

## **SPACKMAN EQUITIES GROUP INC.**

### **CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (PREPARED BY MANAGEMENT) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed interim Unaudited consolidated financial statements of Spackman Equities Group Inc. were prepared by management in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The most significant of these accounting principles have been disclosed in the notes to the condensed interim Unaudited consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the condensed interim Unaudited consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim Unaudited consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim Unaudited consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These condensed interim Unaudited consolidated financial statements were authorized for issuance by the Board on August 29, 2019.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

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

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

"Richard Lee"  
Chief Executive Officer

"Alex Falconer"  
Chief Financial Officer

August 29, 2019

**SPACKMAN EQUITIES GROUP INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

**AS AT**

	<u>Notes</u>	<b>June 30, 2019 (Unaudited)</b>	December 31, 2018 (Audited)
<b>ASSETS</b>			
Cash	5	\$ 39,952	\$ 101,819
Investment in shares of public company	6	2,881,397	3,430,102
Investment in shares of private company	7	510,393	532,038
Loan receivable	8	130,870	136,420
Other receivable		4,363	2,374
<b>Total assets</b>		<b>\$ 3,566,975</b>	<b>\$ 4,202,753</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	9	\$ 114,969	\$ 93,018
<b>Current liabilities</b>		<b>114,969</b>	<b>93,018</b>
Loan payable	10	556,198	545,680
<b>Total liabilities</b>		<b>671,167</b>	<b>638,698</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	11,601,165	11,601,165
Contributed surplus	11(c)	1,558,667	1,558,667
Retained earnings		(10,264,024)	(9,595,777)
<b>Total equity</b>		<b>2,895,808</b>	<b>3,564,055</b>
<b>Total equity and liabilities</b>		<b>\$ 3,566,975</b>	<b>\$ 4,202,753</b>

Approved on Behalf of the Board

Richard Lee' DirectorWilliam Hale' Director

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

**SPACKMAN EQUITIES GROUP INC.****CONDENSED INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

**FOR THE THREE AND SIX MONTH PERIODS ENDED**

(Unaudited)

	<u>Notes</u>	Three Months June 30,		Six Months June 30,	
		2019	2018	2019	2018
<b>Investment Income</b>					
Unrealized loss on fair value of investment in shares of public company		\$ (87,205)	\$ (6,136,115)	\$ (548,705)	\$ (6,373,157)
Other income		1,014	-	2,006	-
		<b>(86,191)</b>	<b>(6,136,115)</b>	<b>(546,699)</b>	<b>(6,373,157)</b>
<b>Expenses</b>					
General and administrative	12	29,977	33,306	101,008	73,763
Interest on loan	10	6,524	5,954	13,079	22,885
Gain on foreign currency		13,564	(5,110)	7,461	(16,424)
<b>Total expenses</b>		<b>50,065</b>	<b>34,150</b>	<b>121,548</b>	<b>80,224</b>
<b>Loss before income taxes</b>		<b>(136,256)</b>	<b>(6,170,265)</b>	<b>(668,247)</b>	<b>(6,453,381)</b>
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (136,256)</b>	<b>\$ (6,170,265)</b>	<b>\$ (668,247)</b>	<b>\$ (6,453,381)</b>
<b>Net loss per share</b>					
<b>Basic and fully diluted loss per share</b>		<b>\$ -</b>	<b>\$ (0.04)</b>	<b>\$ -</b>	<b>\$ (0.04)</b>
<b>Weighted average number of shares outstanding basic and fully diluted</b>		<b>148,900,183</b>	<b>148,900,183</b>	<b>148,900,183</b>	<b>148,900,183</b>

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

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

(Expressed in Canadian Dollars)

**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

(Unaudited)

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	Share capital			Retained	
	Common	Amount	Contributed	earnings	Total
	shares		surplus	(deficit)	
Balance, January 1, 2018	148,829,183	\$11,601,165	\$ 1,558,667	\$ 1,282,196	\$ 14,442,028
Net loss for the period	-	-	-	(6,453,381)	(6,453,381)
Balance, June 30, 2018	148,829,183	\$11,601,165	\$ 1,558,667	\$ (5,171,185)	\$ 7,988,647
<hr/>					
Balance, January 1, 2019	148,900,183	\$11,601,165	\$ 1,558,667	\$ (9,595,777)	\$ 3,564,055
Net loss for the period	-	-	-	(668,247)	(668,247)
Balance, June 30, 2019	148,900,183	\$11,601,165	\$ 1,558,667	\$ (10,264,024)	\$ 2,895,808

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

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

	<u>Notes</u>	Three Months June 30,		Six Months June 30,	
		2019	2018	2019	2018
<b>OPERATING ACTIVITIES</b>					
Net loss for the period		\$ (136,256)	\$ (6,170,265)	\$ (668,247)	\$ (6,453,381)
Adjustments not affecting cash:					
Unrealized loss on fair value of investment in shares of public company		87,205	6,136,115	548,705	6,373,157
Foreign exchange gain		13,564	(5,110)	7,461	(5,110)
		(35,487)	(39,260)	(112,081)	(85,334)
Changes in non-cash working capital					
Other receivables		(1,000)	-	(1,989)	-
Prepaid expenses		-	(1,630)	-	(3,382)
Accounts payable and accrued liabilities		(2,014)	11,735	21,951	22,824
<b>Cash used in operating activities</b>		<b>(38,501)</b>	<b>(29,155)</b>	<b>(92,119)</b>	<b>(65,892)</b>
<b>INVESTING ACTIVITIES</b>					
Increase in loan receivable		-	(123,620)	-	(123,620)
<b>Cash used in investing activities</b>		<b>-</b>	<b>(123,620)</b>	<b>-</b>	<b>(123,620)</b>
<b>FINANCING ACTIVITIES</b>					
Increase in loan payable		32,519	-	30,252	-
<b>Cash provided by financing activities</b>		<b>32,519</b>	<b>-</b>	<b>30,252</b>	<b>-</b>
<b>Net decrease in cash</b>		<b>(5,982)</b>	<b>(152,775)</b>	<b>(61,867)</b>	<b>(189,512)</b>
Cash, beginning of period		45,934	367,797	101,819	404,534
<b>Cash, end of period</b>		<b>\$ 39,952</b>	<b>\$ 215,022</b>	<b>\$ 39,952</b>	<b>\$ 215,022</b>

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

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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### 1. INCORPORATION AND NATURE OF OPERATIONS

Spackman Equities Group Inc. (the "Company" or "SEGI") was incorporated on May 18, 2006 under the Canada Business Corporations Act and its shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol SQG. The registered head office is located at cotia Plaza, 40 King Street West, Suite 2502, Toronto, Ontario M5H 3Y2, Canada.

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

### 2. BASIS OF PRESENTATION

#### Change in Investment Entity Status

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

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

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

#### Statement of compliance

The condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these condensed interim unaudited consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended December 31, 2018.

The policies applied in these condensed interim unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended December 31, 2018.

The condensed interim unaudited consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2019.

#### Basis measurement and functional currency

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

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

#### Basis of consolidation

These condensed interim unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SEGI Investments Limited, a BVI company. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is determined based on whether the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted the following new or amended IFRS standards for the annual period beginning on January 1, 2018.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Company in any year.

The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

#### IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB on July 24, 2014 and replaced IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39.

The Company has adopted IFRS 9 Financial Instruments with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model. The Company has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification, measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9.



# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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### 4. RECENT ACCOUNTING PRONOUNCEMENTS

Standard issued but not yet effective up to the date of issuance of these financial statements is listed below. The Company intends to adopt this standard when it becomes effective.

IFRS 16, Leases ("IFRS 16")

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

The Company will adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. As the Company currently does not have any leases, this change will not affect the Company's financial statements.

### 5. CASH

The Company's cash consist of the following:

	<b>June 30, 2019</b>	December 31, 2018
Cash held in banks	<b>\$ 39,952</b>	\$ 101,819

### 6. INVESTMENT IN SHARES OF PUBLIC COMPANY

	<b>June 30, 2019</b>	December 31, 2018
Spackman Entertainment Group Limited (SEGL)	<b>\$ 2,881,397</b>	\$ 3,430,102

The Company owns 14.45% (increased due to SEGL's share buy-back) (December 31, 2018 - 14.36%) of SEGL, and based on the June 30, 2019 closing price of SEGL's shares on the SGX of S\$0.020 (CAD \$0.019 per share), the market value of the Company's stake in SEGL is SGD \$2.979 million (CAD \$2.881 million).

### 7. INVESTMENT IN SHARES OF PRIVATE COMPANY

The Company has historically made investments in private companies through equity and debt investments. Due to uncertainty surrounding these investments, the Company historically wrote down these investments to a nominal value. The Company considers these investments, which were written down in the past, to still be impaired during the current period.

During the year ended December 31, 2017, the Company purchased 130,000 common voting shares of Spackman Media Group Limited (SMGL) for USD \$390,000 (CAD \$491,595), or USD \$3.00 (CAD \$3.78) per share, from an unrelated shareholder of SMGL. Fair value was measured in accordance with the Company's accounting policy for private company investment, as discussed in Note 13.

The Company owns 0.41% of SMGL as of June 30, 2019.

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

### 8. LOAN RECEIVABLES

On May 21, 2018, the Company loaned USD \$100,000 to an unrelated third party, a company incorporated under the law of Singapore. The loan is payable on demand, bears interest at the rate of 3% per annum and the proceeds are to be used by the borrower for the extension of Upper West Inc's operations. SEGL owns 94.38% interest in Upper West Inc. which is a company incorporated in Korea engaged in the café-lounge business. In the opinion of management, the credit risk with respect to this instrument is low and has been assessed on the 12 months expected loss since the amount is due December 31, 2019.

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019	December 31, 2018
Accounts payable	\$ 66,043	\$ 17,172
Accrued expenses	48,926	75,846
	<u>\$ 114,969</u>	<u>\$ 93,018</u>

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

### 10. LOAN PAYABLE

On August 9, 2017 the Company borrowed USD \$400,000 (CAD \$504,200) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. The change in the loan balance as at June 30, 2019 is due to the effects of movements in the exchange rates for the US dollar.

On August 8, 2018 the maturity date of the loan payable by the Company was extended to August 9, 2020 and on June 12, 2019 the Company made a portion repayment of US\$375,000.

On June 10, 2019 the Company borrowed USD \$400,000 (CAD \$523,480) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 4% per annum. The change in the loan balance as at June 30, 2019 is due to the effects of movements in the exchange rates for the US dollar.

### 11. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

	Number of Shares	Amounts
<b>Balance, December 31, 2017, 2018 and March 31, 2019</b>	148,900,183	\$ 11,601,165

(c) Stock options

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

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

### 11 SHARE CAPITAL (Cont'd)

The stock options activity is as follows:

	June 30, 2019			December 31, 2018	
	Number of options	Weighted average exercise price	Weighted Average remaining life in years	Number of options	Weighted average exercise price
Outstanding, beginning of the period	1,300,000	\$ 0.135	0.5781	8,745,000	\$ 0.135
Granted	-	-	-	-	-
Forfeited during the period	-	0.135	-	(7,445,000)	0.135
Outstanding and exercisable, end of the period	1,300,000	\$ 0.135	0.5781	1,300,000	\$ 0.135

During the period ended June 30, 2019, no options were granted and 7,445,000 options were Forfeited.

The following table summarizes the stock options outstanding as at June 30, 2019:

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

### 12. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the consolidated financial statements during the periods ended June 30, 2019 and 2018 as follows:

#### REMUNERATION OF KEY PERSONNEL

	Three Months June 30,		Six Months June 30,	
	2019	2018	2019	2018
Management Salaries	\$ 21,788	\$ 26,300	\$ 45,779	\$ 55,378
Total	\$ 21,788	\$ 26,300	\$ 68,549	\$ 78,109

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

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

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

#### **Risk management**

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

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

#### (a) Market risk

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

The Company's investments in marketable securities at FVTPL are valued at fair value as determined by price quotations by the stock exchanges on which these investments are listed. During periods of significant broader market volatility or volatility experienced by the commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations.

#### (b) Credit risk

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

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

#### (c) Liquidity risk

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

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

#### (d) Foreign exchange risk

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

#### (e) Concentration risk

The Company is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. As at June 30, 2019 and 2018, the percentages of the Company's investment in each industry sector were as follows:

Sector	As a % of Total Investments	
	June 30, 2019	June 30, 2018
Media / Entertainment	99.9	99.9
Other	0.1	0.1
Total	100.0	100.0