

MIDPOINT HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2018

(Unaudited)

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Midpoint Holdings Ltd. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards are set out in the note 2 of these financial statements. Any applicable changes in accounting policies have also been disclosed in these unaudited interim condensed consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the unaudited interim financial statements together with other financial information. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

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 interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**MIDPOINT HOLDINGS LTD.
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MARCH 31, 2018**

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MIDPOINT HOLDINGS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2018 AND JUNE 30, 2017
(Amounts in Canadian dollars)
(Unaudited)

	March 31, 2018	June 30, 2017
ASSETS		
CURRENT ASSETS		
Cash (note 3)	\$ 1,513,740	\$ 814,999
Accounts receivable and prepaid expenses	38,453	12,433
Share subscriptions receivable	-	10,000
Total current assets	1,552,193	837,432
EQUIPMENT	59,200	6,446
INTANGIBLES (note 4)	437,919	386,483
TOTAL ASSETS	\$ 2,049,312	\$ 1,230,361
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 173,644	\$ 221,608
Current portion of settlement provision	-	118,197
Total current liabilities	173,644	339,805
SETTLEMENT PROVISION (note 5)	137,438	150,040
Total liabilities	311,082	489,845
SHAREHOLDERS' EQUITY		
Share capital (note 6)	13,050,697	11,742,697
Warrants and options reserve	553,900	553,900
Contributed surplus (note 6)	852,974	852,974
Accumulated other comprehensive loss	(450,837)	(497,752)
Accumulated deficit	(12,268,504)	(11,911,303)
Total shareholders' equity	1,738,230	740,516
	\$ 2,049,312	\$ 1,230,361

Nature of operations (note 1)

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

On behalf of the Board:

Signed: "Corbin Comishin"
Director

Signed: "David Wong"
Director

MIDPOINT HOLDINGS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2018 AND 2017
(Amounts in Canadian dollars)
(Unaudited)

	For the three months ended		For the nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2018	2017	2018	2017
REVENUE	\$ 157,237	\$ 98,777	\$ 390,067	\$ 253,020
TRANSACTION COSTS	71,057	8,606	151,424	48,345
GROSS MARGIN	86,180	90,171	238,643	204,675
EXPENSES				
Amortization and depreciation (note 4)	27,746	28,281	83,238	84,301
Filing fees and transfer fees	14,579	8,527	50,840	25,379
General and administrative expenses	16,584	23,435	59,904	64,704
Marketing	22,035	2,083	33,549	15,841
Professional & consulting fees	80,052	31,254	224,948	152,122
Research and development tax credits	-	357	-	(36,246)
Value added tax recovery	-	(854)	(476)	(1,737)
Wages	59,897	33,541	123,168	89,695
Website operating costs	8,415	-	20,673	-
Total expenses	229,308	126,624	595,844	394,059
NET INCOME/(LOSS) FOR THE PERIOD	(143,128)	(36,453)	(357,201)	(189,384)
FOREIGN CURRENCY TRANSLATION	41,281	4,110	46,915	(14,456)
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)	\$(101,847)	\$(32,343)	\$(310,286)	\$(203,840)
Basic and diluted weighted average shares outstanding	96,894,033	75,808,589	96,894,033	72,558,589
Basic and diluted net loss per share	\$ (0.0015)	\$ (0.0004)	\$ (0.0032)	\$ (0.0028)

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

MIDPOINT HOLDINGS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2018 AND 2017
(Amounts in Canadian dollars)
(Unaudited)

	March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$(357,201)	\$(189,384)
Item not affecting cash		
Amortization	83,238	84,301
	(273,963)	(105,083)
Net changes in non-cash working capital items relating to operating activities		
Accounts receivable and share subscriptions receivable	(16,020)	171,684
Accounts payable and accrued liabilities	(47,964)	(325,749)
Net cash (used in) operating activities	(337,947)	(259,148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	1,308,000	655,000
Repayment of settlement provision	(130,799)	-
Cash provided by financing activities	1,177,201	655,000
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	(27,311)
Acquisition of tangible assets	(187,428)	(2,934)
Cash Used For Investing Activities	(187,428)	(30,245)
NET (DECREASE) INCREASE IN CASH	651,826	365,607
CASH, BEGINNING OF PERIOD	814,999	411,370
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	46,915	(14,456)
CASH, END OF PERIOD	\$ 1,513,740	\$ 762,521

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

MIDPOINT HOLDINGS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE NINE MONTHS ENDED MARCH 31, 2018
(Amounts in Canadian dollars)
(Unaudited)

	Number of Shares issued	Amount	Contributed Surplus	Warrants Options Reserves	Accumulated Deficit	Comprehensive Loss	Other Shareholder's Deficit	Accumulative Total Deficit
Balance, June 30, 2016	69,258,589	\$ 11,135,109	\$ 627,974	\$ 628,100	\$(11,481,420)	\$(485,156)	\$ 424,607	
Shares issued	13,100,000	655,000	-	-	-	-	655,000	
Net loss and comprehensive loss for the period	-	-	-	-	(189,384)	(14,456)	(203,840)	
Balance as at March 31, 2017	82,358,589	\$ 11,790,109	\$ 627,974	\$ 628,100	\$(11,670,804)	\$(499,612)	\$ 875,767	
Balance, June 30, 2017	85,689,859	\$ 11,742,697	\$ 852,974	\$ 533,900	\$(11,911,303)	\$(497,752)	\$ 740,516	
Warrants exercised	300,000	60,000	-	-	-	-	60,000	
Shares issued	17,916,783	1,248,000	-	-	-	-	1,248,000	
Net loss and comprehensive loss for the period	-	-	-	-	(357,201)	46,915	(310,286)	
Balance as at March 31, 2018	103,906,642	\$ 13,050,697	\$ 852,974	\$ 533,900	\$(12,268,504)	\$(450,837)	\$ 1,738,230	

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

**MIDPOINT HOLDINGS LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

1. NATURE OF OPERATIONS AND GOING CONCERN

Midpoint Holdings Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. The principal business of the Company was to negotiate an acquisition or participation in a business subject to acceptance by regulatory authorities and, in certain cases, shareholder approval (the "Qualifying Transaction") which it completed on April 11, 2012.

The Company now operates through its wholly owned subsidiary in the United Kingdom, Midpoint & Transfer Ltd. ("MPNT"). Its business is a web based enterprise that matches buyers and sellers of foreign currency and transfers the funds to their desired location through an intermediary third-party payment provider. The Company receives fees from all parties for matching the currency exchanges and transferring the funds.

The Company's head office is 505 Kootenay Street, Nelson British Columbia, V1L 1K9.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of May 30, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these interim condensed consolidated financial statements as compared with the most recent annual financial statements as at and for the period ended June 30, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for period ending June 30, 2017 could result in restatement of these condensed interim financial statements.

New standards not yet adopted and interpretations issued but not yet effective.

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated statements as at and for the period ended June 30, 2017.

MIDPOINT HOLDINGS LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS AT MARCH 31, 2018

3. CASH

At March 31, 2018 and June 30, 2017 the Company had cash of \$1,513,740 and \$814,999 respectively. The Company maintains cash in various banks including a bank in Canada and several in the United Kingdom.

4. INTANGIBLES

Patents & software

	March 31, 2018	June 30, 2017
Cost		
Balance, at beginning of period	\$ 926,002	\$ 848,642
Additions	106,929	77,360
Balance, at end of period	1,032,931	926,002
Accumulated Depreciation		
Balance, at beginning of period	539,520	428,534
Depreciation for period	55,492	110,986
Balance, at end of period	595,012	539,520
Net Book Value	\$ 437,919	\$ 386,482

It is the companies policy to capitalize expenses related to software as software assets. In the three and nine months ended March 31, 2018, there were \$38,969 and \$106,929 respectively of additions added as software assets.

5. SETTLEMENT PROVISION

On November 24, 2015 the CEO resigned from his duties with the Company. The Company has entered into an agreement to pay GBP \$18,500 on signing (paid) and an additional CAD 500,000 to the former CEO. The timing of the remaining settlement payments are based on the Company's future capital or debt raises; a minimum of 10% of all amounts to be raised in capital or debt are designated to pay the requirements of the severance until the amount is extinguished. After a financing is completed, interest of 8% per annum will accrue on the payable portion.

The Company has applied a discount factor of 18% to the \$500,000 payable as at November 23, 2015 and has assumed a repayment of \$100,000 per year (implying an assumption of \$1,000,000 per year in financing). An initial discount of \$187,500 was recognized based on these assumptions and will be accreted through the statement of operations until the liability is ultimately extinguished. The Company recognized \$61,623 for the year ended June 30, 2017 (2016 - \$35,590) in accretion costs during the year in relation to this item. In total \$97,213 of accretion expenses have been reported as expenses of the Company related to the initial \$187,500 discount resulting in \$90,287 to be reported still in the future as an expense of the Company.

As a result of all previous financing subsequent to the settlement date, which raised gross proceeds of \$2,722,760, the Company has paid \$272,276 of settlement as at March 31, 2018

As a result of the June 30, 2017, July 14, 2017, and October 27, 2017 financings, plus the warrant exercises in January 2018 raising gross proceeds of \$1,460,000, the Company has paid \$6,000 of the settlement provision in this quarter and \$146,000 in the nine months ending March 31, 2018.

MIDPOINT HOLDINGS LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS AT MARCH 31, 2018

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized

As at March 31, 2018, the Company had authorized unlimited common shares.

Issued and outstanding

A summary of share transactions and shares issued and outstanding is as follows:

	Number of Shares	Share Capital	Contributed Surplus	Total
Balance, March 31, 2018	103,906,642	\$ 13,050,697	\$ 852,974	\$ 13,843,671

8. COMMITMENTS AND CONTINGENT LIABILITIES

On October 20, 2017, the Company was served with a notice of civil claim from John Booth, a former CEO and director of the Company. At the Company's annual general meeting held on September 15, 2017, Mr. Booth was not elected a director of the Company. In the civil claim, Mr. Booth alleges that he was improperly removed as a director at the AGM. Mr. Booth has made a claim for damages and has asked for an order of specific performance of the terms of a severance agreement, dated November 24, 2015, Mr. Booth signed with the Company; the effect of which would be to order that Mr. Booth be deemed one of the management nominees elected to the Board of Directors. The board of directors is the process of retaining counsel to provide the Company with recommendations in response to the civil claim which the Company believes is without merit and which the Company plans to aggressively defend.