

SPACKMAN EQUITIES GROUP INC.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (PREPARED BY MANAGEMENT) FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated financial statements of Spackman Equities Group Inc. were prepared by management in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The most significant of these accounting principles have been disclosed in the notes to the unaudited consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited 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.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited consolidated financial statements and (ii) the unaudited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited 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 consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These unaudited consolidated financial statements were authorized for issuance by the Board on May 29, 2017.

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.

"Charles Spackman"
Chief Executive Officer

"Alex Falconer"
Chief Financial Officer

May 29, 2017

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	<u>Notes</u>	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Cash and cash equivalents	3	\$ 276,699	\$ 114,870
Marketable securities	4	8,750	7,500
Investment in shares of public company	5	22,893,299	27,553,284
Prepaid expenses		225,802	93,939
Property and equipment	7	85	170
		\$ 23,404,635	\$ 27,769,763
LIABILITIES			
Accounts payable and accrued liabilities	8	\$ 35,800	\$ 36,059
Deferred tax liability		222,103	1,363,656
		257,903	1,399,715
SHAREHOLDERS' EQUITY			
Share capital	9	11,601,165	11,601,165
Contributed surplus	9(c)	1,558,667	1,558,667
Retained earnings		9,986,900	13,210,216
		23,146,732	26,370,048
		\$ 23,404,635	\$ 27,769,763

COMMITMENTS (Note 12)

Approved on Behalf of the Board

'Charles Spackman' _____ Director

'William Hale' _____ Director

SPACKMAN EQUITIES GROUP INC.**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED

(Unaudited)

	<u>Notes</u>	Three Months March 31,	
		2017	2016
Investment Income			
Realized gain on sale of shares in public company		\$ 352,235	\$ -
Unrealized gain (loss) on fair value of marketable securities		1,250	(6,250)
Unrealized loss on fair value of investment in shares of public company		(4,586,170)	(4,777)
Other income		199	194
		(4,232,486)	(10,833)
Expenses			
General and administrative	10	138,899	170,194
Amortization	7	85	203
Loss (gain) on foreign currency		(6,601)	26,934
Total expenses		132,383	197,331
Loss before income taxes		(4,364,869)	(208,164)
Deferred income tax recovery		(1,141,553)	(2,900)
Net loss and comprehensive loss for the period		\$ (3,223,316)	\$ (205,264)
Net loss per share			
Basic and fully diluted loss per share		\$ (0.02)	\$ 0.00
Weighted average number of shares outstanding basic and fully diluted		148,900,183	148,900,183

See accompanying notes to the unaudited consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

(Unaudited)

	Share capital			Retained earnings (deficit)	Total
	Common shares	Amount	Contributed surplus		
Balance, January 1, 2015	148,829,183	\$11,601,165	\$ 1,558,667	\$ 17,936,685	\$ 31,096,517
Net loss for the period	-	-	-	(205,264)	(205,264)
Balance, March 31, 2016	148,829,183	\$11,601,165	\$ 1,558,667	\$ 17,731,421	\$ 30,891,253
Balance, January 1, 2016	148,900,183	\$11,601,165	\$ 1,558,667	\$ 13,210,216	\$ 26,370,048
Net loss for the period	-	-	-	(3,223,316)	(3,223,316)
Balance, March 31, 2017	148,900,183	\$11,601,165	\$ 1,558,667	\$ 9,986,900	\$ 23,146,732

See accompanying notes to the unaudited consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED
(Unaudited)

	<u>Notes</u>	Three Months March 31,	
		2017	2016
OPERATING ACTIVITIES			
Net loss for the period		\$ (3,223,316)	\$ (205,264)
Adjustments not affecting cash:			
Realized gain on sale of shares in public company		(352,235)	-
Unrealized loss (gain) on fair value of marketable securities		(1,250)	6,250
Unrealized loss on fair value of investment in shares of public company		4,586,170	4,777
Amortization	7	85	203
Deferred income tax recovery		(1,141,553)	(2,900)
		(132,099)	(196,934)
Changes in non-cash working capital			
Prepaid expenses		(131,863)	5,311
Accounts payable and accrued liabilities		(259)	(12,921)
Cash used in operating activities		(264,221)	(204,544)
INVESTING ACTIVITIES			
Disposition of shares in public company		426,050	-
Cash used in investing activities		426,050	-
Net increase (decrease) in cash		161,829	(204,544)
Cash and cash equivalents, beginning of period		114,870	799,190
Cash and cash equivalents, end of period		\$ 276,699	\$ 594,646

See accompanying notes to the unaudited consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

1. INCORPORATION AND NATURE OF OPERATIONS

Spackman Equities Group Inc. (the "Company" or "SEGI") was incorporated on May 18, 2006 under the Canada Business Corporations Act. The registered head office is located at Royal Bank Plaza, South Tower, Suite 3800, 200 Bay Street, Toronto, Ontario, M5J 2Z4, Canada.

SEGI carries on the business of identifying and investing into or acquiring small/medium sized growth companies. The Company focuses on investing into or acquiring growth companies in Asia, principally in the Republic of Korea ("Korea") at attractive valuations, building a diversified portfolio of such growth companies and, ultimately, delivering the collective value derived from the performance of these businesses to the shareholders.

2. BASIS OF PRESENTATION

Statement of compliance

The unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these unaudited consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended December 31, 2016.

The policies applied in these unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended December 31, 2016.

The unaudited consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2017.

Basis of measurement and functional currency

The unaudited consolidated financial statements are presented in Canadian dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Company and its subsidiary's functional currency is the Canadian dollar.

Investment entity

The Company has multiple unrelated investors and holds multiple investments. The Company has been deemed to meet the definition of an investment entity per IFRS 10, Consolidated Financial Statements, as the following conditions exist:

- The Company has obtained funds for the purpose of providing investors with professional investment management services.
- The Company's business purpose, which was communicated directly to investors, is investing for the purpose of capital appreciation and investment income.
- The investments are measured and evaluated on a fair value basis.

Basis of consolidation

These unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SEGI Investments Limited, a BVI company. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is determined based on whether the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary which qualifies for the exception to consolidation under IFRS 10 is accounted for as investment in shares of public company.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

2. BASIS OF PRESENTATION (Cont'd)

Critical accounting estimates, judgment and assumptions

Adoption of New Accounting Policies

Effective January 1, 2014, the Company adopted the Investment Entity Amendment to IFRS 10, Consolidated Financial Statements and has determined that it meets the definition of an “investment entity”. As a result, it measures subsidiaries, other than those that provide investment-related services to the Company, at fair value through profit or loss. Subsidiaries which provide such investment-related services to the Company are consolidated.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

3. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

	March 31,	December 31,
	2017	2016
Cash held in banks	\$ 264,478	\$ 102,649
Cash held by broker	12,221	12,221
	\$ 276,699	\$ 114,870

4. MARKETABLE SECURITIES

The Company has the following marketable securities:

	March 31,	December 31,
	2017	2016
Investment in equities of public companies	\$ 8,750	\$ 7,500

5. INVESTMENT IN SHARES OF PUBLIC COMPANY

	March 31,	December 31,
	2017	2016
Spackman Entertainment Group Limited (SEGL)	\$ 22,893,299	\$ 27,553,284

The Company owns 32.85% (December 31, 2016 - 38.77%) of SEGL, and based on the March 31, 2017 closing price of SEGL's shares of S\$0.16 (\$0.15 per share), the market value of the Company's stake in SEGL is SGD \$24.0 million (CAD \$22.9 million).

6. INVESTMENT IN PRIVATE COMPANY

The Company has historically made investments in private companies through equity and debt investments. Due to the uncertainty surrounding these investments, the Company historically wrote down these investments to a nominal amount. The Company considers these investments still impaired during the current year. No new investments were made during 2016.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

7. PROPERTY AND EQUIPMENT

	Equipment	Leasehold improvement	Total
<u>Cost</u>			
Balance at December 31, 2013	\$ 2,627	\$ 40,522	\$ 43,149
Additions	1,020	-	1,020
Balance at December 31, 2014, 2015, 2016 and March 31, 2017	<u>\$ 3,647</u>	<u>\$ 40,522</u>	<u>\$ 44,169</u>
<u>Accumulated Amortization</u>			
Balance at December 31, 2013	\$ 883	\$ 13,507	\$ 14,390
Amortization for the period	1,046	13,508	14,554
Balance at December 31, 2014	\$ 1,929	\$ 27,015	\$ 28,944
Amortization for the period	1,090	13,507	14,597
Balance at December 31, 2015	\$ 3,019	\$ 40,522	\$ 43,541
Amortization for the period	458	-	458
Balance at December 31, 2016	\$ 3,477	\$ 40,522	\$ 43,999
Amortization for the period	85	-	-
Balance at March 31, 2017	<u>\$ 3,562</u>	<u>\$ 40,522</u>	<u>\$ 43,999</u>
<u>Net Book Values</u>			
As at December 31, 2014	\$ 1,718	\$ 13,507	\$ 15,225
As at December 31, 2015	\$ 628	\$ -	\$ 628
As at December 31, 2016	\$ 170	\$ -	\$ 170
As at March 31, 2017	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 85</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2017	December 31, 2016
Accounts payable	\$ 35,800	\$ 12,921
Accrued expenses	-	20,000
	<u>\$ 35,800</u>	<u>\$ 32,921</u>

Accounts payable and accrued liabilities are current obligations expected to be settled in the normal course of operations. There are no accounts payable past due.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

9. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

	Number of Shares	Amounts
Balance, January 1, 2015, December 31, 2015, 2016 and March 31, 2017	148,900,183	\$ 11,601,165

(c) Stock options

The Company has an incentive stock option plan for the officers and directors enabling them to purchase common shares. Each option granted under the plan is for a maximum term of 5 years. The exercise price is determined by the Company's board of directors at the time the option is granted, subject to regulatory approval, and may not be less than the most recent closing price of the common shares at the date of grant. Vesting provisions are also determined at the time of grant by the Company's board of directors.

The stock options activity is as follows:

	March 31, 2017		December 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	8,745,000	\$ 0.135	8,745,000	\$ 0.135
Granted	-	-	-	-
Outstanding, end of the period	8,745,000	\$ 0.135	8,745,000	\$ 0.100

During the period ended March 31, 2017, no options were granted by the Company.

The following table summarizes the stock options outstanding as at March 31, 2017 and December 31, 2016:

Number of options outstanding	Exercise price	Expiry date	Number of options exercisable
8,745,000	\$ 0.135	July 30, 2019	8,745,000

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

10. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the consolidated financial statements during the periods ended March 31, 2017 and 2016 as follows:

REMUNERATION OF KEY PERSONNEL

	Three Months	
	March 31,	
	2017	2016
Salaries	\$ 92,416	\$ 69,075
Directors' fees	5,625	-
Total	<u>\$ 98,041</u>	<u>\$ 69,075</u>

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Chief Executive Officer.

During the period, the Company received \$33,974 (March 31, 2016 - \$36,277) in rental payments from SEGL which has a common director. The rental payments were a reimbursement of expenses and have been netted off rent expense within the general and administrative expenses grouping.

Included in prepaid expenses are salaries of \$133,860 (December 31, 2016 - \$Nil) paid to the CEO of the Company.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments comprise of cash and cash equivalents, marketable securities, other receivables, investments in shares of private and public companies, notes receivable and accounts payable and accrued liabilities.

The Company classifies financial instruments in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The determination of what constitutes observable data, requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, reliable, verifiable and provided from independent transactions.

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Risk management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company's investments in marketable securities at FVTPL are valued at fair value as determined by price quotations by the stock exchanges on which these investments are listed. The Company's investments in non-publicly-traded investments available-for-sale are measured at cost and are written down when there is an objective evidence of impairment. During periods of significant broader market volatility or volatility experienced by the commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations.

(b) Credit risk

Credit risk is attributable to cash and cash equivalents and other receivable. The Company's other receivables are current and cash and cash equivalents are held with reputable financial institutions. The carrying value of other receivables and cash and cash equivalents represents the Company's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are available within one year or are available on demand. There are adequate resources to meet any obligations as they fall due and mature within a year.

The Company's Board of Directors reviews and approves any material transactions out of the ordinary course of business including acquisitions or other major investments. Management believes that the risk associated with liquidity is low.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Risk management (Cont'd)

(d) Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company currently has financial instruments denominated in U.S. dollars, Singapore dollars and Hong Kong dollars.

(e) Concentration risk

The Company is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. As at March 31, 2017 and 2016, the percentages of the Company's investment in each industry sector were as follows:

Sector	As a % of Total Investments	
	March 31, 2017	March 31, 2016
Media / Entertainment	99.9	99.4
Other	0.1	0.6
Total	100.0	100.0

12. COMMITMENTS

The Company has entered into an operating lease agreement for its business premises in Hong Kong with rental payments of HK\$116,280, or \$19,767 per month. The lease will expire on November 15, 2018 subject to renewal. In addition to the monthly rental payment, the Company is responsible for the proportionate share of common area costs and property taxes.

The Company has an employment agreement whereby the CEO will be entitled to compensation in the amount of 15% of the investment proceeds from the disposition of the Company's investments. In the first quarter of 2017 the CEO was paid \$53,017 representing 15% of the profit of \$353,447 made by the Corporation on the sale of 2,500,000 shares of SEGL in the period.