PCG Entertainment Plc

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

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Company Information

DIRECTORS	Richard O'Dell Poulden, Chairman Professor Michael Mainelli, Non-Executive Alan David Gravett, Non-Executive Robert Cripps McDowall, Non-Executive
SECRETARY	AMS Secretaries Limited (formerly Hawk Secretaries Limited) Suite 16, Watergardens 5 Waterport Wharf GX11 1AA Gibraltar
REGISTERED OFFICE	Suite 16, Watergardens 5 Waterport Wharf GX11 1AA Gibraltar
INDEPENDENT AUDITORS	RSM Audit (Gibraltar) Limited 21 Engineer Lane Gibraltar
LEGAL ADVISORS	Pinsent Masons LLP 30 Crown Place London EC2A 4ES United Kingdom Hassans International Law Firm 57/63 Line Wall Road PO Box 199 Gibraltar Shujin Law Firm 12/F., Taiping Finance Tower Yitian Road 6001 Shenzhen People's Republic of China

PCG Entertainment Plc
Company Information

REGISTRARS	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
DEPOSITARY	Link Asset Services The Registry 34 Beckenham Road Kent BR3 4TU United Kingdom
BANKERS	Bank of China 1 Lothbury London EC2R 7DB United Kingdom
NOMINATED ADVISOR & BROKER	Allenby Capital Limited 5 St. Helen's Place London EC3A 6AB
REGISTERED NUMBER	107915

PCG Entertainment Plc
Chairman's Statement

Dear Shareholders,

The last year has been a frustrating one for PCGE, for the Board and the shareholders alike. A combination of external influences and unforeseen delays have left the Company in a holding pattern from which, I am pleased to say we are now able to move forward. These factors, lost and still possible deals are outlined below. The Board and I know that there have been many calls for updates over recent months.

CPDC

A little over a year ago I described the restructuring which led to the return of the husk of the CPDC business to the vendors. This was concluded in exchange for the shares in the Company, which had been originally issued for the acquisition, other shares identified with the vendors and the forgiveness of liabilities owed by the Company to the vendors of CPDC. This produced a net benefit to the group of around US$520,000.

Settlement of tribunal claim

The former CEO of the Company, who had been in charge throughout the period of the CPDC ownership, had brought an employment Tribunal claim against the Company following his dismissal in March 2017. It never occurred to me or the Board that this claim would be drawn out for a further ten months before a settlement was reached. In the end the settlement reached in January this year was US$286,350. Although in my view an extremely high payment it was less than we had provided for in last years accounts and so there is a satisfying write back of US$140,313 in this years numbers.

Effect of tribunal on the Company

There was damage to the company in the form of lost and thwarted deals and delays as a result of the Tribunal. During 2017, we pursued an extremely attractive environmental remediation deal, which involved the acquisition of a US based company. In anticipation of this deal we closed the financing with RiverFort who were lined up to negotiate debt financing on the environmental project.

In the event the deal could not be completed, as the potential funders were not prepared to proceed with the possibility of what appeared to be a substantial litigation claim outstanding against the Company. Although settled for substantially less than the claim (as set out above) the former CEO's initial claim to the tribunal was in excess of £2m. In these circumstances, it does not matter how remote the claim may be, the mere fact that the claim exists can be sufficient to stop the deal.

At this stage we put on hold all then current activity in looking for deals to rebuild PCGE. It seemed to the board that this was likely to be fruitless as long as the Tribunal claim remained outstanding and would only burn through shareholder's money at a time when our hands were tied and we would have been unable to proceed with any negotiations.

Other potential deals

As announced and updated earlier in the year we have investigated investments in ChainZy Plc and Fortune Environmental which controls the cavitation technology. These are both extremely interesting deals and in any event it seemed to your board that it was a better use of the company's cash to take stakes in these companies than simply leaving the money on deposit, we were advised by our NOMAD that although small investments might make sense from the Company's point of view AIM would probably deem these to be a "reverse" thus incurring more cost than the actual investment. Accordingly these were placed on hold.

We have also continued to pursue potential deals with our various licenses. This has recently borne fruit through discussions with one of the largest gaming companies in Asia with whom the Chairman has contacts going back several years.

We will issue RNS updates as and when these discussions look as though they are coming to some level of certainty.

Group funding

On 18 August 2017, the Company raised funds via RiverFort Global Capital, which consisted of two parts. The first part was a subscription to raise £1 million, before expenses, (the "Subscription") by way of a subscription for 1,000,000,000 ordinary shares of 0.1 pence each (the "Ordinary Shares") by a syndicate led by D-Beta One EQ Ltd and including Cuart Growth Capital Fund I ("the Syndicate") at an issue price of 0.1 pence per Ordinary Share (the "Subscription Shares").

Chairman's Statement (continued)

Of the gross proceeds of the Subscription, £425,000 was retained by the Company and the balance of £575,000 was returned by the Company to the Syndicate pursuant to the second part of the Facility, which is an equity sharing agreement (the "Equity Sharing Agreement"). The Equity Sharing Agreement entitled the Company to receive back those proceeds subject to a pricing adjustment on a pro rata monthly basis over a period of 12 months. It was also subject to adjustment upwards or downwards each month depending on the Company's share price performance during the previous month.

The Equity Sharing Agreement was designed for the Company to benefit from a positive future share performance. At the time this was concluded we believed that we were close to concluding our environmental project. In the event this did not happen and acquisition activity was placed on hold.

Accordingly, the Company negotiated the early termination of the Equity Sharing Agreement, which was finalised on 27 June 2018 resulting in a final payment to the Syndicate of US$155,927.

Financial report

The accounts as reported have been prepared for the period from 1 April 2017 to 31 March 2018. These accounts show that the Group incurred administrative expenses of US$1,846,951 (2017: US$5,926,477). The 2017 administrative expenses included the impairment of US$3,500,000 relating to the gaming and media content licenses held in China. This impairment was taken as it was considered prudent given that a key license had not been renewed at the time of the accounts. All these licenses have since been renewed and the Khanawake gambling license remains in good standing.

The Company's overall investment in the media and gaming license businesses remains at US$2.7 million at the end of the current year.

Conclusion

Thank you all for those who have stuck with us. It's been a frustrating year for us all, and the Board would like to thank particularly those shareholders and supporters who have understood the unforeseen delays, but maintain the bigger vision we have for the Company. Our aim is to ensure a strong return to form and on investment for all. This next year should see less of these challenges and more opportunities to move forward strongly with interesting deals.

Richard O'Dell Poulden
Chairman
31 August 2018

PCG Entertainment Plc
Directors' Report

The Directors present their report together with audited financial statements of the Company and its subsidiary undertakings ("PCGE" or “the Group") for the year ended 31 March 2018.

Principal activities

The Company's principal activity during the year was that of a holding company. The business of the Group during the year was activities relating to media distribution, including games and gaming software and maintenance of the Group’s gambling licence. In addition the directors are seeking other activities, which enhance the existing assets or add new businesses to the Group.

Results

The Group's results for the year are shown in the Consolidated Statement of Total Comprehensive Income on page 15.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: US$ Nil).

Business review

Please refer to the Chairman’s Statement on pages 3 to 4.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are the inability of the Company to find additional businesses, which either enhance the Group’s existing assets or add additional operations.

Financial risk management policies

Notes 5 and 21 set out the Group's financial risk management policies for its exposure to various risks.

Post balance sheet events

Post balance sheet events are disclosed in note 25.

Directors

The Directors who served during the year and remuneration during the year were as follows:

	Salaries, allowances and benefits in kind US$
Richard O'Dell Poulden (a)	125,000
Professor Michael Mainelli (b)	23,302
Alan David Gravett	25,000
Robert Cripps McDowall (appointed 23 October 2017)	15,018
	188,320

In addition to the amounts included above, the directors claimed expenses they had incurred on behalf of the Group of US$197,308 (2017: US$147,913).

(a) Pursuant to an agreement dated 28 November 2014 between the Company and Black Swan FZE, a wholly owned subsidiary of Black Swan Plc of which Richard Poulden is chairman, the Company pays director's remuneration to Black Swan FZE.

(b) Pursuant to an agreement dated 28 November 2014 between the Company and Z/Yen Group Limited, a company of which Professor Michael Mainelli is a shareholder, the Company pays director's remuneration to Z/Yen Group Limited.

Directors (continued)

The Directors have the following interests in the issued share capital of the Company:

	Number of ordinary shares
Richard O'Dell Poulden (a)	89,956,405
Professor Michael Mainelli (b)	50,000
Alan David Gravett (c)	20,000

(a) Richard Poulden's interest in the Ordinary Shares (or depositary interests in respect thereof) referred to above as follows (all of such Ordinary Shares, registered via DIs, in the name of Ashton Nominees Inc other than the 65,500,000 Ordinary Shares registered under the Black Swan Group as referred to below):

  (i) 3,000,000 ordinary shares belong to Black Swan Plc of which Richard Poulden is the chairman;

  (ii) 62,500,000 Ordinary Shares belong to Black Swan FZE, which is a wholly owned subsidiary of Black Swan Plc;

  (iii) 3,000,000 Ordinary Shares belong to Richard Poulden's wife and infant children;

  (iv) 19,456,405 Ordinary Shares belong to the Malvern Trust, a trust in respect of which Richard Poulden's family can be beneficiaries; and

  (vi) 2,000,000 Ordinary Shares belong to the John Edward Poulden Settlement Trust, a trust for the benefit of Richard Poulden's children.

(b) 50,000 ordinary shares are held by Hawksford Jersey Limited. These shares are held for The Z/Yen Employee Benefits Trust. Michael Mainelli is a director of Z/Yen Group Limited and a potential beneficiary of The Z/Yen Employee Benefits Trust.

(c) Alan Gravett and his wife, Kim Gravett, jointly legally and beneficially own 20,000 ordinary shares.

Payments to creditors

The Group's policy on payment practice is to settle the payment with creditors in accordance with the agreed terms of business transactions.

Corporate governance

The Directors have, in so far as practicable given the Group's size and the constitution of the board, complied with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice which is consistent with the recommendations on Corporate Governance Guidelines of the Quoted Companies Alliance for AIM companies. The Company will be adopting the QCA Corporate Governance Code (2018) from 1 June 2018 on a comply or explain basis, with the appropriate disclosures as required by the AIM Rules Companies.

The Directors have adopted terms of reference for an audit committee and remuneration committee. The Directors do not fully comply with the Corporate Governance Code to the extent that there is no nomination committee as the Board does not consider it appropriate to establish it at this stage of the Group's development.

The Directors comply with Rule 21 of the AIM Rules relating to the Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance with Rule 21 by the Group's relevant employees.

On 5 March 2018, the Company's entire share capital was admitted to trading on the NEX Exchange Growth Market. Since admission, the Company has complied with the NEX Exchange Growth Market – Rules for Issuers.

Going Concern

Your attention is drawn to notes under Going Concern in note 1 to the financial statements and to note 25 on subsequent events.

Events after the reporting year

On 27 June 2018, the Company agreed a termination of the Equity Share Agreement, resulting in a final settlement payment to D-Beta One EQ, Limited of US$155,928.

Statement regarding disclosure of information to the Auditors

Each Director of the Company has confirmed that, in fulfilling their duties as a director, they are aware of no relevant audit information of which the Auditors are not aware of and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Gibraltar Companies Act 2014.

Auditors

The Statutory and Group auditors are RSM Audit (Gibraltar) Limited.

A resolution for the reappointment of RSM Audit (Gibraltar) Limited will be put to the members at the annual general meeting.

By order of the board

Richard O'Dell Poulden
Director
31 August 2018

Registered number: 107915

PCG Entertainment Plc
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and estimates that are reasonable and prudent;
c. state whether applicable accounting standards have been followed, subject to any material departures; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the requirements of the Gibraltar Companies Act 2014. Specifically, pursuant to section 248 of the Companies Act, the Directors have elected to follow International Financial Reporting Standards. The Directors are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate financial statements included on the Company’s website. Legislation in Gibraltar governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Richard O’Dell Poulden
Director
31 August 2018

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Independent auditor's report
To the shareholders of PCG Entertainment Plc

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements ("the financial statements") of PCG Entertainment Plc (the "Company") and its subsidiaries ("the Group"), which comprise the company and consolidated statement of financial position as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the company and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 March 2018 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted for use in the European Union; and
- have been prepared in accordance with the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report
To the shareholders of PCG Entertainment Plc

Report on the audit of the consolidated financial statements *(continued)*

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the audit committee
Impairment of media and gaming licences The Group has various gaming and media licences in China which could provide the business with a competitive advantage. Only the gaming licenses of US$25,000 have not been impaired to date. These licences have been unutilised in recent times. This has increased the risk that the carrying value of the licences may need to be impaired.	Our procedures in relation to management's impairment assessment of the business holding the said licences included the following: • Review of management's assessment of the fair value of net assets acquired and agreed back to supporting documentation; and • Review of management's calculations and forecasts and determined that there was no immediate sign of impairment of these assets.	Given that the licence has been renewed and there still exists potential opportunities to be gained from the use of this licence, there is no immediate impairment issue noted in respect of the value of this licence.

Report on the audit of the consolidated financial statements *(continued)*

Key Audit Matters *(continued)*

Risk	Our response to the risk	Key observations communicated to the audit committee
Going concern assessment As disclosed in Note 1, the financial statements have been prepared on a going concern basis. The Group has not recognised any income during the year. On the other hand, the Group's cash balances amounted to US$1,404,260 and current liabilities were US$316,010. However, there is a risk that a material uncertainty could exist in relation to events or conditions that, individually or collectively, may cast significant doubts on the Group's ability to continue as a going concern. The Group closely monitors and manages its capital and liquidity risk regularly to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the working capital requirements and proposed marketing activity. Taking into account the surplus cash held by the Group and other possible sources of finance, the Board of Directors is confident that the Group has access to sufficient funds to enable the Group to meet its liabilities as and when they fall due for at least the next twelve months.	We identified that the most significant assumption in assessing the Group's ability to continue as a going concern was the expected future profitability of the Group. The calculations supporting the assessment require management to make highly subjective judgements. The calculations are based on estimates of future performance, that are fundamental to assessing the suitability of the basis adopted for the preparation of the financial statements;	We concluded that no further disclosures relating to the Company's ability to continue as a going concern need to be made in the financial statements.

Report on the audit of the consolidated financial statements *(continued)*

Materiality

The concept of materiality is fundamental to the preparation of the Group's and its subsidiaries' financial statements and the audit process. Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

For the purposes of an audit, misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality is considered at both the overall financial statement level ("financial statement materiality") and, if applicable, in relation to individual account balances, classes of transactions and disclosures ("element materiality") and is used as a threshold or benchmark against which errors or differences of opinion between management and ourselves can be evaluated.

Our financial statement materiality calculation is based on the Group's net assets for the year ended 31 March 2018. The subsidiaries' financial statement materiality is based on total assets as at 31 March 2018, given that these are below the Group materiality level. The following percentages are applied to either the relevant financial result or position to assist in calculating the appropriate level of materiality:

- 3% of net assets applied to the Group and the Company
- 3% of net assets applied to PCG Software Services Limited
- 3% of total assets applied to the other subsidiaries

Financial statement materiality is calculated for each entity and at Group level. The following levels of financial statement materiality were calculated for the Group and its main subsidiaries:

Group materiality	USD	47,000
PCG Entertainment PLC	USD	47,000
PCG Software Services Limited	USD	40,000
PCG Entertainment Limited	USD	5,351
Jingtuo World Technology Consulting (Beijing) Company Limited	USD	1,275
Beijing Sihaigeju Cultural Media Company Limited	USD	478

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report
To the shareholders of PCG Entertainment Plc

Report on the audit of the consolidated financial statements *(continued)*

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable law in Gibraltar and International Financial Reporting Standards, as adopted for use in the European Union, and for such internal control as the directors determine is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company, or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on the audit of the consolidated financial statements *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements; and
- the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SVM Cohen
Statutory auditor

For and on behalf of
RSM Audit (Gibraltar) Limited

21 Engineer Lane
Gibraltar

31 August 2018

PCG Entertainment Plc

Consolidated Statement of Total Comprehensive Income
for the year ended 31 March 2018

	Notes	Year ended 31 March 2018	Period ended 31 March 2017
		US$	US$
Revenue	6	-	-
Cost of Sales		-	-
Gross Profit		-	-
Administrative expenses		(1,846,951)	(5,926,477)
Other operating income		231,025	48,868
Operating loss	7	(1,615,926)	(5,877,609)
Foreign exchange gain/(loss)		245,863	(19,525)
Interest payable		-	(33)
Loss before taxation		(1,370,063)	(5,897,167)
Tax on loss	9	-	-
Loss for the financial year/period from continuing activities		(1,370,063)	(5,897,167)
Loss for the year/period from discontinued operations	10	-	(8,348,897)
Retained loss for the financial year/period		(1,370,063)	(14,246,064)
Change in foreign currency		17,058	45,297
Total comprehensive loss for the financial year/period		(1,353,005)	(14,200,767)
Basic and diluted loss per share:			***Restated***
		US cents	**US cents**
For continuing activities		(0.20)	(2.23)
For discontinued activities		-	(3.15)
Total basic and diluted	11	(0.20)	(5.38)

There are no recognised gains or losses other than disclosed above.

The notes on pages 20 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Financial Position
as at 31 March 2018

	Notes	31 March 2018 US$	31 March 2017 US$
Current assets			
Trade and other receivables	12	593,979	427,260
Cash and cash equivalents	13	1,404,260	1,287,964
		1,998,239	1,715,224
Non-current assets			
Intangible assets	14	25,000	25,000
Property, plant and equipment	15	48	700
		25,048	25,700
Total assets		2,023,287	1,740,924
Current liabilities	17	316,010	1,424,272
Equity			
Share capital	18	5,376,934	3,101,735
Share premium	18	24,955,968	24,487,537
Foreign currency translation reserve		87,835	70,777
Share based payment reserve	19	309,408	309,408
Accumulated losses		(29,022,868)	(27,652,805)
		1,707,277	316,652
Total equity and liabilities		2,023,287	1,740,924

The financial statements were approved by the board and authorised for issue on 31 August 2018 and signed on its behalf by:

Richard O'Dell Poulden
Director

Robert Cripps McDowall
Director

Registered number: 107915

The notes on pages 20 to 39 form part of these financial statements.

PCG Entertainment Plc
Company Statement of Financial Position
as at 31 March 2018

	Notes	31 March 2018 US$	31 March 2017 US$
Current assets			
Trade and other receivables	12	587,846	408,659
Cash and cash equivalents	13	1,388,033	1,279,909
		1,975,879	1,688,568
Non-current assets			
Investments	16	2,737,897	2,737,897
Total assets		4,713,776	4,426,465
Current liabilities	17	2,974,026	4,080,460
Equity			
Share capital	18	5,376,934	3,101,735
Share premium	18	24,955,968	24,487,537
Share based payment reserve	19	309,408	309,408
Accumulated losses		(28,902,560)	(27,552,675)
		1,739,750	346,005
Total equity and liabilities		4,713,776	4,426,465

The financial statements were approved by the board and authorised for issue on 31 August 2018 and signed on its behalf by:

Richard O'Dell Poulden
Director

Robert Cripps McDowall
Director

Registered number: 107915

The notes on pages 20 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Changes in Equity
for the year ended 31 March 2018

	Share Capital US$	Share Premium US$	Foreign Currency Translation Reserve US$	Share Based Payment Reserve US$	Accumulated Losses US$	Total Equity US$
Balance at 31 December 2015	1,911,834	23,933,706	25,480	309,408	(13,406,741)	12,773,687
Comprehensive loss for the period	-	-	-	-	(14,246,064)	(14,246,064)
Foreign currency impact on consolidation	-	-	45,297	-	-	45,297
Transactions with owners:						
Shares issued during the period	1,189,901	553,831	-	-	-	1,743,732
Balance at 31 March 2017	3,101,735	24,487,537	70,777	309,408	(27,652,805)	316,652
Comprehensive loss for the year	-	-	-	-	(1,370,063)	(1,370,063)
Foreign currency impact on consolidation	-	-	17,058	-	-	17,058
Transactions with owners:						
Shares issued during the year	2,275,199	468,431	-	-	-	2,743,630
Balance at 31 March 2018	5,376,934	24,955,968	87,835	309,408	(29,022,868)	1,707,277

The notes on pages 20 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Cash Flows
for the year ended 31 March 2018

	Year to 31 March 2018 US$	Period to 31 March 2017 US$
Cash flows from operating activities		
Loss for the year/period	(1,370,063)	(14,246,064)
Reconciliation to cash generated from operations:		
Depreciation	652	1,403
Exchange rates differences	(208,175)	21,140
Loss on disposal of Subsidiary / assets	-	9,721,870
Impairment of intangibles	-	3,500,000
(Increase)/decrease in receivables	(113,240)	548,544
Decrease in payables	(1,117,096)	(400,008)
Shares issued in lieu of amounts payable	-	24,577
Net cash flow from operating activities	(2,807,922)	(828,538)
Cash flows from investing activities		
Net proceeds from disposal of subsidiaries	-	505,856
Net cash flow from investing activities	-	505,856
Cash flows from financing activities		
Issue of shares for cash	2,743,630	1,469,103
Share issue expenses capitalised against share premium account	-	(145,206)
Net cash flow from financing activities	2,743,630	1,323,897
Net (decrease)/increase in cash	(64,292)	1,001,215
Effects of exchange rates on cash and cash equivalents	180,588	24,276
	116,296	1,025,491
Cash at bank and in hand at the start of the year/period	1,287,964	262,473
Cash at bank and in hand at the end of the year/period	1,404,260	1,287,964

The notes on pages 20 to 39 form part of these financial statements.

1 Accounting policies

The principal accounting policies adopted by the Group in the preparation of its financial statements for the year ended 31 March 2018 with comparatives for period ended 31 March 2017 are set out below. The accounting policies have been consistently applied, unless otherwise stated.

General information

PCG Entertainment plc ("PCG Entertainment") is incorporated in Gibraltar. The registered office is Suite 16, Watergardens 5, Waterport Wharf GX11 1AA, Gibraltar. PCG Entertainment has direct subsidiaries and affiliated companies in China, where its holding is held through the requisite Chinese structure for foreign investors.

Since January 2016, PCG Entertainment has a direct 100% holding in its subsidiary PCG Entertainment Limited ("PCGEL") (previously Hong Kong Strategic Services Limited) which is incorporated in Hong Kong. PCGEL has a direct 100% holding in its subsidiary Jingtuo World Technology Consulting (Beijing) Limited ("Jingtuo") which is a Wholly Foreign Owned Enterprise ("WFOE") under the laws of the Peoples Republic of China ("PRC") a specialized vehicle to enable PCG Entertainment to invest via a Variable Interest Entity ("VIE") in Beijing Sihai Geju Culture Media Company Limited ("Sihai Geju"). Jingtuo and Sihai Geju are both incorporated in the PRC.

Furthermore, since January 2016, PCG Entertainment acquired a direct 100% holding in PCG Software Services Limited ("PCGSS"), incorporated in Gibraltar for GBP 2,000 and held 100% of the issued share capital of Centrepoint Development Corporation ("CPDC") which was disposed of during the prior period. Further details are set out in note 10.

PCG Entertainment, its subsidiaries and affiliated companies are collectively referred to as PCGE. The business of the Group comprises of activities relating to various forms of media distribution and gaming services in Asia, primarily in the PRC and Taiwan.

Further share allotments have been made during the year as disclosed in note 18.

Basis of preparation

The financial statements of both the Group and the parent Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Interpretations issued by the IFRS Interpretations Committee ("IFRIC") as adopted by the European Union and with those parts of the Gibraltar Companies Act applicable to companies reporting under IFRS. These are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ("IASB") that have been endorsed by the European Union at the year-end. The consolidated financial statements have been prepared under the historical cost convention. The Directors have taken advantage of section 288 of the Companies Act and have not prepared a Statement of Total Comprehensive Income for the Company alone.

Going concern

The Group continues to incur losses. However, as at 31 March 2018, the Group cash balances amounted to US$1,404,260 and current liabilities were US$316,010. The Group closely monitors and manages its capital position and liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the working capital requirements and proposed business activity. In addition, the capital reorganisation which took place during the reporting year improves the liquidity and marketability of the ordinary shares. Consequently, the Board of Directors is confident that the Group has access to sufficient funds to enable the Group to meet its liabilities as and when they fall due for at least the next twelve months. For this reason, the directors consider it appropriate to prepare the accounts on a going concern basis.

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements combine the financial information of the Company and its subsidiary undertakings drawn up to 31 March 2018.

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a share of more than 50 per cent of the voting rights. All inter-company balances, transactions and unrealised profits and losses have been eliminated in the consolidated financial statements.

Subsidiaries acquired or disposed of during the period are fully consolidated from the date of acquisition or to the date of disposal under the acquisition method.

The loss recorded by the Company during the year was US$1,349,885 (2017: US$11,216,645).

Intangible assets

Intangible assets consist of licences and customer relationships and are recognised as an intangible asset in accordance with the provision of IAS 38, 'Intangible Assets'. Amortisation of these assets is charged to profit or loss on a straight-line basis over the expected useful economic life of the asset. Amortisation is charged against assets from the date at which the asset becomes available for use.

The estimated useful lives of the intangible assets are as follows:

Customer relationships - Straight line over 5 years

Property, plant and equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset and are included in profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment annually and when events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is taken directly to profit or loss.

Depreciation

Depreciation is charged so as to write off the cost, less estimated residual value on assets other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings - Straight line over 3-10 years

Impairment of non-financial assets

At each statement of financial position date, the Directors review the carrying amounts of the Group's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

1 Accounting policies (continued)

Foreign currencies

The presentational currency for the Group's consolidated financial statements is United States Dollars ("US$") and it is this currency in which the Group reports. Foreign currency transactions by Group companies are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the statement of financial position date, with any exchange adjustments being charged or credited to profit or loss.

On consolidation, the assets and liabilities of the subsidiary companies with non-US$ functional currency are translated into the Group's presentational currency at the exchange rate at the statement of financial position date and the profit or loss items are translated at the average rate for the period.

For the purpose of foreign currency translation, the net investment in a subsidiary is determined inclusive of foreign currency intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future.

In the cash flow statement, cash flows denominated in foreign currencies are translated into the presentational currency of the Group at the average exchange rate for the period or at the prevailing rate at the time of the transaction where more appropriate.

Functional and presentational currencies

The individual financial information of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency).

The functional currency of each of the Group entities is:

PCG Entertainment – US$
PCGEL – Hong Kong Dollars ("HK$")
Jingtuo and Sihai Geju – Chinese Renminbi ("RMB")
PCGSS – US$

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when PCGE becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of total comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1 Accounting policies (continued)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital in excess of nominal value.
- "Foreign currency translation reserve" represents exchange differences arising from translation from functional currencies to the Group's presentational currency.
- "Share based payment reserve" represents the equity element of payments to be settled in equity instruments.
- "Accumulated losses" represents the accumulated profits and losses attributable to equity shareholders.

Taxation

The taxation ("tax") expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the statement of financial position date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates and laws that have been enacted (or substantively enacted) by the end of the reporting year and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Accounting policies in relation to the parent company:

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less permanent provision for impairment.

2 Standards, Interpretations & Amendments to Published Standards adopted during the year

The following new standards, amendments and interpretations to existing standards have been adopted by the Company during the year.

- IAS 12 (amendment), 'Income Taxes'. The amended standard clarifies the recognition of deferred tax assets for unrealised losses. The amendment is effective for annual periods beginning on or after 1 January 2017. The amendment further clarifies the following aspects: (a) Unrealised losses on debt instruments measured at fair value and measure at cost for tax purposes shall give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. (b) The carrying amount of an asset does not limit the estimation of probable future taxable profits. (c) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

- IAS 7 (amendment), 'Statement of Cash Flows' - Disclosure Initiative. The amended standard is effective for annual periods beginning on or after 1 January 2017 and clarifies existing IAS 7 requirements. The amendments carry the objective for entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The following changes in liabilities arising from financing activities are required to be disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendments also state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

- IFRS 12 (amendment), 'Disclosure of Interests in Other Entities'. The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment to IFRS 12 are effective for annual periods beginning on or after 1 January 2017.

These new standards, amendments and interpretations to existing standards have had no material impact on the financial statements of PCGE.

3 Standards, Interpretations & Amendments to Published Standards not yet effective

The following standards and interpretations issued by the IASB or IFRIC have not been adopted by the Group as they were not effective for the year ended 31 March 2018. The Group is currently assessing the impact of these standards and interpretations will have on the presentation of, and recognition in, its consolidated results in future periods.

- IFRS 1 (amendment), 'First-time Adoption of International Financial Reporting Standards'. The amendment is to delete the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after 1 January 2018. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

- IFRS 2 (amendment), 'Share-based Payment'. The amendments clarify the classification and measurement of share-based payment transactions. Guidance has been added that introduces accounting requirements for cash settled share-based payments that follows the same approach as used for equity-settled share-based payments. The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are to be applied prospectively. The adoption of this new standard is not expected to have a significant impact on the Group's financial position or results.

3 Standards, Interpretations & Amendments to Published Standards adopted during the year (continued)

- IFRS 9, 'Financial Instruments'. This standard introduces new requirements for the classification and measurement of financial assets and liabilities, including some hybrid contracts. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Upon adoption of IFRS 9, modified prior period disclosures may be required. IFRS 9 represents the completion of the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost or fair value, replacing the four category classification in IAS 39. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The adoption of this new standard is not expected to have a significant impact on the Group's financial position or results.

- IFRS 15, 'Revenue from Contracts with Customers'. This standard is based on the principle that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The adoption of this new standard is not expected to have a significant impact on the Group's financial position or results.

- IFRS 15 (amendment), 'Revenue from Contracts with Customers'. The amended standard are clarifications seeking to address certain implementation issues of IFRS 15. The amended standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The amendments address three areas which are identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts. The adoption of this new standard is not expected to have a significant impact on the Group's financial position or results.

- IFRS 16, 'Leases'. The new standard eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The standard requires lessees to recognise assets and liabilities for most leases. Lessees applying IFRS 16 will have a single accounting model where all leases will be recorded on the statement of financial position as liabilities, at the present value of the future lease payments, along with an asset reflecting the right to use the asset over the lease term. Rent expense will be replaced with depreciation and interest expenses. Two possible exemptions are available for leases with a maximum term of twelve months or less and leases of low value assets (something in the region of circa £3,000 or less, irrespective of how many such leases there are). Lessors applying IFRS 16 will classify leases using the same principle as in IAS 17 and lessor accounting is substantially unchanged. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

- IAS 17, 'Leases' will be superseded by IFRS 16 Leases as of 1 January 2019. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

- IAS 18, 'Revenue' will be superseded by IFRS 15 Revenue from Contracts with Customers as of 1 January 2018. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

3 Standards, Interpretations & Amendments to Published Standards adopted during the year (continued)

- IAS 23 (amendment), 'Borrowing Costs'. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The amendments are effective for annual periods beginning on or after 1 January 2019. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

- IAS 28 (amendment), 'Investments in Associates and Joint Ventures'. The amendment clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments are effective for annual periods beginning on or after 1 January 2018. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

- IAS 39, 'Financial Instruments: Recognition and Measurement' will be largely replaced by IFRS 9, 'Financial Instruments' for annual periods beginning on or after 1 January 2018. The adoption of this new standard is not expected to have a significant impact on the Group's financial position and results.

- IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'. The new standard is to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The adoption of this new standard is expected to have a significant impact on the Group's financial position and results.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

4 Critical accounting estimates and judgements

The following are the critical judgements, apart from those involving estimations uncertainty (see below) that management has made in the process of applying the Group's accounting policies and which have the significant effect on the amounts recognised in the consolidated financial statements.

Critical judgements in applying the group's accounting policies

Going concern

The preparation of the financial statements is based on the going concern assumption as disclosed in note 1. The Board of Directors, after taking into consideration the current cash position of the Group and forecasts, believe the going concern assumption is appropriate.

Impairment of financial assets

The Group follows the guidance of IAS 39, 'Financial Instruments: Recognition and Measurement', in determining whether a financial asset is impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4 Critical accounting estimates and judgements (continued)

<u>Key sources of estimation uncertainty</u>

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Valuation of PCGSS and Sihai Geju licences

Management review the intangible assets held by the Group on inception and at every statement of financial position date. The valuation of the licences are based on a significant number of variables, which require management judgement, as disclosed in note 14.

Valuation of warrants and options

As described in note 19, the fair value of the warrants and options granted was calculated using the Black & Scholes model which requires the input of highly subjective assumptions, including volatility of the share price. Changes in subjective input assumptions may materially affect the fair value estimate.

Valuation of investment in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for impairment. The values of the investments are inherently linked to the assets held by and or the performance of the subsidiaries and an impairment review is undertaken by management annually to assess whether any permanent diminution in value has occurred.

5 Financial risks

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk - The Group has exposure to foreign exchange risk during the periods under review as its cash flows and financial assets and liabilities are mainly denominated in GBP, US$, HK$ and RMB and ultimately reported in US$.

Fair value interest rate risk and cash flow risk - The fair values of financial assets and financial liabilities approximate the carrying amounts of those assets and liabilities reported in the statement of financial position.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, trade receivables, as well as committed transactions. Individual risk limits are set based on limits set by the board.

(c) Liquidity risk

The overriding financial risk to the PCGE during the year was that of liquidity. At the current stage of the Group's development, major source of funds is likely to be through the injection of new equity capital or a debt facility, or a combination of such sources.

For further details please refer to note 21.

6 Operating segments

PCGE has two operating segments; PCG Entertainment Ltd through its subsidiary company in China is a distributor of media and media related products in Asia, which distributes games and gaming services in Asia. All of the central overhead costs have historically been included within the media segment due to the development of the Group in this area. PCGE Software Services holds an online gambling license from the Kahnawake Nation.

None of the operating segments have been trading during the reporting year and in the previous reporting year.

	Gaming services 2018 US$	Media services and central office costs 2018 US$	Total 2018 US$	Total 2017 US$
Revenue				
Total revenue	-	-	-	-
Inter segment sales				-
Sales to external customers	-	-	-	-
Depreciation on property, plant and equipment	-	652	652	1,403
Segment operating loss	-	(1,615,926)	(1,615,926)	(5,877,609)
Foreign exchange profit/(loss)	-	245,863	245,863	(19,525)
Interest payable	-	-	-	(33)
Loss before taxation	-	(1,370,063)	(1,370,063)	(5,897,167)
Taxation	-	-	-	-
Loss for the period from continuing activities	-	(1,370,063)	(1,370,063)	(5,897,167)
Loss from discontinued activities	-	-	-	(8,348,897)
Loss for the period	-	(1,370,063)	(1,370,063)	(14,246,064)
Assets and liabilities				
Segment assets	-	1,998,239	1,998,239	1,715,224
Segment liabilities	-	(316,010)	(316,010)	(1,424,272)
Total net assets	-	1,657,229	1,657,229	290,952

7 Operating loss

Operating loss is stated after charging the following:

	2018 US$	2017 US$
Impairment of intangible assets	-	3,500,000
Depreciation of fixed assets	652	1,403
Auditor's remuneration - Auditors to the Group	-	89,154
Auditor's remuneration - Statutory and Group Auditor	44,837	16,018

8 Staff costs

During the year ended 31 March 2018, excluding Directors, the average number of people employed by the Group was Nil (2017: 7). During the year, the Group paid wages and salaries of US$Nil (2017: US$384,079).

No staff other than the directors are considered key management personnel.

9 Taxation

	2018	2017
	US$	US$
Taxation payable	-	-

The Company is subject to taxation in respect of all income, which is deemed to accrue in or be derived from Gibraltar at the standard rate of corporation tax of 10%.

Taxation of the subsidiaries is recognised based on the rules and regulations in their respective countries of incorporation.

Tax reconciliation:	2018	2017
	US$	US$
Loss on ordinary activities before taxation	(1,370,063)	(14,246,064)
Loss on ordinary activities multiplied by the standard rate of corporation tax in Gibraltar of 10%	(137,006)	(1,424,606)
Non-deductible expenses	137,006	1,424,606
Total tax expense	-	-

The majority of the Group's operations, income and expenses are in low or zero-rated tax jurisdictions, accordingly the Directors view any deferred tax assets or liabilities as being immaterial and no recognition of such assets or liabilities has been made.

10 Discontinued operations

On 10 February 2017 the group disposed of 100% of the ordinary share capital of CPDC and received consideration of 402,589,143 ordinary shares in PCGE which were subsequently disposed, realising proceeds of £416,365. As additional consideration for the shares in CPDC, loans due from PCGE to Kolarmy Technology Inc ("Kolarmy") and CPDC totalling US$2.2 million were waived.

	2017
	US$
Loss from discontinued activities	
Revenue	8,635,426
Expenses	(9,252,453)
Loss before tax of discontinued activities	(617,027)
Tax	-
Loss generated by discontinued operation	(617,027)
Loss on disposal of subsidiary	(7,731,870)
	(8,348,897)

10 Discontinued operations (continued)

	2017
	US$
Cashflows from discontinued activities	
Operating cashflows	748,331
Investing cashflows	(770,931)
Total cash flows	(22,600)

	2017
	US$
Assets and liabilities of the disposed company	
Intangible fixed assets	6,815,000
Current assets	3,983,134
Current liabilities	(307,287)
Net assets disposed of	10,490,847

11 Basic and diluted loss per share

	2018	**2017**
	US$	**US$**
Retained loss attributable to ordinary shareholders	(1,370,063)	(14,246,064)
Weighted average number of common shares in issue during the period:		
Issued ordinary shares at the beginning of the period	2,124,940,508	1,180,438,344
Effect of share issues before reorganisation	240,423,020	142,298,844
Weighted average number of ordinary shares before reorganisation	2,365,363,528	1,322,737,188
Weighted average number of new ordinary shares after reorganisation	473,072,706	264,547,438
Effect of share issues after reorganisation	199,333,204	-
Weighted average number of new ordinary shares at 31 March	672,405,910	264,547,438
Basic loss per share (US cents)	(0.20)	(5.38)

Basic loss per share has been calculated by dividing the net results attributable to ordinary shareholders by the weighted average number of shares in issue during the period. Due to the Company and the Group being loss making, the warrants (see note 16) are anti-dilutive.

On 15 January 2018, there was a capital reorganisation whereby the Company's existing issued share capital was converted into one new ordinary share of 0.1 pence and one deferred share of 0.4 pence. More detail can be found in note 18. In accordance with IAS 33, 'Earnings Per Share', the comparative has been adjusted retrospectively to reflect this change. Prior to the share reorganisation, the loss per share in the year ended 31 March 2017 was US$ 1.08 cents per share.

12 Trade and other receivables

	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
Amounts owed by Group undertakings	-	-	810,129	771,856
Allowance for doubtful debts	-	-	(810,129)	(771,856)
Proceeds from share allotment not received	-	395,258	-	395,258
Equity share agreement	394,841	-	394,841	-
Other receivables	199,138	6,304	193,005	-
Prepayments and accrued income	-	25,698	-	13,401
	593,979	427,260	587,846	408,659

In the parent company there is a provision for doubtful debt of US$ 810,129 (2017: US$ 771,856) against amounts receivable from fellow group companies.

13 Cash and cash equivalents

Cash and cash equivalents at 31 March 2018 are represented by cash on hand and in banks.

	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
Cash	1,404,260	1,287,964	1,388,033	1,279,909

14 Intangible assets

Intangible assets in respect of gaming licences and customer relationships:

	2018 US$	2017 US$
Cost		
At 1 April	25,000	9,950,000
Additions	-	25,000
Disposals	-	(9,950,000)
At 31 March	25,000	25,000
Amortisation & impairment		
At 1 April	-	1,145,000
Amortisation in the year/period	-	1,990,000
Elimination on disposal	-	(3,135,000)
At 31 March	-	-
Net book value		
At 31 March	25,000	25,000
Total net book value of intangible assets	25,000	25,000

The investment in Sihai Geju licences of US$ 3,500,000 was fully impaired in the previous reporting period. The investment in the PCGSS licence has been renewed during the current reporting year.

15 Property, plant and equipment

	Fixtures and fittings	
	2018	**2017**
	US$	**US$**
Cost		
At 1 April	5,950	4,963
Foreign currency differences	583	987
At 31 March	6,533	5,950
Depreciation		
At 1 April	5,250	2,741
Charge for the year	652	1,403
Foreign currency differences	583	1,106
At 31 March	6,485	5,250
Net book value		
At 31 March	48	700

16 Investments

Shares in Group undertakings	**2018**	**2017**
	US$	**US$**
Cost		
At 1 April and 31 March	10,876,140	10,876,140
Impairment		
At 1 April / 1 January	8,138,243	-
Charge	-	8,138,243
At 31 March	8,138,243	8,138,243
Net book value		
At 31 March	2,737,897	2,737,897

16 Investments (continued)

The Company has effective control of the following companies:

Company	Country of registration or incorporation	% held	Class of shares held
PCGEL	Hong Kong	100	Ordinary
Jingtuo	China	100	Ordinary
Sihai Geju	China	100	See below
PCGSS	Gibraltar	100	Ordinary

Through the VIE Arrangements with Jingtuo (a wholly owned subsidiary of PCGEL), the Group currently has effective control over Sihai Geju which holds the licences (note 14) relating to the internet operation of online games.

The Group has no direct control over Sihai Geju, but exercises control via contractual arrangements and therefore Sihai Geju is treated as a 100% subsidiary. The structure used is typical for overseas investment into China and is called a WFOE and VIE structure as disclosed in the general information in note 1.

The Directors have undertaken an annual impairment review of the carrying value of the investments in subsidiaries. In the prior year the directors decided to fully impair the investment in PCGEL as the media licenses held by its subsidiary had not yet been renewed by the local authorities (see note 14 for further details). The licences have since been renewed during the current reporting period and the Khanawake gambling licence has remained operational throughout. Accordingly the directors believe that no further impairment is necessary.

17 Current liabilities

	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
Other payables including taxation and social security	262,563	793,727	207,682	753,615
Amounts owed to Group undertakings	-	-	2,712,897	2,712,897
Accruals and deferred income	53,447	630,545	53,447	613,948
	316,010	1,424,272	2,974,026	4,080,460

18 Share capital

	2018	2017
Authorised:	**GBP**	**GBP**
Ordinary shares of GBP 0.001 each	6,000,000	6,000,000

Allotted and called up:

	2018 Number of shares	2018 Share capital US$	2018 Share premium US$	2017 Number of shares	2017 Share capital US$	2017 Share premium US$
As at 1 April	2,124,940,508	3,101,735	24,487,537	1,180,438,344	1,911,834	23,933,706
Issued during the period before reorganisation	1,400,000,003	1,806,768	-	944,502,164	1,189,901	553,831
Shares before Reorganisation	3,524,940,511	4,908,503	24,487,537	2,124,940,508	3,101,735	24,487,537
Shares after Reorganisation	704,988,102	4,908,503	24,487,537	2,124,940,508	3,101,735	24,487,537
Issued during the period after Reorganisation	337,500,000	468,431	468,431	-	-	-
As at 31 March	1,042,488,102	5,376,934	24,955,968	2,124,940,508	3,101,735	24,487,537

During the period the Company issued the following shares:

a) 400,000,000 ordinary shares at a premium of 0.1 pence per share on 26 May 2017 (entered on the register on 5 June 2018) in consideration for £400,000.

b) 1,000,000,000 ordinary shares at a premium of 0.1 pence per share on 18 August 2017 (entered on the register on 23 August 2017) in consideration for £1,000,000. £575,000 of the funds raised is subjected to the Equity Sharing Agreement with D-Beta One EQ Ltd.

c) 3 ordinary shares at a premium of 0.1 pence per share on 10 January 2018 (entered on the register on 11 January 2018) as preparation on the proposed capital reorganisation.

d) 62,500,000 ordinary shares at a premium of 0.2 pence per share on 29 January 2018 (entered on the register on 12 February 2018) in consideration for £125,000.

e) 275,000,000 ordinary shares at a premium of 0.2 pence per share on 29 January 2018 (entered on the register on 12 February 2018) in consideration for £550,000.

The Company held an Extraordinary General Meeting ("EGM") on 15 January 2018 in which shareholders approved a resolution for capital reorganisation. As a result of the EGM, the Company's existing issued share capital of 3,524,940,511 were consolidated on the basis of 5 Existing Ordinary Shares into one Consolidated Share, and in turn, each Consolidated Share was sub-divided into one New Ordinary Share of 0.1 pence and one Deferred Share of 0.4 pence. The new Ordinary Shares were admitted to trading on AIM at 8.00 am on 16 January 2018 ("Admission").

Following Admission, the Company's enlarged issued voting share capital comprised 704,988,102 New Ordinary Shares. The Company does not hold any shares in treasury.

18 Share capital (continued)

Following the capital reorganisation, the Company's issued share capital is comprised of 704,988,102 New Ordinary Shares and 704,988,102 Deferred Shares.

The New Ordinary Shares have the same rights as the existing Ordinary Shares including voting, dividend, return of capital and other rights.

The Deferred Shares does not entitle the holder thereof to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the Deferred Shares are entitled to participate in the distribution of the assets of the Company pari passu with the holders of the New Ordinary Shares, but only in respect of any excess of those assets above £1 trillion. Effectively, the Deferred Shares have no material value.

The total number of Deferred Shares issued as at 31 March 2018 was 704,988,102.

19 Share based payments

The Company issued warrants to service providers on 28 November 2014 in connection with its admission to AIM ("Service Provider Warrants"). Each warrant is convertible into one new ordinary share at an exercise price of 6p per share and may be exercised between 4 December 2014, being the date of admission to AIM, and 4 December 2019.

Following the capital reorganisation described in note 18, the share warrants have been amended to reflect the revised number of warrants which would be issued under the new share structure.

Details of the warrants in issue are as follows:

	Before Capital Reorganisation		After Capital Reorganisation	
	Number of warrants	Exercise price GBP	Revised Number of warrants	Adjusted Exercise price GBP
Service provider warrants	12,660,248	0.06	2,532,050	0.30

The share based payments charge for the Service Provider Warrants was fully recognised in the year ended 31 December 2014 and their fair value was measured at the point of issue by use of the Black Scholes model with the assumption of 60% future market volatility, future interest rate of 5.6% per annum, no dividend yield and exercise life of one year following issue.

20 Statutory surplus reserve

According to the relevant PRC regulations and the Articles of Association of Jingtuo, it is required to transfer 10% of its profit after income tax to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

As at 31 March 2018, the statutory surplus reserve was US$Nil (2017: US$Nil).

21 Financial instruments

PCGE's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. PCGE's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 1. PCGE does not use financial instruments for speculative purposes.

The principal financial instruments used by PCGE, from which financial instrument risk arises, are as follows:

	2018 US$	2017 US$
Loans and receivables:		
Trade and other receivables	593,979	401,562
Cash and cash equivalents	1,404,260	1,287,964
Trade and other payables:		
Other creditors	(262,563)	(793,727)
Accruals and deferred income	(53,447)	(630,545)

Capital risk management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitability, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. Capital is sourced from equity and from borrowings, as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2018, nor the period ended 31 March 2017.

Derivatives, financial instruments and risk management

The Group does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group arise in respect of the ongoing development programs, trade and other payables. Trade and other payables are all payable within 12 months other than those disclosed in note 17.

The board receives cash flow projections on a regular basis as well as information on cash balances.

Interest risk

The Group has interest rate risk with the banks for banking facilities, as well as the interest bearing term loan as disclosed in note 17.

21 Financial instruments (continued)

Foreign currency risk management

The Group has exposure to foreign exchange risk as its cash flows and financial assets and liabilities are mainly denominated in RMB, HK$, TWD and GBP and are reported in US$.

The Group's currency exposure is as follows:

At 31 March 2018:	**Chinese Renminbi US$**	**Hong Kong Dollars US$**	**Taiwanese Dollars US$**	**Sterling US$**	**Total US$**
Financial assets:					
Trade and other receivables	6,134	-	-	-	6,134
Cash and cash equivalents	13,465	2,761	-	1,383,516	1,399,742
	19,599	2,761	-	1,383,516	1,405,876
Financial liabilities:					
Trade payables and accruals	(28,323)	(19,629)	-	(53,447)	(101,399)
Currency exposure	(8,724)	(16,868)	-	1,330,069	1,304,477

At 31 March 2017:	**Chinese Renminbi US$**	**Hong Kong Dollars US$**	**Taiwanese Dollars US$**	**Sterling US$**	**Total US$**
Financial assets:					
Trade and other receivables	6,304	-	-	395,258	401,562
Cash and cash equivalents	6,633	1,417	-	1,272,159	1,280,209
	12,937	1,417	-	1,667,417	1,681,771
Financial liabilities:					
Trade payables and accruals	(31,034)	(23,689)	(25,822)	(1,070,797)	(1,151,342)
Currency exposure	(18,097)	(22,272)	(25,822)	596,620	530,429

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and liabilities denominated in foreign currencies.

At 31 March 2018:	**Chinese Renminbi US$**	**Hong Kong Dollars US$**	**Taiwanese Dollars US$**	**Sterling US$**	**Total US$**
10% strengthening of US$	(872)	(1,687)	-	133,007	130,448
10% weakening of US$	872	1,687	-	(133,007)	(130,448)

At 31 March 2017:	**Chinese Renminbi US$**	**Hong Kong Dollars US$**	**Taiwanese Dollars US$**	**Sterling US$**	**Total US$**
10% strengthening of US$	(1,810)	(2,227)	(2,582)	59,662	53,043
10% weakening of US$	1,810	2,227	2,582	(59,662)	(53,043)

21 Financial instruments (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its trading counterparties are monitored by the board of Directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The Group's principal financial assets are cash and cash equivalents, trade receivables and other accounts receivables. Cash equivalents include amounts held on deposit with financial institutions.

The Group has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

22 Commitments

The Group had no capital commitments as at 31 March 2018 or 31 March 2017.

23 Contingencies

The Group had no contingencies as at 31 March 2018 or 31 March 2017.

24 Controlling party

At 31 March 2018 and 31 March 2017, the Directors do not believe there to be any single controlling party.

25 Subsequent events

On 27 June 2018, the Company agreed a termination of the Equity Share Agreement, resulting in a final settlement payment to D-Beta One EQ, Limited of US$155,928.

26 Related party transactions

The Company wholly owns PCG Entertainment Limited ("PCGEL") which in turn owns Jingtuo World Technology Consulting (Beijing) Limited ("Jingtuo"), a specialized vehicle to enable PCG Entertainment to invest via a Variable Interest Entity ("VIE") in Beijing Sihai Geju Culture Media Company Limited ("Sihai Geju"). The Company's investment in these subsidiaries has been impaired in previous years, however the companies remain active, and the financial and operating results of these subsidiaries have been consolidated in these financial statements.

PCG Entertainment Limited, as at 31 March 2018, has a loan outstanding to the Company of the following amounts:

	US$
Outstanding at 1 April 2017	155,919
Movements during the year	18,354
Outstanding at 31 March 2018	174,273

26 Related party transactions (continued)

Jingtuo World Technology Consulting (Beijing) Limited, as at 31 March 2018, has a loan outstanding to the Company of the following amounts:

	US$
Outstanding at 1 April 2017	115,806
Movements during the year	3,112
Outstanding at 31 March 2018	118,918

Beijing Sihai Geju Culture Media Company Limited, as at 31 March 2018, has a loan outstanding to the Company of the following amounts:

	US$
Outstanding at 1 April 2017	508,619
Movements during the year	8,319
Outstanding at 31 March 2018	516,938

PCG Software Services Limited, as at 31 March 2018, has an outstanding loan from the Company of the following amount:

	US$
Outstanding at 31 March 2018 and 31 March 2017	2,712,897

The intercompany loans are repayable on demand and do not attract any interest.

During the year, funds amounting to US$175,875 have been deposited in a US$ account at Mashreq Bank in the United Arab Emirates. This account is in the name of Black Swan FZE, a company incorporated in the United Arab Emirates and a related party by virtue of having directors in common. This account has historically been used solely for the purposes of PCG Entertainment PLC and the funds are held as trustee and Black Swan FZE receives no pecuniary benefit. This arrangement has been in place for this purpose since before the Company was admitted to trading on AIM in December 2014.

During the year, an amount of US$194,355 was paid to Black Swan Plc in respect of expenses incurred on behalf of the company. As at 31 March 2018, the balance due to Black Swan Plc was US$25,093 (2017: US$115,761).

Transactions with related parties in respect to directors' fees have been disclosed in the Directors' Report.

Transactions between Group parties have not been disclosed as these have all been eliminated in the preparation of the consolidated financial statements. Transaction between the parent and fellow group companies are disclosed in notes 12 and 17 to these financial statements.

27 Availability of accounts

The full report and accounts are being posted on the Company's website, www.pcge.com.