# SPACKMAN EQUITIES GROUP INC.

**CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**
**(PREPARED BY MANAGEMENT)**
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2018 AND 2017**

**INDEX**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed interim 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 condensed interim unaudited consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the condensed interim 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 condensed interim 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 condensed interim unaudited consolidated financial statements and (ii) the condensed interim 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 condensed interim 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 condensed interim 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 condensed interim unaudited consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These condensed interim unaudited consolidated financial statements were authorized for issuance by the Board on November 28, 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.

**Notice of no auditor review of interim financial statements:**

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 interim unaudited condensed financial statements of the Company have been prepared by, and are the responsibility of, the Company’s management.

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

"Richard Lee"
Chief Executive Officer

"Alex Falconer"
Chief Financial Officer

May 30, 2018

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

| | Notes | **March 31, 2018 (Unaudited)** | December 31, 2017 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 5 | **$ 367,797** | $ 404,534 |
| Investment in associate | 6 | **13,187,509** | 13,424,551 |
| Investment in shares of private company | 7 | **491,595** | 491,595 |
| Prepaid expenses | | **76,539** | 74,787 |
| Deferred tax assets | | **607,583** | 607,583 |
| | | **$ 14,731,023** | $ 15,003,050 |
| **LIABILITIES** | | | |
| Accounts payable and accrued liabilities | 9 | **$ 67,911** | $ 56,822 |
| Loan payable | 10 | **504,200** | 504,200 |
| | | **572,111** | 561,022 |
| **SHAREHOLDERS' EQUITY** | | | |
| **Share capital** | 11 | **11,601,165** | 11,601,165 |
| **Contributed surplus** | 11(c) | **1,558,667** | 1,558,667 |
| **Retained earnings** | | **999,080** | 1,282,196 |
| | | **14,158,912** | 14,442,028 |
| | | **$ 14,731,023** | $ 15,003,050 |

**COMMITMENTS (Note 14)**
**CHANGE IN INVESTMENT ENTITY STATUS (Note 2)**

**Approved on Behalf of the Board**

'Richard Lee' Director

'William Hale' Director

See accompanying notes to the condensed interim unaudited consolidated financial statements.

# SPACKMAN EQUITIES GROUP INC.

## CONDENSED INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian Dollars)

**FOR THE THREE MONTH PERIODS ENDED**

(Unaudited)

| | Notes | Three Months March 31, 2018 | Three Months March 31, 2017 |
|---|---|---|---|
| **Investment Income** | | | |
| Realized gain on sale of shares in public company | | **$ -** | $ 352,235 |
| Unrealized income on fair value of marketable securities | | **-** | 1,250 |
| Unrealized loss on fair value of investment in associate | | **(237,042)** | (4,586,170) |
| Other income | | **-** | 199 |
| | | **(237,042)** | (4,232,486) |
| **Expenses** | | | |
| General and administrative | 12 | **40,457** | 138,899 |
| Amortization | 8 | **-** | 85 |
| Interest on loan | 7 | **16,931** | - |
| Loss on foreign currency | | **(11,314)** | (6,601) |
| **Total expenses** | | **46,074** | 132,383 |
| **Loss before income taxes** | | **(283,116)** | (4,364,869) |
| Deferred income tax recovery | | **-** | (1,141,553) |
| **Net loss and comprehensive loss for the period** | | **$ (283,116)** | $ (3,223,316) |
| **Net loss per share** | | | |
| **Basic and fully diluted loss per share** | | **$ 0.00** | $ (0.02) |
| **Weighted average number of shares outstanding basic and fully diluted** | | **148,900,183** | 148,900,183 |

See accompanying notes to the condensed interim unaudited consolidated financial statements.

# SPACKMAN EQUITIES GROUP INC.

## CONDENSED INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2018 AND 2017**

(Unaudited)

| | Share capital | | | | |
|---|---|---|---|---|---|
| | **Common shares** | **Amount** | **Contributed surplus** | **Retained earnings (deficit)** | **Total** |
| Balance, January 1, 2017 | 148,829,183 | $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 | 148,829,183 | $11,601,165 | $ 1,558,667 | $ 9,986,900 | $ 23,146,732 |
| | | | | | |
| Balance, January 1, 2018 | 148,900,183 | $11,601,165 | $ 1,558,667 | $ 1,282,196 | $ 14,442,028 |
| Net loss for the period | - | - | - | (283,116) | (283,116) |
| Balance, March 31, 2018 | 148,900,183 | $11,601,165 | $ 1,558,667 | $ 999,080 | $ 14,158,912 |

See accompanying notes to the condensed interim unaudited consolidated financial statements.

## SPACKMAN EQUITIES GROUP INC.

**CONDENSED INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

**FOR THE THREE MONTH PERIODS ENDED**

(Unaudited)

| | Notes | Three Months March 31, 2018 | 2017 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net loss for the period | | **$ (283,116)** | $ (3,223,316) |
| 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) |
| Unrealized loss on fair value of investment in shares of associate | | **237,042** | 4,586,170 |
| Amortization | | **-** | 85 |
| Deferred income tax recovery | 8 | **-** | (1,141,553) |
| | | **(46,074)** | (132,099) |
| Changes in non-cash working capital | | | |
| Prepaid expenses | | **(1,752)** | (131,863) |
| Accounts payable and accrued liabilities | | **11,089** | (259) |
| **Cash used in operating activities** | | **(36,737)** | (264,221) |
| **INVESTING ACTIVITIES** | | | |
| Disposition of shares in public company | | **-** | 426,050 |
| **Cash provided by investing activities** | | **-** | 426,050 |
| **Net (decrease) increase in cash** | | **(36,737)** | 161,829 |
| Cash and cash equivalents, beginning of period | | **404,534** | 114,870 |
| **Cash and cash equivalents, end of period** | | **$ 367,797** | $ 276,699 |

See accompanying notes to the condensed interim unaudited consolidated financial statements.

## 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 and its shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol SQG. 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

### Change in Investment Entity Status

During the prior year, it was determined that the Company did not qualify as an investment entity as the concentration of its investments was not sufficiently diversified. Accordingly, the Company has re-assessed all of its investments to determine whether fair value reporting is still acceptable. It was also determined that the company's main investee company, Spackman Entertainment Group Limited (SEGL), is considered an associate as the Company is considered to have significant influence over it.

As the Company considers itself to be a venture capital organization, and as permitted under IAS 28, it has elected the option to record the investment in SEGL at fair value through profit and loss.

Accordingly, there was no material change to the statement of financial position, statement of comprehensive income and statement of cash flows as a result of the change in status.

### Statement of compliance

The condensed interim 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 condensed interim 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 condensed interim 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, 2017.

The condensed interim unaudited consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2018.

### Basis measurement and functional currency

The condensed interim 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.

(Expressed in Canadian Dollars)

## 2. BASIS OF PRESENTATION (Cont'd)

### Basis of consolidation

These condensed interim 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.

## 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted the following standard during the three months ended March 31, 2018:

(i) IFRS 9 Financial Instruments The IASB issued IFRS 9 in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for the application of IFRS 9 is January 1, 2018.

As a result of adoption of IFRS 9, the Company's Other Investments – available for sale, have been classified as financial assets measured at FVTP. The application of IFRS 9 has no significant effect on the financial statements. There is no other change in the recognition, measurement or classification of its remaining financial assets and liabilities as a result of adopting this standard nor is there any impact on its credit risk assessments as a result of adopting this standard, given the nature of its debt investments.

Below is a summary of the Company's proposed classification and measurements of financial assets and liabilities:

IFRS 9 IAS 39 Classification Measurement Classification Measurement

| | IFRS 9 | | IAS 39 | |
|---|---|---|---|---|
| | **Classification** | **Classification** | **Classification** | **Classification** |
| Cash and cash equivalents | FVTPL | Fair value | FVTPL | Fair value |
| Receivables | Amortized cost | Amortized cost | Loans an receivables | Amortized cost |
| Marketable Securities | FVTPL | Fair value | FVTPL | Fair value |
| Other investments | FVTPL | Fair value | AFS | Fair value |
| Loan to equity accounted investment | Amortized cost | Amortized cost | Loans an receivables | Amortized cost |
| Loan to joint venture | Amortized cost | Amortized cost | Loans an receivables | |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost | Other liabilities | Amortized cost |
| Financial guarantee contract | FVTPL | Fair value | FVTPL | Fair value |

(Expressed in Canadian Dollars)

## 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ii) Effective January 1, 2018, the Company adopted IFRS 15 using the cumulative effect method, with the effect of adopting this standard recognized on January 1, 2018, the date of initial application. Accordingly, the information presented for 2017 has not been restated. It remains as previously reported under IAS 18, IAS 11 and related interpretations.

The application of IFRS 15 has no significant effect on the financial statements.

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16, Leases ("IFRS 16")

IFRS 16 replaces IAS 17, Leases, and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the condensed interim statements of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retroactive application and with early adoption permitted, but only if the entity is also applying IFRS 15.

The Company will adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company is assessing the impact of this standard on its financial statements and expects that there will be no impact on the financial statements of the Company

## 5. CASH AND CASH EQUIVALENTS

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

| | **March 31, 2018** | December 31, 2017 |
|---|---|---|
| Cash held in banks | **$ 367,797** | $ 404,534 |
| | **$ 367,797** | $ 404,534 |

## 6. INVESTMENT IN SHARES OF ASSOCIATE

| | **March 31, 2018** | December 31, 2017 |
|---|---|---|
| Spackman Entertainment Group Limited (SEGL) | **$ 13,187,509** | $ 13,424,551 |

The Company owns 21.51% (December 31, 2017 - 21.51%) of SEGL, and based on the March 31, 2018 closing price of SEGL's shares on the SGX of S$0.09 (CAD $0.089 per share), the market value of the Company's stake in SEGL is SGD $13.4 million (CAD $13.2 million).

The Company is considered to have significant influence over SEGL. Following is a summary of financial information of SEGL.

| | December 31, 2016 Audited USD | December 31, 2017 Audited USD | March 31, 2017 Unaudited USD | March 31, 2018 Unaudited USD |
|---|---|---|---|---|
| Current assets | $ 14,081,978 | $ 21,677,005 | $ 21,760,693 | $ 20,957,343 |
| Non-current assets | 7,927,511 | 24,710,968 | 16,827,199 | 39,172,265 |
| Current liabilities | 6,727,373 | 13,199,497 | 9,195,019 | 10,371,963 |
| Non-current liabilities | 2,073,495 | 3,479,423 | 3,499,280 | 3,751,180 |
| Revenues | 15,135,061 | 20,552,141 | 8,027,731 | 10,511,399 |
| Profit (loss) from continuing operations | (2,253,266) | 3,012,559 | 4,691,196 | 612,433 |
| Profit (loss) from discontinued operations | (371,002) | - | - | - |
| Other comprehensive income (loss) | (98,881) | 1,174,172 | 694,551 | 54,225 |
| Total comprehensive income (loss) | (2,723,149) | 4,186,731 | 5,385,747 | 666,658 |

(Expressed in Canadian Dollars)

## 7. INVESTMENT IN SHARES OF 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 period.

During the period ended December 31, 2017, the Company purchased 130,000 common voting shares of Spackman Media Group Limited (SMGL) for USD $390,000 (CAD $491,595), or USD $3.00 (CAD $3.78) per share, from an unrelated substantial shareholder of SMGL.

The Company owns 0.43% of SMGL as of March 31, 2018.

## 8. PROPERTY AND EQUIPMENT

| | Equipment | Total |
|---|---|---|
| **Cost** | | |
| Balance at December 31, 2015, 2016, 2017 and March 31, 2018 | $ 3,647 | $ 3,647 |
| **Accumulated Amortization** | | |
| Balance at December 31, 2015 | $ 3,019 | $ 3,019 |
| Amortization for the period | 458 | 458 |
| Balance at December 31, 2016 | $ 3,477 | $ 3,477 |
| Amortization for the period | 170 | 170 |
| **Balance at December 31, 2017 and March 31, 2018** | **$ 3,647** | **$ 3,647** |
| **Net Book Values** | | |
| As at December 31, 2016 | $ 170 | $ 170 |
| **As at December 31, 2017 amd March 31, 2018** | **$ -** | **$ -** |

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | **March 31, 2018** | December 31, 2017 |
|---|---|---|
| Accounts payable | **$ 10,980** | $ 16,822 |
| Accrued expenses | **56,931** | 40,000 |
| | **$ 67,911** | $ 56,822 |

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.

## 10. LOAN PAYABLE

On August 9, 2017 the Company borrowed USD $400,000 (CAD $504,200) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum.

(Expressed in Canadian Dollars)

## 11. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

| | Number of Shares | Amounts |
|---|---|---|
| **Balance, December 31, 2015, 2016, 2017 and March 31, 2018** | 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, 2018** | | December 31, 2017 | |
|---|---|---|---|---|
| | **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 | **-** | **-** | - | - |
| Expired during the period | **(7,445,000)** | **0.135** | - | - |
| Outstanding, end of the period | **1,300,000** | **$ 0.135** | 8,745,000 | $ 0.135 |

During the period ended March 31, 2018, no options were granted and 7,445,000 options were expired by the Company.

The following table summarizes the stock options outstanding as at March 31, 2018 and December 31, 2017:

| Number of options outstanding | Exercise price | Expiry date | Number of options exercisable |
|---|---|---|---|
| 1,300,000 | $ 0.135 | July 30, 2019 | 1,300,000 |

(Expressed in Canadian Dollars)

## 12. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the consolidated financial statements during the periods ended March 31, 2018 and 2017 as follows:

**REMUNERATION OF KEY PERSONNEL**

| | Three Months March 31, 2018 | Three Months March 31, 2017 |
|---|---|---|
| Management Salaries | $ 29,078 | $ 92,416 |
| Directors' fees | - | 5,625 |
| Salaries | - | - |
| Total | $ 29,078 | $ 98,041 |

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 ended March 31, 2018, the Company received $43,899(December 31, 2017 - $33,974) in rental payments from SEGL which has a common director. The rental payments were a reimbursement of expense and have been netted off rent expense within the general and administrative expenses grouping.

## 13. 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.

**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.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

**Risk management (Cont'd)**

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.

(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, 2018 and 2017, the percentages of the Company's investment in each industry sector were as follows:

| | As a % of Total Investments | |
|---|---|---|
| Sector | **March 31, 2018** | March 31, 2017 |
| Media / Entertainment | 99.9 | 99.4 |
| Other | 0.1 | 0.6 |
| Total | 100.0 | 100.0 |

## 14. 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.