 share purchase warrants outstanding which collectively could result in the issuance of 510,000 common shares if such options and warrants are exercised by the holders in accordance with the terms thereof. The stock options and warrants are both exercisable at \$0.20 each and the options expire on August 1, 2010 whereas the warrants expire on August 1, 2009.

### Financial Instruments and Other Instruments

As at September 30, 2008, the Company's financial instruments consist of cash and accounts payable. The Company is not exposed to derivative financial instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks arising from its financial instruments and their fair values approximate their carrying values. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with high credit quality financial institutions.

## **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates and assumptions are used in determining the application of the going concern concept, assumptions used to determine the fair value of stock-based compensation, and the determination of future income taxes. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the policies for going concern, stock based compensation, and future income taxes are critical accounting policies which involve significant judgments and estimates used in the preparation of the Company's financial statements. Our accounting policies are described in note 2 to the audited financial statements of Newbridge for the financial year ended March 31st, 2008.

## **Changes in Accounting Policies and Initial Adoption**

Effective April 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1506, "Accounting Changes". This section permits accounting policy changes only in the event that a change is made within a primary source of GAAP, or where a change is warranted to provide more relevant and reliable information. All accounting policy changes are to be applied retroactively, unless there are no specific transition provisions or it is impracticable to do so. Any prior period errors identified also require retroactive application. The revised standards did not have any material impact on the Company's financial statements.

Effective April 1, 2007, the Company adopted the recommendations of CICA Handbook Section 1530, "Comprehensive Income" and Section 3855, "Financial Instruments - Recognition and Measurement". These sections provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and derivatives financial instruments. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. CICA 1530 provides standards for the reporting and presentation of comprehensive income, which represents the net income and other comprehensive income for the period from transactions and other events and circumstances from non-owner sources. Other comprehensive income includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective and are excluded from net income calculated in accordance with Canadian generally accepted accounting principles. The adoption of CICA 1530 did not result in any significant adjustments to the carrying values of the Company's previously recognized financial assets and liabilities at April 1, 2007 and had no impact on opening deficit.

Under CICA 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for sale financial assets or other financial liabilities.

All financial instruments, including derivatives, are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with CICA 3840, "Related Party Transactions". Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is impaired or disposed at which time the amounts will be recorded in net income; financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost, using the effective interest method of amortization. CICA 3855 also requires that transaction costs incurred in connection with issuance of financial instruments either be capitalized and presented as a reduction of the carrying value of the related financial instrument or expensed as incurred. If capitalized, transaction costs must be amortized to income using the effective interest method. CICA 3855 does not permit the restatement of financial statements of prior periods.

The Company classified its financial instruments as follows:

Cash	held-for-trading
Accounts payable	other financial liabilities.

In addition, the Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments. The Company did not have any available-for-sale financial assets, held-to-maturity instruments and outstanding contracts with embedded derivatives at April 1, 2007.

The adoption of CICA 3855 did not result in any significant adjustments to the carrying values of the Company's previously recognized financial assets and liabilities at April 1, 2007 and had no impact on opening deficit.

### **Recent accounting pronouncements**

In February 2008, the Accounting Standards Board issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces CICA 3062, "Goodwill and Intangible Assets", and CICA 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual financial statements commencing April 1, 2009. The Company is currently assessing the impact of the new standard and has not yet determined its effect on the Company's financial statements.

In May 2007, the Accounting Standards Board issued CICA Handbook Section 3031, "Inventories". CICA 3031 introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to the Company's fiscal years beginning on or after April 1, 2008. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

In December 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation" which replace CICA 3861, "Financial Instruments - Disclosure and Presentation". These standards increase the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. These standards carry forward the former presentation requirements and are effective for the Company's fiscal years beginning on or after April 1, 2008. The Company is currently



assessing the impact of the new disclosure standard and has not yet determined its impact on the Company's financial statements.

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for the Company's fiscal years beginning on or after April 1, 2008. The Company is currently assessing the impact of the new standard and has not yet determined its effect on the Company's financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

## **Risks and Uncertainties**

Newbridge is a Capital Pool Company ("CPC") pursuant to the policies of the Exchange. As a CPC, Newbridge's primary focus is to complete a Qualifying Transaction in accordance with Exchange policies. In addition to general and specific parameters regarding the characteristics and timing of a Qualifying Transaction, these policies include restrictions on Newbridge's activities prior to the completion of a Qualifying Transaction.

Newbridge has no assets other than cash and refundable GST ("Amount receivable"). Newbridge has no employees and the time committed to the Company by the officers and directors may be limited.

Newbridge proposes to identify and evaluate potential acquisitions or businesses and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. There is no assurance that Newbridge will identify an appropriate business for acquisition or investment and even if so identified and warranted, the Company may not be able to finance such acquisition or investment. Additional funds may be required to enable Newbridge to pursue such an initiative and the Company may be unable to obtain such financing on acceptable terms.

In the event Newbridge fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or de-list its common shares. The Alberta Securities Commission, the British Columbia Securities Commission or the Saskatchewan Financial Services Commission may issue an interim cease trade order against Newbridge's securities in the event its common shares are suspended from trading on the Exchange, and will issue such an interim cease trade order in the event the Company is de-listed from the Exchange. In addition, de-listing may result in the cancellation of Newbridge common shares issued to insiders.