The consolidated financial statements of

SPACKMAN EQUITIES GROUP INC.

(formerly Centiva Capital Inc.)

December 31, 2012 and 2011

(In Canadian Dollars)

SPACKMAN EQUITIES GROUP INC.

(formerly Centiva Capital Inc.)

December 31, 2012 and 2011

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Management's Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The integrity and objectivity of these financial statements are the responsibility of management.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. In support of this responsibility, management maintains a system of internal control to provide reasonable assurance as to the reliability of financial information and the safe-guarding of assets. The financial statements include the amounts of which are based on the best estimates and judgments of management.

The Board of Directors oversees management's responsibilities for financial reporting through the Audit Committee, which consists of three directors, two of whom are independent and not involved in the daily operations of the Company. The Audit Committee meets with management and independently with the external auditors to satisfy itself that management's responsibilities are properly discharged and to review the financial statements and the disclosures contained in the consolidated financial statements.

The external auditors conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have reviewed the internal controls over financial reporting and have full access to the Audit Committee with respect to their findings concerning the fairness of financial reporting and the adequacy of internal controls.

"Charles Spackman"
Chief Executive Officer
April 30, 2013

" Jenifer Cho"
Director of Finance

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Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Spackman Equities Group Inc.

We have audited the accompanying consolidated financial statements of Spackman Equities Group Inc. and its subsidiaries ("the Company") which comprise the consolidated statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the years ended December 31, 2012 and December 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the conolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Spackman Equities Group Inc. and its subsidiaries as at December 31, 2012, December 31, 2011 and January 1, 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 30 to the consolidated financial statements which indicates that the comparative information presented for the year ended December 31, 2011 has been restated.

Collins Barrow Toronto LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
April 30, 2013

SPACKMAN EQUITIES GROUP INC.
(formerly Centiva Capital Inc.)
Consolidated Statements of Financial Position
(In Canadian Dollars)

	As at 31-Dec-2012	As at 31-Dec-2011 (restated) (Note 30)	As at 1-Jan-2011 (restated) (Note 30)
ASSETS			
CURRENT			
Cash and cash equivalents (Note 6)	$ 4,951,651	$ 1,056,203	$ 192,954
Marketable securities (Note 7)	1,792,857	-	561,428
Trade and other receivables (Note 8)	1,808,398	4,121	45,631
Prepaid expenses and sundry assets	63,044	-	8,593
Other current assets (Note 9)	266,967	-	-
	8,882,917	1,060,324	808,606
NON-CURRENT			
Loan receivable (Note 12)	1,781,870	-	-
Long-term investments (Note 11)	47,566	1,775,000	1,925,140
Other long-term assets (Note 13)	603,304	-	-
Notes receivable (Note 10)	617,712	53,000	-
Property and equipment (Note 14)	851,760	-	4,064
Intangible assets (Note 15)	4,477,353	-	-
Goodwill (Note 4)	1,700,730	-	-
	10,080,295	1,828,000	1,929,204
	$ 18,963,212	$ 2,888,324	$ 2,737,810
LIABILITIES			
CURRENT			
Short-term borrowings (Note 17)	$ 492,642	$ -	$ -
Accounts payable and accrued liabilities (Note 16)	662,643	133,534	56,472
Deferred revenue (Note 18)	752,750	-	155,502
Advances on production and distribution (Note 19)	6,241,113	-	-
Income taxes payable (Note 25)	240,499	-	-
Loans and advances (Note 20)	525,366	-	-
	8,915,013	133,534	211,974
NON-CURRENT			
Deferred tax liabilities (Note 25)	11,081		
	8,926,094	133,534	211,974
SHAREHOLDERS' EQUITY			
Share capital (Note 21)	11,595,769	4,082,713	3,514,327
Contributed surplus (Note 22)	400,427	315,853	291,264
Deficit	(3,041,688)	(1,643,776)	(1,035,866)
Accumulated comprehensive income (loss)	8,855	-	(243,889)
Total equity attributable to shareholders of the Company	8,963,363	2,754,790	2,525,836
Non-controlling interest	1,073,755	-	-
	10,037,118	2,754,790	2,525,836
	$ 18,963,212	$ 2,888,324	$ 2,737,810

Approved on behalf of the board:

"Charles Spackman" — Director

"Martin Mohabeer" — Director

The accompanying notes are an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

(formerly Centiva Capital Inc.)

Consolidated Statements of Operations

For the years ended December 31, 2012 and 2011

(In Canadian Dollars)

	31-Dec-2012	31-Dec-2011 (restated) (Note 30)
Revenues		
Film production and distribution	$ 4,641,521	$ -
Realized gain on sale of marketable securities	403,255	-
Unrealized gain on value of marketable securities	67,196	-
Other income (Note 31)	1,122,486	53,000
	6,234,458	53,000
Expenses (Note 33)		
Direct film production costs	4,013,778	-
General and administrative	1,729,137	398,721
Selling expenses	1,079,824	-
	6,822,739	398,721
Loss from operations	(588,281)	(345,721)
Loss on acquisition of controlling interest (Note 4(ii))	(473,802)	-
Gain on spin out of shares (Note 5)	-	31,830
Loss before income tax	(1,062,083)	(313,891)
Income tax recovery (Note 25)	148,326	-
Loss from continuing operation	(913,757)	(313,891)
Loss from discontinued operations (Note 5)	-	(294,019)
Net loss for the period	$ (913,757)	$ (607,910)
Attributable to:		
Shareholders of the Company	$ (805,017)	$ (607,910)
Non-controlling interests	(108,740)	-
	$ (913,757)	$ (607,910)
Net loss per share from continuing operations (basic and fully diluted) (Note 26)	$ (0.007)	$ (0.012)
Net loss per share from discontinued operations (basic and fully diluted) (Note 26)	$ -	$ (0.011)
Weighted average number of shares	133,304,296	27,171,484

The accompanying notes are an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Consolidated Statements of Comprehensive Loss

(formerly Centiva Capital Inc.)

(In Canadian Dollars)

		31-Dec-2012		31-Dec-2011 (restated)
Statement of Comprehensive Loss				
Net loss for the period	$	(913,757)	$	(607,910)
Other comprehensive loss for the period		-		-
Disposal of investments		-		243,889
Foreign exchange translation		(10,051)		-
Net comprehensive loss for the period	$	(923,808)	$	(364,021)
Attributable to:				
Shareholders of the Company	$	(813,872)	$	(364,021)
Non-controlling interests		(109,936)		-
	$	(923,808)	$	(364,021)

The accompanying notes are an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

(formerly Centiva Capital Inc.)

Consolidated Statements of Changes in Equity

For the years ended December 31, 2012 and 2011

(In Canadian Dollars)

	Common Shares	Share capital (restated)	Contributed Surplus	Deficit (restated)	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interest	Total Shareholders' Equity
Balance- 1-Jan-2011	16,856,632	$ 3,514,327	$ 291,264	$ (1,093,213)	$ (243,889)	$ -	$ 2,468,489
Restatement of deferred revenue	-	-	-	57,347	-	-	57,347
Restated balance- 1-Jan-2011	16,856,632	3,514,327	291,264	(1,035,866)	(243,889)	-	2,525,836
Loss for the period	-	-	-	(607,910)	-	-	(607,910)
Disposal of investments	-	-	-	-	243,889	-	243,889
Private placement	61,720,000	3,086,000	-	-	-	-	3,086,000
Share issue costs	-	(204,027)	-	-	-	-	(204,027)
Warrants issued to agents	-	-	24,589	-	-	-	24,589
Reduction of stated capital (Note 1)	-	(2,313,587)	-	2,313,587	-	-	-
Spin-off of Aylen shares (Note 1)	-	-	-	(2,313,587)	-	-	(2,313,587)
Balance- 31-Dec-2011	78,576,632	4,082,713	315,853	(1,643,776)	-	-	2,754,790
Loss for the period	-	-	-	(805,017)	-	(108,740)	(913,757)
Shares issued on business combination (Note 4)	30,475,500	3,352,305	-	-	-	-	3,352,305
Non-controlling interest at acquisition-SEGL (Note 4)	-	-	-	-	-	1,351,288	1,351,288
Acquisition of additional 10.8%-SEGL (Note 4)	-	-	-	(592,895)	-	(304,747)	(897,642)
Non-controlling interest - SEKI	-	-	-	-	-	134,758	134,758
Foreign currency translation	-	-	-	-	8,855	1,196	10,051
Private placement	39,545,451	4,350,000	-	-	-	-	4,350,000
Share issue costs	-	(217,500)	-	-	-	-	(217,500)
Stock options	-	-	98,745	-	-	-	98,745
Options exercised	50,000	14,450	(9,450)	-	-	-	5,000
Warrants exercised	181,600	13,801	(4,721)	-	-	-	9,080
Balance- 31-Dec-2012	148,829,183	$ 11,595,769	$ 400,427	$ (3,041,688)	$ 8,855	$ 1,073,755	$10,037,118

The accompanying notes are an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

(formerly Centiva Capital Inc.)

Statements of Cash Flows

(In Canadian Dollars)

	31-Dec-2012	31-Dec-2011
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Net loss from continuing operations	$ (913,757)	$ (313,891)
Items not affecting cash:		
Loss on acquisition of controlling interest	473,802	-
Gain on disposal of property and equipment	(365,535)	-
Unrealized gain on value of marketable securities	(67,196)	-
Stock-based compensation (Note 21(d))	98,745	-
Depreciation and amortization	702,282	-
Impairment of intangible assets	256,464	-
Realized gain on sale of marketable securities	(403,255)	-
Income from Aylen's note (Note 10 (i))	(264,712)	(53,000)
Foreign currency translation	10,051	-
Bad debt expense	11,326	-
Gain on spin out of shares (Note 5)	-	(31,830)
	(461,785)	(398,721)
Net changes in non-cash working capital balances (Note 32)	3,984,945	91,180
Cash inflow (outflow) from operating activities	3,523,160	(307,541)
Net cash inflow (outflow) from discontinued operations (Note 5)	-	(105,492)
	3,523,160	(413,033)
Investing		
Investment in equity of Intech LCD and Gold China	-	(1,775,000)
Proceeds from sale of Intech LCD	775,000	-
Property and equipment acquired	(1,068,076)	-
Purchase of marketable securities	(3,907,193)	-
Proceeds from sale of marketable securities	2,788,859	155,690
Proceeds from sale of property and equipment	497,924	-
Intangible assets acquired	(2,906,796)	-
Long-term loans	278,376	-
Leasehold deposits	(228,003)	-
Loans and advances	525,366	-
Cash acquired on acquisition of controlling interest	342,698	-
Proceeds of shares issued to minority interest (SEKI)	134,758	-
Cash paid on acquisition of SEGL shares from Blackwell (Note 4)	(897,642)	-
Cash transferred to Aylen (Note 5)	-	(10,970)
	(3,664,729)	(1,630,280)
Financing activities		
Proceeds from short-term borrowings	(109,563)	-
Proceeds from common shares issued, net of issue costs	4,146,580	2,906,562
	4,037,017	2,906,562
Increase in cash position during the period	3,895,448	863,249
Cash and cash equivalents, beginning of period	1,056,203	192,954
Cash and cash equivalents, end of period (Note 32)	$ 4,951,651	$ 1,056,203

The accompanying notes are an integral part of these financial statements

1. INCORPORATION AND NATURE OF OPERATIONS

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

On October 28, 2010, Centiva formed a wholly-owned subsidiary named Aylen Capital Inc. ("Aylen"), as a private Canadian Corporation. Aylen remained inactive from the date of incorporation to October 31, 2011.

A plan of arrangement (the "Arrangement") was completed pursuant to Section 192 of the Canada Business Corporations Act, whereby Centiva and Aylen entered into an agreement to distribute the existing assets of Centiva to shareholders by way of the Arrangement. Under the terms of the Arrangement, all of the existing assets and liabilities of Centiva were transferred to Aylen in exchange for 16,856,532 shares of Aylen and a promissory note with a face value of $842,832. The Arrangement was approved by Centiva shareholders at a special meeting held on September 23, 2011 and by the Ontario Superior Court of Justice on September 27, 2011.

The Company adopted a special resolution approving the completion of a reorganization of the Company's net assets, accordingly, the following transactions occurred on October 31, 2011:

- The Company transferred all of its then existing assets and liabilities, except those relating to the Company's new financing and tax losses to Aylen, a then wholly-owned subsidiary of SEGI, in exchange for common shares of Aylen.

- SEGI reduced the stated capital of its common shares; and distributed to its shareholders all its common shares of Aylen as a payment for the reduction of stated capital. The distribution was accounted for under IFRIC 17 ("Distribution of Non-Cash Assets to Owners"). The excess of the fair value of the net assets distributed over their carrying value was recognized in profit or loss as a gain on spin out of shares amounting to $31,830.

On the same date, Centiva changed its name to Spackman Equities Group Inc. Trading in the common shares ("Common Shares") of the Company was halted on July 5, 2011. On October 31, 2011, the common shares of Spackman Equities Group Inc. commenced trading on the TSX Venture Exchange under the symbol "SQG".

On January 10, 2012, the Company acquired 55% of the issued and outstanding shares of Team Vision International Limited ("TVIL") in exchange for the issuance of 30,475,500 common shares of the Company as discussed in Note 4. The name Team Vision International Limited was changed to Spackman Entertainment Group Limited ("SEGL").

SEGI 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 Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 30, 2013.

(b) Basis of 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's functional currency is expressed in Canadian dollars. The functional currency of the subsidiaries located in Korea is the Korean Won.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Spackman Entertainment Group Limited (SEGL), Spackman Equities Limited (SEQL), SEGI Investments Limited, BVI and Spackman Entertainment Korea, Inc (SEKI). 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 direct subsidiaries at December 31, 2012 are as follows:

(1) Registered Name: Spackman Entertainment Group Limited, Hong Kong (formerly Team Vision International Limited)
Percent of Equity Interest: 66%
Principal Business Activity: Holding company for film production and entertainment businesses

(2) Registered Name: Spackman Equities Limited, Hong Kong (formerly Gold China Technologies Limited)
Percent of Equity Interest: 100%
Principal Business Activity: Investments

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

(4) Registered Name: SEGI Investments Limited, BVI
Percent of Equity Interest: 100%
Principal Business Activity: Investments

Details of the Company's indirect subsidiaries at December 31, 2012 are as follows:

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

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

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

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

Upper West Inc. ("Upper West")

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

(d) Critical accounting judgments and estimates

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:

- Business combination and divestitures

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business is measured as of the acquisition date as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired businesses. Transaction costs are expensed as incurred with the exception of the costs to issue debt or equity securities in relation with the acquisition. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date, except for assets that are classified as held for sale which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is measured as the excess of the fair value of the consideration transferred less the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the fair value of the consideration transferred, the excess is recognized immediately in profit or loss in the consolidated statement of operations.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Estimates were required to determine the fair value of the net assets divested on spin out to shareholders.

- Allowance for doubtful accounts

The valuation of allowances for uncollectible trade receivables requires assumptions including estimated credit losses based on customer, industry concentrations and the Company's knowledge of the financial conditions of its customers. Uncertainty relates to the actual collectibility of customer balances that can vary from management's estimates and judgment.

- 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.

- Impairment of long-term assets

Impairment testing compares the carrying values of the assets or cash-generating units being tested with their recoverable amounts (recoverable amounts being the greater of the assets' or cash-generating units' values in use or their fair values less costs to sell). In addition, long-term assets that are not amortized, incuding goodwill, are subject to an annual impairment assessment. Impairment testing involves estimates of future cash flows, discount rates, fair values and selling costs. Any change in these estimates may have a material effect on future net income.

- 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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The policies applied in these financial statements are based upon IFRS issued and outstanding as of December 31, 2012.

(a) Revenue recognition

Revenue is the gross inflow of economic benefits received and to be received by the Company during the period arising from the ordinary course of Company's business activities.

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the income be reliably measured. The Company recognizes revenue when persuasive evidence of an arrangement exists, the price is fixed and determinable, delivery has occurred or services have been rendered and collectibility is reasonably assured.

Revenue is derived from the following sources:

(i) Licensing revenue

The Company as the licensor, recognizes revenue from licensing arrangements when the associated feature film or television special/series has been released.

Related minimum guarantees are generally recognized as revenue upon the theatrical release of a film and royalty-based revenues (revenues based upon a percentage of net sales of the products) are generally recognized as revenue in periods when royalties are accrued.

Minimum guarantees received for selling distribution rights of movies under production or unreleased films are recorded as deferred revenues.

(ii) Film distribution revenue

The Company as the distributor acquires film distribution rights and recognizes distribution revenues when the films are exhibited in movie theatres. After the payments by the movie theatres of taxes and other charges and deductions by movie theatres and theatres circuits of their respective shares of the box office sales, the remaining amount (the "Distributable Amount") is remitted to the Company which the Company accounts for as its distribution revenues.

(iii) Participation revenues

When the Company is not the principal investor, but participates in the financing of film production in which the Company may also acquire all, a portion or none of the legal copyright in relation to the film, and bears a portion of the costs of financing, production, prints, promotion and advertising pursuant to the terms of the agreement for the production of the film, the Company recognized the profits based on its portion of share.

(iv) Production of feature films income

The Company uses the 'percentage-of-completion method' to determine the appropriate revenue amount to recognize in a given period. The state of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the state of completion. When it is probable that the total costs will exceed total revenue, the expected loss is recognized as an expense immediately in the statement of operations.

(v) Other income

Other income include interest earned on invested funds, gains on disposal on marketable securities and available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit and loss. Any such transactions are recorded on the trade date.

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.

Dividends received from public companies are recognized at the ex-dividend date.

Rental income is recognized on straight line basis over the term of the equipment lease.

Revenue from restaurant sales is recognized when food and beverage products are sold to the customers.

(b) Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term and long-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Goodwill

Goodwill is recognized as the fair value of the consideration transferred less the fair value of the net identifiable assets acquired and liabilities assumed at the time of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized but is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may be impaired. Impairment losses reduce the carrying value of goodwill and are recognized as expenses in current operations. Impairment losses on goodwill are not reversed.

(d) Product inventory (Intangible assets)

Product inventory includes completed films which have been produced by the Company or distribution rights and films in development acquired by the Company. Capitalized costs include production costs, production overhead, development costs and acquired production costs. The carrying amount is stated at the lower of cost, less accumulated impairment, or fair value at the balance sheet date. Once a film is released, capitalized productions costs are reclassified to cost of sales. Product inventories are reviewed for impairment at each reporting date on a title-by-title basis. If estimated future cash flows is not sufficient to recover the carrying amount, inventory will be written down to fair value determined.

(e) Financial instruments

(i) Non-derivative financial assets

Loans and receivables are recognized at the date of acquisition. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available for sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred.

Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss. Financial assets at fair value through profit or loss comprise cash and cash equivalents and marketable securities.

Available-for-sale

Available-for-sale (AFS) financial assets comprised of long term investments are generally carried at fair value with unrealized gains and losses included in other comprehensive income until the financial asset is derecognized and any cumulative gain or loss is then recognized in profit or loss or until an impairment is recognized. AFS investments that have no quoted market price, and for which fair value is not reasonably determinable are measured at cost unless there is objective evidence of impairment.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company classifies its financial assets which consisted of trade and other receivables, notes receivable and loans receivables as loans and receivables.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expired.

The Company has the following non-derivative financial liabilities: short-term borrowings, accounts payable and accrued liabilities and long-term loans and advances.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks currently held by financial institutions with high credit worthiness with maturities of three months or less.

(g) Marketable securities

Marketable securities consist of investments in equities securities which are publicly traded and are classified as fair value through profit and loss. 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 charged to profit and loss.

(h) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for doubtful accounts.

(i) Prepaid expenses and sundry assets

Prepaid expenses and sundry assets consist of advance payments for goods and services applicable to future periods.

(j) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use by management (i.e. transportation and the costs of dismantling and removing the item and restoring the site on which they are located, if applicable).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss in the period in which they are incurred.

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

Depreciation is recognized in profit or loss using declining balance method over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

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

Where components of assets have different useful lives, depreciation is calculated for each significant component. The estimated useful life of each asset component has due regard to both its own physical limitations and the future economic benefits expected to be consumed through the use of the asset.

The Company reviews the residual value and useful lives of depreciable assets on an annual basis and where revisions are made to either the residual value or useful life, the Company applies changes in estimates on a prospective basis.

The Company reviews its depreciation methods on an annual basis and where revisions are made to reflect the expected pattern of consumption of the future economic benefits embodied in the asset, the Company applies such changes on a prospective basis.

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 revocable. 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 statement of operations.

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.

(k) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the recoverable amount of asset is estimated. Goodwill is tested for impairment annually and when events or circumstances occur that could potentially result in a permanent decline in value. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination.

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) 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. Accrued interest and penalties relating to tax uncertainties are recognized in current income tax expense.

(m) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are recorded as part of net earnings to be presented in other "comprehensive income (loss)" until it is considered appropriate to recognize them into net earnings.

(n) Foreign currency

- Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rate in effect at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates in effect at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation account in equity. However, if the foreign operation is a non wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation adjustment account related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

- Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Company's entities 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 retranslated 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 retranslation are recognized in profit or loss.

(o) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the entity. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(p) 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.

(q) 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. Non-market 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 statement of operations 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.

(r) Net income (loss) per share

Basic income (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is computed by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential common shares. The effect of stock options and warrants was anti-dilutive and, hence, diluted loss per share equals basic loss per share.

(s) 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 statement of operations 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.

(t) Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all the attaching conditions are complied with. Government grants in respect of capital expenditures are credited to the carrying amount of the related asset and are released to income over the expected useful lives of the relevant assets. Government grants which are not associated with an asset are credited to income so as to net them against the expense to which they relate.

(u) New standards and interpretations not yet adopted

The following is a summary of recent accounting pronouncements that may affect the Company. The Company is currently assessing the impact of adoption of these pronouncements.

(i) Financial instruments

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard requires entities to classify financial assets as being measured either at amortized cost or fair value depending on the business model and contractual cash flow characteristics of the asset. For financial liabilities, IFRS 9 requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to change in the entity's own credit risk in the other comprehensive income rather than in profit or loss. The new standard applies to annual periods beginning on or after January 1, 2015.

(ii) Investment entities

IFRS 10, Consolidated Financial Statements, is amended to introduce an exception for investment entities to the principle that all subsidiaries are consolidated. An investment entity is required to measure subsidiaries at fair value through profit or loss. IFRS 12, Disclosure of Interests in Other Entities, is amended to add disclosure requirements for investment entities. IAS 27, Separate Financial Statements, is amended to require an investment entity to measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements. These amendments are effective for annual periods beginning on or after January 1, 2014.

(iii) Employee benefits

IAS 19, Employee Benefits, is revised to eliminate the option to defer the recognition of actuarial gains and losses, enhance the guidance around measurement of plan assets and defined benefit obligations, streamline the presentation of changes in assets and liabilities arising from defined benefit plans and enhance disclosure requirements for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013.

(iv) Fair value measurements

IFRS 13, Fair Value Measurements, provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. The new standard is effective for annual periods beginning on or after January 1, 2013.

(v) Consolidated financial statements

IFRS 10, Consolidated Financial Statements, replaces SIC 12, Consolidation – Special Purpose Entities, and the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements. IFRS 10 includes a new definition of control that determines which entities are consolidated, and requires control of an investee to be reassessed when the facts and circumstances indicate that there have been changes to one or more of the criteria for determining control. This standard is effective for annual periods beginning on or after January 1, 2013.

(vi) Financial instruments: disclosures

IFRS 7, Financial Instruments: Disclosures, is amended to require additional disclosures on offsetting of financial assets and financial liabilities. The amendment is effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods.

(vii) Annual improvements to IFRS 2009–2011 cycle

The annual improvements consist of non-urgent but necessary amendments to IFRS issued between 2009 and 2011. Amendments are made to First-time Adoption of International Financial Reporting Standards ("IFRS 1") related to borrowing costs and to permit repeat application of IFRS 1 and IAS 1 Presentation of Financial Statements to clarify the requirements for comparative information, IAS 16 Property, Plant and Equipment for the classification of servicing equipment, IAS 32 Financial Instruments: Presentation to clarify that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes, and IAS 34 Interim Financial Reporting to clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments. These amendments are effective for annual periods beginning on or after January 1, 2013.

The Company intends to adopt the amendments to the standards in its financial statements for the annual period beginning January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

(viii) Presentation of items of other comprehensive income (“OCI”)

IAS 1, Presentation of Financial Statements, is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is effective for annual periods beginning on or after July 1, 2012. The revised IAS 1 also reaffirms existing requirements that items in OCI and profit and loss should be presented as either a single statement or two consecutive statements. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. As the amendments only require changes in the presentation of items in other comprehensive income, the Company does not expect the amendments to IAS 1 to have material impact on the financial statements.

4. BUSINESS ACQUISITION

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 (Laws of Hong Kong) the name TVIL was changed to Spackman Entertainment Group Limited.

In the fourth quarter of 2012, the Company increased its ownership in SEGL from 55% to 65.8% by purchasing a total of 1,080 shares equivalent to 10.8% of SEGL from Blackwell Associates Group Inc. ("Blackwell"), an arm's-length shareholder of SEGL for a total consideration of $897,642. As a result, the Company's total direct and indirect holdings of Opus and Zip at December 31, 2012 were 68.2% of the common shares of Opus and 68.2% of the common shares of Zip. The Company recognized $592,895 loss on the equity transactions.

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
Liabilities	
Current liabilities	
Short-term borrowings	$ 602,205
Film obligation and production loans	1,095,597
Other payables	366,090
Accrued expenses	2,212
Withholdings	3,485
Advances from customers	162,235
Income tax payable	178,804
	$ 2,410,628
Non-current liabilities	
Defined benefits liabilities	$ 286,555
Deferred tax liabilities	214,636
	$ 501,191
Total liabilities	$ 2,911,819
Net assets acquired at their carrying values	$ 2,391,702

Net assets acquired at their carrying values	$ 2,391,702
Fair value adjustments to net assets acquired:	
Deferred tax liabilities	(236,990)
Intangible assets	1,074,349
Goodwill (i)	1,700,730
Non-controlling interest (measured at fair value)	(1,351,288)
	$ 3,578,503
Comprised of:	
Shares issued	$ 3,352,305
Initial cost of 7% investment	700,000
Less: Loss on acquisition of controlling interest (ii)	(473,802)
	$ 3,578,503

(i) The Company acquired goodwill in excess of the purchase price paid over the fair value of the net assets acquired and relates to expected benefit of revenue growth, future market development and the assembled work force. Amounts of revenue and loss reporting during the period comprise substantially all the entire motion picture and entertainment segment (note 28) and represent approximately a full year of activity. At December 31, 2012, 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 December 31, 2012. Goodwill is non deductible for tax purposes.

(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 and 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

(iii) Increase in equity interest of Opus and Zip through purchased of 1,080 shares from Blackwell

	Amount
Amount paid	$ 897,642
Non-controlling interest	(304,747)
Loss on step - up acquisition	$ 592,895

5. DISCONTINUED OPERATIONS

On October 31, 2011, the Company had transferred all of the existing assets and liabilities, except those relating to the new equity and tax losses to Aylen, a then wholly-owned subsidiary (note 10(i)), in exchange for 16,856,632 common shares of Aylen and a promissory note in an amount representing $0.05 per issued and outstanding common share of SEGI (formerly Centiva) immediately prior to the Arrangement.

The following table summarizes the income (loss) from discontinued operations:

		1-Jan-2011 to 31-Oct-2011
Revenues		
Sales revenue	$	383,730
Interest and dividend		13,683
		397,413
Selling expenses		286,329
Loss on publicly-traded investments		207,915
Unrealized loss on fair value of marketable securities		98,768
Loss on sale of marketable securities		12,821
Depreciation		1,895
		607,728
Income (loss) from discontinued operations		(210,315)
Less: transaction costs		(83,704)
Net income (loss) from discontinued operations	$	(294,019)

Prior to reorganization, the Company generated revenue primarily from subscription fees and consulting income from Grapevine's on-line surveys and data collection. The Company recorded revenue and associated unearned revenue based on the contract price. Revenues from subscription fees were recognized on a straight-line basis over the term of the contract.

Investment and other income include interest earned on invested funds and gains on disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit and loss. Dividends received from public companies were recognized at the ex-dividend date.

The following table presents the effects on cash flow from the discontinued operations:

		31-Dec-2011
Net income (loss) from discontinued operations	$	(294,019)
Items not affecting cash:		
Loss on publicly-traded investments		207,915
Loss on sale of marketable securities		12,821
Unrealized loss on fair value of marketable securities		98,768
Depreciation		1,895
		27,380
Net changes in non-cash working capital balances:		
Prepaid expenses		8,593
Accounts payable		(14,119)
Accounts receivable		30,598
Deferred revenue		(168,856)
HST recoverable		10,912
Cash inflow (outflow) from discontinued operations	$	(105,492)

The following table summarizes the assets and liabilities transferred to Aylen:

	Amount
Assets transferred:	
Cash	$ 10,970
Marketable securities	518,714
Prepaid and sundry assets	7,805
Other receivables	45,159
HST recoverable	29,928
Investment	1,843,890
Equipment	2,169
	2,458,635
Liabilities assumed:	
Accounts payable and accrued liabilities	77,717
Deferred revenue	99,162
	176,879
Carrying value of net assets transferred	2,281,756
Fair value of assets transferred	2,313,586
Gain on spin out of shares	$ (31,830)

6. CASH AND CASH EQUIVALENTS

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

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Cash in banks	$ 2,698,711	$ 1,054,856	$ 161,313
Cash held by broker	37,130	1,347	31,641
Cash on hand	59,992	-	-
Short-term deposits	2,155,818	-	-
	$ 4,951,651	$ 1,056,203	$ 192,954

7. MARKETABLE SECURITIES

The Company has the following marketable securities:

	31-Dec-2012		31-Dec-2011		1-Jan-2011	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in equities	$ 583,760	$ 650,956	$ -	$ -	$ 733,528	$ 556,896
Short-term investments	1,141,901	1,141,901	-	-	4,532	4,532
	$ 1,725,661	$ 1,792,857	$ -	$ -	$ 738,060	$ 561,428

Investment 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 year end date or the closing bid price on the last day the security traded if there were no trades at the year 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.

8. TRADE AND OTHER RECEIVABLES

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

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Trade receivables	$ 1,363,656	$ -	$ 30,599
Other receivables	442,446	-	-
HST Recoverable	2,296	4,121	15,032
	$ 1,808,398	$ 4,121	$ 45,631

The Company's exposure to credit risk related to trade and other receivables is disclosed in Note 24(d).

9. OTHER CURRENT ASSETS

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Advances from customers	$ 266,967	$ -	$ -

10. NOTES RECEIVABLE

		31-Dec-2012		31-Dec-2011		1-Jan-2011
Aylen Capital Inc. (i)	$	317,712	$	53,000	$	-
Trinity Capital Advisors Ltd. (ii)		300,000		-		-
	$	617,712	$	53,000	$	-

(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. 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 2011 and 2012, certain 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 as described in Note 11(c). The beneficiaries of the Trinity are the original shareholders of Intech. The loan is unsecured and bears interest at 6% and matures on December 18, 2014. Accrued interest was recorded at December 31, 2012.

11. INVESTMENTS

The Company has the following investments:

	No. of shares	31-Dec-2012	31-Dec-2011	1-Jan-2011
(a) Privately held investments:				
VFM Leonardo Inc.				
Common shares	3,075,359	$ -	$ -	$ 1,156,000
Class A Preferred shares	2,436,685	-	-	687,890
	-	$ -	$ -	$ 1,843,890
(b) Publicly-traded investments:				
Biorem Inc.	162,500	-	-	81,250
(c) Investment in Intech LCD	3,075,359	-	1,075,000	-
(d) Investment in Gold China	2,436,658	-	700,000	-
Investment in foreign securities	-	47,566	-	-
		$ 47,566	$ 1,775,000	$ 1,925,140

(a) The Company owned an equity interest of 8.2% in VFM Leonardo Inc. ("VFM") representing approximately 13.9% on a fully-diluted basis, should all warrants and options and Class A preference shares be exercised. All VFM shares (Common shares, Class A Preferred shares and warrants) were transferred to Aylen on October 31, 2011.

(b) The Company sold 100% of the Biorem Inc. shares in 2011. These investments were classified as available for sale and upon disposal, the amounts included in accumulated comprehensive income were relcassified to profit and loss.

(c) On October 31, 2011, the Company acquired 17.916% equity interest of Intech LCD Group Limited ("Intech"). Intech LCD Group Limited, is a China-based developer and manufacturer of flat panel displays and modules. The business of Intech was founded in 1987 in China and has a 23-year history of supplying its customer base of major corporations and institutions worldwide with industry high quality LCD products. The various lines of LCD products of Intech are deployed in a diverse array of industries with a special focus on the biotech/medical devices and telecommunication equipment sectors. In 1996, for management structural efficiency, Intech LCD Group Limited was incorporated under the laws of Hong Kong as the holding company of the overall business. In December, 2012, the shares of Intech were sold back to the original shareholders, for cash proceeds of $775,000 and a note receivable of $300,000.

(d) The Company acquired 100% of the issued and outstanding common shares of Gold China Technologies Limited ("Gold China"). Gold China is a special purpose vehicle incorporated in Hong Kong that will serve as a vehicle for SEGI to indirectly own:

- 1,890 common shares of Opus Pictures Co. Ltd. ("Opus"), representing a 7.0% equity ownership of Opus Pictures Co. Ltd. and
- 1,176 common shares of Zip Cinema Co. Ltd. ("Zip"), representing a 7.0% equity ownership of Zip Cinema

12. LOAN RECEIVABLE

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Universal Pictures	$ 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, unsecured and interest bearing at 6.9% per annum.

13. OTHER LONG-TERM ASSETS

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Leasehold deposits	$ 439,750	$ -	$ -
Other deposits	163,554	-	-
	$ 603,304	$ -	$ -

14. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

		Equipment
Cost - January 1, 2011	$	7,582
Transferred to Aylen		(7,582)
Cost - December 31, 2011	$	-
Accumulated amortization - January 1, 2011	$	3,518
Amortization during the year		1,895
Transferred to Aylen		(5,413)
Accumulated amortization - December 31, 2011	$	-
Net book value - January 1, 2011	$	4,064
Net book value - December 31, 2011	$	-

	Vehicle	Equipment	Leasehold improvement	Deposit on land (i)	Total
Cost - January 11, 2012	$ 62,690	$ -	$ 18,490	$ -	$ 81,180
Additions	958	58,080	509,502	499,536	1,068,076
Disposal	(30,697)	(3,879)	(97,819)	-	(132,395)
Cost - December 31, 2012	$ 32,951	54,201	$ 430,173	$ 499,536	$ 1,016,861
Accumulated amortization - January 11, 2012	$ -	$ -	$ -	-	$ -
Charge during the year	22,296	15,526	127,279	-	165,101
Accumulated amortization - December 31, 2012	$ 22,296	$ 15,526	$ 127,279	$ -	$ 165,101
Net book value - December 31, 2012	$ 10,655	$ 38,675	$ 302,894	$ 499,536	$ 851,760

(i) 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 $499,536 (KRW $533,920,730).

15. INTANGIBLE ASSETS

The Company's intangible assets consist of the following:

	Product Inventory	Acquired Libraries	Software	Total
Cost - January 10, 2012	$ 2,332,340	$ 27,880	$ 3,976	$ 2,364,196
Additions	7,947,842	-	-	7,947,842
Cost - December 31, 2012	$ 10,280,182	27,880	$ 3,976	$ 10,312,038
Amortization	$ 1,766,336	$ -	$ 2,284	$ 1,768,620
Impairment	256,464	-	-	256,464
Reclassification	3,809,601	-	-	3,809,601
	$ 5,832,401	$ -	$ 2,284	$ 5,834,685
Net book value - December 31, 2012	$ 4,447,781	$ 27,880	$ 1,692	$ 4,477,353

Impairment loss of $256,464 and reclassification were included in direct film production costs.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Trade payables	$ 47,529	$ -	$ 14,118
Accrued expenses	241,074	131,850	42,354
Other payables	374,040	1,684	-
	$ 662,643	$ 133,534	$ 56,472

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

17. SHORT-TERM BORROWINGS

	Interest Rate	Maturity date	31-Dec-2012	31-Dec-2011	1-Jan-2011
Shinhan Bank	5.35%	November 17, 2013	$ 27,800	$ -	$ -
Shinhan Bank	4.55%	October 25, 2013	186,045	-	-
Woori Bank	5.62%	April 26, 2013	278,797	-	-
			$ 492,642	$ -	$ -

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

18. DEFERRED REVENUE

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Minimum guarantee received for selling distribution rights of movie under production	$ 743,460	$ -	$ -
Government grant related to movie under production	9,290	-	-
	$ 752,750	$ -	$ -

19. ADVANCES ON PRODUCTION AND DISTRIBUTION

Advances on production and distribution represents advances received from customers which represents unearned revenue.

Included in advances on production and distribution is an amount of $445,039 with an entity managed by the same key management.

20. LOANS AND ADVANCES

The Company obtained a loan from key management personnel of indirect subsidiary. The loan is unsecured, non-interest bearing and has no fixed repayment terms.

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Loans payable to related parties	$ 525,366	$ -	$ -

21. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares

(b) Issued and outstanding

	31-Dec-2012		31-Dec-2011		1-Jan-2011	
	Common shares	Amount	Common shares	Amount	Common shares	Amount
Balance, beginning	78,576,632	$ 4,082,713	16,856,632	$ 3,514,327	16,856,632	$ 3,514,327
Private placement (i)	39,545,451	4,350,000	61,720,000	3,086,000	-	-
Share issue costs (i)	-	(217,500)	-	(204,027)	-	-
Reduction of stated capital (ii)	-	-	-	(2,313,587)	-	-
Shares issued on business combination (iii)	30,475,500	3,352,305	-	-	-	-
Options exercised (iv)	50,000	14,450	-	-	-	-
Warrants exercised (v)	181,600	13,801	-	-	-	-
Balance, end	148,829,183	$11,595,769	78,576,632	$ 4,082,713	16,856,632	$ 3,514,327

(i) The Company completed the following private placements:

On October 31, 2011, the Company issued 50,000,000 common shares at a price of $0.05 per share with gross proceeds of $2,500,000 through a non-brokered private placement. The Company also issued 11,720,000 common shares at a price of $0.05 per share with gross proceeds of $586,000 brokered private placement. Associated with the private placement, the Company paid a cash commission of 8%, administration and corporate finance fees. The Company also issued 937,600 warrants to the agent equivalent to 8% of the shares sold by the agent. The warrants were measured based on the fair value of the equity investment granted, as the fair value of services could not be reliably measured. Share issue costs associated to the private offering amounted to $204,027 which include commissions paid to agents and fair value of warrants issued to the agent.

On May 25, 2012, the Company issued 39,545,451 common shares at a price of $0.11 per share with gross proceeds of $4,350,000 and paid $217,500 commissions to agents equivalent to 5% of the gross proceeds.

(ii) Related to the plan of arrangement (Notes 1 and 5), the Company reduced the stated capital of its common shares by $2,313,587 and distributed to its shareholders all of Aylen's common shares.

(iii) On January 10, 2012, pursuant to a share exchange agreement, the Company issued 30,475,500 common shares at a price of $0.11 per share in exchange of 5,500 common shares of TVIL to increase the equity holdings of Opus and Zip (see Note 4).

(iv) On June 18, 2012, the Company issued 50,000 common shares for the stock options exercised at a price of $0.10 per share. The exercised price plus the fair value of options amounting to $14,450 was credited to share capital.

(v) On September 6, 2012, the Company issued 181,600 common shares for the warrants exercised at a price of $0.05 per share. The exercised price plus the fair value of warrants amounting to $13,801 was credited to share capital.

(c) Warrants

The Company has the following outstanding warrants:

	Number of warrants	Exercise price	Amount
Balance - January 1, 2011	-	$ -	$ -
Issued during the year (i)	937,600	0.05	24,589
Balance - December 31, 2011	937,600	0.05	$ 24,589
Exercised during the year (ii)	(181,600)	-	(4,721)
Balance - December 31, 2012	756,000	$ 0.05	$ 19,868

(i) Under the terms of an agency agreement, the Company issued a total of 937,600 warrants to the agent on October 31, 2011. Each warrant entitles the agent to subscribe for one common share of the Company at the price of $0.05 per common share, expiring 24 months from the date of issue.

The Company uses the fair value method of accounting for the warrants using the Black-Scholes option pricing model. The fair value of warrants was calculated based on the following assumptions:

Risk-free interest rate	0.84 %
Expected life (in years)	2.0
Expected volatility	100.00 %
Dividend yield	0 %
Weighted average exercise price	$0.05
Weighted average share price	$0.15

Expected volatility was calculated using information from comparable companies.

(ii) On September 6, 2012, 181,600 warrants were exercised at a price of $0.05 per unit. The market price of the common shares at the time of exercise was $0.025. The amount of $4,721 was charged to contributed surplus with a credit to share capital.

(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.

Below is the summary of options transactions occurred during the year:

	31-Dec-2012		31-Dec-2011		1-Jan-2011	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance, beginning of year	1,536,000	0.10	1,536,000	0.10	1,536,000	0.10
Granted during the year (i)	936,000	0.10	-	-	-	-
Exercised during the year (ii)	(50,000)	0.10	-	-	-	-
Forfeited during the year	(200,000)	0.10	-	-	-	-
Expired during the year	(936,000)	0.10	-	-	-	-
Balance, end of year	1,286,000	0.10	1,536,000	0.10	1,536,000	0.10

(i) On November 26, 2012, the Company granted 936,000 options to an officer and a director with an exercise price of $0.10 per share and a term of 2 years. The options were vested immediately and were recorded through general and administrative expenses in the amount of $98,745.

The Company used a zero forfeiture rate in valuing the stock options as all stock options were vested immediately on the date of the grant.

The fair value of the stock options granted has been estimated at the date of the grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Risk-free interest rate	1.00 %	- %	2.10 %
Expected life (in years)	2	-	5
Expected volatility	214 %	- %	165 %
Dividend yield	0 %	0 %	0 %
Weighted average exercise price	$ 0.10	$ -	$ 0.10

(ii) On June 18, 2012, 50,000 options were exercised at a price of $0.10 per share. The market price of the common shares at the time of exercise was $0.189. The amount of $9,450 was charged to contributed surplus with a credit to share capital.

The following table shows the stock options held by directors as at December 31, 2012:

Number of options outstanding	Exercise Price $	Expiry Date	Number of options exercisable
50,000	0.10	May 2, 2013	50,000
100,000	0.10	November 27, 2013	100,000
100,000	0.10	November 25, 2014	100,000
936,000	0.10	November 26, 2014	936,000
100,000	0.10	November 19, 2015	100,000
1,286,000	0.10		1,286,000

The following summarizes stock options outstanding for Aylen as at December 31, 2012:

Weighted average exercise price	$ 0.10
Options outstanding as at December 31, 2012	1,286,000
Weighted average remaining contractual life	1.61 years
Options exercisable as at December 31, 2012	1,286,000

22. CONTRIBUTED SURPLUS

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Balance, beginning of year	$ 315,853	$ 291,264	$ 277,185
Options issued during the year (Note 21(d))	98,745	24,589	14,079
Warrants exercised during the year (Note 21(c))	(4,721)	-	-
Options exercised during the year (Note 21(d))	(9,450)	-	-
Balance, end of year	$ 400,427	$ 315,853	$ 291,264

23. RELATED PARTY

	31-Dec-2012	31-Dec-2011
Legal fees paid to a firm of which an associate is an officer of the Company	$ 64,788	$ 66,820
Sales of services to entity managed by the same key management	$ 146,423	$ -
Purchase of services from entity managed by the same key management	$ 54,784	$ -

REMUNERATION OF KEY PERSONNEL

	31-Dec-2012	31-Dec-2011
Management salaries	$ 487,911	$ 170,248
Directors' fees	121,313	20,934
Management bonus	347,873	-
Stock options (Note 21(d))	98,745	-
Total	$1,055,842	$ 191,182

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company 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.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments comprise of cash and cash equivalents, marketable securities, trade and other receivables, short-term borrowings, loan receivable, notes receivable and long-term investments. The main purpose of these financial instruments is to finance the Company's growth and on-going operations. The Company has various other financial assets and liabilities such as trade and other receivables, accounts payable and accrued liabilities which arise directly from operations.

The Company's financial financial instruments are classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Marketable securities	FVTPL	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Short-term borrowings	Loans and receivables	Amortized cost
Loan and notes receivable	Loans and receivables	Amortized cost
Loan and advances	Loans and receivables	Amortized cost

All financial assets and liabilities are recorded at amounts which approximate their fair market value.

Trade and other receivables, short-term borrowings, accounts payable and accrued liabilities approximate their fair values on a discounted cash flow basis because of the short-term nature of these instruments. Investments with original maturities of greater than three months and remaining maturities of less than one year are generally classified as cash and cash equivalents.

The carrying amount of long-term notes receivable, loans and advances approximate their fair value on a discounted cash basis because these obligations bear interest at market rates.

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 fair value of cash and cash equivalents, marketable securities and investments in publicly traded entities are measured based on Level 1 inputs referred to in the three levels of the hierarchy noted above. The Company does not have any Level 2 or 3 fair value measurements and thus no continuity schedule has been presented. There have been no significant transfers between levels.

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 FVTPL are valued at fair value as determined by price quotations by the stock exchanges on which these investments are listed. The Company's investments in non-publicly-traded investments available-for- sale are measured at cost and are written down when there is an objective evidence of impairment. During periods of significant broader market volatility or volatility experienced by the resource and commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations.

(b) Interest rate risk

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk consists of the interest rate on its short-term borrowings and loans receivables. As the interest rate on the Company's loans receivable is variable, the risk of loss due to fluctuation in the interest rate exists. The Company's exposure to interest rate risk is not significant.

(c) 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 operates internationally giving rise to exposure to changes in foreign exchange rates. The currency risk is derived primarily from operations of the Korean Subsidiaries. Fluctuation in foreign exchange rates will affect the Company's overall earnings.

During the year ended December 31, 2012, the Company realized a foreign exchange gain of $49,056 (2011, $5,745).

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations arises principally from the Company's cash and cash equivalents, trade and other receivables and loan receivable. The Company's trade and other receivables are current and the cash and cash equivalents are held with reputable financial institutions. The carrying value of trade and other receivables, cash and cash equivalents and loans receivables represents the Company's maximum exposure to credit risk.

The following table outlines the details of aging of the Company's receivables:

	31-Dec-2012	31-Dec-2011	1-Jan-2011
Current	$1,808,398	$ 4,121	$ 45,631
Past due accounts over 30 days	149,063		
Less: allowance for doubtful accounts	(149,063)	-	-
Total receivable, net	$1,808,398	$ 4,121	$ 45,631

(e) 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 and cash equivalents. The Company's cash and cash equivalents are available within one year or are available on demand. There is adequate resources to meet any obligations as they fall due.

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.

The Company's estimated minimum contractual undiscounted cash flow requirements for its financial liabilities were disclosed in Notes 16 and 17.

25. INCOME TAXES

Provision for income taxes

The provision for income taxes attributable to income before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.50% (2011-28.25%) of pre-tax income as a result of the following:

	31-Dec-2012	31-Dec-2011
Net loss before taxes	$ (1,062,083)	$ (607,910)
Expected recovery of income taxes based on combined federal and provincial statutory rate of 26.50% (2011- 28.25%) applied to loss	$ (281,452)	$ (171,735)
Income not subject to tax in Korea	(68,934)	-
Non-deductible permanent differences	198,179	58,379
Tax loss not utilized	190,218	113,356
Deductible permanent differences	(123,045)	-
Other	(46,486)	-
Tax credit in Korea	(47,147)	-
	(178,667)	-
Effect of different tax rates	30,341	-
	$ (148,326)	$ -

Deferred income tax balances

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities are presented below:

	31-Dec-2012	31-Dec-2011
Non-capital losses	$ 753,577	$ 342,582
Intangible assets	(318,809)	-
Other timing differences	22,863	-
Deferred taxes not recognized	(468,712)	(342,582)
Deferred tax assets (liabilities)	$ (11,081)	$ -

Capital and non-capital losses available

The Company has incurred a tax loss of approximately $2,020,572 which can be carried forward until 2032 to be used against future years' taxable income.

26. NET LOSS PER SHARE

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

27. MANAGEMENT OF CAPITAL

The Company's capital management policy is to maintain a strong, but flexible capital structure, that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $10,037,118. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and related equity instruments. The Company is not subject to externally imposed capital requirements.

28. SEGMENT AND GEOGRAPHIC INFORMATION

During the year ended December 31, 2012, the Company has two operating segments: (1) Motion pictures and entertainment and (2) Management of investments. These two operating segments operate in two geographic locations: Korea 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.

Prior to reorganization, October 31, 2011, the Company was organized into one business segment Grapevine Solution ("Grapevine"), unincorporated division which operates a web-based survey and data collection business. Aylen took over the Grapevine's operations effective November 1, 2011. The operating results of Grapevine were included in the discontinued operations (Note 5).

Operating Segments:

	31-Dec-2012			31-Dec-2011
	Motion Pictures & Entertainment	Investments	Total	Investments
Revenue	$ 4,641,521	$ -	$ 4,641,521	$ -
Investment and other income	760,320	832,618	1,592,938	53,000
Direct production costs	(4,013,778)	-	(4,013,778)	-
Income	1,388,063	832,618	2,220,681	53,000
Selling, general and administrative	(824,094)	(974,785)	(1,798,879)	(396,826)
Reportable segment profit (loss) before undernoted	563,969	(142,167)	421,802	(343,826)
Interest expense	(56,545)	-	(56,545)	-
Depreciation and amortization	(690,679)	(6,395)	(697,074)	(1,895)
Impairment loss	(256,464)	-	(256,464)	-
Loss on acquisition of controling interest	-	(473,802)	(473,802)	-
Gain on spin out of shares	-	-	-	31,830
Loss from discontinued operations	-	-	-	(294,019)
Loss before income tax	(439,719)	(622,364)	(1,062,083)	(607,910)
Income tax recovery	148,326	-	148,326	-
Reportable segment net loss	$ (291,393)	$ (622,364)	$ (913,757)	$ (607,910)
Reportable segment assets	$ 14,845,297	$ 4,117,915	$ 18,963,212	$ 2,888,324
Reportable segment liabilities	$ (8,709,512)	$ (216,582)	$ (8,926,094)	$ (133,534)
Net segment assets	$ 6,135,785	$ 3,901,333	$ 10,037,118	$ 2,754,790

Geographic allocation:

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

	31-Dec-2012							
		Canada		Korea		Hong Kong		Total
Revenue	$	705,086	$	5,401,841	$	127,532	$	6,234,459
Property and equipment	$	376	$	810,862	$	40,522	$	851,760
Intangible assets and goodwill	$	-	$	4,477,353		-	$	4,477,353

	31-Dec-2011							
		Canada		Korea		Hong Kong		Total
Revenue	$	53,000	$	-	$	-	$	53,000
Property and equipment	$	-	$	-	$	-	$	-
Intangible assets and goodwill	$	-	$	-	$	-	$	-

29. COMMITMENT AND CONTINGENCIES

The Company has entered into an operating lease agreement for its business premises at Hong Kong $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 and property taxes.

30. RESTATEMENT OF PRIOR YEARS' COMPARATIVE

a) In the 2011 financial statements, the Company made an adjustment to the December 31, 2010 comparative figures due to recognition of a prior period error relating to subscription fees revenue policy being amortized over the term of the contract. The amortization period was 12 months, being the standard term of a typical contract. During 2012, it was discovered that certain contracts had terms under 12 months. In addition, certain contracts related to consulting services and the related revenues were earned immediately as the service was provided.

b) As described in Note 1, the plan of arrangement related to a transfer of assets between the Company and Aylen. Due to the adjustments relating to revenue above, the carrying value of deferred revenue and trade and other receivables have been amended, which in turn have affected the carrying value of the assets transferred.

c) The note receivable taken back as consideration on the plan of arrangement was considered to have a value of nil on the transfer as it was considered a contingent receivable. As certain of the amounts became virtually certain during 2012, they have been recorded as a long term receivable with an offset to income as explained further in Note 10.

d) Concurrent to the transfer, all of the Aylen shares were distributed to the shareholders. The gain recognized on the transaction in the previous year has been amended based on a revised fair value amount as well as the impact of (a) and (b) above.

	31-Dec-2011 Increase (Decrease) $	1-Jan-2011 Increase (Decrease) $
Consolidated statement of financial position:		
(i) Note receivable	(529,591)	-
(ii) Share capital	115,941	-
(iii) Deficit - opening	57,346	-
Deficit - closing	645,532	-
(iv) Trade and other receivables	-	-
(v) Deferred revenue	-	-
Consolidated statement of operations		
(i) Accretion on notes receivable	(8,974)	-
(ii) Gain from distribution of Aylen shares	(702,913)	-
(iii) Sales revenue	(57,346)	-
(iv) Other income	53,000	-

Other amounts affected throughout the restated financial statements and accompanying notes have been amended as appropriate.

The opening balance sheet on January 1, 2011 was adjusted as follows:

Deficit	($57,346)
Trade and other receivable	($48,529)
Deferred revenue	($105,876)

31. SCHEDULE OF OTHER INCOME

	31-Dec-2011	1-Jan-2011
Increase in value of Aylen's promissory note (Note 10)	$ 264,712	$ 53,000
Interest income	176,919	-
Rental income	110,888	-
Gains on disposal of property and equipment	365,535	-
Government grants	49,612	
Foreign exchange gains	49,056	-
Sundry income	105,764	
	$ 1,122,486	$ 53,000

32. CHANGES IN NON-CASH WORKING CAPITAL AND SUPPLEMENTAL CASH FLOW INFORMATION

	31-Dec-2012	31-Dec-2011
Trade and other receivables	$ (1,518,905)	$ -
Prepaid expenses and sundry assets	(63,044)	-
Accounts payable and accrued liabilities	523,413	91,180
Deferred revenue	752,750	-
Other current assets	167,334	-
Advances on production and distribution	5,145,516	-
Income taxes payable	61,695	-
Other payables	(528,326)	-
Defined benefit liabilities	(286,555)	-
Deferred tax liabilities	(403,691)	-
Short-term loans receivable	134,758	-
	$ 3,984,945	$ 91,180
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest paid	$ 56,545	$ -
Income taxes	-	-
Cash and cash equivalent (represented by Cash in Banks)	$ 4,951,651	$ 1,056,203

Interest expense and interest income are classified under operating activities in the statements of cash flows.

33. EXPENSES BY NATURE

Expenses relating to depreciation, amortization, impairment and personnel expenses are included within the following line items on the statement of operations:

	31-Dec-2012	31-Dec-2011
Depreciation and amortization		
Direct production costs	$ 697,074	$ -
Impairment of intangible asset		
Direct production costs	256,464	-
Salaries, wages and benefits		
General and administrative	325,639	-
Selling expenses	1,000,197	-

Defined contribution benefit expenses were $105,880, which are included in salaries, wages and benefits.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.