

Unaudited interim consolidated financial statements of

SPACKMAN EQUITIES GROUP INC.

For the quarter ended September 30, 2013

(In Canadian Dollars)

SPACKMAN EQUITIES GROUP INC.

For the quarter ended September 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

November 28, 2013

SPACKMAN EQUITIES GROUP INC.

Interim Consolidated Statements of Financial Position - Unaudited

(In Canadian Dollars)

| | As at September 30, 2013 | As at December 31, 2012 |
|---|--------------------------------|-------------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents (Note 5) | \$ 4,537,352 | \$ 4,951,651 |
| Marketable securities (Note 6) | 1,355,860 | 1,792,857 |
| Trade and other receivables (Note 7) | 18,315,811 | 1,808,398 |
| Prepaid expenses and sundry assets | 217,043 | 63,044 |
| Other current assets (Note 8) | 696,027 | 266,967 |
| | 25,122,093 | 8,882,917 |
| NON-CURRENT | | |
| Loan receivable (Note 9) | 2,908,299 | 1,781,870 |
| Long-term investment | 528,994 | 47,566 |
| Other long-term assets (Note 10) | 532,910 | 603,304 |
| Notes receivable (Note 11) | 681,647 | 617,712 |
| Property and equipment (Note 12) | 826,276 | 851,760 |
| Intangible assets (Note 13) | 2,797,407 | 4,477,353 |
| Goodwill | 1,700,730 | 1,700,730 |
| | 9,976,263 | 10,080,295 |
| | \$ 35,098,356 | \$ 18,963,212 |
| LIABILITIES | | |
| CURRENT | | |
| Short-term borrowings (Note 14) | \$ 1,312,677 | \$ 492,642 |
| Accounts payable and accrued liabilities (Note 15) | 9,599,663 | 662,643 |
| Deferred revenue | 1,177,081 | 752,750 |
| Advances on production and distribution | 8,209,403 | 6,241,113 |
| Income taxes payable | 616,691 | 240,499 |
| Loans and advances | 1,211,248 | 525,366 |
| | 22,126,763 | 8,915,013 |
| NON-CURRENT | | |
| Deferred tax liabilities | - | 11,081 |
| | 22,126,763 | 8,926,094 |
| SHAREHOLDERS' EQUITY | | |
| Share Capital (Note 16) | 11,601,156 | 11,595,769 |
| Contributed surplus | 398,581 | 400,427 |
| Deficit | (1,906,466) | (3,041,688) |
| Accumulated other comprehensive loss | 193,650 | 8,855 |
| Total equity attributable to shareholders' of the Company | 10,286,930 | 8,963,363 |
| Non-controlling interest | 2,684,663 | 1,073,755 |
| | 12,971,593 | 10,037,118 |
| | \$ 35,098,356 | \$ 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 nine months ended September 30, 2013

(In Canadian Dollars)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| Revenues | | | | |
| Sales revenue | \$ 5,964,192 | \$ 1,179,747 | \$ 7,977,196 | \$ 3,736,214 |
| Realized (loss) gain on sale of marketable securities | (1,105) | - | 13,834 | - |
| Other income | 178,068 | 37,658 | 601,362 | 96,460 |
| | 6,141,155 | 1,217,405 | 8,592,392 | 3,832,674 |
| Expenses | | | | |
| Direct production costs | 1,719,191 | 964,555 | 3,453,888 | 1,888,002 |
| Selling expenses | 352,322 | 190,464 | 1,178,838 | 957,020 |
| General and administrative | 715,549 | 185,949 | 1,640,051 | 543,878 |
| Loss on sale of capital assets and marketable securities | - | 18,940 | - | 19,762 |
| Unrealized loss (gain) on fair value of marketable securities | 52,884 | (31,561) | 122,061 | 19,172 |
| Depreciation and amortization | 157,837 | 36,826 | 470,550 | 117,686 |
| Financing charges | - | 9,885 | - | 34,608 |
| | 2,997,783 | 1,375,058 | 6,865,388 | 3,580,128 |
| Net income (loss) from operation | 3,143,372 | (157,653) | 1,727,004 | 252,546 |
| Loss on acquisition of controlling interest | - | - | - | (473,802) |
| Net income (loss) before income tax | 3,143,372 | (157,653) | 1,727,004 | (221,256) |
| Income tax provision (recovery) | 585,741 | (214,667) | 572,614 | - |
| Net income (loss) for the period | \$ 2,557,631 | \$ 57,014 | \$ 1,154,390 | \$ (221,256) |
| Attributable to: | | | | |
| Shareholders of the Company | \$ 1,548,973 | \$ (33,624) | 422,175 | \$ (550,639) |
| Non-controlling interests | 1,008,658 | 90,638 | 732,215 | 329,383 |
| | \$ 2,557,631 | \$ 57,014 | \$ 1,154,390 | \$ (221,256) |
| Net income (loss) per share (basic and fully diluted) | \$ 0.017 | \$ 0.001 | \$ 0.008 | \$ (0.001) |
| Weighted average number of shares | 148,865,535 | 148,647,583 | 148,841,300 | 130,107,362 |

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 nine months ended September 30, 2013

(In Canadian Dollars)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| Statement of Comprehensive Loss | | | | |
| Net income (loss) for the period | \$ 2,557,631 | \$ 57,014 | \$ 1,154,390 | \$ (221,256) |
| Other comprehensive income (loss) for the period | | | | |
| Disposal of investment | - | (82,981) | - | (41,350) |
| Foreign exchange translation | 229,160 | - | 285,560 | - |
| Net comprehensive income (loss) for the period | \$ 2,786,791 | \$ (25,967) | \$ 1,439,950 | \$ (262,606) |
| Attributable to: | | | | |
| Shareholders' of the Company | \$ 1,695,303 | \$ (86,185) | \$ 606,970 | \$ (578,992) |
| Non-controlling interests | 1,091,488 | 60,218 | 832,980 | 316,386 |
| | \$ 2,786,791 | \$ (25,967) | \$ 1,439,950 | \$ (262,606) |

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 nine months ended September 30, 2013 and September 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 |
| Income for the period | - | -- | - | 422,175 | - | 732,215 | 1,154,390 |
| Acquisition of subsidiary (Note 4b) | | | | | | 14,648 | 14,648 |
| Changes in ownership interest in subsidiaries (Note 4) | | | | 713,047 | | 763,280 | 1,476,327 |
| Foreign currency translation | - | - | - | - | 184,795 | 100,765 | 285,560 |
| Warrants exercised | 71,000 | 5,396 | (1,846) | - | - | - | 3,550 |
| Balance- Sept 30, 2013 | 148,829,183 | \$11,601,165 | \$ 398,581 | \$ (1,906,466) | \$ 193,650 | \$ 2,684,663 | \$ 12,971,593 |
| | | | | | | | |
| Balance- Dec. 31, 2011 | 78,576,632 | \$ 4,082,713 | \$ 315,853 | \$ (1,643,776) | \$ - | \$ - | 2,754,790 |
| Shares 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 | - | -- | - | (550,639) | - | 329,383 | (221,256) |
| Other comprehensive Income (loss) | - | -- | - | - | (28,353) | (12,997) | (41,350) |
| Balance- Sept 30, 2012 | 109,052,132 | \$ 7,435,018 | \$ 315,853 | \$ (2,194,415) | \$ (28,353) | \$ 1,667,674 | \$ 7,195,777 |

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 nine months ended September 30, 2013

(In Canadian Dollars)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| Net Inflow (Outflow) of Cash Related to the Following Activities: | | | | |
| Operating | | | | |
| Net income (loss) from operations | \$ 2,557,631 | \$ 57,014 | \$ 1,154,390 | \$ (221,256) |
| Items not affecting cash: | | | | |
| Loss on acquisition of controlling interest | - | - | - | 473,802 |
| Loss on sale of property and equipment | - | 18,940 | - | 19,762 |
| Realized loss (gain) on sale of marketable securities | 1,105 | - | (13,834) | - |
| Unrealized loss (gain) on value of marketable securities | 52,884 | (31,561) | 122,061 | 19,172 |
| Income tax | 585,741 | (214,667) | 572,614 | - |
| Depreciation and amortization | 157,837 | 36,826 | 470,550 | 117,686 |
| Other non-cash charges | 120,909 | 51,566 | 120,909 | 55,027 |
| | 3,476,107 | (81,882) | 2,426,690 | 464,193 |
| Net changes in non-cash working capital balances: | | | | |
| Trade and other receivables | (17,412,338) | (64,707) | (16,507,413) | (1,205,523) |
| Prepaid expenses and sundry assets | 3,275 | (1,654,431) | (153,999) | (1,856,773) |
| Other current assets | (543,413) | - | (429,060) | - |
| Accounts payable and accrued liabilities | 8,806,122 | 385,532 | 8,937,020 | 53,040 |
| Deferred revenue and customers' deposits | (483,811) | 1,235,690 | 424,331 | 1,616,893 |
| Foreign withholding and taxes payable | 536,695 | (244,705) | 376,192 | (5,098) |
| | (5,617,363) | (424,503) | (4,926,239) | (933,2684) |
| | | | | |
| Investing | | | | |
| Property and other equipment disposed (acquired) | (31,011) | (54,257) | (90,374) | (268,842) |
| (Investment) disposal in projects | (541,867) | 352,330 | (496,076) | - |
| Proceeds from sale, net of purchases, of short-term investments (purchase net of proceeds) | 428,240 | (810,589) | 290,040 | (645,950) |
| Loans and notes receivable collected (granted) | (377,266) | 1,782,560 | (1,190,364) | 1,951,105 |
| Intangible assets (acquired) disposed | 3,440,260 | (138,559) | 1,056,613 | (959,828) |
| Refunds (deposits) of leasehold deposits | (44,869) | (83,623) | 70,394 | 14,436 |
| Cash acquired from subsidiary | - | - | - | 316,919 |
| | 2,873,487 | 1,047,862 | (359,767) | 407,840 |
| | | | | |
| Financing activities | | | | |
| Proceeds from short-term borrowings, net of repayment | 57,267 | (123,610) | 820,035 | 206,438 |
| Proceeds from loans and advance (net) | 888,928 | - | 644,692 | - |
| Proceeds from film obligation and production loan (net) | 1,586,480 | 2,156,174 | 1,968,290 | 2,376,380 |
| Proceeds from new shares issued | 1,438,690 | 9,080 | 1,438,690 | 4,146,580 |
| | 3,971,365 | 2,041,644 | 4,871,707 | 6,729,398 |
| | | | | |
| Increase (decrease) in cash position during the period | 1,227,489 | 2,665,003 | (414,299) | 6,203,970 |
| Cash and cash equivalents, beginning of period | 3,309,863 | 4,595,170 | 4,951,651 | 1,056,203 |
| | | | | |
| Cash and cash equivalents, end of period | \$ 4,573,352 | \$ 7,260,173 | 4,573,352 | \$ 7,260,173 |

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Notes to the interim consolidated financial statements - Unaudited

September 30, 2013

(In Canadian Dollars)

1. INCORPORATION AND NATURE OF OPERATIONS

Spackman Equities Group Inc. (the "Company" or "SEGI") 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 November 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. 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 September 30, 2013 are as follows:

(1) Registered Name: Spackman Entertainment Group Limited, Hong Kong

Percent of Equity Interest: 58.48%

Principal Business Activity: Holding company for film production and entertainment businesses

(2) Registered Name: Spackman Entertainment Korea Inc.

Percentage of Equities Interest: 49.75%

Principal Business Activity: Film and entertainment investments

SPACKMAN EQUITIES GROUP INC.

Notes to the interim consolidated financial statements - Unaudited

September 30, 2013

(In Canadian Dollars)

(3) Registered Names: SEGI Investment Limited, BVI

Percentage of Equity Interest: 100%

Principal Business Activity: Investments

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

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

Percent of equity holdings (direct and indirect): 58.48%

Principal business activity: motion picture production, development and distribution

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

Percent of equity holdings (direct and indirect): 58.48%

Principal business activity: motion picture production, development and distribution

Upper West Inc. ("Upper West")

Percent of equity holdings (direct and indirect): 62.56%

Principal business activity: operation of Martini Kitchen on entertainment lounge and cafe.

Film Auteur Co., Ltd. ("Film Auteur")

Percent of equity holdings (direct and indirect): 29.96%

Principal business activity: documentary production for television

(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****September 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
September 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 |
| | <hr/> |
| | \$ 2,410,628 |
| Non-current liabilities | |
| Defined benefits liabilities | \$ 286,555 |
| Deferred tax liabilities | 214,636 |
| | <hr/> |
| | \$ 501,191 |
| Total liabilities | <hr/> |
| | \$ 2,911,819 |
| Net assets acquired at their carrying values | <hr/> |
| | \$ 2,391,702 |
| <hr/> | |
| 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) |
| | <hr/> |
| | \$ 3,578,503 |
| <hr/> | |
| Comprised of: | |
| Shares issued | \$ 3,352,305 |
| Initial cost of 7% investment | 700,000 |
| Less: Loss on acquisition of controlling interest (ii) | (473,802) |
| | <hr/> |
| | \$ 3,578,503 |
| | <hr/> |

(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 September 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 September 30, 2013. Goodwill is not deductible for tax purposes.

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****September 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 statements from the date of acquisition.
- (c) On September 24, 2013, the Company sold 100% of its investment in Spackman Equities Limited to its subsidiary Spackman Entertainment Group Limited for cash of \$700,000.
- (d) The Company participated in a recent equity private placement by Spackman Entertainment Group Limited (SEGL) and subscribed for 350 shares out of 10,000 shares for USD \$350,000. As a result, the Company owns 6,930 common shares, or 58.48% of the total 11,850 outstanding shares of SEGL as of September 30, 2013.

5. CASH AND CASH EQUIVALENTS

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

| | September 30, 2013 | December 31, 2012 |
|---------------------|--------------------|-------------------|
| Cash in banks | \$ 4,510,308 | \$ 2,698,711 |
| Cash held by broker | 25,184 | 37,130 |
| Cash on hand | 1,860 | 59,992 |
| Short-term deposits | - | 2,155,818 |
| | \$ 4,537,352 | \$ 4,951,651 |

6. MARKETABLE SECURITIES

The Company has the following marketable securities:

| | September 30, 2013 | | December 31, 2012 | |
|-------------------------|--------------------|--------------|-------------------|--------------|
| | Cost | Fair Value | Cost | Fair Value |
| Investments in equities | \$ 922,524 | \$ 806,244 | \$ 583,760 | \$ 650,956 |
| Short-term investments | 549,616 | 549,616 | 1,141,901 | 1,141,901 |
| | \$ 1,472,140 | \$ 1,335,860 | \$ 1,725,661 | \$ 1,792,857 |

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

(In Canadian Dollars)

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.

7. TRADE AND OTHER RECEIVABLES

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

| | September 30, 2013 | December 31, 2012 |
|-------------------|--------------------|-------------------|
| Trade receivables | \$ 3,389,638 | \$ 1,363,656 |
| Other receivables | 14,920,797 | 442,446 |
| HST Recoverable | 5,376 | 2,296 |
| | \$ 18,315,811 | \$ 1,808,398 |

8. OTHER CURRENT ASSETS

| | September 30, 2013 | December 31, 2012 |
|-------------------------|--------------------|-------------------|
| Advances from customers | \$ 696,027 | \$ 266,967 |

9. LOAN RECEIVABLE

| | September 30, 2013 | December 31, 2012 |
|--|--------------------|-------------------|
| | \$ 2,908,299 | \$ 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

| | September 30, 2013 | December 31, 2012 |
|--------------------|--------------------|-------------------|
| Leasehold deposits | \$ 465,292 | \$ 439,750 |
| Other deposits | 67,618 | 163,554 |
| | \$ 532,910 | \$ 603,304 |

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

(In Canadian Dollars)

11. NOTES RECEIVABLE

| | September 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 nine months of 2013, \$208,950 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 \$13,500 was recorded for 2013.

12. PROPERTY AND EQUIPMENT

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

| | September 30, 2013 | | | December 31, 2012 | | |
|--------------------------|---------------------|-----------------------------|----------------------|---------------------|-----------------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Cost | Accumulated amortization | Net book value |
| Vehicle | \$ 69,993 | \$ 56,232 | \$ 13,761 | \$ 32,951 | \$ 22,296 | \$ 10,655 |
| Equipment | 290,639 | 205,215 | 85,424 | 54,201 | 15,526 | 38,675 |
| Leasehold improvement | 383,675 | 185,140 | 198,535 | 430,173 | 127,279 | 302,894 |
| Deposit on land | 492,406 | - | 492,406 | 499,536 | - | 499,536 |
| | \$ 1,236,713 | \$ 446,587 | \$ 790,126 | \$ 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.
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13. INTANGIBLE ASSETS

The Company's intangible assets consist of the following:

| | September 30, 2013 | December 31, 2012 |
|--------------------|---------------------|---------------------|
| Product Inventory | \$ 2,749,750 | \$ 4,447,781 |
| Acquired Libraries | 83,048 | 27,880 |
| Software | 759 | 1,692 |
| | \$ 2,833,557 | \$ 4,477,353 |

14. SHORT-TERM BORROWINGS

| | Interest Rate | Maturity date | September 30, 2013 | December 31, 2012 |
|---------------|------------------|-------------------|-----------------------|----------------------|
| Shinhan Bank | 5.31% | November 17, 2013 | \$ 28,763 | \$ 27,800 |
| Shinhan Bank | 4.51% | October 25, 2013 | 191,755 | 186,045 |
| Woori Bank | 5.62% | April 26, 2013 | - | 278,797 |
| IBK Bank | 5.87% | April 10, 2014 | 287,632 | - |
| IBK Bank | 4.43% | May 30, 2014 | 479,386 | - |
| WOORI bank | 5.19% | April 25, 2014 | 294,768 | - |
| Other parties | various | Dec 31, 2013 | 30,373 | - |
| | | | \$ 1,312,677 | \$ 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:

| | September 30, 2013 | December 31, 2012 |
|------------------|--------------------|-------------------|
| Trade payables | \$ 10,582 | \$ 47,529 |
| Accrued expenses | 294,1187 | 241,074 |
| Other payables | 9,294,963 | 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.

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16. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares

(b) Issued and outstanding

| September 30, 2013 | | December 31, 2012 | |
|----------------------------|--------------|----------------------------|---------------|
| Number of common shares | Amount | Number of common shares | Amount |
| 148,900,183 | \$11,601,165 | 148,829,183 | \$ 11,595,769 |

(c) Warrants

71,000 warrants were exercised during the nine month period ended September 30, 2013. The balance of the warrants expired on October 31, 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 September 30, 2013:

| Number of options outstanding | Exercise Price \$ | Expiry Date | Number of options exercisable |
|----------------------------------|----------------------|-------------------|----------------------------------|
| 836,000 | 0.10 | November 26, 2014 | 836,000 |

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

| | |
|--|-----------|
| Weighted average exercise price | \$ 0.10 |
| Options outstanding as at September 30, 2013 | 836,000 |
| Weighted average remaining contractual life | 1.2 years |
| Options exercisable as at September 30, 2013 | 836,000 |

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

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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

| | September 30, 2013 | | | |
|--------------------------------|--------------------|--------------|-----------|--------------|
| | Canada | Korea | Hong Kong | Total |
| Revenue | \$ 157,236 | \$ 8,415,563 | \$ 19,593 | \$ 8,592,392 |
| Property and equipment | 1,922 | 758,308 | 29,896 | 790,126 |
| Intangible assets and goodwill | - | 4,534,287 | - | 4,534,287 |

| | September 30, 2012 | | | |
|--------------------------------|--------------------|--------------|-----------|--------------|
| | Canada | Korea | Hong Kong | Total |
| Revenue | \$ 39,628 | \$ 3,793,046 | \$ - | \$ 3,832,674 |
| Property and equipment | 418 | 222,900 | - | 223,318 |
| Intangible assets and goodwill | - | 5,849,582 | - | 5,849,582 |

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.

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

(In Canadian Dollars)

| | September 30, 2013 | | |
|---|--------------------|--------------|--------------|
| | Motion Pictures | Investments | Total |
| Revenue | \$ 7,977,196 | \$ - | \$ 7,977,196 |
| Investment and other revenue | 475,086 | 140,110 | 615,196 |
| Direct production cost | (3,453,888) | - | (3,453,888) |
| Income | 4,998,394 | 140,110 | 5,138,504 |
| Selling, general and administrative | (2,125,505) | (693,384) | (2,818,889) |
| Reportable segment profit (loss) before undernoted | 2,872,889 | (553,274) | 2,319,615 |
| Depreciation and amortization | (463,048) | (7,502) | (470,550) |
| Unrealized gain (loss) on marketable securities | 1,236 | (123,297) | (122,061) |
| Reportable segment loss before taxes | \$ 2,411,077 | \$ (684,073) | \$ 1,727,004 |

| | September 30, 2012 | | |
|--|--------------------|--------------|--------------|
| | Motion Pictures | Investments | Total |
| Revenue | \$ 3,736,214 | \$ - | \$ 3,736,214 |
| Investment and other revenue | 63,495 | 32,965 | 96,460 |
| Direct production cost | (1,888,002) | - | (1,888,002) |
| Income | 1,911,707 | 32,965 | 1,944,672 |
| Selling, general and administrative | (957,020) | (543,878) | (1,500,898) |
| Reportable segment profit (loss) before undernoted | 954,687 | (510,913) | 443,774 |
| Financing charges | (34,608) | - | (34,608) |
| Depreciation and amortization | (117,602) | (84) | (117,686) |
| Realized and unrealized loss on marketable securities | (36,997) | (1,937) | (38,934) |
| Loss on acquisition of controlling interest | - | (473,802) | (473,802) |
| Reportable segment loss before taxes | \$ 766,480 | \$ (986,736) | \$ (221,256) |

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.