

SPACKMAN EQUITIES GROUP INC.

CONDENSED INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (PREPARED BY MANAGEMENT) FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim Unaudited consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim Unaudited consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These condensed interim Unaudited consolidated financial statements were authorized for issuance by the Board on June 1, 2020.

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

Notice of no auditor review of interim financial statements:

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

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

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

"Richard Lee"
Chief Executive Officer

"Alex Falconer"
Chief Financial Officer

June 1, 2020

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

(Expressed in Canadian Dollars)

AS AT

	Notes	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Cash	4	\$ 77,056	\$ 95,342
Investment in shares of public company	5	1,430,186	2,356,169
Investment in shares of private company	6,14	292,500	292,500
Total assets		\$ 1,799,742	\$ 2,744,011
LIABILITIES			
Accounts payable and accrued liabilities	7,12	\$ 123,043	\$ 108,085
Loan payable	8	602,947	551,990
Total liabilities		725,990	660,075
SHAREHOLDERS' EQUITY			
Share capital	9	11,601,165	11,601,165
Contributed surplus	10	1,558,667	1,558,667
Retained deficit		(12,086,080)	(11,075,896)
Total equity		1,073,752	2,083,936
Total equity and liabilities		\$ 1,799,742	\$ 2,744,011

Nature of operations (Note 1)

Subsequent event (Note 13)

Approved on Behalf of the BoardRichard Lee' DirectorWilliam Hale' Director

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

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

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED

(Unaudited)

	<u>Notes</u>	Three Months March 31,	
		2020	2019
Investment Income (loss)			
Unrealized loss on fair value of investment in shares of public company		\$ (925,983)	\$ (461,500)
Other income		-	992
Total loss from investments		(925,983)	(460,508)
Expenses			
General and administrative	11	29,689	71,031
Interest on loan	8	5,845	6,555
Loss (gain) on foreign currency		48,667	(6,103)
Total expenses		84,201	71,483
Loss before income taxes		(1,010,184)	(531,991)
Net loss and comprehensive loss for the period		\$ (1,010,184)	\$ (531,991)
Net loss per share			
Basic and fully diluted loss per share		\$ (0.01)	\$ 0.00
Weighted average number of shares outstanding basic and fully diluted		148,900,183	148,900,183

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 MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

(Unaudited)

	Share capital			Retained	
	Common	Amount	Contributed	earnings	Total
	shares		surplus	(deficit)	
Balance, January 1, 2018	148,829,183	\$11,601,165	\$ 1,558,667	\$ 1,282,196	\$ 14,442,028
Net loss for the period	-	-	-	(283,116)	(283,116)
Balance, March 31, 2019	148,829,183	\$11,601,165	\$ 1,558,667	\$ 999,080	\$ 14,158,912
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Balance, January 1, 2019	148,900,183	\$11,601,165	\$ 1,558,667	\$ (11,075,896)	\$ 2,083,936
Net loss for the period	-	-	-	(1,010,184)	(1,010,184)
Balance, March 31, 2020	148,900,183	\$11,601,165	\$ 1,558,667	\$ (12,086,080)	\$ 1,073,752

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

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

	<u>Notes</u>	Three Months March 31,	
		2020	2019
OPERATING ACTIVITIES			
Net loss for the period		\$ (1,010,184)	\$ (531,991)
Adjustments not affecting cash:			
Unrealized loss on fair value of investment in shares of public company	5	925,983	461,500
Foreign exchange (gain)/loss		50,957	(8,370)
		(33,244)	(78,861)
Changes in non-cash working capital			
Other receivables		-	(989)
Accounts payable and accrued liabilities		14,958	23,965
Cash used in operating activities		(18,286)	(55,885)
Net decrease in cash		(18,286)	(55,885)
Cash, beginning of period		95,342	101,819
Cash, end of period		\$ 77,056	\$ 45,934

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

1. INCORPORATION AND NATURE OF OPERATIONS

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

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

These condensed interim unaudited financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$10,605,961 as at March 31, 2020 (December 31, 2019 - \$11,075,896). Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at March 31, 2020, the Company had current assets of \$1,799,742 (December 31, 2019 - \$2,744,011) to cover current liabilities of \$725,990 (December 31, 2019 - \$660,075).

2. BASIS OF PRESENTATION

Investment Entity Status

The Company does not qualify as an investment entity as the concentration of its investments is not sufficiently diversified. It is determined that the company's main investee company, Spackman Entertainment Group Limited (SEGL), is considered an associate, as the Company is considered to have significant influence over it. As the Company is a venture capital organization, and as permitted under IAS 28, it has elected the option to record the investment in SEGL at fair value through profit and loss.

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, 2019.

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, 2019.

The condensed interim unaudited consolidated financial statements were authorized for issue by the Board of Directors on June 1, 2020.

Basis measurement and functional currency

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

2. BASIS OF PRESENTATION (Cont'd)

Basis of consolidation

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

New Standards adopted as at January 1, 2019

The Company has adopted the following new or amended IFRS standards for the annual period beginning on January 1, 2019.

IFRS 16 Leases

The Company adopted IFRS 16 using the modified retrospective transition approach.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

As of March 31, 2020, December 31, 2019 and 2018, the Company had no lease agreements in place as all leases of office space were cancelled in 2017.

IFRIC 23 Uncertainty over Income Tax Treatments

In June 2017, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Interpretations Committee (IFRIC) interpretation, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in September 2017, to specify how to reflect the effects of uncertainty in accounting for income taxes. IAS 12 Income Taxes provides requirements on the recognition and measurement of current or deferred income tax liabilities and assets. However, it does not provide a specific requirement for the accounting for income tax when the application of tax law to a particular transaction or circumstance is uncertain. As a result, the interpretation aims to reduce the diversity in how entities recognise and measure a tax liability or tax asset when there is uncertainty over income tax treatments. For the year beginning January 1, 2019, the implementation of IFRIC 23 did not have a material effect on the financial statements.

4. CASH

The Company's cash consist of the following:

	March 31, 2020	December 31, 2019
Cash held in banks	\$ 77,056	\$ 95,342

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

5. INVESTMENT IN SHARES OF PUBLIC COMPANY

	March 31, 2020	December 31, 2019
Spackman Entertainment Group Limited (SEGL)	<u>\$ 1,430,186</u>	<u>\$ 2,356,169</u>

The Company owns 12.08% (December 31, 2019 - 12.18%) of SEGL, and based on the March 31, 2020 closing price of SEGL's shares on the SGX of S\$0.01 (CAD \$0.00997 per share) (December 31, 2019 - CAD\$0.0164 per share), the market value of the Company's stake in SEGL is SGD \$1.435 million (CAD \$1.430 million) (December 31, 2019 - CAD\$2.36 million).

6. INVESTMENT IN SHARES OF PRIVATE COMPANY

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

During the year ended December 31, 2017, the Company purchased 130,000 common voting shares of Spackman Media Group Limited (SMGL) for USD \$390,000 (CAD \$491,595), or USD \$3.00 (CAD \$3.78) per share, from an unrelated shareholder of SMGL. Fair value was measured in accordance with the Company's accounting policy for private company investment, as discussed in Note 12.

The Company owns 0.41% of SMGL as of March 31, 2020 (December 31, 2019 - 0.41%)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2019
Accounts payable	\$ 18,291	\$ 9,178
Accrued expenses	104,752	98,907
	<u>\$ 123,043</u>	<u>\$ 108,085</u>

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

8. LOAN PAYABLE

On August 9, 2017 the Company borrowed USD \$400,000 (CAD \$504,200) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. On June 12, 2019 the Company made a portion repayment of US\$375,000 (CAD \$513,210). The balance as at December 31, 2019 is USD \$25,000 (CAD \$35,467) and accrued interest on the loan amounts to \$423. On August 8, 2018 the maturity date of the loan payable by the Company was extended to August 9, 2020. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On June 10, 2019 the Company borrowed USD \$400,000 (CAD \$519,520) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 4% per annum. The change in the loan balance as at December 31, 2019 is due to the effects of movements in the exchange rates for the US dollar. Accrued interest on the loan amounts to \$5,421.

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

9. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

	Number of Shares	Amounts
Balance, January 1, 2019, December 31, 2019 and March 31, 2020	148,900,183	\$ 11,601,165

(c) Stock options

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

The stock options activity is as follows:

	March 31, 2020			December 31, 2019	
	Number of options	Weighted average exercise price	Weighted Average remaining life in years	Number of options	Weighted average exercise price
Outstanding, beginning of the period	-	\$ -	-	1,300,000	\$ 0.135
Forfeited during the period	-	-	-	-	0.135
Expired	-	-	-	(1,300,000)	0.135
Outstanding and exercisable, end of the period	-	\$ -	-	-	\$ 0.135

During the period ended March 31, 2020, no options were granted..

10. CONTRIBUTED SURPLUS

The March 31, 2020 contributed surplus of the Company was \$1,558,667 (December 31, 2019 - \$1,558,667). The contributed surplus was resulted from the fair market value of stock options granted through 2007 - 2014.

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

11. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in general and administrative expense in the consolidated financial statements during the periods ended March 31, 2020 and 2019 as follows:

REMUNERATION OF KEY PERSONNEL

	Three Months March 31,	
	2020	2019
Management Salaries	\$ 26,063	\$ 23,991
Total	\$ 26,063	\$ 23,991

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

Included in accounts payable and accrued liabilities are management and consulting fees of \$17,699 (December 31, 2019 - \$8,585) to companies controlled by officers in common with the Company.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

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

Risk management

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

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

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

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.

(b) Credit risk

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

(c) Liquidity risk

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

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

(d) Foreign exchange risk

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

(e) Concentration risk

The Company is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. As at March 31, 2020 and 2019, the percentages of the Company's investment in each industry sector were as follows:

Sector	As a % of Total Investments	
	March 31, 2020	March 31, 2019
Media / Entertainment	99.9	99.9
Other	0.1	0.1
Total	100.0	100.0

13. SUBSEQUENT EVENT

Subsequent to period end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

SPACKMAN EQUITIES GROUP INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2018

13. SUBSEQUENT EVENT (Cont'd)

While the extent of the impact is unknown, we anticipate this may affect our investments, with the outbreak causing reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's investments.

On May 27, 2020 SEGL announced a proposed private placement of 743,611,111 new shares at SGD \$0.0072 per share. After giving effect to the placement the Company will own 7.47% of SEGL.