

360 Capital Financial Services Group Inc.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
360 Capital Financial Services Group Inc.

We have audited the accompanying consolidated financial statements of 360 Capital Financial Services Group Inc. which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 audits 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 our 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, we consider 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 based on 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 360 Capital Financial Services Group Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of 360 Capital Financial Services Group Inc. to continue as a going concern

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

April 29, 2015

360 Capital Financial Services Group Inc.
Consolidated Statements of Financial Position
As at December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Note	2014 \$	2013 \$ (Note 2)
ASSETS			
Current Assets			
Cash		206,622	221,731
Short-term investments	4	101,574	701,565
Amounts and other receivable		9,656	5,430
Promissory notes	5	52,040	-
Prepaid expenses and deposits		7,113	32,798
		377,005	961,524
Investment in associate	6	55,743	-
Intangible asset	7	29,429	-
		462,177	961,524
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	13	23,699	17,460
Due to related parties	13	11,870	5,436
		35,569	22,896
Equity			
Share capital	8	3,037,791	3,037,791
Contributed surplus	8	344,697	344,697
Accumulated deficit		(2,955,880)	(2,443,860)
		426,608	938,628
		462,177	961,524

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 14)
SUBSEQUENT EVENTS (Note 16)

These consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2015. Approved on behalf of the Board by:

/s/ "John Gan" , Director

/s/ "Donald Gordon" , Director

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

360 Capital Financial Services Group Inc.
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Note	2014 \$	2013 \$
Revenue			
Insurance services commission		28,969	12,954
Financial advisory services		17,500	-
		46,469	12,954
Expenses			
Amortization	7	2,295	-
Commissions		18,867	10,458
Professional fees		148,787	125,817
Salaries and benefits		195,404	181,200
Office and miscellaneous		162,403	128,147
Regulatory and transfer agent fees		26,148	-
Share-based compensation		-	153,510
		553,904	599,132
Loss from operations		(507,435)	(586,178)
Other income (expenses)			
Interest and other income		9,047	17,165
Listing expenses		-	(399,482)
Loss from associate	6	(13,632)	-
		(4,585)	(382,317)
Net loss and comprehensive loss		(512,020)	(968,495)
Basic and diluted loss per common share	9	(0.01)	(0.02)
Weighted average number of common shares outstanding		43,854,112	42,283,429

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

360 Capital Financial Services Group Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Note	2014 \$	2013 \$
OPERATING ACTIVITIES			
Net loss for the year		(512,020)	(968,495)
Items not affecting cash:			
Amortization		2,295	-
Loss from associate	6	13,632	-
Listing expenses	2	-	336,000
Share-based compensation		-	153,510
		(496,093)	(478,985)
Changes in non-cash working capital items:			
Increase in amounts and other receivable		(4,226)	(508)
Increase (decrease) in prepaid expense		25,685	(10,033)
Increase in accounts payable		6,239	10,114
Cash used in operating activities		(468,395)	(479,412)
INVESTING ACTIVITIES			
Redemption of short-term investments		599,991	401,161
Promissory notes	5	(52,040)	-
Purchase of intangible asset	7	(31,724)	-
Investment in associate	6	(69,375)	-
Cash provided by investing activities		446,852	401,161
FINANCING ACTIVITIES			
Advance from related parties		6,434	698
Cash provided by financing activities		6,434	698
Decrease in cash		(15,109)	(77,553)
Cash, beginning of year		221,731	299,284
Cash, end of year		206,622	221,731
Supplemental disclosures:			
Cash paid for interest		-	-
Cash paid for income taxes		-	-

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

360 Capital Financial Services Group Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Share Capital Number of Common Shares	Amounts	Contributed Surplus	Accumulated Deficit	Total
			\$	\$	\$	\$
Balance at December 31, 2012		41,754,115	2,747,918	145,060	(1,475,365)	1,417,613
Cancellation of common shares of Global	2	(41,754,115)	-	-	-	-
Issuance of common shares of 360 Capital	2	41,754,115	-	-	-	-
Share-based compensation		100,000	16,000	-	-	16,000
Listing expense	2	1,999,997	320,000	-	-	320,000
Modification of stock options and warrants			(46,127)	199,637	-	153,510
Comprehensive loss		-	-	-	(968,495)	(968,495)
Balance at December 31, 2013		43,854,112	3,037,791	344,697	(2,443,860)	938,628
Comprehensive loss		-	-	-	(512,020)	(512,020)
Balance at December 31, 2014		43,854,112	3,037,791	344,697	(2,955,880)	426,608

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

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

360 Capital Financial Services Group Inc. ("360 Capital" or "Company") was incorporated in British Columbia on February 19, 2009. On September 30, 2013 pursuant to a Plan of Arrangement and Amalgamation Agreement (the "Plan"), Global MGA Financial Inc. ("Global") amalgamated with Carnelian Strategic Capital Corp. ("Carnelian"), which was a reporting issuer incorporated in British Columbia on May 3, 2013. Pursuant to the Plan, the amalgamated company was named 360 Capital Financial Services Group Inc.

On November 27, 2013, shares of 360 Capital were listed on the Canadian Securities Exchange ("CSE") for trading under the trading symbol TSZ.

The Company, through its subsidiaries, is developing, growing and operating financial services businesses and distribution through acquisition, partnership, joint-venture, and strategic alliance and cooperation – in Canada and Asia Pacific. These financial services include insurance, merchant banking and advisory services for companies seeking a public listing in Canada. The Company's registered address is Metrotower II, 4720 Kingsway, Suite 2600, Burnaby, British Columbia, Canada, V5H 4N2.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for at least the next twelve months. The Company has incurred losses since its inception and has an accumulated deficit of \$2,955,880 as at December 31, 2014. In addition, the Company has experienced negative cash flows from operations. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, identifying and acquiring businesses or assets, and generating profitable operations in the future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. AMALGAMATION

On September 30, 2013, pursuant to the Plan, Global amalgamated with Carnelian to form 360 Capital. Effective on that date, a total of 43,854,112 common shares of 360 Capital were issued to the former shareholders of Global and Carnelian, of which 41,854,115 common shares of 360 Capital were issued to the former shareholders of Global and 1,999,997 common shares of 360 Capital were issued to the former shareholders of Carnelian.

For accounting purposes, this transaction is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since Carnelian, which was a company with no identifiable net assets prior to its amalgamation with Global, did not meet the definition of a business under IFRS 3. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby Global is deemed to have issued shares in exchange for obtaining the reporting issuer and listing status of Carnelian. The accounting for the transaction results in the following:

- (i) The consolidated financial statements of the amalgamated entity 360 Capital are considered a continuation of the consolidated financial statements of Global.
- (ii) Global's assets and liabilities are included in the consolidated financial statements at their historical carrying values.

The fair value of the 1,999,997 shares of 360 Capital issued to the former shareholders of Carnelian was estimated to be \$320,000, based on a value of \$0.16 per share realized by Global in its most recent private placement before the amalgamation. The shares are accounted for as consideration given by Global to the former shareholders of Carnelian in exchange for Carnelian's reporting issuer and listing status, and therefore their fair value of \$320,000 is expensed in the consolidated statement of comprehensive loss as a listing expense. Other costs incurred as part of the listing process, including share-based compensation paid to a director and professional fees, are also reported as listing expenses in the consolidated statement of comprehensive loss.

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and are prepared in accordance with accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Legal Name	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	Hong Kong	Holding Company
Zhaoying (Shanghai) Management Consulting Co. Ltd. (China WOFE)	China	Holding Company
Mega Bright Financial Incorporated	British Columbia, Canada	Insurance Agency
360 Securities Ltd.	British Columbia, Canada	Financial Services Company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Zhaoying (Shanghai) Management Consulting Co. Ltd. And Global MGA (Hong Kong) Limited are inactive and have no significant transactions.

The accounting policies of its subsidiaries are consistent with the policies adopted by the Company.

Foreign Currencies

The reporting and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

In preparing the consolidated financial statements of the individual subsidiaries, transactions in currencies other than the parent's functional currency, which is the Canadian dollar, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items that are denominated in currencies other than the functional currency are translated at the period end exchange rates. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and short-term investments are classified as financial assets at FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company's other receivable and promissory notes are classified as loans and receivables at December 31, 2014.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has no financial instruments classified as financial liabilities at FVTPL at December 31, 2014.

Cash and Cash Equivalents

Cash and cash equivalents are classified as fair value through profit or loss and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

The Company's intangible asset is comprised of a book of agency relationships with insurance customers purchased from an unrelated party and is measured at cost. The insurance customers are considered to have an estimated life of up to 10 years, being the expected period over which insurance premiums and agency commissions are likely to be earned from the customer. Accordingly, the cost of the agency relationships is amortized over that period. The agency relationships are assessed for impairment and expected remaining life annually. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statements of comprehensive loss.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Investment in Associates

The Company follows the equity method of accounting for its investments in associates in which it owns less than 50% and over which it exercises significant influence. Under this method, the Company includes in its net earnings its share of the net earnings or losses of the associate less dividends received, if any.

Share Capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Share Issue Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to earnings.

Share-based Payment Transactions

The Company offers equity-settled share-based payments to directors, officers, employees and non-employees. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve. Equity-settled awards are not re-measured subsequent to the initial grant date.

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment Transactions (continued)

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is based on the weighted average number of common shares and stock options outstanding at the beginning of or granted during the period, calculated using the treasury stock method. Under this method, the proceeds from the exercise of the options are assumed to be used to repurchase the Company's shares. The difference between the number of shares assumed purchased and the number of options assumed exercised is added to the actual number of shares outstanding to determine diluted shares outstanding for purposes of calculating diluted earnings per share. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax expense is comprised of current and deferred tax components. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the related tax is recognized in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method. Under this method, the Company calculates all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the period end date. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the period end date.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses and tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of the financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue Recognition

Insurance services commission revenue is generally based on the Company's gross commissions on insurance premiums received in respect of the closing of insurance contracts. Commission income is recorded when the amount is able to be determined and measured reliably based on commission contracts or arrangements, it is probable that economic benefits in the form of payment of the commissions will be received by the Company, and the insurance contract between the insured and the insurer is binding such that the insurer cannot avoid the obligation to pay the commission. This is also the point at which the Company is obligated to pay the agent's share of the commission to the agent and the costs to pay the agent can be measured reliably.

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Financial advisory services revenue, such as consulting fees earned, is generally recognized when the related services have been provided, the amount is determinable and the collectability is reasonably assured. The specific terms of the advisory services arrangements governing how and when such revenue will be recognized depend on the arrangement. Non-refundable fees are recognized when they have been received and there are no outstanding conditions which may cause such fees to be refunded.

Interest income is recognized as earned on an accrual basis.

Income or loss related to the Company's share of investments in associates is accounted using the equity method. See also Note 6 Investment in Associate.

Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- the assumptions used in valuing options in share-based payment calculations
- the determination of deferred income tax assets and liabilities
- the determination of the useful life of the intangible asset
- the determination and measurement of the Company's interest in an associate's identifiable net assets at fair value at the date of acquisition of the associate

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- the determination of functional currency of the Company;
- the determination of revenue recognition policy;
- the determination of the nature, extent and financial effects of its interests in associates
- the assessment of impairment of promissory notes and loan receivable
- the evaluation of the Company's ability to continue as a going concern
- the determination to apply the pronouncements of IFRS 2 to the accounting for the transaction described in Note 2.
- the consideration of the factors determining the acquisition of the book of agency relationships described in Note 7 as an intangible asset.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. A provision is recognized when, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted During the Year

Effective January 1, 2014, the Company adopted the following new accounting standards and interpretations. The Company determined that the adoption of these standards and interpretations did not result in any material changes in the consolidated financial statements.

IAS 32 Financial Instruments: Presentation

In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IAS 36 Impairment of Assets

In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal

IAS 39 Financial Instruments: Recognition and Measurement

In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

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

In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New Accounting Standards Issued But Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2017:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39, the IASB issued the first phase of IFRS 9, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The extent of the impact of adoption of these standards on the consolidated financial statements of the Company has not been determined.

4. SHORT-TERM INVESTMENTS

As at December 31, 2014 the Company held the following:

	December 31, 2014	
	Maturity	Amount
Guaranteed Investment Certificate		
- 1.70% fixed annual interest rate	January 28, 2015	\$100,000
Accrued interest		1,574
		<u>\$101,574</u>

As at December 31, 2013 the Company held the following:

	December 31, 2013	
	Maturity	Amount
Guaranteed Investment Certificate		
- Prime minus 1.80% annual interest rate	October 23, 2014	\$700,000
Accrued interest		1,565
		<u>\$701,565</u>

All term deposits are redeemable in full or portion at the Company's option without penalty. Interest is paid on amounts redeemed subsequent to 30 days from the date of investment.

5. PROMISSORY NOTES

As at December 31, 2014, the Company held the following promissory notes receivable from arm's length parties:

	Amount	Annual Interest Rate	Due Date
Balance as at December 31, 2012 and 2013	-		
Issued on September 30, 2014 (a)	\$50,000	7.5%	December 31, 2015
Issued October 7, 2014 (b)	2,040	3.0%	October 6, 2015
Balance as at December 31, 2014	<u>\$52,040</u>		

360 Capital Financial Services Group Inc.
Notes to Consolidated Financial Statements
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5. PROMISSORY NOTES (continued)

- a) A loan was advanced to a customer to whom the Company provided consulting services during the year ended December 31, 2014, and is secured by tax refunds the customer is expected to receive in the year ended December 31, 2015.
- b) A loan was made as an advance of commission payout to an insurance agent and is unsecured.

6. INVESTMENT IN ASSOCIATE

On August 29, 2014, the Company acquired a 29% interest in Silver Maple Ventures Inc. ("SMV") by purchasing 2,175,000 common shares of SMV at \$0.0250 per share for aggregate cash consideration of \$54,375. The Company's interest in SMV's identifiable net assets at fair value upon acquisition consisted entirely of its share of the fair value of an Exempt Market Dealer license held by SMV. The Company was granted a pre-emptive right enabling it to maintain its percentage equity interest in SMV.

SMV was incorporated under the Business Corporation Act of British Columbia on October 18, 2013. It is registered as an Exempt Market Dealer in British Columbia, Alberta and Ontario. SMV proposes to raise funds by providing funding and investment services to accredited and non-accredited investors via online platform and representative networks. There is no quoted market price for the shares of SMV. The Company and SMV have one director in common.

	Investment in SMV
	\$
Carrying value, December 31, 2012 and 2013	-
Acquisition cost	\$54,375
Loan to associate	15,000
Loss of SMV from acquisition date	(13,632)
Carrying value, December 31, 2014	\$55,743

Summarized financial information for SMV (100% basis) prepared in accordance with IFRS as at December 31, 2014 is as follows:

	As at December 31, 2014
	\$
Total current assets	76,263
Total non-current assets	6,000
Total assets	82,263
Total current liabilities	5,962
Total non-current liabilities	76,757
Total liabilities	82,719
Total deficit	(456)
Total liabilities and deficit	82,263

During the period from August 29, 2014 to December 31, 2014, SMV generated no revenue and incurred operating expenses totalling \$47,009, which was also its net loss and comprehensive loss for the period.

The loan of \$15,000 advanced to SMV on November 25, 2014 is in the form of an unsecured promissory note which bears interest at the rate of 3% per annum and matures on December 31, 2016.

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6. INVESTMENT IN ASSOCIATE (continued)

There are no formal restrictions on the ability of SMV to transfer funds to the Company in the form of repayment of loans, payment of dividends, or advance of cash to the Company. As an Exempt Market Dealer pursuant to National Instrument 31-103, SMV is required to maintain a minimum working capital of \$50,000. The Company is not a guarantor of this obligation and therefore can exercise its discretion to provide funding to SMV should a working capital deficiency arises. As at December 31, 2014, SMV met the minimum working capital requirement.

7. INTANGIBLE ASSET

During the year ended December 31, 2014, the Company purchased a book of agency relationships from an unrelated party for cash consideration of \$31,724. The cost of the acquisition was determined to consist of an intangible asset comprised of agency relationships with insurance customers and was determined to have an estimated finite life of 10 years.

	Insurance Portfolio
	\$
Cost	
Balance, January 1, 2014	-
Addition	31,724
Balance, December 31, 2014	31,724
Accumulated amortization	
Balance, January 1, 2014	-
Amortization	2,295
Balance, December 31, 2014	2,295
Net carrying value	
December 31, 2013	-
December 31, 2014	29,429

8. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. All issued shares are fully paid.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers.

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8. SHARE CAPITAL (continued)

Share Purchase Option Compensation Plan (continued)

The continuity of share purchase options for the year ended December 31, 2014 is as follows:

Expiry Date	Exercise Price	December 31, 2013	Granted	Exercised	Expired/Cancelled	December 31, 2014	Options Exercisable
November 30, 2014*	\$0.16	689,063	-	-	(689,063)	-	-
December 31, 2014	\$0.16	333,333	-	-	(333,333)	-	-
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
October 14, 2018*	\$0.10	3,000,000	-	-	-	3,000,000	3,000,000
		4,355,729	-	-	(1,022,396)	3,333,333	3,333,333
Weighted average exercise price						\$0.11	\$ 0.11
Weighted average contractual remaining life (years)						3.51	3.51

The continuity of share purchase options for the year ended December 31, 2013 is as follows:

Expiry Date	Exercise Price	December 31, 2012	Granted	Exercised	Expired/Cancelled	December 31, 2013	Options Exercisable
December 31, 2013	\$0.16	333,334	-	-	(333,334)	-	-
November 30, 2014*	\$0.16	689,063	-	-	-	689,063	689,063
December 31, 2014	\$0.16	333,333	-	-	-	333,333	333,333
December 31, 2015	\$0.16	333,333	-	-	-	333,333	333,333
October 14, 2018*	\$0.10	3,300,000	-	-	(300,000)	3,000,000	3,000,000
		4,989,063	-	-	(633,334)	4,355,729	4,355,729
Weighted average exercise price						\$0.12	\$ 0.12
Weighted average contractual remaining life (years)						3.67	3.67

* New expiry dates of the modified options are as follows:

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
May 30, 2013	\$0.16	689,063	November 30, 2014
October 14, 2013	\$0.10	3,000,000	October 14, 2018

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8. SHARE CAPITAL (continued)

Warrants

During the year ended December 31, 2014, the Company extended the expiry dates of 6,250,000 warrants with an exercise price of \$0.20 previously issued as part of a private placement in 2011. The modification of the warrants has no share-based compensation impact as the original warrants were issued pursuant to a capital transaction.

The continuity of warrants for the year ended December 31, 2014 is as follows:

Expiry Date	Exercise Price	December 31, 2013	Granted	Exercised	Expired/Cancelled	December 31, 2014
November, 30, 2014	\$0.16	240,625	-	-	(240,625)	-
November, 30, 2014	\$0.16	117,187	-	-	(117,187)	-
May 30, 2016*	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	(357,812)	6,250,000
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						1.41

* New expiry date of the modified warrants is as follows:

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
November 30, 2014	\$0.20	6,250,000	May 30, 2016

The continuity of warrants for the year ended December 31, 2013 is as follows:

Expiry Date	Exercise Price	December 31, 2012	Granted	Exercised	Expired/Cancelled	December 31, 2013
November, 30, 2014*	\$0.16	240,625	-	-	-	240,625
November, 30, 2014*	\$0.16	117,187	-	-	-	117,187
November, 30, 2014*	\$0.20	6,250,000	-	-	-	6,250,000
		6,607,812	-	-	-	6,607,812
Weighted average exercise price						\$0.20
Weighted average contractual remaining life (years)						0.92

* New expiry dates of the modified warrants are as follows:

Original Expiry Date	Exercise Price	Options Exercisable	New Expiry Date
June 1, 2013	\$0.16	240,625	November 30, 2014
May 30, 2013	\$0.16	117,187	November 30, 2014
May 30, 2013	\$0.20	6,250,000	November 30, 2014

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8. SHARE CAPITAL (continued)

Escrow Shares

As at December 31, 2014, 14,377,827 issued common shares were held in escrow. The shares will be released from escrow as follows:

Date	Number of Common Shares
May 27, 2015	3,594,457
November 27, 2015	3,594,457
May 27, 2016	3,594,457
November 27, 2016	3,594,456
	<u>14,377,827</u>

9. BASIC AND DILUTED LOSS PER SHARE

Diluted loss per share did not include the effect of 3,333,333 share purchase options and 6,250,000 common share purchase warrants as they are anti-dilutive.

10. INCOME TAXES

The Company has Canadian non-capital loss carry forwards that have not been recognized. Tax laws and regulations are subject to interpretation and inherent uncertainty; therefore, management's assessments involve judgments, estimates and assumptions about current and future events. Although management believe these estimates and assumptions are reasonable and appropriate, the final determination could be materially different than that which is reflected in the Company's provision.

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The amount of income tax expense shown in the consolidated statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2014 \$	2013 \$
Canadian statutory income tax rate	26.00%	25.75%
Income tax recovery at statutory rate	(133,125)	(249,394)
Effect on income taxes of:		
Non-deductible amounts	9,795	126,792
Effect of change in income tax rates	-	(13,940)
Other	8,361	(1,387)
Change in unrecognized tax assets	114,969	137,929
Income tax recovery	-	-

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10. INCOME TAXES (continued)

The significant components of the Company's deferred income tax assets are as follows:

	2014	2013
	\$	\$
Share issue costs	-	16,720
Non-capital losses	571,404	439,715
	571,404	456,435
Unrecognized deferred tax assets	(571,404)	(456,435)
Deferred income tax assets	-	-

As at December 31, 2014, the Company has Canadian non-capital loss carry forwards of \$2,197,000 that may be available for tax purposes. The expiry dates of the losses are as follows:

Expiry	\$
December 31, 2028	74,000
December 31, 2029	291,000
December 31, 2030	434,000
December 31, 2031	355,000
December 31, 2032	351,000
December 31, 2033	151,000
December 31, 2034	541,000
	2,197,000

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Fair values

The Company's financial instruments consist of cash, short-term investments, other receivable, promissory notes, accounts payable and due to related parties. The fair values of the Company's financial assets and liabilities approximate their carrying amounts because of their current nature.

	2014	2013
	\$	\$
<i>Assets:</i>		
Fair value through profit or loss (i)	308,196	923,296
Loans and receivables (ii)	57,936	5,430
<i>Liabilities:</i>		
Other financial liabilities (iii)	35,569	22,896

- (i) Cash and short-term investments
- (ii) Other receivable and promissory notes
- (iii) Accounts payable and due to related parties

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	\$	\$	\$	\$
<i>As at December 31, 2014</i>				
Cash	206,622	206,622	-	-
Short-term Investments	101,574	101,574	-	-
<i>As at December 31, 2013</i>				
Cash	221,731	221,731	-	-
Short-term Investments	701,565	701,565	-	-

Currency Risk

It is management's opinion that the Company is not exposed to significant currency risk as its short-term investments are all denominated in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company may experience some cash flow interest rate risk because of holding investments which bear interest at variable rates.

Credit, Liquidity, and Market Risks

Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risks associated with receivables are managed and exposure to potential loss is assessed as minimal. Market risks associated with short-term investments are assessed as minimal as they are considered short-term in nature.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

Credit, Liquidity, and Market Risks (continued)

All of the Company's financial liabilities have maturities of one year or less:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
	\$	\$	\$	\$	\$
<i>As at December 31, 2014</i>					
Accounts payable	23,699	(23,699)	(23,699)	-	-
Due to related parties	11,870	(11,870)	(11,870)	-	-
Total	35,569	(35,359)	(35,569)	-	-
<i>As at December 31, 2013</i>					
Accounts payable	17,460	(17,460)	(17,460)	-	-
Due to related parties	5,436	(5,436)	(5,436)	-	-
Total	22,896	(22,896)	(22,896)		

12. CAPITAL MANAGEMENT

The Company's objectives for managing capital (defined as all components of equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Company manages capital by issuing new shares or new debt. There are no externally imposed capital requirements

13. RELATED PARTY TRANSACTIONS AND BALANCES

Details of outstanding balances with related parties including key management personnel are as follows:

	2014	2013
	\$	\$
Due from related companies with common shareholders	1,769	-
Due to directors	(13,639)	(5,436)
	(11,870)	(5,436)

Balances due from (to) related parties are unsecured, do not bear any interest and have no fixed terms of repayment.

Included in accounts payable and accrued liabilities is \$9,313 due to officers and directors for consulting fees and expense reimbursements.

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of the executive management team and directors

The Company has identified its directors and senior officers as its key management personnel.

For the year ended December 31, 2014, total compensation of \$150,000 (2013: \$153,520) was paid to the Company's executive management team and directors.

During the year ended December 31, 2014, the Company paid consulting fees of \$60,000 (2013: \$60,000) to an officer who is also a director of the Company in lieu of salaries.

During the year ended December 31, 2014, the Company paid marketing fees of \$24,000 to a director of the Company (2013: \$10,700).

14. COMMITMENTS

- a) The Company is committed to consulting fees of \$60,000 in total per year to an officer whom is also a director, until cancellation of the consulting agreement, which requires notice of 30 to 90 days by either party.
- b) The Company is committed to marketing fees of \$2,000 per month to a director until October 31, 2015.
- c) The Company has a lease agreement for office space located in Burnaby, British Columbia, which will expire on June 30, 2015. The current monthly rental expense is approximately \$2,300.

15. SEGMENTED REPORTING

The Company's business as described in Note 1 is reported as one operating segment.

16. SUBSEQUENT EVENTS

- a) On February 26, 2015, the Company closed a non-brokered private placement by issuing 5,000,000 shares at a price of \$0.03 per share for gross proceeds of \$150,000. No finders' fees were paid in respect of the private placement. Subscribers consisted of existing shareholders who are also officers and directors of the Company. All securities issued will be subject to a four-month hold period until June 27, 2015.
- b) Subsequent to December 31, 2014, the Company sold its book of agency relationships with insurance customers for cash consideration of \$29,429.