

Unaudited interim consolidated financial statements of

SPACKMAN EQUITIES GROUP INC.

For the three and six months ended June 30, 2014

(In Canadian Dollars)

SPACKMAN EQUITIES GROUP INC.

For the three and six months ended June 30, 2014

Table of contents

	<u>Page</u>
Interim Consolidated Statements of Financial Position	4
Interim Consolidated Statements of Operations	5
Interim Consolidated Statements of Comprehensive Loss	6
Interim Consolidated Statements of Changes in Equity	7
Interim Consolidated Statements of Cash Flows	8
Notes to the Interim Consolidated Financial Statements	9 - 18

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Charles Spackman
Chief Executive Officer

Alex Falconer
Chief Financial Officer

August 29, 2014

SPACKMAN EQUITIES GROUP INC.
Interim Consolidated Statements of Financial Position
(In Canadian Dollars)

	As at June 30, 2014 (Unaudited)	As at December 31, 2013 (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents (Note 5)	\$ 7,952,922	\$ 12,066,679
Marketable securities (Note 6)	1,694,534	2,663,856
Trade and other receivables (Note 7)	4,309,943	896,444
Prepaid expenses and sundry assets	302,399	312,469
Notes receivable (Note 9)	310,513	644,343
Other current assets (Note 8)	2,288,496	619,722
	16,858,807	17,203,513
NON-CURRENT		
Loan receivable	-	2,131,653
Available for sale investments (Note 10)	5,626,238	930,736
Other long-term assets (Note 11)	675,836	655,325
Notes receivable (Note 9)	496,789	496,789
Property and equipment (Note 12)	898,925	778,733
Production inventory	11,916,800	8,493,596
Intangible assets	92,803	89,462
Goodwill	1,700,730	1,700,730
Deferred tax assets	985,079	945,654
	22,393,200	16,222,678
	\$ 39,252,007	\$ 33,426,191
LIABILITIES		
CURRENT		
Short-term borrowings (Note 13)	\$ 1,429,788	\$ 1,342,288
Accounts payable and accrued liabilities (Note 14)	1,770,926	2,281,098
Deferred revenue	2,574,303	2,616,172
Advances on production and distribution	12,826,297	8,957,723
Income taxes payable	49,087	1,304,203
	18,650,401	16,501,484
NON-CURRENT		
Convertible bonds	-	1,385,421
Deferred tax liabilities	126,770	122,250
Other long term liabilities	16,383	19,615
	143,153	1,527,286
	18,793,554	18,028,770
SHAREHOLDERS' EQUITY		
Share Capital (Note 15)	11,601,165	11,601,165
Contributed surplus	395,031	395,031
Equity component of convertible bond	114,363	114,363
Deficit	(1,647,284)	(2,344,604)
Accumulated other comprehensive income	990,389	683,547
Total equity attributable to shareholders' of the Company	11,453,664	10,449,502
Non-controlling interest	9,004,789	4,947,919
	20,458,453	15,397,421
	\$ 39,252,007	\$ 33,426,191

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.
Interim Consolidated Statements of Operations
For the three months and six months ended June 30, 2014
(In Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)
Revenues				
Film production and distribution	\$ 6,785,610	\$ 1,888,952	\$ 9,590,343	\$ 2,013,004
Realized gain on sale of marketable securities	8,175	3,382	25,503	14,939
Unrealized gain on value of marketable securities	16,925	-	16,925	-
Other income	141,468	244,859	380,797	423,294
	6,952,178	2,137,193	10,013,568	2,451,237
Expenses				
Direct production costs	6,181,786	1,534,952	8,768,834	1,734,697
Selling expenses	908,376	271,579	1,467,471	826,516
General and administrative	724,075	513,667	1,358,746	924,502
Unrealized loss on fair value of marketable securities	-	51,737	4,252	69,177
Depreciation and amortization	30,630	157,609	51,398	312,713
	7,844,867	2,529,544	11,650,701	3,867,605
Loss before income tax	(892,689)	(392,351)	(1,637,133)	(1,416,368)
Income tax	(933)	(237)	(933)	(13,127)
Net income (loss) for the period	\$ (893,622)	\$ (392,114)	\$ (1,638,066)	\$ (1,403,241)
Attributable to:				
Shareholders of the Company	\$ (504,242)	\$ (357,972)	\$ (1,007,034)	\$ (1,126,798)
Non-controlling interests	(389,380)	(34,142)	(631,032)	(276,443)
	\$ (893,622)	\$ (392,114)	\$ (1,638,066)	\$ (1,403,241)
Net income (loss) per share (basic and fully diluted)	\$ (0.006)	\$ (0.002)	\$ (0.011)	\$ (0.009)
Weighted average number of shares	148,900,183	148,823,183	148,900,183	148,829,183

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.
Interim Consolidated Statements of Comprehensive Loss
For the three months and six months ended June 30, 2014
(In Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)
Statement of Comprehensive Loss				
Net loss for the period	\$ (893,622)	\$ (392,114)	\$ (1,638,066)	\$ (1,403,241)
Other comprehensive income for the period				
Foreign exchange translation	683,416	76,039	683,391	56,400
Net comprehensive loss for the period	\$ (210,206)	\$ (316,075)	\$ (954,675)	\$ (1,346,841)
Attributable to:				
Shareholders' of the Company	\$ (197,375)	\$ (304,574)	\$ (700,192)	\$ (1,088,333)
Non-controlling interests	(12,831)	(11,501)	(254,483)	(258,508)
	\$ (210,206)	\$ (316,075)	\$ (954,675)	\$ (1,346,841)

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Interim Consolidated Statements of Changes in Equity - Unaudited

For the six months ended June 30, 2014 and June 30, 2013

(In Canadian Dollars)

	Common shares	Capital stock	Contributed surplus	Deficit	Accumulated other comprehensive income	Non- controlling interest	Equity component of convertible bonds	Total shareholders' equity
Balance- Dec. 31, 2013	148,900,183	\$ 11,601,165	\$ 395,031	\$ (2,344,604)	\$ 683,547	\$ 4,947,919	\$ 114,363	\$ 15,397,421
Loss for the period	-	-	-	(1,007,034)	-	(631,032)	-	(1,638,066)
Dilution of subsidiary (Note 4)	-	-	-	1,704,354	-	4,311,353	-	6,015,707
Foreign currency translation	-	-	-	-	306,842	376,549	-	683,391
Balance- June 30, 2014	148,900,183	\$ 11,601,165	\$ 395,031	\$ (1,647,284)	\$ 990,389	\$ 9,004,789	\$ 114,363	\$ 20,458,453
Balance- Dec. 31, 2012	148,829,183	\$ 11,595,769	\$ 400,427	\$ (3,041,688)	\$ 8,855	\$ 1,073,755	\$ -	\$ 10,037,118
Loss for the period	-	-	-	(1,126,798)	-	(276,443)	-	(1,403,241)
Acquisition of subsidiary	-	-	-	-	-	126,082	-	126,082
Foreign currency translation	-	-	-	-	38,465	17,935	-	56,400
Balance- June 30, 2013	148,829,183	\$ 11,595,769	\$ 400,427	\$ (4,168,486)	\$ 47,320	\$ 941,329	\$ -	\$ 8,816,359

SPACKMAN EQUITIES GROUP INC.
Interim Consolidated Statements of Cash Flows
For the three months and six months ended June 30, 2014
(In Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)
Net Inflow (Outflow) of Cash Related to the Following Activities:				
Operating				
Net loss from operations	\$ (893,622)	\$ (392,114)	\$ (1,638,066)	\$ (1,403,241)
Items not affecting cash:				
Realized gain on sale of marketable securities	(4,252)	(3,382)	(25,503)	(14,939)
Unrealized loss (gain) on value of marketable securities	(4,498)	51,737	(12,673)	69,177
Income tax	(933)	(237)	(933)	(13,127)
Depreciation and amortization	30,630	157,609	51,398	312,713
	(872,675)	(186,387)	(1,625,777)	(1,049,417)
Net changes in non-cash working capital balances:				
Trade and other receivables	(2,590,646)	(460,839)	(3,452,924)	904,925
Prepaid expenses and sundry assets	(30,110)	(171,632)	10,070	(157,274)
Other current assets	(1,169,204)	1,624,303	(1,668,774)	114,353
Accounts payable and accrued liabilities	(1,106,506)	211,070	(1,759,835)	(29,605)
Deferred revenue and customers' deposits	59,879	929,918	(41,869)	908,142
Advances on production and distribution	1,345,994	441,803	3,868,574	381,810
Film production inventory	1,569,187	(2,383,647)	(3,423,204)	(2,383,647)
Cash inflow (outflow) from operating activities	(2,794,081)	4,589	(8,093,739)	(1,310,713)
Investing				
Property and other equipment disposed (acquired)	(155,037)	61,004	(174,931)	(59,363)
Investment (disposal) in projects	-	(7,294)	-	45,791
Proceeds from sale, net of purchases, of short-term investments (purchase net of proceeds)	1,508,540	(533,231)	1,481,438	(138,200)
Long-term investments, net	(2,927,098)	-	(4,716,013)	-
Loans and notes receivable collected (granted)	444,641	(189,812)	2,644,560	(813,098)
Proceeds from disposal of leasehold deposits	-	115,263	-	115,263
Cash outflow from investing activities	(1,128,954)	(554,070)	(764,946)	(849,607)
Financing activities				
Proceeds from short-term loans, net of repayment	23,343	813,812	87,500	762,768
Repayment of loans and advance	-	(600)	-	(244,236)
Proceeds from sale of common shares of subsidiary	4,660,660	-	4,660,660	-
Proceeds from other long-term liabilities	913	-	913	-
Repayment of other long-term liabilities	-	-	(4,145)	-
Cash inflow from financing activities	4,684,916	813,212	4,744,928	518,532
Increase (decrease) in cash position during the period	761,881	263,731	(4,113,757)	(1,641,788)
Cash and cash equivalents, beginning of period	7,191,041	3,046,132	12,066,679	4,951,651
Cash and cash equivalents, end of period	\$ 7,952,922	\$ 3,309,863	\$ 7,952,922	3,309,863

The accompanying notes form an integral part of these financial statements

SPACKMAN EQUITIES GROUP INC.

Notes to the interim consolidated financial statements - Unaudited

June 30, 2014

(In Canadian Dollars)

1. INCORPORATION AND NATURE OF OPERATIONS

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

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:

- 44.90% ownership of Spackman Entertainment Group Limited which is a leading Korean film and entertainment company that wholly-owns Zip Cinema Co., Ltd., Opus Pictures Limited Liability Company, and Spackman Entertainment Korea Inc.;
- 100% of SEGI Investments Limited, an investment company that invests into public equities; and
- marketable securities.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These unaudited interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2014.

(b) Basis of measurement

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

(c) Basis of consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries, Spackman Entertainment Group Limited ("SEGL") and 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 subsidiaries at June 30, 2014, are as follows:

- | | |
|------------------------------|--|
| (1) Registered Name: | Spackman Entertainment Group Limited, Singapore (formerly "Spackman Entertainment Group Pte. Ltd.) |
| Percent of Equity Interest: | 44.9% |
| Principal Business Activity: | Investment company for film production and entertainment businesses |
| | |
| (2) Registered Name: | SEGI Investments Limited, BVI |
| Percent of Equity Interest: | 100% |

SPACKMAN EQUITIES GROUP INC.
Notes to the interim consolidated financial statements - Unaudited
June 30, 2014
(In Canadian Dollars)

Principal Business Activity: Investments

Details of the Company's indirect subsidiaries at June 30, 2014, are as follows:

- (1) Registered Name: Spackman Entertainment Group (HK) Limited, Hong Kong (“SEGHK”) (formerly “Spackman Entertainment Group Limited” and “Team Vision International Limited”)
Percent of Equity Interest: 44.9% (2013 – 55.4%)
Principal Business Activity: Investment company for film production and entertainment businesses
- (2) Registered Name: Spackman Equities Limited, Hong Kong (“SEL”)
Percent of Equity Interest: 44.9% (2013 – 55.4%)
Principal Business Activity: Investments
- (3) Registered Name: Spackman Entertainment Korea Inc., South Korea (“SEKI”)
Percentage of Equities Interest: 44.9% (2013 – 55.4%)
Principal Business Activity: Film and entertainment investments
- (4) Registered Names: Zip Cinema Co., Ltd., South Korea (“ZIP”)
Percentage of Equity Interest: 44.9% (2013 – 55.4%)
Principal Business Activity: Motion picture production, development and distribution
- (5) Registered Names: Opus Pictures Limited Liability Company, South Korea (“Opus”)
Percentage of Equity Interest: 44.9% (2013 – 55.4%)
Principal Business Activity: Motion picture production, development and distribution
- (6) Registered Names: Upper West Inc., South Korea (“Upper West”)
Percentage of Equity Interest: 37.3% (2013 – 46.7%)
Principal Business Activity: Operation of Upper West on entertainment lounge and cafe.
- (7) Registered Names: Film Auteur Co., Ltd., South Korea (“Film Auteur”)
Percentage of Equity Interest: 23.00% (2013 – 28.38%)
Principal Business Activity: Documentary film production, development and distribution

(d) Critical accounting estimates, judgment and assumptions

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

Material estimates and assumptions are made with respect to establishing the valuation of acquired assets, goodwill, intangible assets, financial instruments, depreciation and amortization, impairment of intangible assets and other non-financial assets, and the parameters used in the measurement of post-employment and other long term employee benefits. These estimations depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the unaudited interim period condensed consolidated financial statements. As future events and their effects cannot be determined with

SPACKMAN EQUITIES GROUP INC.
Notes to the interim consolidated financial statements - Unaudited
June 30, 2014
(In Canadian Dollars)

precision, actual results could differ significantly from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Note 3 in the Company's financial statements for the year ended December 31, 2013, have been applied consistently to all periods presented in these financial statements.

4. TRANSACTIONS UNDER COMMON CONTROL

On June 12, 2014, all shareholders of Spackman Entertainment Group Limited ("SEGHK"), including the Company, exchanged all of their shares of SEGHK for a corresponding number of new shares of Spackman Entertainment Group Pte. Ltd., a Singapore entity formed for the purpose of listing, as part of the restructuring exercise for the initial public offering in Singapore, resulting in SEGHK becoming a wholly-owned subsidiary of Spackman Entertainment Group Pte. Ltd. Prior to this share exchange, on April 25, 2014, SEGHK converted all its outstanding convertible notes in the amount of USD 1,500,000 at the conversion price of USD 1,000 resulting in the issuance of 1,500 new common shares of SEGHK, and SEGHK closed another round of pre-IPO financing by raising a total of USD 4,596,288 by way of a private placement to three investors by issuing 1,776 common shares at USD 2,588 per share.

On June 24, 2014, Spackman Entertainment Group Pte. Ltd. changed its name to "Spackman Entertainment Group Limited" ("SEGL") as required by Singaporean regulations governing the conversion of a private company into a public company

On July 3, 2014, SEGHK changed its name to "Spackman Entertainment Group (HK) Limited" in order to avoid confusion with SEGL, its parent company.

After the result of transactions abovementioned, the Company owns 44.9% of SEGL.

5. CASH AND CASH EQUIVALENTS

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

	June 30, 2014	December 31, 2013
Cash in banks	\$ 7,528,908	\$ 11,901,634
Cash held by broker	420,245	156,380
Cash on hand	3,769	8,665
	<hr/> \$ 7,952,922	<hr/> \$ 12,066,679

SPACKMAN EQUITIES GROUP INC.
Notes to the interim consolidated financial statements - Unaudited
June 30, 2014
(In Canadian Dollars)

6. MARKETABLE SECURITIES

The Company has the following marketable securities:

	June 30, 2014 Fair Value	December 31, 2013 Fair Value
Investment in equities	\$ 14,907	\$ 2,542,030
Short-term investments	1,679,627	121,826
	\$ 1,694,534	\$ 2,663,856

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. 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 income.

7. TRADE AND OTHER RECEIVABLES

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

	June 30, 2014	December 31, 2013
Trade receivables	\$ 78,959	\$ 45,228
Other receivables	4,229,963	846,732
HST Recoverable	1,021	4,484
	\$ 4,309,943	\$ 896,444

8. OTHER CURRENT ASSETS

	June 30, 2014	December 31, 2013
Advance payments to customers	\$ 2,282,900	\$ 415,311
Loan interest receivable	5,596	204,411
	\$ 2,288,496	\$ 619,722

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2014**

(In Canadian Dollars)

9. NOTES RECEIVABLE

	June 30, 2014	December 31, 2013
Aylen Capital Inc. (i)	496,789	\$ 496,789
Trinity Capital Advisors Ltd. (ii)	300,000	300,000
Short-term loans (iii)	10,513	344,343
	807,302	1,141,132
Less: Short-term portion	(310,513)	(644,343)
	496,789	\$ 496,789

(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. During 2013, certain marketable securities were sold by Aylen in the amount of \$179,077 (2012 – \$264,712). 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, 2015.

(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. Accrued interest was recorded at June 30, 2014.

(iii) Short term loans were made throughout the year to various entities, are due on demand, with the interest rate ranging from 6% to 8%.

10. AVAILABLE FOR SALE INVESTMENTS

The Company has the following investments:

	June 30, 2014	December 31, 2013
Life Insurance Policy	\$ 53,809	\$ 51,656
Korean Movie Fund No.1	525,657	505,233
Kiwoom Investment Fund Cultural Venture #1	525,657	252,616
Wave on Enterprise	105,131	101,046
UAA Korea Co., Ltd.	2,132,907	-
Breakfastfilm Co., Ltd.	278,598	-
Pravala (Asia) Limited	150,000	-
Investments in films	1,791,398	-
Others	63,081	20,185
	\$ 5,626,238	\$ 930,736

11. OTHER LONG-TERM ASSETS

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2014**

(In Canadian Dollars)

	June 30, 2014	December 31, 2013
Leasehold deposits	\$ 498,843	\$ 533,699
Other deposits	176,993	121,626
	\$ 675,836	\$ 655,325

12. PROPERTY AND EQUIPMENT

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

	June 30, 2014			December 31, 2013		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Vehicle	\$ 90,043	\$ 66,951	\$ 23,092	\$ 86,440	\$ 59,764	\$ 26,676
Equipment	222,966	157,596	65,370	180,602	144,732	35,870
Leasehold improvement	564,108	346,538	217,570	543,153	295,021	248,132
Land	487,569	-	487,569	468,055	-	468,055
Construction in-progress	105,324	-	105,324	-	-	-
	1,470,010	571,085	898,925	1,278,250	499,517	778,733

13. SHORT-TERM BORROWINGS

	Interest Rate	Maturity date	June 30, 2014	December 31, 2013
Woori Bank	5.19%	April 25, 2014	\$ -	\$ 302,772
Industrial Bank	5.87%	April 10, 2014	-	302,772
Industrial Bank	4.43%	May 31, 2014	-	504,619
Shinhan Bank	6.95%	November 7, 2014	31,539	30,277
Shinhan Bank	4.45%	October 24, 2014	210,263	201,848
Industrial Bank	8.52%	March 18, 2015	31,539	-
Industrial Bank	5.93%	April 10, 2015	315,394	-
Industrial Bank	4.26%	June 1, 2015	525,657	-
Woori Bank	5.19%	April 26, 2015	315,396	-
			\$ 1,429,788	\$ 1,342,288

The above noted loans were initially recorded in Korean Won. The loans are interest bearing as noted above and are measured at amortized cost. They are either secured solely by the Korea Credit Guarantee Fund or by guarantees from both the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2014**

(In Canadian Dollars)

	June 30, 2014	December 31, 2013
Trade payables	\$ 1,461	\$ 10,651
Accrued expenses	253,955	225,405
Other payables	1,515,510	2,045,042
	\$ 1,770,926	\$ 2,281,098

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

15. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares

(b) Issued and outstanding

June 30, 2014		December 31, 2013	
Number of common shares	Amount	Number of common shares	Amount
148,900,183	\$ 11,601,165	148,900,183	\$ 11,601,165

(c) Warrants

There were no warrants exercised during the six month period ended June 30, 2014.

(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.

There were no stock options granted or exercised during the six months ended June 30, 2014.

SPACKMAN EQUITIES GROUP INC.
Notes to the interim consolidated financial statements - Unaudited
June 30, 2014
(In Canadian Dollars)

The following table shows the stock options held by directors as at June 30, 2014:

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

16. NET LOSS PER SHARE

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

17. SEGMENT AND GEOGRAPHIC INFORMATION

Geographic allocation:

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

	June 30, 2014			
	Canada	Korea	Hong Kong	Total
Revenue	\$ 38,176	\$ 9,975,392	\$ -	\$ 10,013,568
Property and equipment	21,567	877,358	-	898,925
Intangible assets and goodwill	-	1,793,533	-	1,793,533

	June 30, 2013			
	Canada	Korea	Hong Kong	Total
Revenue	\$ 117,654	\$ 2,312,569	\$ 21,014	\$ 2,451,237
Property and equipment	2,142	763,606	33,345	799,093
Intangible assets and goodwill	-	1,780,718	-	1,780,718

Operating segment allocation:

The Company has two operating segments: (1) Motion pictures and entertainment and (2) Management of investments. These two operating segments operate in three geographic locations: Korea, Hong Kong and Canada. The strategic business units offer different products and strategies and are managed separately because they require different operating and management strategies. Segments results and assets include items directly attributable to a segment as well as items that can be allocated on a reasonable basis. The management evaluates segment performance on the basis of operating results on a periodic basis.

SPACKMAN EQUITIES GROUP INC.**Notes to the interim consolidated financial statements - Unaudited****June 30, 2014**

(In Canadian Dollars)

	June 30, 2014		
	Motion Pictures	Investments	Total
Revenue	\$ 9,590,343	\$ -	\$ 9,590,343
Investment and other revenue	380,797	42,428	423,225
Direct production cost	(8,768,834)	-	(8,768,834)
Income	1,202,306	42,428	1,244,734
Selling, general and administrative	(2,739,536)	(86,681)	(2,826,217)
Reportable segment loss before undernoted	(1,537,230)	(44,253)	(1,581,483)
Depreciation and amortization	(44,207)	(7,192)	(51,398)
Unrealized loss on marketable securities	-	(4,251)	(4,251)
Reportable segment loss before taxes	\$ (1,581,437)	\$ (55,696)	\$ (1,637,133)

	June 30, 2013		
	Motion Pictures	Investments	Total
Revenue	\$ 2,013,004	\$ -	\$ 2,013,004
Investment and other revenue	284,916	153,317	438,233
Direct production cost	(1,734,697)	-	(1,734,697)
Income	563,223	153,317	716,540
Selling, general and administrative	(1,309,393)	(441,625)	(1,751,018)
Reportable segment profit (loss) before undernoted	(746,170)	(288,308)	(1,034,478)
Depreciation and amortization	(308,881)	(3,832)	(312,713)
Unrealized gain (loss) on marketable securities	(13,381)	(55,796)	(69,177)
Reportable segment loss before taxes	\$ (1,068,432)	\$ (347,936)	\$ (1,416,368)

19. COMMITMENTS AND CONTINGENCIES

The Company has entered into an operating lease agreement for its business premises in Hong Kong, PRC for Hong Kong Dollars 101,745 per month. The lease will expire on November 15, 2015, subject to renewal. In addition to the monthly lease payment, the Company is responsible for the proportionate share of common area costs.

SPACKMAN EQUITIES GROUP INC.

Notes to the interim consolidated financial statements - Unaudited

June 30, 2014

(In Canadian Dollars)

20. SUBSEQUENT EVENTS

On July 18, 2014, SEGL completed a placement of 69,440,000 shares, comprised of 50,000,000 new shares and 19,440,000 existing shares at SGD \$0.26 (CAD \$0.22) per share, raising gross proceeds of SGD 18.1 million (CAD \$15.8 million). Following this placement, the Company owns 39.1% of SEGL.

On July 22, 2014, the shares of SEGL commenced trading on the Catalist of the Singapore Exchange under the symbol "40E".

On July 30, 2014, the Company granted stock options to five directors of the Company to acquire up to an aggregate of 8,745,000 common shares of SEGI under the Company's stock option plan. The stock options are exercisable at a price of \$0.135 per share and expire five years from the date of grant or earlier in accordance with the Plan.