SPACKMAN EQUITIES GROUP INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

INDEX

Independent Auditor's Report

To the Shareholders of Spackman Equities Group Inc.:

Opinion

We have audited the consolidated financial statements of Spackman Equities Group Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

MNP

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Ahlan Veerasamy.

MNP LLP

Toronto, Ontario
April 30, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

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

	Notes	December 31, 2018	December 31, 2017
ASSETS			
Cash	4	$ 101,819	$ 404,534
Investment in associate	5	3,430,102	13,424,551
Investment in shares of private company	6	532,038	491,595
Loan receivable	7	136,420	-
Other receivable		2,374	-
Prepaid expenses		-	74,787
Current assets		4,202,753	14,395,467
Deferred tax assets	12	-	607,583
Total assets		$ 4,202,753	$ 15,003,050
LIABILITIES			
Accounts payable and accrued liabilities	8	$ 93,018	$ 56,822
Current liabilities		93,018	56,822
Loan payable	9	545,680	504,200
Total liabilities		638,698	561,022
SHAREHOLDERS' EQUITY			
Share capital	10	11,601,165	11,601,165
Contributed surplus	10(c)	1,558,667	1,558,667
Retained earnings		(9,595,777)	1,282,196
Total equity		3,564,055	14,442,028
Total equity and liabilities		$ 4,202,753	$ 15,003,050

Approved on Behalf of the Board

'Richard Lee' Director

'William Hale' Director

See accompanying notes to the consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Years Ended December 31, 2018	2017
Investment Income			
Realized gain on sale of shares in public company		**$ -**	$ 607,170
Realized loss on sale of marketable securities		**-**	(29,953)
Unrealized income on fair value of marketable securities		**-**	30,300
Unrealized loss on fair value of investment in associate		**(9,994,449)**	(13,961,941)
Other income		**2,386**	200
		(9,992,063)	(13,354,224)
Expenses			
General and administrative	11	**255,805**	531,560
Amortization		**-**	170
Interest on loan	9	**38,495**	-
Loss on foreign currency		**(15,973)**	13,305
Total expenses		**278,327**	545,035
Loss before income taxes		**(10,270,390)**	(13,899,259)
Deferred income tax expense (recovery)	12	**607,583**	(1,971,239)
Net loss and comprehensive loss for the year		**$ (10,877,973)**	$ (11,928,020)
Net loss per share			
Basic and fully diluted loss per share		**$ (0.07)**	$ (0.08)
Weighted average number of shares outstanding basic and fully diluted		**148,900,183**	148,900,183

See accompanying notes to the consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Share capital				
				Retained	
	Common		Contributed	earnings	
	shares	Amount	surplus	(deficit)	Total
Balance, January 1, 2017	148,829,183	$11,601,165	$ 1,558,667	$ 13,210,216	$ 26,370,048
Net loss for the year	-	-	-	(11,928,020)	(11,928,020)
Balance, December 31, 2017	148,829,183	$11,601,165	$ 1,558,667	$ 1,282,196	$ 14,442,028
Balance, January 1, 2018	148,900,183	$11,601,165	$ 1,558,667	$ 1,282,196	$ 14,442,028
Net loss for the year	-	-	-	(10,877,973)	(10,877,973)
Balance, December 31, 2018	148,900,183	$11,601,165	$ 1,558,667	$ (9,595,777)	$ 3,564,055

See accompanying notes to the consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Notes	Years Ended December 31, 2018	2017
OPERATING ACTIVITIES			
Net loss for the year		**$(10,877,973)**	$ (11,928,020)
Adjustments not affecting cash:			
Realized gain on sale of shares in public company		**-**	(607,170)
Realized loss on sale of marketable securities		**-**	29,953
Unrealized gain on fair value of marketable securities		**-**	(30,300)
Unrealized loss on fair value of investment in shares of associate		**9,994,449**	13,961,941
Amortization		**-**	170
Foreign exchange loss		**1,037**	-
Deferred income tax recovery	12	**607,583**	(1,971,239)
		(274,904)	(544,665)
Changes in non-cash working capital			
Other receivables		**(2,374)**	-
Prepaid expenses		**74,787**	19,152
Accounts payable and accrued liabilities		**36,196**	20,763
Cash used in operating activities		**(166,295)**	(504,750)
INVESTING ACTIVITIES			
Disposition of shares in public company		**-**	773,963
Disposition of marketable securities		**-**	7,846
Investment in shares of private company		**-**	(491,595)
(Increase) in loan receivable		**(136,420)**	-
Cash (used in) provided by investing activities		**(136,420)**	290,214
FINANCING ACTIVITIES			
Increase in Loan payable		-	504,200
Cash provided by financing activities		**-**	504,200
Net (decrease) increase in cash		**(302,715)**	289,664
Cash, beginning of year		**404,534**	114,870
Cash, end of year		**$ 101,819**	$ 404,534

See accompanying notes to the consolidated financial statements.

1. INCORPORATION AND NATURE OF OPERATIONS

Spackman Equities Group Inc. (the "Company" or "SEGI") was incorporated on May 18, 2006 under the Canada Business Corporations Act and its shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol SQG. The registered head office is located at Royal Bank Plaza, South Tower, Suite 3800, 200 Bay Street, Toronto, Ontario, M5J 2Z4, Canada.

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

2. BASIS OF PRESENTATION

Change in Investment Entity Status

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

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

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company for the years ended December 31, 2018 and 2017 were approved and authorized for issue by the Board of Directors on April 29, 2019.

Basis measurement and functional currency

The 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.

Basis of consolidation

These 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.

2. BASIS OF PRESENTATION (Cont'd)

Critical accounting estimates, judgment and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of financial reporting that require management's estimates and judgments are as follows:

Fair value of investment in private companies or securities not quoted in an active market

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Share-based payments

In calculating the stock-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used.

Deferred income tax assets

The key estimate used in the valuation of deferred tax assets is the probability that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent on the generation of future taxable income during the years in which the temporary differences are deductible.

3. SIGNIFICANT ACCOUNTING POLICIES

New Standards adopted as at January 1, 2018

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Investment Income

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments in shares of public and private companies and marketable securities and unrealized gains and losses in the value of investments in shares of public and private companies and marketable securities are reflected in the consolidated statements of loss and comprehensive loss.

Other income

Other income includes interest earned on invested funds.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost includes loan receivable.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash, marketable securities, investment in shares in private companies.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

On the date of initial application, January 1, 2018, the financial instruments of the Company were reclassified as follows:

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash	FVTPL	Fair value	FVTPL	Fair value
Investment in associate	FVTPL	Fair value	FVTPL	Fair value
Investment in shares of private company	FVTPL	Fair value	Available for sale	Cost
Loan receivable	Amortized cost	Amortized cost	Loan and receivables	Amortized cost
Loans payable	Other financial liabilities	Amortized cost	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Other financial liabilities	Amortized cost

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Cash

Cash include cash on hand and in banks currently held by financial institutions with high credit worthiness.

Marketable securities

Marketable securities consist of investments in equity securities which are publicly traded. Marketable securities are measured at fair value and recognized on the trade date. The fair value of publicly traded securities is determined using quoted market prices. Realized and unrealized gains and losses are recognized using average cost. Gains and losses in the changes on fair value of marketable securities are recognized in the consolidated statements of loss and comprehensive loss.

Other receivables

Other receivables are initially recorded at the fair value of the amount expected to be received and subsequently measured at amortized cost less any provision for impairment. Individual significant receivables are considered for recoverability when they are past due or when other objective evidence is received that a specific counterparty will default.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

The estimated useful lives for the current and comparative periods are as follows

Equipment	3-4 years
Leasehold improvement	3-4 years (or lease term whichever is shorter)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and equipment (cont'd)

The net carrying amount of property and equipment are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, the excess is fully provided for in the financial year in which it is determined.

Where an item of property and equipment is disposed of by sale, it is derecognized and the difference between its carrying value and net proceeds is recognized as gain or loss on the disposal of asset in the consolidated statements of loss and comprehensive loss.

Any items of property and equipment that cease to have future economic benefits expected to arise from their continued use are derecognized with the associated loss included as depreciation expense and disclosed separately.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or to items recognized directly in equity or in other comprehensive income. In this case, the tax is also recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date in the countries in which the Company operates, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining income tax provisions. Management periodically evaluates the positions taken in the Company's tax returns with respect to situations in which applicable tax rules are subject to interpretation. A provision is established related to tax uncertainties where appropriate based on management's best estimate of the amount that will ultimately be paid to or received from tax authorities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Company's entity at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate in effect at the date of the transaction.

Foreign currency differences arising on translation of foreign currency balances into the functional currency are recognized in the consolidated statements of loss and comprehensive loss.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Stock-based compensation

The Company issues share-based awards to its officers and directors. The awards are comprised of equity settled stock options. Fair values of stock options are calculated using the Black-Scholes option pricing model at the date of the grant and adjusted for estimated forfeitures. For awards with graded vesting, the fair value of each tranche is calculated separately and recognized over its respective vesting period. Nonmarket vesting conditions are considered in making assumptions about the number of awards that are expected to vest. At each reporting date, the Company will reassess its estimates of the number of awards that are expected to vest and recognize the impact of any revision in the consolidated statements of loss and comprehensive loss with a corresponding adjustment to contributed surplus.

Any consideration paid on exercise of stock options or purchase of shares, together with the amount initially recorded in contributed surplus, is credited to share capital.

Net income (loss) per share

Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding options of the Company. Diluted income (loss) per share for the years presented does not include the effect of stock options as they are anti-dilutive.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases

Leases, which do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are classified as operating leases. Leases entered into by the Company are solely operating leases with costs in respect of operating leases recognized as rent expense in the consolidated statements of loss and comprehensive loss in the period incurred. Lease incentives are deferred and recognized as an integral part of the total lease expense over the term of the lease.

Future 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.

4. CASH

The Company's cash consist of the following:

	December 31, 2018	December 31, 2017
Cash held in banks	**$ 101,819**	$ 404,534

5. INVESTMENT IN ASSOCIATE

	December 31, 2018	December 31, 2017
Spackman Entertainment Group Limited (SEGL)	**$ 3,430,102**	$ 13,424,551

The Company owns 14.36% (December 31, 2017 - 21.51%) of SEGL, and based on the December 31, 2018 closing price of SEGL's shares on the SGX of S$0.023 (CAD $0.023 per share), the market value of the Company's stake in SEGL is SGD $3.426 million (CAD $3.430 million).

(Expressed in Canadian Dollars)

5. INVESTMENT IN ASSOCIATE (Cont'd)

The Company is considered to have significant influence over SEGL as a result of membership on the board of directors. Following is a summary of financial information of SEGL for the years ended December 31.

	December 31, 2018 Audited USD	December 31, 2017 Audited USD
Current assets (a)	$ 16,216,809	$ 21,677,005
Non-current assets	51,330,003	24,417,099
Total asset	67,546,812	46,094,104
Current liabilities (b)	8,090,639	13,199,497
Non-current liabilities	5,328,183	3,479,423
Total liabilities	13,418,822	16,678,920
Net assets	54,127,990	29,415,184
(a) Includes cash and cash equivalents	2,744,140	6,236,554
(b) Includes trade and other payable	2,738,567	6,047,108
Revenues	21,673,970	20,552,141
(Loss)/Profit from continuing operations	(1,724,287)	3,012,559
Other comprehensive(loss)/ income	(735,414)	1,174,172
Total comprehensive (loss)/ income	(2,459,701)	4,186,731
Depreciation & Amortization	(2,591,337)	(809,246)
Interest income	91,862	153,809
Interest expense	(259,261)	(100,442)
Income tax (expense) or income	(324,222)	(698,912)

(Expressed in Canadian Dollars)

6. 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 substantial 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 0.43% of SMGL as of December 31, 2018.

7. 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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
Accounts payable	**$ 17,172**	$ 16,822
Accrued expenses	**75,846**	40,000
	$ 93,018	$ 56,822

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

9. 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 December 31, 2018 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.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

	Number of Shares	Amounts
Balance, December 31, 2016, 2017 and 2018	148,900,183	$ 11,601,165

(c) Stock options

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

The stock options activity is as follows:

	December 31, 2018			December 31, 2017	
	Number of options	**Weighted average exercise price**	**Weighted Average remaning life in years**	Number of options	Weighted average exercise price
Outstanding, beginning of the year	**8,745,000**	**$ 0.135**	**0.5781**	8,745,000	$ 0.135
Granted	**-**	**-**	**-**	-	-
Forfeited during the year	**(7,445,000)**	**0.135**	**-**	-	-
Outstanding and exercisable, end of the year	**1,300,000**	**$ 0.135**	**0.5781**	8,745,000	$ 0.135

During the year ended December 31, 2018, no options were granted and 7,445,000 options were Forfeited.

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

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

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

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

REMUNERATION OF KEY PERSONNEL

	Years Ended December 31, 2018	Years Ended December 31, 2017
Management Salaries	$ 106,831	$ 364,848
Directors' fees	22,770	22,731
Total	$ 129,601	$ 387,579

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

During the year ended December 31, 2018, the Company received $117,829 (December 31, 2017 - $140,288) in rental payments from SEGL which has two common directors and $105,965 (December 31, 2017 – $nil) in rental payments from SMGL which have a common ownership. The rental payments were a reimbursement of expense and have been netted off against rent expense within the general and administrative expenses grouping.

12. INCOME TAXES

(a) Income tax expense

The reconciliation of income taxes attributable to operations computed at the combined statutory income tax rate of 26.5% (2017 - 26.5%) to income tax recovery is as follows:

	December 31, 2018	December 31, 2017
Net loss before recovery of income taxes	**$ (10,270,390)**	$ (13,899,259)
Expected income tax (recovery) expense	**(2,721,653)**	(3,683,300)
Tax rate changes and other adjustments	**-**	(689)
Non-deductible expenses	**1,318,906**	1,702,300
Change in tax benefits not recognized	**2,010,330**	10,450
Deferred income tax expense (recovery)	**$ 607,583**	$ (1,971,239)

(Expressed in Canadian Dollars)

12. INCOME TAXES (Cont'd)

(b) Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The significant components of the Company's deferred income taxes are as follows:

	December 31, 2018	December 31, 2017
Deferred Tax Assets		
Non-capital losses carried forward	**$ 5,360**	$ 1,792,393
Property, plant and equipment	**-**	11,060
	5,360	1,803,453
Deferred Tax Liabilities		
Investments	**(5,360)**	(1,195,870)
Deferred tax assets (liabilities)	**$ -**	$ 607,583

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2018	December 31, 2017
Property, plant and equipment	**$ 41,730**	$ -
Investments	**484,510**	-
Non-capital losses carried forward	**7,059,910**	-

(c) Tax loss carry-forwards

The Company has approximately $7,059,911 (2017 - $6,763,750) of non-capital losses as at December 31, 2018 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

2026	$ 56,018
2027	73,317
2028	162,469
2029	140,783
2030	329,809
2031	450,287
2032	359,535
2033	617,452
2034	1,930,939
2035	1,498,248
2036	635,417
2037	509,475
2038	296,162
	$ 7,059,911

The Company also has $nil (2017 - $913,000) of capital losses that can be carried forward indefinitely to offset capital gains in future years.

(Expressed in Canadian Dollars)

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 following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value at the various reporting dates:

December 31, 2018

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash	$ 101,819	$ -	$ -	$ 101,819
Investment in associate	3,430,102	-	-	3,430,102
Loan receivable	136,420	-	-	136,420
Investment in shares of private company	-	-	532,038	532,038
	$ 3,668,341	$ -	$ 532,038	$ 4,200,379

December 31, 2017

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash	$ 404,534	$ -	$ -	$ 404,534
Investment in associate	13,242,511	-	-	13,242,511
Investment in shares of private company	-	-	491,595	491,595
	$ 13,647,045	$ -	$ 491,595	$ 14,138,640

The Company measures its investment in private companies as a Level 3 disclosure. At year end, the investment is carried at fair value. The fair value of the investment is based on third party share purchase and sale transactions, company-specific information, trends in general market conditions, the share performance of comparable publicly-traded companies and strategic review. From a sensitivity perspective, if a new financing round was completed at $0.25 higher or lower, the impact on the carrying value of the investment and other comprehensive income will be higher or lower by $32,500.

There were no transfers between Level 1 and Level 2 investments during the year ended December 31, 2018.

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.

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

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.

For the year ended December 31, 2018, a 10% decrease (increase) in the closing prices of the Company's investments in marketable securities and investment in shares of public company would result in an estimated decrease (increase) in pre-tax net income of $0.3 million (2017 - $1.3 million). The Company's private investments do not have an immediate market. An 10% increase in the potential value of the private investment could increase (decrease) in pre-tax net income of $49,160.

(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.

(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.

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

The following assets were denominated in foreign currencies presented in Canadian dollars as of:

	December 31, 2018		
	US dollars	Singapore dollars	Hong Kong dollars
Cash	$ 22,644	$ 3,664	$ 59,993
Investment in associate	-	3,430,102	-
Loan receivable	136,420	-	-
Investment in shares of private company	532,038	-	-
	$ 691,102	$ 3,433,766	$ 59,993

	December 31, 2017		
	US dollars	Singapore dollars	Hong Kong dollars
Cash	$ 365,258	$ 2,523	$ 12,692
Investment in associate	-	13,424,551	-
Investment in shares of private company	491,595	-	-
	$ 856,853	$ 13,427,074	$ 12,692

A fluctuation of 10% provided as an indicative range in currency movement, on financial instruments that are denominated in foreign currencies other than Canadian dollars, with, all other things being equal, have an effect on the after-tax net income and other comprehensive income of approximately $400,800 (2017 - $1.4 million).

(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 December 31, 2018 and 2017, the percentages of the Company's investment in each industry sector were as follows:

	As a % of Total Investments	
Sector	**December 31, 2018**	December 31, 2017
Media / Entertainment	99.9	99.9
Other	0.1	0.1
Total	100.0	100.0