SYCAMORE ENTERTAINMENT GROUP, INC

CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

SYCAMORE ENTERTAINMENT GROUP INC
BALANCE SHEETS
As of

	(unaudited) December 31, 2016	(unaudited) December 31, 2015
ASSETS		
Current assets:		
Cash	$ (1,253)	$ (1,550)
Accounts receivable, net	131,725	131,725
Prepaid expenses	24,075	24,075
Security deposit	16,690	16,690
Total Current Assets	171,237	170,940
Investment in television property, net	-	1,000,000
Other intangible asset	306,050	306,050
TOTAL ASSETS	**$ 477,287**	**$ 1,476,990**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 860,081	$ 860,081
Accrued liabilities	2,906,006	3,344,881
Notes payable	717,095	1,130,799
Put liability	738,388	738,388
Total Current Liabilities	$ 5,221,570	$ 6,074,149
Related party loan payable	389,340	392,360
Total Liabilities	$ 5,610,910	$ 6,466,509
Stockholders' deficit		
Common stock (Par value $0.001, 2,500,000,000 shares authorized; 1,787,417,066 issued and outstanding as of December 31, 2016 and December 31, 2015.)	1,787,417	1,787,417
Additional paid-in capital	82,219	82,219
Accumulated deficit	(7,416,759)	(7,272,655)
Stock subscription payable	413,500	413,500
Less: Treasury stock (7,142,857 shares at cost)	-	-
Total Stockholders' Deficit	(5,133,623)	(4,989,519)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 477,287**	**$ 1,476,990**

See accompanying notes to financial statements.

SYCAMORE ENTERTAINMENT GROUP INC
STATEMENTS OF OPERATIONS

	(unaudited) For the year ended December 31 2016	(unaudited) For the year ended December 31 2015
Revenues	$ -	$ 27,000
Cost of Revenues	-	-
Gross Profit	$ -	$ 27,000
Operating Expenses		
General and administrative	133,979	100,066
Total Operating Expense	133,979	100,066
Operating Income (Loss)	(133,979)	(73,066)
Other Income and Expense		
Interest expense	10,125	5,152
Other income	-	-
Total Other Income and Expense	10,125	5,152
Net Income (Loss)	$ (144,104)	$ (78,218)

See accompanying notes to financial statements.

SYCAMORE ENTERTAINMENT GROUP INC.

STATEMENT OF STOCKHOLDERS' DEFICIT

(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Subscription	
	Shares	Amount	Capital	Deficit	Payable	Total
Balance, December 31, 2014	**912,417,066**	**$ 912,417**	**$ 936,094**	**$ (7,194,437)**	**$ 413,500**	**$ (4,932,426)**
Common stock issued for cash	50,000,000	50,000	(48,750)	-	-	1,250
Common stock issued in debt conversion	825,000,000	825,000	(805,125)	-	-	19,875
Net loss, year ended December 31, 2015	-	-	-	(78,218)	-	(78,218)
Balance, December 31, 2015	**1,787,417,066**	**1,787,417**	**82,219**	**(7,272,655)**	**413,500**	**(4,989,519)**
Net loss, year ended December 31, 2015	-	-	-	(144,104)	-	(144,104)
Balance, December 31, 2016	**1,787,417,066**	**$ 1,787,417**	**$ 82,219**	**$ (7,416,759)**	**$ 413,500**	**$ (5,133,623)**

See accompanying notes to financial statements.

SYCAMORE ENTERTAINMENT GROUP INC

STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Years Ended December 31, 2016	For the Years Ended December 31, 2015
Cash flows from operating activities:		
Net income	$ (144,104)	$ (78,218)
Adjustments to reconcile net income to net cash provided by operating activities:		
Purchase of property with stock	-	-
Accrued interest expense	10,125	5,152
Common stock issued in debt converstion	-	21,125
Changes in operating assets and liabilities:		
Prepaid expenses	-	24,000
Accrued liabilities	125,000	(54,975)
Net cash used in operating activities	(8,979)	(82,916)
Cash flows from investing activities:		
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Net borrowings of notes payable	12,296	52,000
Net loan (paydown) - related party	(3,020)	25,817
Common stock issued for cash	-	1,250
Net cash provided by financing activities	9,276	79,067
Net change in cash and cash equivalents	297	(3,849)
Cash and cash equivalents at the beginning of period	(1,550)	2,299
Cash and cash equivalents at the end of period	$ (1,253)	$ (1,550)
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

See accompanying notes to financial statements.

1. Organization, Business and Change in Control

Effective May 14, 2010 (the “Effective Date”), ImaRx Therapeutics, Inc. (“ImaRx” or “Company”) entered into an Agreement for the Purchase and Sale of Stock with Sycamore Films, Inc. and its shareholders (the “Stock Purchase Agreement”) and an Agreement and Plan of Merger with Sycamore Films, Sweet Spot, and Sweet Spot’s shareholders and principals (the “Merger Agreement”). Pursuant to the Merger Agreement, Sweet Spot merged with and into Sycamore Films and the shareholders of Sweet Spot became shareholders of Sycamore Films. Immediately following the closing of the Merger Agreement, the purchase and sale of stock between ImaRx and Sycamore Films (“Sycamore”) and it shareholders was consummated.

Under the terms of the Stock Purchase Agreement, between ImaRx and Sycamore, ImaRx issued approximately 79,376,735 shares of its common stock to the Sycamore shareholders including the former shareholders of Sweet Spot. As a result, Sycamore Films became a wholly-owned subsidiary of ImaRx and the former shareholders of Sycamore hold, in the aggregate, approximately eighty-six percent (86%) of ImaRx’s outstanding shares of common stock on a fully diluted basis whereas former Sweet Spot shareholders hold (5%). The Company is a full-service distribution and marketing company specializing in acquisition, distribution, and the development of marketing campaigns for feature films.

The Merger Agreement between Sycamore Films and ImaRx was accounted for as a reverse acquisition in accordance with Accounting Standards Codification (“ASC”) 805 Business Combinations. The Company determined for accounting and reporting purposes that Sycamore Films is the acquirer because of the significant holdings and influence of the control group of ImaRx Therapeutics and Sweet Spot after the acquisition.

2. Summary of Significant Accounting Policies

Unaudited Financial Information

The accompanying balance sheets and statements of operations, are unaudited and have been prepared in the opinion of management to reflect all adjustments necessary for fair representation. The financial data and other information disclosed in these notes to the financial statements are also unaudited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Assets and liabilities which are subject to significant judgment and use of estimates include the estimated of fair value of convertible debt, valuation allowances with respect to recoverability of long-lived assets, useful lives associated with property and equipment, and potential tax liabilities. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Cash and Cash Equivalents

The Company considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents.

Investment in Television Property

Discuss accounting policy of the investment in the television property and any impairment.

Film Rights

The cost of film rights are capitalized when obligated. In accordance with U.S. GAAP, film costs are amortized using the ‘‘individual-film-forecast’’ method. Under this accounting method, film costs for each film are amortized based on the following ratio:

> *Revenue earned by title in the current period / estimated total future revenues that will be earned by title*

For the year ended December 31, 2016, $-0- of revenue was recorded under this method as the Company is waiting until the revenue actually earned is estimable.

For the year ended December 31, 2015, $27,000 in revenue was recorded based on reports from its licensing fee with Starz.

The Company regularly reviews its revenue estimates on a title-by-title basis and revises them when necessary. The review will generally take into account estimated future revenues from international distribution, on-theatrical channels and other potential revenues that a film may generate. This review may result in a change in the rate of amortization and/or a write-down of the film asset to its estimated fair value. Results of operations in future years depend upon the amortization of the Company’s film costs. Periodic adjustments in amortization rates may significantly affect these results. In addition, the Company is required to expense film advertising costs as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the purpose of reviewing restaurant assets to be held and used for potential impairment, assets are grouped together at the market level, or in the case of a potential relocation or closure, at the restaurant level. The Company manages its restaurants as a group with significant common costs and promotional activities. As such, an individual restaurant’s cash flows are not generally independent of the cash flows of others in a market. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment expense was recognized on long-lived assets during the years ended December 31, 2016, and 2015, respectively.

Revenue Recognition

The Company recognizes revenues in accordance with ASC 926-605, "Entertainment Films, Revenue Recognition".

Under ASC 926-605, five conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) the film is complete and has been delivered, (iii) the license period has begun, (iv) the price is fixed or determinable, and (v) collection is reasonably assured. The Company provides for an allowance for doubtful account based history and experience considering economic and industry trends. The Company does not have any off-Balance Sheet exposure related to its customers.

The Company recognizes revenue when the distributor confirms to the Company that the film has been delivered to the distributor with all technical and document deliveries received, waived or deferred and the film has been entered into the distributor's rights system.

The Company currently has licensed its film property, The Eye of the Storm, to Gravitas Ventures, a third party aggregator of film content. In 2015, the Company recognized $27,000 of revenue from its Starz licensing agreement.

Conversion Features and Convertible Debt

The Company's derivative financial instruments consist of embedded derivatives related to the issuance of convertible notes. These embedded derivatives include a conversion feature. As of the inception date of the agreement the debt was not considered conventional as defined Accounting Standards Codification ("ASC") No. 815, "Derivatives and Hedging". The accounting treatment of derivative financial instruments requires that the Company record the conversion feature at their fair values then record them at fair value as of each subsequent balance sheet date. Any change in fair value is to be recorded as non-operating, non-cash income or expense at each reporting date.

Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the Company's net loss applicable to shareholders by the weighted average number of shares during the period. Diluted loss per share is calculated by dividing the Company's net loss available to shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is adjusted for any potentially dilutive debt or equity. There were _______ common stock equivalents outstanding as of December 31, 2016, which were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Derivative instruments include the embedded conversion feature issued with convertible notes payable (Level 2). Derivative instruments are valued using standard calculations/models that are primarily based on observable inputs, including volatilities and interest rates. Therefore, derivative instruments are included in Level 2.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2011. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, accounts payable, accrued liabilities and the put liability. Fair values for these items were assumed to approximate carrying values because of their short-term in nature or they are payable on demand.

As of December 31, 2016, the Company did not have Level 1, or 3 financial assets or liabilities.

Income Taxes

The Company makes certain estimates and judgments in determining its income tax provision expense. These estimates and judgments are used in the determination of tax credits, benefits and deductions, and the calculation of certain tax assets and liabilities which are a result of differences in the timing of the recognition of revenue and expense for tax and financial statement purposes. The Company also uses estimates and judgments in determining interest and penalties on uncertain tax positions. Significant changes to these estimates could result in a material change to the Company's tax provision in subsequent periods.

The Company is required to evaluate the likelihood that it will be able to recover its deferred tax assets. If the Company's evaluation determines that the recovery is unlikely, it would be required to increase the provision for taxes by recording a valuation allowance against the deferred tax assets equal to the amount that is not expected to be recoverable. The Company currently estimates that its deferred tax assets will be recoverable. If these estimates were to change and the Company's assessment indicated it would be unable to recover the deferred tax assets, the Company would be required to increase its income tax provision expense in the period of the change in estimate.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of tax regulations. The Company adopted the provisions of ASC 740 “Income Taxes”. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax position liabilities. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. This process is based on various factors including, but not limited to, changes in facts and circumstances, changes in tax law, settlement of issues under audit, and new audit activity. Changes to these factors and the Company's estimates regarding these factors could result in the recognition of a tax benefit or an additional charge to the tax provision.

3. Acquisitions

The consideration paid by Sycamore in connection with its acquisition of Sweet Spot consists of the following:

Consideration Paid:

Issuance of common stock put right to Sweet Spot	$ 571,513
Issuance of convertible notes payable to Sweet Spot	400,000
	$ 971,513

The value assigned to the common stock put right was based on the contractual obligation of Sycamore Films to repurchase the stock pursuant to the Plan of Merger.

The acquisition of Sweet Spot by Sycamore Films was accounted for in accordance Accounting Standards Codification No. 805, “Business Combinations”, whereby the purchase price has been allocated to the net assets acquired based upon consideration paid and the estimated fair values at the date of acquisition. Due to the lack of projected revenues generated to be generated there were no intangible assets identified and the resulting goodwill was deemed impaired and accordingly expensed on the date of the acquisition.

The following table summarizes the allocation of the purchase price to the estimated fair values of the net assets acquired on the date of the acquisition:

Cash	$ 61,451
Other assets	11,383
Goodwill	1,884,468
Accounts payable	(188,541)
Accrued liabilities	(58,860)
Put liability	(738,388)
	$ 971,513

The acquisition of Sycamore by ImaRx has been accounted for as a reverse acquisition, whereby the assets and liabilities of Sycamore are reported at their historical cost since Sycamore was issued common stock equal to 85% of the total outstanding shares immediately after the transaction. The assets and liabilities of Sweet Spot are recorded at their historical cost basis on the date immediately preceding the transaction.

4. Accounts Receivable

The Accounts Receivable was earned from the release of its property, *The Eye of the Storm,* and represents revenues earned for its theatrical release and Video-On- Demand plays. The amounts receivable were $131,725 and $131,725 for the periods ended December 31, 2016 and December 31, 2015, respectively. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable based on a specific review of account balances. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recoverability is considered remote.

5. Original Convertible Notes Payable

In connection with the acquisition of Sweet Spot, the Company issued $400,000 of convertible notes payable ("Notes"). The Notes bear interest at 7% and became due on October 14, 2010. The Notes are secured by a first priority perfected pledge of 50% of the shares of stock of Sycamore Films. The holders of the Notes have the right to convert all or any portion of the Notes into fully paid and non-assessable shares of common stock of the Company every thirty (30) days following the closing date with respect to all or any portion of the obligations under these promissory notes, but not less than $20,000 at a time.

The conversion rate is based on the average of three (3) trading prices for the prior three (3) trading days immediately preceding the conversion date. On May 28, 2010, the Notes were converted into common stock at a conversion price of $0.00783 per share.

6. Put Liability

In connection with the acquisition of Sweet Spot, Sycamore issued 4,614,926 shares of common stock to selling shareholders of Sweet Spot whereby beginning on November 14, 2010 through November 14, 2012, the Company is obligated purchase up to 25% of their shares of the total 4,614,926 shares common stock received by each of them under the Stock Purchase Agreement at a price of $0.16 per share ("Put Option"). These shareholders may exercise this put right, in whole or in part, at any time or from time to time during the two year period. If during any 90-day period either or both of these shareholders elect not to exercise the put right with respect to any of 25% of the shares which they are entitled to put, such shares may be put during the following 90-day period in addition to 25% of the shares that they are entitled to put during such 90-day period. As of March 31, 2012, the holders had not exercised their Put Option. In the 3rd quarter 2012, one shareholder exercised his option, but the Company has not yet satisfied the obligation. The balances of the put liabilities for the periods ended December 31, 2016 and December 31, 2015 were $738,388 and $738,388, respectively.

7. Commitments and Contingencies

In the 3rd quarter of 2012, the Company received an adverse arbitration ruling in the amount of $900,000, of which $150,000 was already paid. The Company wrote this investment down to zero in the third quarter of 2012. The balance of the corresponding liability was $537,206 and $537,206 for the periods ended December 31, 2016 and December 31, 2015, respectively.

8. Stockholders' Deficit

The Company's authorized capital stock consists of 2,500,000,000 shares of common stock, $0.001 par value per share. As of December 31, 2016 and 2015, there were and 1,787,417,066 shares of common stock issued and outstanding, respectively.

In 2015 the Company issued 50,000,000 shares of restricted common stock for $1,250 cash.

Note Conversions

In 2015 various noteholders converted $21,125 of debt in exchange for 825,000,000 shares of common stock.

9. Related Party Transactions

Company director, Edward Sylvan, has periodically lent funds to the Company from inception to the current balance sheet date. The balance due has no specific repayment terms and the Company may repay this note at any time, in whole or in part, without penalty or additional interest. The balance as of December 31, 2016, and December 31, 2015 was $389,340 and $392,360, respectively.

10. Notes Payable

A loan of $10,000 made to the predecessor company, Sycamore Films, Inc. in 2008 was not booked in that financial period. This was booked and expensed to general and administrative expense in 2011. The note calls for simple interest at 9% per annum. The note originally was convertible into common stock, but the note holder waived this right effective December 30, 2011.

On March 31, 2011, a stockholder loaned the Company $50,000. The balance due has no specific repayment terms and the Company may repay this note at any time, in whole or in part, without penalty or additional interest.

On May 30, 2011, an individual loaned the Company $100,000. The balance due has no specific repayment terms and the Company may repay this note at any time, in whole or in part, without penalty or additional interest.

On January 6, 2012, the Company entered into a promissory note with an individual in the amount of $50,000. The note bears an annual interest rate of 9% and called for repayment by February 6, 2012. The payment has not yet been made.

On February 23, 2012, the Company borrowed $20,000 from one lender. The balance due has no specific repayment terms and the Company may repay this note at any time, in whole or in part, without penalty or additional interest.

On June 18, 2012 an individual loaned the Company $20,000. The balance due has no specific repayment terms and the Company may repay this note at any time, in whole or in part, without penalty or additional interest.

On June 18, 2012 an individual loaned the company $38,800. This same individual agreed to loan an additional 60,000 CAD, upon which he will be entitled to an equity bonus of 1,000,000 shares of stock.

In August and September of 2012, one individual loaned the Company $227,385, of which $90,000 was repaid.

In November of 2012, one note holder loaned the company $29,990.

In 2014, the Company borrowed $473,788 from several investors. In exchange the Company issued convertible notes with interest rates ranging from 4%-12% and a floorless conversion rate equal to 50% of the lowest trade in a "lookback" period varying from between 10 and 20 days. The notes have maturities ranging from 1-2 years. These and other convertible notes have not yet expired and may have a significant dilutative effect on the Company's shares outstanding.

In 2015, the Company borrowed:

$15,000 from one investor for convertible notes in increments of $10,000 and $5,000 at 5% The Company recognizes revenues in accordance with ASC 926-605, "Entertainment Films, Revenue Recognition".

Under ASC 926-605, five conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) the film is complete and has been delivered, (iii) the license period has begun, (iv) the price is fixed or determinable, and (v) collection is reasonably assured. The Company provides for an allowance for doubtful account based history and experience considering economic and industry trends. The Company does not have any off-Balance Sheet exposure related to its customers.

The Company recognizes revenue when the distributor confirms to the Company that the film has been delivered to the distributor with all technical and document deliveries received, waived or deferred and the film has been entered into the distributor's rights system.

The Company currently has licensed its film property, The Eye of the Storm, to Gravitas Ventures, a third party aggregator of film content. In 2015, the Company recognized $27,000 of revenue from its Starz licensing agreement.

a) interest and a fixed conversion rate of $0.000025/share. These notes mature in 2016.
b) $23,000 from another investor agreement under a convertible note agreement that matured on September 16, 2016. The note called for 10% interest and is convertible at 45% of the previous 20-day's stock price. The Company is currently in default on this note.
c) $14,000 from a third investor under a short-term note payable that had a flat rate of interest of $250. The Company is currently in default on this note.

In 2016, the Company borrowed:

a) $5,000 from one investor with no specific repayment terms.
b) $7,296 from one investor with no specific repayment terms.

11. Intangible Assets

On December 16, 2011, the Company signed an exclusive agreement to distribute an Australian made film entitled *The Eye of the Storm* in the United States for consideration of $250,000.

13. Subsequent Events

On February 3, 2017 the Company executed a film rights acquisition agreement for an independent film and has secured an investor in the project who has currently placed $1,500,000 in escrow.

In February of 2017, the Company borrowed $13,000 against an expected convertible note payable of $20,000.

Subsequent to the balance sheet date, one investor converted $16,000 of debt into 170,000,000 million shares of stock.