pcge
pcg entertainment plc

30 June 2016

PCG Entertainment Plc
("PCGE", the "Company" or the "Group")
PCG Entertainment Plc / Index: AIM / Epic: PCGE

Final Results for the year ending 31 December 2015

PCG Entertainment Plc (AIM: PCGE), the AIM listed Asia-Pacific online gaming and media company today announced its final results for the year ended 31 December 2015. Detailed information can be found below and the full accounts have been posted today both to the Company's website and to its shareholders.

Financial highlights

- Revenue: $10,952,133 (2014: $4,450)
- Gross Profit: $2,805,228 (2014: $4,450)
- Loss on Ordinary Activities: $2,032,557 (2014: $8,696)
- Assets of $15,205,254 (2014: $7,712,305)

Operational Highlights

- Acquisition of Center Point Development Corp., a games and gaming software distributor based in Taiwan. PCGE was able to acquire 100% of the share capital of CPDC, which under AIM rules qualified as a Reverse Takeover ("RTO"). Following completion of the acquisition process in August 2015, trading of the Company's shares resumed on AIM.
- Acquisition ensured that the Company became operationally profitable in Q3 of 2015, and that this profit more than doubled in Q4. It has also provided the expertise, networks and contracts that will enable us to grow the business in 2016 and beyond.
- Chairman, Kung-Min Lin, stepped down to focus on his other business interests in Asia. Replaced by Richard Poulden, formerly Deputy Chairman.
- In May 2016, the Company advised the market of a debt arising from the acquisition of CPDC and a dispute over trading terms with a principal customer. Further information was provided to the market in June 2016, and the Company is continuing to seek an amicable resolution.
- On 3 February 2016, Clive Hyman, the CFO, resigned on the grounds of ill health. Christopher Fisher is currently acting CFO.
- In February 2016 Jack Sun was appointed as COO in Asia.
- On 11 March 2016, the Company appointed Allenby Capital Limited as its nominated adviser.

Outlook

The Company continues to develop major media distribution projects which are expected to develop in late 2016.

Notice of AGM

The Company also posted to shareholders today a notice of the annual general meeting of the Company to be held at 10.00 a.m. on [●] 2016 at the offices of the Company, G1 Haven Court, 5 Library Ramp, Gibraltar. The full report and accounts and the notice of annual general meeting are available to view on the Company's website www.pcge.com

CEO Nick Bryant commented

"I am delighted to announce PCGE's results for 2015. The Company is involved in a number of additional projects involving programme distribution and sport and we intend to provide regular updates on their progress. I remain confident that our strategy for the Company will result in sustained growth and increased shareholder value and I look forward to providing regular trading updates to the market."

The Group will continue to update the markets on further developments. For more information on PCGE please visit the Company's website www.pcge.com.

Matters Raised by the Independent Auditors

The Directors wish to bring to shareholders' attention the following matters raised in the Independent Auditor's Report.

Basis for qualified opinion on financial statements

In respect of intangible assets with a carrying amount of $8,805,000 the audit evidence available to us was limited because, following the acquisition of Center Point Development Corp. ("CPDC") the directors have not completed the fair valuation of the separately identifiable intangible assets held by CPDC within the one year measurement period permitted by IFRS 3 "Business Combinations". As identified in note 14, the directors initially recognised the value of intangible assets as the net of consideration paid and net tangible assets acquired, and have estimated a five year useful life of the intangible assets. We were unable to obtain sufficient appropriate audit evidence by other means.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's and parent Company's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Gibraltar Companies Act;
- The financial statements have been prepared in accordance with the Gibraltar Companies Act.

Emphasis of matter - existence of the Group's Sihai Geju licences

In forming our opinion on the financial statements, which is not modified in respect of this matter, we have considered the adequacy of the disclosures made in notes 14 to the financial statements concerning the Group's Sihai Geju licences, which have a carrying value of $3,500,000.

As described in note 14, in May 2016 the Group applied to the Ministry of Culture of the People's Republic of China, the People's Republic of China Ministry of Industry and Information Technology, and the Beijing Regional Communications Administration Bureau (collectively "the Authorities") for a renewal of the licences.

As the renewal of the licences is at the discretion of the Authorities these conditions indicate the existence of a material uncertainty which may cast significant doubt over the likelihood of the renewal of the licences and thus the carrying value of the Group's intangible asset. The financial statements do not include the adjustments that would result if the licences are not renewed.

Notes to the Accounts

The Directors wish to bring to shareholders' attention the following notes to the accounts.

Extract from Note 1

Going concern

The Group reported an operating loss for the year to 31 December 2015 due largely to the costs of readmission following the reverse takeover of CPDC and to Group operating costs. The CPDC business itself was profitable, delivering operating profits of approximately US$0.4m in July – September 2015 and US$0.8m in October – December 2015, and further increases in operating profits in January – March 2016 have given the Group a strong start to the 2016 financial year.

In May 2016 disputes arose with our principal supplier and a customer (see note 28). The Directors are working to resolve these problems amicably and will keep the market informed of their progress. In light of these disputes and their potential impact on the business the Directors have reviewed the current cash position and projected cash flows and considered that a further fund raising was necessary to secure the going concern nature of the Group. The Directors have concluded a share placement and the necessary funding has been secured. Based on this, the Directors consider that the Group will have adequate resources to meet its liabilities as they fall due for a period of at least twelve months from the date of the approval of these financial statements. Accordingly, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Extract from Note 14

Investment in Sihai Geju licences:

The Directors of PCGE are of the opinion that there is no impairment in the carrying value of the Sihai Geju licences, accordingly these are carried at their historical cost of US$3,500,000. The licences are subject to an annual renewal by Ministry of Culture of the People's Republic of China, the People's Republic of China Ministry of Industry and Information Technology, and the Beijing Regional Communications Administration Bureau (collectively "the Authorities"). Whilst the renewal is solely at the discretion of the Authorities, it is the Directors' expectation that provided the licence conditions are met annual renewal will be granted.

Due to their expectation of the annual renewal being granted each year and the demand for the licences continuing, the Directors consider that the Sihai Geju licences have an indefinite useful life. They are subject to an annual impairment review accordingly. The application for the renewal of the Sihai Geju licences was lodged in May 2016 and it is normal for the processing of such applications to take a number of months. The Directors expect a wait of three months before the renewal completes, but the Directors have no reason to suppose this will not be completed. As identified at the time of the acquisition of CPDC, the annual renewal of the Sihai Geju licences was a risk factor of the business, but based on the successful historic renewal of these licences, the Directors believe their approach is reasonable.

The annual impairment review of the Sihia Geju licences was made by the Directors based on their value in use and utilised cash flows forecasts for the cash generating units over a period of 10 years. This was prepared using the Directors' experience in the market to determine the key assumptions, being the future revenue projections and the discount factor. Various scenarios were considered by the Directors whereby a 10% and 50% range of discount factors were applied and then expected cash flows were adversely sensitised by up to 50%. The Directors' best estimate, utilising a discount rate of 25%, shows projected asset value in excess of the carrying value of the Sihia Geju licences recognised; the sensitivity analysis conducted utilising a 50% adverse cashflow and a discount rate of 25%, being considered as the worst case scenario reflecting the uncertainty as disclosed in note 4, identifies that the carrying value of the Sihia Geju licences is not materially impaired. The Directors remain of the view that the Sihia Geju licences are fairly stated and no impairment is necessary as at 31 December 2015.

Other intangible assets in respect of gaming licences and customer relationships:

As part of the acquisition of CPDC (as set out in note 24) the Group recognised intangible assets of US$9,950,000. In accordance with IFRS 3 the Directors are obliged to analyse and classify this into its component assets and determine their fair values. This exercise should be completed within one year of acquisition. The Directors have not been able to finalise this assessment and it will be completed in accordance with IFRS 3 in 2016. The Directors have, in these financial statements, included the intangible assets as one asset class with an estimated useful life of 5 years and applied an appropriate amortisation charge which will be corrected in 2016 once the valuation and assessment of useful life has been completed.

Extract from Note 24

Acquisition of business

In January 2015, the Group commenced negotiations to acquire CPDC, a Belize-registered distributor of online games management software, from Kolarmy. The Group acquired a call option in February 2015 to acquire CPDC at a price of up to US$20,000,000. The option capable of being exercised in cash or through the issue of ordinary shares of the Company. The option price of US$410,000 was paid.

The Company acquired the entire issued share capital of CPDC for an initial consideration of US$10,000,000 less the option price paid which was satisfied by the issue of initial consideration shares of 114,811,491 together with a contingent consideration arrangement. The net assets on acquisition of CPDC was assessed to be US$10,000,000 which equates to the total consideration transferred, therefore no goodwill arose on acquisition.

The fair value of the 114,811,491 ordinary shares issued as part of the consideration paid for CPDC (US$10,000,000) was measured using the closing market price of the Company's ordinary shares on the acquisition date.

This was the initial consideration as described in the Sale and Purchase Agreement ("SPA").

The SPA was agreed on 11 August 2015, the transaction completed on 28 August 2015 and consideration shares were admitted to AIM on this date. Control of CPDC was however deemed to pass on 16 June 2015 as profits of CPDC started to accrue to PCGE on this date and results have been consolidated into PCGE from 16 June 2015.

The contingent consideration arrangement requires the Company to pay the former owners of CPDC up to a maximum amount of US$10,000,000 (undiscounted) based on the net profit of CPDC for the period 1 June 2015 to 31 May 2017. The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between US$ Nil and US$10,000,000.

The SPA states that: "…any Further Consideration will be calculated by PCGE acting in its absolute discretion …"

The fair value of the contingent consideration arrangement of US$ Nil was estimated by applying the income approach. The fair value measurement was based on significant inputs that are not observable in the market, which IFRS 13 Fair

Value Measurement refers to as Level 3 inputs. The directors have re-evaluated future performance and concluded that these levels of net profit will not be achieved by 31 May 2017.

Accordingly, the directors do not consider that any further consideration is due on the acquisition.

The interim financial statements issued for the 6 months ended 30 June 2015 included intangible assets of US$18,214,000 and deferred consideration of US$8,214,000 in respect of the acquisition. Further to managements review of the intangible assets acquired and the likelihood of the contingent consideration becoming due, the value of the intangible assets have been reduced to US$10,000,000 and deferred consideration to US$Nil.

Enquiries:

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CHAIRMAN'S STATEMENT

Dear Shareholders,

Those of you have read my Black Swan newsletters over the years will know that I am firmly of the view that we are in the Asian century, and more particularly the "Age of China". The BREXIT protest vote of last week makes it even more essential in my view to pivot to Asia. In 1980 the EU was 30% of world GDP and today it is 16.5%. From any investment point of view I believe we need exposure to the growth in Asia.

Asia presents a vast opportunity and a challenge for those who embark on commercial endeavours in the region. PCG Entertainment Plc ("PCGE" or "the Company") embarked on an ambitious growth strategy for an emergent media and entertainment business in the People's Republic of China ("PRC") and this year has seen strong progress down this path.

Performance
Since the Company floated on AIM in December 2014, the business has secured a major acquisition of Center Point Development Corp ("CPDC"). Following that, PCGE rapidly demonstrated the benefits of this acquisition with steadily improving Quarterly Results in late 2015 and early 2016. You will have seen from recent RNSs that we have hit a bump in the road with the vendors of CPDC not honouring certain debt commitments and some interference with customers by suppliers. At the moment I remain convinced that we will reach an accommodation here that benefits everyone and in Nick Bryant's CEO statement you will read of some of our other plans.

PCGE continues to offer transparency through participation in the UK's AIM market, and the commitment of the Company to maintain visible and reputable management alongside an experienced Chinese team offers dual security.

There have been a number of concerns around Chinese companies on AIM in recent years, but it is our belief that our continued commitment to transparent reporting and regulation combined with in house experience on the Chinese and media markets gives PCGE the edge in both performance and growth.

Continued Opportunity
The Board remains confident that investors need exposure to China, and the media and entertainment sector presents the greatest opening here. The Chinese consumer market, and in particular the expenditure of the average consumer on leisure, increases exponentially, and in key areas, rapidly adopts new trends. The fundamental point is that this sector is far

less exposes to any other woes, which the Chinese economy may face. For what it is worth I think the Western media overplay the Chinese "problems". It is more important to observe what they are doing with financial institutions and the world monetary system.

McKinsey reported recently "Chinese consumers are adopting new products, services, and retail experiences at rates unseen in developed markets. For example, mobile payment penetration in China went from zero in 2011 to 25% of the population in 2015."

The vastness of the market also ensures that even a modest success, by sheer volume of the overall market size, remains significant. The value of the Chinese entertainment and media market overall stands at almost US$155bn, and McKinsey recently valued China's online gaming sector at US$18bn.

PCGE is firmly entrenched in this market and continue to exploit our licenses and the opportunities here.

Management & Advisor Changes
On 24th November 2015, Kung Min Lin resigned as Chairman and I took over. Kung Min and I started PCGE together and brought it to this point. I have greatly enjoyed working with him and wish him well in the other endeavours with which I know he is closely involved.

In February 2016 we appointed Jack Sun as COO in Asia. Jack is one of those rare individuals who can bridge the cultural divide between East and West given the fact that he is a Chinese national but spent part of his education at Oxford. Jack was previously employed as Group Operations and Financial Director for BETEX Group Plc, a bio-fuels software and lottery management company with a primary focus on mainland China. At BETEX he led and won bids for government lotteries in three provinces. Jack has worked as a Financial Director and a Management Accountant in the UK, after receiving a BA (Hons) in Business Accounting from Oxford Brookes University. His further qualifications include an EMBA – Said Business School, University of Oxford, UK, ACCA – Association of Chartered Certified Accountants , UK and a MSc in international finance – Birkbeck College, University of London, UK. He speaks fluent English, Mandarin and Cantonese.

On 3rd February 2016, Clive Hyman, the CFO, resigned on the grounds of ill health. The RNS announcing this is on our website. Chris Fisher is currently acting CFO and brings a wealth of relevant experience of Asia and early stage companies to the role.

On 11th March 2016, the Company appointed Allenby Capital Limited as its nominated advisor. This was in the light of Sanlam's decision to sell its London advisory business and the fact that their key employees moved to Allenby. However, on another note, I have worked with Allenby before and look forward to doing so again.

In conclusion, I would like to thank the board, management team and all our advisers for their hard work during the year and to express all our thanks to you our shareholders for your continuing support. This will be an awfully big adventure and there will be rocks and ups and downs in the road, but you can rest assured that we are in the right sector at the right time and I would never forgive anyone if we did not work to achieve the best result.

Richard O'Dell Poulden
Chairman
30 June 2016

Chief Executive Officer's Statement

In line with the strategy outlined in our Admission Document PCGE has continued to focus on growth, both organic and through acquisition, in 2015.

Acquisition
The key development for PCGE in 2015 was the acquisition of CPDC, a games and gaming software distributor based in Taiwan.

PCGE was able to acquire 100% of the share capital of CPDC, which under AIM rules qualified as a Reverse Takeover ("RTO") but is not a reverse acquisition for accounting purposes. The Directors understood that this acquisition would result in PCGE's temporary suspension from AIM. In February 2015 we paid an initial acquisition fee to secure the transaction and our shares were suspended from trading. Following the readmission process the acquisition was completed in August 2015 and trading resumed.

The Board took the view that the expense and deployment of resources were justified by the value that the acquisition added to the Company and its shareholders. The acquisition ensured that the Group became operationally profitable in Q3 of 2015, and that this profit more than doubled in Q4. It has also provided the expertise, networks and contracts that will enable us to grow the business in 2016 and beyond.

Leveraging the expertise and the networks we acquired through the acquisition of CPDC, the Company now plans to establish itself as a full-service solutions provider to the games industry. Over the course of Q3 and Q4 2016 the Group will launch a world-class games delivery platform and management system. This platform, which will be populated with games from a number of global developers, and managed by a highly experienced team, will give the Company a competitive advantage in the rapidly expending games market in Asia.

In May 2016 the Company advised the market that we were being pursued for a debt arising from our acquisition of CPDC, and that a dispute had arisen over trading terms with a principal customer. Further information was provided to the market in June 2016. Negotiations between the parties are ongoing and we anticipate an amicable settlement of this dispute.

IFRS 3 Valuation of Intangible Assets
The Directors recognise their obligation under IFRS 3 to classify, value and estimate the useful life of the Company's intangible assets appropriately. In relation to the acquisition of CPDC the Directors, whilst acknowledging this requirement, took the view that we would 'husband' our resources at this stage in our development and avoid the significant expense of commissioning a third-party valuation.

It is exceptionally difficult to evaluate the intangible assets of a gaming company in Asia where precedent is hard to establish. The nature of the gaming market is also radically different to that of the West. Accordingly, the Directors acknowledge that we have not met the technical requirements of IFRS 3 in this valuation and have resolved to remedy this in the 2016 accounts. The valuation of the intangible assets identified on the acquisition of CPDC, are set out in note 4.

Exploitation of Licenses
During the course of the year the Group also pursued some major media distribution projects which we expect to come on stream in late 2016.

These include:

- A motor racing 'search for a star' programme to be broadcast by a major satellite channel and distributed widely on line.
- A snooker academy show, fronted by a multiple snooker world champion, also to be distributed through major broadcast and on line channels.
- A major sports tipping service to be delivered on line and on mobile.

The Company is involved in a number of additional projects involving programme distribution and sport and we will provide regular updates on their progress.

The Sihai Geju licences are subject to an annual renewal as explained further in note 14. The application for their renewal was submitted in May 2016 and it is the Directors' expectation that the licences will be granted.

Board Changes
In November, our Chairman, Kung-Min Lin, stepped down to focus on his other business interests in Asia, and we thank him for his titanic efforts in establishing the Company over the past few years.

He has been replaced by Richard Poulden, formerly Deputy Chairman. Richard has many years' experience in a range of businesses in Asia and elsewhere and has been on the Board of a number of listed companies. We believe that Richard's experience will prove invaluable to the future success of the Company.

The Directors are pleased to report that we have generated US$10.952m of revenues in the year achieving a gross profit of US$2.805m. Against this, we incurred administrative expenses, including readmission costs, of US$4.261m.

As a result, we are able to report a reduction in our loss on ordinary activities across the year to US$2.033m, down from US$8.696m in 2014.

Going concern
As explained further in note 1, the Group has generated a loss for the year and having reviewed cash flow projections and the current cash position, we considered that a further fundraising was necessary to secure the going concern nature of the Group. The Directors have concluded a share issue and the funding has been secured.

I remain confident that our strategy for the Company will result in sustained growth and increased shareholder value and I look forward to providing regular trading updates to the market.

Finally, I should like to thank our shareholders, for their continued support and our staff and advisors for their hard work and commitment throughout 2015.

Nicholas Bryant
Chief Executive Officer
30 June 2016

PCG Entertainment Plc
Independent Auditor's Report to the Members of PCG Entertainment Plc

We have audited the financial statements of PCG Entertainment Plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Gibraltar Companies Act.

This report is made solely to the Company's members, as a body, in accordance with Section 257 of the Gibraltar Companies Act and for no other purpose. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors and the Code of Ethics issued by the International Ethics Standards Board for Accountants, as appropriate.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at
www.frc.org.uk/auditscopeukprivate.

Basis for qualified opinion on financial statements
In respect of intangible assets with a carrying amount of $8,805,000 the audit evidence available to us was limited because, following the acquisition of Center Point Development Corp. ("CPDC") the directors have not completed the fair valuation of the separately identifiable intangible assets held by CPDC within the one year measurement period permitted by IFRS 3 "Business Combinations". As identified in note 14, the directors initially recognised the value of intangible assets as the net of consideration paid and net tangible assets acquired, and have estimated a five year useful life of the intangible assets. We were unable to obtain sufficient appropriate audit evidence by other means.

Qualified opinion on financial statements
In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph:
· the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's and parent Company's loss and cash flows for the year then ended;
· the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
· the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Gibraltar Companies Act;
· The financial statements have been prepared in accordance with the Gibraltar Companies Act.

Emphasis of matter - existence of the Group's Sihai Geju licences
In forming our opinion on the financial statements, which is not modified in respect of this matter, we have considered the adequacy of the disclosures made in notes 14 to the financial statements concerning the Group's Sihai Geju licences, which have a carrying value of $3,500,000.

As described in note 14, in May 2016 the Group applied to the Ministry of Culture of the People's Republic of China, the People's Republic of China Ministry of Industry and Information Technology, and the Beijing Regional Communications Administration Bureau (collectively “the Authorities”) for a renewal of the licences.

As the renewal of the licences is at the discretion of the Authorities these conditions indicate the existence of a material uncertainty which may cast significant doubt over the likelihood of the renewal of the licences and thus the carrying value of the Group’s intangible asset. The financial statements do not include the adjustments that would result if the licences are not renewed.

Opinion on other matter prescribed by the Companies Act
In our opinion the information given in the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Gibraltar Companies Act requires us to report to you if, in our opinion:

· The Company has not kept proper accounting records; or
· we have not received all the information and explanations we require for our audit; or
· information specified by law regarding Directors’ remuneration and other transactions is not disclosed.

Samual Vidal Moses Cohen

Statutory Auditor
for and on behalf of
Benady Cohen & Co Limited

21 Engineer Lane
Gibraltar

30 June 2016

Nexia Smith & Williamson

Chartered Accountants

25 Moorgate
London
EC2R 6AY

30 June 2016

PCG Entertainment Plc
Consolidated Statement of Total Comprehensive Income
for the year ended 31 December 2015

	Notes	2015	2014
		US$	US$
Revenue	1, 6	10,952,133	4,450
Cost of Sales		(8,146,905)	-
Gross Profit		2,805,228	4,450
Administrative expenses		(4,261,166)	(3,362,658)
Operating loss	7	(1,455,938)	(3,358,208)
Investment / Goodwill impairment	11, 21	(250,000)	(5,242,460)
Foreign exchange loss		(297,672)	(89,892)
Interest payable		(28,947)	(5,492)
Loss on ordinary activities before taxation		(2,032,557)	(8,696,052)
Tax on loss on ordinary activities	9	-	-
Retained loss for the financial year		(2,032,557)	(8,696,052)
Change in foreign currency		26,685	(1,205)

Total comprehensive loss for the financial year		(2,005,872)	(8,697,257)
Weighted average loss per share:			
		US cents	**US cents**
Basic and diluted	10	(0.18)	(1.08)

There are no recognised gains or losses other than disclosed above and there have been no discontinued activities in the year.

PCG Entertainment Plc
Consolidated Statement of Financial Position
as at 31 December 2015

	Notes	2015	2014
		US$	US$
Current assets			
Trade and other receivables	12	2,635,559	980,840
Cash and cash equivalents	13	262,473	3,219,785
		2,898,032	4,200,625
Non-current assets			
Intangible assets	14	12,305,000	3,500,000
Property, plant and equipment	15	2,222	11,680
		12,307,222	3,511,680
Total assets		15,205,254	7,712,305
Current liabilities	17	2,431,567	1,728,685
Non-current liabilities	18	-	965,080
Capital and reserves			
Share capital	19	1,911,834	1,722,684
Share premium	19	23,933,706	17,321,417
Foreign currency translation reserve		25,480	(1,205)
Share based payment reserve	20	309,408	309,408
Issued shares reserve	21	-	(3,000,000)
Other reserves		-	40,420
Retained earnings		(13,406,741)	(11,374,184)
		12,773,687	5,018,540

Total liabilities and shareholders' funds	15,205,254	7,712,305

Approved by the board on 30 June 2016.

PCG Entertainment Plc
Company Statement of Financial Position
as at 31 December 2015

	Notes	2015	2014
		US$	US$
Current assets			
Trade and other receivables	12	667,126	994,803
Cash and cash equivalents	13	230,538	3,198,736
		897,664	4,193,539
Non-current assets			
Investments	16	10,876,140	876,140
Total assets		11,773,804	5,069,679
Current liabilities	17	1,954,886	1,168,580
Non-current liabilities	18	-	965,080
Capital and reserves			
Share capital	19	1,911,834	1,722,684
Share premium	19	23,933,706	17,321,417
Share based payment reserve	20	309,408	309,408
Issued shares reserve	21	-	(3,000,000)
Other reserves		-	40,420
Retained earnings		(16,336,030)	(13,457,910)
		9,818,918	2,936,019
Total liabilities and shareholders' funds		11,773,804	5,069,679

Approved by the board on 30 June 2016.

PCG Entertainment Plc

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Share Capital US$	Share Premium US$	Foreign Currency Translation Reserve US$	Share Based Payment Reserve US$	Issued Shares Reserve US$	C Res
Balance at 1 January 2014	1,223,292	4,528,491	-	-	-	
Comprehensive loss for the year	-	-	-	-	-	
Foreign currency impact on consolidation	-	-	(1,205)	-	-	
Share based payments	-	-	-	309,408	-	
Equity element of convertible loan note	-	-	-	-	-	4(
Issued shares awaiting transaction completion	-	-	-	-	(3,000,000)	
Cost of issuing share capital	-	(594,337)	-	-	-	
Transactions with owners:						
Shares issued during the year	499,392	13,387,263	-	-	-	
Balance at 31 December 2014	1,722,684	17,321,417	(1,205)	309,408	(3,000,000)	4(
Comprehensive loss for the year						
Foreign currency impact on consolidation	-	-	26,685	-	-	
Transfer of equity element of convertible loan note	-	-	-	-	-	(40
Transfer of shares to be issued reserve	-	(3,000,000)	-	-	3,000,000	
Write back of unpaid share capital not received	-	(104,196)	-	-	-	
Transactions with owners:						
Shares issued during the year	189,150	9,716,485	-	-	-	
Balance at 31 December 2015	1,911,834	23,933,706	25,480	309,408	-	

PCG Entertainment Plc

Company Statement of Changes in Equity

for the year ended 31 December 2015

	Share Capital	Share Premium	Share Based Payment Reserve	Issued Shares Reserve	Other Reserves	
	US$	US$	US$	US$	US$	
Balance at 1 January 2014	1,223,292	4,528,491	-	-	-	(4
Comprehensive loss for the year	-	-	-	-	-	(8
Share based payments	-	-	309,408	-	-	
Equity element of convertible loan note	-	-	-	-	40,420	
Issued shares awaiting transaction completion	-	-	-	(3,000,000)	-	
Cost of issuing share capital	-	(594,337)	-	-	-	
Transactions with owners:						
Shares issued during the year	499,392	13,387,263	-	-	-	
Balance at 31 December 2014	1,722,684	17,321,417	309,408	(3,000,000)	40,420	(
Comprehensive loss for the year	-	-	-	-	-	(2
Transfer of equity element of convertible loan note	-	-	-	-	(40,420)	
Transfer of shares to be issued reserve	-	(3,000,000)	-	3,000,000	-	
Write back of unpaid share capital not received	-	(104,196)	-	-	-	
Transactions with owners:						
Shares issued during the year	189,150	9,716,485	-	-	-	
Balance at 31 December 2015	1,911,834	23,933,706	309,408	-	-	(1

PCG Entertainment Plc
Consolidated Statement of Cash Flows
for the year ended 31 December 2015

	2015	**2014**
	US$	**US$**
Cash flows from operating activities		
Loss for the year	(2,032,557)	(8,696,052)
Reconciliation to cash generated from operations:		
Depreciation	1,330	1,411
Loss on disposal of assets	8,128	-
Amortisation of intangible assets	1,145,000	-
(Increase) / decrease in receivables	(2,573,943)	15,831
Increase in payables	383,782	1,172,699
Impairment of goodwill	250,000	5,242,460
Gain on convertible loan notes	(234,461)	-
Share based payment charge	-	309,408
Shares issued in lieu of amounts payable	15,636	-
Net cash flow from operating activities	(3,037,085)	(1,954,243)
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(590,900)	-
Cash flows from financing activities		
Issue of shares for cash	-	4,724,973
Issue of convertible loan note	-	1,000,000
Share issue expenses capitalised against share premium account	-	(594,339)
Share proceeds received from 2015 unpaid share capital	815,027	-
Repayment of convertible loan	(200,000)	-
Interest on convertible loan note	28,961	-
Net cash flow from financing activities	643,988	5,130,634
Net (decrease) / increase in cash	(2,983,997)	3,176,391
Effects of exchange rates on cash and cash equivalents	26,685	(1,205)
	(2,957,312)	3,175,186
Cash at bank and in hand at 1 January	3,219,785	44,599
Cash at bank and in hand at 31 December	262,473	3,219,785

PCG Entertainment Plc
Company Statement of Cash Flows
for the year ended 31 December 2015

	2015	2014
	US$	US$
Cash flows from operating activities		
Loss for the year	(2,878,120)	(8,582,268)
Reconciliation to cash generated from operations:		
Increase in receivables	(591,546)	(59,974)
Increase in payables	486,305	1,158,476
Impairment of goodwill	-	5,242,460
Impairment of investment	250,000	--
Share based payment charge	-	309,408
Gain on convertible loan note	(234,461)	-
Shares issued in lieu of amounts payable	15,636	
Net cash flow from operating activities	(2,952,186)	(1,931,898)
Cash flows from investing activities		
Investment in subsidiary undertakings	(660,000)	-
Cash flows from financing activities		
Issue of shares for cash	-	4,724,973
Issue of convertible loan note	-	1,000,000
Share issue expenses capitalised against share premium account	-	(594,339)
Share proceeds received from 2015 unpaid share capital	815,027	-
Repayment of convertible loan	(200,000)	-
Interest on convertible loan note	28,961	-
Net cash flow from financing activities	643,988	5,130,634
Net (decrease) / increase in cash	(2,968,198)	3,198,736
Effects of exchange rates on cash and cash equivalents	-	-
	(2,968,198)	3,198,736
Cash at bank and in hand less overdrafts at 1 January	3,198,736	-
Cash at bank and in hand less overdrafts at 31 December	230,538	3,198,736

1. Accounting policies

The principal accounting policies adopted by the Group in the preparation of its financial statements for the year ended 31 December 2015 with comparatives for year ended 31 December 2014 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 G1 Haven Court, 5 Library Ramp, Gibraltar. PCG Entertainment has direct subsidiaries and affiliated companies in China, where its holding is held through the requisite Chinese structure for foreign investors.

As at 1 January 2015, PCG Entertainment had a direct 100% holding in its subsidiary PCG Entertainment Limited ("PCGEL") (previously Hong Kong Strategic Services Limited) which is incorporated in Hong Kong. PCGEL had a direct 100% holding in its subsidiary Jingtuo World Technology Consulting (Beijing) Limited ("Jingtuo") which is a Wholly Foreign Owned Enterprise under the laws of the Peoples Republic of China ("PRC") ("WFOE") a specialized vehicle to enable PCG Entertainment to invest via a Variable Interest Entity ("VIE") in Beijing Sihaigeju Culture Media Company Limited ("Sihai Geju"). Jingtuo and Sihai Geju are both incorporated in the PRC.

On 17 March 2015, PCG Entertainment acquired a direct 100% holding in PCG Software Services Limited ("PCGSS"), incorporated in Gibraltar for GBP 2,000. The purpose of acquiring PCGSS was to acquire Centre Point Development Corp ("CPDC").

On 28 August 2015, PCG Entertainment (via its wholly owned subsidiary PCGSS) acquired a direct 100% holding in CPDC, incorporated in Belize for a total consideration of US$10,000,000. Under AIM rule 14 the ordinary shares of PCG Entertainment were suspended on 13 February 2015 pending the completion of the reverse takeover of CPDC. This takeover was completed on 11 August 2015 and the shares were readmitted for trading. Further details on the acquisition are set out in note 24.

PCG Entertainment, its subsidiaries and affiliated companies are collectively referred to as the 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 19.

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 228 of the Companies Act and have not prepared a Statement of Total Comprehensive Income for the Company alone.

The Government of Gibraltar passed into law the New Act on 1 November 2014. The accounting and audit provisions of the New Act came into force for accounting periods commencing on or after 1 November 2014. The adoption of the New Act by the Group has not had a significant impact on the Group's financial position or results.

Going concern

The Group reported an operating loss for the year to 31 December 2015 due largely to the costs of readmission following the reverse takeover of CPDC and to Group operating costs. The CPDC business itself was profitable, delivering operating profits of approximately US$0.4m in July – September 2015 and US$0.8m in October – December 2015, and further increases in operating profits in January – March 2016 have given the Group a strong start to the 2016 financial year.

In May 2016 disputes arose with our principal supplier and a customer (see note 28). The Directors are working to resolve these problems amicably and will keep the market informed of their progress. In light of these disputes and their potential impact on the business the Directors have reviewed the current cash position and projected cash flows and considered that a further fund raising was necessary to secure the going concern nature of the Group. The Directors have concluded a share placement and the necessary funding has been secured. Based on this, the Directors consider that the Group will have adequate resources to meet its liabilities as they fall due for a period of at least twelve months from the date of the approval of these financial statements. Accordingly they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements combine the financial information of the Company and its subsidiary undertakings drawn up to 31 December 2015.

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 year 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$2,878,120 (2014: US$8,567,840).

Revenue

Revenue relates to the utilisation of licences over a gaming platform. The Group provide access to the platform to operators of games who receive fees from their customers to play games over the platform. The Group receive a percentage of the fees paid by third party customers using a sliding scale based on the level of platform usage. Revenue is earned as the platform is utilised by the customers.

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 and 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.

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 year.

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 year 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$")
Jingtuo and VIE – Chinese Renminbi ("RMB")
PGSS – Gibraltan pounds ("GIP")
CPDC –US$

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the 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.

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.
- "Issued share reserve" represents shares issued and admitted to trading on AIM, but held by the Company pending fulfilments of contractual obligations of a third party.
- "Other reserves" represents the deemed equity element of a convertible loan note issued below fair value.
- "Retained earnings" 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 statement of financial position date 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.

- Amendments to IAS 19 — Defined Benefit Plans - Employee Contributions (effective for accounting periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for accounting periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2011 – 2013 Cycle (effective for accounting periods beginning on or after 1 July 2014).

These new standards, amendments and interpretations to existing standards have had no 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 December 2015. 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.

- Amendments to IAS 1 – Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2016).

- Amendments to IAS 16 and IAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 27 – Equity Method in Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 9 Financial Instruments (2014) (effective for accounting periods beginning on or after 1 January 2018).
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IFRS 11 — Accounting for Acquisitions of Interests in Joint Operations (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 16 leases (effective for periods beginning on or after 1 January 2016 – not yet adopted by the EU).
- Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for accounting periods beginning on or after 1 January 2016).

4. Critical judgements in applying the Group's accounting policies

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.

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.

Key sources of estimation uncertainty

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

Valuation of 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 Sihai Geju licences is based on a significant number of variables which require management judgement, as disclosed in note 14.

Valuation of intangible assets on the acquisition of CPDC

On the acquisition of CPDC, management have recognised intangible assets in respect of customer relationships, being the difference between the fair value of the consideration paid and the net assets acquired in the business. Valuing these intangible assets is inherently subjective and at the date of these financial statements the formal exercise to value the individual assets has not been fully completed. Management consider the value of the intangible assets net of the amortisation for the period to be appropriate.

Valuation of investment in subsidiaries

The Company's investment in its subsidiaries are carried at cost less provision for impairment. The value of the investment is inherently linked to 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$ 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.

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; and CPDC 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. All revenues are derived in Asia and the Group's profit before taxation is derived from its principal activities. The PCGE operations are based in Taiwan and China and its assets and liabilities relate to the two business segments.

The Group's revenue is derived from its principal activities based in Asia, and the directors consider that individual countries within this region have sufficiently similar characteristics and any further country breakdown would be considered immaterial. On this basis no further geographical analysis of revenue has been prepared.

	Gaming services	**Media services and central office costs**	**Total**	**Total**
	2015	**2015**	**2015**	**2014**
	US$	**US$**	**US$**	**US$**
Revenue				
Total revenue	10,952,133	-	10,952,133	4,450
Inter segment sales	-	-	-	-
Sales to external customers	10,952,133	-	10,952,133	4,450
Profit / (Loss)				
Depreciation on property, plant and equipment	-	1,330	1,330	1,411
Amortisation of intangible assets	1,145,000	-	1,145,000	-
Segment operating profit / (loss)	1,107,874	(2,563,812)	(1,455,938)	(3,358,208)

Goodwill impairment	-	(250,000)	(250,000)	(5,242,460)
Foreign exchange loss	(270,188)	(27,484)	(297,672)	(89,892)
Interest payable	-	(28,947)	(28,947)	(5,492)
Profit / (loss) before taxation	837,686	(2,870,243)	(2,032,557)	(8,696,052)
Taxation	-	-	-	-
Profit / (loss) for the year	837,686	(2,870,243)	(2,032,557)	(8,696,052)
Assets and liabilities				
Segment assets	12,566,574	2,638,680	15,205,254	7,712,305
Segment liabilities	(1,458,700)	(972,867)	(2,431,567)	(2,693,765)
Total net assets	11,107,874	1,665,813	12,773,687	5,018,540

7 Operating loss

	2015	2014
Operating loss is stated after charging the following:	US$	US$
Amortisation of intangible fixed assets	1,145,000	-
Depreciation of fixed assets	1,330	1,411
Auditor's remuneration - Auditors to the Group	92,593	53,625
Auditor's remuneration - non-audit fees (transaction services related to AIM admission)	221,111	277,200
Auditor's remuneration - Statutory Auditor	14,444	14,025
Warrant issue costs (note 20)	-	309,408

8 Staff costs

During the year ended 31 December 2015, excluding Directors, the average number of people employed by the Group was 10 (2014: 9). During the year, the Group paid wages and salaries of US$317,637 (2014: US$ 52,000).

9 Taxation

	2015	2014
	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:	2015	2014
	US$	US$
Loss on ordinary activities before taxation	(2,032,557)	(8,696,052)
Loss on ordinary activities multiplied by the standard rate of corporation tax in Gibraltar of 10%	(203,256)	(869,605)
Non-deductible expenses	203,256	870,050
Non-taxable income	-	(445)
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 Weighted average loss per share

	2015	2014
	US$	US$
Retained loss attributable to ordinary shareholders	(2,032,557)	(8,696,052)
Weighted average number of common shares in issue during the year:		
Issued ordinary shares at the beginning of the year	1,062,147,877	750,000,007
Effect of share issues	40,510,434	57,732,162
Weighted average number of ordinary shares at 31 December	1,102,658,311	807,732,169
Basic loss/earnings per share (US cents)	(0.18)	(1.08)

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 year. Due to the Company and the Group being loss making, the warrants and convertible loan notes are anti-dilutive.

11. Goodwill impairment

Pursuant to a supplemental agreement with the vendors of PCGEL, on 10 October 2014 the Company allotted 105,091,436 Ordinary shares at a premium of GBP 0.029 per Ordinary share, being US$5,242,460. These shares were initially recorded as goodwill and immediately written off to the statement of comprehensive income in the prior year.

12 Trade and other receivables	Group	Group	Company	Company

	2015	2014	2015	2014
	US$	US$	US$	US$
Trade receivables	2,305,567	-	-	-
Amounts owed by Group undertakings	-	-	633,509	75,579
Proceeds from share allotment not received	-	919,224		919,224
Other receivables	274,823	61,616	118	-
Prepayments and accrued income	55,169	-	33,498	-
	2,635,559	980,840	667,126	994,803

Other receivables include US$274,823 (2014 US$ Nil) due from Kolarmy Technology Inc ("Kolarmy"), see note 29 for details of the related party transactions.

13. Cash and cash equivalents

Cash and cash equivalents at 31 December 2015 are represented by cash on hand and in banks.

	Group	Group	Company	Company
	2015	2014	2015	2014
	US$	US$	US$	US$
Cash	262,473	3,219,785	230,538	3,198,736

14 Intangible assets

Investment in Sihai Geju licences:	2015	2014
	US$	US$
Cost		
At 1 January	3,500,000	3,500,000
Additions	-	-
At 31 December	3,500,000	3,500,000
Amortisation		
At 1 January and 31 December	-	-
Net book value		
At 31 December	3,500,000	3,500,000

Other intangible assets in respect of gaming licences and customer relation-ships:	2015	2014
	US$	US$

Cost		
At 1 January	-	-
Additions	9,950,000	-
At 31 December	9,950,000	-
Amortisation		
At 1 January	-	-
Amortisation in the year	1,145,000	-
At 31 December	1,145,000	-
Net book value		
At 31 December	8,805,000	-
Total net book value of intangible assets	12,305,000	3,500,000

Investment in Sihai Geju licences:
The Directors of PCGE are of the opinion that there is no impairment in the carrying value of the Sihai Geju licences, accordingly these are carried at their historical cost of US$3,500,000. The licences are subject to an annual renewal by Ministry of Culture of the People's Republic of China, the People's Republic of China Ministry of Industry and Information Technology, and the Beijing Regional Communications Administration Bureau (collectively “the Authorities”). Whilst the renewal is solely at the discretion of the Authorities, it is the Directors’ expectation that provided the licence conditions are met annual renewal will be granted.

Due to their expectation of the annual renewal being granted each year and the demand for the licences continuing, the Directors consider that the Sihai Geju licences have an indefinite useful life. They are subject to an annual impairment review accordingly. The application for the renewal of the Sihai Geju licences was lodged in May 2016 and it is normal for the processing of such applications to take a number of months. The Directors expect a wait of three months before the renewal completes, but the Directors have no reason to suppose this will not be completed. As identified at the time of the acquisition of CPDC, the annual renewal of the Sihai Geju licences was a risk factor of the business, but based on the successful historic renewal of these licences, the Directors believe their approach is reasonable.

The annual impairment review of the Sihia Geju licences was made by the Directors based on their value in use and utilised cash flows forecasts for the cash generating units over a period of 10 years. This was prepared using the Directors’ experience in the market to determine the key assumptions, being the future revenue projections and the discount factor. Various scenarios were considered by the Directors whereby a 10% and 50% range of discount factors were applied and then expected cash flows were adversely sensitised by up to 50%. The Directors’ best estimate, utilising a discount rate of 25%, shows projected asset value in excess of the carrying value of the Sihia Geju licences recognised; the sensitivity analysis conducted utilising a 50% adverse cashflow and a discount rate of 25%, being considered as the worst case scenario reflecting the uncertainty as disclosed in note 4, identifies that the carrying value of the Sihia Geju licences is not materially impaired. The Directors remain of the view that the Sihia Geju licences are fairly stated and no impairment is necessary as at 31 December 2015.

Other intangible assets in respect of gaming licences and customer relationships:
As part of the acquisition of CPDC (as set out in note 24) the Group recognised intangible assets of US$9,950,000. In accordance with IFRS 3 the Directors are obliged to analyse and classify this into its component assets and determine their fair values. This exercise should be completed within one year of acquisition. The Directors have not been able to finalise this assessment and it will be completed in accordance with IFRS 3 in 2016. The Directors have, in these financial statements, included the intangible assets as one asset class with an estimated useful life of 5 years and applied an appropriate amortisation charge which will be corrected in 2016 once the valuation and assessment of useful life has been completed.

15 Property, plant and equipment

	Fixtures and fittings	
	2015	2014
	US$	US$
Cost		
At 1 January	13,091	13,901
Disposals	(8,128)	-
At 31 December	4,963	13,091
Depreciation		
At 1 January	1,411	-
Charge for the year	1,330	1,411
At 31 December	2,741	1,411
Net book value		
At 31 December	2,222	11,680

16 Investments

Shares in Group undertakings	2015	2014
	US$	US$
Cost		
At 1 January	876,140	876,140
Additions	10,000,000	-
At 31 December	10,876,140	876,140
Net book value		
At 31 December	10,876,140	876,140

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
CPDC	Belize	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.

On 17 March the Company acquired 100% of the issued ordinary share capital of PCG Software Services ("PCG SS"), a company incorporated in Gibraltar which is the holding company of CPDC. Details of the acquisition of CPDC are set out in note 24 below.

The Directors have undertaken an annual impairment review of the carrying value of the investments in subsidiaries. The review was undertaken based on their value in use utilising future cash flow projections for the subsidiaries for a period of between five and ten years using key assumptions, being the future revenue projections, growth rates in costs and the discount factor. Sensitivity analysis is then conducted to establish the robustness of the assessments. The Directors' best estimate identifies that the carrying value of the subsidiaries is not impaired.

In respect to the investment in CPDC, the Directors considered the value in use of the subsidiary to be US$10,000,000 and an impairment charge of US$250,000 was included in consolidated statement of comprehensive income.

17 Current liabilities	Group	Group	Company	Company
	2015	2014	2015	2014
	US$	US$	US$	US$
Other payables including taxation and social security	2,057,889	1,276,749	631,114	725,215
Amounts owed to Group undertakings	-	-	1,024,342	-
Accruals and deferred income	373,678	451,936	299,430	443,365
	2,431,567	1,728,685	1,954,886	1,168,580

18 Non-current liabilities	Group	Group	Company	Company
	2015	2014	2015	2014
	US$	US$	US$	US$
Other payables (note 29)	-	965,080	-	965,080

Included within current other payables are amounts payable to Kolarmy of US$300,000 (2014: within current and non-current other payables US$1,855,245). The amount due to Kolarmy relates to a convertible loan note of US$ 1 million ("the Loan Note") (2014: Loan Note and short-term payables). During the year $300,000 of the balance was converted to Ordinary shares (see note 19), $200,000 was repaid, $234,000 was forgiven with the remaining balance being outstanding.

The Loan Note bears interest at 6% and was due for repayment by 5 May 2016 or any earlier time at the discretion of the Company. It was subsequently agreed between the parties to remove the repayment deadline with the date for repayment due to be agreed between the parties in the future. A conversion option allows Kolarmy to demand that the Loan Note be settled by the allotment of Ordinary shares, based on the average closing price of the Company's shares in the preceding five days of trading prior to the date of Kolarmy's notice to the Company. On issuing the Loan Note an estimate of the nominal value was held in equity US$ 40,420, following the conversion and reduction of the loan balance the estimate has reduced to $Nil and the balance transferred to other payables (see note 1; financial liabilities and equity).

19 Share capital

	2015	2014
	GBP	**GBP**
Authorised:		
Ordinary shares of GBP 0.001 each	3,000,000	1,000,000

Allotted and called up:

	2015 Number of shares	2015 Share capital US$	2015 Share premium US$	2014 Number of shares	2014 Share capital US$	2014 Share premium US$
As at 1 January	1,062,147,877	1,722,684	17,321,417	750,000,007	1,223,292	4,528,491
Issued during the year	118,290,467	189,150	9,716,485	312,147,870	499,392	12,792,926
Reserve transfers	-	-	(3,104,196)	-	-	-
As at 31 December	1,180,438,344	1,911,834	23,933,706	1,062,147,877	1,722,684	17,321,417

During the year the Company issued the following shares:

a) 114,811,492 ordinary shares at a premium of US$0.0819 per share on 28 August 2015 (entered on the register on 28 September 2015) in consideration for the acquisition of 100% of CPDC.

b) 333,333 ordinary shares at a premium of US$0.0453 per share on 28 August 2015 (entered on the register on 28 September 2015) in consideration of advisory services provided by damson pr Limited totalling US$15,653. The ordinary shares were considered to be issued at their market value in consideration for these services.

c) 3,145,642 ordinary shares at a premium US$0.0938 per share on 28 August 2015 (entered on the register on 28 September 2015) in respect of the conversation of US$300,000 of the loan from Kolarmy as set out in note 18.

20 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.

The Company also granted two warrants for every ordinary share subscribed for on the date of admission to AIM ("Subscriber Warrants").

Details of the warrants in issue during the year ended 31 December 2015 are as follows:

Outstanding at 31 December 2015:	Number of warrants	Exercise price GBP
Service Provider Warrants	12,660,248	0.06
Subscriber Warrants	113,666,668	0.06
	126,326,916	

The share based payments charge for the Service Provider Warrants was fully recognised in the prior year 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. The share based payment charge for Service Provider Warrants granted was US$ Nil (2014: US$ 309,408).

21 Issued shares reserve

In the prior year, the Group entered into an agreement ("Framework Agreement") which grants the Group an option to purchase 10 per cent. of the equity of each of Hainon Huan'ao Culture Medic Co., Ltd ("HPC") and Hainon Huan'ao Sports Industry Co., Ltd ("HLC") for US$3,000,000 payable in cash and/or shares (the "Option Right"). The Group despatched notice to exercise the Option Right in December 2014, with 31,456,433 new ordinary shares issued at a premium of 5.9p per share and admitted for trading on AIM pursuant to the terms of the Framework Agreement.

These shares, while admitted for trading to AIM, remained in the custody of PCG Entertainment until the acquisition of the 10 per cent of the equity of each of HPC and HLC was completed.

During the year the Company paid US$250,000 to the owners of HPC and HLC. This consideration was not subject to the option agreement but was deemed to be supplementary consideration for the purchase of the option in HPC and HLC and thus was initially recorded as an investment and was written off to the statement of comprehensive income on cancellation of the deal.

The directors subsequently decided prior to 31 December 2015 not to complete the exercise of the option and the value per the Issued Shares Reserve was deducted from the Share Premium Reserve and the goodwill written off to the statement of comprehensive income.

22 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 December 2015 the statutory surplus reserve was US$ Nil (2014: US$ Nil).

23 Financial instruments

PCGEs principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The 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 the PCGE, from which financial instrument risk arises, are as follows:

	2015	2014
	US$	US$
Loans and receivables:		
Trade and other receivables	2,635,559	980,840
Cash and cash equivalents	262,473	3,219,785
Trade and other payables :		
Term loans	(300,000)	(965,080)
Other creditors	(1,757,889)	(1,276,749)
Accruals and deferred income	(373,678)	(451,936)

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 period ended 31 December 2014, nor the year ended 31 December 2015.

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 18.

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 18.

Except for cash at bank and the Loan Note identified in note 18, as at 31 December 2015 and 31 December 2014, there are no significant balances which attract interest or on which interest is payable.

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$ and GBP and are reported in US$.

The Group's currency exposure is as follows:

At 31 December 2015:	Chinese	Hong Kong		
	Renminbi	**Dollars**	**Sterling**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets:				
Trade and other receivables	49	-	33,617	33,666
Cash and cash equivalents	3,057	1,425	230,538	235,020
	3,106	1,425	264,155	268,686
Financial liabilities:				
Trade payables and accruals	(16,112)	(26,212)	(614,908)	(657,232)
Currency exposure	(13,006)	(24,787)	(350,753)	(388,546)

At 31 December 2014:	Chinese	Hong Kong		
	Renminbi	**Dollars**	**Sterling**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets:				
Trade and other receivables	61,617	-	919,224	980,841
Cash and cash equivalents	12,898	8,151	3,198,736	3,219,785
	74,515	8,151	4,117,960	4,200,626
Financial liabilities:				
Trade payables and accruals	(456,727)	(103,378)	(933,660)	(1,493,765)
Currency exposure	(382,212)	(95,227)	3,184,300	2,706,861

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 December 2015:	Chinese	Hong Kong		
	Renminbi	**Dollars**	**Sterling**	**Total**
	US$	**US$**	**US$**	**US$**
10% strengthening of US$	(1,301)	(2,479)	(35,075)	(38,855)
10% weakening of US$	1,301	2,479	35,075	38,855

At 31 December 2014:	Chinese	Hong Kong		
	Renminbi	**Dollars**	**Sterling**	**Total**
	US$	**US$**	**US$**	**US$**

10% strengthening of US$	(38,221)	(9,523)	318,429	270,685
10% weakening of US$	38,221	9,523	(318,429)	(270,685)

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.

24 Acquisition of business

In January 2015, the Group commenced negotiations to acquire CPDC, a Belize-registered distributor of online games management software, from Kolarmy. The Group acquired a call option in February 2015 to acquire CPDC at a price of up to US$20,000,000. The option capable of being exercised in cash or through the issue of ordinary shares of the Company. The option price of US$410,000 was paid.

The Company acquired the entire issued share capital of CPDC for an initial consideration of US$10,000,000 less the option price paid which was satisfied by the issue of initial consideration shares of 114,811,491 together with a contingent consideration arrangement. The net assets on acquisition of CPDC was assessed to be US$10,000,000 which equates to the total consideration transferred, therefore no goodwill arose on acquisition.

The fair value of the 114,811,491 ordinary shares issued as part of the consideration paid for CPDC (US$10,000,000) was measured using the closing market price of the Company's ordinary shares on the acquisition date.

This was the initial consideration as described in the Sale and Purchase Agreement ("SPA").

The SPA was agreed on 11 August 2015, the transaction completed on 28 August 2015 and consideration shares were admitted to AIM on this date. Control of CPDC was however deemed to pass on 16 June 2015 as profits of CPDC started to accrue to PCGE on this date and results have been consolidated into PCGE from 16 June 2015.

The contingent consideration arrangement requires the Company to pay the former owners of CPDC up to a maximum amount of US$10,000,000 (undiscounted) based on the net profit of CPDC for the period 1 June 2015 to 31 May 2017. The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between US$ Nil and US$10,000,000.

The SPA states that: "…any Further Consideration will be calculated by PCGE acting in its absolute discretion …"

The fair value of the contingent consideration arrangement of US$ Nil was estimated by applying the income approach. The fair value measurement was based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. The directors have re-evaluated future performance and concluded that these levels of net profit will not be achieved by 31 May 2017.

Accordingly the directors do not consider that any further consideration is due on the acquisition.

The interim financial statements issued for the 6 months ended 30 June 2015 included intangible assets of US$18,214,000 and deferred consideration of US$8,214,000 in respect of the acquisition. Further to managements review of the intangible assets acquired and the likelihood of the contingent consideration becoming due, the value of the intangible assets have been reduced to US$10,000,000 and deferred consideration to US$Nil.

Since the acquisition date, CPDC has contributed revenues amounting to US$10,952,133 to the Group and profits after direct costs amounted to US$3,005,228. If CPDC had been part of the Group from the start of the financial year, combined revenues would have amounted to US$19,467,507 and profits after direct costs would have amounted to US$5,538,271.

25 Commitments

The Group had no capital commitments as at 31 December 2015 or 31 December 2014.

26 Contingencies

The Group had no material contingent liabilities as at 31 December 2015 or 31 December 2014.

27 Controlling party

At 31 December 2015 and 31 December 2014, the Directors do not believe there to be any single controlling party.

28 Subsequent events

When PCGE acquired 100% of the ordinary share capital in CPDC on 11 August 2015 the acquisition agreement provided that CPDC's debtor, creditor and cash balances at that date would remain with the former majority shareholder Kolarmy post acquisition save for US$69,100 cash and creditors of US$19,100.

In addition, the Company also disclosed in the admission document that on 27 March 2015 the Company, Kolarmy and CPDC's principal supplier (the "Supplier") entered into an agreement whereby CPDC was irrevocably and unconditionally released from its obligations in connection with a debt to the Supplier of US$2,707,506 at 28 February 2015 (the "Debt") and all the Supplier's rights against CPDC in respect of the Debt were cancelled. In addition, Kolarmy agreed to assume all of the obligations and liabilities owed in connection with the Debt.

Subsequent to the financial year-end, the Company has become aware that Kolarmy has not repaid the Debt to the Supplier.

As announced on 31 May 2016 this resulted in a dispute between the Company and the Supplier, as the Supplier is (despite the signed agreement between the Company, the Supplier and Kolarmy which absolved the Company of any responsibility for the Debt) seeking repayment of the Debt from the Company.

The RNS also announced that a "principal customer is in dispute with Company over trading terms previously agreed and that whilst the Company is working to and expects to resolve this ongoing matter, the Company is currently owed certain receivables, which if not received may place further pressure on the Company's trading operations."

Negotiations continue between the parties and the Directors expect to reach an amicable settlement within the next few weeks.

On 30th June 2016, the Directors made a share placement raising an additional GBP400,000 (approximately US$539,000).

29 Related party transactions

On 11 August 2015, the Group acquired 100% ordinary share capital of CPDC a company owned by Kolarmy for the consideration of 114,811,491 ordinary shares in the Company. The Company had initially paid US$410,000 in respect of a call option in respect of the acquisition on February 2015. Further details of the transaction are set out in note 24. Kolarmy is considered a related party because the business is owned and managed by Heng-Jui Lin, the brother of Kung Min Lin.

As at 31 December 2015 US$274,823 remained outstanding from Kolarmy in respect of transactions with CPDC.

As at 31 December 2015, US$300,000 was due to Kolarmy (2014: US$1,895,665), consisting of the residual balance on a Loan Note of US$1 million. Further details of these transactions are set out in note 18.

On 11 August 2015 the Group entered into a consultancy agreement with Heng-Jui Lin to provide consultancy services to CPDC as a consultant for an annual fee of US$156,000 which may be settled through the issue of Ordinary shares. The agreement is terminable on six months' notice by either side, and lasts for a period of one year.

During the year a balance of US$73,000 was paid to Black Swan plc in respect of services associated with the acquisition of CPDC. As at 31 December 2015 the balance outstanding was US$Nil.

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.