

**Axion Ventures Inc.
Amended and Restated Condensed Consolidated Interim
Financial Statements**

(Expressed in United States Dollars)

**For the Three and Nine Months Ended September 30, 2017
and 2016**

(Unaudited)

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Administrative information

Directors

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Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying amended and restated unaudited condensed consolidated interim financial statements of Axion Ventures Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these amended and restated condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The Company is hereby filing these amended and restated unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 to:

- present the condensed consolidated interim financial statements in United States Dollars; and
- Correct certain accounting errors identified as a result of completion of the annual audit for the year ended December 31, 2017 (including the reversal of adoption of exception to consolidation from IFRS 10).

A summary of the adjustments in these amended and restated unaudited condensed consolidated interim financial statements for the period ended September 30, 2017 are detailed as follows:

	As previously reported	Adjustments	As restated
	CAD'000	USD'000	USD'000
Non-current assets	176,338	(166,608)	9,730
Total current assets	5,324	1,276	6,600
Total assets	181,662	(165,332)	16,330
Total current liabilities	(69)	(7,014)	(7,083)
Net assets	181,593	(172,346)	9,247
Equity attributable to owners of the Company	181,605	(172,454)	9,151
Non-controlling interests	(12)	108	96
Total equity	181,593	(172,346)	9,247
Revenue	125,356	(120,839)	4,517
Gross profit	121,267	(119,447)	1,820
Profit/(Loss) before taxation	112,822	(118,311)	(5,489)
Profit/(Loss) for the period	112,821	(118,311)	(5,490)

In connection with the filing of these amended and restated unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 and the foregoing adjustments, the Company is also filing: (i) amended and restated management discussion and analysis in compliance the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* and Form 51-102F1 *Management Discussion and Analysis*; and (ii) CEO and CFO certifications in compliance with Form 52-109F2R *Certification of Refiled Interim Filings*.

Vancouver, Canada

July 12, 2018

Condensed Consolidated Interim Statement of Comprehensive Income

For the Three and Nine Months Ended September 30, 2017 and 2016

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)
Revenue	3	1,605	2,104	4,517	7,713
Cost of sales		<u>(1,026)</u>	<u>(971)</u>	<u>(2,697)</u>	<u>(2,853)</u>
Gross profit		579	1,133	1,820	4,860
Research and development expenses		(409)	(615)	(1,182)	(1,669)
Selling and distribution expenses		(278)	(359)	(903)	(1,109)
General and administrative expenses		<u>(2,037)</u>	<u>(681)</u>	<u>(5,353)</u>	<u>(2,559)</u>
Loss from operations		(2,145)	(522)	(5,618)	(477)
Other income/(expenses)		70	(102)	90	(58)
Finance income		5	19	21	25
Finance expense		-	(13)	-	(13)
Foreign currency exchange (loss)/gain		(14)	(17)	18	(21)
Listing expenses		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,032)</u>
Loss before income tax		(2,084)	(635)	(5,489)	(1,576)
Income tax expense	7	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(13)</u>
Loss for the period		<u>(2,084)</u>	<u>(635)</u>	<u>(5,490)</u>	<u>(1,589)</u>
Other comprehensive loss:					
<i>Item that will or may be reclassified to profit or loss:</i>					
Exchange difference arising on translation of foreign operations		<u>175</u>	<u>(408)</u>	<u>602</u>	<u>(1,046)</u>
Other comprehensive loss for the period, net of tax		<u>175</u>	<u>(408)</u>	<u>602</u>	<u>(1,046)</u>
Total comprehensive loss		(1,909)	(1,043)	(4,888)	(2,635)
Loss for the period attributable to:					
Owners of the Company		(1,584)	(376)	(4,370)	(1,261)
Non-controlling interests		<u>(500)</u>	<u>(259)</u>	<u>(1,120)</u>	<u>(328)</u>
		<u>(2,084)</u>	<u>(635)</u>	<u>(5,490)</u>	<u>(1,589)</u>

Condensed Consolidated Interim Statement of Comprehensive Income

For the Three and Nine Months Ended September 30, 2017 and 2016

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)
Total comprehensive loss attributable to:					
Owners of the Company		(1,430)	(780)	(3,969)	(2,303)
Non-controlling interests		(479)	(263)	(919)	(332)
		<u>(1,909)</u>	<u>(1,043)</u>	<u>(4,888)</u>	<u>(2,635)</u>
Loss per share attributable to owners of the Company					
Basic	8	(1.12 cents)	(0.09 cents)	(3.58 cents)	(0.31 cents)
Diluted		(1.12 cents)	(0.09 cents)	(3.58 cents)	(0.31 cents)

The accompanying notes are an integral part of these amended and restated unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at September 30, 2017 and December 31, 2016

	<i>Notes</i>	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Assets			
Non-current assets			
Intangible assets	9	6,899	4,630
Property, plant and equipment	10	621	111
Available-for-sale investments	11	1,911	361
Trade and other receivables	12	299	-
		<u>9,730</u>	<u>5,102</u>
Current assets			
Trade and other receivables	12	1,001	1,293
Cash and cash equivalents	13	5,599	7,166
		<u>6,600</u>	<u>8,459</u>
Total current assets		<u>6,600</u>	<u>8,459</u>
Total assets		<u>16,330</u>	<u>13,561</u>
Liabilities			
Current liabilities			
Trade and other payables	14	3,699	4,520
Deferred revenue		3,384	2,622
		<u>7,083</u>	<u>7,142</u>
Total current liabilities		<u>7,083</u>	<u>7,142</u>
Net current (liabilities)/assets		<u>(483)</u>	<u>1,317</u>
NET ASSETS		<u>9,247</u>	<u>6,419</u>
Issued capital and reserves attributable to owners of the Company			
Share capital		63,739	56,568
Foreign currency translation reserve		(577)	(978)
Share-based payment reserve		832	412
Other reserve		(33,543)	(33,543)
Accumulated losses		(21,300)	(17,055)
		<u>9,151</u>	<u>5,404</u>
Non-controlling interests		96	1,015
TOTAL EQUITY		<u>9,247</u>	<u>6,419</u>

The accompanying notes are an integral part of these amended and restated unaudited condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in United States Dollars)

Condensed Consolidated Interim Statement of Changes in Equity
For the Nine Months Ended September 30, 2017 and 2016

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Equity attributable to the owners of the Company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
At January 1, 2017	56,568	(978)	412	(33,543)	(17,055)	5,404	1,015	6,419
Comprehensive loss for the period								
Loss for the period	-	-	-	-	(4,370)	(4,370)	(1,120)	(5,490)
Exchange difference arising on translation of foreign operations	-	401	-	-	-	401	201	602
Total comprehensive loss for the period	-	401	-	-	(4,370)	(3,969)	(919)	(4,888)
Contributions by and distributions to owners								
Share-based payment expenses	-	-	545	-	-	545	-	545
Forfeiture of share options	-	-	(113)	-	113	-	-	-
Issuance of new shares	7,656	-	(12)	-	12	7,656	-	7,656
Share issue costs	(485)	-	-	-	-	(485)	-	(485)
Total contributions by and distributions to owners	7,171	-	420	-	125	7,716	-	7,716
At September 30, 2017	63,739	(577)	832	(33,543)	(21,300)	9,151	96	9,247

Axion Ventures Inc.

AMENDED AND RESTATED

**Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in United States Dollars)**
**Condensed Consolidated Interim Statement of Changes in Equity
For the Nine Months Ended September 30, 2017 and 2016**

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Equity attributable to the owners of the Company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
At January 1, 2016	22,960	138	181	(11,439)	(9,937)	1,903	150	2,053
Comprehensive loss for the period								
Loss for the period	-	-	-	-	(1,261)	(1,261)	(328)	(1,589)
Exchange difference arising on translation of foreign operations	-	(1,042)	-	-	-	(1,042)	(4)	(1,046)
Total comprehensive loss for the period	-	(1,042)	-	-	(1,261)	(2,303)	(332)	(2,635)
Contributions by and distributions to owners								
Share-based payment expenses	-	-	272	-	-	272	-	272
Forfeiture of share options	-	-	(9)	-	9	-	-	-
Reverse acquisition	25,420	59	-	(22,104)	(3,221)	154	3,223	3,377
Exercise of share options	23	-	(9)	-	-	14	-	14
Issuance of new shares	8,664	-	-	-	-	8,664	-	8,664
Share issue costs	(522)	-	-	-	-	(522)	-	(522)
Total contributions by and distributions to owners	33,585	59	254	(22,104)	(3,212)	8,582	3,223	11,805
At September 30, 2016	56,545	(845)	435	(33,543)	(14,410)	8,182	3,041	11,223

The accompanying notes are an integral part of these amended and restated unaudited condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in United States Dollars)

Condensed Consolidated Interim Statement of Cash Flows
For the Three and Nine Months Ended September 30, 2017 and 2016

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)
Cash flows from operating activities					
Loss before income tax		(2,083)	(635)	(5,489)	(1,576)
Adjustments for:					
Depreciation of property, plant and equipment		15	17	48	133
Amortisation of intangible assets		24	26	77	105
Share-based payment		186	(23)	545	272
Finance income		(5)	(19)	(21)	(25)
Finance expense		-	13	-	13
Listing expenses		-	-	-	1,032
		<u>(1,863)</u>	<u>(621)</u>	<u>(4,840)</u>	<u>(46)</u>
Decrease/(Increase) in trade and other receivables		623	(1,035)	(7)	(781)
Decrease in trade and other payables		(72)	(51)	(820)	(1,243)
Increase in deferred revenue		14	394	762	177
		<u>(1,298)</u>	<u>(1,313)</u>	<u>(4,905)</u>	<u>(1,893)</u>
Income taxes paid		(1)	-	(1)	(13)
		<u>(1,299)</u>	<u>(1,313)</u>	<u>(4,906)</u>	<u>(1,906)</u>
Net cash flows used in operating activities					
Investing activities					
Purchase of intangible assets	9	(960)	(676)	(2,346)	(2,107)
Purchase of property, plant and equipment	10	(153)	(4)	(550)	(44)
Addition of available-for-sale investments		(27)	-	(1,550)	-
Interest received		5	19	21	25
		<u>(1,135)</u>	<u>(661)</u>	<u>(4,425)</u>	<u>(2,126)</u>
Net cash used in investing activities					

Financing activities

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in United States Dollars)

Condensed Consolidated Interim Statement of Cash Flows
For the Three and Nine Months Ended September 30, 2017 and 2016

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)
Issue of shares, net of transaction costs		-	7,383	7,171	8,156
Capital contribution from non-controlling interests of a subsidiary		-	1,220	-	1,220
Interest paid		-	(13)	-	(13)
Net cash flows generated from financing activities		-	8,590	7,171	9,363
Net (decrease)/increase in cash and cash equivalents		(2,434)	6,616	(2,160)	5,331
Cash and cash equivalents at the beginning of the period		7,872	835	7,166	2,146
Exchange difference on cash and cash equivalents		161	137	593	111
Cash and cash equivalents at the end of the period		<u>5,599</u>	<u>7,588</u>	<u>5,599</u>	<u>7,588</u>

The accompanying notes are an integral part of these amended and restated unaudited condensed consolidated interim financial statements.

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months ended September 30, 2017 and 2016****1. General information**

Axion Ventures Inc. ("Axion Ventures" or the "Company") was incorporated under the British Columbia Business Corporations Act on June 21, 2011, is domiciled in Canada and was originally classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V" or "Exchange").

On December 2, 2011, the shares of the Company commenced trading under the symbol "CSP.P". The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined under the policies of the TSX-V ("QT"). On March 24, 2014, the Company moved from the TSX-V to the NEX board of the TSX-V trading under the symbol "CSP.H".

On May 11, 2016, the Company completed its QT as particularly described in its TSX-V filing statement previously filed with Canadian regulatory authorities. As a result of the completion of the QT, the Company ceased to be a CPC, and following receipt of final Exchange approval, the Company was listed as a Tier 2 Investment Issuer on the Exchange on May 18, 2016 under the symbol "CSP".

On November 1, 2016, the Company was approved for graduation from Tier 2 Investment Issuer to Tier 1 Investment Issuer status by the TSX-V. With the graduation to a Tier 1 listing, the common shares of the Company previously deposited into escrow pursuant to the rules of the TSX-V will be governed by the release provisions of Tier 1 Issuer's escrow.

On March 9, 2017, the Company changed its name from "Capstream Ventures Inc." to "Axion Ventures Inc." and effective from March 10, 2017, the Company's common shares traded under the new name and new symbol "AVX" on the TSX-V.

Axion Ventures became an Investment Issuer focused on investments in the online video gaming and other IT sectors after the completion of QT.

The address of the Company's corporate office and principal place of business is 530 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Canada.

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 and 2016 were authorized for issue by the Board of Directors of the Company on June 28, 2018.

2. Statement of compliance and basis of presentation

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs"), applicable to preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016, as amended and restated.

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2016, as amended and restated.

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016**

2. Statement of compliance and basis of presentation (continued)

These condensed consolidated interim financial statements are presented in United States Dollars ("US\$"), unless otherwise stated. References to Canadian Dollars are indicated by "CAD" or "C\$".

3. Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)
Outsourcing	856	1,367	2,295	4,664
Licensing	104	196	130	240
Game operation	522	446	1,836	2,404
Training	123	95	256	405
	<u>1,605</u>	<u>2,104</u>	<u>4,517</u>	<u>7,713</u>

4. Segment information

These condensed consolidated interim financial statements present the financial information of the Company and its subsidiary undertakings (together, the "Group"). An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. During the period, executive directors regularly review revenue and operating results derived from outsourcing, licensing, game operation and training consider as one single operating segment.

The Group's revenue from external customers and information about its non-currents assets by geographical location are detailed below.

	Three months ended September 30,		Nine months ended September 30,	
	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)	2017 US\$'000 (Restated and Unaudited)	2016 US\$'000 (Restated and Unaudited)
By country/region				
China	1,476	2,003	4,201	7,331
Rest of the world	129	101	316	382
Total revenue	<u>1,605</u>	<u>2,104</u>	<u>4,517</u>	<u>7,713</u>

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in United States Dollars)

Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016

4. Segment information (continued)

	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
By country/region		
Canada	1,020	371
China	6,748	4,731
Rest of the world	1,962	-
Non-current assets	9,730	5,102

5. Expenses by nature

	Three months ended September 30, 2017 2016 US\$'000 US\$'000 (Restated and Unaudited)		Nine months ended September 30, 2017 2016 US\$'000 US\$'000 (Restated and Unaudited)	
Amortisation of intangible assets [^]	24	26	77	105
Depreciation of property, plant and equipment*	15	17	48	133
Employee benefit expenses (Note 6)	2,692	2,366	7,670	7,139
Operating lease expense – land and buildings	271	176	737	641

[^] Amortisation expenses of US\$42,000 (nine months ended September 30, 2016: US\$52,000), US\$4,000 (nine months ended September 30, 2016: US\$8,000), US\$31,000 (nine months ended September 30, 2016: US\$45,000) and US\$4,000 (nine months ended September 30, 2016: US\$5,000) have been included in cost of sales, research and development expenses, general and administrative expenses and capitalisation of intangible assets respectively.

* Depreciation expenses of US\$12,000 (nine months ended September 30, 2016: US\$49,000), US\$6,000 (nine months ended September 30, 2016: US\$28,000), US\$30,000 (nine months ended September 30, 2016: US\$56,000) and US\$7,000 (nine months ended September 30, 2016: US\$18,000) have been included in cost of sales, research and development expenses, general and administrative expenses and capitalisation of intangible assets respectively.

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016**

6. Employee benefit expenses

	Three months ended September 30, 2017		September 30, 2016	
	US\$'000	US\$'000	US\$'000	US\$'000
	(Restated and Unaudited)		(Restated and Unaudited)	
Employee benefit expenses (including directors) comprise:				
Wages and salaries	1,930	1,708	5,535	5,121
Social welfare costs	524	514	1,459	1,629
Share-based payment expense	143	88	545	272
Other benefits	95	56	131	117
	<u>2,692</u>	<u>2,366</u>	<u>7,670</u>	<u>7,139</u>

7. Income tax expenses

The tax charge on loss comprises:

	Three months ended September 30, 2017		September 30, 2016	
	US\$'000	US\$'000	US\$'000	US\$'000
	(Restated and Unaudited)		(Restated and Unaudited)	
Current tax				
Corporation China tax	<u>-</u>	<u>-</u>	<u>1</u>	<u>13</u>

Taxation on profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the company operates.

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016**

8. Loss per share

The calculation of basic and diluted loss per share is based on the following data:

	Three months ended September 30, 2017		Nine months ended September 30, 2016	
	US\$'000	US\$'000	US\$'000	US\$'000
	(Restated and Unaudited)		(Restated and Unaudited)	
Numerator				
Loss for the period and loss used in basic and diluted EPS	<u>(1,584)</u>	<u>(376)</u>	<u>(4,370)</u>	<u>(1,261)</u>
Denominator				
Weighted average number of ordinary shares used in basic and diluted loss per share	<u>141,110,500</u>	<u>421,511,528</u>	<u>121,926,196</u>	<u>401,483,601</u>

The Company has a number of share options and warrants in issue which have not been included in the diluted loss per share calculation, due to their anti-dilutive effect.

9. Intangible assets

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to approximately US\$2,346,000 (nine months ended September 30, 2016: US\$2,107,000).

During the period, no intangible assets were disposed (nine months ended September 30, 2016: US\$ nil).

10. Property, plant and equipment

During the period, the Group acquired property, plant and equipment of approximately US\$550,000 (nine months ended September 30, 2016: US\$44,000).

During the period, no property, plant and equipment were disposed (nine months ended September 30, 2016: US\$ nil).

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016**

11. Available-for-sale investments

	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Unlisted equity investments:		
Innovega Inc.	361	361
Red Anchor Trading Corp.	1,550	-
	<u>1,911</u>	<u>361</u>

12. Trade and other receivables

	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Trade receivables	<u>473</u>	<u>614</u>
Trade receivables - net	473	614
Loan to a related company (Note)	<u>299</u>	<u>-</u>
	772	614
Total financial assets other than cash and cash equivalents classified as loans and receivables		
Deposits	247	152
Prepaid expenses	42	490
Other receivables	216	14
Advances to employees	<u>23</u>	<u>23</u>
Total trade and other receivables	1,300	1,293
Less: Non-current portion – Loan to a related company	<u>(299)</u>	<u>-</u>
Current portion	<u>1,001</u>	<u>1,293</u>

Management considers that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods at inception.

Note:

Loan to a related party represented a Red Anchor (Thailand) Co., Ltd., a limited company organised and existing under Thai law, which holds an 11% equity interest in True Axion Interactive Ltd., before the Thailand Board of Investment status approved. The balance due is unsecured, interest-bearing at 1% per annum and repayable in year 2022.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016

13. Cash and cash equivalents

	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Cash at banks	3,492	4,513
Short term bank deposits	2,107	2,653
	<u>5,599</u>	<u>7,166</u>

Management considered that the fair value of the short-term bank deposits was not materially different from their carrying amount because of the short maturity period at inception.

14. Trade and other payables

	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Trade payables	820	825
Accrued salaries and benefits	1,211	1,953
Other tax liabilities	1,213	993
Advance from customers	56	313
Accrued expenses	263	284
Other payables	136	152
	<u>3,699</u>	<u>4,520</u>

All balances are unsecured, interest-free and repayable on demand.

All amounts are short-term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of their fair values.

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016**

15. Related party transactions

The Group entered into the following related party transactions during the period.

Receivables:

	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Red Anchor (Thailand) Co., Ltd., a company controlled by the major shareholders	299	-

16. Operating leases

The Group as a lessee

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	Land and buildings	
	September 30, 2017 US\$'000 (Restated and Unaudited)	December 31, 2016 US\$'000
Not later than one year	1,334	882
Later than one year and not later than five years	1,329	1,219
Total future minimum lease payments	2,663	2,101

The Group leases a number of properties under operating leases. The leases run for an initial period of one to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

17. Events after the reporting date

Issuance of convertible debentures

On March 2, 2018, the Company closed a non-brokered private placement of convertible debentures in the principal amount of approximately US\$909,000 (the "Debentures"). The Debentures are convertible into common shares of the Company at a conversion price of C\$0.93 per share. The Debentures mature two years from the date of the closing and bear interest at the rate of 15% per annum, payable semi-annually in shares with the number of shares determined at the market price (as defined in the policies of the TSX-V) on the applicable interest payment date, unless the holder elects not to convert the interest into shares in which case the interest shall be calculated at a rate of 8% per annum and paid in cash.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016**17. Events after the reporting date (continued)**Shareholder loans

On March 2, 2018, the Company entered into a shareholder loan agreement with Cern One Limited ("Cern One"), whereby Cern One advanced a loan to the Company amounting to US\$800,000 to fund ongoing expenses. The loan is unsecured, non-interest bearing, and payable on demand. Cern One is controlled by Mr. Todd Bonner's spouse, Nithinan Boonyawattapisut. Mr. Todd Bonner is the Chairman, the officer and through Cern One, a significant shareholder of the Company.

On May 11, 2018, the Company entered into a loan agreement with Red Anchor, whereby Red Anchor loaned the Company approximately US\$1,025,000 to fund ongoing expenses. The loan is unsecured, non-interest bearing, and payable on demand. Red Anchor is controlled by Mr. Todd Bonner and his spouse, Nithinan Boonyawattapisut.

Shares issued in connection with finder's warrants

In connection with the QT, the Company issued 1,000,000 share purchase warrants ("QT finder's warrants") with an exercise price of C\$0.25 per common share and an expiry date of two years from the date of issuance. On May 11, 2018, these QT finder's warrants had been fully exercised.