WESTERN PACIFIC TRUST COMPANY

Competitive | Responsive | Knowledgeable

Annual Report 2015

Western Pacific Trust Company

Incorporated under the *Financial Institutions Act* of British Columbia and reporting to the provincial Financial Institutions Commission.

Western Pacific Trust Company is a non-deposit taking financial institution, licensed as a Trust Company in British Columbia.

The Company is extra-provincially registered in Alberta to do business as a non-deposit taking Trust Company.

Western Pacific Trust Company has one wholly owned subsidiary, **WP Private Equity Transfers Inc.**, a British Columbia incorporated company.

SHARE CAPITAL

Authorized:

100,000,000 Common shares without par value
100,000,000 Preferred shares, issuable in series

Issued:

25,018,558 Common shares
61,750 Series I Preferred Shares

Western Pacific's Common shares are listed for trading on the TSX Venture Exchange under trading symbol **"WP"**.

Services

Self-Administered Plans – Western Pacific Trust Company offers self-administered tax deferred registered plans (RRSPs, SRRSPs, LIRAs, RIFs, LIFs) to permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices.

Western Pacific Trust also offers self-administered Tax Free Savings Accounts (TFSAs). TFSA contributions are non-deductible, but withdrawals are tax free, and any investment income earned within the TFSA, including capital gains, will not be taxed.

Qualified investments for both the RRSP and TFSA self-administered accounts are prescribed in the *Income Tax Act of Canada,* and include securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, arm's length mortgages, etc.

Trusts – We offer strategic counsel, organizational assistance and work with clients' legal and financial advisors in the establishment of various forms of testamentary and inter-vivos trusts. Trusts are an effective vehicle and flexible tool for present and future management of assets. In establishing a trust, there is limitless adaptability to address client requirements, ranging from the most basic to the highly complex, sophisticated or sensitive.

Our professional staff work closely with clients to ensure that the most tax-effective methods are used to achieve the objectives of its clients.

Financial & Administrative – Our senior staff work closely with select individual and corporate clients to deliver high quality professional administrative and/or accounting support, tailored specifically to the client's long or short term needs. These services, which may cover a wide range of responsibilities, are delivered on a strictly confidential basis.

Transfer Registration – through wholly owned subsidiary, WP Private Equity Transfers Inc., we offer transfer registration services for non-listed, non-reporting issuers.

Independent Specialist Network – Western Pacific Trust Company is able to bring together independent specialist professionals in the legal, accounting and financial planning arenas, to offer comprehensive solutions for complex personal and corporate issues.

Message to Shareholders

Fiscal 2015 was another year of progress for Western Pacific Trust Company.

For the third consecutive year, your company achieved an overall increase in revenue, this year by 16%. While Management continues to be rigorously disciplined in holding the line on expenses, this year we were faced with substantial legal and professional costs, primarily associated with the creation of a new series of preferred, convertible shares, and the development of internal capital planning and risk mitigation tools. In addition, software development costs related to the Company's client portal were absorbed in 2015.

The sharp deterioration in oil prices during the year affected not only Alberta's business sector, but also weakened the confidence of Alberta consumers in their own situation, which was reflected in a decrease in investment activity. This translated to a fewer number of self-administered plans opened at Western Pacific Trust Company by investors in our Alberta issuer clients. As a result of this, coupled with the afore-mentioned extraordinary expenses, the Company recorded a net loss for the year, despite achieving our targeted number of new issuer clients.

During the year, the Company issued Subordinated Debt to insiders and others in the total amount of $407,027, and secured additional non-dilutive capital, through a private placement of 12,000 Series I Preferred shares for proceeds of $120,000. Subsequent to the year end, in March 2016, the Company raised $416,000 in the first tranche of a private placement of Series II Preferred convertible shares, and repaid $330,500 of the outstanding subordinated debt. A second tranche of the private placement is expected to close by the end of April 2016, and a further $65,000 in subordinated debt is scheduled to be repaid by the end of the second quarter.

The client portal, referred to above, which allows clients with tax deferred plans and TFSAs at Western Pacific Trust Company to view their accounts online in real time, was rolled out in February 2016. This long awaited and essential feature is another step in ensuring that our clients are assured of first-rate service, at their convenience.

In December of 2015, Western Pacific Trust entered into a Letter of Intent with Axcess Capital Group, whereby, subject to the negotiation of the final agreement and all applicable regulatory approvals, Axcess will be compensated for accounts approved and accepted by WPTC, with a one-time cash payment per account, and common shares of WPTC. At the time of writing, the final Agreement is under negotiation. The Company expects to see significant business flowing from this arrangement.

2015 saw some changes in Western Pacific Trust Company's Board of Directors and senior officers. In October we were pleased to welcome Ben Cutler to the Board. Mr. Cutler has an extensive background through various senior executive positions in the financial services industry, and is currently CEO and Chairman of the Board of Hush Communications Corporation. Concurrently with his appointment, Alison Alfer stepped down from the Board to focus on the operations of the Company, and to raise the independence ratio of the Directors. At the end of November 2015, Sharon Lee, CPA CA, replaced Dat Wong as the Company's Chief Financial Officer.

Western Pacific Trust Company has a solid business model; collaborative and respectful client and industry relationships; and as importantly, dedicated and talented employees with a shared commitment to excellence for whom we are extremely thankful. We look forward to continuing the growth of the Company in 2015.

Our gratitude, as always, to our directors for their unfailing support and counsel, and of course to you, our fellow shareholders, for your loyalty and patience. We remain focused on achieving our mission, and delivering the benefits to our clients, shareholders and employees.

J. Cowan McKinney, FCPA, FCA
Chairman of the Board

Alison Alfer
President & Chief Executive Officer

WESTERN PACIFIC TRUST COMPANY

Management's Discussion and Analysis
For the year ended December 31, 2015
(Expressed in Canadian Dollars)

The following is management's discussion and analysis ("MD&A"), dated as of March 18, 2016, of the consolidated financial position and results of operations of Western Pacific Trust Company and its subsidiary ("WPTC" or the "Company") for the year ended December 31, 2015. This discussion should be read in conjunction with the audited Consolidated Financial Statements of the Company and the notes thereto for the year ended December 31, 2015.

Basis of Presentation

The Company's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The IASB continues to amend and add to current IFRS standards and interpretations. As of the date of this MD&A, none of the new IFRS standards that have been recently issued have any significant impact on the December 31, 2015 consolidated financial statements.

Forward Looking Statements

This MD&A contains certain forward-looking statements. All statements, included herein, other than statements of historical fact, including without limitation statements regarding the future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will provide accurate information, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time to time with the regulatory authorities and on ***www.SEDAR.com***. Additional information with respect to the Company can be obtained from the Company's website at ***www.westernpacifictrust.com***.

Overview

Western Pacific Trust Company is a non-deposit taking financial corporation which is licensed under the ***Financial Institutions Act ("FIA")*** in British Columbia as a Trust Company. WPTC is also registered extra-provincially in Alberta as a non-deposit taking Trust Company.

Self-Administered Plans
WPTC Self-Administered Plans permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. WPTC also offers self-administered Tax-Free Savings Accounts ("TFSA"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for both the Registered Retirement Savings Plan ("RRSP") and TFSA self-administered accounts include, but are not limited to, securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

Trust Services
As part of its trust services, WPTC offers strategic counsel, organizational assistance and consults with clients' legal advisors in the establishment and administration of various forms of trusts, an effective vehicle and flexible tool for present and future management of assets.

Client Consulting Services
The Company provides a range of Accounting, Administrative and Corporate Secretarial services to select clients on a fee-for-service basis.

Transfer Agency Services
The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WP Private Equity Transfers Inc. ("WPPET"), a British Columbia incorporated company.

Selected Annual Information and Results of Operations

The following selected consolidated financial data for the three most recently completed financial years should be read in conjunction with the Company's audited consolidated financial statements for the respective years. The Company's consolidated financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's significant accounting policies are disclosed in note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2015. The Company's functional and reporting currency is the Canadian dollar.

Statements of Financial Position-selected information	As at December 31,		
	2015	2014	2013
Total current assets	$ 997,262	$ 581,432	$ 524,607
Total non-current assets	100,357	82,668	58,544
Total assets	1,097,619	664,100	583,151
Total current liabilities	215,539	175,906	86,747
Total non-current liabilities	407,027	-	97,069
Total equity	475,053	488,194	399,335
Total liabilities and shareholders' equity	$ 1,097,619	$ 664,100	$ 583,151

The increase in current assets as at December 31, 2015 by $415,830 compared to December 31, 2014 is mainly due to the injection of cash from subordinated loans issued throughout the year and proceeds raised from the issuance of preferred shares. The increase in current assets as at December 31, 2014 by $56,825 compared to December 31, 2013 was mainly due to the $50,000 cash received for the issuance of preferred shares.

Total non-current assets increased by $17,689 as at December 31, 2015 compared to December 31, 2014 due to the inclusion of deposits on funds held by the credit card company for processing fee income transactions as well as cost of the Winfund software development. The increase in non-current assets of $24,124 in 2014 compared to 2013 is due to the cost of the Winfund software developed in 2014.

Total current liabilities increased by $39,633 to $215,539 as at December 31, 2015 compared to December 31, 2014 due to increase in accounts payable and accrued liabilities of $35,745 at the end of 2015 for the accrual of professional fees for regulatory compliance and legal fees for the issuance of preferred shares and an increase of $3,888 in deferred revenue due to the increase of Self-Administered plans acquired during the year. The non-current liabilities balance of $407,027 is the subordinated loans issued by the Company during the year.

The total equity decreased by $13,141 in 2015 compared to 2014 due to the net loss of $125,877 for the year ended December 31, 2015 and the payment of dividends of $24,875 on preferred shares, offset by the preferred share issuance of $120,000 and $22,314 for the fair value of the accrual and vested portion of options granted during the year. For the 2014 year, the total equity increased by $88,859 due to $265,500 received for preferred shares issuance less $13,648 for dividends paid on preferred shares and the net loss of $153,993 incurred for the 2014 fiscal year.

Statements of Comprehensive Loss	Year ended December 31,		
	2015	2014	2013
Total revenue	$ 684,022	$ 589,766	$ 580,973
Total general and administrative expenses	(759,649)	(723,909)	(664,433)
Net loss before amortization, finance expense and share-based payments	(75,627)	(134,143)	(83,460)
Amortization	(12,967)	(9,189)	(6,996)
Finance expense	(14,969)	(10,661)	(7,931)
Share-based payments	(22,314)	-	(11,230)
Net loss	$ (125,877)	$ (153,993)	$ (109,617)
Loss per share (basic and diluted)	$ (0.006)	$ (0.007)	$ (0.004)

Loss before amortization, finance expense and share-based payments is a non-GAAP financial measure which has no standard meaning under IFRS. Management is of the opinion that certain investors use this information, in addition to more conventional measures prepared in accordance with IFRS, to evaluate the Company's performance and ability to generate liquidity through operating cash flows.

Revenues and Net Loss during the 2015 year

The Company recorded a net loss of $125,877 during the year ended December 31, 2015. Revenues generated from Self-Administered Plans increased by $98,462 or 20.36% over the previous year, consulting income and trust services fee income increased by $3,300, a 11.06% increase from prior year and interest income decreased 9.83% or $7,506, which enabled WPTC to record an increase in overall revenues of $94,256 or 15.98% from 2014.

The net loss from operations before amortization, finance expense and share-based payments decreased in 2015 compared to 2014 by $58,516. The decrease in net loss from operations for the year are attributable mainly to the increase in Self-Administered Plan revenues mentioned in the paragraph above The increase in revenue is offset by the increase in computer maintenance expense by $7,920 due to the additional costs incurred for computer system maintenance, an increase in professional fees of $16,979 due to additional fees paid for legal, compliance reports and the contract CFO, an increase of $5,914 for fees paid to Directors and an increase of $6,087 for salary and benefits expense. This resulted in a $0.001 decrease in the loss per share.

Revenues and Net Loss during the 2014 year

The Company recorded a net loss of $153,993 during the year ended December 31, 2014. Revenues generated from Self-Administered Plans decreased by $6,794 or a 1.4% compared to the 2013 fiscal year, though interest income grew by 25.8% or $15,642, which enabled WPTC to record an increase in overall revenues of $8,793 for 2014.

The Company's general and administrative expenses increased by $59,476 compared to the year ended December 31, 2013 mainly due to new administrative software costs, legal fees and rent incurred during the year.

Summary of Quarterly Results

The following is selected financial information for the last eight quarters. The Company's interim consolidated financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's functional and reporting currency is the Canadian dollar.

Quarter ended		Total revenue $	Net income (loss) and comprehensive loss $	Net income (loss) per share (basic and diluted) $	Total assets $
Q4/15	December 31, 2015	159,557	(83,548)	(0.004)	1,097,619
Q3/15	September 30, 2015	155,900	(28,600)	(0.001)	874,110
Q2/15	June 30, 2015	154,190	(36,489)	(0.001)	877,301
Q1/15	March 31, 2015	214,375	22,760	0.000	772,649
Q4/14	December 31, 2014	143,970	(36,155)	(0.001)	664,100
Q3/14	September 30, 2014	125,139	(59,490)	(0.002)	698,032
Q2/14	June 30, 2014	143,964	(52,738)	(0.002)	688,147
Q1/14	March 31, 2014	176,693	(5,610)	(0.000)	619,254

Revenues and Net Loss for each quarter
The fluctuations in total revenue from quarter to quarter are due primarily to the variations in revenue from self-administered plans.

The Company net loss for the last quarter for the 2015 year increased compared to the third quarter of 2015 due to the recording of $22,314 for share-based payment expenses for options granted in the last quarter of the year, the increase in professional fees paid for legal, regulatory compliance and contract CFO fees. The total assets in the last quarter increased due to the issuance of preferred shares and subordinated loans.

The increase in total assets in the second quarter compared to the first quarter in 2015 is attributable to the increase of $205,407 in subordinated loans received during the quarter offset by accounts payable paid and expenses incurred.

The increase in total revenue and net income for the first quarter of 2015 is due to the increase in fee income from increased activities from the purchases of RRSP by clients during the quarter. The increase in total assets is due to the issuance of subordinated loans of $71,120 during the first quarter.

Compared to the fourth quarter ended December 31, 2014, the net loss for the fourth quarter ended December 31, 2015 is higher due to the share-based payments expense for options that were granted in November 2015 whereas no stock options were granted during fiscal 2014. In addition, there were increases in fees paid for computer maintenance for 2015 versus 2014 and increases in professional fees paid for legal and regulatory compliance in the last quarter of 2015 compared to the last quarter of 2014.

Outlook

Self-Administered Plans
Trustee services for Self-Administered Plans are required for any issuer wishing to offer RRSP or TFSA eligible products, either directly, or through an Exempt Market Dealer ("EMD"), as well as investors wishing to purchase an exempt market security into an RRSP or TFSA. Such investments include, but are not limited to, private Mutual Fund Trusts, eligible Canadian Controlled Private Corporations, Venture Capital Corporations and arm's length mortgages.

The annual trustee fees earned by each plan build year-over-year for the life of each plan, creating a continuing revenue base for each succeeding year. Transactional fees earned on new accounts increase in proportion to the numbers of plans opened, in addition to transaction fees generated for new purchases in existing accounts.

WPTC's objective is to distinguish itself through knowledgeable and responsive service delivered on a competitive basis in an attentive and professional fashion.

Once again the Company recorded an overall increase in revenue, and achieved its targeted number of new issuer clients, who are expected to generate substantial numbers of new self-administered plans for the Company in the coming year.

During 2015, the long awaited client portal, through which clients will have real time access to view their deferred plan and/or TFSA portfolios, was developed. The first edition of this portal was rolled out in the first quarter of 2016.

Western Pacific Trust Company continues to establish and solidify relationships with Issuers and EMD's seeking a Self-Administered RRSP or TFSA plan Trustee for their clients The Company added Registered Retirement Income Funds ("RRIF's"), a natural outgrowth of its RRSP business, to the range of tax deferred plans offered to clients.

As the Company's registered plans client base grows, the Company will continue to seek cost effective ways of elevating its profile as a registered plans Trustee.

Client Consulting Services

The Company continues to offer a range of services offered to select clients, either directly or through its preferred network of independent specialist professionals.

Liquidity

Western Pacific Trust Company - Capital Adequacy
As a trust company, the Company is governed by the Financial Institutions Commission pursuant to the *Financial Institutions Act* (British Columbia). The Company is required to submit to the Financial Institutions Commission, on a monthly basis, within 30 days of each month end, a "British Columbia Trust Company Quarterly Financial Return" in which the Capital Adequacy calculation is required to set forth the Primary Capital (Shares, Retained Earnings and Reserves) and Secondary Capital (Subordinated Debt and Other Equity Shares) and Deductions From Capital (Goodwill, Other Intangible Assets, Subsidiary and other equity investments) to arrive at the Company's Capital Base. The Required Capital Base is calculated as 0.5% of the Assets Held in Trust.

As at December 31, 2015 the Company had a calculated Capital Base in excess of the Required Capital Base.

Capital Resources

As at December 31, 2015, the Company had working capital of $781,723 (2014 - $405,526) available to fund its operations.

During the year ended December 31, 2015, the Company issued 12,000 (2014 - 25,650) Series I preferred shares for proceeds of $120,000 (2014 - $256,500). These preferred shares are non-voting, redeemable, non-retractable, and earn non-cumulative dividends equal to 5% per annum of the aggregate value of $10 per share and a non-cumulative cash payment equal to 1% per annum of the aggregate value of $10 per share. The Company incurred $4,703 for share issuance costs in 2015 for these Series I preferred shares (2014 - $nil). Dividend payments for these Series I preferred shares during the 2014 year were $13,648 and $24,875 was paid during 2015 fiscal year.

On March 15, 2016, the Company announced a private placement (the "Offering") of up to 79,600 Series II Preferred Shares at a price of $10 per share for gross proceeds of up to $796,000. The Company intends to use the proceeds of the Offering to repay certain subordinated debt and for general working capital. The closing of the Offering is subject to the approval of the Exchange.

Off-Balance Sheet Arrangements

Other than Self-Administered Plan revenues beyond the reporting period, the Company does not have any off balance sheet items that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions with Related Parties

Pursuant to the requirements of the Financial Institutions Act, the Company's Conduct Review Committee is required to approve all related party transactions of the Company and report same to the Directors at meetings of the Board, which are generally held quarterly.

Management personnel include directors and officers of the Company. Management salaries include compensation and benefits paid to directors, officers and consultants of the Company in the normal course of business. Share-based payments consist of stock option issuances.

The following transactions with related parties for the years ended December 31, 2015 and December 31, 2014 were in the normal course of operations and were measured at the fair value of the services provided:

During the years ended December 31, 2015 and 2014, the Company had the following related party transactions:

	December 31, 2015	December 31, 2014
Management salaries	$131,629	$118,968
Directors' fees	$ 37,000	$ 31,086
Consulting fees paid to Companies controlled by Directors	$ 78,000	$ 82,385
Professional fees for Consultant	$ 10,000	-
Interest and Waiver fees to Directors and a close family member	$ 12,850	$ 2,447
Share-based payments to Officer and Directors	$ 16,673	-
Dividends to Directors and a close family member	$ 16,775	$ 12,326

At December 31, 2015, the Company has $37,275 (2014 - $18,892) in accounts payable and accrued liabilities due to an officer and directors of the Company and a Company controlled by a Director.

Financial instruments

As at December 31, 2015, the Company had not entered into any derivative financial instruments as a method of managing market risks associated with interest rates and foreign exchange fluctuations. Note 4 to the audited consolidated financial statements include a discussion of the Company's financial instruments and the related risks.

Risks and Uncertainties

Dependence on major clients
Plans opened for the Company's three largest issuer clients comprise a significant percentage of total revenues. Although these issuers are large entities, any disruption in the Company's relationships with these major clients or any decrease in revenue from them, could have an adverse effect on the Company.

Tax laws
The tax laws in Canada and abroad are continuously changing.

Dependence on key personnel

Loss of certain members of the executive team or key management members of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

Outstanding Share Information

As at the date of this report there are 25,018,558 common shares and 61,750 Series I Preferred shares issued and outstanding. The terms of the preferred shares are described in the consolidated financial statements.

Share Purchase Options

A total of 5,003,711 Common Shares are reserved for issuance under the Company's Stock Option Plan (the "Plan").

As at the date of this report, there are a total 2,800,000 (2014 – 2,084,970) shares under option and 2,203,711 (2014 - 2,918,741) shares reserved and available for issuance under the Plan.

Of the outstanding options, 1,909,970 are exercisable at a price of $0.10 per share until expiry November 26, 2022, and 296,677 of the 890,030 options that were granted in the 2015 fiscal year are currently exercisable at a price of $0.07 with an expiry date of November 18, 2022.

Proposed Transactions

As of the date of this report, there are no significant transactions, acquisition or disposition of businesses or assets currently being discussed or transacted.

Change in Accounting Policies and Initial Adoption

Future accounting pronouncements related to IFRS 9, IFRS 15 and IFRS 16 (see audited consolidated financial statements for the year ended December 31, 2015) have been issued and reviewed by management but are not yet effective. These pronouncements have not been early adopted by the Company and the Company has yet to assess the full impact.

Directors

As of the date of this report, the Board of Directors is composed of the following:

J. Cowan McKinney, CPA, FCA	Board Chair
John C.A. de Wit, CPA, CA	
Anthony Liscio, DDS	
Robert W. Macdonald	
Steven O. Youngman, B.Comm., LL.B	Deputy Board Chair
G. Benjamin Cutler	

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTERN PACIFIC TRUST COMPANY

We have audited the accompanying consolidated financial statements of Western Pacific Trust Company, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, 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 present fairly, in all material respects, the financial position of Western Pacific Trust Company as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 18, 2016

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WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash		$ 948,051	$ 523,738
Accounts receivable	5	28,730	35,077
Prepaid expenses		20,481	22,617
		997,262	581,432
Deposits	14	33,514	18,832
Restricted cash	6	5,600	5,600
Property and equipment	7	23,580	26,847
Intangible assets	8	37,663	31,389
		$ 1,097,619	$ 664,100
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 106,865	$ 71,120
Deferred revenue		8,674	4,786
Short-term debt – preferred shares	10	100,000	100,000
		215,539	175,906
Subordinated loans	9	407,027	-
		622,566	175,906
SHAREHOLDERS' EQUITY			
Common shares	10	1,536,734	1,536,734
Preferred shares, net of share issue costs	10	504,643	389,346
Reserves		335,069	323,985
Accumulated deficit		(1,901,393)	(1,761,871)
		475,053	488,194
		$ 1,097,619	$ 664,100

The accompanying notes are an integral part of these Consolidated Financial Statements

Approved on behalf of the Board

"J. Cowan McKinney"
Director

"Steven Youngman"
Director

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	For the years ended December 31, 2015	December 31, 2014
Revenue			
Consulting and trust service fee income		$ 33,137	$ 29,837
Self Administered Plan fee income		582,064	483,602
Interest income		68,821	76,327
		684,022	589,766
General and administrative expenses	13,16	759,649	723,909
Loss from operations		(75,627)	(134,143)
Amortization of property and equipment		(5,833)	(6,135)
Amortization of intangible assets		(7,135)	(3,054)
Finance expense	13	(14,968)	(10,661)
Share-based payments	11,13	(22,314)	-
Loss and comprehensive loss		$ (125,877)	$ (153,993)
Loss per share, basic and diluted	10	$ (0.006)	$ (0.007)
Weighted average number of common shares outstanding		25,018,558	25,018,558

The accompanying notes are an integral part of these Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital				Reserves		
	Common Shares	Amount	Preferred Shares	Amount	Share-based Payments	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2013	25,018,558	$ 1,536,734	14,100	$ 132,846	$ 334,365	$ (1,604,610)	$ 399,335
Preferred shares issued	-	-	25,650	256,500	-	-	256,500
Dividends paid on preferred shares	-	-	-	-	-	(13,648)	(13,648)
Transfer of options expired	-	-	-	-	(10,380)	10,380	-
Loss for the year	-	-	-	-	-	(153,993)	(153,993)
Balance, December 31, 2014	25,018,558	1,536,734	39,750	389,346	323,985	(1,761,871)	488,194
Preferred shares issued	-	-	12,000	120,000	-	-	120,000
Share issue costs on preferred shares	-	-	-	(4,703)	-	-	(4,703)
Dividends paid on preferred shares	-	-	-	-	-	(24,875)	(24,875)
Fair value of options granted	-	-	-	-	22,314	-	22,314
Transfer of options expired	-	-	-	-	(11,230)	11,230	-
Loss for the year	-	-	-	-	-	(125,877)	(125,877)
Balance, December 31, 2015	25,018,558	$ 1,536,734	51,750	$ 504,643	$ 335,069	$ (1,901,393)	$ 475,053

The accompanying notes are an integral part of these Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the years ended	
	December 31, 2015	December 31, 2014
Operating activities		
Loss for the year	$ (125,877)	$ (153,993)
Items not involving cash		
Amortization of property and equipment and intangible assets	12,968	9,189
Finance expense	-	2,931
Share-based payments	22,314	-
	(90,595)	(141,873)
Changes in non-cash working capital balances		
Accounts receivable	6,347	(15,701)
Prepaid expenses	2,136	(5,029)
Deposits	(14,682)	-
Accounts payable and accrued liabilities	35,745	(7,886)
Deferred revenue	3,888	(2,955)
Net cash used in operating activities	(57,161)	(173,444)
Investing activities		
Property and equipment acquired	(2,566)	(2,467)
Intangible assets acquired	(13,409)	(30,846)
Net cash used in investing activities	(15,975)	(33,313)
Financing activities		
Dividends paid	(24,875)	(13,648)
Proceeds from subordinated loans	407,027	-
Proceeds on issuance of preferred shares	115,297	256,500
Net cash provided by financing activities	497,449	242,852
Increase in cash during the year	424,313	36,095
Cash, beginning of the year	523,738	487,643
Cash, end of the year	$ 948,051	$ 523,738

The accompanying notes are an integral part of these Consolidated Financial Statements

1. Corporate Information

Western Pacific Trust Company (the "Company") has been listed on the TSX Venture Exchange (the "Exchange") since 1999 under stock symbol "WP".

The Company is a British Columbia incorporated, publicly traded, non-deposit taking independent trust company licensed under the *Financial Institutions Act* in British Columbia and the *Loan and Trust Corporations Act* in Alberta to conduct trust business in both provinces. The Company is not authorized to receive or hold funds on deposit. The Company may invest in corporations that carry on the kinds of businesses described in Chapter 141 of the *Financial Institutions Act*.

The Company acts as Trustee for Self-Administered Registered Retirement Savings Plans ("RRSP"), which permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. The Company also offers self-administered Tax-Free Savings Accounts ("TFSAs"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for both the RRSP and TFSA self-administered accounts include securities in eligible Canadian-controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

In June 2014 the Company changed the name of its wholly-owned subsidiary Futureworth Financial Planners Corp. to WP Private Equity Transfers Inc. ("WPPET"), a British Columbia incorporated company. WPPET provides transfer agency services for non-listed, non-reporting issuers.

The Company had a net loss of $125,877 for the year-ended December 31, 2015 (2014 - $153,993) and has an accumulated deficit of $1,901,393 as of December 31, 2015 (2014 - $1,761,871). At December 31, 2015, the Company has cash of $948,051 (2014 - $523,738) and working capital of $781,723 (2014 - $405,526). The continuing operations of the Company are dependent upon its ability to achieve profitable operations in the future, and raise additional financing from the issuance of shares, loans or from other sources.

The consolidated financial statements were approved by the board of directors and authorized for issue on March 18, 2016.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

2.2 Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, they have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements are presented in Canadian dollars, the Company's functional and reporting currency and all financial information has been rounded to the nearest dollar, except for per share data.

3. Summary of significant accounting policies

3.1 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its integrated wholly-owned subsidiary, WPPET. All material intercompany balances have been eliminated in these consolidated financial statements. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and ability to use its power over the investee to affect the amount of returns.

3.2 Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. In particular, significant judgments made by management in the application of IFRS during the preparation of the consolidated financial statements and estimates with a risk of material adjustment are:

a) Collectability of receivables

Receivables comprise amounts due from consulting and trust service fee and Self-Administered Plan fee income. The receivables are reviewed on a regular basis to determine their collectability. At December 31, 2015, management is of the opinion that the Company's balance is collectable.

b) Amortization of property and equipment and intangible assets

Property and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining-balance basis for computer software and furniture and equipment, and on a straight-line basis for leasehold improvements over the term of the lease. Amortization rates used are based on standard rates for the corresponding assets, and reflect management's best estimate of the useful lives of these assets.

c) Accrued liabilities

Management makes estimates of the obligations of the Company as a result of past transactions. The estimates are reviewed on an ongoing basis and revisions to the estimates are recognized in the period in which the estimate is revised.

d) Deferred income tax assets

In assessing the probability of realizing income tax assets, management makes educated estimates related to future net taxable income. Management believes that its estimates are reasonable, but actual results may differ.

e) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

3. Summary of significant accounting policies (continued)

3.3 Revenue recognition

Consulting and trust services fee income and Self-Administered Plan fee income are recognized when services are provided.

Interest income is accrued on a time-apportioned basis by reference to the carrying value using the effective interest rate method. The Company also accrues and recognizes interest income earned on funds held in trust.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Amortization is provided at rates calculated to write off the cost of equipment less their estimated residual value as follows:

- Computer software — 20% per year, on a declining-balance basis
- Furniture and equipment — 20% per year, on a declining-balance basis
- Leasehold improvements — over term of office lease (approximately five years), on a straight-line basis

An item of property and equipment is derecognized upon disposal, when held for resale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive loss.

3.5 Intangible assets

Intangible assets consist of trust management operations software. It is a definite-lived intangible asset being amortized over its estimated useful life of five years on a declining-balance basis. The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying value may not be recoverable.

3.6 Taxation

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of income tax assets is reviewed each reporting period and is reduced to the extent it is no longer probable the benefit will be realized.

3. Summary of significant accounting policies (continued)

3.7 Share-based payments

The Company has a stock option plan that is described in note 11. Stock options to employees are measured at the fair value of the instruments issued and amortized over the vesting period. Stock option payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

3.8 Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

3.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.10 Financial instruments

<u>Financial assets</u>
The Company classifies its financial assets in the following categories: fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

<u>Financial assets at fair value through profit or loss</u>
Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment charges.

3. Summary of significant accounting policies (continued)

3.10 Financial instruments (continued)

Available-for-sale
Available-for-sale assets are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognized directly in profit or loss. When the available-for-sale asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is included in profit or loss for the period.

Held-to-maturity
These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method, If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment including impairment losses are recognized in profit or loss.

Financial liabilities
The Company classifies its financial liabilities in the following categories: financial liabilities at FVTPL and other financial liabilities.

Other financial liabilities
Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statements of comprehensive loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date.

Classification of financial instruments
IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

3.11 Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Summary of significant accounting policies (continued)

3.12 Unit offerings

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the placement and the balance, if any, is allocated to the attached warrants.

3.13 Preferred shares

Preferred shares issued by the Company contain provisions that allow the holders of the preferred shares to put those shares to the Company for redemption ("right of retraction"). Where the holder of the preferred shares has waived their right of retraction, the associated preferred shares are recorded as equity of the Company. In cases where the holder of the preferred shares has retained their right of retraction, the associated preferred shares are recorded as a liability.

3.14 Recent accounting pronouncements

The following are future accounting pronouncements which have not been early adopted by the Company. At this time, management has reviewed these pronouncements and have yet to assess their full impact on the Company's consolidated financial statements.

IFRS 9 *Financial Instruments* (2014)

This is a finalizing version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss model" for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on or after January 1, 2018.

3. Summary of significant accounting policies (continued)

3.14 Recent accounting pronouncements (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning on or after January 1, 2018.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases.*

Applicable to the Company's annual period beginning on or after January 1, 2019.

4. Financial instruments

4.1 Categories of financial instruments

The Company has classified its financial instruments as follows:

- Cash – as FVTPL
- Trade accounts receivable and deposits (other than rental deposit) – as loans and receivable
- Restricted cash – as held-to-maturity
- Trade accounts payable and accrued liabilities, short-term debt – preferred shares and subordinated loans – as other financial liabilities.

4.2 Fair value

The fair values of the financial instruments, other than the short-term debt – preferred shares and subordinated loans, approximates their carrying value as at December 31, 2015 and 2014 due to the demand nature or short-term maturity of these instruments. Short-term debt – preferred shares approximates fair value as the amounts represented are at current values. Subordinated loans approximate fair value as they are based on current market rates of interest.

(Expressed in Canadian Dollars)

4. Financial instruments (continued)

4.3 Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk in respect of cash by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. Trade accounts receivable are due from clients. The Company manages credit risk in respect to accounts receivable by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2015 and 2014.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of amounts are held at a single major Canadian chartered bank. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31, 2015	December 31, 2014
Cash	$ 300,510	$ 56,427
Cash in interest-bearing account	647,541	467,311
Total cash	948,051	523,738
Deposits other than rental deposit	14,682	-
Restricted cash	5,600	5,600
Accounts receivable	28,730	35,077
	$ 997,063	$ 564,415

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. At December 31, 2015, the Company had trade accounts payable of $28,504 (2014 - $14,135), which are due for payment in 0 to 3 months, and short-term debt – preferred shares of $100,000 (2014 - $100,000), which is due on demand.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(Expressed in Canadian Dollars)

4. Financial instruments (continued)

4.3 Financial risk management objectives and policies (continued)

c) Market risk (continued)

i) Interest rate risk

Interest rate risk consists of two components:

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to any significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to other price risk.

The Company's exposure to and management of credit risk, liquidity risk and market risk related to financial instruments above have not changed materially for the year ended December 31, 2015.

5. Accounts receivable

The Company's trade accounts receivable is aged as follows:

	December 31, 2015	December 31, 2014
Less than 1 month	$ 9,552	$ 16,706
1 to 3 months	4,316	5,089
More than 3 months	14,862	13,282
	$ 28,730	$ 35,077

The Company anticipates full recovery of these amounts and therefore no allowance has been recorded against accounts receivable.

6. Restricted cash

The Company's restricted cash consists of a cashable guaranteed investment certificate held as security for the SEDAR program, with interest at 0.65% per annum, and maturing March 19, 2016. The investment is renewed annually.

(Expressed in Canadian Dollars)

7. Property and equipment

	Leasehold Improvements	Furniture and Equipment	Total
Cost			
As at December 31, 2013	$ 32,062	$ 160,067	$ 192,129
Additions	-	2,467	2,467
As at December 31, 2014	32,062	162,534	194,596
Additions	-	2,566	2,566
As at December 31, 2015	$ 32,062	$ 165,100	$ 197,162
Accumulated amortization			
As at December 31, 2013	$ 30,002	$ 131,612	$ 161,614
Charge for the year	526	5,609	6,135
As at December 31, 2014	30,528	137,221	167,749
Charge for the year	526	5,307	5,833
As at December 31, 2015	$ 31,054	$ 142,528	$ 173,582
Net book value			
As at December 31, 2014	$ 1,534	$ 25,313	$ 26,847
As at December 31, 2015	$ 1,008	$ 22,572	$ 23,580

8. Intangible assets

	Software
Cost	
As at December 31, 2013	$ 3,951
Additions	30,846
As at December 31, 2014	34,797
Additions	13,409
As at December 31, 2015	$ 48,206
Accumulated amortization	
As at December 31, 2013	$ 354
Charge for the year	3,054
As at December 31, 2014	3,408
Charge for the year	7,135
As at December 31, 2015	$ 10,543
Net book value	
As at December 31, 2014	$ 31,389
As at December 31, 2015	$ 37,663

(Expressed in Canadian Dollars)

9. Subordinated loans

In January 2015, the Company entered into an agreement with related parties for subordinated loans in the aggregate amount of $45,000. These loans are due for repayment July 29, 2021 and pay interest at a rate of 6% per annum.

In January 2015, the Company entered into an agreement with one of its issuers for a revolving subordinated loan based on 0.5% of the issuer's cash and client investments held in trust. The agreement states that the value would be calculated each month. The revolving loan advanced by its issuer is proportionate to the value of the assets of that issuer held in trust, and will increase or decrease relative to the value of the assets held. The balance payable up to June 30, 2015 is $11,527 with no further additional amounts advanced to the Company.

In May and June of 2015, the Company entered into agreements with related parties and third parties for subordinated loans of $230,000. These loans are due for repayment July 29, 2021 and July 31, 2021 and pay interest at a rate of 6% per annum.

In October and November 2015, the Company completed an additional agreement with related parties for subordinated debt of $120,500. These loans are due for repayment between September 30, 2021 to November 29, 2021 and pay interest at a rate of 6% per annum.

Issue Date	Due Date		Amount
January 29, 2015	July 29, 2021	$	45,000
May 22, 2015	July 29, 2021		50,000
June 30, 2015	July 29, 2021		50,000
June 30, 2015	July 31, 2021		130,000
October 30, 2015	September 30, 2021		20,500
November 10, 2015	November 9, 2021		50,000
November 16, 2015	November 15, 2021		25,000
November 30, 2015	November 29, 2021		25,000
Subtotal			395,500
Revolving loan – January 29, 2015	N/A		11,527
Total		$	407,027

The subordinated loans have been recorded in the consolidated statement of financial position, as non-current liabilities. However, the Company intends to repay the subordinated loans or convert the loans outstanding to Series II preferred shares (note 18).

10. Share capital

10.1 Authorized:

100,000,000 common shares without par value
100,000,000 preferred shares, issuable in series

Issued and outstanding:

25,018,558 (2014 – 25,018,558) common shares
61,750 (2014 – 49,750) Series I preferred shares with a value of $10 each, including 10,000 Series I preferred shares in preferred share liabilities

(Expressed in Canadian Dollars)

10. Share capital (continued)

10.2 During the year ended December 31, 2015, the Company issued 12,000 (2014 - 25,650) Series I preferred shares for proceeds of $120,000 (2014 - $256,500). These preferred shares are non-voting, redeemable, non-retractable, and earn non-cumulative dividends equal to 5% per annum of the aggregate value of $10 per share and a non-cumulative cash payment equal to 1% per annum of the aggregate value of $10 per share. The Company incurred $4,703 (2014 - $Nil) in share issuance costs for these Series I preferred shares. Dividend payments of $24,875 (2014 - $13,648) for these Series I preferred shares have been paid.

10.3 Preferred share liability

	Number of Preferred Shares		Value of Preferred Shares		Share Issue Costs		Net
Balance at December 31, 2013	10,000	$	100,000	$	(2,931)	$	97,069
Amortization of share issue costs	-		-	$	2,931	$	2,931
Balance at December 31, 2014 and December 31, 2015	10,000	$	100,000	$	-	$	100,000

Preferred share liability relates to 10,000 redeemable and retractable preferred shares issued in 2011, which the Company has classified as financial liabilities.

10.4 Loss per share

The following is a reconciliation of the numerator in calculating basic and diluted loss per share:

	For the years ended December 31			
		2015		2014
Loss before adjustment for preferred shares dividends	$	125,877	$	153,993
Amount paid as preferred share dividends		24,875		13,648
Adjusted loss per share	$	150,752	$	167,641
Loss per share, basic and diluted	$	0.006	$	0.007

11. Share-based payments

11.1 Stock options

The Company has a stock option plan (the “Plan”) under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. The minimum exercise price of any options granted under the Plan cannot be less than the discounted market price (the last closing price of the shares on the Exchange less a maximum 25% discount). The options are granted for up to a ten-year term. Vesting provisions may be imposed at the time of the grant of options at the discretion of the board of directors, except for consultants acting in an investor relations capacity where vesting provisions are prescribed.

(Expressed in Canadian Dollars)

11. Share-based payments (continued)

11.1 Stock options (continued)

On November 19, 2015, the Company granted 890,030 options to directors, officers and employees of the Company. The options are exercisable at $0.07 per option with vesting terms of one-third on December 31, 2015, one-third on December 31, 2016 and one-third on December 31, 2017 and expire November 18, 2022. An amount of $22,314 of share-based payments expense was recognized in 2015 related to the vesting terms of these options. There were no options granted during 2014.

During the year ended December 31, 2015, 100,000 options with an exercise price of $0.12 per option expired unexercised. 150,000 options with an exercise price of $0.12 per option expired unexercised during the year ended December 31, 2014. On expiry, $11,230 (2014 - $10,380) was transferred from reserves to deficit, to remove the previously recognized share-based payment related to expired options.

As of the date of these consolidated financial statements, no options have been exercised.

11.2 Outstanding stock options

Details of the Company's stock options outstanding as of December 31, 2015 and 2014 and changes during the respective years are as follows:

	Number Outstanding	**Weighted Average Exercise Price**
At December 31, 2013	2,234,970	$ 0.11
Expired	(150,000)	$ 0.12
At December 31, 2014	2,084,970	$ 0.11
Granted	890,030	$ 0.07
Expired	(100,000)	$ 0.12
At December 31, 2015	2,875,000	$ 0.09

As at December 31, 2015, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
November 18, 2022	$ 0.07	890,030	$ 0.06	6.91	296,677
November 26, 2022	$ 0.10	1,984,970	$ 0.07	6.89	1,984,970
		2,875,000		6.90	2,281,647

(Expressed in Canadian Dollars)

11. Share-based payments (continued)

11.2 Outstanding stock options (continued)

As at December 31, 2014, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
November 26, 2022	$ 0.10	1,984,970	$ 0.07	7.89	1,984,970
July 29, 2023	$ 0.12	100,000	$ 0.11	8.58	100,000
		2,084,970		7.94	2,084,970

The total fair value of the incentive options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	December 31, 2015	December 31, 2014
Risk-free interest rate	1.23%	-
Expected volatility	133%	-
Expected life	7 years	-
Expected dividend yield	-	-
Share price	$ 0.07	-
Exercise price	$ 0.07	-
Expected forfeitures	0.00%	-

Expected stock price volatility was derived from an average volatility based on historical movements in the closing prices of the Company's stock for a length of time equal to the expected life of the options.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0.00% in determining the expense recorded in the accompanying consolidated statements of comprehensive loss.

Share-based payments consists of $16,673 (2014 - $Nil) to directors and officers and $5,641 (2014 - $Nil) to employees.

12. Capital disclosures

The Company considers its shareholders' equity and short-term debt – preferred shares and subordinated loans to be its capital, which, as at December 31, 2015, amounted to $982,080 (2014 - $588,194).

The Company's objective of managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders.

The Company maintains sufficient capital to meet its future needs, taking into consideration economic risks inherent in its businesses and regulatory requirements.

(Expressed in Canadian Dollars)

12. Capital disclosures (continued)

Under the *Financial Institutions Act* of British Columbia, the Company is required to meet the regulatory capital as prescribed by the Financial Institutions Commission ("FICOM"). To satisfy the requirements, the Company is required to maintain a minimum capital determined by multiplying the total value of the assets that the Company holds in trust by 0.5%. The Company has complied with the capital requirements as prescribed by FICOM as at December 31, 2015.

The Company reviews the sufficiency of its capital as appropriate and makes necessary adjustments to its capital primarily by raising adequate financing.

There have been no changes to the Company's approach to capital management for the year ended December 31, 2015.

13. Related party transactions and balances

The Company's related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. All transactions with related parties are in the normal course of operations. Amounts due to or from related parties are subject to normal trade terms and conditions.

During the years ended December 31, 2015 and 2014, the Company had the following related party transactions:

Key management compensation		December 31, 2015		December 31, 2014
Management salaries	$	131,629	$	118,968
Directors' fees		37,000		31,086
Consulting fees paid to companies controlled by directors		78,000		82,385
Professional fees for consultant		10,000		-
Share-based payments		16,673		-
Total compensation	$	273,302	$	232,439

During the year ended December 31, 2015, the Company paid consulting fees of $78,000 (2014 - $82,385) to companies owned by directors, which are included in general and administrative expenses.

A total of $37,000 (2014 - $31,086) for directors' fees are included in general and administrative expenses.

A total of $10,000 is included in general and administrative expenses for an officer of the Company for professional fees.

Dividends of $16,775 (2014 - $12,326) and interest and waiver fee of $12,850 (2014 - $2,447), included in finance expense, have been paid to directors and a close family member of a director.

At December 31, 2015, the Company has $37,275 (2014 - $18,892) in accounts payable and accrued liabilities due to an officer and directors of the Company and a company controlled by a director.

Compensation for key management is for short-term benefits only. Key management personnel do not receive any post-employment or other long-term benefits.

(Expressed in Canadian Dollars)

14. Commitments for expenditures

In October 2012, the Company entered into a five-year lease for premises located in Vancouver, British Columbia. Under the terms of the lease, the Company is responsible for basic rent plus operating costs and property taxes commencing March 1, 2013. The Company's commitment for minimum rental payments, calculated based on basic rent is $5,118 per month for the first two years, $5,340 per month for the third year and $5,563 per month for the fourth and fifth years. The operating costs, which are calculated each year, were $3,994 (2014 - $3,883) per month and are expected to increase by 4% for each year until the end of the lease term. A security deposit of $18,832 was paid in August 2012.

The Company also has a non-cancellable operating lease for equipment expiring in May 2017. Cash commitments for minimum lease payments in relation to non-cancellable operating leases for equipment and premises as at December 31, 2015, are payable as follows:

Not later than 1 year	$	119,243
Later than 1 year and not later than 5 years		139,809
	$	259,052

15. Operating segments

The Company operates in one industry segment, the financial services industry, and all operations and assets are situated in Canada.

16. General and administrative expenses

	For the years ended December 31			
		2015		2014
Salaries and benefits	$	350,612	$	344,525
Professional fees		133,049		116,070
Rent		111,271		110,449
Office and administration		106,951		98,301
Directors fees		37,000		31,086
Compliance and regulatory		20,766		23,478
	$	759,649	$	723,909

17. Income taxes

The reconciliation of income taxes computed at statutory rates to the reported income tax provision is as follows:

	For the years ended December 31			
		2015		2014
Loss before income tax	$	125,877	$	153,993
Income tax at statutory rates		26%		26%
Income tax benefit at Canadian statutory rates		32,728		40,038
Other items		(7,031)		13,457
Under provided in prior years		56,847		152,662
Non-capital losses expired		(225,081)		(76,841)
Unused tax losses and tax offsets not recognized		142,537		(129,316)
	$	-	$	-

(Expressed in Canadian Dollars)

17. Income taxes (continued)

Current statutory tax rates consist of 11% for British Columbia tax and 15% for federal corporate tax for a total tax rate of 26%.

Significant components of the Company's unrecognized deferred tax assets are as follows:

	December 31 2015	2014
Non-capital losses carried forward	$ 3,667,782	$ 4,221,914
Capital losses carried forward	5,723	5,723
Differences between book value and tax value of property and equipment	166,837	160,282
Share issue costs	7,315	7,621
Cumulative eligible capital deduction	787,428	787,770
Unused losses and deductible temporary differences	$ 4,635,085	$ 5,183,310

The consolidated financial statements do not reflect the potential tax reductions that may be available through the application of non-capital losses of $3,667,782 to be carried forward and applied against future years' taxable income. The losses expire as follows:

Year	Amount
2026	$ 759,909
2027	622,081
2028	283,257
2029	402,072
2030	411,086
2031	244,225
2032	369,505
2033	329,221
2034	153,501
2035	92,925
	$ 3,667,782

18. Subsequent events

On March 15, 2016, the Company announced that in accordance with part 26 of the Articles of the Company, 1,000,000 preferred shares of the Company have been designated as Series II preferred shares with a value of $10 per share. The Series II preferred shares are non-voting and non-redeemable by the holder. The Series II preferred shares are also subject to special rights and restrictions in addition to those assigned to all preferred shares under the Articles of the Company, which include the right of the holder to receive quarterly non-cumulative dividends at a fixed rate of 5% of the issue price per annum. The Company has the right to redeem the Series II preferred shares at any time on a 30 days' (the "Redemption Period") notice and at any time prior to the expiry of the redemption period, each holder of the Series II preferred shares shall have the right to convert the Series II preferred share into common shares at a conversion ratio equal to the issue price divided by the conversion price of $0.15 per common share, subject to adjustment.

18. Subsequent events (continued)

In conjunction with the announcement of the designation of the Series II preferred shares, the Company also announced a private placement (the “Offering”) of up to 79,600 Series II preferred shares at a price of $10 per share for gross proceeds of up to $796,000. The closing of the Offering is subject to the approval of the TSX Venture Exchange.

Corporate Directory

Western Pacific Trust Company

DIRECTORS
J. Cowan McKinney, CPA, FCA [1, 2, 4] Board Chair
G. Benjamin Cutler [2, 3]
John C.A. de Wit, CPA, CA [1, 3, 4, 5]
Anthony Liscio, DDS [2, 4]
Robert W. Macdonald
Steven O. Youngman, LL.B [1, 5] Deputy Board Chair

OFFICERS

President & CEO [3, 5]	Alison Alfer
Chief Financial Officer [5]	Sharon Lee, CPA, CA
Corporate Secretary	George R. Brazier, LL.B

Board Committees:
1 Audit Committee
2 Conduct Review Committee
3 Investment & Loan Committee
4 Executive Compensation Committee
5 Capital Management Committee

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