Cliffside Capital Ltd.
Audited Financial Statements

For the Years Ended December 31, 2016 and 2015

Financial Statements **Page**

Management Report

The accompanying financial statements of Cliffside Capital Ltd. and all other financial information included in the financial statements are the responsibility of management and have been approved by the Board of Directors ("Board").

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on assumptions and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the other financial information presented elsewhere and has ensured that it is consistent with these financial statements.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee meets periodically with management and the external auditor to discuss auditing matters and financial issues, to satisfy it that each party is properly discharging its responsibilities, and, the financial statements for issuance to shareholders. The Audit Committee also considers, for review of the Board and approval by the shareholders, the engagement or reappointment of the external auditor. The financial statements have been audited by PricewaterhouseCoopers LLP in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. PricewaterhouseCoopers LLP has full and free access to the Audit Committee.

April 25, 2017

Independent Auditor's Report

To the Shareholders of
Cliffside Capital Ltd.

We have audited the accompanying financial statements of Cliffside Capital Ltd., which comprise the statement of financial position as at December 31, 2016 and the statements of net income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the year then ended, and the related notes, which comprise 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Cliffside Capital Ltd. as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter
The financial statements of Cliffside Capital Ltd. for the year ended December 31, 2015, were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2016.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Cliffside Capital Ltd.
Statement of Financial Position
(in Canadian dollars)

As at	**Dec 31, 2016**	**Dec 31, 2015**
	$	**$**
Assets		
Cash	716,009	4,641,361
Other assets	15,525	193
Total current assets	731,534	4,641,554
Investments in limited partnerships (note 4)	4,333,906	-
Deferred income taxes (note 5)	143,346	-
Total assets	**5,208,786**	**4,641,554**
Liabilities		
Accounts payable and accrued liabilities	104,703	56,564
Total current liabilities	104,703	56,564
Advance from CAL LP (note 10)	425,000	-
Shareholders' Equity (note 6)		
Share capital	4,735,791	4,662,165
Contributed surplus	688,333	665,000
Cumulative deficit	(745,041)	(742,175)
Total shareholders' equity	4,679,083	4,584,990
Total liabilities and shareholders' equity	**5,208,786**	**4,641,554**

Approved on behalf of the Board

"Michael Stein" (signed)
Michael Stein

"Fern Glowinsky" (signed)
Fern Glowinsky

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

(in Canadian dollars)

For the years ended	**Dec 31, 2016**	**Dec 31, 2015**
	$	**$**
Income		
Income from limited partnerships (note 4)	57,709	-
Interest and other income	1,453	8,978
Total income	59,162	8,978
Expenses		
Management fees (note 10)	33,400	-
General and administration	75,015	82,884
Stock-based compensation (note 6)	23,333	55,000
Total expenses	131,748	137,884
Net loss and comprehensive loss before taxes	**(72,586)**	**(128,906)**
Provision for recovery of income taxes (note 5)	69,720	-
Net income (loss) and comprehensive income (loss)	**(2,866)**	**(128,906)**
Earnings (loss) per share ($)		
Basic and diluted (note 7)	(0.00)	(0.00)
Weighted average number of outstanding common shares		
Basic and diluted (note 7)	49,876,712	45,000,000

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

(in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total
	$	**$**	**$**	**$**
Balance, December 31, 2014	4,662,165	610,000	(613,269)	4,658,896
Stock based compensation	-	55,000	-	55,000
Net loss and comprehensive loss for the period	-	-	(128,906)	(128,906)
Balance, December 31, 2015	**4,662,165**	**665,000**	**(742,175)**	**4,584,990**
Stock based compensation	-	23,333	-	23,333
Tax benefit of share issuance costs	73,626	-	-	73,626
Net income and comprehensive income for the period	-	-	(2,866)	(2,866)
Balance, December 31, 2016	**4,735,791**	**688,333**	**(745,041)**	**4,679,083**

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

(in Canadian dollars)

For the years ended	**Dec 31, 2016**	**Dec 31, 2015**
	$	**$**
Operating activities		
Net income (loss) and comprehensive income (loss)	(2,866)	(128,906)
Change in working capital	32,807	(5,288)
Income from limited partnerships	(57,709)	-
Provision for recovery of income taxes	(69,720)	-
Non-cash compensation expense	23,333	55,000
Cash (used in) provided by operating activities	**(74,155)**	**(79,194)**
Investing activities		
Investments in limited partnerships	(3,900,000)	-
Transaction costs to acquire investments	(376,197)	-
Cash (used in) provided by investing activities	**(4,276,197)**	**-**
Financing activities		
Advance from CAL LP	425,000	-
Cash (used in) provided by financing activities	**425,000**	**-**
Increase (decrease) in cash during period	(3,925,352)	(79,194)
Cash, beginning of period	4,641,361	4,720,555
Cash, end of period	**716,009**	**4,641,361**

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

1. Nature of Organization

Description of the business

Cliffside Capital Ltd. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) on October 22, 2013 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") corporate finance manual.

On June 23, 2016 at an annual and special meeting of the shareholders, the Company received the requisite approvals by its shareholders of the proposed Qualifying Transaction ("the QT"). On July 4, 2016 the Company announced that it had completed its QT effective July 1, 2016.

Further on July 6, 2016 the Exchange granted final acceptance (the "Final Exchange Bulletin") for the QT and confirmed that with effect from July 7, 2016, the Company was no longer a Capital Pool Company and resumed trading under the symbol CEP.

The Company's registered office is located at Suite 200, 11 Church Street, Toronto, Ontario M5E 1W1.

Approval of financial statements

The financial statements were approved by the Company's Board of Directors and authorized for issue on April 25, 2017.

2. Significant Activity During the Year

As of December 31, 2016, the Company holds investments in two limited partnerships, CAL LP and ACC LP III (the "Partnerships").

CAL LP, was formed on February 22, 2016 in the Province of Ontario by CAL GP Inc. ("CAL GP") and AutoCapital Canada Management Inc. ("ACCMI"), an entity associated with the Company (see note 10). ACC LP III, was formed on October 14, 2016 in the Province of Ontario by ACC GP III Inc. ("ACC GP") and ACCMI. The Partnerships were formed to engage in the business of investing in retail sales contracts backed by automobiles as collateral that are originated by ACCMI. CAL GP and ACC GP are wholly owned subsidiaries of ACCMI, and act as the general partner for CAL LP and ACC LP III, respectively.

On July 4, 2016 the Company completed its QT effective July 1, 2016. The QT resulted in the Company holding an investment of $3 million in CAL LP through the acquisition of an 85-per-cent limited partnership interest in CAL LP, from ACCMI. At that time, CAL LP held automobile retail sales contracts originated and serviced in Canada with principal outstanding of approximately $3.2 million.

On December 15, 2016 the Company completed a second investment resulting in the Company holding an investment of $0.9 million in ACC LP III through the acquisition of a 60-per-cent limited partnership interest in ACC LP III, from ACCMI. At that time, ACC LP III held automobile retail sales contracts originated and serviced in Canada with principal outstanding of approximately $1.4 million.

ACCMI has the ability to direct the relevant activities of the Partnerships through its ownership of the general partners. Accordingly, ACCMI is considered to control the Partnerships for accounting purposes. Hence, despite the Company's 85-per-cent interest in CAL LP and 60-per-cent interest in ACC LP III, the Company's investments are accounted for under the equity method in accordance with IAS 28.

As required by the undertaking given by the Company to the Exchange, separate audited financial statements for CAL LP have been filed on SEDAR.com and should be read in conjunction with the notes hereto.

CAL LP's and ACC LP III's registered office is located at Suite 200, 11 Church Street, Toronto, Ontario M5E 1W1.

3. Summary of Significant Accounting Policies

Basis of presentation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a going concern basis and accounting policies followed in these financial statements were consistently applied to all periods presented and are based on IFRS issued and outstanding as at December 31, 2016.

The following are the significant accounting policies used in the preparation of these financial statements:

Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management of the Company to make certain judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are used when accounting for items and matters such as accounting treatment for investments in limited partnerships, capitalized transaction costs, accrued liabilities, deferred income taxes, including recoverability of deferred tax assets, and fair value of stock options or other amounts pursuant to the Company's significant accounting policies. Actual results could differ from those estimates.

Investments in limited partnerships

Limited partnerships are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not in control or joint control over those investees. These investments are accounted for using the equity method.

Under the equity method, the carrying value of an interest in an investee is initially recognized at cost and adjusted for the Company's share of net income, other comprehensive income ("OCI"), distributions by the equity-accounted investment, and other adjustments to the Company's proportionate interest in the investee. The Company determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the carrying value of the investment, including transaction costs, and the recoverable amount of the limited partnership interest and recognizes the impairment in the statement of net income (loss) and net comprehensive income (loss).

Deferred income taxes

Deferred income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. As at December 31, 2015, the Company had losses carried forward for tax purposes that were not considered recoverable and as such no deferred tax asset had been recognized. As at December 31, 2016, the Company has recognized a deferred tax asset for the portion of loss carry-forwards and temporary differences it expects to be recoverable as a result of its completion of the QT and investment in the Partnerships.

Stock-based compensation

The Company issues stock-based compensation to directors, officers, employees and non-employees. The fair value of options issued to directors, officers, employees and consultants to the Company is charged to net income (loss) over the vesting period with an offsetting amount recorded to contributed surplus. The fair value of options issued to agents in conjunction with a public offering is charged against share capital with the offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option-pricing model. Consideration paid on the exercise of stock options is recorded as share capital.

Earnings or loss per share

Earnings or loss per share are calculated using the weighted average number of shares outstanding during the reporting period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the reporting period and the proceeds received from the assumed exercise of options are used to acquire shares in the open market at the average price. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation. Shares that are considered contingently returnable are excluded from the calculation of basic and diluted earnings or loss per share.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive loss comprises expenses and losses that, in accordance with IFRS, require recognition, but are excluded from net loss. The Company does not have any items giving rise to other comprehensive loss in the reporting period, nor is there any accumulated balance of other comprehensive loss. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income (loss) for the period.

Financial instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at December 31, 2016:

Type	Classification
Cash	Loans and receivables
Other assets	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Advance from CAL LP	Other financial liabilities

The Company initially measures all of its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

a) Loans and receivables are measured at amortized cost using the effective interest method.
b) Other financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

Transaction costs

Transaction costs represent costs that are directly attributable to the acquisition of the investment and are accounted for as part of the carrying value of the investment.

Standards issued but not yet effective

There are pending changes to IFRS which are not yet effective for the period ended December 31, 2016 which have not been applied in the preparation of the financial statements. The Company is currently considering the impact that these standard changes will have on the financial statements. The standards issued or amended but not yet effective at December 31, 2016 include the following:

(in Canadian dollars)

Financial Instruments

The final version of IFRS 9, “Financial Instruments” (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces a model for classification and measurement, a single forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity’s own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. The entity’s own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Lastly, a third measurement category for financial assets – “fair value through other comprehensive income” will exist. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. Management is currently evaluating the impact of adopting this standard on the financial statements.

4. Investments in Limited Partnerships

The investments in limited partnerships represent the Company’s 85-per-cent limited partnership interest in CAL LP and the Company’s 60-per-cent limited partnership interest in ACC LP III. The Partnerships were formed to engage in the business of investing in retail sales contracts backed by automobiles as collateral that are originated by ACCMI. The investments include capitalized transaction costs, as well as the Company’s share of net income or loss of the Partnerships for the period from when the partnerships units were purchased to December 31, 2016.

	CAL LP	**ACC LP III**	**TOTAL**
Investment in partnership units	3,000,000	900,000	3,900,000
Transaction costs	376,197	-	376,197
Subtotal	3,376,197	900,000	4,276,197
Equity pick up from investment	56,184	1,525	57,709
Total investments in limited partnerships	**3,432,381**	**901,525**	**4,333,906**

Condensed financial information for the Partnerships is included below. The Partnerships were both formed in 2016 and as such, no comparative information is available. During the year, the Partnerships did not declare any distributions to the limited partners. Taxable income, if any, is distributed to the Partnerships’ limited partners on an annual basis. As a result, the Partnerships are not subject to income tax, as the limited partners are taxed directly.

(in Canadian dollars)

Condensed Balance Sheet	**CAL LP**	**ACC LP III**
As at Dec 31, 2016	**$**	**$**
Cash	527,388	72,981
Ownership interest in finance receivables	2,793,532	1,615,866
Other assets	515,542	7,478
Total assets	**3,836,462**	**1,696,325**
Accounts payable and accrued liabilities	27,505	64,392
Deferred purchase price payable	161,762	102,269
Unearned revenue	60,759	27,112
Total liabilities	250,026	193,773
Partnership equity	3,586,436	1,502,552
Total liabilities and partnership equity	**3,836,462**	**1,696,325**

Condensed Statement of Income	**CAL LP**	**ACC LP III**
For the period from inception to Dec 31, 2016	**$**	**$**
Net interest income	266,176	6,920
Other income	35,008	487
Total income	**301,184**	**7,407**
Interest expense	54,607	393
Provision for credit losses	118,907	1,550
Operating expenses	70,656	2,922
Total expenses	**244,170**	**4,865**
Net income	**57,014**	**2,542**

Refer to subsequent event note 11 for changes to the Investments in Limited Partnership that took place subsequent to year-end.

5. Deferred Income Taxes

Components of the Company’s deferred income tax asset are as follows:

	Dec 31, 2016	**Dec 31, 2015**
	$	**$**
Non-capital loss carry-forwards	113,895	65,067
Share issuance costs	29,451	44,176
Less: Valuation allowance	-	(109,243)
Total deferred income taxes	**143,346**	**-**

A reconciliation of deferred tax assets is as follows:

(in Canadian dollars)

	Dec 31, 2016	Dec 31, 2015
	$	$
Balance, beginning of year	-	-
Recognized in net income	69,720	-
Recognized in equity	73,626	-
Total deferred income taxes	**143,346**	**-**

The Company has recognized a deferred income tax asset for the portion of cumulative tax losses it expects to be able to recover. If utilized, the tax loss carry-forwards expire commencing 2033. The tax benefit of deductible share issuance costs has been allocated directly to share capital.

The components of tax for the year ended December 31, 2016 can be broken down as follows:

	Amount ($)
Current tax	-
Deferred tax	
Related to current year losses	34,103
Related to previously unrecognized losses	35,617
Total provision for recovery of income taxes	**69,720**

A reconciliation of income taxes calculated at the statutory Canadian combined federal and provincial corporate tax rate to the income tax provision in the statement of net income (loss) is provided below:

	Dec 31, 2016	Dec 31, 2015
	$	$
Net income (loss) before taxes	(72,586)	(128,906)
Applicable tax rate	26.5%	26.5%
Expected recovery of income taxes at applicable tax rate	(19,235)	(34,160)
Increase (decrease) in recovery resulting from:		
Expenses not deductible for tax	6,183	14,575
Investments accounted for using the equity method	(21,051)	-
Change in valuation allowance	(35,617)	19,585
Total provision for recovery of income taxes	**(69,720)**	**-**

6. Share Capital

a) Authorized and Issued

The Company is authorized to issue an unlimited number of common shares. Issued and outstanding common shares are summarized below:

(in Canadian dollars)

	Number	Amount ($)
Opening balance, January 1, 2015	55,000,000	4,662,165
Issuance of common shares	-	-
Ending balance, December 31, 2015	55,000,000	4,662,165
Tax benefit of share issuance costs	-	73,626
Issuance of common shares	-	-
Ending balance, December 31, 2016	55,000,000	4,735,791

b) Share Issuance Summary

On October 22, 2013, the Company issued one share at a price of $0.05 per common share for total proceeds of $0.05. On December 16, 2013, the Company issued an additional 9,999,999 shares at a price of $0.05 per common share for total proceeds of $499,999.95.

On March 26, 2014 the Company closed a non-brokered private placement, pursuant to which the Company sold an aggregate of 35,000,000 Common Shares at $0.10 per share, for aggregate gross proceeds to the Company of $3,500,000.

On April 14, 2014 Raymond James Ltd. (the "Agent") subscribed to 10 million shares at a price of $0.10 per share for aggregate gross proceeds to the Company of $1 million in relation to the Company's initial public offering ("IPO"). Share issuance costs of $337,835 were deducted from the gross share capital proceeds raised of $5 million. The Company's common shares began trading on the Exchange on April 17, 2014. The Company recognized a tax benefit related to the share issuance costs of $73,626 during the year which it expects to be recoverable as a result of its completion of the QT and investment in the Partnerships.

c) Incentive Stock Options

On completion of the IPO in 2014, the Company granted 5,500,000 incentive stock options to its directors and officers to purchase an aggregate of up to 10-per-cent of the issued and outstanding common shares at a price of $0.10 per common share, exercisable for a period of ten years from the date granted. In addition, as part of the compensation to the Agent, the Company issued 1,000,000 options exercisable for 24 months from the date of issue at the exercise price of $0.10. All of the stock options were fully vested upon issuance and the fair value thereof was recorded immediately in earnings at that time as compensation expense.

In 2015, incentive stock options of 550,000 were granted to the Chief Financial Officer at a price of $0.10 per common share, exercisable for a period of ten years from the date granted. The options were fully vested upon issuance and the fair value thereof was recorded immediately in earnings at that time as compensation expense.

Further, on November 28, 2016, the Company granted 1,000,000 incentive stock options to the Chief Executive Officer with an exercise price of $0.105, exercisable for a period of ten years from the date granted. These options were valued using the Black-Scholes option pricing model using the below assumptions. The expected volatility is estimated taking into consideration both historical average share price volatility and anticipated future volatility.

Expected life	10 years
Risk free rate	1.69%
Expected dividend yield	0%
Expected volatility	100%
Weighted average share price	$0.105

(in Canadian dollars)

These stock options vest as to 25-per-cent upon grant and in further 25-per-cent increments on November 28th in each of 2017, 2018 and 2019. The fair value of the portion vested as of December 31, 2016 has been recorded in current year earnings as stock-based compensation expense.

Issued and outstanding stock options are summarized below. The weighted average remaining contractual term of the outstanding options at December 31, 2016 is calculated to be 8.06 years (2015 – 8.38 years).

	For the year ended Dec 31, 2016		For the year ended Dec 31, 2015	
	Number of Options	**Weighted Average Exercise Price ($)**	**Number of Options**	**Weighted Average Exercise Price ($)**
Opening balance	5,400,000	0.10	6,500,000	0.10
Options expired	(1,550,000)	0.10	(1,650,000)	0.10
Options issued	1,000,000	0.105	550,000	0.10
Ending balance	**4,850,000**	**0.10**	**5,400,000**	**0.10**
Exercisable at end of year	**4,100,000**	**0.10**	**5,400,000**	**0.10**

d) Escrowed Shares

34,250,000 of the 45,000,000 common shares of the Company issued in 2014 prior to the IPO were deposited with the escrow agent under an escrow agreement (the "Escrowed Shares"). The Escrowed Shares were not to be released until the Exchange issued the Final Exchange Bulletin. The Final Exchange Bulletin was released on July 6, 2016.

On July 6, 2016, 10-per-cent, or 3,425,000, of the original number of all Escrowed Shares were released. On January 6, 2017, an additional 5,137,499 Escrowed Shares were released, and an additional 15-per-cent will be released on the dates 12 months, 18 months, 24 months, 30 months and 36 months following the issuance of the Final Exchange Bulletin so that all Escrowed Shares will have been released three years after the date of the Final Exchange Bulletin.

Issued and outstanding Escrowed Shares are as follows:

	Number
Balance, December 31, 2015	34,250,000
Released	(3,425,000)
Balance, December 31, 2016	30,825,000

7. Earnings (Loss) Per Share

Earnings (loss) per share for years ended December 31, 2016 and 2015 were calculated based on the following:

For the year ended	**Dec 31, 2016**	**Dec 31, 2015**
Numerator:		
Net income (loss) - basic and diluted ($)	(2,866)	(128,906)
Denominator:		

Weighted average shares outstanding	49,876,712	45,000,000
Earnings (loss) per share – basic and diluted ($)	(0.00)	(0.00)
Shares outstanding – basic and diluted	55,000,000	55,000,000

The closing share price at year end was $0.10 and hence none of the existing options are dilutive. Accordingly, the basic and diluted earnings per share and the number of shares outstanding are the same.

As a capital pool company, the 10 million common shares issued in 2013 pursuant to two separate non-brokered private placements comprising a seed round of 10 million common shares at $0.05 per share were considered contingently returnable and were previously excluded from the weighted average shares outstanding denominator for the calculation of basic and diluted earnings or loss per share. On July 6, 2016 the Exchange issued the Final Exchange Bulletin for the QT and confirmed that effective from July 7, 2016 the Company will no longer be considered a Capital Pool Company. Accordingly with effect from July 6, 2016, these 10 million shares issued in 2013 are no longer considered contingently returnable shares and have been included in the denominator for the weighted average shares outstanding for the calculation of earnings or loss per share.

8. Capital Management

The Company manages its common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company expects its current capital resources will be sufficient to carry its operations through its current operating period.

9. Financial Instruments and Risk Management

In the normal course of business, the Company is exposed to certain financial risks and uncertainties, and manages them as follows:

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is from cash raised from equity financing, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which may be used to fund additional operating and other expenses and retire debt obligations, if any, at their maturity.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of the date of these financial statements the Company's sole debtor is the Toronto Dominion Bank for interest receivable on deposits.

The Company is indirectly exposed to potential credit losses through its investments in the Partnerships from a failure by a customer or other counterparty to make payments according to contractual terms. Although credit risk is a significant impact on retail receivables, the Partnerships mitigate this risk by ensuring they have a first priority perfected security interest in the related financed automobiles.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Company is not currently exposed to significant interest rate risk as it does not have any interest bearing financial assets or financial liabilities. Further, the Company does not have significant indirect exposure to interest rate risk through its investments in the Partnerships as the Partnerships each hold retail sales contracts that are subject to fixed rates of interest and are carried at amortized cost and not re-measured as market interest rates fluctuate.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company does not have significant transactions denominated in foreign currency and therefore is not currently exposed to significant foreign currency risk.

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk.

Fair Values

Financial instruments include cash held, sundry receivables and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to their short term nature.

10. Related Party Transactions

a) Certain costs incurred during 2015 and the 6 months ended June 30, 2016 prior to the completion of the QT, aggregating to $23,888 have been paid by a director and shareholder of the Company.
b) During 2016, the Company reimbursed CAL LP for expenses related to the QT of $23,730. In addition, CAL LP advanced $425,000 to Cliffside. The amount is non-interest bearing with no fixed terms of repayment. The amount was repaid subsequent to year-end.
c) The Company entered into a management agreement with LC Asset Management Corporation (the "Manager") dated as of July 1, 2016 to provide investment advice and manage the operations of the Company. The Manager and ACCMI are considered related parties to the Company, as a result of significant common ownership. In addition, the Chief Executive Officer of the Company is also the Chief Executive Officer of the Manager and holds the position of Chief Corporate Development Officer at ACCMI. The Company pays the Manager a fee of 1.25-per-cent annually of the Company's gross assets and a potential performance bonus subject to the financial performance of the Company. The total amount payable for the period ended December 31, 2016 is $33,400 and is accrued in these financial statements.
d) During the year, the Company granted 1,000,000 stock options to the Chief Executive Officer. See note 6 for further details.

(in Canadian dollars)

e) During the year, the Company purchased an 85-per-cent partnership interest in CAL LP and a 60-per-cent partnership interest in ACC LP III, from a related party, ACCMI. See note 2 for further details.

11. Subsequent Events

Subsequent to December 31, 2016, the Partnerships each entered into arrangements with institutional lenders to allow each Partnership to leverage its capital and grow its asset base. In addition, each Partnership entered into an agreement for the ongoing purchase of loans originated by ACCMI, pursuant to which, the Company sets the investment criteria under which loans are presented for purchase to each Partnership and for further monetization.

As a result of these changes, management performed an assessment of control for accounting purposes and concluded that the relevant activities had materially changed such that Cliffside now controls the Partnerships for accounting purposes pursuant to IFRS 10, due to its power over the relevant activities of the Partnerships and its ability to influence its returns. Accordingly, going forward from January 31, 2017 for ACC LP III and from March 31, 2017 for CAL LP, the Company's interest in the Partnerships will be consolidated under IFRS 10. Shown below is a pro forma consolidated balance sheet of the Company as if the change in control of the Partnerships for accounting purposes took place on December 31, 2016.

As at	**Dec 31, 2016**
	$
Assets	
Cash	1,316,378
Finance receivables	4,409,398
Deferred costs[1]	-
Deferred tax asset	143,346
Other assets	97,991
Total assets	**5,967,113**
Liabilities	
Accounts payable and accrued liabilities	181,046
Deferred purchase price payable	264,031
Unearned revenue	87,871
Shareholders' Equity	
Share capital	4,735,791
Contributed surplus	688,333
Cumulative deficit[1]	(1,121,238)
Equity attributable to controlling interest	4,302,886
Non-controlling interest	1,131,279
Total shareholders' equity	5,434,165
Total liabilities and shareholders' equity	**5,967,113**

[1]Deferred transaction costs would be expensed on consolidation and are thus added to the cumulative deficit.