GRAVITAS FINANCIAL INC.

Interim condensed consolidated financial report (unaudited)

Periods of three months and nine months ended on September 30, 2014 and 2013

GRAVITAS FINANCIAL INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT

Notice to Reader

The accompanying unaudited interim condensed consolidated financial statements of GRAVITAS FINANCIAL INC. (the "Company") for the periods of three months and nine months ended on September 30, 2014 and 2013 have been prepared by management and are its responsibility. These unaudited interim condensed consolidated financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's auditors.

GRAVITAS FINANCIAL INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of (Unaudited - in Canadian dollars)

	Notes	September 30, 2014	December 31, 2013
		$	$
ASSETS			
Current assets			
Cash		19,982,586	26,215,133
Guaranteed investments certificates		15,000,000	15,020,000
Trade and other receivables		1,164,037	693,572
Prepaid expenses		84,758	46,347
Loans receivable	8	280,000	3,447,033
Convertible debentures	9	640,664	1,761,084
		37,152,045	47,183,169
Non-current assets			
Property and equipment		141,244	148,215
Equity investments and other	6	2,575,342	2,774,715
Investments in associates	7	4,638,948	-
Loans receivable	8	1,738,360	100,000
Convertible debentures	9	4,324,109	1,859,650
Intangible assets	10	1,136,100	1,264,066
		14,554,103	6,146,646
Total assets		51,706,148	53,329,815
LIABILITIES			
Current liabilities			
Trade and other payables		552,358	795,930
Customer deposits		373,250	26,210
Due to directors, non interest bearing , due on demand		-	91,238
Due to a related company, non interest bearing, due on demand		23,909	75,839
Loans payable to companies controlled by shareholders, non interest bearing, due on demand		-	54,650
Income taxes payable		-	58,919
		949,517	1,102,786
Non-current liabilities			
Lease inducement		32,628	37,609
Debentures	11	52,992,450	52,921,091
		53,025,078	52,958,700
Total liabilities		53,974,595	54,061,486
EQUITY (DEFICIENCY)			
Share capital	12	1,400,600	1,400,600
Contributed surplus		86,000	86,000
Deficit		(4,147,168)	(2,126,227)
Accumulated other comprehensive income (loss)		384,632	(92,044)
Total equity attributable to owners of the parent company		(2,275,936)	(731,671)
Non-controlling interest		7,489	-
Total equity (deficiency)		(2,268,447)	(731,671)
Total liabilities and equity (deficiency)		51,706,148	53,329,815

Subsequent event (Note 20)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

GRAVITAS FINANCIAL INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Periods of three months and nine months ended on (Unaudited - in Canadian dollars)

	Notes	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
		$	$	$	$
Revenue					
Listing and research	14	207,650	80,670	453,260	648,605
Advisory services		6,600	120,000	59,949	125,800
Other services		-	1,575	-	1,575
Consulting services		73,983	-	165,746	-
Royalties		84,404	122,133	220,638	127,376
Interest	15	162,070	298,389	1,633,410	335,729
Management fees		1,700	-	7,085	-
		536,407	622,767	2,540,088	1,239,085
Expenses					
Salaries and management fees		215,218	16,733	601,389	205,392
Consulting and professional fees		423,522	430,715	1,268,481	736,030
General and administrative		282,426	235,127	1,036,307	383,866
Interest expense	16	448,094	415,071	1,319,581	464,754
Stock exchange listing expense		-	-	-	1,525,097
Transaction expenses		-	200,112	-	1,358,117
Impairment on investments		-	-	-	20,000
Loss (gain) on disposal of investments		(68,817)	4,389	48,000	223,106
Loss on settlement of trade and other receivables		12,204	18,080	1,880	33,960
Gain on settlement of a loan payable to a company controlled by shareholders		-	-	(33,900)	-
Change in fair value of debentures - convertible components		87,188	25,449	153,918	25,449
Change in fair value of investments		437,413	-	646,616	-
Share of results in associates	7	(429,813)	-	(429,813)	-
		1,407,435	1,345,676	4,612,459	4,975,771
Loss before income taxes		(871,028)	(722,909)	(2,072,371)	(3,736,686)
Income taxes					
Current income taxes		(58,919)	-	(58,919)	(40)
Deferred income taxes		-	(16,198)	-	(17,073)
		(58,919)	(16,198)	(58,919)	(17,113)
Net loss		(812,109)	(706,711)	(2,013,452)	(3,719,573)
Other comprehensive loss (income)					
Items that will be reclassified subsequently to net earnings (loss)					
Available-for-sale-financial assets					
Net change in fair value		(206,760)	139,247	438,676	(142,467)
Reclassification to net loss		-	18,249	38,000	228,607
Total comprehensive loss (income)		(206,760)	157,496	476,676	86,140
Net loss and other comprehensive loss		(1,018,869)	(549,215)	(1,536,776)	(3,633,433)
Net loss attributable to:					
Shareholders of Gravitas Financial Inc.		(821,144)	-	(2,020,941)	-
Non-controlling interest		9,035	-	7,489	-
		(812,109)	-	(2,013,452)	-
Basic and diluted net loss per share		(0.012)	(0.011)	(0.030)	(0.080)
Weighted average number of common shares outstanding - Basic and diluted		66,601,305	66,637,718	66,601,305	46,738,140

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

GRAVITAS FINANCIAL INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Periods of nine months ended on September 30, 2014 and 2013 (Unaudited - in Canadian dollars)

	Notes	Share Capital		Accumulated Other Comprehensive Income (Loss)	Contributed surplus	Retained Earnings (Deficit)	Total attributable to owners of the parent company	Non-controlling interest	Total Equity
		Number	$	$	$	$	$	$	$
Balance on January 1st, 2013		32,891,305	2,000	(74,212)	-	347,820	-	-	275,608
Dividend		-	-	-	-	(348,381)	-	-	(348,381)
Repurchase of shares		(1,240,000)	(1,400)	-	-	(135,422)	-	-	(136,822)
Reverse takeover	3	35,000,000	1,400,000	-	86,000	-	-	-	1,486,000
Net loss		-	-	-	-	(3,719,573)	-	-	(3,719,573)
		33,760,000	1,398,600	-	86,000	(4,203,376)	-	-	(2,718,776)
Other comprehensive loss									
Available-for-sale financial assets									
Net change in fair value		-	-	(142,467)	-	-	-	-	(142,467)
Reclassification to net earnings		-	-	228,607	-	-	-	-	228,607
Total comprehensive loss		-	-	86,140	-	-	-	-	86,140
Balance on September 30, 2013		66,651,305	1,400,600	11,928	86,000	(3,855,556)	-	-	(2,357,028)
Balance on January 1st, 2014		66,601,305	1,400,600	(92,044)	86,000	(2,126,227)	(731,671)	-	(731,671)
Net loss		-	-	-	-	(2,020,941)	(2,020,941)	7,489	(2,013,452)
		-	-	-	-	(2,020,941)	(2,020,941)	7,489	(2,013,452)
Other comprehensive income									
Available-for-sale financial assets									
Net change in fair value		-	-	438,676	-	-	438,676	-	438,676
Reclassification to net loss		-	-	38,000	-	-	38,000	-	38,000
Total comprehensive income		-	-	476,676	-	-	476,676	-	476,676
Balance on September 30, 2014		66,601,305	1,400,600	384,632	86,000	(4,147,168)	(2,275,936)	7,489	(2,268,447)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

GRAVITAS FINANCIAL INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods of three months and nine months ended on (Unaudited - in Canadian dollars)

	Notes	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
				$	$
OPERATING ACTIVITIES					
Net loss		(812,109)	(706,711)	(2,013,452)	(3,719,573)
Adjustments					
Deferred income taxes		-	(16,198)	-	(17,073)
Amortization - Property and equipment		8,360	2,279	28,270	2,990
Amortization - Intangible assets		-	-	177,966	-
Stock exchange listing expense		-	-	-	1,525,097
Accreted interest on convertible debentures	9	12,185	-	(61,122)	-
Accreted interest on debentures	11	28,680	(8,715)	71,359	(8,715)
Lease inducement		(1,660)	25,865	(4,981)	25,865
Impairment on investments		-	-	-	20,000
Investments received for services		-	(3,807)	-	(107,766)
Loss (gain) on disposal of investments		(68,817)	4,389	48,000	223,106
Loss on settlement of trade and other receivables		12,204	18,080	1,880	33,960
Gain on settlement of a loan payable to a company controlled by		-	-		
shareholders		-	-	(33,900)	-
Change in fair value of debentures - convertible components		87,188	25,449	153,918	25,449
Change in fair value of investments		437,413	-	646,616	-
Share of results in associates		(429,813)		(429,813)	
		(726,369)	(659,369)	(1,415,259)	(1,996,660)
Change in working capital items	17	(159,783)	(487,505)	(494,837)	(664,737)
Cash flows from operating activities		(886,152)	(1,146,874)	(1,910,096)	(2,661,397)
INVESTING ACTIVITIES					
Cash acquired through the reverse takeover	3	-	-	-	15,716
Assets acquisition		-	(299,000)	-	(299,000)
Guaranteed investment certificate		-	-	20,000	-
Additions to property and equipment		-	(17,550)	(21,299)	(17,882)
Additions to intangible assets		(50,000)	-	(50,000)	-
Purchase of equity investments and other		(122,995)	(87,000)	(838,209)	(122,645)
Proceeds from disposal of investments		848,272	28,180	848,272	28,180
Purchase of investments in associates		-	-	(4,033,723)	-
Dividends received on investments in associates		120,000		120,000	
Loan to a related company		-	-	-	-
Loans receivable		(738,360)	(1,891,271)	(6,055,693)	(2,241,271)
Reimbursement of loans receivable		25,000	-	7,584,366	-
Convertible debentures		(42,260)	(1,533,860)	(1,732,247)	(1,533,860)
Cash flows from investing activities		39,657	(3,800,501)	(4,158,533)	(4,170,762)
FINANCING ACTIVITIES					
Advances from line of credit		-	-	-	34,251
Repayment of line of credit		-	-	-	(113,184)
Due to directors		(23,639)	(128,218)	(91,238)	(51,350)
Due to a related company		(200)	-	(51,930)	-
Repayment of loans to related companies		(20,750)	-	(20,750)	-
Loans		-	-	-	563,250
Repayment of loans		-	(595,427)	-	(603,527)
Issuance of debentures	11	-	-	-	54,022,000
Repurchase of shares		-	(1,000)	-	(46,000)
Cash flows from financing activities		(44,589)	(724,645)	(163,918)	53,805,440
Net change in cash		(891,084)	(5,672,020)	(6,232,547)	46,973,281
Cash, beginning of period		20,873,670	52,645,301	26,215,133	-
Cash, end of period		19,982,586	46,973,281	19,982,586	46,973,281

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

GRAVITAS FINANCIAL INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2014 and 2013 and December 31, 2013 (Unaudited - in Canadian dollars)

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Gravitas Financial Inc. and its subsidiaries (hereinafter the "Company" or "Gravitas") specializes in investment research and capital market services in Toronto and Vancouver.
Gravitas shares are listed on the Canadian National Stock Exchange (CNSX) under symbol GFI.

Gravitas Financial Inc. is incorporated under the Canada Business Corporations Act. The address of Gravitas registered offices and its principal place of business is 333 Bay St., suite 650, Toronto, Ontario, M5H 2R2.

These interim condensed consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been approved by the Board of Directors on November 28, 2014 in preparation of their filing.

NOTE 2. STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with IAS 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013, as they follow the same accounting policies and methods of application, unless otherwise indicated.

NOTE 3. REVERSE TAKEOVER

On June 25, 2013, the Company acquired all shares of Ubika Corporation ("Ubika") in exchange for the issuance of 35,000,000 common shares of the Company at a price of $0.04 per share for a total amount of $1,400,000, the issuance of 250,000 share options valued at $nil and the issuance of 4,300,000 warrants valued at $86,000.

Following this transaction, Ubika's shareholders controlled the Company and this transaction was considered to be a reverse takeover of the Company by Ubika. Since the Company was not a business as defined by IFRS 3 (Revised) *Business Combinations* , this transaction was accounted for as the purchase by Ubika of the Company's net assets. The purchase of the Company's net assets was an equity-settled share-based payment under IFRS 2 *Share-based Payment* .

In accordance with IFRS 2, equity instruments from this transaction were recognized at fair value of net assets acquired and services received. Services received from the Company consists in the listing of Ubika as a publicly listed Company and are measured at the amount of the difference between the fair value of equity instruments of the Company outstanding before the transaction and the net assets acquired from the Company. This transaction is recognized in substance as if Ubika had proceeded to the issuance of the Company's shares, options and warrants outstanding before the transaction in exchange for the net assets acquired and services received from the Company.

The issuance of 35,000,000 common shares by the Company resulted in a reverse acquisition that made Ubika a publicly listed Company. The Company's financial statements are the continuation of Ubika's activities.

The net assets acquired are as follows:

	$
Cash	15,716
Guaranteed investment certificate	20,000
Trade and other receivables	103,790
Prepaid expenses	11,778
Investments	317,668
Intangible asset (Note 8)	1,245,760
Trade and other payables	(508,049)
Stock exchange listing expense	279,337
	1,486,000

As of September 30, 2014 and 2013 and December 31, 2013 (Unaudited - in Canadian dollars)

NOTE 3. REVERSE TAKEOVER (Continued)

The breakdown of the consideration in equity instruments was as follows:

	Number	$
Outstanding common shares of the Company	35,000,000	1,400,000
Outstanding share options of the Company	250,000	-
Outstanding warrants of the Company	4,300,000	86,000
		1,486,000

The amounts for options and warrants were determined by measuring the fair value of options and warrants outstanding at the time of the qualifying transaction. Outstanding options had no fair value since these options were cancelled at the closing date as disclosed in Note 12.

Outstanding warrants had a fair value of $86,000 and this fair value was estimated using the Black & Scholes valuation model using as assumptions a useful life of 17 months, a volatility of 130%, a risk-free interest rate of 1.09%, an exercise price of $0.10 and a share price of $0.05. The expected volatility was determined using the historical data of public companies from the same sector according to the expected life of the warrants.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
These consolidated financial statements include the accounts of the Company, which include:

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Company has power over decision about relevant activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Company. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. Results of operations are consolidated since the date of acquisition. The purchase consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, as well as liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the purchase consideration over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the purchase consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of earnings. Intercompany transactions, balances and unrealized gains on transactions between subsidiaries are eliminated.

The following are the subsidiaries of the Company:

Subsidiaries	Jurisdiction of Incorporation	% of Ownership
Ubika Corp.	Canada	100%
SmallCapPower	Canada	100%
Gravitas Select Flow-Through GP Inc.	Canada	100%
Gravitas Financial Services Holdings Inc.	Canada	100%
Gravitas Corporate Services Inc. (a)	Canada	100%
Gravitas Global GP Inc. (a)	Canada	100%
Gravitas Venture Inc. (a)	Canada	100%
Branson Corporate Services Inc. (a)	Canada	51%
Luxury Quotient International Inc. (a)	Canada	100%
Luxury Quotient India Private Ltd. (a)	India	100%
SearchGold Guinée SARL	Africa	100%

(a) Incorporated in 2014

GRAVITAS FINANCIAL INC.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of earnings.

The Company assesses at each year-end whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost of disposal or value in use) and charged to the consolidated statement of earnings.

Non-controlling interests

Non-controlling interests represent equity interests owned by outside parties. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

NOTE 5. CHANGES IN ACCOUNTING POLICIES

New accounting standards

The unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the 2013 annual consolidated financial statements with the exception of the following new standards and interpretations adopted on January 1, 2014.

IAS 32 Financial Instruments: Presentation ("IAS 32")

IAS 32 addresses inconsistencies when applying the offsetting criteria outlined in this standard. These amendments clarify certain of the criteria required to be met in order to permit the offsetting of financial assets and financial liabilities. The adoption of this amendment had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

IAS 36 Impairment of Assets ("IAS 36")

This amendment requires additional disclosure on the recoverable amount of an impaired cash generating unit ("CGU"). The adoption of this amendment had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

IFRIC 21 Levies:

This standard clarifies the requirements for recognizing a liability for a levy imposed by a government. The adoption of this standard had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

Standards issued but not effective

The Company continues to assess the impact of adopting the pronouncements from the IASB as described below:

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 sets out requirements for the classification and measurement of financial assets in November 2009, and was updated in October 2010 to incorporate financial liabilities. In November 2013, the IASB issued amendments to include the new general hedge accounting model. IFRS 9 (2013) does not yet have a mandatory effective date, but early adoption is allowed.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

This standard was issued in May 2014 and provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

GRAVITAS FINANCIAL INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2014 and 2013 and December 31, 2013 (Unaudited - in Canadian dollars)

NOTE 6. EQUITY INVESTMENTS AND OTHER

	September 30, 2014	December 31, 2013
	$	$
Investments in quoted companies, at fair value		
Common shares	1,314,053	448,136
Options	35,196	71,520
Warrants	145,092	325,786
Debentures, 12%, reimbursed in July 2014	-	848,272
Investments in a private company (a)		
Common shares	81,000	81,000
Preferred shares in a private company, 8%, payable annually, convertible at $0,15 per share	1,000,000	1,000,000
Mining properties	1	1
	2,575,342	2,774,715

The investments in a private company are carried at cost, as they do not have a quoted market price in an active market and their fair value cannot be reliably measured due to the significant variability in the range of reasonable fair values for these instruments and the inability to assign probabilities to a range of fair value estimates. The market for these financial instruments is a private equity market. The entity intends to dispose of these financial instruments when these companies' shares are in an active market.

NOTE 7. INVESTMENTS IN ASSOCIATES

The following are the associates of the Company:

	Business relationship	Jurisdiction of Incorporation	% of Ownership
Portfolio Analysts Inc.	Note 1	Canada	40%
The Mint Corporation	Note 2	Canada	18%

Note 1 : Portfolio Analysts Inc., a private company, is the parent company of Portfolio Strategies Securities Inc. a leading Canadian independent mutual fund dealer.

Note 2 : The Mint Corporation, a quoted company, provides integrated prepaid card and payroll services.

The Company's continuity of its investments in associates is as follows:

	September 30, 2014	December 31, 2013
	$	$
Balance, beginning of period	-	-
Acquisition of investments in associates	4,329,135	4,329,135
Dividends received	(120,000)	-
Share of results in associates	429,813	-
Balance, end of period	4,638,948	4,329,135

GRAVITAS FINANCIAL INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2014 and 2013 and December 31, 2013 (Unaudited - in Canadian dollars)

NOTE 7. INVESTMENTS IN ASSOCIATES (Continued)

The Company's financial information from its associates is as follows:

(In thousands of Canadian dollars)	The Mint Corporation	Portfolio Analysts Inc.	Total
Balance sheet			
Cash and cash equivalents	5,917	1,279	7,196
Current assets	2,721	1,906	4,627
Non-current assets	1,849	4,202	6,051
Current liabilities	9,485	2,644	12,129
Non-current liabilities	47,386	1,603	48,989
Statements of earnings (loss)			
Revenue	2,915	3,933	6,848
Expenses	13,977	2,499	16,476
Operating income (loss)	(11,062)	1,434	(9,628)
Income tax	-	232	232
Net income (loss)	**(11,062)**	**1,202**	**(9,860)**
Cash flows			
Dividend paid	**-**	**(600)**	**(600)**

The Company received a dividend of $120,000 from Portfolio Analysts Inc. during the period of nine months ended September 30, 2014.

NOTE 8. LOANS RECEIVABLE

	September 30, 2014	December 31, 2013
	$	$
Loans to a public company, secured, interest bearing at 18% per annum, reimbursed in May 2014	-	3,427,033
Loan to a company where a director has a minority interest, unsecured, interest bearing at 6% per annum, reimbursable in October 2018	700,000	100,000
Loans to public companies, unsecured, interest bearing from 5% to 10% per annum, reimbursable from December 2014 until July 2017	868,360	-
Loans to private companies, unsecured, interest bearing from 12% to 20% per annum, reimbursable from March 2015 until April 2016	450,000	20,000
	2,018,360	3,547,033
Less: Current portion	(280,000)	(3,447,033)
	1,738,360	100,000

During the nine months period ended September 30, 2014, the Company loaned a total amount of $6,055,693 ($3,547,033 for the year ended December 31, 2013) and received a reimbursement of $7,584,366.

GRAVITAS FINANCIAL INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2014 and 2013 and December 31, 2013 (Unaudited - in Canadian dollars)

NOTE 9. CONVERTIBLE DEBENTURES

	September 30, 2014	December 31, 2013
	$	$
Loan components		
Convertible debenture with a face value of US$275,000, 12%, maturing on January 31, 2016 or convertible at any time at the Company's option at $0.07 per share	289,422	268,071
Convertible debenture with a face value of $1,250,000, 9%, maturing on July 16, 2016 or convertible at any time at the Company's option at $0.18 per share	1,234,977	1,228,831
Convertible debenture with a face value of $250,000, 12%, maturing on December 17, 2014 or convertible at any time at the Company's option at $0.05 per share	250,000	250,000
Convertible debenture with a face value of $120,000, 12%, maturing on December 20, 2015 or convertible at any time at the Company's option at $0.20 per share	109,837	103,739
Convertible debenture with a face value of $1,204,588, 12%, maturing on November 22, 2014 or convertible at any time at the Company's option at $0.05 per share (a)	1,188,805	1,473,695
Convertible debenture with a face value of $150,000, 12%, maturing on November 20, 2015 or convertible at any time at the Company's option at $0.10 per share	148,097	146,827
Convertible debenture with a face value of $1,121,920, 12%, maturing on November 22, 2014 or convertible at any time at the Company's option at $0.055 per share	1,084,903	-
Convertible debenture with a face value of US$350,000, 12%, maturing on April 29, 2015 or convertible at any time at the Company's option at $0.125 per share	390,460	-
Convertible debenture with a face value of $17,000, 12%, maturing on March 31, 2017 or convertible at any time at the Company's option at $0.15 per share	17,000	-
Convertible debenture with a face value of $88,000, 14%, maturing on June 30, 2017 or convertible at any time at the Company's option at $0.10 per share	83,212	-
Convertible debenture with a face value of $100,000, 14%, maturing on June 30, 2019 or convertible at any time at the Company's option at $1.14 per share	46,561	-
	4,843,274	3,471,163
Convertible components	121,499	149,571
	4,964,773	3,620,734
Less: Current portion	(640,664)	(1,761,084)
	4,324,109	1,859,650

(a) On July 31, 2014, the Company converted an amount of $295,412 in the 12% convertible debenture with The Mint Corporation ("Mint") at a conversion price of $0.05 per share. As a result of this conversion, Mint issued 5,908,240 common shares to the Company, representing 18% of the issued and outstanding common shares of Mint, at a share price of $0,04 per share for a total investment of $236,330 (Note 6). The Company realized a loss on conversion of a convertible debenture of $59,082. This loss was recorded under Change in fair value of debentures - convertible components in net loss.

The initial value of the convertible component is determined by measuring the equity conversion feature and assigning the residual value to the loan component. The loan component is not remeasured subsequent to initial recognition.

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NOTE 9. CONVERTIBLE DEBENTURES (Continued)

The Company determined that at issuance, the fair value of the loan and convertible components were as follows:

	September 30, 2014	December 31, 2013
	$	$
Loan components		
Balance, beginning of period	3,457,296	-
Invested amount of convertible debentures	1,592,862	3,457,296
Balance, end of period	5,050,158	3,457,296
Convertible components		
Balance, beginning of period	102,392	-
Invested amount of convertible debentures	122,733	102,392
Balance, end of period	225,125	102,392
Total fair value of the invested amount of convertible debentures, at issuance	5,275,283	3,559,688

The fair value of convertible components at issuance was estimated using the Black & Scholes valuation model based on the following weighted average assumptions:

	September 30, 2014	December 31, 2013
Weighted average conversion price	$0.14	$ 0.10
Expected dividend	- %	- %
Expected average volatility	326%	200%
Risk-free average interest rate	1.13%	1.16%
Expected average life (years)	2.19	2.32
Weighted average fair value	$0.09	$ 0.03

The following table shows the changes in the fair value of convertible components:

	September 30, 2014	December 31, 2013
	$	$
Fair value of convertible components, beginning of period	149,571	-
Fair value of convertible components at issuance	122,733	102,392
Change in fair value of debentures - convertible components	(153,918)	47,179
Exchange gain	3,112	-
Fair value of convertible components, end of period	121,498	149,571

The fair value of convertible components was estimated using the Black & Scholes valuation model based on the following weighted average assumptions:

	September 30, 2014	December 31, 2013
Weighted average conversion price	$0.11	$ 0.10
Expected dividend	- %	- %
Expected average volatility	155%	216%
Risk-free average interest rate	1.09%	1.07%
Expected average life (years)	1.39	2.08
Weighted average fair value	$0.03	$ 0.04

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NOTE 9. CONVERTIBLE DEBENTURES (Continued)

For the period of nine months ended September 30, 2014, an amount of $70,248 ($13,867 for the year ended December 31, 2013) was recorded as interest income and accreted back to loan components, which are classified as loans and receivable.

	September 30, 2014	December 31, 2013
	$	$
Balance of loan components, beginning of period	3,471,163	-
Loan components at issuance	1,592,862	3,457,296
Loan components converted	(295,412)	-
Accretion of interest	61,122	13,867
Exchange loss	13,538	-
Balance of loan components, end of period	4,843,273	3,471,163

NOTE 10. INTANGIBLE ASSETS

	Net smelter royalty (Note 3)	Brand Names	Total
	$	$	$
Cost			
Balance as at January 1st, 2013	-	-	-
Acquisitions	1,245,760	196,272	1,442,032
Balance as at December 31, 2013	1,245,760	196,272	1,442,032
Acquisitions	-	50,000	50,000
Balance as at September 30, 2014	1,245,760	246,272	1,492,032
Accumulated amortization			
Balance as at January 1st, 2013	-	-	-
Amortization	177,966	-	177,966
Balance as at December 31, 2013	177,966	-	177,966
Amortization	177,966	-	177,966
Balance as at September 30, 2014	355,932	-	355,932
Carrying amount			
Balance as at December 31, 2013	1,067,794	196,272	1,264,066
Balance as at September 30, 2014	889,828	246,272	1,136,100

NOTE 11. DEBENTURE

The debentures mature on June 25, 2023 and bears interest at a rate as is equal to the greater of : i) three percent (3%) per annum; or ii) an amount as is equal to eighty percent (80%) of the earnings before interest expense and tax (EBIT) on a consolidated basis, subject to an aggregate maximum amount of eight percent (8%) per annum. The base three percent (3%) interest payment shall be payable quarterly, commencing June 30, 2013, with the annual adjustment made based on the aforementioned net earnings calculation annually and paid out on April 30 of each year. For the year ended December 31, 2013 , the Company paid an interest of 3%.

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NOTE 11. DEBENTURE (Continued)

The term of the debentures is ten (10) years, renewable for an additional ten (10) year period upon the payment of a renewal fee equal to one (1%) percent of the principal amount of the debentures outstanding at the date of renewal. Upon any such renewal, the rate of interest on the debentures shall be adjusted such minimum interest rate shall be equal to Government of Canada 10-year bond rate, plus five percent (5%).

	September 30, 2014	December 31, 2013
	$	$
Balance, beginning of period	52,921,091	-
Issued	-	54,022,000
Issue costs	-	(1,158,215)
	52,921,091	52,863,785
Accretion of interest	71,359	57,306
Balance, end of period	52,992,450	52,921,091

NOTE 12. SHARE CAPITAL

Share capital

The share capital of the company consists only of fully paid ordinary shares.

Authorized

Unlimited number of common shares voting and participating.

Dividend paid

In connection with the reverse takeover transaction described in Note 3, the Company agreed to transfer, to the previous shareholders of Ubika, all investments owned by Ubika prior to the reverse takeover. For the year ended December 31, 2013, the Company recorded a dividend of $316,106 representing the fair value of the investments at the time of transfer.

Warrants

The following table shows the changes in warrants:

	September 30, 2014		December 31, 2013	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding on January 1st	4,300,000	0.10	-	-
Assumed as part of the reverse takeover (Note 3)	-	-	4,300,000	0.10
Outstanding and exercisable	4,300,000	0.10	4,300,000	0.10

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	Exercise price	Number of warrants outstanding	Number of warrants exercisable
November 5, 2014	$0.10	4,300,000	4,300,000

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NOTE 13. EMPLOYEE REMUNERATION

Share option plan

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the share option plan must not exceed 10% of the total number of common shares outstanding from time to time.

The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the common shares on the eve of the award and the term of the options cannot be more than five years. The options are exercisable immediately.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The Company's share options are as follows for the reporting periods presented:

		September 30, 2014		December 31, 2013
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding on January 1st	-	-	-	-
Assumed as part of the reverse takeover (Note 3)	-	-	250,000	0.10
Cancelled	-	-	(250,000)	0.10
Outstanding and exercisable	-	-	-	-

NOTE 14. LISTING AND RESEARCH

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Amount to be settled in cash	207,650	76,863	453,260	540,839
Amount settled in options	-	3,807	-	60,266
Amount settled in shares	-	-	-	47,500
	207,650	80,670	453,260	648,605

NOTE 15. INTEREST REVENUE

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Interest on bank	187,007	144,412	314,591	181,752
Interest on guaranteed investments certificates	75,617	-	224,626	-
Interest on loans receivable	40,449	119,416	344,104	119,416
Interest on convertible debentures	140,190	34,561	469,463	34,561
Interest on debentures	(281,193)	-	280,626	-
	162,070	298,389	1,633,410	335,729

NOTE 16. INTEREST EXPENSES

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Interest on loans	-	582	-	21,582
Interest on debentures	433,845	405,165	1,286,854	427,366
Interest on current liabilities and bank charges	14,249	9,324	32,727	15,806
	448,094	415,071	1,319,581	464,754

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NOTE 17. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Trade and other receivables	58,542	(285,508)	(500,975)	(251,082)
Prepaid expenses	(40,757)	(44,630)	(38,411)	(41,774)
Trade and other payables	(19,099)	(149,505)	(243,572)	(348,293)
Customer deposits	(99,550)	(7,862)	347,040	(23,588)
Income taxes payable	(58,919)	-	(58,919)	-
	(159,783)	(487,505)	(494,837)	(664,737)

Additional disclosures regarding cash flows that did not result in a cash outflow:

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Trade and other receivables				
Investments received as a settlement	-	(3,807)	-	107,766
Equity investments and other				
Investments received as a settlement	-	3,807	-	(107,766)
Investments in associates				
Conversion of a convertible debenture	295,412	-	295,412	-
Convertible debentures				
Accretion of interest	12,184	-	(61,123)	-
Conversion of a convertible debenture	(295,412)		(295,412)	
Debentures				
Accretion of interest	28,680	-	71,359	-

Cash flows from interest and income taxes

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Interest paid	419,414	275,944	1,248,222	274,287
Interest received	(343,374)	-	(1,131,895)	-
Income taxes received	-	-	-	(40)

NOTE 18. RELATED PARTIES

The Company's related parties include its joint key management and other related parties, as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

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NOTE 18. RELATED PARTIES (Continued)

Remuneration of the key management personnel, that is, the President, the Vice-President Finance and the directors, includes the following expenses:

	Sept 30, 2014 (3 months)	Sept 30, 2013 (3 months)	Sept 30, 2014 (9 months)	Sept 30, 2013 (9 months)
	$	$	$	$
Transactions with key management personnel				
Salaries and management fees	123,000	40,059	369,000	161,059
Consulting and professional fees	11,163	224,535	80,631	224,535
General and administrative	49,000	46,482	126,000	46,482
	183,163	311,076	575,631	432,076
Transactions with companies controlled by key management				
Advisory services	-	-	-	1,500
Consulting and professional fees	167,000	-	505,135	-
General and administrative	-	-	-	19,800
	167,000	-	505,135	21,300
	350,163	311,076	1,080,766	453,376

NOTE 19. COMMITMENTS

The Company entered into an agreement for the lease of premises expiring in August 30, 2019. Future minimum lease payments, aggregate to $1,203,796 and include the following payments for the next years:

	$
Less than 1 year	307,442
1-5 years	896,354

NOTE 20. SUBSEQUENT EVENT

On November 21, 2014, the Company converted an amount of $1,040,352 in the 12% convertible subordinate secured debenture signed with The Mint Corporation ("Mint") at a conversion price of $0.05 per share. As a result of this conversion, Mint issued 20,807,040 common shares to the Company thereby bringing the total number of shares held by the Company to 26,815,277, representing an interest of 50% of the issued and outstanding common shares of Mint.