

SPACKMAN EQUITIES GROUP

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations and financial position of Spackman Equities Group Inc. ("SEGI" or the "Company"). It is supplementary information and should be read in conjunction with the Company's financial statements and accompanying notes for the year ended December 31, 2013.

SEGI is a publicly-traded company listed on the TSX Venture Exchange under the symbol "SQG".

The Company is primarily engaged in the development, production and financing of theatrical motion pictures in Korea through its subsidiary Spackman Entertainment Group Limited which owns two Korean based motion picture production subsidiaries, namely Zip Cinema Co., Ltd. and Opus Pictures Limited Liability Company.

FORWARD-LOOKING STATEMENTS

Included in this MD&A are matters that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

THE ARRANGEMENT

Prior to October 31, 2011 the Company's name was Centiva Capital Inc. ("Centiva"). Centiva was listed on the TSX Venture Exchange under the symbol "CVC".

On September 30, 2011, a plan of arrangement (the "Arrangement") was completed pursuant to Section 192 of the Canada Business Corporations Act, whereby Centiva and a wholly-owned subsidiary of Centiva, Aylen Capital inc. ("Aylen") entered into an agreement to distribute the existing assets of Centiva to shareholders by way of the Arrangement. Under the terms of the Arrangement, all of the existing assets and liabilities of Centiva were transferred to Aylen in exchange for shares of Aylen and a \$842,832 promissory note. The Arrangement was approved by Centiva shareholders at a special meeting held on September 23, 2011 and by the Superior Court of Justice on September 27, 2011. The effective date of the transfer was October 31, 2011. On the same date, Centiva changed its name to Spackman Equities Group Inc.

Centiva transferred all of its then existing assets and liabilities, other than those relating to the new equity and tax losses, to Aylen in exchange for common shares of Aylen. The assets which were transferred to Aylen from Centiva consisted of cash, an equity interest in a technology-based company, VFM Leonardo Inc., a technology-based business, Grapevine Solutions, and a portfolio of marketable securities.

The foregoing summary of the principal terms of the Arrangement is qualified in its entirety by reference to the Plan of Arrangement which can be accessed under the Company's profile at www.sedar.com.

HIGHLIGHTS OF 2013

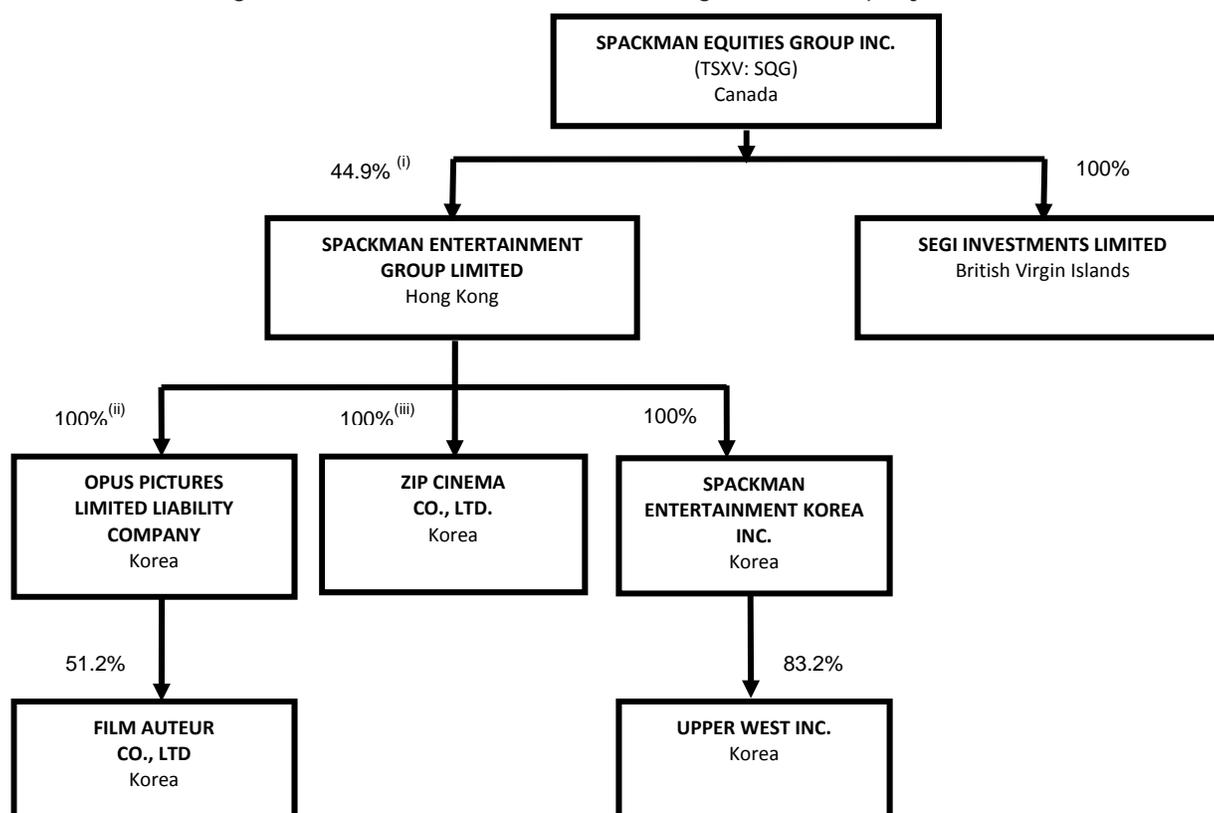
- On April 17, 2013, Mr. Brian Hemming resigned as a director of the Company.
- On June 24, 2013, Mr. William Hale was elected as an independent director at the Annual General Meeting.
- On July 3, 2013, *COLD EYES*, a crime thriller produced by the Company's subsidiary Zip Cinema Co., Ltd. ("Zip"), opened at #1 at the Korean box office. With a total budget of approximately KRW 6.7 billion (CAD \$6.8 million), *COLD EYES* eventually sold over 5.5 million tickets and grossed KRW 40 billion (CAD \$40.3 million) at the Korean box office, placing the film as one of the highest grossing domestic films of 2013.
- On July 31, 2013, *SNOWPIERCER*, the critically-acclaimed sci-fi action film produced by the Company's subsidiary Opus Pictures Limited Liability Company ("Opus"), opened at #1 at the Korean box office, breaking the record for the best non-holiday opening ever and the fastest film to reach 4 million ticket admissions in Korean history. With a production budget of KRW 42 billion (CAD 42.4 million), *SNOWPIERCER* eventually sold over 9.3 million tickets and grossed over KRW 67 billion (CAD \$67.6 million) at the Korean box office. *SNOWPIERCER* is being released worldwide throughout 2014.
- On August 2, 2013, Spackman Entertainment Group Limited ("SEGL"), the entertainment holding subsidiary of the Company, engaged PrimePartners Corporate Finance Pte. Ltd. as its Full Sponsor for the planned listing on the Catalist board of the Singapore Exchange Securities Trading Limited. The listing is expected to be completed in June/July 2014.
- On September 18, 2013, in preparation for SEGL's planned listing on the Catalist board of the Singapore Exchange, SEGL subscribed for 200,000 common shares, or 50.25%, of Spackman Entertainment Korea Inc. ("SEKI") at a price per share of KRW 5,000 (par value) for a total subscription consideration of KRW 1,000,000,000 (CAD \$1.0 million). SEKI is an investment company incorporated in Korea that makes early-stage investments into films developed and produced by Zip and Opus. The remaining 49.75% of SEKI was owned by the Company until December 23, 2013, when it sold this stake to SEGL (see below).
- On September 24, 2013, in preparation for SEGL's planned listing on the Catalist board of the Singapore Exchange, SEGL purchased 100% of the outstanding shares of Spackman Equities Limited ("SEL"), a holding company that owns 7% of each of Zip and Opus, from the Company, for a consideration of CAD 700,000 in cash. As a result of this transaction, SEGL beneficially owns 100% of Zip and Opus.
- On September 30, 2013, SEGL closed the first tranche of pre-IPO financing by raising a total of USD 2,850,000 (CAD \$3,027,000) by way of a private placement to a group of private investors by (i) issuing 1,850 common shares at a price of USD 1,000 per share (which is equivalent to a pre-money valuation for SEGL of USD 10 million) for a total equity financing of USD 1,850,000 (CAD 1,965,000) and (ii) issuing two USD 500,000 convertible promissory notes for a total of USD 1,000,000 (CAD \$1,062,000) to two private investors. The convertible notes have a term of two years, bear interest at the rate of 2% per annum and are convertible into common shares of SEGL at a conversion price of USD 1,000 per share at any time prior to

maturity. The Company participated in the SEGL private placement by subscribing for 350 common shares of SEGL for USD 350,000 (CAD \$372,000).

- In the 3rd quarter of 2013, 71,000 common shares of the Company were issued as a result of the exercise of 71,000 warrants at \$0.05 per warrant.
- On November 12, 2013, SEGL closed the second tranche of pre-IPO financing by raising a total of USD 1,800,000 (CAD \$1,912,000) by way of a private placement to a group of private investors by (i) issuing 1,300 common shares at a price of USD 1,000 per share (which is equivalent to a pre-money valuation for SEGL of USD 11.85 million) for a total equity financing of USD 1,300,000 (CAD \$1,381,000) and (ii) issuing three convertible promissory notes for a total of USD 500,000 (CAD \$531,000). The convertible notes have the same terms as the notes issued by SEGL in September 2013. After this financing the Company owned 52.7% of SEGL.
- On December 23, 2013 in preparation for the planned listing of SEGL on the Catalist board of the Singapore Exchange, the Company sold all its 198,000 shares, or 49.75% of its ownership, in SEKI to SEGL for CAD \$880,000 in cash. As a result, SEGL owns 100% of SEKI.
- On December 23, 2013 the Company increased its ownership in SEGL by purchasing 800 shares from treasury at USD 1,000 per share for a total subscription price of USD 800,000 (CAD \$850,000). As a result of this subscription the Company owns 55.4% of the outstanding shares of SEGL.
- Effective January 1, 2014, Kyoungwon Na was appointed Chief Financial Officer of the Company replacing Jenifer Cho who resigned as of December 31, 2013. Mr. Na is a member of ISCA (Institute of Singapore Chartered Accountants) and KICPA (Korean Institute of Certified Public Accountants). Prior to joining the Company Mr. Na worked for over ten years with KPMG in both Korea and Singapore. He has an MBA in Accounting from Seoul National University and a B.Eng. in Material Science and Engineering from Seoul National University. Mr. Na is also the Chief Financial officer of SEGL.

STRUCTURE AND HOLDINGS

The following chart shows the structure and holdings of the Company as of the date of this MD&A:



- (i) As of December 31, 2013, the Company owned 55.4% of Spackman Entertainment Group Limited (“SEGL”). After the conversion of all outstanding convertible notes and the issuance of shares from a pre-IPO financing by SEGL on April 25, 2014, the Company owns 44.9% of SEGL.
- (ii) SEGL owns 93% of Opus Pictures directly, and the remaining 7% through its wholly-owned subsidiary Spackman Equities Limited. As a result, SEGL’s ultimate beneficial ownership of Opus Pictures is 100%.
- (iii) SEGL owns 92.996% of Zip Cinema directly, and the remaining 7.004% through its wholly-owned subsidiary Spackman Equities Limited. As a result, SEGL’s ultimate beneficial ownership of Zip Cinema is 100%.

Spackman Entertainment Group Limited

Spackman Entertainment Group Limited (“SEGL”) is a leading entertainment production company that is primarily engaged in the independent development, production, and financing of theatrical motion pictures in Korea.

SEGL’s two motion picture production subsidiaries, namely, Zip Cinema Co., Ltd. and Opus Pictures Limited Liability Company, are two of the most recognized film production labels in Korea, and have originated and produced some of Korea’s most commercially successful theatrical films for the past seven years. Films are theatrically distributed and released in Korea and overseas markets, as well as for subsequent post-theatrical worldwide release in other forms of media, including cable television, broadcast television, IPTV, video-on-demand, and home video/DVD, etc. All of the motion pictures are released into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

Zip and Opus have produced and released a total of 14 theatrical motion pictures since 2007, the majority of which were profitable and some of which were among the top grossing films in Korea in recent years. Recent theatrical releases of our motion pictures include some of Korea’s highest grossing and award-winning films such as SNOWPIERCER (2013), COLD EYES (2013), and ALL ABOUT MY WIFE (2012).

Opus Pictures

Opus Pictures Limited Liability Company ("Opus") was established on August 12, 2005 in the Republic of Korea by renowned movie producer, Tae Hun Lee. Opus is recognized as one of the leading independent developers, producers, and investors of theatrical motion pictures in Korea. Since its inaugural production of *A FROZEN FLOWER* in 2008, which sold over 3.7 million tickets domestically and grossed KRW 25.4 billion (CAD \$25.6 million), Opus has produced and released a total of six theatrical films to date, including *THE MAN FROM NOWHERE*, the biggest box office success of the year with 6.2 million box office tickets sold domestically and a gross of over KRW 47.1 billion (CAD \$47.5 million) which makes it one of the highest grossing movies in Korean movie history.

On July 31, 2013 *SNOWPIERCER*, the critically acclaimed sci-fi action film produced by Opus, opened #1 at the Korean box office, breaking the record for the best non-holiday opening ever and the fastest film to reach 4 million ticket admissions in Korean history. With a production budget of about USD 40 million (CAD \$42 million), *SNOWPIERCER* eventually sold over 9.3 million tickets and grossed over KRW 67 billion (CAD \$67.6 million) at the Korean box office, placing the film as the # 2 box office hit in Korea in 2013 in terms of ticket admissions. *SNOWPIERCER* has been sold in over 100 countries.

Opus's production capabilities consist of the originating and financing of motion pictures, as well as the development of the screenplay and the actual filming activities and post-filming editing/post-production process. Opus works in cooperation with Korea's major distribution companies for the release of its films and, at times, participates in its productions as an investor. Opus also opportunistically acquires distribution rights to motion pictures produced by third parties for distribution in theatrical, video and television markets in Korea. Opus licenses its films to ancillary markets including IPTV, digital cable, broadcast television and home video/DVD. Its movies are shown throughout Asia and worldwide.

Opus has a number of films which it has produced and/or financed and/or of which it will be the distributor, which are scheduled for release in 2014 including *FOR THE EMPEROR*, a crime and action movie produced and financed by Opus with a budget of approximately KRW 4.8 billion (CAD \$4.8 million), *CONFESSION*, a crime drama produced and financed by Opus with a budget of approximately KRW 5.2 billion (CAD \$5.2 million), *BIG MATCH*, a fighting and action movie with a budget of approximately KRW 8 billion (CAD \$8.1 million) with financing from Opus, and *ANOTHER MAN'S LIFE*, a drama which will be distributed by Opus and *RAZE* an action and horror movie which will be distributed by Opus. Opus is also developing a number of films for release in 2015 and 2016.

Opus is wholly-owned by SEGL. Opus' principal office is located at 3F, Proom Building, 82 Nonhyun-Dong, Gangnam-Gu, Seoul, Korea 135-818. www.opuspictures.com

Management of Opus

Mr. Tae Hun Lee is the Founder, Chief Executive Officer and Chief Producer of Opus Pictures. He is also the Chief Executive Officer of SEGL. Mr. Lee has produced some of Korea's major international award-winning films such as *SYMPATHY FOR LADY VENGEANCE* (2005), which is currently being remade by Universal Pictures for the U.S. market, and *I AM A CYBORG, BUT THAT'S OK* (2006). After founding Opus, Mr. Lee produced *A FROZEN FLOWER* in 2008, a highly acclaimed and controversial epic melodrama set in the Koryo Dynasty, and *THE MAN FROM NOWHERE* (2010), an action thriller which was Korea's biggest box office draw of 2010 selling 6.2 million tickets at the domestic box office, and *SNOWPIERCER* in 2013 which grossed over KRW 67 billion (CAD \$67.6 million) and was Korea's # 2 box office hit of 2013.

Prior to establishing Opus Pictures in 2005, Mr. Lee was the CEO of Moho Films, a leading Korean film production company established in partnership with Park Chan-Wook and other renowned Korean directors. Mr. Lee also worked at PMC Pictures, one of the leading musical production companies in Korea. He graduated with a B.A. from Sogang University in Korea, and a Master's degree in European Film Studies from Edinburgh University in the U.K.

Zip Cinema

Zip Cinema Co., Ltd. ("Zip") is a Korean movie production firm founded by veteran film producer Eugene Lee, who was named in 2007 as one of the world's "10 Producers to Watch" by Variety, the leading Hollywood journal. The company was incorporated on December 23, 2005, in the Republic of Korea. Zip engages in the development and production of theatrical motion pictures with a strong commitment to bringing original content to moviegoers from the most innovative Korean filmmakers. Since its establishment, Zip has achieved notable critical and box office success with such hits as *WOOCHI* (2009) with 6.1 million tickets sold at the Korean box office and grossing over KRW 44 billion (CAD \$44.4 million), and *HAUNTERS* (2010) which sold over 2.1 million tickets in Korea and grossed KRW 15.4 billion (CAD \$15.5 million). *ALL ABOUT MY WIFE*, a romantic comedy produced by Zip, opened in Korean theatres in May 2012, and sold over 4.6 million tickets and grossed over KRW 34.2 billion (CAD \$34.5 million), becoming one of Korea's highest-grossing romantic comedies of all time. In July 2013 *COLD EYES*, a crime thriller produced by Zip, opened #1 at the Korean box office. *COLD EYES* had a total budget of approximately KRW 6.7 billion (CAD \$6.8 million), it sold over 5.5 million tickets and grossed KRW 40 billion (CAD 40.3 million) placing it as one of the top 10 box office hits of 2013. *COLD EYES* was also selected as the Gala Presentation for the Toronto International Film Festival 2013.

Zip is the producer of *MY BRILLIANT LIFE*, a drama with a production budget of KRW 5.9 billion (CAD \$6.0 million) which is scheduled for release in 2014, *WOOCHI 2* a sequel fantasy action film with a production budget of KRW 15 billion (CAD \$15.1 million) which is scheduled for release in 2015 and *GOLDEN SUMMER* an action thriller with a production budget of KRW 15 billion (CAD 15.1 million) which is scheduled for release in 2015.

Zip is wholly-owned by SEGL. The office of Zip is located at 3F, Proom Building, 82 Nonhyun-Dong, Gangnam-Gu, Seoul, Korea 135-818. www.zipcine.com

Management of Zip

Ms. Eugene Lee is the Founder, Chief Executive Officer and Head Producer of Zip Cinema. She is also the Chief Producer of SEGL. Ms. Lee commenced her film career as Marketing Director of B.O.M. Films, another major Korean film label. She also worked as an advertising executive at KORAD, a leading Korean advertising agency. Before establishing Zip Cinema, she produced several major films, virtually all of which achieved critical and commercial success domestically and abroad. Her production track record includes *THE UNINVITED* (2003), *UNTOLD SCANDAL* (2003), and *A BITTERSWEET LIFE* (2005). Ms. Lee's talent for producing hit movies continued after the founding of Zip and her track record led Variety to name her as one of the "10 Producers to Watch" in the world in 2007. After establishing Zip Cinema at the end of 2005, Ms. Lee produced some of Korea's biggest box office hits, including *WOOCHI* (2009), which was the #1 Korean film of 2009 at the domestic box office selling 6.1 million tickets. *HAUNTERS* (2010) also sold over 2.1 million tickets domestically, establishing Zip Cinema's leading position in the industry. *ALL ABOUT MY WIFE* (2012) sold over 4.6 million tickets domestically (grossing over KRW 34.2 billion (CAD \$34.5 million)), becoming one of Korea's highest-grossing romantic comedies of all time. Her latest film, *COLD EYES* opened in Korean theatres in July 2013 and became one of the top ten most commercially successful Korean films of 2013. Ms. Lee graduated with a B.A. from Ewha Women's University in Korea.

RESULTS OF OPERATIONS

For the year ended December 31, 2013, the Company had revenue of \$12,924,424 compared with revenue of \$6,234,458 for the year ended 2012. Revenue for the year is primarily the film production and distribution revenues of Opus and Zip which were \$11,802,332, as well as revenues of \$73,425 from the investment trading of public equities and other income of \$1,048,667.

General and administrative expenses totalled \$1,956,577 for the year compared with \$1,729,137 for 2012. The increase was mainly the result of increased general and administrative expenses from the

Opus and Zip businesses, which were consolidated in 2012. In addition for the 2013 year the Company had direct production costs of \$6,863,405 (\$4,013,778 for 2012) and selling expenses of \$1,575,536 compared with \$1,079,824 for 2012.

As a result of the foregoing, the Company recorded a net profit of \$1,876,755 (\$0.013 per share) for the 2013 year (net loss of \$913,757 (\$0.007 per share) for 2012). The Company reported a net comprehensive profit of \$3,091,739 for 2013: a net comprehensive loss of \$903,706 for 2012.

SUMMARY OF SELECTED QUARTERLY INFORMATION

	Quarter to December 31 2013	Quarter to September 30 2013	Quarter to June 30 2013	Quarter to March 31 2013	Quarter to December 31 2012	Quarter to September 30 2012	Quarter to June 30 2012	Quarter to March 31 2012
Revenue								
Sales	3,825,136	5,964,192	1,888,952	124,052	905,307	1,179,747	2,377,557	178,910
Interest and investment income (loss)	(146,666)	178,068	224,859	178,435	150,966	51,119	66,158	19,564
Gain (loss), realized and unrealized,								
	59,591	(1,105)	3,382	11,557	508,563	12,621	(45,433)	(5,300)
Net profit (Loss)								
Total	722,365	2,557,631	(392,114)	(1,011,127)	(1,206,685)	70,475	1,338,706	(1,116,253)
Per share	0.005	0.017	(0.002)	(0.007)	(0.017)	0.00	0.02	(0.01)
Per share (diluted)	0.005	0.017	(0.002)	(0.007)	(0.017)	0.00	0.02	(0.01)
<i>Other Comprehensive Income (Loss), being increase (decrease) in foreign exchange translation</i>								
	929,424	229,160	76,039	(19,639)	31,299	(82,981)	89,447	(47,816)
Comprehensive Income (Loss)								
	1,651,789	2,786,791	(316,075)	(1,030,766)	(1,175,386)	(12,506)	1,428,153	(1,164,069)

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

Working capital at December 31, 2013 was \$702,029 compared with \$(32,096) at the end of 2012. The increase is mainly the result of the commercial success of the film *COLD EYES* which was produced by SEGI's subsidiary Zip Cinema Co., Ltd.

Current liabilities were \$16,501,484 at December 31, 2013, compared to \$8,915,013 at the end of 2012.

Cash, cash equivalents and marketable securities increased to \$14,730,535 at December 31, 2013, from \$6,744,508 at the end of 2012. The increase is also mainly due to the commercial success of the film *COLD EYES* for the 2013 year.

The Company's capital resources consist of cash, cash equivalents and marketable securities, which are used to fund the Company's financial requirements. The company's general and administrative expenses, substantially all of which are committed and non-discretionary in nature, were \$1,956,577 for the 2013 year (\$1,729,137 for 2012).

ANALYSIS OF FINANCIAL CONDITION AND FINANCIAL PERFORMANCE

The financial condition of the Company at December 31, 2013, improved from the condition at the end of the previous year, due to increased profits from the film *COLD EYES*. At December 31, 2013, the Company had cash, cash equivalents and marketable securities of \$14,730,535 (December 31, 2012 \$6,744,508) and total liabilities, current and long-term, of \$18,028,770 (December 31, 2012 \$8,926,094).

ANALYSIS OF FOURTH QUARTER RESULTS

For the fourth quarter ended December 31, 2013, the Company had revenue of \$3,825,136, which is primarily film production and distribution revenues of Opus and Zip, as well as revenues from the investment trading of public equities.

General and administrative expenses totalled \$316,526 (\$1,185,259 for the fourth quarter of 2012). In addition, the Company had selling expenses of \$396,698 compared with \$122,804 for the fourth quarter of 2012.

As a result of the foregoing, the Company recorded a net profit of \$722,356 (\$0.005 per share) for the fourth quarter (loss of \$1,206,685 (\$0.017 per share) for the fourth quarter of 2012). The Company reported a net comprehensive income of \$1,651,789 for the fourth quarter of 2013: a net comprehensive loss of \$1,175,386 for the fourth quarter of 2012).

DIRECTORS AND OFFICERS COMPENSATION

The following table sets out all compensation paid to directors of the Corporation for their services as directors in the fourth quarter of 2013.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
William Hale	1,875	Nil	Nil	Nil	Nil	Nil	1,875
John Pennal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Charles Spackman	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Martin Mohabeer	1,875	Nil	Nil	Nil	Nil	Nil	1,875
Richard Lee	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Mr. Spackman is entitled to receive \$120,000 US annually as Chairman and Chief Executive Officer under his employment contract with the Company. Mr. Spackman received \$30,000 US in the fourth quarter of 2013 as Chairman and Chief Executive officer. Mr. Spackman is also entitled under his employment contract (i) to receive 15% of any investment proceeds in excess of the initial costs of such investment resulting from the disposition of any current or future venture investment and (ii) to be issued options to purchase up to 5% of the outstanding shares of the Company. Mr. Spackman received a payment of \$63,000 in the first quarter of 2013, which represented 15% of the net realized gains from investment trading activities. No options have been issued to Mr. Spackman by the Company.

Mr. Pennal received \$15,000 in the fourth quarter of 2013 as Vice President.

Jenifer Cho received \$13,500 in the fourth quarter of 2013 as Chief Financial Officer.

RISK FACTORS AND RISK MANAGEMENT

SEGI shareholders and potential investors in SEGI should carefully consider the following risk factors and all the other information contained in this MD&A when evaluating SEGI and its common shares.

An investment in the Company's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks, which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Liquidity and Negative Cash Flows

Revenues from the film production businesses owned by the Company are very unpredictable and the Company may experience negative cash flow from operating activities. If that is the case, the Company will have to fund its operations with its cash on hand, cash equivalents and marketable securities. The Company's cash on hand, cash equivalents and marketable securities at December 31, 2013 was \$14,730,535. This amount should be adequate to continue to fund the Company's operations for the foreseeable future. If the Company had to raise capital to fund its operations or to make further investments in its businesses it may have to sell assets, or raise funds through the sale of additional equity or a combination of those two things. There may not be a ready market for the sale of its assets and it may not be possible to issue additional shares or other securities, or the issue of additional shares or other securities if it were to be possible may result in significant dilution to the interests of existing shareholders.

Opus, Zip, SIL, Spackman Entertainment Korea Inc. and Upper West Inc. are all at a relatively early stage of development and will likely require additional funding to continue operations or to develop their business plans until they become self funding. The Company and SEGL would have to use its cash, cash equivalents and marketable securities to provide any such additional funding.

Limited Diversification of Investments

Due to the small size of the Company and the fact that it has only a limited number of investments, the Company is subject to a greater risk of a downturn in one or more of its investments. A concentration of the Company's invested funds in a limited number of businesses –in particular the film production business in Korea - means that in the event that any such business or industry or investment is unsuccessful or experiences a downturn, this will likely have a material adverse effect on the Company's business, results from operations, and financial condition. It also means that the Company is more exposed to business cycles than it would be if it owned a larger number of investments, which were diversified over various industries with differing business cycles in different geographic areas.

Industry Risks

Each of the Company's investees is subject to the risks inherent in the industry in which it operates. In the case of Opus and Zip, their businesses are very dependant on the strength of the Korean film industry and their ability to continue to finance and make successful, profitable movies. Illegal piracy of films and illicit internet downloads of films are also risks which will continue to threaten the Korean film industry.

Competition

Opus and Zip face intense competition in their respective markets, including competition from other companies some of whom have greater financial and other resources, and more advanced technological development. In the case of Opus and Zip, the movie production industry is a word-wide

industry and films made in Hollywood, India and many other countries compete with Korean films on the worldwide stage for viewership. There can be no assurance that they will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

Currency Fluctuations

The Company is exposed to fluctuations in the value of the currencies of the Republic of Korea, the Special Administrative Region of Hong Kong, Canada and the United States. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

The Company and its investee companies may become parties to law suits, claims and litigation arising in the ordinary course of business. Such law suits could result in significant costs and the outcome of such law suits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Lack of Market for the Company's Shares

Although the Company's common shares are listed and traded on the TSX Venture Exchange, there may not be a liquid market for the shares and any market price for the shares may not reflect the underlying value of the Company's business and assets.

Economic Conditions in Korea

The majority of the Company's operations and assets are located in the Republic of Korea through its ownership of Opus, Zip which are based in Korea and Upper West Inc. which operates a café and lounge in Seoul, Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea. From early 1997 until 1999, Korea experienced a significant financial and economic downturn, from which it has now recovered to a large extent.

Tensions with North Korea

Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increased uncertainty regarding North Korea's actions, particularly in light of the recent leadership change, and possible responses from the international community. Tensions have escalated on the Korean peninsula, and there can be no assurance that the level of tension will not escalate further in the future.

Any further increase in tensions which may occur, for example, if military hostilities occur or North Korea experiences a leadership or economic crisis, could have a material adverse effect on our the Company's operations and the market value of its common shares.

Financial Instability in Other Countries

The Korean market and the Korean economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries. A loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in Korean financial markets. It is possible that the financial events of the type that occurred in emerging markets in Asia in 1997 and 1998 will happen again which would have an adverse effect on the market value of the Company's common shares.

INTERNAL CONTROLS

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

International Financial Reporting Standards

The Company's financial statements for the year ended December 31, 2013 and the comparative information presented in the financial statements for the year ended December 31, 2012 have been prepared in accordance with IFRS applicable to the presentation of financial statements.

STRATEGY AND FUTURE DIRECTION

The Company's strategy and focus is to (i) identify and acquire small/medium-sized growth companies, primarily in the Republic of Korea, that possess proprietary know-how or technologies and a track record of profitable operations; (ii) assist the management of each acquired company to enhance its value; (iii) originate collaboration amongst the portfolio of acquired companies to create new opportunities for one another and leverage off each others' capabilities and resources; and (iv) reflect the collective value derived from the performance of the acquired businesses on the share price of the Company.

SEGI intends to apply to list the shares of SEGL on the Catalist board of the Singapore Exchange in June/July of 2014 and simultaneously to complete an equity financing. If successful the listing and the common share financing will enhance the ability of SEGL and its wholly owned subsidiaries, Opus and Zip, to continue to develop and to grow their businesses.

Moving forward SEGI will continue to work with the managements of Opus and Zip to enhance the value of their businesses.

SEGI understands that the managements of Opus and Zip have a deeper understanding and knowledge of the specific business and sector in which it operates. Therefore, SEGI plans to actively work with the managements of Opus and Zip to identify particular areas in which the SEGI management can help enhance value. Such areas include:

(1) *Financing Alternatives.* SEGI will provide guidance and support to Opus, and Zip in areas such as corporate finance, mergers, acquisitions, divestitures, capital markets, financial reporting, accounting and treasury operations.

(2) *Strategic Guidance.* SEGI will provide strategic guidance to Opus and Zip regarding market positioning, business model development and market trends.

(3) *Cross-Border Expansion.* SEGI believes that the multinational business experience of the SEGI management will help Opus and Zip expand their businesses into new markets geographically. The SEGI management will provide regulatory, financial, and operational support in new local markets.

(4) *Business Relationships.* SEGI will provide new business relationships to Opus and Zip throughout various parts of the world which may result in potential business opportunities, strategic alliances/partnerships, joint marketing efforts, acquisitions, and other transactions.

(5) *Executive Recruiting and Human Resources.* SEGI will assist Opus and Zip in recruiting key executive talent by leveraging the network of contacts of the SEGI management.

SEGI will also opportunistically make investments in selected small-capitalization publicly-traded companies that the Company believes are attractive investment propositions, or undervalued relative to their underlying financial fundamentals and operating performance. After making an investment into such publicly-traded companies, SEGI plans to encourage and implement such measures as changes in management strategy, business diversification, cost cutting, strategic mergers & acquisitions, capital restructuring, improvements in investor relations activities, and other initiatives typically undertaken by corporate restructuring specialists, in order to seek capital appreciation. Such small-cap stocks targeted by SEGI are investment opportunities that are normally overlooked by institutional investors (i.e. private equity funds, hedge funds, special situations funds, etc.) due to their small size and relatively negligible presence in the market, making such opportunities an attractive niche for SEGI to exploit without significant competition.

The ultimate objective of the Company will be to reflect the collective value derived from the performances of Opus and Zip and its other investments in the Company's share price.

SUBSEQUENT EVENTS

The following events or transactions have occurred since December 31, 2013:

- Effective January 1, 2014, Kyoungwon Na was appointed Chief Financial Officer of the Company replacing Jenifer Cho who resigned as of December 31, 2013. Mr. Na is also the Chief Financial officer of SEGL.
- On January 17, 2014, the Company invested USD 1,000,000 (CAD \$1,093,400) into the convertible notes of UAA Korea Co., Ltd. ("UAA"), a leading talent management agency in Korea that represents some of Korea's top film stars including Song Hye-kyo, Kang Dong-won, and Yoo Ah-in. Song is one of Korea's most renowned actresses and is a frontwoman of the Hallyu, "Korean Wave", a movement that has propagated Korean content throughout Asia. The convertible notes issued by UAA to SEGI have a maturity of 1 year, an interest rate of 7% per annum, and are convertible into common shares of UAA at a conversion price of USD 200 at any time before maturity.
- On April 17, 2014, the Company purchased 19,500 common shares, or 19.5%, of Pravala (Asia) Limited, an early-stage Hong Kong company that is the exclusive Asia distributor of the mobile solutions of Waterloo-based Pravala Networks Inc., for a purchase consideration of CAD \$150,000 in cash.
- On April 25, 2014, SEGL converted all its outstanding convertible notes in the amount of USD 1,500,000 (CAD \$1,654,200) at the conversion price of USD 1,000 resulting in the issuance of 1,500 new common shares of SEGL.
- On April 25, 2014, SEGL closed another round of pre-IPO financing by raising a total of USD 4,596,288 (CAD \$5,068,786) by way of a private placement to three investors by issuing 1,776 common shares at USD 2,588 per share which is equivalent to a pre-money valuation for SEGL of USD 40 million (CAD \$44.1 million). After the conversion of all outstanding convertible notes and the issuance of shares pursuant to this pre-IPO financing, the Company owns 44.9% of SEGL.

OUTSTANDING SHARE DATA

The Company has authorized an unlimited number of common shares and an unlimited number of preference shares issuable in series. As at April 24, 2014, there were outstanding 148,900,183 common shares and options to acquire an additional 836,000 common shares.

OTHER INFORMATION

Additional information related to the Company may be found on SEDAR at www.sedar.com.

April 30, 2014