CROSSWINDS HOLDINGS INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014
(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CROSSWINDS HOLDINGS INC.

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Financial Position *(unaudited)*

(expressed in Canadian Dollars)

As at		**September 30, 2015**		December 31, 2014
Assets				
Current assets				
Cash and cash equivalents	**$**	**1,650,505**	$	17,117,852
Due from related parties (note 9)		**66,206**		-
Interest receivable and prepaid expenses		**73,137**		43,886
		1,789,848		17,161,738
Non-current assets				
Investment in an associate (note 7)		**17,949,011**		-
Investment in private entity (note 6)		**4,323,647**		4,038,086
	$	**24,062,506**	$	21,199,824
Liabilities				
Accounts payable and accrued liabilities	**$**	**148,465**	$	552,057
		148,465		552,057
Shareholders' equity				
Share capital (note 8)		**15,273,044**		15,273,044
Contributed surplus		**12,889,608**		11,788,999
Deficit		**(7,443,069)**		(6,414,276)
Accumulated other comprehensive income		**630,371**		-
Total equity attributable to shareholders of Crosswinds		**21,349,954**		20,647,767
Non-controlling interests		**2,564,087**		-
		23,914,041		20,647,767
	$	**24,062,506**	**$**	**21,199,824**

Commitment (note 12)

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

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Income (loss) (*unaudited)*

(expressed in Canadian Dollars, except per share amounts)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2015	2014	**2015**	2014
Revenue				
Interest and other income (notes 6 and 9)	**$ 185,332**	$ 137,095	**$ 426,404**	$ 534,228
	185,332	137,095	**426,404**	534,228
Net results of investments				
Realized gain on sale of marketable securities	**-**	-	**-**	84,929
Change in unrealized gain on marketable securities	**-**	-	**-**	(52,497)
Share of income (loss) of an associate, net of tax (note 7)	**12,840**	-	**(692,903)**	-
Realized gain on sale of investment in private entity (note 6)	**-**	161,209	**-**	5,092,126
Change in unrealized gain on investment in private entity	**-**	-	**-**	(4,712,719)
Unrealized foreign exchange gain	**59,766**	-	**980,662**	-
Realized foreign exchange gain (loss)	**1,558**	-	**(33,526)**	242,704
	74,164	161,209	**254,233**	654,543
Expenses				
Share-based payments (note 8(c))	**237,086**	-	**1,100,609**	-
Salaries and benefits	**171,983**	-	**515,968**	-
Consulting fees	**98,362**	25,877	**215,102**	138,156
Directors' fees	**52,800**	34,339	**137,646**	104,367
Audit and tax fees	**29,476**	14,509	**115,555**	58,341
General and administration	**47,175**	58,988	**148,180**	160,253
Management fees (note 9)	**-**	64,388	-	108,536
Legal fees	**17,881**	121,144	**(424,590)**	288,696
	654,763	319,245	**1,808,470**	858,349
Income (loss) before income taxes	**(395,267)**	(20,941)	**(1,127,833)**	330,422
Current income tax provision	**-**	-	**-**	-
Net income (loss)	**$ (395,267)**	$ (20,941)	**$ (1,127,833)**	$ 330,422
Attributable to:				
Shareholders of Crosswinds	**(397,100)**	(20,941)	**(1,028,793)**	330,422
Non-contolling interests	**1,833**	-	**(99,040)**	-
	(395,267)	(20,941)	**(1,127,833)**	330,422
Net income (loss) per share				
Basic and diluted	**$ (0.07)**	$ (0.00)	**$ (0.19)**	$ 0.04
Weighted average number of common shares outstanding				
Basic and diluted	**5,304,007**	5,304,007	**5,304,007**	8,008,472

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

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (loss) *(unaudited)*

(expressed in Canadian Dollars)	Three months ended Sept. 30, 2015	Three months ended Sept. 30, 2014	Nine months ended Sept. 30, 2015	Nine months ended Sept. 30, 2014
Net income (loss)	**$ (395,267)**	$ (20,941)	**$ (1,127,833)**	$ 330,422
Other comprehensive income				
Change in unrealized foreign currency translation gains on foreign operations	**1,162,877**	-	**739,699**	-
Other comprehensive income	**1,162,877**	-	**739,699**	-
Comprehensive income (loss)	**$ 767,610**	$ (20,941)	**$ (388,134)**	$ 330,422
Attributable to:				
Shareholders of Crosswinds	**596,471**	(20,941)	**(398,421)**	330,422
Non-contolling interests	**171,139**	-	**10,287**	-
	767,610	(20,941)	**(388,134)**	330,422

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

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Equity *(unaudited)*

For the nine-month periods ended September 30, 2015 and 2014

(expressed in Canadian Dollars)

	Share capital		Contributed surplus	Deficit	Accumulated other comprehensive loss	Equity attributable to shareholders of Crosswinds	Non-controlling interests	Total equity
	Number of shares	Amount						
Balance - January 1, 2014	**12,269,280**	**$ 35,333,030**	**$ 16,107,468**	**$ (6,112,817)**	**$ -**	**$ 45,327,681**	**$ -**	**$ 45,327,681**
Repurchase of shares (note 10)	**(6,965,273)**	**(20,059,986)**	**(4,318,469)**			**(24,378,455)**		**(24,378,455)**
Net income	**-**	**-**	**-**	**330,422**		**330,422**	**-**	**330,422**
Balance - September 30, 2014	**5,304,007**	**$ 15,273,044**	**$ 11,788,999**	**$ (5,782,395)**	**$ -**	**$ 21,279,648**		**$ 21,279,648**
Balance - January 1, 2015	**5,304,007**	**$ 15,273,044**	**$ 11,788,999**	**$ (6,414,276)**	**$ -**	**$ 20,647,767**	**$ -**	**$ 20,647,767**
Net loss				**(1,028,793)**		**(1,028,793)**	**(99,040)**	**(1,127,833)**
Change in unrealized foreign currency translation gains on foreign operations					**630,371**	**630,371**	**109,327**	**739,699**
Share-based payments			**1,100,609**			**1,100,609**		**1,100,609**
Net changes in capitalization	**-**	**-**	**-**	**-**		**-**	**2,553,800**	**2,553,800**
Balance - September 30, 2015	**5,304,007**	**$ 15,273,044**	**$ 12,889,608**	**$ (7,443,069)**	**$ 630,371**	**$ 21,349,954**	**$ 2,564,087**	**$ 23,914,041**

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

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Cash Flows *(unaudited)*

(expressed in Canadian dollars)	Nine months ended September 30, 2015	2014
Operating activities		
Net income (loss)	**$ (1,127,833)**	$ 330,422
Add (deduct)		
Interest income (note 6)	**(285,561)**	(534,228)
Share of loss of an associate, net of tax (note 7)	**692,903**	-
Realized gain on sale of marketable securities	-	(84,929)
Change in unrealized gain on marketable securities	-	52,497
Share-based payments (note 8(c))	**1,100,609**	
Net decrease in financial assets at fair value through profit and loss	-	4,712,719
Net increase in due from related parties (note 9)	**(66,206)**	-
Net (increase) decrease in interest receivable and prepaid expenses	**(63,223)**	232,828
Net increase (decrease) in accounts payable and accrued liabilities	**(403,592)**	78,552
Cash provided (used) by operating activities	**(152,903)**	4,787,861
Interest received	**33,971**	280,807
Net cash provided (used) by operating activities	**(118,932)**	5,068,668
Investing activities		
Investment in an associate (note 7)	**(17,876,600)**	-
Sale of investment in private entity (note 6)	-	10,453,035
Proceeds from sale of marketable securities	-	569,548
Cash provided (used) by investing activities	**(17,876,600)**	**11,022,583**
Financing activities		
Common shares repurchased (note 11)	**-**	(24,378,455)
Non-controlling interests	**2,553,800**	-
Cash provided (used) by financing activities	**2,553,800**	(24,378,455)
Effect of exchange rate changes on cash and cash equivalents	**(25,616)**	**-**
Decrease in cash and cash equivalents	**(15,467,347)**	(8,287,204)
Cash and cash equivalents - beginning of period	**17,117,852**	25,796,708
Cash and cash equivalents - end of period	**$ 1,650,505**	$ 17,509,504

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

(Expressed in Canadian dollars except per share amounts or unless otherwise stated)

1. Corporate information

Crosswinds Holdings Inc. ("Crosswinds" or the "Company") is a publicly traded private equity firm. The Company is incorporated under the *Business Corporations Act* (Alberta), with its head office at 365 Bay St., Suite 400, Toronto, Ontario M5H 2V1. The registered office of the Company is located at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta T2P 4H2.

The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "CWI".

The Company filed articles of amendment on September 22, 2014 to change its name from "C.A. Bancorp Inc." to "Crosswinds Holdings Inc.".

These condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2015 were approved and authorized for issue by the Board of Directors of the Company on November 13, 2015.

2. Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2014.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial assets which are presented at fair value.

3. Summary of significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended December 31, 2014, except as described below.

(a) Principles of consolidation

These unaudited condensed interim financial statements include the financial position, results of operations and cash flows of the Company, its subsidiaries and its interest in an associate. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

The Company's subsidiaries and interest in an associate are as follows:

Entity	Relationship	Geographic location	Economic interest	Basis of accounting
Crosswinds AUM LLC	Subsidiary	USA	100%	Full consolidation
Crosswinds Monarch GP LLC	Subsidiary	USA	100%	Full consolidation
Crosswinds Investor Monarch LP	Subsidiary	USA	85.7%	Full consolidation
Monarch Delaware Holdings LLC	Associate	USA	42.4%	Equity method

Subsidiaries

Subsidiaries are entities over which the Company has control. Control is defined as when the Company is exposed or has rights to the variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

Non-controlling interests

A non-controlling interest is initially recognized as the proportionate share of the identifiable net assets of the subsidiary on the date of its acquisition and is subsequently adjusted for the non-controlling interest's share in changes of the acquired subsidiary's earnings and capital. Effects of transactions with non-controlling interests are recorded in equity if there is no change in control.

Investments in associates

Investments in associates are accounted for using the equity method and are comprised of investments in corporations and limited partnerships where the Company has the ability to exercise significant influence but not control. Significant influence is generally presumed to exist when the Company owns, directly or indirectly, between 20% and 50% of the outstanding voting rights of the investee. Assessment of significant influence is based on the substance of the relationship between the Company and the investee and includes consideration of existing voting rights, potential voting rights that are currently exercisable and convertible (if applicable), voting power of other shareholders, corporate governance arrangements and participation in policy-making processes. These investments are reported in investments in associates on the consolidated statements of financial position, with the Company's share of income (loss) and other comprehensive income (loss) of the associate reported in the corresponding line in the consolidated statements of income and comprehensive income. Foreign associates are translated in the same manner as foreign subsidiaries. When the Company's share of losses in an associate equals or exceeds its investment in the associate, the Company does not record further losses unless it has incurred obligations on behalf of the associate.

Under the equity method of accounting, an investment in associate is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. Any excess of the cost of acquisition over the net fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities at the date of acquisition is recognized as goodwill, and is included in the carrying value of the associate. To the extent that the cost of acquisition is less than the fair value of the Company's share of the associate's identifiable net assets, the excess is recognized in the consolidated statements of income and comprehensive income. Any pre-existing interest in an associate is re-measured to fair value at the date significant influence is obtained and any resulting gain or loss is recognized in the consolidated statements of income. In such instances the cost of the associate is measured as the sum of the fair value of the pre-existing interest and any additional consideration transferred at that date.

In determining the fair value of the Company's share of an associate's identifiable net assets at the acquisition date, considerable judgment may be required in interpreting market data used to develop such estimates. The Company makes assumptions primarily based on market conditions and applies valuation techniques such as discounted cash flow analysis, market capitalization and comparable company multiples and other methods commonly used by market participants to determine fair value. Where the Company is only able to identify the principal factors resulting in divergence between the fair value and reported carrying value of an associate's net assets, the use of different assumptions and/or valuation methodologies by the Company may have a significant effect on the estimated fair value.

At each balance sheet date, and more frequently when conditions warrant, management assesses investments in associates for potential impairment. If management's assessment indicates that there is objective evidence of impairment, the associate is written down to its recoverable amount, which is determined as the higher of its fair value less costs of disposal and its value in use. Previously recognized impairment losses are reversed when there is evidence that there has been a change in the estimates used to determine the associate's recoverable amount since the recognition of the last impairment loss. The reversal is recognized in the consolidated statements of income to the extent that the carrying value of the associate after reversal does not exceed the carrying value that would have been determined had no impairment loss been recognized in previous periods. Gains and losses realized on dispositions, impairment losses and reversal of impairments are recognized in net gains (losses) on investments in the consolidated statement of income.

The most recent available financial statement of the associate is used in applying the equity method. The associate has a December 31 year-end.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements of the Company are presented in Canadian dollars ("CAD"), which is the Company's functional and presentation currency for the periods covered by these statements.

(ii) Foreign currency translation

Transactions in currencies other than CAD are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognized in profit or loss in the period in which they arise. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized together with other changes in the fair value. Net foreign exchange gains/(losses) on non-monetary and monetary financial assets and liabilities other than those classified as at fair value through profit or loss are netted with realized gains/losses in the statements of income and comprehensive income.

(iii) Translation of foreign subsidiaries

The functional currencies of the Company's subsidiaries in the United States differ from the consolidated group CAD dollar presentation currency. As a result, the assets and liabilities of these subsidiaries are translated on consolidation at the rates of exchange prevailing at the balance sheet date. Revenue and expenses are translated at the average rate of exchange for the period. The net unrealized gain or loss resulting from this translation is recognized in accumulated other comprehensive income.

On consolidation, translation gains and losses arising from the translation of a monetary item that forms part of the net investment in a foreign subsidiary are recognized in accumulated other comprehensive income. Upon disposal of an investment in a foreign subsidiary, the related net translation gain or loss is reclassified from accumulated other comprehensive income to the consolidated statements of income and comprehensive income as a component of the net gain or loss on disposition.

(c) Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and includes all changes in total equity during a period, except for those resulting from investments by owners and distributions to owners. Unrealized foreign currency translation amounts arising from foreign subsidiaries and associates that do not have Canadian dollar functional currencies are recognized in other comprehensive income (loss) and included in accumulated other comprehensive income (loss) until recycled to the consolidated statements of income in the future. Upon disposal of the related associate or subsidiary those amounts are reclassified directly to retained earnings (deficit). Accumulated other comprehensive income (loss) (net of income taxes) is included on the consolidated statements of financial position as a component of common shareholders' equity.

(d) Consolidated statements of cash flows

The Company's consolidated statements of cash flows are prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities.

(e) Share-based awards

The Company has a deferred share unit plan for the Board of Directors and management of the Company and its subsidiaries with vesting periods as determined by the Board of Directors at the time of grant. The fair value of the deferred share awards is estimated on the date of grant based on the market price of the Company's stock and is amortized to share-based payments expense over the related vesting period, with a corresponding increase to contributed surplus. When a deferred share award vests in instalments over the vesting period (graded vesting), each instalment is accounted for as a separate award and amortized to compensation expense accordingly.

4. Recent accounting pronouncements

The following are future changes in accounting policies not yet effective as at September 30, 2015:

(a) *IFRS 9 - Financial Instruments* - The standard was issued in its final version by the IASB in July 2014 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial instruments: recognition and measurement" ("IAS 39"). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the impact of this standard.

(b) *IFRS 15 - Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is assessing the impact of this standard.

5. Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2014, except as described below.

Interests in other entities

As part of its process in determining the classification of its interests in other entities, the Company applies judgment in interpreting these interests such as (i) the determination of the level of control or significant influence held by the Company (ii) the applicability of relevant IFRS standards to the operations, (iii) the legal structure and contractual terms of the arrangement, and (iv) when relevant, other facts and circumstances. The Company has concluded that its investment in Monarch Delaware Holdings LLC represents an investment in an associate as described in IAS 28, "Investments in Associates and Joint Ventures". All other interests in other entities have been determined to be subsidiaries as described in IFRS 10, "Consolidated Financial Statements".

(Expressed in Canadian dollars except per share amounts or unless otherwise stated)

6. Investment in private entity

A summary of the face/contractual value, cost, fair value and unrealized gain on each of the Company's financial instruments as at September 30, 2015 and December 31, 2014 is presented below:

		September 30, 2015			
Financial Instrument	**Maturity Date**	**Face / Contractual Value**	**Cost**	**Fair Value**	**Unrealized Gain**
Salbro Bottle Group					
Debenture	August 22, 2019	**2,300,000**	**2,300,000**	**2,300,000**	
Accrued interest on debenture	August 22, 2019	**1,033,647**	**1,033,647**	**1,033,647**	
Common share warrants	n/a	**-**	**580,000**	**990,000**	**410,000**
		$ 3,333,647	**$ 3,913,647**	**$ 4,323,647**	**$ 410,000**

		December 31, 2014			
Financial Instrument	Maturity Date	Face / Contractual Value	Cost	Fair Value	Unrealized Gain
Salbro Bottle Group					
Debenture	August 22, 2019	2,300,000	2,300,000	2,300,000	
Accrued interest on debenture	August 22, 2019	748,086	748,086	748,086	
Common share warrants	n/a	-	580,000	990,000	410,000
		$ 3,048,086	$ 3,628,086	$ 4,038,086	$ 410,000

(i) Salbro Bottle Group

Salbro Bottle Group ("Salbro") is a manufacturer and distributor of packaging components, specializing in glass and plastic bottles.

In February 2008, the Company invested $3,600,000 in Salbro. The Company was issued (a) debentures from Salbro paying 12% cash interest and (b) common share warrants providing the Company with a 12.5% equity interest in Salbro on a fully diluted basis.

In March 2009, the Company purchased $400,000 of additional 12% debentures at par plus accrued interest. The Company's total invested capital in Salbro increased to $4,000,000.

In August 2012, Salbro completed a refinancing resulting in a principal repayment to the Company of $1,700,000. As of June 30, 2015, $2,300,000 in principal remained owing by Salbro to the Company. As part of the refinancing, the Company agreed to certain amendments to the Salbro debentures, including an extension of the maturity dates and modifications of the terms of certain payment obligations to the Company.

For the three and nine months ended September 30, 2015, interest income in the amount of $98,042 (2014 - $87,008) and $285,561 (2014 – 253,421), respectively, has been recorded in the condensed interim consolidated statements of income (loss).

(ii) Digital Payment Technologies Corp. ("DPT")

In 2008 and 2009 the Company invested in a $6,000,000 debenture paying 12% interest, preferred share warrants and common share warrants representing a 35% equity interest in DPT on a fully diluted basis.

In September 2011, the Company completed a follow-on investment in DPT. A promissory note was issued to the Company in the principal amount of $650,000. The promissory note was secured and matured in September 2012. In connection with the financing, the Company extended the maturity date of the debenture from October 2011 to September 2012 to mature concurrently with the promissory note. Certain other amendments to the terms of the debenture were also made including but not limited to the interest payment terms and certain financial covenants.

In October 2012, DPT completed a refinancing resulting in a payment to the Company of $591,000 in principal and interest owing under the promissory note. Subsequent to the refinancing, $250,000 remained outstanding under the promissory note. As a condition of the refinancing, the Company agreed to extend the maturity date of the promissory note and debenture to December 31, 2013.

On January 31, 2014, the Company, together with the other shareholders of DPT, completed the sale of their interests in DPT to a third party pursuant to a court approved plan of arrangement resulting in payment to the Company of approximately $9,419,450 in respect of contractual amounts that were owing under the debenture and term promissory note including related fees and interest. The Company also received $5,837,515 as consideration for its common and preferred share warrants. In August 2014, the Company received an additional $661,209 representing the Company`s interest in the funds held in escrow to satisfy any claims of the DPT acquirer. In aggregate, the Company received $15,918,174 for the sale of its interests in DPT.

For the nine months ended September 30, 2015, the Company recognized as investment income on the DPT Debenture, $nil (2014 - $90,310). For the nine months ended September 30, 2015, the Company recognized as investment income on the promissory note, $nil (2014 - $3,750).

Fair value of private investments

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

For its Level 3 investments (defined below), the Company relies primarily on the capitalized cash flow valuation method. This approach is one of estimating the present value of the projected future cash flows to be generated from the business and theoretically available (though not necessarily paid) to the capital providers of the investee company. A discount rate is applied to the projected future cash flows to arrive at a present value. The discount rate is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. It can also be interpreted as the rate of return that would be required by providers of capital to the investee company to compensate them for the time value of their money, as well as the risk inherent in the particular investment.

The capitalized cash flow method generally involves the estimation of future maintainable operating pre-debt cash flows which are then capitalized using a capitalization rate based on a weighted average cost of capital (WACC). It is a present value calculation of the future operating cash flow expectations. The enterprise value is then reduced for the debt outstanding. Historical net operating earnings of the investee company, adjusted for one-time and non-recurring items, were used to estimate its future operating cash flows.

Salbro

The fair market value of Salbro was determined on a going concern basis under an income approach on the assumption that a hypothetical purchaser would acquire Salbro on the expectation of future earnings and cash flows. Specifically, the Company selected the capitalized cash flow method as the primary valuation methodology given that Salbro is a mature business and is expected to continue to operate as a going concern and historical EBITDA is a good approximation of expected profitability going forward.

(Expressed in Canadian dollars except per share amounts or unless otherwise stated)

The capitalized cash flow method generally involves the estimation of future maintainable operating pre-debt cash flows which are then capitalized using a capitalization rate based on a weighted average cost of capital ("WACC"). It is a present value calculation of the future operating cash flow expectations. The enterprise value is then reduced for any debt outstanding.

A capitalization rate of 9.5% was used to value the Salbro Bottle Group as at September 30, 2015 and December 31, 2014. Different assumptions were used to derive a range of valuations used to arrive at an estimate. A 1% change in the capitalization rate would have increased or decreased the value of the investment by approximately $200,000 as at September 30, 2015 and December 31, 2014.

The carrying amount of the Salbro investment at September 30, 2015 is $4,323,647 (December 31, 2014 - $4,038,086).

Management has assessed and determined that using possible alternative assumptions will not result in significantly different fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the inputs to estimate the fair value are observable:

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

The inputs are considered as observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the assets or liability.

	September 30, 2015			
	Fair value measurements using:			
Asset	**Level 1**	**Level 2**	**Level 3**	**Assets at fair value**
Investment in private entity	**-**	**-**	**4,323,647**	**4,323,647**

	December 31, 2014			
	Fair value measurements using:			
Asset	Level 1	Level 2	Level 3	Assets at fair value
Investment in private entity	-	-	4,038,086	4,038,086

There were no transfers between the levels during the three and nine months ended September 30, 2015 or the year ended December 31, 2014.

Changes in fair value measurement for instruments categorized in Level 3

The following table presents a reconciliation of the changes in fair value measurements of financial assets included in Level 3 of the fair value hierarchy.

Nine months ended September 30, 2015						
Asset	Fair value December 31, 2014	Total unrealized gains included in income	Investment in private entity	Settlement of investments in private entities	Fair value September 30, 2015	Changes in unrealized gains included in income for assets for the period ended June 30, 2015 for positions still held
Investment in private entity	$ 4,038,086	$ -	$ 285,561	$ -	$ 4,323,647	$ -

Realized and unrealized gains and losses recognized for Level 3 investments are reported as realized gain (loss) on sale of investments in private entities, and change in unrealized gain (loss) on investments in private entities, respectively.

7. Investment in an associate

On March 19, 2015, the Company completed the formation of its joint venture with Federated National Insurance Company ("Federated") and Transatlantic Reinsurance Company ("TransRe") to form Monarch National Insurance Company ("MNIC"). MNIC is a new Florida-based property and casualty insurance carrier.

On December 9, 2014, Crosswinds Monarch GP LLC was formed as a 100% owned subsidiary of Crosswinds with the sole purpose of being the General Partner of Crosswinds Investor Monarch LP ("CIMLP") which was also formed on December 9, 2014. On March 19, 2015, Crosswinds invested US $12 million ($15,322,800) in CIMLP while an unrelated U.S. investor contributed US $2 million, which gave Crosswinds and the U.S. investor an 85.7% and 14.3%, respectively, interest in CIMLP. Concurrently, CIMLP invested the US $14 million received into Monarch Delaware Holdings LLC ("Monarch Delaware"), the indirect parent company of MNIC for a 42.4% interest but a 50% voting interest in Monarch Delaware. At September 30, 2015, the carrying value of the investment in Monarch Delaware is $17,949,011.

The following provides additional information relating to the Company's investment in Monarch Delaware:

Statements of Financial Position

(in Cdn dollars) 100% basis, as at	**September 30, 2015**	December 31, 2014
Assets		
Cash and cash equivalents	**$ 18,258,107**	$ -
Investments	**30,996,813**	-
Other assets	**1,770,282**	-
Total assets	**51,025,202**	**-**
Liabilities		
Unearned premiums	**1,430,010**	-
Accounts payable and other liabilities	**614,310**	-
Long-term debt	**6,672,500**	-
Total liabilities	**8,716,820**	**-**
Net assets	**$ 42,308,382**	**$ -**
Carrying value of investment in an associate (42.42%)	**$ 17,949,011**	**$ -**

Results of Operations (in Cdn dollars) 100% basis	**For the three months ended Sept. 30, 2015**	For the three months ended Sept. 30, 2014	**For the nine months ended Sept. 30, 2015**	For the nine months ended Sept. 30, 2014
Revenue	**$ 418,750**	$ -	**$ 567,202**	$ -
Losses and adjusting expenses	**(115,265)**	-	**(152,438)**	-
Commission expense	**(68,158)**		**(45,891)**	-
Legal fees re: incorporation and start-up	**(21,942)**		**(880,270)**	
Operating and underwriting expenses	**(318,602)**		**(862,793)**	-
Loss before income taxes	**(105,217)**	**-**	**(1,374,190)**	**-**
Income tax recovery	**41,521**	-	**522,214**	-
Net loss	**(63,696)**	-	**(851,976)**	**-**
Other comprehensive income (loss)	**103,408**	-	**(293,751)**	-
Comprehensive income (loss)	**$ 39,712**	$ -	**$ (1,145,727)**	**$ -**

Reconciliation of Monarch Delaware's comprehensive loss to the share of loss of an associate recognized in the condensed interim consolidated statements of income (loss):

(in Cdn dollars) 100% basis	**For the three months ended Sept. 30, 2015**	For the three months ended Sept. 30, 2014	**For the nine months ended Sept. 30, 2015**	For the nine months ended Sept. 30, 2014
Comprehensive income (loss)	**$ 39,712**	$ -	**$ (1,145,727)**	$ -
Underwrting fees charged to equity in the financial statements of associate	**(9,445)**	-	**(487,543)**	
Adjusted comprehensive income (loss)	**30,267**	**-**	**(1,633,270)**	**-**
Share of income (loss) of an associate, net of tax (42.42%)	**$ 12,840**	**$ -**	**$ (692,903)**	**$ -**

8. Share capital

a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of Class A, Class B and Class C preference shares, issuable in series without nominal or par value.

b) Issued and outstanding

	Number	**Amount**
Common shares		
Balance – January 1, 2014	12,269,280	$ 35,333,030
Substantial issuer bid repurchase (note 12)	6,965,273	20,059,986
Balance December 31, 2014 and September 30, 2015	**5,304,007**	**$ 15,273,044**

c) Deferred share units

At the Company`s annual and special meeting on June 23, 2014, shareholders approved the adoption by the Company of a Deferred Share Unit Plan including approval of the issuance of a maximum of 530,400 common shares of the Company under such plan. In April 2015, 260,000 deferred share units were issued to the Board of Directors and management of the Company. The deferred share units vest in eight equal amounts with the first tranche vesting on the Grant Date, the second tranche vesting on June 30, 2015, the third tranche vesting on September 30, 2015 and the remainder vesting in equal amounts over the next five quarters. For the three and nine months ended September 30, 2015, the Company recorded a share-based payments expense of $237,086

(2014 - $nil) and $1,100,609 (2014 - $nil), respectively, with a corresponding increase to contributed surplus. The total share-based payments to be expensed over the vesting periods is $1.6 million; in Q2 2015 55% was expensed and in Q3 2015 15% was expensed; the remaining amounts will be expensed quarterly as follows:
Q4 2015 11%; Q1 2016 8%; Q2 2016 6%; Q3 2016 3% and Q4 2016 2%.

9. Related party transactions

Management Services Agreement

Effective January 1, 2015, the Company's management service agreement with CDJ Global Catalyst LLC ("CDJ") was terminated. Crosswinds and CDJ reached an agreement to internalize its management functions (the "Internalization") previously provided by CDJ. No additional compensation or termination fee was paid to CDJ in connection with the Internalization. CDJ received its management fees for the period up to and including December 31, 2014. Effective January 1, 2015, Colin King, principal of CDJ and Chief Executive Officer of the Company has been employed and paid directly by the Company along with the Company's other executive officers.

For the three and nine months ended September 30, 2015, the management fee charged to the Company was $nil (2014 – US $62,500) and $nil (2014 – US $102,500), respectively.

Investment Management Services Agreement

In conjunction with the closing of the Monarch Joint Venture (see note 7), Crosswinds AUM LLC ("AUM"), a 100% owned subsidiary of the Company, entered into an investment management services agreement with MNIC and its parent Monarch National Holding Company ("MNHC"). Under the agreement, AUM acts as an investment advisor and manages the assets of MNHC and MNIC for a management fee paid quarterly in arrears.

For the three and nine months ended September 30, 2015, AUM earned $63,585 and $121,179, respectively, in investment management fees. As at September 30, 2015, the amount owing to the Company of $66,149 was included in due from related parties on the condensed interim consolidated statements of financial position.

10. Substantial issuer bid

On March 7, 2014, the Board of Directors of the Company approved a substantial issuer bid (the "Offer") pursuant to which the Company offered to repurchase for cancellation up to $25,000,000 in value of its outstanding common shares (the "Shares") from shareholders for cash. The Offer was by way of a modified Dutch auction process which allowed shareholders to individually select the price, within the specified range (in increments of $0.01 per Share), at which they were willing to sell all or a portion of their Shares. The range of Offer prices was between $3.45 and $3.55 per Share. The Offer expired on April 15, 2014.

A total of 6,995,473 Shares were validly deposited and not withdrawn under the Offer. Pursuant to the terms of the Offer, the Company determined the purchase price to be $3.50 per Share. The Company took up 6,965,273 Shares, representing 99.6% of the total number of Shares tendered to the Offer, for aggregate consideration of $24,378,455. These Shares represented approximately 56.8% of the total Shares issued and outstanding as at April 15, 2014 and, following the purchase and cancellation of these Shares, 5,304,007 Shares remain outstanding.

11. Financial risk management

The Company is exposed to a number of risks due to the nature of its activities. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's risk management policies are approved by the Board of Directors and seek to minimize the potential adverse effects of these risks on the Company's financial performance. The risk management process is an ongoing process of identification, measurement, monitoring and controlling risk.

a) Risk management structure

The Board of Directors is ultimately responsible for the overall risk management within the Company but has delegated the responsibility for identifying and controlling risks to management.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

b) Risk mitigation

The Company does not use derivatives and other instruments for trading purposes or for risk management; however, the Company does hold investments in warrants which are considered a derivative instrument.

c) Excessive risk concentration

A concentration of risk exists where: (i) positions in financial instruments are affected by changes in the same risk factor or group of correlated factors; and (ii) the exposure could, in the event of large but plausible adverse developments, result in significant losses.

Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market to realize liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. Concentrations of counterparty risk may arise when a number of financial instruments or contracts are contracted with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

To avoid excessive concentration of risk, the Company reviews its investment policies and risk management procedures regularly.

d) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company has made investments in private entities which do not typically have an active market. Private investment transactions can be highly structured and the Company takes measures, where possible, to create defined liquidity events and, as part of its strategy, the Company has sought to create or accelerate such liquidity events. However, such liquidity events are rarely expected in the first two or three years of making an investment and may not be realized as expected. The Company has historically sought to obtain regular cash flow from these investments through interest payments and/or management fees.

The Company funds itself with operating cash flows and return of capital and capital gains from its investments. Operating cash flows have historically been sufficient to cover normal operating expenses. The Company's liabilities are expected to be settled within the next twelve months.

e) Interest Rate Sensitivity

As at and during the nine months ended September 30, 2015, the Company did not have any significant exposure to interest rate risk as the Company intends to hold its debt instruments to maturity, and therefore, would not be impacted by changes in interest rates.

f) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

Financial assets exposed to credit risk include debt instruments and derivatives disclosed in note 6 to the financial statements. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

All purchases and sales of listed securities are settled/paid for upon delivery using approved brokers. The delivery of securities sold is only made once payment has been received by the broker and payment is made on a purchase only after the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

As at September 30, 2015 and December 31, 2014, none of these financial assets was either impaired or past due but not impaired. The Company does not hold any collateral as security.

The Company's maximum exposure to credit risk arising from private equity investments is equal to the fair value of those investments (see note 6). The Company also has credit exposure related to deposits placed with Canadian and U.S. chartered banks in the amount of $1,650,505 as at September 30, 2015 (December 31, 2014 – $17,117,852). The banks at which the deposits are held have a senior debt rating of AA- from DBRS.

g) Foreign Exchange Risk

As at September 30, 2015, the Company has significant exposure to foreign exchange risk as it has committed a substantial amount of its capital in USD to the Monarch Joint Venture and held its cash in Canadian dollars. (see note 7).

12. Commitment

The Company entered into a premises lease agreement in the third quarter of 2015 for approximately 3,000 square feet of office space located at 14 Wall Street, New York, New York. The Company estimates the total obligation under the premises lease over a five-year period to be approximately $1,003,290 (US $752,000).

	September 30, 2015	December 31, 2014
Operating lease	**$ 1,003,544**	$ nil

	Payments due by period			
At September 30, 2015	**TOTAL**	**< 1 year**	**1-2 years**	**3-5 years**
Operating lease	$ 1,003,544	$ 158,209	$ 410,524	$ 434,811

13. Capital disclosures

The Company's objectives when managing capital are: (a) to safeguard the Company's ability to continue to execute its strategy, so that it can provide returns for shareholders and benefits to other stakeholders; and (b) to provide an adequate return to shareholders by seeking returns on investments that are commensurate with the level of risk on the investments.

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. In order to maintain or adjust the capital structure the Company may buy back shares or sell assets.

The Company views all shareholders' equity as capital. The Company is not directly subjected to any material externally imposed capital requirement. The Company's investee Monarch National Insurance Company is subject to minimum capital requirements as imposed by the Florida Office of Insurance Regulation.