GRAVITAS FINANCIAL INC.

Consolidated financial statements

Years ended December 31, 2015 and 2014

GRAVITAS FINANCIAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

MNP LLP

To the Shareholders of Gravitas Financial Inc.:

We have audited the accompanying consolidated financial statements of Gravitas Financial Inc. and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

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

Auditors’ Responsibility
Our responsibility is to express an opinion on these consolidated financial statements, based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity’s preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements of the Company present fairly, in all material respects, the financial position of the Company as at December 31, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion we draw attention to Note 2 of the consolidated financial statements, which explains that the consolidated financial statements for the year ended December 31, 2014 have been restated from those which we originally reported on April 29, 2015.

MNP LLP

Toronto, Ontario
April 29, 2016

Chartered Professional Accountants
Licensed Public Accountants

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014 **(in Canadian dollars)**

	Notes	December 31, 2015	December 31, 2014	January 1st, 2014
			Restated Note 2	
		$	$	$
ASSETS				
Current assets				
Cash		34,427,311	20,106,400	26,215,133
Guaranteed investments certificates	10	20,089,000	42,000,000	15,020,000
Trade and other receivables	11	2,542,079	1,145,258	693,572
Prepaid expenses		249,768	270,467	46,347
Inventory		146,655	159,485	-
Loans receivable	15	1,089,421	880,000	3,447,033
Convertible debentures	16	319,376	794,137	253,724
Equity investments and other	13	-	150,000	-
Assets held for sale	4	8,229,765	-	-
		67,093,375	65,505,747	45,675,809
Non-current assets				
Property and equipment	12	148,710	174,334	148,215
Equity investments and other	13	6,437,240	4,507,028	2,774,715
Investments in associates	14	7,606,423	5,528,607	-
Loans receivable	15	5,444,590	2,566,270	100,000
Convertible debentures	16	2,290,626	1,545,174	4,450,730
Intangible assets	17	602,201	958,134	1,264,066
		22,529,790	15,279,547	8,737,726
Total assets		89,623,165	80,785,294	54,413,535
LIABILITIES				
Current liabilities				
Trade and other payables	19	3,007,921	2,119,450	963,007
Customer deposits		270,329	157,000	26,210
Loans payable to companies controlled by shareholders, non interest bearing, due on demand		-	-	54,650
Income taxes payable		-	-	58,919
Liabilities held for sale	4 and 20	5,178,167	-	-
		8,456,417	2,276,450	1,102,786
Non-current liabilities				
Lease inducement		47,943	30,968	37,609
Derivative warrant liability	22	-	410,211	-
Debentures	21	140,347,586	128,896,573	52,921,091
		140,395,529	129,337,752	52,958,700
Total liabilities		148,851,946	131,614,202	54,061,486
EQUITY (DEFICIENCY)				
Share capital	23	1,400,600	1,400,600	1,400,600
Contributed surplus		471,685	86,738	86,000
Deficit		(65,398,513)	(53,932,642)	(1,042,507)
Accumulated other comprehensive income		1,602,815	1,691,796	(92,044)
Total equity attributable to owners of the parent company		(61,923,413)	(50,753,508)	352,049
Non-controlling interest	9	2,694,632	(75,400)	-
Total equity (deficiency)		(59,228,781)	(50,828,908)	352,049
Total liabilities and equity (deficiency)		89,623,165	80,785,294	54,413,535

Commitments (Note 36)
Subsequent event (Note 38)

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

Approved on behalf of the Board of directors

/S/ David Carbonaro — Director

/S/ Vikas Ranjan — Director

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Years ended on December 31, 2015 and 2014 **(in Canadian dollars)**

	Notes	December 31, 2015	December 31, 2014
			Restated Note 2
		$	$
Revenue			
Listing and research fees		643,798	677,110
Advisory services		46,000	81,549
Consulting		474,680	248,141
Royalties		441,077	280,967
Interest	25	1,765,538	3,062,245
Other		282,835	21,285
		3,653,928	4,371,297
Expenses			
Salaries and management fees		1,533,675	861,039
Consulting and professional fees		3,201,700	1,929,851
General and administrative		2,416,150	2,580,391
Interest expense	26	8,925,057	2,273,510
Exchange gain		(1,074,989)	(140,933)
Loss on settlement	27	271,698	(32,020)
Loss (gain) on disposal of available-for-sale investments		(628,728)	48,000
Loss on disposal of property and equipment	12	974	-
Loss on step acquisition	3	-	672,007
Change in fair value of convertible debentures - conversion feature	16	(186,850)	2,472,798
Change in fair value of FVTPL investments	13	(580,056)	716,325
Change in fair value of derivative warrant liability	22	(44,423)	123,962
Impairment	18 and 28	2,634,150	46,885,824
Share of results in associates	14	1,787,731	(322,248)
		18,256,089	58,068,506
Loss before income taxes		(14,602,161)	(53,697,209)
Current income taxes	29	1,157	(61,243)
Net loss from continuing operations		(14,603,318)	(53,635,966)
Net loss from discontinued operations	4	(64,811)	-
Net loss		(14,668,129)	(53,635,966)
Other comprehensive loss (income)			
Items that will be reclassified subsequently to net loss			
Available-for-sale-financial assets			
Net change in fair value, net of tax effect		18,633	1,735,840
Reclassification to net loss, net of tax effect		(45,548)	48,000
		(26,915)	1,783,840
Foreign currency translation			
Net change in fair value, net of tax effect		(62,066)	-
Total comprehensive loss (income)		(88,981)	1,783,840
Net loss and comprehensive loss		(14,757,110)	(51,852,126)
Net loss attributable to:			
Shareholders of Gravitas Financial Inc.		(10,910,351)	(52,890,135)
Non-controlling interests	9	(3,757,778)	(745,831)
		(14,668,129)	(53,635,966)
Comprehensive loss attributable to:			
Shareholders of Gravitas Financial Inc.		(10,989,686)	(51,106,295)
Non-controlling interests	9	(3,767,424)	(745,831)
		(14,757,110)	(51,852,126)
Basic and diluted net loss per share		(0.22)	(0.81)
Weighted average number of common shares outstanding - basic and diluted		66,601,305	66,601,305

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

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2015 and 2014 **(in Canadian dollars)**

	Notes	Share Capital		Accumulated Other Comprehensive Income (Loss)		Contributed surplus	Deficit	Non-controlling interest	Total
				Available-for-sale financial assets	Foreign currency translation				
							Restated Note 2	Restated Note 2	Restated Note 2
		Number	$	$	$	$	$	$	$
Balance on January 1st, 2014		66,601,305	1,400,600	(92,044)	-	86,000	(1,042,507)	-	352,049
Stock-based compensation		-	-	-	-	738	-	-	738
Non-controlling interest	3	-	-	-	-	-	-	670,431	670,431
Net loss	3 and 9	-	-	-	-	-	(52,890,135)	(745,831)	(53,635,966)
		-	-	-	-	738	(52,890,135)	(75,400)	(52,964,797)
Other comprehensive income									
Available-for-sale financial assets									
Net change in fair value, net of tax effect		-	-	1,735,840	-	-	-	-	1,735,840
Reclassification to net loss, net of tax effect		-	-	48,000	-	-	-	-	48,000
Total comprehensive income		-	-	1,783,840	-	-	-	-	1,783,840
Balance on December 31, 2014 (Restated Note 2)		66,601,305	1,400,600	1,691,796	-	86,738	(53,932,642)	(75,400)	(50,828,908)
Change in functional currency	5	-	-	-	-	365,788	-	-	365,788
Broker warrants issued as part of the Series C debentures		-	-	-	-	18,650	-	-	18,650
Stock-based compensation	24	-	-	-	-	509	-	-	509
Non-controlling interest	3 and 9	-	-	-	-	-	(555,520)	6,527,810	5,972,290
Net loss		-	-	-	-	-	(10,910,351)	(3,757,778)	(14,668,129)
		-	-	-	-	384,947	(11,465,871)	2,770,032	(8,310,892)
Other comprehensive loss									
Exchange difference on translating foreign operations		-	-	-	(62,066)	-	-	-	(62,066)
Available-for-sale financial assets									
Net change in fair value, net of tax effect		-	-	18,633	-	-	-	-	18,633
Reclassification of impairment to net loss, net of tax effect	28	-	-	583,180	-	-	-	-	583,180
Reclassification to net loss, net of tax effect		-	-	(628,728)	-	-	-	-	(628,728)
Total comprehensive loss		-	-	(26,915)	(62,066)	-	-	-	(88,981)
Balance on December 31, 2015		66,601,305	1,400,600	1,664,881	(62,066)	471,685	(65,398,513)	2,694,632	(59,228,781)

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

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended on December 31, 2015 and 2014 **(in Canadian dollars)**

	Notes	December 31, 2015	December 31, 2014
			Restated Note 2
		$	$
OPERATING ACTIVITIES			
Net loss		(14,603,318)	(53,635,966)
Adjustments			
Stock-based compensation		509	738
Amortization - Property and equipment		48,175	40,535
Amortization - Intangible assets		355,933	355,932
Accreted interest	25 and 26	2,219,579	(717,148)
Lease inducement		16,975	(6,641)
Loss (gain) on settlement		271,698	(32,020)
Loss (gain) on disposal of available-for-sale investments		(628,728)	48,000
Loss on disposal of property and equipment		974	-
Loss on step acquisition		-	672,007
Change in fair value of convertible debentures - conversion feature		(186,850)	2,472,798
Change in fair value of FVTPL investments		(580,056)	716,325
Change in fair value of derivative warrant liability		(44,423)	123,962
Impairment		2,634,150	46,885,824
Share of results in associates		1,787,731	(322,248)
Equity investments received as a premium		(51,581)	-
Unrealized exchange gain		(516,995)	(36,825)
		(9,276,227)	(3,434,727)
Change in working capital items	30	(493,221)	(788,987)
Cash flows used in operating activities of continuing operations		(9,769,448)	(4,223,714)
Cash flows generated from operating activities of discontinued operations		139,614	-
Net cash used in operating activities		(9,629,834)	(4,223,714)
INVESTING ACTIVITIES			
Cash acquired through the business acquisition	3	-	1,449,781
Guaranteed investments certificates		21,911,000	(26,980,000)
Purchase of property and equipment		(23,525)	(65,150)
Purchase of intangible assets		-	(50,000)
Purchase of equity investments and other		(3,136,641)	(1,150,536)
Proceeds from disposal of available-for-sale investments		1,524,028	848,272
Purchase of investments in associates and additional working capital	14	(4,236,850)	(4,039,308)
Dividends received on investments in associates		373,600	240,000
Loans receivable	15	(4,815,070)	(7,446,778)
Reimbursement of loans receivable		535,000	7,584,366
Convertible debentures		(1,054,827)	(1,800,595)
Reimbursement of convertible debentures		150,000	-
Cash flows generated from investing activities of continuing operations		11,226,715	(31,409,948)
Cash flows used from investing activities of discontinued operations		(139,614)	-
Net cash from (used) in investing activities		11,087,101	(31,409,948)
FINANCING ACTIVITIES			
Due to directors and to a related company		-	(167,077)
Repayment of loans to related companies		-	(20,750)
Issuance of debentures	21	10,000,000	30,023,000
Issuance costs of debentures	21	(367,250)	(310,293)
Repayment of debentures		(707,040)	-
Proceeds from issuance of shares to non-controlling interests		4,000,000	49
Cash flows generated from financing activities		12,925,710	29,524,929
Translation effect on cash		(62,066)	-
Net change in cash		14,320,911	(6,108,733)
Cash, beginning of period		20,106,400	26,215,133
Cash, end of period		34,427,311	20,106,400

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

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 1. NATURE OF OPERATIONS

Gravitas Financial Inc. ("Gravitas" or the "Company") is a publicly listed company on the Canadian Stock Exchange ("CSE") under the symbol GFI. The Company is incorporated under the Canada Business Corporations Act and has its registered office and principal place of business at 333 Bay Street, Suite 650, Toronto, Ontario, M5H2R2.

Gravitas is an integrated financial and advisory services firm providing services in financial and capital markets. Gravitas also acquires significant, long-term interests in and develops businesses that have a high potential for value addition through the Company's key strategic inputs and management support. In addition, the Company operates a venture capital arm that invests in meaningful ownership interests in fast growing companies in both public and private markets.

These consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been approved by the Board of Directors on April 29, 2016.

NOTE 2. RESTATEMENT

Subsequent to the issuance of the Company's consolidated financial statements for the year ended December 31, 2014, it was determined that the calculation of the accretion and interest on The Mint Corporation's, a subsidiary of the Company, Series A and B debentures was incorrect and that the carrying value of the debentures and trade and other payables was overstated. The effects of the restatement on the consolidated statement of comprehensive loss and consolidated statement of changes in equity for the year ended December 31, 2014 are summarized below. The adjustments between amounts previously reported and amounts restated had no effect on the consolidated statement of cash flows.

	Previously reported	Adjustments	Restated
	$	$	$
Consolidated Statement of Financial Position			
Current assets	65,505,747	-	65,505,747
Non-current assets	15,279,547	-	15,279,547
Total assets	80,785,294	-	80,785,294
Current liabilities			
Trade and other payables	2,237,675	(118,225)	2,119,450
Customer deposits	157,000		157,000
	2,394,675	(118,225)	2,276,450
Non-current liabilities			
Lease inducement	30,968		30,968
Derivative warrant liability	410,211		410,211
Debentures	131,128,229	(2,231,656)	128,896,573
	131,569,408	(2,231,656)	129,337,752
Total liabilities	133,964,083	(2,349,881)	131,614,202
Equity (deficiency)			
Share capital	1,400,600		1,400,600
Contributed surplus	86,738		86,738
Deficit	(56,103,842)	2,171,200	(53,932,642)
Accumulated other comprehensive income	1,691,796		1,691,796
	(52,924,708)	2,171,200	(50,753,508)
Non-controlling interest	(254,081)	178,681	(75,400)
Total equity (deficiency)	(53,178,789)	2,349,881	(50,828,908)
Total liabilities and equity (deficiency)	80,785,294	-	80,785,294
Consolidated Statement of Comprehensive Loss			
Revenue	4,371,297	-	4,371,297
Expenses			
Other expenses	8,909,172	-	8,909,172
Interest expense	2,630,871	(357,361)	2,273,510
Impairment	48,878,344	(1,992,520)	46,885,824
	60,418,387	(2,349,881)	58,068,506
Loss before income taxes	(56,047,090)	2,349,881	(53,697,209)
Income taxes	(61,243)	-	(61,243)
Net loss	(55,985,847)	2,349,881	(53,635,966)
Other comprehensive loss	1,783,840	-	1,783,840
Net loss and comprehensive loss	(54,202,007)	2,349,881	(51,852,126)
Basic and diluted net loss per share	(0.84)	0.04	(0.81)

As of December 31, 2015 and 2014 (in Canadian dollars)

GRAVITAS FINANCIAL INC.

NOTE 3. BUSINESS ACQUISITION

On July 31, 2014, the Company converted an amount of $295,412 of a 12% convertible subordinate secured debenture held in 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 Gravitas, representing 18% of the issued and outstanding common shares of Mint. At the time of this transaction, the Company determined that it obtained significant influence over Mint and thereafter accounted for its investment at equity method.

On November 21, 2014, the Company converted an additional amount of $1,040,352 of the 12% convertible subordinate secured debenture held in Mint at a conversion price of $0.05 per share. As a result of this conversion, Mint issued 20,807,037 common shares to the Company, thereby increasing its ownership interest from 18% to 50% of the issued and outstanding common shares of Mint. At the time of this transaction, the Company determined that it obtained control over Mint and, accordingly, commenced to consolidate the results of operations and the balance sheet from that date.

Mint is a niche company in the United Arab Emirates ("UAE"), which provides payroll card and related services to customers under the Wages Protection System in the UAE.

The incremental investment in Mint was accounted for using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date which is November 21, 2014. Step-acquisition accounting guidance requires that the pre-existing investment be re-measured at fair value and any gains or losses be recognized in income. The estimated value of the Company's interest accounted at equity value immediately before the effective date was $1,342,389, which resulted in the recognition of a loss on step acquisition of $672,007 determined based on the value of Mint's share price on the TSX venture Exchange.

The Company accounted for this purchase using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill. Operating results have been included in the consolidated financial statements from the date of acquisition.

The net liabilities assumed and assets acquired were as follows:

	Restated
	$
Assets	
Cash	1,449,781
Trade and other receivables	353,953
Prepaid expenses	190,828
Investment	150,000
Equipments	1,504
Investments in Mint UAE operations ("MME")	1,413,677
	3,559,743
Liabilities	
Trade and other payables	1,544,313
Debentures	45,761,286
Convertible debentures	1,286,156
Loan payable	226,800
Derivative warrant liability	286,249
	49,104,804
Net liabilities assumed	(45,545,061)
Consideration paid	670,382
Non-controlling interest ("NCI")	670,382
Total	1,340,764
Goodwill	46,885,825

Losses of Mint which are included in the Company's consolidated statement of Comprehensive Loss amount to $1,738,107. If the acquisition of Mint had taken place on January 1, 2014, revenue of $52,604 would have been included in the Company's consolidated statement of Loss and Comprehensive Loss and losses of $14,160,588 would have increased the Company's net loss.

The fair value of the NCI at the time of acquisition, was estimated based on the market price of $0,025 and applied to the portion of common shares not held by the Company of 26,815,277.

Acquisition of additional interest

On June 23, 2015, the Company purchased 20 million units of Mint at $0.05 per unit for $1,000,000, thereby increasing its ownership interest from 50% interest to 63.5% interest. Each unit consisting of one common share of Mint and one-half of one common share purchase warrant of Mint. Each whole warrant is exercisable into one common share at an exercise price of $0.05 until December 23, 2016.

The Company obtained control of Mint in November 2014 and has consolidated the results of Mint thereafter. The transaction described above only increased the voting interests that the Company already had.

Under IFRS 10, *Consolidated financial statements* , when the proportion of the equity held by non-controlling interests changes, an entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The entity shall recognize directly in equity any adjustment and attribute it to the owners of the parent. Following that transaction, the Company recorded an adjustment of $555,520 in the consolidated statement of changes in equity to reduce the non-controlling interest.

As of December 31, 2015 and 2014 (in Canadian dollars)

GRAVITAS FINANCIAL INC.

NOTE 3. BUSINESS ACQUISITION (Continued)

Claxton Capital Management and Claxton Real Estate Company Ltd.

On August 31, 2015, the Company converted its 6,666,667 preferred shares held in Claxton Real Estate Company Ltd. ("CREC") into common shares. Additionally, the Company holds 666,667 common shares in CREC. As a result of this conversion, the Company acquired 42% of the issued and outstanding common shares of CREC. At the same time, the Company also acquired 100% of the issued and outstanding common shares of Claxton Capital Management ("CCM") in consideration of $1,980 in cash. At the time of these transaction, the Company determined that it obtained control over CREC and CCM (together referred to as Claxton) and accordingly consolidation of these entities is required.

CREC is a holding company that has a 100% indirect interest in Palm Valley Pavilions East ("Palm Valley"), a commercial plaza and appurtenant land in Goodyear, Arizona. Palm Valley has approximately 35,000 square feet of net rentable area and is situated on approximately 8 acres of land. CCM is a management company and the general limited partnership that owns Palm Valley.

The Company accounted for this purchase using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill. Operating results have been included in the consolidated financial statements from the date of acquisition.

The Company recorded an allocation of the purchase price to tangible assets acquired and liabilities assumed, based on their fair values as of the August 31, 2015 acquisition date. The purchase price allocation is as follows:

	$
Assets	
Cash and restricted cash	80,656
Trade and other receivables, net of provision of $nil	361,824
Prepaid expenses	60,567
Investment property	7,779,623
	8,282,670
Liabilities	
Trade and other payables	637,091
Loan payable (Note 20)	4,529,170
	5,166,261
Net assets acquired	3,116,409
Consideration paid	1,144,119
Non-controlling interest ("NCI")	1,972,290
Total	3,116,409

Losses of Claxton which are included in the Company's consolidated statement of Loss and Comprehensive Loss under discontinued operations amount to $64,811. If the acquisition of Claxton had taken place on January 1, 2015, revenue of $888,837 would have been included in the Company's consolidated statement of Comprehensive Loss and net profit of $242,299 would have decreased the Company's net loss.

The NCI at the time of acquisition, was estimated based on the fair value of net assets acquired. The fair value of investment property was determined by external, independent property valuers having appropriated recognized professional qualifications and recent experience in the location and category of the property being valued.

The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate (3%), a discount rate (8.25%) and a vacancy lag (6 months). The valuation model was also compared to a direct comparison of similar properties in the location and a direct capitalization approach. The estimated fair value would increase/decrease if the vacancy lag was shorter/longer, expected rental growth rate, and the discount rate were higher/lower.

NOTE 4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Subsequent to the acquisition of control over CREC and CCM, the Company commenced discussions with listing brokers to list, for sale, the Palm Valley property. At year-end, the Company has listed the Palm Valley property for sale. As a result, the operations of Claxton are presented as ‘discontinued operations’ in the consolidated statement and of loss and comprehensive loss.

The following table shows the revenue and net loss from discontinued operations:

	2015
	$
Revenue	
Rental	184,087
Expenses	
Salaries and management fees	23,953
Consulting and professional fees	103
General and administrative	216,276
Exchange loss	662
Loss on settlement of trade and other receivables	7,904
	248,898
Net loss	(64,811)

As of December 31, 2015 and 2014 (in Canadian dollars)

GRAVITAS FINANCIAL INC.

NOTE 4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The major classes of assets and liabilities classified as held for sale as follows:

	2015
	$
Assets	
Cash	220,270
Trade and other receivables	240,308
Prepaid expenses	51,703
Investment property	7,779,623
	8,291,904
Liabilitites	
Trade and other payables	577,444
Long-term loan	4,662,862
	5,240,306
Net assets held for sale	3,051,598

The net cash flows incurred by Claxton are as follows:

	2015
	$
Operating	139,614
Investing	(139,614)
Financing	-
Net cash inflow	-

Prior to its classification to discontinued operations, Claxton was reported under the strategic investments segment.

NOTE 5. NEW ACCOUNTING STANDARDS

New and revised standards that are effective for annual periods beginning on or after January 1, 2015.
The Company has adopted the following standards, effective January 2015. There was no consequential impact upon adoption.

IFRS 8 – Operating Segments
IFRS 8, "Operating Segments" was amended to require (i) disclosure of judgements made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segments are reported.

IAS 24 – Related Party Transactions
IAS 24, "Related Party Transactions" was amended to (i) revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries.

Subsidiaries
Subsidiaries are all 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 Comprehensive Loss. Intercompany transactions, balances and unrealized gains on transactions between subsidiaries are eliminated.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries	Incorporation	2015 % of Ownership	2014 % of Ownership
Ubika Corp.	Canada	100%	100%
Gravitas Select Flow-Through GP Inc.	Canada	100%	100%
Gravitas Financial Services Holdings Inc.	Canada	100%	100%
Gravitas Corporate Services Inc.	Canada	100%	100%
Gravitas Global GP Inc. (inactive)	Canada	100%	100%
Gravitas Venture Inc.	Canada	100%	100%
Gravitas Consolidated Corp. (a) (b)	Canada	100%	-
Gravitas Investor Platform Inc. (a)	Canada	100%	-
Gravitas International Corp. (a)	Canada	50%	-
New India Investment Corporation	Canada	100%	100%
Luxury Quotient International Inc.	Canada	100%	100%
Global Compliance Network Inc. (a)	Canada	100%	-
Foundation Investment Management Inc.	Canada	100%	-
The Mint Corporation	Canada	63.5%	50.0%
Claxton Capital Management (b)	Canada	100%	-
Branson Corporate Services Inc.	Canada	51%	51%
Luxury Quotient India Private Ltd.	India	100%	100%
SearchGold Guinée SARL (inactive)	Africa	100%	100%
Claxton Real Estate Company Ltd. (b)	USA	42%	-

(a) Incorporated and/or acquired in 2015
(b) Discontinued in 2015

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 Comprehensive Loss.

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 costs of disposal or value in use) and charged to the consolidated statement of Comprehensive Loss.

The Company's investments in associates are as follows:

Investments in associates	Jurisdiction of incorporation	% of ownership
Portfolio Analysts Inc.	Canada	40%
Mint UAE operations ("MME")	Canada	51%
Prime City One Capital Corp.	Canada	18%

Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction by transaction basis. 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. Total Comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

Functional and presentation currency and basis of evaluation

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

The monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are include in profit or loss for the year.

These consolidated financial statements are presented using the historical cost method, except for available-for-sale financial assets and financial assets at fair value through profit or loss that are recognized at fair value.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional currency

The Company's consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries, unless otherwise stated.

Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The determination of functional currency is based on the primary economic environment (including monetary policy) in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Factors that an entity considers when determining its functional currency include: (i) the currency that mainly influences sales prices for goods and services, (ii) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, (iii) the currency that mainly influences labour, material and other costs of providing goods or services, (iv) the currency in which funds from financing activities are generated, and (v) the currency in which receipts from operating activities are usually retained. When the indicators are mixed and the functional currency of an entity is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The functional currency of Claxton is the U.S. dollar and the functional currency of Luxury Quotient India Private Ltd. is the Dirhams Indian Rupee.

The assets and liabilities of these foreign operations having a functional currency other than the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date, and at the average exchange rate for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of accumulated other comprehensive income in shareholders' equity.

On the disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation): (1) all of the exchange differences accumulated in equity in respect of that operation attributable to the Company are reclassified to profit or loss and (2) any cumulative amount of exchange differences relating to that foreign operation attributable to the non-controlling interests is derecognized but is not reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognized in profit or loss.

Effective April 1, 2015, Mint, a subsidiary of the Company, changed its functional currency to the Canadian dollar. The change in functional currency was applied on a prospective basis. This change reflects the subsidiary's financing and operating activities, which are now primarily in the Canadian dollar.

The impact of the change in functional currency on the measurement and reporting is discussed below. The change in functional currency will result in no additional changes in the cumulative translation adjustment going forward as Mint's functional currency is the Canadian dollar.

Prior to the change in functional currency, the financial results and positions of foreign operations whose functional currency is different from the reporting currency were translated as follows:

- Assets and liabilities were translated at period end exchange rates prevailing at the reporting date, and
- Income and expenses were translated at the average exchange rate for the period

Exchange gains and losses were included as part of accumulated other comprehensive income on the statement of financial position.

As a result of the change in functional currency, Mint's outstanding warrants that were previously accounted for as derivative liabilities and measured at fair value with changes in fair value accounted through the consolidated statement of loss and comprehensive loss will no longer be treated as derivative liabilities as the exercise price is in the functional currency of the Company. The fair value of the warrants outstanding was reclassified to a separate component of equity and no future fair value measurements will be required.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred.

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. When we acquire control of a business, any previously-held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously-held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously-held equity interest, the difference is recognized in the consolidated statement of Comprehensive Loss immediately as a gain or loss on step acquisition.

Changes in our ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying amount of NCI and the consideration paid or received is attributed to owner's equity.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sale the asset. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

The Company classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company classifies its financial assets and liabilities as outlined below:

Assets / liabilities	Category	Measurement
Assets		
Cash	Fair value through profit or loss	Fair value
Guaranteed investments certificates	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Equity investments and other		
Common shares in private and quoted companies	Available-for-sale financial assets	Fair value
Options and warrants investments	Fair value through profit or loss	Fair value
Debentures	Loans and receivables	Amortized cost
Subscription receipts	Available-for-sale financial assets	Fair value
Preferred shares in a private company	Available-for-sale financial assets	Amortized cost
Convertible debentures		
Loan component of convertible debentures	Loans and receivables	Amortized cost
Conversion feature of convertible debentures	Fair value through profit or loss	Fair value
Liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Debentures liability	Other financial liabilities	Amortized cost
Derivative warrant liability	Fair value through profit or loss	Fair value

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Available-for-sale financial assets ("AFS")
Available-for-sale financial ("AFS") assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

The equity interests in a private company are measured at cost less any impairment loss in the absence of a quoted market price and when the fair value cannot be reasonably determined.

AFS financial assets are measured at fair value except when the fair value cannot be reasonably determined. Fair value is based on the last quoted bid price, within the bid-ask price spread. The net change in fair value is recognized in other comprehensive income (loss). When the asset is derecognized, the cumulated net change in fair value recognized in other comprehensive income (loss) is reclassified to Comprehensive income (loss)under "Gain (loss) on disposal of available-for-sale investment" if applicable and presented as a reclassification adjustment within other comprehensive income (loss).

Impairment charges are recognized in profit or loss as impairment on investments, if applicable. Reversals of impairment losses are recognized in other comprehensive income (loss).

Financial assets at fair value through profit or loss ("FVTPL")
Financial assets at fair value through profit or loss ("FVTPL") include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

When the Company holds debentures that are convertible into the issuer's equity shares at the Company's option, the equity conversion feature represents an embedded option written by the issuer on its equity shares. The embedded derivative is not closely related to the host contract (the debentures) from the Company's perspective. Such equity conversion feature is classified as FVTPL, with the debentures being classified as loans and receivable. The embedded derivative's fair value (the conversion feature) is calculated first, and the carrying value of the debenture is assigned to the residual amount after deducting from the consideration paid to acquire the hybrid instrument, the amount separately determined for the embedded derivative.

Financial liabilities at amortized cost
Financial liabilities at amortized cost represent financial liabilities not held for trading. They are initially measured at fair value less transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying amount and the redemption value is recognized in profit or loss over the duration of the contract using the effective interest rate method.

The Company has debentures bearing interest at a rate that could exceed the base rate, depending on future earnings before interest expense and tax (“EBIT”). These debentures are treated as floating rate liabilities, with the effective interest rate (“EIR”) re-determined periodically, based on the expected level of EBIT. Accordingly, any incremental interest payments above the base rate are recognized as interest expense in the same period that the related EBIT thresholds are met. Debenture issue costs relate to the term of the debenture (excluding the renewal period), and as a result are amortized over the expected life using an effective interest rate consistent with the base interest rate.

Financial liabilities at fair value through profit or loss ("FVTPL")
The Company has warrants issued with an exercise price denominated in a currency other than the Company’s functional currency. These warrants are accounted for as a derivative warrant liability and measured at fair value using the Black-Scholes option pricing model with subsequent changes in fair value recognized in profit or loss. As the warrants are exercised, the value of the recorded warrant liability will be included in share capital along with the proceeds from the exercise. If these warrants expire, the related warrant liability is reversed through profit or loss. These warrants have not been listed on an exchange and therefore do not trade on an active market.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed quarterly, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset’s recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset’s recoverable amount has increased, all or a portion of the impairment is reversed.

Goodwill impairment testing

The Company completes an annual (or more often if impairment indicators arise under the applicable accounting guidance) impairment assessment of its goodwill on a reporting unit level. The Company’s annual impairment test for goodwill is December 31.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGU") (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash-flows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

A two-step test is performed to assess goodwill impairment. First, the fair value of each reporting unit is compared to its carrying value. The fair value is determined based on a market approach as well as the discounted future cash flows of the subsidiary carrying the goodwill. If the calculated fair value exceeds the carrying value of the assets, goodwill is not impaired and no further testing is performed. The second step is performed if the carrying value exceeds the fair value of the goodwill. If the carrying value of the reporting unit’s goodwill exceeds its implied fair value, an impairment loss equal to the difference is recorded. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The Company has sixteen CGU's, being each of the subsidiaries of the Company. All of the goodwill in the consolidated financial statements relates to the acquisition of The Mint Corporation in November 2014. Goodwill represents the excess of the purchase price of acquired companies over the estimated fair value assigned to the individual assets acquired and liabilities assumed.

Impairment of financial assets

Financial assets, other than those carried at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity instruments classified as AFS, the Company follows the guidance of IAS 39, Financial Instruments: Recognition and Measurement to determine when an AFS investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, whether there is a significant or prolonged decline in the fair value of the investment. Significant or prolonged decline is defined respectively as an unrealized loss of at least 50% and/or a decline under its cost for over two consecutive fiscal years. Financial health of short-term business outlook for the investee, including factors such as industry and sector performance and operating and financing cash flow are considered as well by the Company in its evaluation.

Investments in which the Company has significant influence, are accounted for by the equity method. These investments as well as loans and debentures are examined for any impairment whenever there is objective evidence.

Impairment losses on equity instruments classified as AFS are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of all financial assets, excluding receivables, is directly reduced by the impairment loss. The carrying amount of receivables is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized. For AFS financial assets that are equity securities, the reversal is recognized in other comprehensive income (loss).

GRAVITAS FINANCIAL INC.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic and diluted net loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the loss attributable to ordinary equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the periods presented, the diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect of the outstanding warrants and share options as they would have the effect of decreasing the loss per share.

Revenue recognition

Revenues are measured at the fair value of the consideration received or to be received and are recognized when the amount can be measured reliably and it is probable that future economic benefits will flow to the Company, when the transaction amount is determined that collection is reasonably assured.

Revenue that do not meet the recognition criteria or paid before the delivery of services are recorded as deferred revenue. They are classified either as current or non-current liabilities depending on the expected period of services to be rendered.

In addition to the general principles outlined above, the Company applied the following specific principles:

Listing and research fees and rental income

Revenue is recognized over a straight line basis over the term of the contracts.

Advisory services and consulting fees

Advisory services and consulting fees are recognized on an accrual basis based on the level of services provided.

Royalties

Royalties are recognized at the time the right to receive payment is established.

Interest

Interest income is recognized based on the number of days the investment was held during the year using the effective interest rate method.

Dividend

Dividend revenue is recorded as of the ex-dividend date.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle.

Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of comprehensive loss.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment

Property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Amortization of property and equipment is calculated, on components that have homogeneous useful lives, using the declining balance basis method to depreciate the initial cost as follows:

Office furniture and office equipment	20%
Computer equipment	30%

Amortization of leasehold improvements is recognized over the lease term which is 6 years.

Useful lives, residual values, amortization rates and amortization methods are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gain or loss on disposal is determined by comparing the proceeds with the carrying amount and is recognized in profit or loss.

GRAVITAS FINANCIAL INC.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of equity investments and other

Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding transaction costs.

The fair value of the Company's investments as at the financial reporting date is determined as follows:

Common shares in quoted companies

All securities listed on a recognized public stock exchange are generally valued at their last bid price. The Company uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Options and Warrants

The options and warrants are valued at fair value using the Black-Scholes model which considers factors such as the market value of the underlying security, strike price, volatility and terms of the options and warrants.

Investments in private companies

The investments in private companies 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 Company intends to dispose of these financial instruments when these companies' shares are in an active market.

Intangible assets

Intangible assets with a finite useful life are stated at historical cost, less any accumulated amortization and any accumulated impairment losses and include the net smelter royalty. Historical cost includes all costs directly attributable to the acquisition.

The net smelter royalty is amortized on a straight-line basis over the estimated useful life of the related mine which is four years. Estimated useful lives and the amortization method are reviewed at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

Brand names mainly comprised of the Gravitas and Luxury Quotient brands that were acquired through purchases of assets. Brand names have an indefinite remaining life. It is not amortized but it is tested for recoverability annually or more frequently if there is an indication of impairment. The indefinite remaining life is reviewed annually to ensure that it is still justifiable. An impairment loss would be recognized if the carrying amount of the branch name exceeded its recoverable amount. Currently there are no legal, regulatory, competitive or other factors that limit the useful lives of our brands.

Leases

Leases are classified as finance leases if they transfer to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments under operating leases are recognized as expenses on a straight line basis over the lease term unless another systematic basis is more representative of how the economic benefits of the leased assets are spread over time.

The lease inducement, which corresponds to free rents, is deferred and recorded as an expense on a straight line basis over a 6 years period, which represents the lease duration for which the inducement was received.

Income taxes

The income tax expense includes current and deferred tax. This expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income (loss) or equity, in which case the tax expense is recognized in other comprehensive income (loss) or equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity
Share capital represents the amount received upon the share issuance. If shares are issued when options and warrants are exercised, the share capital account also comprises the share-based payment cost previously recognized in contributed surplus.

Other elements of equity
Contributed surplus includes share-based payments related to options and warrants until such equity instruments are exercised.

Retained earnings (deficit) includes all current and prior period profits or losses and issuance costs net of any tax benefits.

Accumulated other comprehensive income (loss) includes the net change in fair value recognition on available-for-sale financial asset and foreign currency translation adjustments.

Equity-settled share-based payments
The Company operates equity-settled share-based remuneration plans for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to the brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or service received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employee and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments under Equity-settled share-based payments plans (except warrants to brokers) are ultimately recognized as an expense in profit or loss with a corresponding credit to Contributed surplus, in equity. Warrants issued to brokers are recognized as issuance costs of equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

NOTE 7. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 9, "Financial instruments"
The IASB previously published versions of IFRS 9, «Financial instruments» that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounting model in 2013. In July 2014, the IASB released the final version of IFRS 9, «Financial instruments» which replaces earlier versions of IFRS 9 issued and completes IASB's project to replace IAS 39, «Financial Instruments: Recognition and Measurement».

The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exceptions. Early adoption is permitted. The restatement for the classification and assessment presented for prior periods, particularly with respect to impairment is not required. The Company is still evaluating the impact of this standard on its consolidated financial statements.

IFRS 11, "Joint Arrangements"
In May 2014, the IASB amended IFRS 11 – Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 – Business Combinations. The amended standard requires the acquirer to apply all of the principles on accounting for business combinations in IFRS 3 and other IFRSs except for any principles that conflict with IFRS 11. These amendments must be applied prospectively for those acquisitions occurring in annual periods beginning on or after January 1, 2016. The amendments to IFRS 11 are not expected to have a significant impact on the Company’s consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers"
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers to establish principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRSs. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets such as property and equipment. Additional disclosures will also be required under the new standard. IFRS 15 must be adopted for annual periods beginning on or after January 1, 2018 using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. The Company is currently evaluating the impact of IFRS 15 on the Company’s consolidated financial statements.

NOTE 7. FUTURE CHANGES IN ACCOUNTING POLICIES (Continued)

IFRS 16, "Leases"

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

IAS 1, "Presentation of Financial Statements"

In December 2014, the IASB amended IAS 1, Presentation of Financial Statements to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments are effective January 1, 2016 with early adoption permitted. The Company is assessing the impact of this standard.

IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets"

In May 2014, the IASB amended IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets to clarify that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset. These amendments must be applied prospectively for annual periods beginning on or after January 1, 2016. The amendments to IAS 16 and IAS 38 are not expected to have a significant impact on the Company's consolidated financial statements.

NOTE 8. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

The following are significant management judgments and estimates in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Consolidation

Judgment is applied in assessing whether the Company exercises control and significant influence over subsidiaries, in which the Company directly or indirectly owns an interest. The Company has control when it has power over the subsidiary, has exposure, or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgement is applied in determining the effective date on which the Company obtains control.

Control over Claxton

Note 3 describes that Claxton is a subsidiary of the Company even though the Company has only a 42% ownership interest in Claxton. Claxton is a private company. The Company acquired its 42% ownership by converting its investment in preferred shares into common shares. The remaining 58% interest is held by several shareholders that are widely held. However, CCM controls voting rights for approximately 14% of Claxton's common shares. Accordingly, the Company has voting control over 56% and beneficial interest of 42% in the issued capital of Claxton. The directors of the Company assessed whether or not the Company has control over Claxton based on whether the Company has the practical ability to direct the relevant activities of Claxton unilaterally. In making their judgement, the directors considered the Company's absolute size of holding in Claxton and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Company has control over Claxton.

Control over Gravitas International Corp.

As described in Note 6, the Company incorporated a new subsidiary, Gravitas International Corp. The Company has a 50%, plus one voting control of this subsidiary. Accordingly, the Company has beneficial interest in GIC. The directors of the Company assessed whether or not the Company has control over GIC based on whether the Company has the practical ability to direct the relevant activities of GIC unilaterally. In making their judgement, the directors considered the Company's absolute size of holding in GIC and the voting control. After assessment, the directors concluded that the Company has control over GIC.

Significant influence over Mint Middle East

Note 14 describes that Mint UAE operations (MME) are associates of the Company. The Company has significant influence over MME by virtue of its representation on the board of directors. The Company lost control over MME by virtue of a management agreement entered between the Company and the other shareholder.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statement of financial position that cannot be derived from active markets, are determined using a variety of techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include consideration of model inputs such as volatility, estimated life and discount rates;

Impairment losses of AFS financial assets, equity accounted investments, loans and debenture receivables

The Company reviews AFS investments and records an impairment charge when there has been a significant or prolonged decline in the fair value below their cost or any other observable data indicating impairment. The determination of what is significant or prolonged decline requires judgment. The Company evaluates historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Company reviews equity accounted investments, loans and debenture receivables for impairment whenever there is objective evidence.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 8. ESTIMATES, JUDGMENTS AND ASSUMPTIONS (Continued)

Determination of cash generating units

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows, or CGUs. Management determines which groups of assets are capable of generating cash inflows that are largely independent of other operations within the Company. To create these groupings, management makes critical judgments about where active markets exist including an analysis of the degree of autonomy various operations have in negotiating prices with customers.

Goodwill

The values associated with goodwill involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates, and asset lives. At least annually, the carrying value of goodwill is reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. These significant estimates require considerable judgment, which could affect the Company's future results if the current estimates of future performance and fair values change.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to Management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Allowance for doubtful accounts

Management must exercise judgment to estimate the allowance for doubtful accounts. The evaluation of the allowance for doubtful accounts is established taking into account the specific credit risk to its customers, historical trends and economic conditions.

Fair value of the conversion feature component

The Company is required to make certain estimates when determining the fair value of the conversion feature component, including the share price volatility. These estimates affect the loan and conversion feature components recognized in the consolidated statement of financial position and the accretion expense recognized in the consolidated statement of comprehensive loss.

Classification and fair value of the derivative warrant liability

The Company's warrant instruments issued to investors are classified as derivative financial liabilities and measured at fair value until the instrument is extinguished or exercised. Fair value is calculated using the Black-Scholes option pricing model which requires management to make certain estimates regarding appropriate risk free rates and expected lives of the instruments. These estimates affect the amount recognized as derivative warrant liabilities in the consolidated statement of financial position and the change in fair value of derivative warrant liabilities in the consolidated statement of comprehensive loss.

Impairment of the Net Smelter Royalty asset

The recoverability of the net smelter royalty classified as intangible asset is dependent on the future revenues from mineral reserves and resources. The estimates for mineral reserves and mineral resources are determined based on a professional evaluation using accepted international standards for the assessment of mineral reserves. The assessment involves geological and geophysical studies and economic data and the reliance on a number of assumptions. The estimates of the reserves may change based on additional knowledge gained subsequent to the initial assessment. This may include additional data available from continuing exploration, results from the reconciliation of actual mining production data against the original reserve estimates, or the impact of economic factors such as changes in the price of commodities or the cost of components of production.

A change in the original estimate of reserves could have a material effect in the future on the Company's financial position.

Business Combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the companies may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments. The fair value of the NCI at the time of acquisition, is estimated based on a quoted price in an active market for the equity shares not held by the Company.

NOTE 9. INTERESTS IN SUBSIDIARIES

The Company's consolidated financial statements include the following subsidiaries having NCI.

Name	Proportion of ownership interest and voting rights held by NCI		Total Comprehensive Loss (income) allocated to NCI		Accumulated NCI	
	2015	2014	2015	2014	2015	2014
			$	$		$
The Mint Corporation	36.5%	50%	3,718,168	690,373	3,149,848	19,991
Branson Corporate Services Inc.	49%	49%	(20,225)	55,458	35,184	55,409
Claxton Real Estate Company Ltd.	58%	-	37,590	-	(1,934,700)	-
Gravitas International Corp.	50%	-	31,891	-	(3,944,964)	-
			3,767,424	745,831	(2,694,632)	75,400

No dividends were paid to the NCI during the year ended December 31, 2015 and 2014.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 9. INTERESTS IN SUBSIDIARIES (Continued)

Summarized financial information, before intragroup eliminations, is set out below:

	2015				2014	
	Gravitas International Corp.	Claxton Real Estate Company Ltd.	Branson Corporate Services Inc.	The Mint Corporation	Branson Corporate Services Inc.	The Mint Corporation
	$	$	$	$	$	$
Current assets	7,807,881	512,281	101,669	4,022,492	16,634	1,567,932
Non-current assets	382,832	7,779,623	10,000	3,964,342	-	1,415,135
Total assets	8,190,713	8,291,904	111,669	7,986,834	16,634	2,983,067
Current liabilities	171,202	577,444	67,977	4,016,723	21,213	3,534,322
Non-current liabilities	129,582	4,662,862	115,496	58,131,759	108,500	46,373,813
Total liabilities	300,784	5,240,306	183,473	62,148,482	129,713	49,908,135
Equity attributable to shareholders of the parent	(3,944,964)	(1,382,331)	36,620	(5,479,870)	57,670	19,991
Non-controlling interests	(3,944,964)	(1,934,700)	35,184	(3,149,847)	55,409	19,991

	2015	2014
	$	$
Revenue		
The Mint Corporation	28,534	52,604
Branson Corporate Services Inc.	474,680	248,141
Claxton Real Estate Company Ltd.	184,087	-
Gravitas International Corp.	955	-
Total revenue	688,256	300,745
Net loss attributable to shareholders of the parent	10,910,351	52,890,135
Net loss attributable to NCI		
The Mint Corporation	3,685,377	690,373
Branson Corporate Services Inc.	(20,225)	55,458
Claxton Real Estate Company Ltd.	37,590	-
Gravitas International Corp.	55,036	-
	3,757,778	745,831
Net loss	14,668,129	53,635,966
Other comprehensive loss (income) attributable to shareholders of the parent	79,335	(1,783,840)
Other comprehensive loss (income) attributable to NCI		
The Mint Corporation	32,791	-
Gravitas International Corp.	(23,145)	-
	9,646	-
Other comprehensive loss (income)	88,981	(1,783,840)
Net loss and comprehensive loss attributable to shareholders of the parent	10,989,686	51,106,295
Net loss and comprehensive loss (income) attributable to NCI		
The Mint Corporation	3,718,168	690,373
Branson Corporate Services Inc.	(20,225)	55,458
Claxton Real Estate Company Ltd.	37,590	-
Gravitas International Corp.	31,891	-
	3,767,424	745,831
Net loss and total comprehensive loss	14,757,110	51,852,126

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 9. INTERESTS IN SUBSIDIARIES (Continued)

	2015				2014	
	Gravitas International Corp.	Claxton Real Estate Company Ltd.	Branson Corporate Services Inc.	The Mint Corporation	Branson Corporate Services Inc.	The Mint Corporation
	$	$	$	$	$	$
Net cash used in operating activities	(28,402)	139,614	34,895	(3,589,579)	(107,684)	(581,025)
Net cash from (used) in investing activities	(60,000)	(139,614)	7,475	(7,326,882)	-	-
Net cash from financing activities	8,129,582	-	(1,100)	10,425,710	108,500	-
Translation effect on cash	-	-	-	(32,791)	-	-
Net cash inflow (outflow)	8,041,180	-	41,270	(523,542)	816	(581,025)

NOTE 10. GUARANTEED INVESTMENTS CERTIFICATES

	2015	2014
	$	$
Guaranteed investment certificate, 2%, maturing in October 2015	-	15,000,000
Guaranteed investment certificate, 1.21%, maturing in January 2015	-	27,000,000
Guaranteed investment certificate, 1.41%, maturing in January 2016	89,000	-
Guaranteed investment certificate, 1.35%, maturing in February 2016	5,000,000	-
Guaranteed investment certificate, 1.15%, maturing in October 2016	15,000,000	-
	20,089,000	42,000,000

NOTE 11. TRADE AND OTHER RECEIVABLES

	2015	2014
	$	$
Trade accounts	730,179	427,020
Allowance for doubtful accounts	(251,697)	(205,492)
	478,482	221,528
Royalties receivable	238,686	60,330
Interests receivable	473,030	340,791
Harmonized sales tax receivable	393,233	437,974
Advances to related companies, non interest bearing, due on demand	943,331	68,710
Other	15,317	15,925
	2,542,079	1,145,258

The advances to related companies comprises a loan of $189,426 to a company controlled by the CEO. This loan is non interest bearing and has no repayment terms. In addition, the Company has advanced $753,905 to the Limited Partnerships managed by one of the Company's subsidiaries.

The following tables show the aging of trade receivables after allowance for doubtful accounts:

	2015			2014		
	Trade accounts	Allowance for doubtful accounts	Net value	Trade accounts	Allowance for doubtful accounts	Net value
	$	$	$	$	$	$
Current	144,115	(25,000)	119,115	123,637	(15,000)	108,637
Past due						
31 to 60 days	28,386	(6,000)	22,386	37,659	(7,500)	30,159
61 to 90 days	34,986	(6,000)	28,986	21,717	(20,742)	975
More than 90 days	522,692	(214,697)	307,995	244,007	(162,250)	81,757
	730,179	(251,697)	478,482	427,020	(205,492)	221,528

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 12. PROPERTY AND EQUIPMENT

	Equipment	Leasehold improvements	Building	Land	Total
	$	$	$	$	$
Cost					
Balance as at January 1, 2014	162,689	14,645	-	-	177,334
Acquisitions	48,390	16,760	-	-	65,150
Acquisitions through business acquisition (Note 3)	1,504	-	-	-	1,504
Balance as at December 31, 2014	212,583	31,405	-	-	243,988
Acquisitions	23,525	-	-	-	23,525
Acquisitions through business acquisition (Note 3) (a)	-	-	7,409,127	370,496	7,779,623
Transferred to discontinued operations (Note 4) (a)	-	-	(7,409,127)	(370,496)	(7,779,623)
Disposal	(974)	-	-	-	(974)
Balance as at December 31, 2015	235,134	31,405	-	-	266,539
Accumulated amortization					
Balance as at January 1, 2014	27,899	1,220	-	-	29,119
Amortization	36,418	4,117	-	-	40,535
Balance as at December 31, 2014	64,317	5,337	-	-	69,654
Amortization	43,196	4,979	-	-	48,175
Disposal	-	-	-	-	-
Balance as at December 31, 2015	107,513	10,316	-	-	117,829
Carrying amount					
Balance as at December 31, 2014	148,266	26,068	-	-	174,334
Balance as at December 31, 2015	127,621	21,089	-	-	148,710

(a) The land and building were acquired through a business combination and represents an investment property at Claxton at fair value as determined in Note 3. As at December 31, 2015, the investment property has been classified as held for sale and is measured at fair value less costs to sell.

As of December 31, 2015 and 2014 (in Canadian dollars)

GRAVITAS FINANCIAL INC.

NOTE 13. EQUITY INVESTMENTS AND OTHER

	Investments in quoted companies					Investments in private companies, at cost		Other	
	Common shares	Options	Warrants	Debentures	Subscription receipts	Common shares	Preferred shares	Mining properties	Total
	$	$	$	$	$	$	$	$	$
Balance as at January 1st, 2014	448,136	71,520	325,786	848,272	-	81,000	1,000,000	1	2,774,715
Acquired through cash payment	932,087	-	6,215	-	163,185	55,675	-	-	1,157,162
Acquired through the conversion of a convertible debenture	289,658	-	-	-	-	-	-	-	289,658
Acquired as part of a settlement	110,551	10,324	-	-	-	-	-	-	120,875
Acquired through business acquisition	-	-	-	150,000	-	-	-	-	150,000
Reclassification due to acquisition of control (Note 3)	(6,625)	-	-	-	-	-	-	-	(6,625)
Fair value allocated to warrants	(154,234)	-	154,234	-	-	-	-	-	-
Disposal and/or redemption	-	-	-	(848,272)	-	-	-	-	(848,272)
Change in fair value of FVTPL investments	-	(266,402)	(449,923)	-	-	-	-	-	(716,325)
Change in fair value recognized in other comprehensive income	1,460,588	206,517	68,735	-	-	-	-	-	1,735,840
	2,632,025	(49,561)	(220,739)	(698,272)	163,185	55,675	-	-	1,882,313
Balance as at December 31, 2014	3,080,161	21,959	105,047	150,000	163,185	136,675	1,000,000	1	4,657,028

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 13. EQUITY INVESTMENTS AND OTHER (Continued)

	Investments in quoted companies					Investments in private companies, at cost		Other	
	Common shares	Options	Warrants	Debentures	Subscription receipts	Common shares	Preferred shares	Mining properties	Total
	$	$	$	$	$	$	$	$	$
Balance as at January 1st, 2015	3,080,161	21,959	105,047	150,000	163,185	136,675	1,000,000	1	4,657,028
Acquired through cash payment	638,050	-	90,000	476,000	160,000	124,119	1,218,059	-	2,706,228
Acquired through the conversion of a convertible debenture	150,000	-	-	-	-	-	-	-	150,000
Acquired as part of an investment	-	-	354,370	-	-	69,604	-	-	423,974
Acquired as part of a settlement	182,451	-	5,576	-	-	-	-	-	188,027
Acquired through the exercise of warrants	567,570		(137,157)						430,413
Received as an incentive	10,872	-	40,709	-	-	-	-	-	51,581
Reclassification due to acquisition of significant									-
influence (Note 14)	(68,229)	-	-	-	-	-	-	-	(68,229)
Reclassification due to acquisition of control (Note 3)	-	-	-	-	-	(144,119)	(1,000,000)	-	(1,144,119)
Fair value allocated to warrants	(223,922)	-	340,135	(69,923)	-	(46,290)	-	-	-
Fair value allocated to equity components	53,360	-	-	(53,360)	-	-	-	-	-
Disposal and/or redemption	(1,259,843)	-	-	(100,000)	(163,185)	(1,000)	-	-	(1,524,028)
Change in fair value of FVTPL investments	229,619	(1,961)	283,095	-	-	69,303	-	-	580,056
Change in fair value recognized in other									
comprehensive income	18,633	-	-	-	-	-	-	-	18,633
Accretion of interest	-	-	-	17,676	-	-	-	-	17,676
Loss on settlement of investments	-	-	-	(50,000)	-	-	-	-	(50,000)
Transfer	150,000	-	-	-	(160,000)	10,000	-	-	-
	448,561	(1,961)	976,728	220,393	(163,185)	81,617	218,059	-	1,780,212
Balance as at December 31, 2015	3,528,722	19,998	1,081,775	370,393	-	218,292	1,218,059	1	6,437,240

As of December 31, 2015 and 2014 (in Canadian dollars)

GRAVITAS FINANCIAL INC.

NOTE 13. EQUITY INVESTMENTS AND OTHER (Continued)

Common shares

The fair value of the common shares in quoted companies was based on closing prices ranging from $0.01 to $0.73 per share as at December 31, 2015 ($Nil to $0.54 per share as at December 31, 2014). The fair value of investments in common shares of private companies are valued at costs. Investments in common shares are classified as AFS.

During the year ended December 31, 2015, the Company reclassifed common shares held in private companies and subscriptions receipts for an mount of $55,675 and $163,185 respectively previously recorded under common shares in quoted companies at December 31, 2014.

Options and warrants

The fair value of the options and warrants acquired during the year ended December 31, 2015 and 2014 using the Black-Scholes pricing model was based on the following assumptions:

		Options		Warrants
	2015	2014	2015	2014
Weighted average exercise price	-	$0.25	$0.27	$0.14
Expected dividend	-	- %	- %	- %
Expected average volatility	-	120%	146%	133%
Risk-free average interest rate	-	1.25%	0.50%	1.13%
Expected average life (years)	-	2.00	4.80	2.31
Weighted average fair value	-	$0.07	$0.13	$0.04

The fair value of the options and warrants as at December 31, 2015 and 2014 using the Black-Scholes pricing model was based on the following assumptions:

		Options		Warrants
	2015	2014	2015	2014
Weighted average exercise price	$0.35	$0.59	$0.27	$0.16
Expected dividend	- %	- %	- %	- %
Expected average volatility	190%	140%	173%	125%
Risk-free average interest rate	0.48%	1.02%	0.50%	1.02%
Expected average life (years)	0.75	1.36	3.67	1.81
Weighted average fair value	$0.04	$0.02	$0.09	$0.02

Debentures

As part of the acquisition of Mint, the Company acquired an unsecured non-convertible debenture in Upsnap Inc. ("UP"), formerly Voodoovox Inc., an unrelated publicly listed company in Canada, for an amount of $150,000. The unlisted debentures bear interest at a rate of 12% per annum and are payable quarterly in arrears on the last business day of June, September, December, and March of each year. The debentures matured on March 18, 2015. As a result of financial difficulties at UP and their inability to redeem these debentures at face value, on April 25, 2015, the Company and UP entered into an arrangement to redeem the debentures at $100,000 plus accrued interest of $3,797 in full and final settlement and the Company received the $103,797 on April 25, 2015. Accordingly, the Company has written down the debentures to $100,000 and recognized a loss on settlement of a debenture of $50,000 in the consolidated statement of loss and comprehensive loss.

In February 2015, the Company invested in a secured non-convertible debenture in SQI Diagnostic Inc. ("SQD"), an unrelated publicly listed company in Canada, for an amount of $186,000. The debentures bear interest at a rate of 10% payable annually and mature on February 20, 2020. As part of the investment, the Company received a total of 186,000 warrants of SQD. Each warrant entitles the holder to acquire one common share of SQD at an exercise price of $0.60 per share until February 20, 2020. The initial value of the debenture is determined by measuring the fair value of the warrants and assigning the residual value to the debenture component. Subsequently, the debenture component is measured at amortized cost using the effective interest method over the term of the debenture. The debenture component will be accreted to the face value of the debenture by the recording of additional interest income using an effective interest rate of 22.77%. The fair value of the warrant of $69,923 was estimated using the Black-Scholes pricing model with the following assumptions: an expected volatility of 107%, a risk-free interest rate of 0.57%, an expected life of 5 years, no expected dividend yield and a share price of $0.50. At December 31, 2015, the carrying value of the debenture component is $123,317.

In February 2015, the Company invested in a secured non-convertible debenture in Enerdynamic Hybrid Technologie Corp. ("EHT"), an unrelated publicly listed company in Canada, for an amount of $290,000. The debentures bear interest at a rate of 18% payable annually and mature on July 3, 2017. As part of the investment, the Company received a total of 116,000 common shares of EHT. The initial value of the debenture is determined by measuring the fair value of the common shares and assigning the residual value to the debenture component. Subsequently, the debenture component is measured at amortized cost using the effective interest method over the term of the debenture. The debenture component will be accreted to the face value of the debenture by the recording of additional interest income using an effective interest rate of 30.63%. The fair value of the common share of $53,360 was determined by using the share price of $0.46 at the time of issuance. At December 31, 2015, the carrying value of the debenture component is $247,076.

Subscription receipts

In December 2014, the Company acquired 600,000 subscription receipts at a price of US$0.25 per subscription receipt for a total of US$150,000 ($163,185). Each subscription receipt is exercisable into one common share of the issuer subject to certain conditions. In May 2015, the issuer didn't meet the conditions and reimbursed the Company.

In August 2015, the Company acquired 1,600,000 subscription receipts at a price of $0.10 per subscription receipt for a total of $160,000. Each subscription receipt is exercisable, in certain circumstances and without any further action on the part of the holder, into one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.15 per share for a period of 24 months from the date of the completion of the proposed business combination. On October 5, 2015, these subscription receipts were exercised.

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NOTE 13. EQUITY INVESTMENTS AND OTHER (Continued)

Preferred shares

In 2013, the Company acquired 6,666,667 preferred shares in CREC for an amount of $1,000,000. These preferred shares are convertible into common shares at a price of $0.15 per share or at the IPO price, are carrying a cumulative dividend of 8% and are redeemable at the holder option. On August 31, 2015, the Company converted its 6,666,667 preferred shares in CREC. As a result of this transaction, the Company acquired control over CREC and thereby consolidation in now required (Note 3).

On June 12, 2015, New India Investment Corp. ("NIC"), a wholly owned subsidiary of the Company, made a $1,218,059 (US$981,000) investment in Innoviti Payments Solutions Private Limited (formerly Innoviti Embedded Solutions Pvt. Ltd.), a private company incorporated in Bengaluru, India under the Indian Companies Act. The Company acquired 452,061 Series C Preference shares, representing a 6.1% interest. These preferred shares are compulsorily convertible into common shares on a 1:1 basis within 3 years and are carrying a cumulative dividend at 0.1%. NIC has the right to acquire, at its option, within 12 months after first closing an additional 226,030 Series C Preference shares.

NOTE 14. INVESTMENTS IN ASSOCIATES

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

	2015	2014
	$	$
Balance, beginning of period	5,528,607	-
Acquired through cash payments	-	4,039,308
Acquired through conversion of a convertible debenture	-	1,335,763
Acquired through business acquisition (Note 3)	-	1,413,677
Additional working capital funds invested	4,236,850	-
Reclassification due to acquisition of significant influence (Note 13, 15 and 16)	418,229	-
Reclassification due to acquisition of control	-	(1,342,389)
Dividends received	(373,600)	(240,000)
Share of results in associates	(1,787,731)	322,248
Impairment	(415,932)	-
Balance, end of period	7,606,423	5,528,607

Portfolio Analysts Inc.

The Company acquired 40% interest of the issued and outstanding shares of Portfolio Analysts Inc. ("PAI") in 2014, giving it significant influence over PAI's operations for a total consideration of $4,032,682. Management does not have the current ability to control the key operating activities of PAI; therefore, it does not have control and does not consolidate PAI. The Company accounts for its investment in PAI using the equity method.

PAI is a Canadian-controlled private corporation and is incorporated under the Alberta Business Corporations Act. PAI is a holding company for Portfolio Strategies Corporation ("PSC"), which is a dealer in mutual funds and exempt securities in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario. PSC, a 100% owned subsidiary of PAI, is a registered member of the Mutual Fund Dealers Association of Canada ("MFDA"). Its registered offices and principal place of business is 1850 – 14 Street S.W., Calgary, Alberta, T2T 3S9. The fiscal year-end of PAI is September 30.

Mint UAE operations

The Corporation's UAE operations comprise four entities: Mint Middle East LLC ("MME LLC"), Mint Electronic Payment Services Ltd ("MEPS"), Mint Capital LLC ("MCO") and Mint Gateway for Electronic Payment Services ("MGEPS"). MME LLC is 51% owned by Mint. MEPS is owned 49% by MME LLC, but is a fully controlled subsidiary of MME LLC by virtue of a nominee agreement which provides for Board and management control to MME LLC as well as a 100% commercial interest in the operations of MEPS. MCO is a 100% subsidiary of the Corporation. MGEPS is owned 49% by MCO and GBS owns the remaining 51%. Under the terms of a Nominee Agreement, dated June 28, 2015, GBS has nominated a two percent share of its ownership and commercial interest in favour of MCO. Accordingly, MCO beneficially owns 51% of MGEPS. The above four entities are together referred to as "Mint UAE Operations".

MME is owned 51% by Mint and 49% by Global Business Services for Multimedia ("GBS"). MME and its affiliates operate through their registered offices at G02, CBD Building, Sheikh Zayed Road, Dubai, United Arab Emirates ("UAE"). MME and affiliates focus on sale of payroll cards, merchant network solutions and microfinance products to existing payroll cardholders.

MME LLC manages the issuance, administration, customer support, payment processing and set-up and reporting of payroll cards and related activities. MCO provides microfinance loans to payroll card holders.

Mint finalized a management agreement (the "Management Agreement") with GBS, effective December 31, 2014. Under the terms of the Management Agreement, GBS is entitled to a fixed management fee of AED 120,000 ($36,068) per month and a variable management fee of 20% of the net income of MME. The fixed management fee is payable effective May 1, 2014 and the variable management fee is payable effective January 1, 2015. In addition, GBS assumes the oversight of the day-to-day operations of the Company's UAE operations. As a result of the Management Agreement, Mint no longer controls MME or its affiliates with effect from December 31, 2014 and accordingly de-consolidated these operations as of that date. Consequently, Mint's investment in MME was measured at fair value as a result of the loss of control.

During the year ended December 31, 2015, the Company invested additional working capital funds of $4,236,850 in MME.

Prime City One Capital Corp.

The Company acquired 18% interest in the issued and outstanding shares of Prime City One Capital Corp. ("Prime") in 2015, giving it significant influence over Prime's operations following the signature of a purchase and assignment of debt agreement, under which GFI assigned 50% of its rights, interests and obligation in a loan representing an amount of $125,000 in exchange of 13,645,825 common shares in the capital of Prime valued at $68,229. At December 31, 2015, the Company also owns an investment in a loan for $100,000 and a convertible debenture for $250,000 in Prime. These investments were reclassified under investments in associates and are recognized at equity method. The Company recorded a loss on settlement of $56,771 following that transaction. Management does not have the current ability to control the key operating activities of Prime; therefore, it does not have control and accordingly does not consolidate Prime. The Company accounts for its investment in Prime using the equity method.

GRAVITAS FINANCIAL INC.

NOTE 14. INVESTMENTS IN ASSOCIATES (Continued)

Prime was incorporated under the Business Corporations Act (Ontario) on September 2, 2004 and is currently reviewing several alternative business plans and fully intends to pursue a change of business. Prime's shares are currently listed on the NEX under the Symbol "PMO.H". The head office, principal address and records office are located at 141 Adelaide Street West, Suite 110, Toronto, Ontario, M5H 3L5.

The Company evaluated the recoverability of its investment in Prime at year end and determined that as a result of the financial conditions and result of operations at Prime, the Company's entire investment value of $415,932 was impaired in the consolidated statement of Loss and Comprehensive Loss.

A summary of the financial information of the associates is as follows:

(In thousands of Canadian dollars)			2015		2014
	Prime	MME	PAI	MME	PAI
	$	$	$	$	$
Balance sheet					
Current assets	17	2,060	3,946	4,699	3,545
Non-current assets	-	5,159	4,344	1,871	5,729
Current liabilities	446	2,306	3,299	3,969	3,233
Non-current liabilities	4	363	1,883	474	3,225
Statements of earnings					
Revenue	-	3,908	27,758	3,718	25,231
Expenses	72	7,189	26,238	11,829	24,139
Operating income (loss)	(72)	(3,281)	1,520	(8,111)	1,122
Net earnings (loss)	(72)	(3,281)	1,174	(8,111)	904
Cash flows					
Dividend paid	-	-	(934)	-	(600)

NOTE 15. LOANS RECEIVABLE

	2015	2014
	$	$
Beginning balance	3,446,270	3,547,033
Additional loans	4,815,070	7,446,778
Amount redeemed	(535,000)	(7,584,366)
Amount redeemed as part of a settlement in shares	(125,000)	-
Convertible debenture converted into a loan	422,520	-
Loans converted into a convertible debenture (a)	(1,052,680)	-
Reclassification due to acquisition of significant influence (Note 14)	(100,000)	-
Fair value allocated to the equity components (b)	(127,943)	-
Accretion of interest	82,364	-
Loss on settlement of a loan	(200,000)	-
Impairment	(590,415)	-
Exchange rate	498,825	36,825
	6,534,011	3,446,270
Current portion	1,089,421	880,000
Non-current portion	5,444,590	2,566,270
	6,534,011	3,446,270

These loans bear interest from 4.5% to 12% per annum and mature from October 2016 to April 2019. Loans for a total amount of $3,683,590 are secured under general security agreements.

During the year ended December 31, 2015, the Company advanced US$700,000 ($970,830) to MGEPS, an associate of the Company, for the advancement of its on-going information technology upgrades. This loan bears interest at 4.5% and matures on October 23, 2018. In addition, the Company has advanced an amount of $2,511,000 on an authorized amount of $3,300,000 to a company where a director has an interest. This advance bears interest at 6% and matures on October 31, 2018.

As at December 31, 2015, impairment losses of $590,415 were recorded against loans to companies that had defaulted on repayment terms and/or on interests payments.

(a) Three loans were converted into convertible debentures with face value of US$400,000 ($542,680), $210,000 and $300,000 (Note 16).

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NOTE 15. LOANS RECEIVABLE (Continued)

(b) In January 2015, the Company invested in a secured loan for an amount of $260,000. As part of the investment, the Company received a total of 100,000 warrants. Each warrant entitles the holder to acquire one common share at an exercise price of $1.00 per share until January 19, 2017. The initial value of the loan is determined by measuring the fair value of the warrants and assigning the residual value to the loan component. Subsequently, the loan component is measured at amortized cost using the effective interest method over the term of the loan. The loan component will be accreted to the face value by the recording of additional interest income. The fair value of the warrant of $76,350 was estimated using the Black-Scholes pricing model with the following assumptions: an expected volatility of 100%, a risk-free interest rate of 1.00%, an expected life of 2 years, no expected dividend yield and a share price of $1.30. On April 8, 2015, this loan was reimbursed.

In October 2015, the Company invested in an unsecured loan for an amount of $110,000. As part of the investment, the Company received a total of 687,500 warrants. Each warrant entitles the holder to acquire one common share at an exercise of $0.16 per share until October 22, 2016. The initial value of the loan is determined by measuring the fair value of the warrants and assigning the residual value to the loan component. Subsequently, the loan component is measured at amortized cost using the effective interest method over the term of the loan. The loan component will be accreted to the face value by the recording of additional interest income. The fair value of the warrant of $51,593 was estimated using the Black-Scholes pricing model with the following assumptions: an expected volatility of 216%, a risk-free interest rate of 0.48%, an expected life of 1 year, no expected dividend yield and a share price of $0.20.

NOTE 16. CONVERTIBLE DEBENTURES

	2015	2014
	$	$
Loan components		
Convertible debenture, secured, 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 (c)	1,221,209	1,173,101
Convertible debenture, secured, with a face value of $250,000, 12%, maturing on December 17, 2015 or convertible at any time at the Company's option at $0.05 per share (Note 14)	250,000	236,360
Convertible debenture, unsecured, 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 (a)	-	61,420
Convertible debenture, unsecured, 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 (d)	-	132,705
Convertible debenture, unsecured, 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 (b)	-	363,652
Convertible debenture, unsecured, 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 (c)	17,000	14,626
Convertible debenture, secured, 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 (e)	-	40,184
Convertible debenture, unsecured, 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	59,707	53,342
Convertible debenture, unsecured, with a face value of $85,000, 12%, maturing on November 24, 2016 or convertible at any time at the Company's option at $0.15 per share (c)	63,894	48,094
Convertible debenture, unsecured, with a face value of $100,000, 7.5%, maturing on March 30, 2018 or convertible at any time at the Company's option at $0.80 per share	61,121	-
Convertible debenture, secured, with a face value of $650,000, 6%, maturing on July 7, 2017 or convertible at any time at the Company's option at $1,00 per share (f)	408,237	-
Convertible debenture, unsecured, with a face value of $250,000, 12%, maturing on August 14, 2019 or convertible at any time at the Company's option at $0,075 per share until the 24th month, $0.10 until the 36th month and $0,15 until the 48th month	171,492	-
Convertible debenture, unsecured, with a face value of $250,000, 6%, maturing on December 9, 2017 or convertible at any time at the Company's option at $0.10 per share	120,368	-
Convertible debenture, secured, with a face value of US$227,000, 8%, maturing on January 31, 2018 or convertible at any time at the Company's option at $0.10 per share (g)	97,114	-

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NOTE 16. CONVERTIBLE DEBENTURES (Continued)

	2015	2014
	$	$
Convertible debenture, secured, with a face value of US$400,000, 6%, maturing on December 9, 2018 or convertible at any time at the Company's option at US$0.82 per share (h)	272,245	-
	2,742,387	2,123,484
Conversion feature	1,162,238	215,827
	3,904,625	2,339,311
Less: Reclassification due to acquisition of significant influence (Note 14)	(250,000)	-
Less: Impairment	(1,044,623)	-
	2,610,002	2,339,311
Current portion	319,376	794,137
Non-current portion	2,290,626	1,545,174
	2,610,002	2,339,311

(a) On January 22, 2015, the Company converted this convertible debenture at a conversion price of $0,20 per share. As a result of this conversion, the Company received a total of 600,000 common shares which are included in equity investments under common shares in quoted companies. As part of an incentive for early conversion, the Company received, for every common share issued pursuant to the conversion, one common share purchase warrant exercisable in one common share at an exercise price of $0.30 per share for a period of 18 months following conversion and the equivalent of an additional six months of interest beyond the conversion date, settled in common shares. As a result of this incentive, the Company received an additional 36,000 common shares which are also included in equity investments under common shares in quoted companies. The fair value of the warrant of $40,709 was recorded under Other revenue in net loss and was estimated using the Black-Scholes model pricing with the following assumptions: an expected volatility of 108%, a risk-free interest rate of 1.00 %, an expected life of 1.5 years, no expected dividend yield and a share price of $0.185.

(b) At the expiry date, this convertible debenture was converted into a loan.

(c) The Company recorded an impairment on these investments as a result of financial difficulties faced by these companies. Impairment losses were estimated based on available financial information of publicly listed entities and the estimated value of the security arrangements in place for the convertible debentures.

(d) This convertible debenture was reimbursed or redeemed.

(e) On December 31, 2015, the Company entered into a share settlement under which the Company received a total of 2,500,000 pre-consolidation shares at a price per share equal to $0.012 per Pre-Consolidated share, for the settlement of the convertible debenture and accrued interest. As a result of this settlement, the Company recorded a loss on settlement of investments of $58,000 and a loss on settlement of trade and other receivables of $12,792 in net loss.

(f) This convertible debenture includes an amount of $210,000 converted from a loan.

(g) This convertible debenture comes from the conversion of a loan of $300,000.

(h) This convertible debenture comes from the conversion of a loan of US$400,000 ($542,680).

The fair value of the conversion feature and the carrying value of loan components are as follows:

			2015			2014
	Conversion feature	Loan component	Total	Conversion feature	Loan component	Total
	$	$	$	$	$	$
Balance, beginning of period	215,827	2,123,484	2,339,311	1,983,367	2,721,087	4,704,454
Amount invested	759,561	295,266	1,054,827	705,258	1,095,337	1,800,595
Amount converted	-	(208,000)	(208,000)	-	(1,625,422)	(1,625,422)
Amount converted into a loan	-	(422,520)	(422,520)	-	-	-
Amount reimbursed	-	(150,000)	(150,000)	-	-	-
Loan converted into a convertible debenture	-	1,052,680	1,052,680	-	-	-
Fair value allocated to the equity components	-	(296,031)	(296,031)			
Reclassification due to acquisition of significant influence (Note 14)	-	(250,000)	(250,000)	-	-	-
Accretion of interest	-	329,338	329,338	-	1,218,638	1,218,638
Change in fair value of convertible debentures - conversion feature	186,850	-	186,850	(2,472,798)	-	(2,472,798)
Exchange gain	-	18,170	18,170	-	-	-
Impairment	(47,822)	(996,801)	(1,044,623)	-	-	-
Eliminated through business acquisition	-	-	-	-	(1,286,156)	(1,286,156)
Balance, end of period	1,114,416	1,495,586	2,610,002	215,827	2,123,484	2,339,311

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NOTE 16. CONVERTIBLE DEBENTURES (Continued)

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

The fair value of the conversion feature at issuance of $759,561 ($705,258 in 2014) was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2015	2014
Weighted average conversion price	$0.65	$0.16
Expected dividend	- %	- %
Expected average volatility	188%	257%
Risk-free average interest rate	0.51%	1.10%
Expected average life (years)	2.58	1.73
Weighted average fair value	$0.38	$0.07

The fair value of the conversion feature of $1,114,416 at December 31, 2015 ($215,827 at December 31, 2014) was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2015	2014
Weighted average conversion price	$0.55	$0.14
Expected dividend	- %	- %
Expected average volatility	222%	184%
Risk-free average interest rate	0.56%	1.02%
Expected average life (years)	1.88	1.14
Weighted average fair value	$0.23	$0.02

NOTE 17. INTANGIBLE ASSETS

	Net smelter royalty	Brand Names	Total
	$	$	$
Cost			
Balance as at January 1st, 2014	1,245,760	196,272	1,442,032
Acquisitions	-	50,000	50,000
Balance as at December 31, 2014	1,245,760	246,272	1,492,032
Acquisitions	-	-	-
Balance as at December 31, 2015	1,245,760	246,272	1,492,032
Accumulated amortization			
Balance as at January 1st, 2014	177,966	-	177,966
Amortization	355,932	-	355,932
Balance as at December 31, 2014	533,898	-	533,898
Amortization	355,933	-	355,933
Balance as at December 31, 2015	889,831	-	889,831
Carrying amount			
Balance as at December 31, 2014	711,862	246,272	958,134
Balance as at December 31, 2015	355,929	246,272	602,201

As of December 31, 2015 and 2014 (in Canadian dollars)

NOTE 18. GOODWILL

	2015	2014
	$	$
Balance, beginning of period	-	-
Acquisition (Note 3)	-	46,885,825
Impairment (Note 28)	-	(46,885,825)
Balance, end of period	-	-

The goodwill arose as a result of the acquisition of Mint on November 21, 2014 as described in Note 3.

As described in Note 6, goodwill is tested annually for impairment by comparing the carrying value of a group of CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal or value in use.

At December 31, 2014, the Company conducted its annual review of the goodwill of the Mint CGU for impairment. As part of this review, it was noted that the value of the goodwill was significantly lower than the net carrying value of the Mint CGU. In addition, Mint missed revenue and growth objectives, despite the greatly improved business plan established after the acquisition. After assessing the totality of events and circumstances on a qualitative basis, it was determined that the recoverable amount of the CGU was less than its carrying amount and thus the goodwill impairment test was performed. Based on this analysis, it was determined that Mint’s carrying value exceeded its fair value.

The Company performed the goodwill impairment test, allocating the fair value to the assets and liabilities of the business, with any excess representing the implied fair value of the Mint goodwill. Upon allocation of the fair value to the assets and liabilities of Mint, it was determined that the implied fair value of the goodwill was “de-minimus”. As a result, during the year ended December 31, 2014, the Company recorded a goodwill impairment charge of $46,885,825, which eliminated the goodwill balance of the Mint reporting unit going forward. The goodwill impairment can be attributed to Mint’s history of operating losses, continued deterioration of its stock price, its liabilities and lack of future favourable projections.

None of the goodwill impairment will be deductible for income-tax purposes.

NOTE 19. TRADE AND OTHER PAYABLES

	2015	2014
	$	$
Trade accounts	1,555,128	1,660,784
Interest payable	1,393,755	405,149
Due to related companies, non interest bearing, due on demand	42,837	35,767
Due to non-controlling interest, non interest bearing, due on demand	16,201	17,750
	3,007,921	2,119,450

The due to related companies relates to dues made to companies in which directors are also directors of the Company.

NOTE 20. LOAN

As part of the acquisition of control of CCM and CREC on August 31, 2015 described in Note 3, the Company assumed the liability for a loan payable to Ladder Capital Finance I LLC. On October 2, 2013, CREC entered into a loan agreement with Ladder Capital Finance I LLC, a Delaware limited liability company for a principal amount of US$3,510,000 at an interest rate of 5.517% per annum. The loan requires monthly debt service payments of US$19,966, including interest, and matures on October 6, 2023 with the balance outstanding payable on that date. The loan is subject to a cash sweep arrangement where funds in excess of operating costs are used to reduce the principal outstanding under the loan. Under the terms of the loan agreement, all gross revenues of Palm Valley are deposited directly with the lender or their assignee and are held in escrow for debt service. Funds required for day-to-day operations at Palm Valley are released from escrow as requested for by a Property Manager based on an annual budget approved by the lender each year.

The loan is secured by a promissory note and a mortgage on Palm Valley and is subject to normal course covenants.

At December 31, 2015, this loan, which has an outstanding balance of US$3,410,671 ($4,662,862), was transferred to held for sale and the Company was in compliance with all covenants.

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NOTE 21. DEBENTURES

	Mint Series VII (a) (MIT.DB)	Mint Series A (b)	Mint Series B (c)	Mint Series C (d)	Gravitas #1 (e)	Gravitas #2 (f) (GFI.DB)	Total
	$	$	$	$	$	$	$
Balance as at January 1st, 2014	-	-	-	-	-	52,921,091	52,921,091
Acquired through business acquisition	415,422	41,182,804	4,163,060	-	-	-	45,761,286
Issued	-	-	-	-	30,023,000	-	30,023,000
Issuance costs	-	-	-	-	(310,293)	-	(310,293)
Accretion of interest	5,580	388,889	2,049	-	4,697	100,274	501,489
	421,002	41,571,693	4,165,109	-	29,717,404	100,274	75,975,482
Balance as at December 31, 2014	421,002	41,571,693	4,165,109	-	29,717,404	53,021,365	128,896,573
Issued	-	-	-	10,000,000	-	-	10,000,000
Issuance costs	-	-	-	(367,250)	-	-	(367,250)
Fair value of broker warrants issued	-	-	-	(18,650)	-	-	(18,650)
Repayment/settlement of debentures	(497,700)	-	(209,340)		-	-	(707,040)
Gain on repayment/settlement of debentures	-	-	(105,004)		-	-	(105,004)
Accretion of interest	76,698	1,984,905	309,399	74,097	100,284	103,574	2,648,957
	(421,002)	1,984,905	(4,945)	9,688,197	100,284	103,574	11,451,013
Balance as at December 31, 2015	-	43,556,598	4,160,164	9,688,197	29,817,688	53,124,939	140,347,586
Balance as at December 31, 2014							
Current portion	421,002	-	-	-	-	-	421,002
Non-current portion	-	41,571,693	4,165,109	-	29,717,404	53,021,365	128,475,571
	421,002	41,571,693	4,165,109	-	29,717,404	53,021,365	128,896,573
Balance as at December 31, 2015							
Current portion	-	-	-	-	-	-	-
Non-current portion	-	43,556,598	4,160,164	9,688,197	29,817,688	53,124,939	140,347,586
	-	43,556,598	4,160,164	9,688,197	29,817,688	53,124,939	140,347,586

As of December 31, 2015 and 2014 (in Canadian dollars)

GRAVITAS FINANCIAL INC.

NOTE 21. DEBENTURES (Continued)

(a) Series VII debentures have a face value of $497,700, carry simple interest at 12% per annum payable quarterly on March 31, June 30, September 30 and December 31 and are redeemable on October 18, 2015. These debentures were fully redeemed at face value on October 15, 2015.

(b) Series A debentures have a face value of $45,090,549 and carry simple interest at 10% per annum payable quarterly on February 16, May 16, August 16 and November 16. Interest for the period up to May 16, 2015 is payable in kind and has been added to principal outstanding. Interest payments from August 16, 2015 onwards are payable in cash. Series A debentures have a term of 5 years and are redeemable on May 16, 2019. Series A debentures can be extended for an additional two (2) years at the Company's option at an interest rate of 12% per annum payable from the date of the extension. These debentures are secured by Mint's assets and guaranteed by MME LLC.

On January 8, 2016, the Company re-structured the outstanding Series A debentures. Subsequent to the re-structuring, the term of the Series A debentures was extended from May 16, 2019 to December 15, 2019 and the interest payable on the Series A was reduced to 3% per annum to January 7, 2017 and 5% thereafter, payable quarterly on March 31, June 30, September 30 and December 31 in arrears. In consideration, the Company issued additional debentures of $3,953,506, increasing the face value of the outstanding Series A to $49,019,969.

(c) Series B debentures have a face value of $4,720,000 and carry simple interest at 2% per annum payable quarterly on March 7, June 7, September 7 and December 7 each year in cash. Series B debentures were issued in March 2014, are redeemable at par on March 7, 2017 and require a "bonus interest" of 30% of the principal outstanding on March 7, 2017. Interest has been paid up to December 7, 2015. Series B debentures can be redeemed at any date subject to paying a "bonus interest" such that interest paid and payable on the redeemed amounts aggregates to 12% per annum for the period outstanding. Series B debentures can be extended for an additional two (2) years at the Company's option at an interest rate of 12% per annum. These debentures are secured by Mint's assets, are subordinated to the Series A debentures and guaranteed by MME LLC.

During the year ended December 31, 2015, the Company purchased $329,000 of face value of Series B debentures for cash payments aggregating $209,340 and recognized a gain on settlement of $105,004.

(d) The debentures have a face value of $10,000,000 and carry simple interest at 5.5% payable quarterly. The debentures are redeemable on June 23, 2018. These debentures are secured by Mint's assets. Mint issued 500,000 broker warrants and incurred $367,250 as directly attributable issuance costs. The fair value of the broker warrants of $18,650 was calculated using the Black-Scholes pricing model. The fair value of the broker warrants and the issuance costs were reduced from the gross proceeds and will be accreted over the term of the debentures.

(e) The debentures have a face value of $30,023,000 and carry simple interest at 3.5% payable quarterly, commencing December 31, 2014. The debentures are redeemable on December 3, 2017. The Company has the option to extend the maturity date for a further term of three years upon written notice and the payment of a renewal fee equal to one (1%) percent of the outstanding principal amount due as of the maturity date at the same conditions. These debentures are secured by a first ranking lien over the Collateral assets of Gravitas subject to (i) the security interest previously granted and duly registered in respect of the debenture of $54,022,000 issued in June 2013 and (ii) any specified priority encumbrances that may be incurred during the term of the indenture and the debenture.

(f) The debentures have a face value of $54,022,000 and carry simple 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. The debentures are redeemable at par value on June 25, 2023. 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 that the minimum interest rate shall be equal to Government of Canada 10-year bond rate, plus five percent (5%). For the years ended December 31, 2015 and 2014, the Company paid an interest of 3%. These debentures are secured by Gravitas's assets.

NOTE 22. DERIVATIVE WARRANT LIABILITY

Derivative warrant liability

As part of an exchange of old debentures, which occurred prior to the Company acquisition of control over Mint, warrants were issued for the purchase of common share of Mint. These warrants were accounted for as a derivative liability and measured at fair value with subsequent changes in fair value accounted for through the consolidated statements of loss and comprehensive loss. Outstanding warrants were re-measured at fair value at each reporting period and the change in fair value is recognized in profit or loss.

The following table shows the changes in warrants:

			2015			2014
	Number of warrants	Weighted average exercise price	Fair value	Number of warrants	Weighted average exercise price	Fair value
		$	$		$	$
Outstanding on January 1st	12,630,883	0.50	410,211	-	-	-
Acquired through business acquisition	-	-	-	12,630,883	0.50	286,249
Expired	(299,524)	1.50	-			
Change in fair value	-	-	(44,423)	-	-	123,962
Impact of functional currency change (Note 6)	-	-	(365,788)	-	-	-
Outstanding and exercisable (Note 23)	12,331,359	0.48	-	12,630,883	0.50	410,211

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NOTE 22. DERIVATIVE WARRANT LIABILITY (Continued)

The fair value of the warrants was determined using the Black-Scholes option pricing model. Expected volatility is based on the historical share price volatility of Mint over the relevant warrant period to expiry. The following inputs were used in the model:

	2015	2014
Share price	$0.045	$0.045
Exercise price	$0.15 - $2.25	$0.25 - $2.25
Expected dividend	- %	- %
Expected volatility	175.2 % - 192.0 %	181.1 % - 205.9 %
Risk-free interest rate	1.00 % - 1.09 %	1.00 % - 1.09 %
Expected average life (years)	0.05 - 3.12	0.77 - 4.05
Fair value per warrant	$0.001 - $0.04	$0.001 - $0.04

NOTE 23. 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

Restricted shares

As required by applicable securities commissions and those of the CSE, and under an agreement entered with a transfer agent from Computershare Investor Services Inc., a total of 36,649,958 common shares have been placed in escrow and deposited with a trustee under an escrow agreement before the completion of the Qualifying Transaction in June 2013. On July 8, 2013, 10% of the escrowed shares were released. The balances of restricted shares will be released at a rate of 15% in each of the anniversaries of 6, 12, 18, 24, 30 and 36 months following the initial release. At December 31, 2015, the balance of the escrowed shares is 16,492,482.

Warrants

The following table shows the changes in Gravitas's warrants:

	2015		2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding on January 1st	-	-	4,300,000	0.10
Expired	-	-	(4,300,000)	0.10
Outstanding and exercisable	-	-	-	-

The following table shows the changes in Mint's warrants:

	2015	
	Number of warrants	Weighted average exercise price
		$
Balance at April 1, 2015 following functional currency change (Note 22)	12,331,359	0.48
Forfeited and cancelled	(1,554,430)	2.25
Broker warrants issued	500,000	0.05
Issued on private placement and held by Gravitas	10,000,000	0.05
Outstanding and exercisable	21,276,929	0.14

The table below presents a summary of Mint's outstanding warrants:

2015			
Number of warrants	Grant date	Expiry date	Exercise price
			$
7,106,041	07/03/2014	07/03/2017	0.25
3,000,000	16/05/2014	16/05/2018	0.15
150,000	16/05/2014	16/05/2017	0.25
520,888	30/05/2014	07/03/2017	0.25
500,000	23/06/2015	23/06/2018	0.05
10,000,000	23/06/2015	23/06/2018	0.05
21,276,929			0.14

GRAVITAS FINANCIAL INC.

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NOTE 24. SHARE-BASED PAYMENT

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 has no stock options outstanding at December 31, 2015.

Mint had a total of 40,002 stock options outstanding at an exercise price of $1.75 per share as at December 31, 2014. These options were forfeited in 2015. A stock-based compensation expense of $509 was recorded in contributed surplus for the year ended December 31, 2015.

NOTE 25. INTEREST REVENUE

	2015	2014
	$	$
Interest on bank	248,827	371,173
Interest on guaranteed investments certificates	442,175	313,295
Interest on loans receivable	380,245	376,666
Interest on debentures	42,796	280,626
Interest on convertible debentures	222,117	501,848
Accretion of interest on convertible debentures	329,338	1,218,637
Accretion of interest on loans	82,364	-
Accretion of interest on debentures	17,676	-
	1,765,538	3,062,245

NOTE 26. INTEREST EXPENSE

	2015	2014
	$	$
Interest on debentures	6,232,679	1,762,189
Accretion of interest on debentures	2,648,957	501,489
Interest on current liabilities and bank charges	43,421	9,832
	8,925,057	2,273,510

NOTE 27. LOSS (GAIN) ON SETTLEMENT

	2015	2014
	$	$
Loss on settlement of trade and other receivables	11,931	1,880
Loss on settlement of a loan (Note 15)	256,771	-
Loss on settlement of a debenture (Note 13)	50,000	-
Loss on settlement of a convertible debenture (Note 16)	58,000	-
Gain on settlement of a debenture payable (Note 21)	(105,004)	-
Gain on settlement of a loan payable to a company controlled by shareholders	-	(33,900)
	271,698	(32,020)

NOTE 28. IMPAIRMENT

	2015	2014
	$	$
Impairment on investments in associates (Note 14)	415,932	-
Impairment on loans (Note 15)	590,415	-
Impairment on convertible debentures (Note 16)	1,044,623	-
Impairment of goodwill (Note 18)	-	46,885,824
Reclassification of impairment on available-for-sale investments to net loss	583,180	-
	2,634,150	46,885,824

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 29. INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	2015	2014
	$	$
Current tax expense		
Prior years adjustments	1,157	(61,243)
Total current tax expense (income)	1,157	(61,243)
Deferred tax expense (income)		
Origination and reversal of temporary differences	(4,299,217)	(1,416,503)
Changes in tax rate and tax laws	-	-
Change from unrecognized timing differences	4,299,217	1,416,503
Total deferred tax expense (income)	-	
Total income tax expense (income)	1,157	(61,243)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income (loss) can be reconciled as follows:

	2015	2014
	$	$
Expected taxes (recovery) calculated using the combined federal and provincial income tax rate in Canada of 26.50% (26.50% as at December 31, 2014)	(3,869,573)	(14,229,760)
Adjustments for the following items:		
Prior years adjustments	(906,498)	108,307
Non-deductible impairment on goodwill	-	12,424,743
Non-deductible expenses and other	527,513	312,007
Non-taxable portion of dividend	(49,502)	(31,800)
Change in unrecognized temporary differences and other	4,299,217	1,416,503
Income tax expense (income)	1,157	–

Recognized deferred tax assets and liabilities

The following differences between the carrying amounts and tax bases from timing differences give rise to the following recognized deferred income tax assets and liabilities.

	Balance on January 1st, 2015	Net loss	Accumulated Other Comprehensive Income (loss)	Business acquisition (Note 3)	Balance on December 31, 2015
	$	$	$		$
Deferred tax assets (liabilities)					
Equity investments and other	-	(4,684)	-	-	(4,684)
Loans	-	(1,594)	-	-	(1,594)
Convertible debenture	(611,507)	442,464	-	-	(169,043)
Derivative warrant liability	(2,112,090)	2,112,090	-	-	-
Intangible assets	(188,263)	93,942	-	-	(94,321)
Non-capital losses	2,911,860	(2,642,218)	-	-	269,642
Deferred income tax assets (liabilities)	-	-	-	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 29. INCOME TAXES (Continued)

	Balance on January 1st, 2014	Net loss	Accumulated Other Comprehensive Income (loss)	Business acquisition (Note 3)	Balance on December 31, 2014
	$	$	$		$
Deferred tax assets (liabilities)					
Convertible debenture	-	-	-	(611,507)	(611,507)
Derivative warrant liability	-	32,850	-	(2,144,940)	(2,112,090)
Intangible assets	(282,965)	94,702	-	-	(188,263)
Non-capital losses	282,965	(127,552)	-	2,756,447	2,911,860
Deferred income tax assets (liabilities)	-	-	-	-	-

Unrecognized deferred tax assets and liabilities

At December 31, 2015 and 2014, the Company has the following temporary differences for which no deferred tax has been recognized:

	2015	2014
	$	$
Property and equipment	174,095	126,052
Investments	10,619,764	7,935,821
Mining properties	1,967,872	1,967,872
Convertible debentures	719,039	109,365
Issuance costs of equity instruments	2,262,310	4,027,646
Capital loss carry forward	82,242	65,275
Non-capital losses carried forward	55,986,949	39,733,943
Other	903	903
	71,813,174	53,966,877

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized, these deferred tax assets not recognized equal an amount of $18,377,815 as at December 31, 2015 ($13,612,087 as at December 31, 2014).

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	$
2024	23,360
2025	557,157
2027	999,807
2028	412,431
2029	3,672,091
2030	4,578,299
2031	1,814,776
2032	6,754,914
2033	16,852,200
2034	10,090,571
2035	10,231,344
	55,986,949

Nature of evidence supporting recognition of deferred tax assets

In assessing the recoverability of deferred tax assets, the Company's management determines, at each balance sheet date, whether it is probable that the amount recognized will be realized. This determination is based on the Company management's quantitative and qualitative assessments and the weighting of all available evidence, both positive and negative. Such evidence included, notably, the scheduled reversal of deferred tax assets, projected future taxable income, and the implementation of tax planning strategies.

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NOTE 30. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	2015	2014
	$	$
Trade and other receivables	(1,528,550)	(447,289)
Prepaid expenses	(249,768)	(33,292)
Inventory	283,297	(159,485)
Trade and other payables	888,471	(220,792)
Customer deposits	113,329	130,790
Income taxes payable	-	(58,919)
	(493,221)	(788,987)

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

	2015	2014
	$	$
Trade and other receivables		
Investments received as a settlement	(96,050)	(120,875)
Equity investments and other		
Received as an incentive for early conversion of a convertible debenture	51,581	-
Received as a settlement	188,027	120,875
Conversion of a convertible debenture	150,000	289,658
Investments in associates		
Reclassification due to acquisition of significant influence	350,000	-
Loans receivable		
Interest receivable converted in a loan	-	226,800
Convertible debenture converted into a loan	422,520	-
Amount converted into a convertible debenture	(1,052,680)	-
Reclassification due to acquisition of significant influence	(100,000)	-
Convertible debenture		
Amount converted	(208,000)	(289,658)
Amount converted into a loan	(422,520)	-
Loan converted into a convertible debenture	1,052,680	-
Reclassification due to acquisition of significant influence	(250,000)	-

Cash flows from interest and income taxes

	2015	2014
	$	$
Interest paid	(6,515,323)	(1,426,317)
Interest received	1,203,921	1,646,616
Income taxes paid	(1,157)	(2,504)

NOTE 31. RELATED PARTIES

The Company's related parties include its 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.

Transactions with key management personnel

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

	2015	2014
	$	$
Transactions with key management personnel		
Salaries and management fees	796,500	492,000
Consulting and professional fees	231,179	100,563
General and administrative	184,500	168,000
	1,212,179	760,563
Transactions with companies controlled by key management		
Consulting and professional fees	1,053,260	668,000
	1,053,260	668,000

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GRAVITAS FINANCIAL INC.

NOTE 31. RELATED PARTIES (Continued)

For the year ended December 31, 2015, the Company incurred legal fees of $229,381 from a legal firm in which the former CEO and current director is a partner ($103,144 for the year ended December 31, 2014).

During the year ended December 31, 2015, management and consulting charges paid to Global Business Services ("GBS"), the owner of the remaining 49% interest in MME, in connection with the Management Agreement aggregated $384,869, were incurred and recorded in MME and are included in the Company's share of losses of associates on the statement of loss and comprehensive loss. An amount of $424,999 is payable to GBS, representing a remaining amount on management and consulting charges. This amount is included under Trade and other payables.

During the year ended December 31, 2014, the Company entered into a settlement agreement with respect to an amount payable to a company controlled by shareholders of $33,900. Consequently, the Company recorded a gain on settlement in the consolidated statement of comprehensive loss.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

The Company advanced US$700,000 to MGEPS, an affiliate of the Company, for the advancement of its on-going information technology upgrades, an amount of $2,511,000 to a company where a director has an interest and an amount of $299,070 to a company controlled by the CEO.

In addition, related party transactions are also disclosed in Note 11, 14, 15 and 19.

NOTE 32. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash, trade and other receivables and trade and other payables is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The carrying value of guaranteed investment certificates is considered to be a reasonable approximation of fair value because these instruments are redeemable at any time.

The equity interests in a private company are measured at cost less any impairment loss because the fair value could not be reasonably determined.

The carrying value of loans receivable and debentures is also considered to be a reasonable approximation of fair value because they are measured at amortized cost and bear interest at market rates.

The fair value of the debentures payable is approximate to the face value.

The following presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement and are as follows:

				2015
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Common shares in quoted companies	3,528,722	-	-	3,528,722
Options	-	19,998	-	19,998
Warrants	-	1,081,775	-	1,081,775
Conversion feature of debentures	-	1,162,238	-	1,162,238
Investment property	-	-	7,779,623	7,779,623
	3,528,722	2,264,011	7,779,623	13,572,356

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GRAVITAS FINANCIAL INC.

NOTE 32. FINANCIAL INSTRUMENTS (Continued)

				2014
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Common shares in quoted companies	3,080,161	-	-	3,080,161
Options	-	21,959	-	21,959
Warrants	-	105,047	-	105,047
Conversion feature of debentures	-	215,827	-	215,827
Derivative warrant liability	-	410,211	-	410,211
	3,080,161	753,044	-	3,833,205

The Company's options, warrants and conversion feature on convertible debenture are classified within level 2 of the fair value hierarchy since the fair value is determined using a model that includes the volatility and price of the companies in which the Company invested.

There have been no transfers between Levels 1 and 2 in the reporting periods.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

NOTE 33. INFORMATION ON CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments related to changes in the economic environment and the underlying risks of its assets. In its definition of capital, the Company includes debentures and equity (deficiency). The following table shows the items included in the definition of capital:

	2015	2014
	$	$
Debentures	140,347,586	128,896,573
Equity deficiency	(59,228,781)	(50,828,908)
	81,118,805	78,067,665

There has been no change with respect to the overall capital management strategy during the year ended on December 31, 2015 and 2014.

NOTE 34. FINANCIAL RISKS

The Company is exposed to various risks through its financial instruments and the following analysis provides a measure of these risks.

Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform any of its obligations and leads, therefore, the Company to incur a financial loss. Credit risk is primarily related to trade and other receivables, debentures, loans and convertible debentures.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2015	2014
	$	$
Cash	34,427,311	20,106,400
Guaranteed investments certificates	20,089,000	42,000,000
Trade and other receivables	2,542,079	1,145,258
Debentures	370,393	150,000
Loans receivable	6,534,011	3,446,270
Convertible debentures	2,610,002	2,339,311
	66,572,796	69,187,239

The Company evaluates the financial condition of its customers and invested on an ongoing basis and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts taking into account the credit risk of specific customers, historical trends and other information.

At December 31, 2015, an amount of $3,683,590 ($2,116,270 at December 31, 2014) in loans receivable and $2,201,094 ($1,508,357 at December 31, 2014) in convertible debentures were secured by collateral or other credit enhancements.

The Company's invests in fixed income debentures that are subject to credit risk. The value of these securities depends, in part, upon the ability of borrowers to pay all amounts owed to their lenders.

The credit risk regarding cash and guaranteed investments is considered to be negligible because the counterparties are reputable banks with an investment grade external credit rating.

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GRAVITAS FINANCIAL INC.

NOTE 34. FINANCIAL RISKS (Continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has current assets for an amount of $67,093,375 which will be used to cover all operating and investing activities.

The expected timing of cash flows relating to financial liabilities as at December 31, 2015 is as follows:

					2015
	Carrying amounts	Less than a year	1 to 5 years	6 to 10 years	Total
		$	$	$	$
Trade and other payables	-	3,007,921	-	-	3,007,921
Loan	-		-	4,662,862	4,662,862
Debentures	-	-	89,833,549	54,022,000	143,855,549
		3,007,921	89,833,549	58,684,862	151,526,332

Also, the Company's commitments are disclosed in Note 35.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following three type of market risks: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the faire value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as a result of its transactions denominated in foreing currency. The Company had the following balances denominated in foreign currency:

	2015	2014
	$	$
USD		
Cash	4,657,718	1,813,589
Royalties receivable	180,652	53,126
Equity investments and other	1,292,776	2,077,597
Loans receivable	800,000	100,000
Convertible debenture	627,000	350,000
	7,558,146	4,394,312

The Company does not enter into arrangements to hedge its foreign exchange risk. A one percent (1%) change in the United States Dollar exchange rate would not have a significant impact on the net loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is exposed to interest rate risk since some of the Company's debentures bear interest at a variable rate based on the earnings before interest expense and tax (EBIT). Had the interest rate been one percent (1%) higher throughout the year ended December 31, 2015, the net loss would have increased by $840,450 ($840,450 for the year ended December 31, 2014).

All of the Company's investments in debentures receivable are at fixed interest rates and therefore no impact to interest rate risk.

Other price risk

The Company is exposed to fluctuation in the market prices of its investments in quoted companies. The fair value of the investments in quoted companies represents the maximum exposure to price risk.

The Company's investments in debentures are generally at fixed interest rates and therefore are not exposed to cash flow risk.

As of December 31, 2015, a 10% decrease (increase) in the closing price on the stock market would have increased the total Comprehensive loss by $324,450 ($308,016 for the year ended December 31, 2014).

GRAVITAS FINANCIAL INC.

NOTE 35. SEGMENTED INFORMATION

As a result of the growing complexity of operations and investments of the Company, management has evaluated the Company's investments, operations, legal entities and associates and determined that it operates in four segments as follows:

Services
The Company objective is to build and acquire businesses that can service the capital market, advisory, regulatory, compliance and technology needs of publicly listed corporations. The services segment comprises the following entities:

- Ubika Corp.
- Gravitas Corporate Services Inc.
- Branson Corporate Services Inc.
- Gravitas Investor Platform Inc.
- Global Compliance Network Inc.

Financial services
Financial services are operations in financial products and financial products distribution businesses. Financial services are operated independently with their own management teams and require high levels of compliance and governance. Regulated financial services comprises the activities and/or operations of the following entities:

- Gravitas Select Flow-Through GP Inc.
- Gravitas Financial Services Holdings Inc.
- Gravitas International Corp.
- Foundation Investment Management Inc.
- Portfolio Analysts Inc.

Strategic investments
Strategic investments are operations where the Company acquires significant long-term interests in companies that have a high potential for value addition and where the Company provides key strategic inputs and management support either directly or through Board representation. Strategic investments comprises the following entities:

- New India Investment Corporation
- Luxury Quotient International Inc.
- Luxury Quotient India Private Ltd.
- The Mint Corporation
- Prime City One Capital Corp.
- Claxton Capital Management
- Claxton Real Estate Company Ltd.

Fast growing investments
Fast growing investments are operations where the Company acquires meaningful ownership interests in fast growing companies in both public and private markets. The Company will offer strategic guidance and access to its strong network to investee companies to accelerate their strategic growth plans. Fast growing investments comprises the Gravitas Venture Inc. operations.

Corporate
Corporate results primarily represent the cost of corporate overhead expenses not allocated to a segment. It comprises Gravitas Financial Inc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 35. SEGMENTED INFORMATION (Continued)

The above changes in reporting segments have been applied retrospectively therefore prior period segment information has been amended to be consistent with current period presentation and reports provided to the chief operating decision maker. There is no impact on the consolidated results of the Company and there are no changes to the Company's accounting policies.

December 31, 2015

	Services	Financial services	Strategic investments	Fast growing investments	Corporate	Intercompany transactions	Total
	$	$	$	$	$	$	$
Revenue	1,223,968	28,489	167,726	348,612	2,065,584	(180,451)	3,653,928
Expenses							
Salaries and management fees	417,614	-	395,532	-	720,529		1,533,675
Consulting and professional fees	631,000	191,977	643,186	11,619	1,723,918		3,201,700
General and administrative	867,343	76,714	372,088	12,103	1,087,902		2,416,150
Interest expense	11,898	560	6,200,000	1,381	2,891,669	(180,451)	8,925,057
Exchange loss (gain)	1,383	-	(102,453)	(109,034)	(864,885)		(1,074,989)
Loss (gain) on settlement	53,669	-	(55,004)	209,637	63,396		271,698
Gain on disposal of available-for-sale investments	(445,510)	-		(183,218)			(628,728)
Loss on disposal of property and equipment	-	-	974	-			974
Change in fair value of convertible debentures - conversion feature	20,441	-		(313,733)	106,442		(186,850)
Change in fair value of FVTPL investments	20,272	(46,173)		(271,865)	(282,290)		(580,056)
Change in fair value of derivative warrant liability	-	-	(44,423)				(44,423)
Impairment of investments	267,380	-		432,295	1,934,475		2,634,150
Share of results in associates	-	99,249	1,686,185		2,297		1,787,731
	1,845,490	322,327	9,096,085	(210,815)	7,383,453	(180,451)	18,256,089
Loss before income taxes	(621,522)	(293,838)	(8,928,359)	559,427	(5,317,869)	-	(14,602,161)
Income taxes							
Current income taxes	-	-		1,157	-	-	1,157
Net loss from continuing operations	(621,522)	(293,838)	(8,928,359)	558,270	(5,317,869)	-	(14,603,318)
Net loss from discontinued operations	-	-	(64,811)	-	-	-	(64,811)
Net loss	(621,522)	(293,838)	(8,993,170)	558,270	(5,317,869)	-	(14,668,129)
Total assets	3,454,577	12,770,065	18,155,813	6,499,320	77,828,076	(29,084,686)	89,623,165
Total liabilities	5,530,913	4,997,978	69,606,971	5,317,839	84,031,181	(20,632,936)	148,851,946
Investments in associates	-	3,642,081	3,964,342	-	-	-	7,606,423

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 35. SEGMENTED INFORMATION (Continued)

December 31, 2014

	Services	Financial services	Strategic investments	Fast growing investments	Corporate	Intercompany transactions	Total
	$	$	$	$	$	$	$
Revenue	1,037,221	23,929	1,529	10,765	3,342,998	(45,145)	4,371,297
Expenses							
Salaries and management fees	330,075	-	16,837	-	514,127	-	861,039
Consulting and professional fees	595,013	127,072	16,283	4,865	1,186,618	-	1,929,851
General and administrative	1,032,230	36,456	843,548	108	668,049	-	2,580,391
Interest expense	12,140	359	472,720	175	1,833,261	(45,145)	2,273,510
Exchange loss (gain)	-	-	-	-	(140,933)	-	(140,933)
Gain on settlement	(32,020)	-	-	-	-	-	(32,020)
Loss (gain) on disposal of available-for-sale investments	48,000	-	-	-	-	-	48,000
Loss on step acquisition	-	-	672,007	-	-	-	672,007
Change in fair value of convertible debentures - conversion feature	83,982	-	-	5,625	2,383,191	-	2,472,798
Change in fair value of FVTPL investments	340,714	-	-	25,594	350,017	-	716,325
Change in fair value of derivative warrant liability	-	-	123,962	-	-	-	123,962
Impairment of goodwill	-	-	46,885,824	-	-	-	46,885,824
Share in results in associates	-	(322,248)	-	-	-	-	(322,248)
	2,410,134	(158,361)	49,031,181	36,367	6,794,330	(45,145)	58,068,506
Loss before income taxes	(1,372,913)	182,290	(49,029,652)	(25,602)	(3,451,332)	-	(53,697,209)
Income taxes							
Current income taxes	(61,243)	-	-	-	-	-	(61,243)
Net loss	(1,311,670)	182,290	(49,029,652)	(25,602)	(3,451,332)	-	(53,635,966)
Total assets	1,359,791	4,678,292	3,575,364	1,514,106	84,052,078	(14,394,337)	80,785,294
Total liabilities	3,185,790	4,612,370	50,410,506	1,340,806	84,032,843	(11,968,113)	131,614,202
Investments in associates	-	4,114,930	1,413,677	-	-	-	5,528,607

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 35. SEGMENTED INFORMATION (Continued)

The Company has operations in four geographical sectors. The following tables presents the Company's revenue and non-current assets by geographic areas. The allocation of revenue between geographic areas was determined by the location where the income was earned. The revenue earned in Africa are related to the net smelter return of 0.75% that the company holds on an exploration project in Gabon, Africa.

	December 31, 2015	December 31, 2014
	$	$
Revenue		
Canada	3,212,851	4,090,330
Africa	441,077	280,967
	3,653,928	4,371,297

	December 31, 2015	December 31, 2014
	$	$
Non-current assets		
Canada	10,492,035	14,567,685
Africa	355,929	711,862
USA	7,717,484	-
AED	3,964,342	-
	22,529,790	15,279,547

As of December 31, 2015 and 2014 (in Canadian dollars)

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NOTE 36. COMMITMENTS

The Company entered into agreements for the lease of premises. Future minimum lease payments, aggregate to $1,688,614 and include the following payments for the next years:

	$
Less than 1 year	435,056
1-5 years	1,253,558

In February 2016, the Company signed a surrender agreement effective July 2016 and is presently negotiating new lease terms.

Lease expenses amounts to $310,077 ($310,372 as at December 31, 2014), representing the minimum payments.

Mint has committed to invest an aggregate of US$6 million in the Mint UAE Operations to facilitate the completion of the IT infrastructure. As at December 31, 2015, the Mint has advanced $4,236,850 and Gravitas has advanced US$700,000 ($970,830) against the commitment.

The Company also entered into a service agreement for the Company's operations which call for a total payments of $64,400 in the next year.

NOTE 37. PRIOR YEAR COMPARATIVE

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

NOTE 38. SUBSEQUENT EVENT

On January 8, 2016, Mint re-structured the outstanding Series A debentures. Subsequent to the re-structuring, the term of the Series A debentures was extended from May 16, 2019 to December 15, 2019 and the interest payable on the Series A was reduced to 3% per annum to January 7, 2017 and 5% thereafter, payable quarterly on March 31, June 30, September 30 and December 31 in arrears. In consideration, the Company issued additional debentures of $3,953,506, increasing the face value of the outstanding Series A to $49,019,969.