BAYLIN TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2018

(Canadian dollars in thousands)

UNAUDITED

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Date of approval of consolidated financial statements: **May 7, 2018**

"Jeffrey C. Royer"	*"Randy Dewey"*	*"Michael Wolfe"*
Jeffrey C. Royer	**Randy Dewey**	**Michael Wolfe**
Chairman of the Board of Directors	**President & Chief Executive Officer**	**Chief Financial Officer**

Baylin Technologies Inc.

Interim Condensed Consolidated Statements of Financial Position (unaudited)

Canadian dollars in thousands

		March 31, 2018		December 31, 2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	9,370	$	35,156
Trade receivables		23,156		16,091
Other current assets		3,115		4,252
Inventories		19,111		9,167
		54,752		64,666
NON-CURRENT ASSETS				
Property, plant and equipment, net		21,316		20,151
Lease deposits		66		65
Goodwill and intangibles (note 6)		39,107		-
		60,489		20,216
TOTAL ASSETS	$	115,241	$	84,882
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Credit from banks (note 7)	$	1,368	$	4,159
Accounts payable and accrued liabilities		24,976		22,552
Income tax payable		85		162
		26,429		26,873
NON-CURRENT LIABILITIES				
Long-term portion of credit from banks (note 7)		354		347
Term loan (note 8)		29,690		-
Employee benefit liabilities, net (note 9)		1,905		1,836
Other long-term liabilities		631		-
		32,580		2,183
TOTAL LIABILITIES		59,009		29,056
SHAREHOLDER’S EQUITY				
Share capital		111,004		109,210
Accumulated other comprehensive income		12,928		11,212
Share-based payments reserve (note 10)		2,949		1,446
Accumulated deficit		(70,215)		(65,947)
		56,666		55,921
Non-Controlling Interest		(434)		(95)
TOTAL EQUITY		56,232		55,826
TOTAL LIABILITIES AND TOTAL EQUITY	$	115,241	$	84,882

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

Baylin Technologies Inc.

Interim Condensed Consolidated Statements of Loss and Other Comprehensive Loss (unaudited)

Canadian dollars in thousands

	For the three months ended March 31,	
	2018	**2017**
Revenues (note 13)	$ 29,438	$ 19,801
Cost of sales	18,876	13,859
Gross profit	10,562	5,942
Operating expenses		
Selling and marketing expenses	2,430	1,248
Research and development expenses	3,263	2,931
General and administrative expenses	6,121	2,989
Acquisition expenses	1,788	-
	13,602	7,168
Operating loss	(3,040)	(1,226)
Finance expense , net	1,430	403
Loss before income taxes	(4,470)	(1,629)
Income tax expense	137	15
Net loss	$ (4,607)	$ (1,644)
Net loss attributable to shareholders	(4,268)	(1,644)
Net loss attributable to non-controlling interest	(339)	-
Amounts arising from translation of foreign operations	1,716	(12)
Other comprehensive income (loss), net of tax:	$ 1,716	$ (12)
Total Comprehensive loss	$ (2,891)	$ (1,656)
Total Comprehensive loss attributable to shareholders	(2,552)	(1,656)
Total Comprehensive loss attributable to non-controlling interest	(339)	-
Basic and diluted loss per share	**$ (0.14)**	**$ (0.08)**

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

Baylin Technologies Inc.

Interim Condensed Consolidated Statements of Changes in Equity (unaudited)

Canadian dollars in thousands

	Share capital	Share-based payment reserve	Accumulated deficit	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance as of January 1, 2018	$ 109,210	$ 1,446	$ (65,947)	$ 11,212	$ (95)	$ 55,826
Net loss	-	-	(4,268)	-	(339)	(4,607)
Other comprehensive loss	-	-	-	1,716	-	1,716
Share-based payment (note 10)	-	1,470	-	-	-	1,470
Employee Share Purchase Plan (note 10)	(272)	33	-	-	-	(239)
Issuance of shares, net of share issuance costs (note 6, 10)	2,066	-	-	-	-	2,066
Balance as of March 31, 2018	$ 111,004	$ 2,949	$ (70,215)	$ 12,928	$ (434)	$ 56,232

	Share capital	Share-based payment reserve	Accumulated deficit	Accumulated other comprehensive income (loss)	Non-controlling interest	Total equity
Balance as of January 1, 2017	$ 90,929	$ 1,087	$ (61,940)	$11,247	$ 107	$ 41,430
Net Loss	-	-	(1,644)	-	-	(1,644)
Other comprehensive loss	-	-	-	(12)	-	(12)
Share-based payment (note 10)	-	85	-	-	-	85
Balance as of March 31, 2017	$ 90,929	$ 1,172	$ (63,584)	$ 11,235	$ 107	$ 39,859

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

Baylin Technologies Inc.

Interim Condensed Consolidated Statements of Cash Flows (unaudited)

Canadian dollars in thousands

	Three months ended March 31, 2018	2017
Cash flows from operating activities		
Net loss	$ (4,607)	$ (1,644)
Adjustments to reconcile loss to net cash used in operating activities		
Share-based payment	1,520	85
Depreciation and amortization	997	1,002
Finance expense, net	1,430	403
Loss from sale of property, plant and equipment	-	15
Income taxes	137	15
Unrealized foreign exchange losses`	578	-
	4,662	1,520
Changes in asset and liability items		
Increase in trade receivables	(2,013)	(790)
Decrease in other current assets	1,366	-
Decrease in inventories	925	927
Decrease in trade payables and liabilities	(4,604)	(3,684)
	(4,326)	(3,547)
Cash paid and received during the year for		
Interest paid, net	(597)	(25)
Taxes paid, net	(213)	39
	(810)	14
Net cash used in operating activities	(5,081)	(3,657)
Cash flows from investing activities		
Purchase of property, plant and equipment	(452)	(789)
Proceeds from sale of property, plant and equipment	-	43
Business Acquisition	(48,000)	-
Net used in investing activities	(48,452)	(746)
Cash flows from financing activities		
Net cash used in share purchases	(289)	-
Net (repayment)/borrowings of credit from banks	(3,031)	1,402
Receipt of the term loan	30,755	-
Net cash used in financing activities	27,435	1,402
Exchange difference on balances of cash and cash equivalents	312	91
Decrease in cash and cash equivalents	(25,786)	(2,910)
Cash and cash equivalents at the beginning of the year	35,156	18,480
Cash and cash equivalents at the end of the period	$ 9,370	$ 15,570

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

NOTE 1: GENERAL

Baylin Technologies Inc. ("Baylin") was incorporated pursuant to the laws of the province of Ontario on September 24, 2013, for the purpose of completing the initial public offering of its shares. The Company's registered office is located in Toronto, Ontario, Canada.

Baylin and its subsidiaries (the “Company” or the "Group") is a leading, diversified, global wireless technology management company. Baylin focuses on research, design, development, manufacturing and sales of passive and active radio frequency (“RF”) products and services.

Approval of financial statements

These interim condensed consolidated financial statements of the Company for the three months ended March 31, 2018 have been prepared by Management and were authorized for issue in accordance with a resolution of the board of directors on May 7, 2018.

NOTE 2: BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended March 31, 2018, have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements as of December 31, 2017.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

As of March 31, 2018, there have been no material changes to the significant accounting policies as outlined in Note 3 of the audited consolidated financial statements dated December 31, 2017, except as disclosed in Note 5.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

There have been no significant changes to our critical accounting judgements, estimates and assumptions made since our annual financial reporting for the year ended December 31, 2017, except for the following:

Management applies IFRS 3, Business Combinations, to account for business acquisitions. Significant judgement is required in identifying and determining the fair value of assets and liabilities acquired, including assets and residual goodwill, if any. As at March 31, 2018, the final purchase price allocation for the business combination was not complete as further information was required. Provisional amounts are reported and disclosed in Note 6 below. New information obtained during the measurement period may result in an adjustment to some or all of the provisional amounts.

Further, as disclosed in Note 6, Advantech Wireless Inc. (the “Seller”) may be entitled to additional compensation between $750 and $3,000 in each of 2018 and 2019 conditional on Advantech meeting certain performance targets.

The company's liability for the additional compensation to the Seller is carried at fair value. Management uses current and historical operational results, estimates and probabilities of future earnings and discounted cash flows to estimate the additional compensation. Changes in these estimates may materially affect the carrying values of the company's liability and the related gain or loss in the statement of loss and other comprehensive loss as reported under finance expense, net.

NOTE 5: DISCLOSURES OF NEW STANDARDS ADOPTED AND PRIOR TO THEIR ADOPTION

New standards and amendments adopted

Certain new standards and amendments became effective on January 1, 2018 including IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The Company has applied IFRS 15 on a retrospective basis such that the cumulative effect of initially applying this standard is recognized at the date of initial application. Comparative information has not been restated and is accounted for under IAS 18.

Revenue from Contracts with Customers is recognized when a customer obtains control of the promised asset and the Company satisfies its performance obligation. Revenue is allocated to each performance obligation.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the entity expects to be entitled to in exchange for the transferring of promised goods. The Company earns revenue from contracts with customers related to its product sales.

The Company satisfies its performance obligations for its product sales based upon specified contract terms which are generally upon shipment or upon delivery. Revenue from sales is recorded based upon agreed prices of the expected shipment. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from January 1, 2018 resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 9 comparative figures have not been restated. The new accounting policies are set out below.

On January 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the group and has determined that amortized cost is the appropriate IFRS 9 category. The Company was required to revise its impairment methodology under IFRS 9. There was no impairment loss identified. There was no impact from the IFRS 9 adoption on the Company's financial liabilities as these continued to be accounted as financial liabilities at amortized cost.

Financial liabilities at fair value through profit and loss (FVTPL) are liabilities which include contingent consideration and cannot be classified as at amortized cost. Cash flows from the Company's contingent consideration liability incorporate estimates and probabilities of future earnings and discounting of the cash flows. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair value recognized in the consolidated statements of loss and other comprehensive loss.

The adoption of new standards and amendments did not have any impact on the amounts recognized in prior periods.

New standards and interpretations not yet adopted

In Note 5 to the audited consolidated financial statements dated December 31, 2017, the following are new standards that have been issued but are not yet in effect and which are relevant to the Group:

(a) IFRS 16 Leases, effective for annual periods beginning on or after January 1, 2019

The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.

NOTE 6: ACQUISITION OF ADVANTECH

On January 17, 2018, through its wholly-owned subsidiary, the Company acquired (the “Acquisition”) the assets of the radio frequency, terrestrial microwave and antenna equipment divisions of the Seller and certain of its affiliates (collectively “Advantech”). Advantech is a leading designer and manufacturer of customizable radio frequency, terrestrial microwave and antenna products for highly specialized wireless communications markets.

The purchase price paid for the Acquisition was $49,000, of which $48,000 was paid in cash and $1,000 by the issuance of 308,642 common shares of the Company at a deemed price of $3.24 per share. The provisional recorded amount of the Acquisition was $48,681 due to the additional amount recorded as contingent consideration and included within other long-term liabilities (note 12), offset by amounts expected to be received as a result of working capital adjustments.

The purchase price is subject to customary post-closing adjustments and the Seller may be entitled to an additional compensation between $750 and $3,000 in each of 2018 and 2019 conditional on Advantech meeting certain performance targets. The fair value of the additional compensation was determined by applying a probability metric to expected compensation.

This transaction was financed using the Company’s available cash and through the issuance of a term loan (Note 8).

In connection with the Acquisition, Advantech Wireless Inc. entered into a consulting agreement with the Company, pursuant to which Advantech will provide the services of its principals David and Stella Gelerman for two years. In consideration for these services, Advantech Wireless Inc. will receive a fee of $2,500, payable, as to one-half, in cash in quarterly instalments and, as to one-half, through 385,802 common shares issued at closing of the acquisition with a deemed price of $3.24 per share. The trading of such shares is subject to certain time release restrictions for a period of up to 24 months following the closing of the Acquisition.

This transaction qualifies as a business combination and was accounted for in accordance with IFRS 3 Business Combinations using the acquisition method of accounting. To account for the transaction, the Company has performed a preliminary business valuation of Advantech at the date of acquisition and a preliminary purchase price allocation. At the time of issuance of these financial statements, certain aspects of the valuation, including working capital adjustments, are not finalized and the business valuation and the purchase price allocations are subject to change.

Canadian dollars in thousands

The following table summarizes the acquisition date provisional fair values of the net identifiable assets acquired:

	Provisional Fair Values January 17, 2018	
Trade receivables	$	3,441
Inventory		10,444
Other current assets		161
Property, plant and equipment		874
Goodwill and intangibles		39,107
Accounts payables and accrued liabilities		(5,212)
Other long-term provisions		(134)
	$	48,681

If the acquisition had occurred on January 1, 2018, consolidated pro-forma revenue and net loss for the three months ended March 31, 2018 would have been $29,698 and $4,871

Transaction costs of $1,788 were expensed during the three months ended March 31, 2018 and are included in acquisition expenses.

NOTE 7: CREDIT FROM BANKS

The Group has revolving credit lines which are being drawn as needed. As at March 31, 2018, the aggregate credit facility of the Group was approximately $10,751 of which $1,722 was drawn and utilized. As at December 31, 2017, the aggregate credit facility of the Group was approximately $10,338 of which $4,506 was drawn and utilized.

a. The Company has a revolving credit facility with Hong Kong Shanghai Bank Corporation (“HSBC”, and the “HSBC Facility”) for up to $5,158. This facility is collateralized by the Company’s accounts receivables and inventory. There were no borrowings under this facility as at March 31, 2018 and December 31, 2017.

b. The Company’s Chinese subsidiary has a Renminbi equivalent $3,690 short-term credit facility with the Shanghai Pudong Development Bank ("SPD") secured by the Company’s Chinese subsidiary building in Renminbi currency equivalent. As at March 31, 2018, $656 was outstanding under this facility, payable in 2018. As at December 31, 2017 the full balance was outstanding under this facility.

c. The Company’s Vietnamese subsidiary entered into a $1,418 credit facility with a Vietnamese bank in United States Dollar equivalent. This facility is collateralized by certain equipment owned by the Company’s Vietnamese subsidiary. As at March 31, 2018, there was $707 outstanding under this facility of which $353 is due in 2018 and $354 is due in 2019. As at December 31, 2017, there was $1,036 outstanding under this facility.

d. The Company’s Korean subsidiary has a $485 short-term credit facility with the Shinhan Bank in South Korean Won currency equivalent. The credit facility is secured by an irrevocable letter of credit issued by

Baylin to the lender in Korea. As at March 31, 2018, $359 was drawn and as at December 31, 2017, no balance was outstanding under this facility.

The Group's ability to utilize bank credit facilities is dependent on being able to provide collateral in accordance with the requirements of the banks providing credit facilities to our subsidiaries. Bank credit facilities are for working capital and are secured by the Group's building in China, accounts receivable, inventory and certain equipment owned by the Company's Vietnamese subsidiary. The company is in compliance with all of its covenants.

NOTE 8: TERM LOAN

On January 17, 2018, in connection with the Acquisition, the Company entered into a term loan ("Loan") with Crown Capital Inc. ("Lender") with a principal amount of $33,000, an annual interest rate of 9% and maturity date of January 17, 2023. Interest on the Loan is payable monthly in arrears. Baylin and certain of its subsidiaries are guarantors of the Loan and granted and pledged certain security in favour of the Lender including, without limitation, a general security agreement, as well as executing and delivering in favour of the Lender various other loan documents. The credit agreement applicable to the Loan contains certain covenants that the Company must comply with including the following financial covenants: a fixed charge coverage ratio and net debt to TTM EBITDA ratio (as defined in the Loan agreement dated January 17, 2018, as amended) calculated at the end of each quarter. The credit agreement also includes other customary covenants and events of default. The Company is in compliance with all of the covenants under the credit agreement as at March 31, 2018.

The Company also issued warrants to acquire 682,500 common shares at an exercise price of $3.37 per common share and expiring on January 17, 2023. Debt issuance costs of $3,452, including the warrants, were incurred and have been capitalized against the loan. During the period January 18, 2018 to March 31, 2018, $142 of amortization of debt issuance costs was recognized in finance expense.

NOTE 9: EMPLOYEE BENEFIT LIABILITIES

The Group accounts for that part of the payment of compensation that is not covered by contributions in defined contribution plans, as a defined benefit plan for which an employee benefit liability is recognized and for which the Group deposits amounts in qualifying insurance policies.

The liability for employee benefits shown in the statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets. The present value of the benefits is determined at year end, based on actuarial valuations.

NOTE 10: SHARE-BASED PAYMENTS

a. Pursuant to the Company's Deferred Share Unit Plan for directors of the Company (the "DSU Plan"), the Company grants deferred share units ("DSUs") to directors as part of its long-term incentive compensation plan. Unless otherwise approved by the Board of Directors, each Director may elect to receive between 50% and 100% of their annual retainers in deferred share units ("DSUs"). The number of DSUs issued is determined each month while the Director is serving as a board member. DSUs granted will be settled by purchasing and providing common shares on the date the Director ceases to be a director of the Company. The number of DSUs issuable is limited to 500,000 units.

Canadian dollars in thousands

The following table lists the number of DSUs issued:

	Number of DSUs	Weighted average price in CAD
DSUs outstanding at January 1, 2018	302,422	$ 2.20
DSUs granted during 2018	12,220	$ 3.89
DSUs outstanding at March 31, 2018	314,642	$ 2.27

	Number of DSUs	Weighted average price in CAD
DSUs outstanding at January 1, 2017	224,826	$ 2.21
DSUs granted during 2017	19,250	$ 2.01
DSUs outstanding at March 31, 2017	244,076	$ 2.19

The company recognized an expense of $48 in the three months ended March 31, 2018 and $88 in the three months ended March 31, 2017 within general and administrative expenses with regards to the DSU Plan.

b. The Company’s stock option plan (the “Stock Option Plan”) was adopted so the Board of Directors can grant stock options to directors, officers, employees and consultants of the Company (or its affiliates) as performance incentives. There are limitations on the number of common shares issuable under the Stock Option Plan (and all other security based compensation arrangements), as well as limitations on the number of common shares issuable to insiders (or their affiliates). At the time of granting a stock option, the Board of Directors must approve, (i) the exercise price, being not less than the market value of the common shares, (ii) the vesting provisions, generally that one third vest on each anniversary of the grant date (except as noted below), and (iii) the expiry date, generally being no more than seven years after the grant date.

The below table summarizes the company’s option grants:

	August 24, 2015	March 30, 2017	August 8, 2017	January 8, 2018
Stock options granted	925,000	685,000	500,000	30,000
Exercise price	$1.51	$1.98	$2.00	$3.11
Option expiry date	August 24, 2020	March 30, 2022	August 8, 2022	January 28, 2018
Options vested as at:				
March 31, 2018	925,000	228,333	-	-
December 31, 2017	925,000	-	-	-

Canadian dollars in thousands

The fair value of the stock options was estimated at the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the stock options were granted.

	August 24, 2015	March 30, 2017	August 8, 2017	January 8, 2018
Expected volatility of the stock prices (%)	44.42 - 45.29	50.48	48.69	50.41
Risk-free interest rate (%)	0.9	1.10	1.55	1.98
Expected life of stock options (years)	2.67 - 3.25	5.0	5.0	5.0
Option fair value at the grant date (CAD)	0.44 - 0.48	0.89	0.87	1.42

Subsequent to March 31, 2018, the Company granted an additional 215,000 stock options under the Stock Option Plan to new executive management.

The Company intends to grant the President and Chief Operating Officer, America/EMEA a further 65,000 stock options on similar terms under the Stock Option Plan at a price to be determined at the time of grant.

The Company recognized expenses during the three months ended March 31, 2018 due to the stock options under the Company's Stock Option Plan in the amount of $349 as general and administrative expenses.

c. In March 2018, the Company granted certain employees and executives 49,686 restricted common shares. Fifty percent of the common shares vest 12 months subsequent to the date of grant and fifty percent vest 24 months subsequent to the date of the grant. The Company recognized $8 in general and administrative expenses for the three months ended March 31, 2018.

d. In January 2018, certain employees of the Company ("Participants") commenced participation in the Employee Share Purchase Plan ("ESPP"). The Company will grant each Participate a number of shares equal to each Participant's annual share purchase commitment. 83,968 common shares of the Company were acquired for an aggregate purchase price of $272 to fulfill the Company's obligations under the ESPP. The Company recognized $33 in general and administrative expenses for the three months ended March 31, 2018 with regards to the ESPP.

e. In connection with the Acquisition (Note 6), Advantech Wireless Inc. entered into a consulting agreement with the Company payable as to one-half through 385,802 common shares issued at closing of the acquisition with a deemed price of $3.24 per share. The trading of such shares is subject to certain time release restrictions for a period of up to 24 months following the closing of the Acquisition. The Company estimated the fair value of the shares issued by taking into account the time release restrictions and recognized $1,082 in general and administrative expenses for the three months ended March 31, 2018 with regards to the common shares issued in relation to the consulting agreement.

NOTE 11: RELATED PARTY TRANSACTIONS

Share-based payment for executive officers

These amounts represent the costs of the key executives and employees' grants under the Company's Employee Share Compensation Plan and are recognized within general and administrative expenses.

Share-based payment for directors

These amounts represent the costs of directors' grants under the Company's DSU Plan and are recognized within general and administrative expenses.

Employee Purchase Plan

These amounts represent the costs of grants under the Company's Employee Purchase Plan and are recognized within general and administrative expenses.

Advantech Wireless Inc.

In January 2018, the Company acquired the radio frequency, terrestrial microwave and antenna equipment divisions of Advantech Wireless Inc. and certain of its affiliates, through newly incorporated, wholly-owned subsidiaries of the Company. Advantech Wireless Inc. is owned and controlled by David Gelerman, a director of the Company.

During the three months ended March 31, 2018 Advantech Wireless Inc. and certain of its affiliates acted as agent for the Company through $7,182 cash collections and $5,874 cash payments on its behalf. As at March 31, 2018 $3,092 was included in trade receivables and $1,783 in accounts payable and accrued liabilities related to Advantech Wireless Inc. and certain of its affiliates.

For the three months ended March 31, 2018, $57 was recognized in cost of sales and $41 in general and administrative expenses for premises subleased from Advantech Wireless Inc. and certain of its affiliates.

During the period from closing of the acquisition to March 31, 2018, the Company provided services to Advantech Wireless Inc. and certain of its affiliates in the amount of $64. As of March 31, 2018, $64 was included within trade receivables.

Other

The Company retains the services of Mr. Jeffrey C. Royer, pursuant to a services agreement between Mr. Royer and the Company dated as of January 1, 2015, to fulfill the position of Chairman of the Board of directors and to provide related strategic leadership and guidance to the Board of directors and management of the Company. On January 1, 2016 this agreement was renewed until December 31, 2016, on January 1, 2017 this agreement was renewed until December 31, 2017 and on January 1, 2018 this agreement was renewed until December 31, 2018. As consideration for such services the Company agreed to pay Mr. Royer an annual fee of $150 either in cash or securities of the Company as mutually agreed between the Company and Mr. Royer. Mr. Royer irrevocably renounced to be paid any amount under this agreement for the fiscal years ended December 31, 2015, 2016 and 2017. For the three months ended March 31, 2018, the Company paid $38 to Mr. Royer under this agreement.

Director and executive officer remuneration

The following comprise the remuneration for directors and executive officers:

a. Short-term benefits, pension and post-retirement benefits

These amounts comprise of executive officers' salary and benefits earned during the year, plus bonuses awarded for the year. The amounts also represent the estimated costs of providing defined benefit pensions and other post-retirement benefits to executive officers in respect of the current year of service.

b. Directors' remuneration

These amounts represent fees and expense reimbursement paid to directors.

c. Share-based payment for executive officers

These amounts represent the costs of the grants under the Company's stock option plan.

d. Share-based payment for directors

These amounts represent the costs of directors' grants under the DSU Plan.

The following table summarizes the remuneration of directors and executive officers:

	Three months ended March 31, 2018	2017
Short-term benefits, pension and post-retirement benefits	$ 939	$ 884
Directors' remuneration	41	4
Share based payment for executive management	157	-
Share based payment for directors	48	88

There are no other material related party transactions other than as described herein.

Canadian dollars in thousands

NOTE 12: FAIR VALUE MEASUREMENTS

The company classifies its financial instruments into the three levels prescribed under the accounting standards. The following table presents the company's financial liabilities measured and recognized a fair value at March 31, 2018 (December 31, 2017: none).

As March 31, 2018	Level 1	Level 2	Level 3	Total
Other long-term liabilities	-	-	631	631

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price. As at March 31, 2018 and December 31, 2018, the company did not hold any instruments included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at March 31, 2018 and December 31, 2018, the company did not hold any instruments included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Historical results, anticipated future results and general market conditions were used to estimate significant unobservable inputs in level 3 fair value measurements, these were discounted at a rate of 9%.

NOTE 13: REVENUE

Revenues by geographic destination are as follows:

	For the three months ended March 31,			
	2018		**2017**	
Asia Pacific	$	17,124	$	16,499
North America		9,278		2,938
Europe, Middle East and Africa		2,358		317
Other		678		47
	$	29,438	$	19,801