

SPACKMAN EQUITIES GROUP INC.

CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (PREPARED BY MANAGEMENT) FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013

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SPACKMAN EQUITIES GROUP INC.
SEPTEMBER 30, 2014

Notice of no auditor review of interim financial statements:

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

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

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

Approved on Behalf of the Board

'Charles Spackman' Chief Executive Officer

'Alex Falconer' Chief Financial Officer

SPACKMAN EQUITIES GROUP INC.**CONDENSED INTERIM UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****(Unaudited)**

(Expressed in Canadian Dollars)

AS AT SEPTEMBER 30, 2014

		September 30, 2014	December 31, 2013	January 1, 2013
	<u>Note</u>		(Note 13)	(Note 13)
ASSETS				
Cash and cash equivalents	3	\$ 2,228,409	\$ 2,280,396	\$ 2,720,752
Marketable securities	4	14,907	1,088,442	108,883
Trade and other receivables	5	42,315	23,076	24,016
Prepaid expenses and sundry assets		67,223	63,982	69,516
Investments	7	46,343,962	7,730,000	6,580,000
Notes receivable	6	617,712	617,712	1,090,290
Property and equipment	8	18,906	28,759	40,898
		\$ 49,333,434	\$ 11,832,367	\$ 10,634,355
LIABILITIES				
Accounts payable and accrued liabilities	9	67,874	60,000	\$ 216,582
		67,874	60,000	216,582
SHAREHOLDERS' EQUITY				
Share capital	10	11,601,165	11,601,165	11,595,769
Contributed surplus		1,558,667	398,581	400,427
Retained earning (deficit)		36,105,728	(227,379)	(1,578,423)
		49,265,560	11,772,367	10,417,773
		\$ 49,333,434	\$ 11,832,367	\$ 10,634,355

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

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

(Expressed in Canadian Dollars)

FOR THE FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013

(Unaudited)

	Three Months September 30,		Nine Months September 30,	
	2014	2013	2014	2013
Revenues				
Realized (loss) gain on sale of marketable securities	\$ -	\$ (1,191)	\$ 25,503	\$ 124,209
Unrealized gain (loss) on fair value of available for sale of investments	38,463,962	752,236	38,476,635	584,869
Other income	105,511	20,051	164,377	158,775
	38,569,473	771,096	38,666,515	867,853
Expenses				
General and administrative	569,324	251,759	1,162,448	693,384
Depreciation and amortization	3,681	3,670	10,873	7,502
Share-based payment	1,160,086	-	1,160,086	-
	1,733,091	255,429	2,333,407	700,886
Net income and comprehensive income for the period	\$ 36,836,382	\$ 515,667	\$ 36,333,108	\$ 166,967
Income per share				
Basic and fully diluted earnings per share	\$ 0.25	\$ 0.00	\$ 0.24	\$ 0.00
Weighted average number of shares	148,900,183	148,865,535	148,900,183	148,865,535

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

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

(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013

(Unaudited)

	Share capital		Contributed surplus	Retained earning (deficit)	Total
	Common shares	Amount			
Balance January 1, 2013	148,829,183	\$11,595,769	\$ 400,427	\$ (1,828,476)	\$10,167,720
Warrants exercised	71,000	5,396	(1,846)	-	3,550
Net income for the period	-	-	-	166,967	166,967
Balance, September 30, 2013	148,900,183	\$11,601,165	398,581	\$ (1,661,509)	\$10,338,237
Balance January 1, 2014	148,900,183	\$11,601,165	398,581	\$ (227,379)	\$11,772,367
Fair value of options	-	-	1,160,086	-	1,160,086
Net loss for the period	-	-	-	36,333,108	36,333,108
Balance, September 30, 2014	148,900,183	\$11,601,165	1,558,667	\$ 36,105,729	\$49,265,560

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

SPACKMAN EQUITIES GROUP INC.**CONDENSED INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS** (Expressed in Canadian Dollars)**FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 and 2013**

(Unaudited)

	Nine Months September 30,	
	2014	2013
OPERATING ACTIVITIES		
Net income for the period	\$ 36,333,108	\$ 166,967
Adjustments not effecting cash:		
Unrealized gain (loss) on fair value of available for sale of investments	(38,463,962)	(350,000)
Depreciation and amortization	10,873	7,502
Other non-cash charges	-	-
Share-based payment	1,160,086	-
	(959,895)	(175,531)
Changes in non-cash working capital		
Trade and other receivables	(19,239)	46,609
Prepaid expenses and sundry assets	-	69,516
Accounts payable and accrued liabilities	7,874	(131,963)
Cash used in operating activities	(971,260)	(191,369)
INVESTING ACTIVITIES		
Property and other equipment disposed (acquired)	(1,020)	(1,579)
Purchase of marketable securities	(150,000)	(460,872)
Decrease (increase) in investments	1,070,293	-
Cash provided by (used in) investing activities	919,273	(462,451)
FINANCING ACTIVITIES		
Proceeds from short-term borrowings, net of repayment	-	(83,996)
Share capital	-	5,396
Cash (used in) provided by financing activities	-	(78,600)
Net decrease in cash	(51,987)	(732,420)
Cash and cash equivalents, beginning of period	2,280,396	2,750,752
Cash and cash equivalents, end of period	\$ 2,228,409	\$ 2,018,332

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

1. INCORPORATION AND NATURE OF OPERATIONS

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

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

SEGI's holdings include:

- 100% of SEGI Investments Limited, an investment company that invests into public equities;
- 39.1% of Spackman Entertainment Group Limited ("SEGL"), a company registered in Singapore, and engaged in film production and entertainment business through its subsidiaries operating in Korea; and
- marketable securities.

2. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these condensed interim unaudited consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended December 31, 2013.

The policies applied in these condensed interim unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended December 31, 2013.

The condensed interim unaudited financial statements were authorized for issue by the Board of Directors on November 28, 2014.

Basis of measurement

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

Investment entity

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

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

Basis of consolidation

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

Details of the Company's direct subsidiary at September 30, 2014, are as follows:

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

Critical accounting estimates, judgment and assumptions

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

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

Adoption of New Accounting Policies

Effective January 1, 2014, the Company adopted the Investment Entity Amendment to IFRS 10, Consolidated Financial Statements and has determined that it meets the definition of an “investment entity”. As a result, it measures subsidiaries, other than those that provide investment-related services to the Company, at fair value through profit or loss. Subsidiaries which provide such investment-related services to the Company are consolidated.

An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

Recently Issued Accounting Pronouncements not yet Adopted

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). The effective date for IFRS 9 is for annual periods beginning on or after January 1, 2018 .

3. CASH AND CASH EQUIVALENTS

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

	September 30, 2014	December 31, 2013
Cash in banks	\$ 2,215,946	\$ 2,280,396
Cash held by broker	12,463	-
	<u>\$ 2,228,409</u>	<u>\$ 2,280,396</u>

4. MARKETABLE SECURITIES

The Company has the following marketable securities:

	September 30, 2014	December 31, 2013
Short-term investments	14,907	1,088,442
	<u>\$ 14,907</u>	<u>\$ 1,088,442</u>

Investments in equities are publicly-traded investments on a recognized securities exchange and for which no sales restrictions apply. The fair value of these securities is based on quoted closing prices (if within bid-ask spread) at the period end date. The gain (loss) in the value of marketable securities, which are classified as FVPL, was recognized in the consolidated statement of income.

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

5. TRADE AND OTHER RECEIVABLES

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

	September 30, 2014	December 31, 2013
Other receivables	\$ 32,055	\$ 23,076
HST recoverable	10,260	-
	<u>\$ 42,315</u>	<u>\$ 23,076</u>

6. NOTES RECEIVABLE

	September 30, 2014	December 31, 2013
Aylen Capital Inc. (i)	\$ 317,712	\$ 317,712
Trinity Capital Advisors Ltd. (ii)	300,000	300,000
	<u>\$ 617,712</u>	<u>\$ 617,712</u>

(i) 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.

(ii) On December 18, 2012, the Company granted a loan to Trinity Capital Advisors Ltd. ("Trinity") amounting to \$300,000. The loan is unsecured and bears interest at 6% and matures on December 18, 2014.

7. INVESTMENTS

	September 30, 2014	December 31, 2013
Available for Sale		
Pravala (Asia) Limited	\$ 150,000	\$ -
Spackman Entertainment Group Limited(SEGL)	46,193,962	7,730,000
	<u>\$ 46,343,962</u>	<u>\$ 7,730,000</u>

The Company owns 39.1% of SEGL, and based on the September 30, 2014 closing price of SEGL's shares of SGD 0.34, the market value of the Company's stake in SEGL is SGD \$52.3 million (CAD \$46.1 million) or CAD \$0.30 per SEGL share.

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

8. PROPERTY AND EQUIPMENT

	Equipment	Leasehold improvement	Total
Cost			
Balance at December 31, 2013	\$ 2,627	\$ 40,522	\$ 43,149
Additions	1,020	-	1,020
Balance at September 30, 2014	\$ 3,647	\$ 40,522	\$ 44,169
Accumulated Amortization			
Balance at December 31, 2013	\$ 883	\$ 13,507	\$ 14,390
Amortization for the period	745	10,128	10,873
Balance at September 30, 2014	\$ 1,628	\$ 23,635	\$ 25,263
Carrying Amounts			
As at December 31, 2013		\$ 28,759	
Balance at September 30, 2014		\$ 18,906	

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2014	December 31, 2013
Trade payables	\$ 7,874	\$ -
Accrued expenses	60,000	60,000
	\$ 67,874	\$ 60,000

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

10. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

	Number of Shares	Amounts
Balance, December 31, 2013	148,900,183	\$ 11,601,165
Balance, September 30, 2014	148,900,183	\$ 11,601,165

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

(d) Stock options

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

The stock options outstanding at September 30, 2014 as follows:

	September 30, 2014	
	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	836,000	\$ 0.100
Granted	8,745,000	0.135
Outstanding, end of the period	9,581,000	\$ 0.132

During the period, the Company granted 8,745,000 options. The share-based payment expense related to the options for the period ended September 30, 2014 of \$1,160,086 (December 31, 2013 - \$Nil) has been estimated using the Black-Scholes pricing model and this value has been disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of warrants were consistent with the assumptions used in the valuation of stock options and are as follows:

	September 30, 2014
Risk-free interest rate	1.00%
Time to maturity	5 years
Estimated volatility in the market price of the common shares	213.52%
Dividend yield	Nil

The following table summarizes the stock options outstanding as at September 30, 2014:

Number of options outstanding	Exercise price	Expiry date	Number of options exercisable
836,000	\$ 0.10	November 26, 2014	836,000
8,745,000	\$ 0.135	July 30, 2019	8,745,000
9,581,000			9,581,000

(c) Warrants

There were no warrants outstanding during the nine month period ended September 30, 2014.

11. NET INCOME PER SHARE

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments comprise of cash and cash equivalents, marketable securities, trade and other receivables, investments, and notes receivable.

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

Financial assets:	Classification:
Cash and cash equivalents	FVTPL
Other receivables	Loans and receivables
Investments	FVTPL
Marketable securities	FVTPL
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

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

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

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

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

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

September 30, 2014

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,228,409	\$ -	\$ -	\$ 2,228,409
Marketable securities	14,907	-	-	14,907
Investments	46,193,962	-	150,000	46,343,962

December 31, 2013

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,280,396	\$ -	\$ -	\$ 2,280,396
Marketable securities	1,088,442	-	-	1,088,442
Investments	-	7,730,000	-	7,730,000

January 1, 2013

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,720,752	\$ -	\$ -	\$ 2,720,752
Marketable securities	108,883	-	-	108,883
Investments	-	6,580,000	-	6,580,000

Transfers between Level 1 and Level 2 for investments, are as follows:

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

	Level 1	Level 2	Level 3
At January 1, 2013	\$ 2,829,635	\$ 6,580,000	\$ -
Changes in fair value	539,203	1,150,000	-
At December 31, 2013	3,368,838	7,730,000	-
Changes in fair value	37,338,440	-	-
Reclassified to Level 1	7,730,000	(7,730,000)	-
At September 30, 2014	48,437,278	-	150,000

The determination of what constitutes observable, requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, reliable, verifiable and provided from independent transactions. The measurement of investment in SEGL as at January 1, 2013, and as at December 31, 2013, was based on the share price used in the private placement that was done by SEGL around the reporting dates. Accordingly, it was classified as Level 2 as at January 1, 2013, and as at December 31, 2013.

During 2014, SEGL went public, and accordingly, the measurement of investment in SEGL as at September 30, 2014, was transferred out of Level 2, and classified as Level 1, as it is now based on quoted market price in an active market.

As part of the IPO of SEGL, the Company has agreed not to sell or otherwise dispose of its shareholding in SEGL for a period of 12 months from July 22, 2014.

13. ADOPTION OF AMENDMENT TO IFRS 10

The Company adopted the Investment Entity Amendment to IFRS 10, which is effective for annual periods on or after January 1, 2014. The Company is now presented as an Investment Entity in accordance with IFRS 10. As a result, the Company does not consolidate its subsidiaries unless they provide investment related services that are related to the management of the Company's investment objectives. Subsidiaries, which are incorporated for the purpose of holding and/or managing the Company's portfolio holdings, are consolidated, as they qualify as providing investment related services. These companies have very narrow objectives and operations, and are primarily set up to hold the Company's investments and providing a vehicle for the onward acquisition or sale of the Company's investments. Currently, the Company has one such investment, i.e. SEGI Investments Limited, BVI, and there are no minorities, as it is wholly owned.

No portfolio investments are consolidated regardless of the Company's extent of holdings and exercise of control in these companies, since the Company meets the definition of an Investment Entity, and instead fair values these investments, with the resultant fair value changes recognized in profit or loss. These amendments have changed the presentation of the Company's financial statements (no longer prepared on a consolidated basis, except for consolidating SEGI Investments Limited, BVI), and have significantly increased the disclosures around the investments held by the Company.

The Company has prepared a third statement of financial position as at January 1, 2013, as the adoption of the Amendment to IFRS 10 has a significant impact on the presentation of the financial statements on the earliest statement of financial position, as required by IAS 1, Presentation of Financial Statements.

Reconciliations of the statements of financial position, operations and comprehensive loss, before and after the adoption of the Amendment to IFRS 10, are set out below. There was no impact on the statement of cash flows.

The difference between the carrying value of the derecognized net assets and the fair value of the recognized investment was recorded to deficit as at January 1, 2013.

SPACKMAN EQUITIES GROUP INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2014** (Expressed in Canadian Dollars)

(Unaudited)

Statement of financial position**As at January 1, 2013**

ASSETS	Before Adoption	Adjustments	After Adoption
Current			
Cash	\$ 4,951,651	\$ (2,230,899)	\$ 2,720,752
Marketable securities	1,792,857	(1,683,974)	108,883
Trade and other receivables	1,808,398	(1,784,382)	24,016
Prepaid expenses and sundry assets	63,044	6,472	69,516
Other current asset	266,967	(266,967)	-
	<u>8,882,917</u>	<u>(5,959,750)</u>	<u>2,923,167</u>
Loan receivable	1,781,870	(1,781,870)	-
Available for sale investments	47,566	(47,566)	-
Investment	-	6,580,000	6,580,000
Other long-term assets	603,304	(603,304)	-
Notes receivable	617,712	472,578	1,090,290
Property and equipment	851,760	(810,862)	40,898
Production inventory	4,447,781	(4,447,781)	-
Intangible assets	29,572	(29,572)	-
Goodwill	1,700,730	(1,700,730)	-
	<u>10,080,295</u>	<u>(2,369,107)</u>	<u>7,711,188</u>
	<u>\$ 18,963,212</u>	<u>\$ (8,328,857)</u>	<u>\$ 10,634,355</u>
LIABILITIES			
Current			
Short-term borrowings	\$ 492,642	\$ (492,642)	\$ -
Accounts payable and accrued liabilities	662,643	(446,061)	216,582
Deferred revenue	752,750	(752,750)	-
Advances on production and distribution	6,241,113	(6,241,113)	-
Income taxes payable	240,499	(240,499)	-
Loans and advances	525,366	(525,366)	-
	<u>8,915,013</u>	<u>(8,698,431)</u>	<u>216,582</u>
Deferred tax liabilities	11,081	(11,081)	-
	<u>8,926,094</u>	<u>(8,709,512)</u>	<u>216,582</u>
SHAREHOLDERS' EQUITY			
Share capital	11,595,769	-	11,595,769
Equity component of convertible bond	-	-	-
Contributed surplus	400,427	-	400,427
Accumulated other comprehensive income	8,855	(8,855)	-
Deficit	(3,041,688)	1,463,265	(1,578,423)
	<u>8,963,363</u>	<u>1,454,410</u>	<u>10,417,773</u>
Non-controlling interest	1,073,755	(1,073,755)	-
	<u>\$ 18,963,212</u>	<u>\$ (7,255,102)</u>	<u>\$ 10,634,355</u>

SPACKMAN EQUITIES GROUP INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

Statement of financial position**As at December 31, 2013**

	Before		After
	Adoption	Adjustments	Adoption
ASSETS			
Current			
Cash	\$ 12,066,679	\$ (9,786,283)	\$ 2,280,396
Marketable securities	2,663,856	(1,575,414)	1,088,442
Trade and other receivables	896,444	(873,368)	23,076
Prepaid expenses and sundry assets	312,469	(248,487)	63,982
Notes receivable	644,343	(344,343)	300,000
Other current asset	619,722	(619,722)	-
	<u>17,203,513</u>	<u>(13,447,617)</u>	<u>3,755,896</u>
Loan receivable	2,131,653	(2,131,653)	-
Available for sale investments	930,736	(930,736)	-
Investment	-	7,730,000	7,730,000
Other long-term assets	655,325	(655,325)	-
Notes receivable	496,789	(179,077)	317,712
Property and equipment	778,733	(749,974)	28,759
Production inventory	8,493,596	(8,493,596)	-
Intangible assets	89,462	(89,462)	-
Goodwill	1,700,730	(1,700,730)	-
Deferred tax assets	945,654	(945,654)	-
	<u>16,222,678</u>	<u>(8,146,207)</u>	<u>8,076,471</u>
	<u>\$ 33,426,191</u>	<u>\$ (21,593,824)</u>	<u>\$ 11,832,367</u>
LIABILITIES			
Current			
Short-term borrowings	\$ 1,342,288	\$ (1,342,288)	\$ -
Accounts payable and accrued liabilities	2,281,098	(2,221,098)	60,000
Deferred revenue	2,616,172	(2,616,172)	-
Advances on production and distribution	8,957,723	(8,957,723)	-
Income taxes payable	1,304,203	(1,304,203)	-
	<u>16,501,484</u>	<u>(16,441,484)</u>	<u>60,000</u>
Convertible bonds	1,385,421	(1,385,421)	-
Deferred tax liabilities	122,250	(122,250)	-
Other long term liabilities	19,615	(19,615)	-
	<u>1,527,286</u>	<u>(1,527,286)</u>	<u>-</u>
	<u>\$ 18,028,770</u>	<u>\$ (17,968,770)</u>	<u>\$ 60,000</u>
SHAREHOLDERS' EQUITY			
Share capital	11,601,165	-	11,601,165
Equity component of convertible bond	114,363	(114,363)	-
Contributed surplus	395,031	3,550	398,581
Accumulated other comprehensive income	683,547	(683,547)	-
Deficit	(2,344,604)	2,117,225	(227,379)
	<u>10,449,502</u>	<u>1,322,865</u>	<u>11,772,367</u>
Non-controlling interest	4,947,919	(4,947,919)	-
	<u>\$ 33,426,191</u>	<u>\$ (21,593,824)</u>	<u>\$ 11,832,367</u>

SPACKMAN EQUITIES GROUP INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

Statement of financial position

As at September 30, 2013

	Before		After
	Adoption	Adjustments	Adoption
ASSETS			
Current			
Cash	\$ 4,537,352	\$ (2,519,020)	\$ 2,018,332
Marketable securities	1,355,860	(549,616)	806,244
Trade and other receivables	18,315,811	(18,245,186)	70,625
Prepaid expenses and sundry assets	217,043	(217,043)	-
Notes receivable	-	-	-
Other current asset	696,027	(696,027)	-
	<u>25,122,093</u>	<u>(22,226,892)</u>	<u>2,895,201</u>
Loan receivable	2,908,299	(2,908,299)	-
Available for sale investments	528,994	(528,994)	-
Investments	-	6,930,000	6,930,000
Other long-term assets	532,910	(532,910)	-
Notes receivable	681,647	492,639	1,174,286
Property and equipment	826,276	(794,459)	31,817
Production inventory	-	-	-
Intangible assets	2,797,407	(2,797,407)	-
Goodwill	1,700,730	(1,700,730)	-
Deferred tax assets	-	-	-
	<u>\$ 35,098,356</u>	<u>\$ (24,067,052)</u>	<u>\$ 11,031,304</u>
LIABILITIES			
Current			
Short-term borrowings	\$ 1,312,677	\$ (1,312,677)	\$ -
Accounts payable and accrued liabilities	9,599,663	(9,515,044)	84,619
Deferred revenue	1,177,081	(1,177,081)	-
Advances on production and distribution	8,209,403	(8,209,403)	-
Income taxes payable	616,691	(616,691)	-
Loans and advances	1,211,248	(1,211,248)	-
	<u>22,126,763</u>	<u>(22,042,144)</u>	<u>84,619</u>
Convertible bonds	-	-	-
Deferred tax liabilities	-	-	-
Other long term liabilities	-	-	-
	<u>22,126,763</u>	<u>(22,042,144)</u>	<u>84,619</u>
SHAREHOLDERS' EQUITY			
Share capital	11,601,156	9	11,601,165
Equity component of convertible bond	-	-	-
Contributed surplus	398,581	-	398,581
Accumulated other comprehensive income	193,650	(193,650)	-
Deficit	(1,906,457)	115,360	(1,053,061)
	<u>\$ 10,286,930</u>	<u>\$ (78,281)</u>	<u>\$ 10,946,685</u>
Non-controlling interest	<u>\$ 2,684,663</u>	<u>\$ (2,684,663)</u>	<u>\$ -</u>
	<u>\$ 35,098,356</u>	<u>\$ 19,363,819</u>	<u>\$ 11,031,304</u>

SPACKMAN EQUITIES GROUP INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

(Unaudited)

Statement of operations

For the year ended December 31, 2013

	Before Adoption	Adjustments	After Adoption
Revenue			
Film production and distribution	\$ 11,802,332	\$ (11,802,332)	\$ -
Realized gain on sale of marketable securities	23,044	-	23,044
Unrealized gain on value of marketable securities	50,381	(1)	50,380
Other income	1,048,667	(935,549)	113,118
	<u>12,924,424</u>	<u>(12,737,882)</u>	<u>186,542</u>
Expenses			
Direct film production costs	6,863,405	(6,863,405)	-
General and administrative	1,956,577	(1,053,845)	902,732
Selling expenses	1,575,536	(1,575,536)	-
Gain on foreign currency	-	(38,332)	(38,332)
Depreciation	-	14,265	14,265
	<u>10,395,518</u>	<u>(9,516,853)</u>	<u>878,665</u>
Profit (loss) from operations	2,528,906	(3,221,029)	(692,123)
Loss on acquisition of controlling interest	-	-	-
Profit (loss) before income tax	2,528,906	(3,221,029)	(692,123)
Income tax (expense) recovery	(652,151)	652,151	-
Net profit (loss) for the year	<u>\$ 1,876,755</u>	<u>\$ (2,568,878)</u>	<u>\$ (692,123)</u>

Statement of operations

For the period ended September 30, 2013

	Before Adoption	Adjustments	After Adoption
Revenue			
Film production and distribution	\$ 7,977,196	\$ (7,977,196)	\$ -
Realized gain on sale of marketable securities	13,834	110,375	124,209
Unrealized gain on value of marketable securities	-	584,869	584,869
Other income	601,362	(442,587)	158,775
	<u>8,592,392</u>	<u>(7,724,539)</u>	<u>867,853</u>
Expenses			
Direct film production costs	3,453,888	(3,453,888)	-
General and administrative	1,640,051	(946,667)	693,384
Selling expenses	1,178,838	(1,178,838)	-
Unrealized loss (gain) on fair value of marketable securities	122,061	(122,061)	-
Depreciation and amortization	470,550	(463,048)	7,502
	<u>6,865,388</u>	<u>(6,164,502)</u>	<u>700,886</u>
Profit (loss) from operations	1,727,004	(1,560,037)	166,967
Loss on acquisition of controlling interest	-	-	-
Profit (loss) before income tax	1,727,004	(1,560,037)	166,967
Income tax (expense) recovery	(572,614)	572,614	-
Net profit (loss) for the year	<u>\$ 1,154,390</u>	<u>\$ (987,423)</u>	<u>\$ 166,967</u>

SPACKMAN EQUITIES GROUP INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2014** (Expressed in Canadian Dollars)

(Unaudited)

Statement of comprehensive loss

For the year ended December 31, 2013

	Before Adoption	Adjustments	After Adoption
Statement of Comprehensive Income			
Net profit (loss) for the year	\$ 1,876,755	\$ (1,876,755)	\$ -
Other comprehensive income for the year			
Items that will be reclassified to net income			
Foreign exchange translation	1,214,984	(1,214,984)	-
Net comprehensive income (loss) for the period	\$ 3,091,739	\$ (3,091,739)	\$ -

Statement of comprehensive loss

For the period ended September 30, 2013

	Before Adoption	Adjustments	After Adoption
Statement of Comprehensive Income			
Net profit (loss) for the year	\$ 1,154,390	\$ (1,154,390)	\$ -
Other comprehensive income for the year			
Items that will be reclassified to net income			
Foreign exchange translation	285,560	(285,560)	-
Net comprehensive income (loss) for the period	\$ 1,439,950	\$ (1,439,950)	\$ -