

Unaudited interim consolidated financial statements of

SPACKMAN EQUITIES GROUP INC.

For the quarter ended June 30, 2013

(In Canadian Dollars)

SPACKMAN EQUITIES GROUP INC.

For the quarter ended June 30, 2013

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under the 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 unaudited interim consolidated interim 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

Charles Spackman
Chief Executive Officer

Jenifer Cho
Director of Finance

August 28, 2013

SPACKMAN EQUITIES GROUP INC.

Interim Consolidated Statements of Financial Position - Unaudited

(In Canadian Dollars)

	As at June 30, 2013	As at December 31, 2012
ASSETS		
CURRENT		
Cash and cash equivalents (Note 5)	\$ 3,309,863	\$ 4,951,651
Marketable securities (Note 6)	1,637,443	1,792,857
Trade and other receivables (Note 7)	903,473	1,808,398
Prepaid expenses and sundry assets	220,318	63,044
Other current assets (Note 8)	152,614	266,967
	6,223,711	8,882,917
NON-CURRENT		
Loan receivable (Note 9)	2,531,033	1,781,870
Long-term investment	47,075	47,566
Other long-term assets (Note 10)	488,041	603,304
Notes receivable (Note 11)	681,647	617,712
Property and equipment (Note 12)	799,093	851,760
Intangible assets (Note 13)	7,035,592	4,477,353
Goodwill	1,700,730	1,700,730
	13,283,211	10,080,295
	\$ 19,506,922	\$ 18,963,212
LIABILITIES		
CURRENT		
Short-term borrowings (Note 14)	\$ 1,252,111	\$ 492,642
Accounts payable and accrued liabilities (Note 15)	793,542	662,643
Deferred revenue	1,660,892	752,750
Advances on production and distribution	6,622,922	6,241,113
Income taxes payable	79,996	240,499
Loans and advances	281,100	525,366
	10,690,563	8,915,013
NON-CURRENT		
Deferred tax liabilities	-	11,081
	10,690,563	8,926,094
SHAREHOLDERS' EQUITY		
Share Capital (Note 16)	11,595,769	11,595,769
Contributed surplus	400,427	400,427
Deficit	(4,168,486)	(3,041,688)
Accumulated other comprehensive loss	47,320	8,855
Total equity attributable to shareholders' of the Company	7,875,030	8,963,363
Non-controlling interest	941,329	1,073,755
	8,816,359	10,037,118
	\$ 19,506,922	\$ 18,963,212

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.
Interim Consolidated Statements of Operations - Unaudited
For the three months and six months ended June 30, 2013
(In Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenues				
Sales revenue	\$ 1,888,952	\$ 2,377,557	\$ 2,013,004	\$ 2,556,467
Realized gain on sale of marketable securities	3,382	-	14,939	-
Other income	244,859	52,698	423,294	58,802
	2,137,193	2,430,255	2,451,237	2,615,269
Expenses				
Direct production costs	1,534,952	210,996	1,734,697	923,447
Selling expenses	271,579	433,618	826,516	766,556
General and administrative	513,667	167,304	924,502	357,929
Loss on sale of capital assets	-	-	-	822
Unrealized loss on fair value of marketable securities	51,737	45,433	69,177	50,733
Depreciation and amortization	157,609	17,323	312,713	80,860
Financing charges	-	15,668	-	24,723
	2,529,544	890,342	3,867,605	2,205,070
Net income (loss) from operation	(392,351)	1,539,913	(1,416,368)	410,199
Loss on acquisition of controlling interest	-	-	-	(473,802)
Net income (loss) before income tax	(392,351)	1,539,913	(1,416,368)	(63,603)
Income tax provision (recovery)	(237)	214,667	(13,127)	214,667
Net income (loss) for the period	\$ (392,114)	\$ 1,325,246	\$ (1,403,241)	\$ (278,270)
Attributable to:				
Shareholders of the Company	\$ (357,972)	\$ 693,731	(1,126,798)	\$ (517,015)
Non-controlling interests	(34,142)	631,515	(276,443)	238,745
	\$ (392,114)	\$ 1,325,246	\$ (1,403,241)	\$ (278,270)
Net income (loss) per share (basic and fully diluted)	\$ (0.002)	\$ 0.011	\$ (0.009)	\$ (0.002)
Weighted average number of shares	148,823,183	118,887,170	148,829,183	118,887,170

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Interim Consolidated Statements of Comprehensive Loss – Unaudited

For the three months and six months ended June 30, 2013

(In Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Statement of Comprehensive Loss				
Net income (loss) for the period	\$ (392,114)	\$ 1,325,246	\$ (1,403,241)	\$ (278,270)
Other comprehensive loss for the period				
Disposal of investment	-	89,447	-	41,631
Foreign exchange translation	76,039	-	56,400	-
Net comprehensive loss for the period	\$ (316,075)	\$ 1,414,693	\$ (1,346,841)	\$ (236,639)
Attributable to:				
Shareholders' of the Company	\$ (304,574)	\$ 746,009	\$ (1,088,333)	\$ (492,807)
Non-controlling interests	(11,501)	668,684	(258,508)	256,168
	\$ (316,075)	\$ 1,414,693	\$ (1,346,841)	\$ (236,639)

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Interim Consolidated Statements of Changes in Equity - Unaudited

For the six months ended June 30, 2013 and June 30, 2012

(In Canadian Dollars)

	Common Shares	Capital stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Non- Controlling Interest	Total Shareholders' Equity
Balance- Dec. 31, 2012	148,829,183	\$11,595,769	\$ 400,427	\$ (3,041,688)	\$ 8,855	\$ 1,073,755	\$ 10,037,118
Loss for the period	-	--	-	(1,126,798)	-	(276,443)	(1,403,241)
Acquisition of subsidiary (Note 4(b))						126,082	126,082
Foreign currency translation	-	-	-	-	38,465	17,935	56,400
Balance- June 30, 2013	148,829,183	\$11,595,769	\$ 400,427	\$ (4,168,486)	\$ 47,320	\$ 941,329	\$ 8,816,359
Balance- Dec. 31, 2011	78,576,632	\$ 4,082,713	\$ 315,853	\$ (1,643,776)	-	-	2,754,790
Share issued on business combination	30,475,500	3,352,305	-	-	-	-	3,352,305
Non-controlling interest at acquisition- SEGL	-	-	-	-	-	1,351,288	1,351,288
Loss for the period	-	--	-	(517,015)	-	238,745	(278,270)
Other comprehensive Income (loss)	-	--	-	-	24,208	17,423	41,631
Balance- June 30, 2012	109,052,132	\$ 7,435,018	\$ 315,853	\$ (2,160,791)	\$ 24,208	\$ 1,607,456	\$ 7,221,744

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.
Interim Consolidated Statements of Cash Flows - Unaudited
For the three months and six months ended June 30, 2013
(In Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30,2013	June 30, 2012
Net Inflow (Outflow) of Cash Related to the Following Activities:				
Operating				
Net income (loss) from operations	\$ (392,114)	\$ 1,325,246	\$ (1,403,241)	\$ (278,270)
Items not affecting cash:				
Loss on acquisition of controlling interest	-	-	-	473,802
Loss on sale of property and equipment	-	-	-	822
Realized gain on sale of marketable securities	(3,382)	-	(14,939)	-
Unrealized loss (gain) on value of marketable securities	51,737	45,433	69,177	50,733
Income tax	(237)	214,667	(13,127)	214,667
Depreciation and amortization	157,609	17,323	312,713	80,860
Other non-cash charges	-	(35,342)	-	3,461
	(186,387)	1,567,327	(1,049,417)	546,075
Net changes in non-cash working capital balances:				
Trade and other receivables	(460,839)	(1,138,448)	904,925	(1,140,816)
Prepaid expenses and sundry assets	(171,632)	(316,432)	(157,274)	(202,342)
Other current assets	1,624,303	-	114,353	-
Accounts payable and accrued liabilities	299,929	(437,089)	130,898	(332,492)
Deferred revenue and customers' deposits	929,918	43,776	908,142	381,204
Foreign withholding and taxes payable	(88,859)	220,383	(160,503)	239,607
	1,946,433	(60,483)	691,124	(508,764)
Investing				
Property and other equipment disposed (acquired)	61,004	(329)	(59,363)	(214,585)
Investment (disposal) in projects	(7,294)	(352,330)	45,791	(352,330)
Proceeds from sale, net of purchases, of short-term investments (purchase net of proceeds)	(533,231)	60,463	(138,200)	164,639
Loans and notes receivable collected (granted)	(189,812)	299,148	(813,098)	168,544
Intangible assets acquired	(2,383,647)	(730,612)	(2,383,647)	(821,269)
Proceeds from disposal of leasehold deposits	115,263	346	115,263	98,059
Cash acquired from subsidiary	-	-	-	316,919
	(2,937,717)	(723,314)	(3,233,254)	(640,023)
Financing activities				
Proceeds from short-term loans, net of repayment	813,812	(85,022)	762,768	330,048
Repayment of loans and advance	(600)	-	(244,236)	-
Proceeds from film obligation and production loan	441,803	158,768	381,810	220,206
Proceeds from new shares issued	-	4,137,500	-	4,137,500
	1,255,015	4,211,246	900,342	4,687,754
Increase (decrease) in cash position during the period	263,731	3,427,449	(1,641,788)	3,538,967
Cash and cash equivalents, beginning of period	3,046,132	1,167,721	4,951,651	1,056,203
Cash and cash equivalents, end of period	\$ 3,309,863	\$ 4,595,170	3,309,863	\$ 4,595,170

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Notes to the interim consolidated financial statements - Unaudited

June 30, 2013

(In Canadian Dollars)

1. INCORPORATION AND NATURE OF OPERATIONS

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

The Company will carry on the business of identifying and investing into or acquiring small/medium-sized growth companies. It will focus 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.

Through its indirect operating subsidiaries, ZIP Cinema Co. Ltd. and Opus Pictures Co. Ltd., the Company is involved in the production, development and distribution of motion pictures in Korea

2. BASIS OF PREPARATION

(a) Statement of compliance

These 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, 2012.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 28, 2013.

(b) Basis of measurement

These financial statements have been prepared on the historical cost convention, except for certain financial instruments that have been measured at fair value. The Company's functional currency is expressed in Canadian dollars.

(c) Basis of consolidation

These condensed consolidated unaudited interim financial statements include the accounts of the Company and its subsidiaries, Spackman Entertainment Group Limited (SEGL) and Spackman Equities Limited (SEQL). A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's subsidiaries at June 30, 2013 are as follows:

- (1) Registered Name: Spackman Entertainment Group Limited, Hong Kong
Percent of Equity Interest: 66%
Principal Business Activity: Holding company for film production and entertainment businesses
- (2) Registered Name: Spackman Equities Limited, Hong Kong
Percent of Equity Interest: 100%
Principal Business Activity: Investments

SPACKMAN EQUITIES GROUP INC.

Notes to the interim consolidated financial statements - Unaudited

June 30, 2013

(In Canadian Dollars)

(3) Registered Name: Spackman Entertainment Korea Inc.
Percentage of Equities Interest: 100%
Principal Business Activity: Film and entertainment investments

(4) Registered Names: SEGI Investment Limited, BVI
Percentage of Equity Interest: 100%
Principal Business Activity: Investments

Details of the Company's indirect subsidiaries at June 30, 2013 are as follows:

Zip Cinema Co., Ltd. ("ZIP")

Percent of equity holdings (direct and indirect): 68%
Principal business activity: motion picture production, development and distribution

Opus Pictures Co., Ltd. ("Opus")

Percent of equity holdings (direct and indirect): 68%
Principal business activity: motion picture production, development and distribution

Upper West Inc. ("Upper West")

Percent of equity holdings (direct and indirect): 73%
Principal business activity: operation of Martini Kitchen on entertainment lounge and cafe.

(d) Critical accounting estimates, judgment and assumptions

The preparation of the unaudited interim period condensed consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions in applying the Company's accounting policies, which have an effect on the reported amounts and disclosures made in the unaudited interim period condensed consolidated financial statements and accompanying notes. Management continually evaluates these estimates, judgments and assumptions on a periodic basis. These estimates, judgments and assumptions are based on management's historical experience, best knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances.

Material estimates and assumptions are made with respect to establishing the valuation of acquired assets, goodwill, intangible assets, financial instruments, depreciation and amortization, impairment of intangible assets and other non-financial assets, and the parameters used in the measurement of post-employment and other long term employee benefits. These estimations depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the unaudited interim period condensed consolidated financial statements. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Note 3 in the Company's financial statements for the year ended December 31, 2012, have been applied consistently to all periods presented in these financial statements.

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2013**

(In Canadian Dollars)

4. BUSINESS ACQUISITIONS

(a) On December 18, 2012, the Company increased its ownership in Spackman Entertainment Group Limited from 55% to 65.8% by purchasing 1,080 shares of Spackman Entertainment Group Limited from an arm's length party for a purchase price of \$897,642, which was paid in cash.

On January 10, 2012, pursuant to a share exchange agreement, the Company acquired 5,500 common shares of Team Vision International Limited ("TVIL") representing 55% of the issued and outstanding TVIL common shares in exchange for an aggregate consideration of \$3,352,305 consisting of 30,475,500 common shares. The purpose of the business combination was to increase the Company's holdings to obtain control of two companies engaged in the production and distribution of theatrical motion pictures in the Republic of Korea and international markets.

As a consequence of this transaction, the Company increased its holdings of Opus Pictures Co. Ltd. ("Opus") and Zip Cinema Co. Ltd. ("Zip"). At December 31, 2011, the Company held 7% of the common shares of Opus and 7% of the common shares of Zip through its 100% owned subsidiary SEQL. TVIL holds 93% of the common shares of Opus and 93% of the common shares of Zip. Following the business combination, the Company's total direct and indirect holdings of Opus and Zip (collectively "Korean Subsidiaries") are 58.15% of the common shares of Opus and 58.15% of the common shares of Zip. By a special resolution filed under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), the name TVIL was changed to Spackman Entertainment Group Limited.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Amount
Assets acquired	
Current Assets	
Cash	\$ 342,698
Short-term investments	179,147
Trade receivables (all collectible)	296,698
Short-term loans	134,758
Other current assets	434,301
	\$ 1,387,602
Non-current assets	
Long-term investments	\$ 46,468
Available for sale financial instruments	26,022
Long-term loans	2,060,247
Property and equipment	81,180
Intangible assets	1,289,847
Deferred tax assets	36,853
Other non-current assets	375,302
	\$ 3,915,919
Total Assets	\$ 5,303,521

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2013**

(In Canadian Dollars)

Liabilities		
Current liabilities		
Short-term borrowings	\$	602,205
Film obligation and production loans		1,095,597
Other payables		366,090
Accrued expenses		2,212
Withholdings		3,485
Advances from customers		162,235
Income tax payable		178,804
	\$	2,410,628
Non-current liabilities		
Defined benefits liabilities	\$	286,555
Deferred tax liabilities		214,636
	\$	501,191
Total liabilities	\$	2,911,819
Net assets acquired at their carrying values	\$	2,391,702
Net assets acquired at their carrying values	\$	2,391,702
Fair value adjustments to net assets acquired:		
Deferred tax liabilities		(236,990)
Intangible assets		1,074,349
Goodwill (i)		1,700,730
Non-controlling interest (measured at fair value)		(1,351,288)
	\$	3,578,503
Comprised of:		
Shares issued	\$	3,352,305
Initial cost of 7% investment		700,000
Less: Loss on acquisition of controlling interest (ii)		(473,802)
	\$	3,578,503

(i) The Company acquired goodwill in excess of the purchase price paid over the fair value of the net assets acquired and relates to expected benefit of revenue growth, future market development and the assembled work force. Amounts of revenue and loss reporting during the period comprise substantially all the entire motion picture and entertainment segment (note 28) and represent approximately a full year of activity. At June 30, 2013, the fair value of goodwill is estimated to equal its carrying value as there was no impairment during the period from the acquisition date January 10, 2012 to June 30, 2013. Goodwill is not deductible for tax purposes.

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2013**

(In Canadian Dollars)

(ii) Due to the Company obtaining control of both Zip and Opus, its initial 7% interest in Zip and Opus is revalued at the acquisition date fair value, resulting in a loss of \$473,802 that is recorded in profit and loss.

	Amount	
Initial cost of investment	\$	700,000
Non-controlling interest		(226,198)
Loss on acquisition of controlling interest	\$	473,802

(b) On June 15, 2013, Opus Pictures Co. Ltd., one of the Company's Korean subsidiaries, acquired additional voting shares of Film Auteur, a producer of documentary programs, and now owns 51.23% of Film Auteur. Results of operations of Film Auteur have been included in the consolidation financial statement from the date of acquisition.

5. CASH AND CASH EQUIVALENTS

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

	June 30, 2013		December 31, 2012	
Cash in banks	\$	3,253,845	\$	2,698,711
Cash held by broker		53,806		37,130
Cash on hand		2,212		59,992
Short-term deposits		-		2,155,818
	\$	3,309,863	\$	4,951,651

6. MARKETABLE SECURITIES

The Company has the following marketable securities:

	June 30, 2013		December 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Investments in equities	\$ 927,631	\$ 844,632	\$ 583,760	\$ 650,956
Short-term investments	792,811	792,811	1,141,901	1,141,901
	\$ 1,720,442	\$ 1,637,443	\$ 1,725,661	\$ 1,792,857

Investments in equities are publicly-traded investments on a recognized securities exchange and for which no sales restrictions apply. The fair value of these securities is based on quoted closing prices at the period end date or the closing bid price on the last day the security traded if there were no trades at the period end date. Short-term investments consist of money market funds and mutual funds. The fair value of money market funds and mutual funds is determined using the net asset value per unit of each fund. The gain (loss) in the value of marketable securities was recognized in the consolidated statement of operations.

SPACKMAN EQUITIES GROUP INC.
Notes to the interim consolidated financial statements - Unaudited
June 30, 2013
(In Canadian Dollars)

7. TRADE AND OTHER RECEIVABLES

Details of the Company's trade and other receivables are as follows:

	June 30, 2013	December 31, 2012
Trade receivables	\$ 440,302	\$ 1,363,656
Other receivables	460,599	442,446
HST Recoverable	2,572	2,296
	\$ 903,473	\$ 1,808,398

8. OTHER CURRENT ASSETS

	June 30, 2013	December 31, 2012
Advances from customers	\$ 152,614	\$ 266,967

9. LOAN RECEIVABLE

	June 30, 2013	December 31, 2012
	\$ 2,531,033	\$ 1,781,870

The loan was granted by an indirect Korean subsidiary to a related movie production company having a common director. The term of the loan is two years, it is unsecured and bears interest at 6.9% per annum.

10. OTHER LONG-TERM ASSETS

	June 30, 2013	December 31, 2012
Leasehold deposits	\$ 407,636	\$ 439,750
Other deposits	80,405	163,554
	\$ 488,041	\$ 603,304

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2013**

(In Canadian Dollars)

11. NOTES RECEIVABLE

	June 30, 2013	December 31, 2012
Aylen Capital Inc. (i)	\$ 381,647	\$ 317,712
Trinity Capital Advisors Ltd. (ii)	300,000	300,000
	\$ 681,647	\$ 617,712

(i) The Company received a demand promissory note in the amount of \$842,832 from Aylen Capital Inc. ("Aylen") as part of the transfer referred to in Note 1 in the annual financial statement for December 31, 2012. The note is only repayable subject to certain assets transferred being sold by Aylen (namely marketable securities, an investment in a private company (VFM Leonardo) and operating assets of Grapevine, a software division of Aylen). The amount receivable is limited to the lesser of the face value of the note or the proceeds of the assets sold. The note is non-interest bearing.

The note is considered a contingent receivable and is only recognized when it is virtually certain that an inflow of economic benefits will arise. On the date of the transaction such virtual certainty did not exist. During the first six months of 2013, \$63,935 of marketable securities were sold by Aylen (2012 – \$264,712, 2011 – \$53,000). These proceeds are eligible for repayment on demand. The amounts have been presented as long term receivable as the Company has waived the right to demand repayment until January 1, 2014.

(ii) On December 18, 2012, the Company granted a loan to Trinity Capital Advisors Ltd. ("Trinity") amounting to \$300,000 in relation to the sale of Intech. The beneficiaries of Trinity are the original shareholders of Intech. The loan is unsecured and bears interest at 6% and matures on December 18, 2014. Accrued interest of \$9,000 was recorded for 2013.

12. PROPERTY AND EQUIPMENT

The Company's property plant and equipment consist of the following:

	June 30, 2013			December 31, 2012		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Vehicle	\$ 66,543	\$ 51,497	\$ 15,046	\$ 32,951	\$ 22,296	\$ 10,655
Equipment	276,624	189,676	86,948	54,201	15,526	38,675
Leasehold improvement	369,681	164,988	204,693	430,173	127,279	302,894
Deposit on land	492,406	-	492,406	499,536	-	499,536
	\$ 1,205,254	\$ 406,161	\$ 799,093	\$ 1,016,861	\$ 165,101	\$ 851,760

The Company is a party to a purchase agreement to acquire Paju land in Korea in 2013. As part of the transaction, the Company placed a deposit of \$492,406 (KRW 537,600,000).

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2013**

(In Canadian Dollars)

13. INTANGIBLE ASSETS

The Company's intangible assets consist of the following:

	June 30, 2013	December 31, 2012
	Carrying value	Carrying value
Product Inventory	\$ 6,955,604	\$ 4,447,781
Acquired Libraries	78,953	27,880
Software	1,035	1,692
	\$ 7,035,592	\$ 4,477,353

14. SHORT-TERM BORROWINGS

	Interest Rate	Maturity date	June 30, 2013	December 31, 2012
Shinhan Bank	5.31%	November 17, 2013	\$ 27,350	\$ 27,800
Shinhan Bank	4.51%	October 25, 2013	182,315	186,045
Woori Bank	5.62%	April 26, 2013	-	278,797
IBK Bank	5.87%	April 10, 2014	273,473	-
IBK Bank	4.43%	May 30, 2014	455,788	-
WOORI bank	5.19%	April 25, 2014	273,473	-
Other parties	various	Dec 31, 2013	39,712	-
			\$ 1,252,111	\$ 492,642

The above noted loans were initially recorded in Korean Won. The loans are unsecured and interest bearing as noted above and are measured at amortized cost.

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's contractual maturities were broken down as follows:

	June 30, 2013	December 31, 2012
Trade payables	\$ 12,396	\$ 47,529
Accrued expenses	499,517	241,074
Other payables	281,629	374,040
	\$ 793,542	\$ 662,643

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations.

SPACKMAN EQUITIES GROUP INC.
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16. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares

(b) Issued and outstanding

June 30, 2013		December 31, 2012	
Number of common shares	Amount	Number of common shares	Amount
148,829,183	\$11,595,769	148,829,183	\$ 11,595,769

(c) Warrants

There were no warrants exercised during the six month period ended June 30, 2013

(d) 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 following table shows the stock options held by directors as at June 30, 2013:

Number of options outstanding	Exercise Price \$	Expiry Date	Number of options exercisable
100,000	0.10	November 27, 2013	100,000
100,000	0.10	November 25, 2014	100,000
936,000	0.10	November 26, 2014	936,000
100,000	0.10	November 19, 2015	100,000
1,236,000	0.10		1,236,000

The following summarizes the stock options outstanding for the Company as at June 30, 2013:

Weighted average exercise price	\$ 0.10
Options outstanding as at June 30, 2013	1,236,000
Weighted average remaining contractual life	1 years
Options exercisable as at June 30, 2013	1,236,000

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17. NET LOSS PER SHARE

Loss per share is calculated by dividing the net loss per financial statements by weighted average number of common shares outstanding during the period. The effect of stock options was anti-dilutive and, hence, diluted loss per share equals basic loss per share.

18. SEGMENT AND GEOGRAPHIC INFORMATION

Geographic allocation:

The Company operates in three geographic segments: Canada, Korea and Hong Kong

	June 30, 2013			
	Canada	Korea	Hong Kong	Total
Revenue	\$ 117,654	\$ 2,312,569	\$ 21,014	\$ 2,451,237
Property and equipment	2,142	763,606	33,345	799,093
Intangible assets and goodwill	-	8,736,322	-	8,736,322

	June 30, 2012			
	Canada	Korea	Hong Kong	Total
Revenue	\$ 6,647	\$ 2,608,622	\$ -	\$ 2,615,269
Property and equipment	460	214,516	-	214,976
Intangible assets and goodwill	-	5,991,072	-	5,991,072

Operating segment allocation:

The Company has two operating segments: (1) Motion pictures and entertainment and (2) Management of investments. These two operating segments operate in three geographic locations: Korea, Hong Kong and Canada. The strategic business units offer different products and strategies and are managed separately because they require different operating and management strategies. Segments results and assets include items directly attributable to a segment as well as items that can be allocated on a reasonable basis. The management evaluates segment performance on the basis of operating results on a periodic basis.

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	June 30, 2013		
	Motion Pictures	Investments	Total
Revenue	\$ 2,013,004	\$ -	\$ 2,013,004
Investment and other revenue	284,916	153,317	438,233
Direct production cost	(1,734,697)	-	(1,734,697)
Income	563,223	153,317	716,540
Selling, general and administrative	(1,309,393)	(441,625)	(1,751,018)
Reportable segment profit (loss) before undernoted	(746,170)	(288,308)	(1,034,478)
Depreciation and amortization	(308,881)	(3,832)	(312,713)
Unrealized loss on marketable securities	(13,381)	(55,796)	(69,177)
Reportable segment loss before taxes	\$ (1,068,432)	\$ (347,936)	\$ (1,416,368)

	June 30, 2012		
	Motion Pictures	Investments	Total
Revenue	\$ 2,556,467	\$ -	\$ 2,556,467
Investment and other revenue	-	58,802	58,802
Direct production cost	(923,447)	-	(923,447)
Income	1,633,020	58,802	1,691,822
Selling, general and administrative	(865,642)	(259,665)	(1,125,307)
Reportable segment profit (loss) before undernoted	767,378	(200,863)	566,515
Financing charges	(24,723)	-	(24,723)
Depreciation and amortization	(80,818)	(42)	(80,860)
Unrealized gain (loss) on marketable securities	(27,933)	(22,800)	(50,733)
Loss on acquisition of controlling interest	-	(473,802)	(473,802)
Reportable segment loss before taxes	\$ 633,904	\$ (697,507)	\$ (63,603)

19. COMMITMENTS AND CONTINGENCIES

The Company has entered into an operating lease agreement for its business premises in Hong Kong, PRC for Hong Kong Dollars 101,745 per month. The lease will expire on November 15, 2015 subject to renewal. In addition to the monthly lease payment, the Company is responsible for the proportionate share of common area costs.