

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2017

(Unaudited – Restated and Amended)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (RESTATED AND AMENDED)**

The accompanying unaudited condensed interim consolidated financial statements (restated and amended) of Fireswirl Technologies Inc. (the "Company") have been prepared by the Company's management and have not been reviewed by the Company's independent auditors. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016 which are available at the SEDAR website at www.sedar.com.

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Restated and Amended, See Note 4)

(Expressed in Canadian Dollars)

	Notes	March 31 2017	December 31, 2016
		Restated	
Assets			
Current assets			
Cash and cash equivalents		\$ 1,039,631	\$ 1,785,867
Trade and other receivables	6	160,348	46,334
Deposits and prepayments		91,321	134,459
Inventory		185,247	184,649
Assets held for sale - investment in XCD	4	460,170	-
Assets held for sale	4	-	14,921,692
Total Current Assets		1,936,717	17,073,001
Due from related party	9	52,129	-
Investment		150,000	150,000
Property and equipment		17,626	3,969
Intangible assets	5	1,969,174	-
Goodwill	5	82,767	-
Total assets		\$ 4,208,413	\$ 17,226,970
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 635,254	\$ 525,109
Deferred revenue		58,445	-
Liabilities associated with the assets held for sale	4	-	13,036,065
Total Current Liabilities		693,699	13,561,174
Deferred tax liability	5	324,914	-
Total liabilities		1,018,613	13,561,174
Shareholders' equity			
Common shares		8,206,521	8,206,521
Contributed surplus		3,648,760	3,641,548
Accumulated other comprehensive income		236,170	235,284
Accumulated other comprehensive income relating to assets held for sale	4	-	21,952
Accumulated deficit		(9,990,342)	(9,662,205)
Total equity attributable to shareholders of the Company		2,101,109	2,443,100
Non-controlling interest associated with the assets held for sale	4/7	-	1,222,696
Non-controlling interest	5/7	1,088,691	-
Total equity		3,189,800	3,665,796
Total liabilities and shareholders' equity		\$ 4,208,413	\$ 17,226,970

Going concern assumption (Note 2)

Commitments (Note 12)

Subsequent events (Note 15)

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

On behalf of the Board of Directors

"Henry Au"

Director

"Ji Yoon"

Director

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited - Restated and Amended, See Note 4) (Expressed in Canadian Dollars)

	Notes	Three months ended March 31	
		2017	2016
		Restated	
Operating revenue			
Sales		\$ -	\$ 45,629
Service revenue		16,018	24,642
		16,018	70,271
Cost of sales		15,192	38,930
		826	31,341
Operating expenses			
General administration		413,131	395,688
Sales and marketing		77,197	30,057
		490,328	425,745
Operating loss before items below		(489,502)	(394,404)
Foreign exchange loss		(8,214)	(1,640)
Change of fair value on investment in XCXD	4	145,796	-
Interest and other income		1,824	7,494
Finance costs		(389)	(556)
Loss before income tax from continuing operations		(350,485)	(389,106)
Income tax expenses		-	-
Net loss for the year from continuing operations		(350,485)	(389,106)
Net loss from discontinued operations, net of tax	4	-	(489,350)
Net loss for the period		(350,485)	(878,456)
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations		735	(87,281)
Net comprehensive loss		\$ (349,750)	\$ (965,737)
Net loss for the period attributable to:			
Common shareholders of the Company		\$ (328,137)	\$ (768,580)
Non-controlling interest	7	(22,348)	(109,876)
		\$ (350,485)	\$ (878,456)
Comprehensive loss for the period attributable to:			
Common shareholders of the Company		\$ (327,251)	\$ (867,094)
Non-controlling interest	7	(22,499)	(98,643)
		\$ (349,750)	\$ (965,737)
Basic and diluted per share of:			
Net loss from continuing operations attributable to common shareholders of the Company		\$ (0.01)	\$ (0.01)
Net loss attributable to common shareholders of the Company		\$ (0.01)	\$ (0.01)
Weighted average number of common shares			
Basic and diluted		53,571,285	53,571,285

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

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Restated and Amended, See Note 4)

(Expressed in Canadian Dollars)

	Number of shares	Share capital	Contribution surplus	Accumulated other comprehensive income	Accumulated other comprehensive income relating to assets held for sale	Accumulated deficit	Total	Non-controlling interest	Total shareholders' equity
Balance at December 31, 2015	53,571,285	\$ 8,206,521	\$ 3,593,579	\$ 492,309	\$ -	\$ (7,678,208)	\$ 4,614,201	\$ 98,643	\$ 4,712,844
Net loss for the period	-	-	-	-	-	(768,580)	(768,580)	(109,876)	(878,456)
Foreign currency translation relating to discontinued operations	-	-	-	(59,197)	59,197	-	-	-	-
Share-based compensation	-	-	2,172	-	-	-	2,172	-	2,172
Exchange differences on translation of foreign operations	-	-	-	(98,514)	-	-	(98,514)	11,233	(87,281)
Balance at March 31, 2016	53,571,285	\$ 8,206,521	\$ 3,595,751	\$ 334,598	\$ 59,197	\$ (8,446,788)	\$ 3,749,279	\$ -	\$ 3,749,279
Net income (loss) for the period	-	-	-	-	-	(1,215,417)	(1,215,417)	1,259,941	44,524
Foreign currency translation relating to discontinued operations	-	-	-	37,245	(37,245)	-	-	-	-
Share based compensation	-	-	45,797	-	-	-	45,797	-	45,797
Foreign currency translation difference	-	-	-	(136,559)	-	-	(136,559)	(37,245)	(173,804)
Balance at December 31, 2016	53,571,285	\$ 8,206,521	\$ 3,641,548	\$ 235,284	\$ 21,952	\$ (9,662,205)	\$ 2,443,100	\$ 1,222,696	\$ 3,665,796
Net loss for the period	-	-	-	-	-	(328,137)	(328,137)	(22,348)	(350,485)
Acquisition of Amzon (Note 6)	-	-	-	-	-	-	-	1,111,190	1,111,190
Share-based compensation	-	-	7,212	-	-	-	7,212	-	7,212
Loss of control on investment in XCXD - restated (Note 4)	-	-	-	-	(21,952)	-	(21,952)	(1,222,696)	(1,244,648)
Exchange differences on translation of foreign operations	-	-	-	886	-	-	886	(151)	735
Balance at March 31, 2017	53,571,285	\$ 8,206,521	\$ 3,648,760	\$ 236,170	\$ -	\$ (9,990,342)	\$ 2,101,109	\$ 1,088,691	\$ 3,189,800

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

FIRESWIRL TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Restated and Amended, See Note 4)

(Expressed in Canadian Dollars)

	Notes	Three months ended March 31	
		2017	2016
		Restated	
OPERATING ACTIVITIES			
Loss before income tax from continuing operations	\$	(350,485)	\$ (389,106)
Loss before income tax from discontinued operations		-	(489,350)
Loss before tax		(350,485)	(878,456)
Add (deduct) items not affecting cash:			
Depreciation and amortization		578	18,347
Share-based compensation		7,212	2,172
Change of fair value on investment in XCXD		(145,796)	-
Interest and other income		(1,824)	(8,850)
Finance costs		389	100,892
Changes in non-cash working capital items:			
Trade and other receivables		(91,919)	2,342,832
Taxes recoverable		15,702	-
Due from/to a related party		(143,248)	1,759,540
Deposits and prepayments		43,112	(1,730,032)
Inventory		(310)	(1,630,084)
Accounts payable and accrued liabilities		177,009	419,478
		(489,580)	395,839
Interest received		1,824	8,850
Interest paid		(389)	(100,892)
Net cash flows (used in) from operating activities		(488,145)	303,797
INVESTING ACTIVITIES			
Acquisition of property and equipment		(1,585)	(8,628)
Acquisition of AZMON, net of cash received		(575,045)	-
Advances payment received relating to disposition of XCXD	4	317,450	-
Net cash flows used in investing activities		(259,180)	(8,628)
FINANCING ACTIVITIES			
Proceeds from short term loans		-	(601,367)
Net cash flows used in financing activities		-	(601,367)
Effect of exchange rate changes on cash and cash equivalents		1,089	(26,425)
Increase in cash and cash equivalents		(746,236)	(332,623)
Cash and cash equivalents, beginning of the period		1,785,867	3,136,307
Cash and cash equivalents, end of the period	\$	1,039,631	\$ 2,803,684
Cash and cash equivalents consisting of			
Cash and cash equivalents	\$	1,039,631	\$ 2,624,814
Cash attributable to discontinued operations		-	178,870
	\$	1,039,631	\$ 2,803,684

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

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

Note 1 – Reporting Entity

Fireswirl Technologies Inc. (the “Company”) was founded in 1999 and became publicly listed in 2006. The Company and its subsidiaries focus on conducting e-commerce, including operating official online stores for international brands in China and reselling branded products on these online stores and online store content development and deployment. Please also see Note 4 for the disposition of a subsidiary in 2016 and Note 5 for the acquisition of AMZON (HK) Limited (“AMZON”) in February 2017.

The address of the Company’s registered office is Suite 2823, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia. The Company’s shares are listed on the TSX Venture Exchange under the symbol FSW.

Note 2 – Basis of Preparation

These condensed interim consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on April 6, 2018.

Going concern assumption

These condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumptions were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement to financial position classifications.

For the three months ended March 31, 2017, the Company incurred an operating loss of \$496,281. As at March 31, 2017, the Company had an accumulated deficit of \$9,990,342 since inception. The Company is expected to complete the disposition of its investment in Beijing Xingchang Xinda Technology Development Co., Ltd. (“XCXD”) during the second quarter of 2017 (Note 4). The Company has entered into a share purchase agreement to purchase an aggregate of 60% equity interest in AMZON on February 3, 2017. See Note 5 for more details.

The continuation of the Company as a going concern is dependent upon its ability to raise additional financing and ultimately attain and maintain profitable operations. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected. In the event that cash flow from operations, if any, together with the proceeds of any future financings, are insufficient to meet the Company’s current operating needs, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deem to be in the Company’s best interest.

There is material uncertainty that the Company will be able to achieve profitable operations or continue raising funds in the future. These factors raise significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern.

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

Judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Areas of significant judgement and estimates made by management for the three months ended March 31, 2017 include estimation of fair value of assets acquired and liabilities assumed in connection with the acquisition of AMZON (Note 5) and assessment of control over the investments in XCXD (Note 4). Additional judgements and estimates in application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 4. Additional significant judgements and estimates were used in the Company's audited consolidated financial statements for the year ended December 31, 2016.

Note 3 – IFRS Standards Issued But not yet Effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the three months ended March 31, 2017, and have not been applied in preparing these consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that effect the financial statements. The Company is still in the process of assessing the impact that these standards will have on its consolidated financial statements.

a) IFRS 9 Financial Instruments (“IFRS 9”)

On July 24, 2014 the IASB issued the complete IFRS 9, Financial Instruments (“IFRS 9”). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted.

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

b) IFRS 15 Revenue from contracts with customers

On May 28, 2014 the IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”). IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The effective date is for reporting periods beginning on or after January 1, 2018 with early application permitted.

c) IFRS 16, Leases (“IFRS 16”)

On January 13, 2016, the IASB published a new standard, IFRS 16, *Leases*, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

Note 4 – Investment in XCXD (restated)

On September 9, 2009, the Company, through a wholly owned subsidiary incorporated under the laws of the People’s Republic of China, entered into a definitive agreement for the acquisition of 50% of the rights and interests in XCXD and the right to vote 51% of the voting shares of XCXD at all meetings of the shareholders of XCXD. As consideration for the acquisition of its interests in XCXD, the Company issued 6,058,673 common shares in the capital of the Company (the “Consideration Shares”). XCXD is a limited liability company incorporated in and operating in Beijing, China.

Throughout the time from the acquisition of the Company’s controlling interest in XCXD to the present, XCXD incurred recurring losses and required financing from the Company to sustain its operations. Because of the recurring losses and the growing challenges relating to control of the strategic direction of XCXD and its continuing operations, the Company decided to sell its shares of XCXD back to XCXD’s non-controlling interest shareholders.

On February 29, 2016, the Company entered into an agreement with XCXD’s non-controlling interest shareholders to sell the Company’s interest in XCXD (the “Agreement”), the term of which includes the amendments to such agreement, as described below. As part of the Agreement, the non-controlling interest shareholders of XCXD and XCXD’s senior management were required to repay to the Company certain advances made by the Company to XCXD, in the aggregate amount of RMB5,000,000 (approximately \$965,000) (the “Advances”). The transaction was originally expected to be completed by May 31, 2016.

In April 2016, it became apparent to the Company that the non-controlling interest shareholders and senior management of XCXD would not be able to repay the Advances by May 31, 2016. Consequently, the Agreement was amended to extend the closing date to December 31, 2016.

In December 2016, the Company again realized that the transactions contemplated by the Agreement would not close on December 31, 2016, as the non-controlling interest shareholders of

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

XCXD would not be able to repay all the Advances. The Agreement was again amended on December 31, 2016 to extend the closing date to April 30, 2017. The sale of the Company's interest in XCXD and partial repayment of the Advances were completed in May 2017. Of the Advances, RMB3,500,000 (approximately \$675,500) was received (of which RMB1,300,000 was received by December 31, 2016, RMB1,700,000 was received during the three months ended March 31, 2017 and RMB500,000 was received in May 2017) and RMB1,500,000 (approximately \$289,500) was written off by the Company. The Consideration Shares were returned to the Company and were cancelled in June 2017.

In January 2017, the Company realized that it no longer had any control over the strategic or business affairs of XCXD. Control existed when the Company was exposed, and had the rights, to variable returns from its involvement with XCXD and had the ability to affect those returns. The financial results of XCXD would be included in the consolidated financial statements from the date that control commenced until the date that control ceased. Effective control over XCXD ceased on January 1, 2017.

As at December 31, 2016, and during the year then ended, the Company's interest in XCXD was reported as assets and liabilities held for sale in the Company's statement of financial position. The operating results of XCXD for the year ended December 31, 2016 were reported as discontinued operations. A loss from the sale of XCXD was also reported for the year ended December 31, 2016 to recognize the fair value of the Company's investment in XCXD.

The Company had previously reported XCXD's assets and liabilities as assets and liabilities held for sales as at March 31, 2017 and reported XCXD's operating results for the three months ended March 31, 2017 as discontinued operations. Since the Company did not have control over the operations or the cash flows of XCXD effective January 1, 2017, the Company derecognized the assets and liabilities of XCXD from its consolidated statement of financial position. The Company then accounted for its remaining investment in XCXD at fair value and ceased reporting the operating results of XCXD from January 1, 2017 to the eventual date of its sale in May 2017.

The summary of the restatements is presented below:

	As at March 31, 2017		
	Previously presented	Adjustments	Restated
Assets			
Assets held for sale - investment in XCXD	\$ -	\$ 460,170	\$ 460,170
Assets held for sale	11,175,226	(11,175,226)	-
Total assets	\$11,175,226	\$ (10,715,056)	\$ 460,170
Liabilities			
Liabilities associated with assets held for sale	\$13,289,804	\$ (13,289,804)	\$ -
Total liabilities	\$13,289,804	\$ (13,289,804)	\$ -
Accumulated other comprehensive income			
relating to assets held for sale	\$ 12,797	\$ (12,797)	\$ -
Non-controlling interest associate with the assets held for sale	(614,104)	614,104	-
Total equity	\$ (601,307)	\$ 601,307	\$ -

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Restated and Amended, See Note 4)

For the three months ended March 31, 2017

	For the three months ended		
	March 31, 2017		
	Previously presented	Adjustments	Restated
Change of fair value on investments in XCXD	\$ -	\$ 145,796	\$ 145,796
Net loss from discontinued operations, net of tax	(3,655,290)	3,655,290	-
Net loss for the period	(4,151,571)	3,801,086	(350,485)
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations	(17,574)	18,309	735
Net comprehensive loss	\$ (4,169,145)	\$ 3,819,395	\$ (349,750)
Net loss for the period attributable to:			
Common shareholder of the Company	\$ (2,301,578)	\$ 1,973,441	\$ (328,137)
Non-controlling interest	(1,849,993)	1,827,645	(22,348)
	\$ (4,151,571)	\$ 3,801,086	\$ (350,485)
Comprehensive loss for the period attributable to:			
Common shareholders of the Company	\$ (2,309,846)	\$ 1,982,595	\$ (327,251)
Non-controlling interest	(1,859,299)	1,836,800	(22,499)
	\$ (4,169,145)	\$ 3,819,395	\$ (349,750)
Basic and diluted per share of net loss attributable to common shareholder of the Company	\$ (0.04)	\$ 0.04	\$ (0.01)

The movement of investment in XCXD for the three months ended March 31, 2017 is as follows:

	Fair value amount
Balance, January 1, 2017	\$ 640,979
The Advances received (RMB1,700,000)	(317,450)
Change in fair value	145,796
Foreign exchange	(9,155)
Balance, March 31, 2017	\$ 460,170

For the three months ended March 31, 2017, the Company recorded an unrealized gain of \$145,796 representing the fair value adjustment of the Company's investment in XCXD. The fair value of the investment in XCXD as at March 31, 2017 is estimated based on the fair value of the remaining consideration (consisting of RMB500,000 in cash and 6,058,673 common shares of the Company) to be received in connection with the disposition of XCXD. The fair value of the Company's common shares is estimated based on the quoted market price of the Company's common shares at March 31, 2017. The disposition of XCXD was completed on May 31, 2017.

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Restated and Amended, See Note 4)

For the three months ended March 31, 2017

All of the XCXD's revenues are generated in China and all of XCXD's assets are located in China. The operating results of XCXD have been presented as discontinued operations for the three months ended March 31, 2016 as follows:

	For the three months ended March 31, 2016
Operating revenue	
Sales	\$ 13,867,967
Service revenue	386,950
Total operating revenue	14,254,917
Operating expenses	(14,645,287)
Operating loss before below items	(390,370)
Interest and other income	1,356
Finance costs	(100,336)
Loss before income tax from discontinued operations	(489,350)
Income tax expense	-
Net loss from discontinued operations	\$ (489,350)
Net loss from discontinued operations attributable to: shareholders of the Company	\$ (379,475)
Basic and diluted loss per share from discontinued operations	\$ (0.01)

The net cash flows from XCXD for the three months ended March 31, 2016 are as follows:

	For the three months ended March 31, 2016
Net cash from operating activities	\$ 578,977
Net cash used in investing activities	(8,628)
Net cash used in investing activities	(601,367)
Net cash outflow	\$ (31,018)

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

The major classes of assets and liabilities of XCXD classified as held for sales as at December 31, 2016 are as follows:

	December 31, 2016
Assets	
Cash and cash equivalents	\$ 762,501
Restricted cash (i)	1,052,232
Accounts receivable	5,282,485
Taxes recoverable	-
Deposits and prepayments	534,768
Inventory	7,289,706
Total assets held for sale (ii)	\$ 14,921,692
Liabilities	
Accounts payable and accrued liabilities	\$ (2,580,563)
Due to a related party (iii)	(15,267)
Short term loans (iv)	(10,440,235)
Total liabilities relating to assets held for sale	\$ (13,036,065)
Accumulated other comprehensive income relating to assets held for sale	\$ (21,952)
Non-controlling interest associate with the assets held for sale	(1,222,696)
Net assets held for sale	\$ 640,979

- (i) XCXD is required to maintain a deposit of RMB5,451,926 equivalents to \$1,052,232 as at December 31, 2016 with its financial institution for its short term loan accounts. The restricted cash will be released when the short term loans are paid off.
- (ii) The Company recorded an impairment loss of \$1,801,983 as at and for the year ended December 31, 2016 to reduce the carrying amount of the assets held for sale to their fair value less costs to sell. The fair value is determined by reference to the fair value of the consideration estimated based on the quoted market price of the Company's share at the year ended December 31, 2016. The impairment loss was recognized in the net income (loss) from discontinued operations during the fourth quarter of 2016.
- (iii) As at December 31, 2016, XCXD had a balance of \$15,267 owing to a shareholder of XCXD.
- (iv) As at December 31, 2016, XCXD had various revolving credit facilities and short term bank loans totalling \$10,440,235. These loans were secured by XCXD's restricted cash and apartments owned by XCXD's management.

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

Note 5 – Acquisition of AMZON

On February 3, 2017 the Company entered into a share purchase agreement, pursuant to which the Company has agreed to purchase an aggregate of 60% equity interest in AMZON for total of HK\$7.2 million (approximately \$1.2 million) in three payment dates. The closing date is each of the first, second and first payment date. On March 16, 2017, the Company completed the first payment in the amount of HK\$4.8 million (approximately \$823,560) and acquired 40% of the equity interest in AMZON (the “First Payment Date”). On April 20, 2017, the Company completed the 2nd payment in the amount of HK\$1.2 million (approximately \$200,000) and acquired additional 10% of the equity interest in AMZON (the “Second Payment Date”). On May 15, 2017, the Company completed the 3rd payment in the amount of HK\$1.2 million (approximately \$200,000) and acquired the final 10% of the equity interest in AMZON. AMZON is a private company incorporated pursuant to the laws of Hong Kong Special Administrative Region of China and is in the business of providing multimedia and interactive marketing solutions, specializing in three dimensional visualizations, computer graphics and digital design.

The acquisition of AMZON has been accounted for as a business acquisition using the acquisition method. The First Payment Date is the date (the “Acquisition Date”) of the initial acquisition of 40% of the equity interest in AMZON. The Company has appointed two of three directors of AMZON since the Acquisition Date and has *de facto* control over AMZON. These unaudited condensed interim consolidated financial statements include the results of AMZON for the period from the First Payment Date to March 31, 2017. The Company is in the process of performing the valuation of the assets acquired and liabilities assumed. The Company has elected to measure the non-controlling interest in the acquiree at proportionate share of its interest in the acquiree’s identifiable net assets. The provisional purchase price allocation of the fair value of the assets acquired and liabilities assumed of AMZON as at the Acquisition Date were:

	The Company's share of fair value recognized on acquisition
Cash	\$ 248,515
Trade receivables	40,149
Equipment	12,673
Due from director	51,991
Intangible assets (provisional)	1,969,174
Accounts payable and accrue liabilities	(87,055)
Deferred revenue	(58,550)
Deferred tax liability	(324,914)
Total identifiable net assets at fair value	1,851,983
Non-controlling interest (60% of net assets)	(1,111,190)
Goodwill arising on acquisition (provisional)	82,767
Purchase consideration transferred	\$ 823,560
Consideration paid (HK\$4,800,000)	\$ 823,560

The intangible assets mainly comprise the proprietorship of know-how and contract list. The deferred tax liability comprises the tax effect of the temporary difference of the accounting and tax base of the intangible assets acquired. The goodwill recognized is primary attributed to the expected

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

synergies and other benefits from combining the assets and liabilities of AMZON. The goodwill is not deductible for tax purposes.

From the date of acquisition, AMZON has contributed \$nil of revenue and \$37,246 to the net loss before income tax from continuing operations. If the acquisition had taken place at the beginning of the period, revenue from continuing operations would have been \$790,879 and the loss from continuing operations for the three months ended March 31, 2017 would have been \$487,479.

Note 6 – Trade and Other Receivables

	March. 31, 2017	December 31, 2016
Trade and other receivables	\$ 140,054	\$ 10,231
VAT/GST receivable	20,294	36,103
	\$ 160,348	\$ 46,334

Note 7 – Non-controlling Interest

As at March 31, 2017, non-controlling interest (“NCI”) represents 60% interest in AMZON (Note 5). As fully discussed in Note 4, the Company derecognized the assets and liabilities of XCXD, and ceased reporting the operating results of XCXD effective January 1, 2017 because the Company lost control on investment in XCXD.

The continuity of NCI is summarized below:

Balance, December 31, 2015	98,643
Net income attributable to non-controlling interest	1,150,065
Other comprehensive loss attributable to non-controlling interest	(26,012)
Balance, December 31, 2016	1,222,696
Non-controlling interest in connection with the acquisition of AMZON (Note 5)	1,111,190
Net loss attributable to non-controlling interest	(22,348)
Other comprehensive loss attributable to non-controlling interest	(151)
Derecognize XCXD as a result of lost of control (Note 4)	(1,222,696)
Balance, March 31, 2017	\$ 1,088,691

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

Note 8 – Share Capital

a) Share capital

(i) Authorized:

Unlimited number of common shares, voting, without par value.
 Unlimited number of preferred shares, issuable in series.

(ii) Issued and outstanding:

As at March 31, 2017 and December 31, 2016, the Company had 53,571,285 common shares issued and outstanding. There were no changes to the number of common shares issued and outstanding during the three months ended March 31, 2017.

b) Stock option plan

The Company has established the stock option plan under which stock options to purchase common shares may be granted to directors, officers and employees of the Company and to any other person or Company permitted by the applicable regulatory authorities to purchase unissued common shares. The aggregate number of shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the common shares of the corporation.

As at March 31, 2017, options outstanding from the Company's stock option plan were as follows:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2015	1,520,000	0.14
Granted	2,500,000	0.05
Forfeited/expired	(1,220,000)	0.01
Balance, December 31, 2016 and March 31, 2017	2,800,000	0.06

For the three months ended March 31, 2017, share-based compensation in the amount of \$7,212 (three months March 31, 2016 – \$2,172) was recognized as general administration expenses in the Company's consolidated statements of income (loss).

The following table summarizes information about stock options outstanding at March 31, 2017:

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Restated and Amended, See Note 4)

For the three months ended March 31, 2017

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of options	Remaining contractual life (Years)	Number of options	Remaining contractual life (Years)
0.05	2,500,000	4.16	1,250,000	4.16
0.09	200,000	3.20	200,000	3.20
0.12	100,000	3.01	100,000	3.01
	2,800,000	4.05	1,550,000	4.05

Note 9 – Related Party Transactions

The related party transactions are in the normal course of operations and are measured and recorded at the exchange amount of consideration agreed upon between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

a) Due from/to related parties

	March 31, 2017	December 31, 2016
Due from a director of AMZON (i)	\$ 52,129	\$ -
Total	\$ 52,120	\$ -
Amounts due to directors included in accounts payable (ii)		
	8,000	\$ 24,791
Total	\$ 8,000	\$ 24,791

(i) Due from the Company's shareholders are unsecured, non-interest bearing and have no specific repayment date.

(ii) Due to directors are unsecured, non-interest bearing and have no specific repayment date.

b) Key management compensation

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three months ended March 31, 2017 and 2016 is as follows:

FIRESWIRL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Restated and Amended, See Note 4)

For the three months ended March 31, 2017

	For the three months ended	
	March 31	
	2017	2016
Salaries and fees		
- Salaries and consulting fees	\$ 195,000	\$ 75,000
- Director fees	38,000	8,000
	233,000	83,000
Share-based compensation	7,212	2,172
Total	\$ 240,212	\$ 85,172

Note 10 – Segmented Information

The Company operates in one segment, being the operation of official online stores for international brands in China and reselling branded products on these online stores. Substantially all of the Company's revenues were generated in China.

The Company's long-term assets located in Canada and China as at March 31, 2017 are as follows:

March 31, 2017	China	Canada	Total
Property and equipment	\$ 14,466	\$ 3,161	\$ 17,626
Investment	-	150,000	150,000
Goodwill	82,767	-	82,767
Intangible assets	1,969,174	-	1,969,174
Total	\$ 2,066,407	\$ 153,161	\$ 2,219,567

The Company's long-term assets located in Canada and China at December 31, 2016 are as follows:

December 31, 2016	China	Canada	Total
Property and equipment	\$ -	\$ 3,969	\$ 3,969
Investment	-	150,000	150,000
Total	\$ -	\$ 153,969	\$ 153,969

Note 11 – Financial Instruments

a) Fair value estimation of financial instruments

The Company's financial assets include (i) cash and cash equivalents, restricted cash, trade and other receivables and due from a related party which are classified as loans and receivable and (ii) investment which is classified as available for sale. The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties, and short term loans which are all classified as financial liabilities at amortized cost.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, accounts payable and accrued liabilities, short term loans and due from/to related parties approximate their carrying values due to the short-term nature of these instruments. The interest rates applied to short term loans are not considered to be materially different from market rates, thus the carrying value of the short-term loans approximates fair value. EMP is a private entity. The fair value of the investment in EMP is measured based on observing the recent equity financing completed by EMP. The Company did not have financial liabilities measured at fair value on a recurring basis.

FIRESWIRL TECHNOLOGIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Restated and Amended, See Note 4)
For the three months ended March 31, 2017

b) Liquidity risk

The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

As at March 31, 2017, the Company had total debt in the amount of \$693,698 (excluding the assets held for sale and the liabilities associated with the assets held for sale) due within 12 months (December 31, 2016 - \$525,109) and working capital of \$851,535.

Note 12 – Commitments

The Company has entered operating leases for its head office premise. The lease will expire in April 2018. The future aggregate minimum lease payment under non-cancellable operation lease is approximately \$13,567.

Pursuant to the applicable laws in PRC, PRC entities are required to make appropriations to statutory reserve funds based on after-tax net earnings as determined in accordance with PRC GAAP. Appropriation to the statutory reserve funds should be at least 10% of the after-tax net earnings until the reserve is equal to 50% of the entity's registered capital. During the three months ended March 31, 2017, the Company allocated \$nil from after-tax net earnings to XCXD's statutory reserve funds. As at March 31, 2017, the Company's subsidiary XCXD had statutory reserve funds of \$160,389 (December 31, 2016 – \$160,389).

Note 13 – Capital Management

The Company has defined its capital as common shares, contributed surplus, accumulated other comprehensive income and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.

Note 14 – Comparative Figures

Certain items for the three months ended March 31, 2016 have been reclassified to conform to the current year's presentation.

Note 15 – Subsequent Events

See Notes 4 and 5.