PCG Entertainment Plc

CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 March 2017

PCG Entertainment Plc
Financial Statements
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PCG Entertainment Plc
Company Information

DIRECTORS	Richard O'Dell Poulden, Chairman Professor Michael Mainelli, Non-Executive Alan David Gravett, Non-Executive
SECRETARY	Hawk Secretaries Limited
REGISTERED OFFICE	G1 Haven Court 5 Library Ramp Gibraltar
AUDITORS TO THE GROUP	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY United Kingdom
STATUTORY AUDITOR	RSM Audit (Gibraltar) Limited (formerly Benady Cohen & Co 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	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
DEPOSITARY	Capita IRG Trustees Limited The Registry 34 Beckenham Road Kent BR3 4TU United Kingdom
BANKERS	Bank of China 1 Lothbury London EC2R 7DB United Kingdom
NOMINATED ADVISOR	Allenby Capital Limited 3 St. Helen's Place London EC3A 6AB
BROKER	Beaufort Securities Limited 131 Finsbury Pavement London EC2A 1NT United Kingdom
REGISTERED NUMBER	107915

PCG Entertainment Plc
Chairman's Statement

Dear Shareholders,

It seems somewhat surreal to be writing this approximately a year after we were reviewing what seemed to be a successful and profitable acquisition of Center Point Development Corp ("CPDC").

The CPDC debacle

The Company purchased CPDC in August 2015 for a consideration satisfied by the issue of 114,811,491 new ordinary shares in the Company, plus the $410,000 paid in cash for the initial option to purchase CPDC. As first announced on 31 May 2016, certain issues arose following the acquisition relating to a dispute between the vendors of CPDC and its major supplier. This dispute proved impossible to bring to an amicable conclusion and, in turn, this prevented the development of CPDC progressing in the way that the board of PCGE had intended. PCGE announced on 30 September 2016 that the revenue of CPDC had declined from the original position and the Company had at that point made a provision against disputed payments (being 57% of the accumulated profits of CPDC at 30 June 2016). The revenue of CPDC continued to decline due to supplier and customer disputes, primarily related to debts owed by the previous owners.

Following much negotiation, the Board agreed to sell CPDC to a consortium of persons who at the time comprised certain shareholders in the Company, including Kolarmy Technology Inc., and other vendors of CPDC. This transaction involved the return to PCGE of the ordinary shares issued to acquire CPDC plus other shares in PCGE identified as belonging to the vendors of CPDC and their connected parties. These ordinary shares were sold in the market by the Company's brokers with the proceeds being remitted to the Company.

This consideration was received by the Company for CPDC pursuant to the "CPDC Settlement Agreement", which also ensured that there was no future liability from PCGE to any of the signatories of that agreement. The cash realized from the disposal by the Company was the proceeds of the sale of approximately 400 million shares transferred under the Agreement. These shares were sold for around £416,000 (before expenses).

Changes in personnel

The service contract with Electric Warrior Ltd, which provided Mr Bryant's services as CEO, was terminated in March 2017. Recently Mr Bryant has brought an Employment Tribunal claim against the Company and Michael Mainelli and me personally. We are taking legal advice on this situation and are resisting Mr Bryant's claims, as we believe they have no merit, and will issue further updates on this as soon as we are able to do so.

Equity funding

Subsequent to the sale of CPDC the Company has successfully raised further funds through three further placings of new ordinary shares to raise gross proceeds of £750,000, £350,000 and £400,000 respectively. These were placed specifically with substantially different groups to ensure a balance of interests in the Company.

From the moment we knew we had a deal to divest CPDC we began to consider ways forward for the Company to provide value for shareholders. Some of the directors of PCGE have done this before with quoted companies at the bottom of a cycle: Sirius Minerals and Wishbone Gold for example. One of the important aspects of this process is not to grab the first random deal which comes along. In my view it also requires the directors to look at opportunities across a range of different industries and geographic locations. "Industry Expertise" can be a great asset but all too often it is something which people hide behind when they are merely a one trick pony. Accordingly we have reviewed a number of possible avenues for the future of PCGE across different continents and industries.

Current Structure

As confirmed in various announcements the Group retains its various licenses for operating games and other media content in the People's Republic of China. We have chosen to provide in full against the value of these licenses in the accounts for this period as the key media license has yet to be renewed and thus a provision appeared prudent. The structure to exploit these, or other opportunities in the People's Republic of China, remains in place with the Wholly Foreign Owned Enterprise and VIE structure.

The Group also retains a gambling license from the Kahnawake Gaming Commission of the Mohawk Council of the Kahnawake Nation. This is held in a separate Gibraltar company, which is a wholly owned subsidiary of PCGE. This is valued at cost in these accounts.

Financial report

On 21 April 2017 the Company announced a change to the Company's accounting reference date from 31 December to 31 March. This change was made to allow for the CPDC disposal to be included within these audited report and accounts. As a result of this change, these audited results are for the 15-month period from 1 January 2016 to 31 March 2017. Going forward PCGE will revert to a normal biannual reporting calendar based on a 31 March year end.

The accounts as reported have been prepared for the period from 1st January 2016 to 31 March 2017. These accounts show that there was no revenue earned by the Company in the period and, as CPDC was disposed of in the period, the 2015 comparatives reflecting this have accordingly been restated. The Group incurred administrative expenses of $5,926,477 during the period which includes the impairment of USD3,500,000 relating to the gaming and media content licenses held in China. The 2015 expenses, which include costs related to readmission to the AIM, have also been restated at $2,563,812 to excluded CPDC expenses. The Company's current cash position is just over $2m.

Conclusion

In conclusion, I would like to thank the current 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. We are determined to bring PCGE back from the abyss and hope we can announce some changes in the near future.

Richard O'Dell Poulden
Chairman
31 July 2017

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 15 month period ended 31 March 2017.

Principal activities

The Company's principal activity during the period was that of a holding company. The business of the Group during the period was activities relating to media distribution in China, including games and gaming software.

Results

The Group's results for the period 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 period ended 31 March 2017 (2015: US$ Nil).

Business review

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

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 period and remuneration during the period was as follows:

	Salaries, allowances and benefits in kind US$
Richard O'Dell Poulden (a)	125,000
Nicholas Bryant (dismissed 15 March 2017) (b)	343,750
Clive Hyman (resigned 3 February 2016) (c)	12,110
Professor Michael Mainelli (d)	25,000
Alan David Gravett	31,250
	537,110

In addition to the amounts included above the directors claimed expenses they had incurred on behalf of the Group of $147,913 (2015: $123,858).

(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 Electric Warrior Limited, a company of which Nicholas Bryant is a shareholder, the Company pays director's remuneration to Electric Warrior Limited.

Directors (continued)

(c) Pursuant to an agreement dated 28 November 2014 between the Company and Hyman Capital Services Limited, a company of which Clive Hyman is a shareholder, the Company pays director's remuneration to Hyman Capital Services Limited.

(d) 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.

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

	Number of ordinary shares
Richard O'Dell Poulden (a)	137,282,026
Professor Michael Mainelli (b)	250,000
Alan David Gravett (c)	100,000

(a) Richard Poulden is deemed to be interested in the ordinary shares referred to above as follows (all of such ordinary shares registered in the name of Ashton Nominees Inc other than the 1 ordinary share registered in the name of Black Swan FZE, the 1 ordinary share registered in Richard Poulden's own name and the 15,000,001 ordinary shares registered in the name of Black Swan Plc as referred to below):

(i) 1 ordinary share belongs to Richard Poulden;

(ii) 1 ordinary share belongs to Black Swan FZE which is a wholly owned subsidiary of Black Swan Plc of which Richard Poulden is the chairman and controls a majority of the shares;

(iii) 15,000,001 ordinary shares belong to Black Swan Plc of which Richard Poulden is the chairman and controls a majority of the shares;

(iv) 15,000,000 ordinary shares belong to Richard Poulden's wife and infant children;

(v) 97,282,023 ordinary shares belong to the Malvern Trust, a trust in respect of which Richard Poulden's family can be beneficiaries; and

(vi) 10,000,000 ordinary shares belong to the John Edward Poulden Settlement Trust, a trust for the benefit of Richard Poulden's children.

(b) 250,000 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 100,000 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.

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 to the Group and the Statutory Auditor (together, 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.

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.

Auditors

The auditors of the Group are Nexia Smith & Williamson. The auditors of the Company for statutory reporting purposes in Gibraltar are RSM Audit (Gibraltar) Limited (formerly Benady Cohen & Co Limited).

Resolutions to reappoint both firms will be put to the members at the annual general meeting.

By order of the board

Richard O'Dell Poulden
Director
31 July 2017

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 period. 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 July 2017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PCG Entertainment Plc ("the Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of changes in equity and statement of cash flows for the period then ended, and notes to the 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 Company's affairs as at 31 March 2017 and of the cash flows for the period 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 on the Financial Statements

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 Company 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 qualified audit opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of 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 preparation 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 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 financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 period for which the financial statements are prepared is consistent with the 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 Company 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.

Samuel Vidal Moses Cohen
Statutory Auditor
For and on behalf of
RSM Audit (Gibraltar) Limited

21 Engineer Lane
Gibraltar

31 July 2017

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

Report on the Audit of the Consolidated financial statements
Qualified Opinion on the Consolidated financial statements

We have audited the consolidated financial statements of PCG Entertainment Plc (the Company), which comprise the Consolidated Statement of Financial Position as at 31 March 2017, and the Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2017 and of its loss and cash flows for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union.

Basis for Qualified Opinion on the Consolidated financial statements

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Group Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company 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.

Because the Group did not have access to the books and records of the discontinued subsidiary Center Point Development Corp. (CPDC) we have been unable to obtain sufficient appropriate audit evidence concerning CPDC's financial information for the period beginning 1 January 2016 until CPDC was disposed on 21 February 2017, and the loss on disposal of CPDC. We were unable to obtain sufficient appropriate audit evidence by other means.

In respect of intangible assets with a carrying value of $8,805,000 on 1 January 2016 and $6,815,000 on disposal of CPDC, the audit evidence available to us was limited because, following the acquisition of CPDC in 2015 the directors did not complete the required fair valuation of the separately identifiable intangible assets held by CPDC. The directors initially recognised the value of intangible assets as the net of consideration paid and net tangible assets acquired, and estimated a five year useful life of the intangible assets. The valuation was also not undertaken in the period beginning 1 January 2016 until disposal of CPDC and therefore throughout this period the assets were not recognised in accordance with the requirements of IFRS 3 "Business Combinations". We were unable to obtain sufficient appropriate audit evidence by other means.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with 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 preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Group Auditor's Responsibilities for the Audit of the Consolidated 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

In the light of the knowledge and understanding of the Company 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.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants and Registered Auditors
Group Auditor in respect of the Group

Moorgate
London
EC2R6AY

14 August 2017

PCG Entertainment Plc
Consolidated Statement of Total Comprehensive Income
for the period ended 31 March 2017

	Notes	Period ended 31 March 2017	Year ended 31 December 2015 Restated
		US$	US$
Revenue		-	-
Cost of Sales		-	-
Gross Profit		-	-
Administrative expenses		(5,926,477)	(2,563,812)
Other operating income		48,868	-
Operating loss	7	(5,877,609)	(2,563,812)
Foreign exchange loss		(19,525)	(27,484)
Interest payable		(33)	(28,947)
Loss on ordinary activities before taxation		(5,897,167)	(2,620,243)
Tax on loss on ordinary activities	9	-	-
Loss for the financial period from continuing activities		(5,897,167)	(2,620,243)
(Loss) / profit for the period from discontinued operations	10	(8,348,897)	587,686
Retained loss for the financial period		(14,246,064)	(2,032,557)
Change in foreign currency		45,297	26,685
Total comprehensive loss for the financial period		(14,200,767)	(2,005,872)
Basic and diluted (loss) / profit per share:			
		US cents	**US cents**
For continuing activities		(0.45)	(0.26)
For discontinued activities		(0.63)	0.08
Total basic and diluted	11	(1.08)	(0.18)

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

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Financial Position
as at 31 March 2017

	Notes	31 March 2017 US$	31 December 2015 US$
Current assets			
Trade and other receivables	12	427,260	2,635,559
Cash and cash equivalents	13	1,287,964	262,473
		1,715,224	2,898,032
Non-current assets			
Intangible assets	14	25,000	12,305,000
Property, plant and equipment	15	700	2,222
		25,700	12,307,222
Total assets		1,740,924	15,205,254
Current liabilities	17	1,424,272	2,431,567
Capital and reserves			
Share capital	18	3,101,735	1,911,834
Share premium	18	24,487,537	23,933,706
Foreign currency translation reserve		70,777	25,480
Share based payment reserve	19	309,408	309,408
Retained earnings		(27,652,805)	(13,406,741)
		316,652	12,773,687
Total liabilities and shareholders' funds		1,740,924	15,205,254

Approved by the board on 31 July 2017

Richard O'Dell Poulden
Director

Michael Mainelli
Director

Registered number: 107915

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Financial Position
as at 31 March 2017

	Notes	31 March 2017 US$	31 December 2015 US$
Current assets			
Trade and other receivables	12	427,260	2,635,559
Cash and cash equivalents	13	1,287,964	262,473
		1,715,224	2,898,032
Non-current assets			
Intangible assets	14	25,000	12,305,000
Property, plant and equipment	15	700	2,222
		25,700	12,307,222
Total assets		1,740,924	15,205,254
Current liabilities	17	1,424,272	2,431,567
Capital and reserves			
Share capital	18	3,101,735	1,911,834
Share premium	18	24,487,537	23,933,706
Foreign currency translation reserve		70,777	25,480
Share based payment reserve	19	309,408	309,408
Retained earnings		(27,652,805)	(13,406,741)
		316,652	12,773,687
Total liabilities and shareholders' funds		1,740,924	15,205,254

Approved by the board on 31 July 2017.

Richard O'Dell Poulden
Director

Michael Mainelli
Director

Registered number: 107915

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Company Statement of Financial Position
as at 31 March 2017

	Notes	31 March 2017 US$	31 December 2015 US$
Current assets			
Trade and other receivables	12	408,659	667,126
Cash and cash equivalents	13	1,279,909	230,538
		1,688,568	897,664
Non-current assets			
Investments	16	2,737,897	10,876,140
Total assets		4,426,465	11,773,804
Current liabilities	17	4,080,460	1,954,886
Capital and reserves			
Share capital	18	3,101,735	1,911,834
Share premium	18	24,487,537	23,933,706
Share based payment reserve	19	309,408	309,408
Retained earnings		(27,552,675)	(16,336,030)
		346,005	9,818,918
Total liabilities and shareholders' funds		4,426,465	11,773,804

Approved by the board on 31 July 2017

Richard O'Dell Poulden
Director

Michael Mainelli
Director

Registered number: 107915

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Company Statement of Financial Position
as at 31 March 2017

	Notes	31 March 2017 US$	31 December 2015 US$
Current assets			
Trade and other receivables	12	408,659	667,126
Cash and cash equivalents	13	1,279,909	230,538
		1,688,568	897,664
Non-current assets			
Investments	16	2,737,897	10,876,140
Total assets		4,426,465	11,773,804
Current liabilities	17	4,080,460	1,954,886
Capital and reserves			
Share capital	18	3,101,735	1,911,834
Share premium	18	24,487,537	23,933,706
Share based payment reserve	19	309,408	309,408
Retained earnings		(27,552,675)	(16,336,030)
		346,005	9,818,918
Total liabilities and shareholders' funds		4,426,465	11,773,804

Approved by the board on 31 July 2017.

Richard O'Dell Poulden
Director

Michael Mainelli
Director

Registered number: 107915

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Changes in Equity
for the period ended 31 March 2017

	Share Capital US$	Share Premium US$	Foreign Currency Translation Reserve US$	Share Based Payment Reserve US$	Issued Shares Reserve US$	Other Reserve US$	Retained Earnings US$	Total Equity US$
Balance at 1 January 2015	1,722,684	17,321,417	(1,205)	309,408	(3,000,000)	40,420	(11,374,184)	5,018,540
Comprehensive loss for the year	-	-	-	-	-	-	(2,032,557)	(2,032,557)
Foreign currency impact on consolidation	-	-	26,685	-	-	-	-	26,685
Transfer of equity element of convertible loan note	-	-	-	-	-	(40,420)	-	(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)	-	-	-	-	-	(104,196)
Transactions with owners:								
Shares issued during the year	189,150	9,716,485	-	-	-	-	-	9,905,635
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

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc

Company Statement of Changes in Equity
for the period ended 31 March 2017

	Share Capital US$	Share Premium US$	Share Based Payment Reserve US$	Issued Shares Reserve US$	Other Reserves US$	Retained Earnings US$	Total Equity US$
Balance at 1 January 2015	1,722,684	17,321,417	309,408	(3,000,000)	40,420	(13,457,910)	2,936,019
Comprehensive loss for the year	-	-	-	-	-	(2,878,120)	(2,878,120)
Share based payments	-	-	-	-	(40,420)	-	(40,420)
Issued shares awaiting transaction completion	-	(3,000,000)	-	3,000,000	-	-	-
Cost of issuing share capital	-	(104,196)	-	-	-	-	(104,196)
Transactions with owners:							
Shares issued during the year	189,150	9,716,485	-	-	-	-	9,905,635
Balance at 31 December 2015	1,911,834	23,933,706	309,408	-	-	(16,336,030)	9,818,918
Comprehensive loss for the period	-	-	-	-	-	(11,216,645)	(11,216,645)
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	309,408	-	-	(27,552,675)	346,005

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Consolidated Statement of Cash Flows
for the period ended 31 March 2017

	Period to 31 March 2017 US$	Year to 31 December 2015 US$
Cash flows from operating activities		
Loss for the period	(14,246,064)	(2,032,557)
Reconciliation to cash generated from operations:		
Depreciation	1,403	1,330
Exchange rates differences	21,140	-
Loss on disposal of Subsidiary / assets	9,721,870	8,128
Amortisation of intangible assets	-	1,145,000
Impairment of intangibles	3,500,000	-
Decrease / (increase) in receivables	548,544	(2,573,943)
(Decrease) / increase in payables	(400,008)	383,782
Impairment of investment	-	250,000
Gain on convertible loan notes	-	(234,461)
Shares issued in lieu of amounts payable	24,577	15,636
Net cash flow from operating activities	(828,538)	(3,037,085)
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	-	(590,900)
Net proceeds from disposal of subsidiaries	505,856	-
Net cash flow from investing activities	505,856	(590,900)
Cash flows from financing activities		
Issue of shares for cash	1,469,103	-
Share issue expenses capitalised against share premium account	(145,206)	-
Share proceeds received from 2014 unpaid share capital	-	815,027
Repayment of convertible loan	-	(200,000)
Interest on convertible loan note	-	28,961
Net cash flow from financing activities	1,323,897	643,988
Net increase/(decrease) in cash	1,001,215	(2,983,997)
Effects of exchange rates on cash and cash equivalents	24,276	26,685
	1,025,491	(2,957,312)
Cash at bank and in hand at the start of the period	262,473	3,219,785
Cash at bank and in hand at the end of the period	1,287,964	262,473

The notes on pages 22 to 39 form part of these financial statements.

PCG Entertainment Plc
Company Statement of Cash Flows
for the period ended 31 March 2017

	Period to 31 March 2017 US$	Year to 31 December 2015 US$
Cash flows from operating activities		
Loss for the period	(11,216,645)	(2,878,120)
Reconciliation to cash generated from operations:		
Exchange rates differences	(24,275)	-
Increase in receivables	(39,432)	(591,546)
Increase in payables	737,019	486,305
Impairment of investments	8,138,243	250,000
Provision for doubtful debt	821,856	-
Gain on convertible loan note	-	(234,461)
Shares issued in lieu of amounts payable	24,577	15,636
Net cash flow from operating activities	(1,558,657)	(2,952,186)
Cash flows from investing activities		
Cash advanced to subsidiaries	(548,026)	-
Cash repaid by subsidiaries	1,807,881	-
Investment in subsidiary undertakings	-	(660,000)
Net cash flow from investing activities	1,259,855	(660,000)
Cash flows from financing activities		
Issue of shares for cash	1,469,103	-
Share issue expenses capitalised against share premium account	(145,206)	-
Share proceeds received from 2014 unpaid share capital	-	815,027
Repayment of convertible loan	-	(200,000)
Interest on convertible loan note	-	28,961
Net cash flow from financing activities	1,323,897	643,988
Net increase / (decrease) in cash	1,025,095	(2,968,198)
Effects of exchange rates on cash and cash equivalents	24,276	-
	1,049,371	(2,968,198)
Cash at bank and in hand at the start of the period	230,538	3,198,736
Cash at bank and in hand at the end of the period	1,279,909	230,538

The notes on pages 22 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 period ended 31 March 2017 with comparatives for year ended 31 December 2015 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 2016, 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 Sihai Geju Culture Media Company Limited ("Sihai Geju"). Jingtuo and Sihai Geju are both incorporated in the PRC.

As at 1 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 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 period as disclosed in note 18.

The Company and Group have changed their accounting reference date and so have prepared their financial statements for the 15 month period to 31 March 2017.

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 period-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.

Prior period restatement

The group has restated the Consolidated Statement of Total Comprehensive Income for the prior period. This is to disclose separately the profit for the year of the discontinued activity in accordance with IFRS 5. The restatement has had no effect on the reported result for the year. Further details of the discontinued activity are included in note 10.

1 Accounting policies (continued)

Going concern

The Group reported a net loss for the period to 31 March 2017 mainly due to the disposal of CPDC in the period. As at the balance sheet date the Group had cash reserves of $1.3 million. The directors consider the funds to be sufficient to cover existing expenditure for a further 12 months from the date of these financial statements. For this reason, the directors consider it appropriate to prepare the accounts 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 March 2017.

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 period was $11,216,645 (2015: $2,878,120).

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

1 Accounting policies (continued)

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.

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.

1 Accounting policies (continued)

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$")
Jingtuo and VIE – Chinese Renminbi ("RMB")
PGSS – US$
CPDC –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.

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.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.

1 Accounting policies (continued)

Taxation

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

<u>Current tax</u>

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.

<u>Deferred tax</u>

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.

<u>Accounting policies in relation to the parent company:</u>

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 period

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

- 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).
- Amendments to IFRS 11 — Accounting for Acquisitions of Interests in Joint Operations (effective for accounting periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for accounting periods beginning on or after 1 January 2016).

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 period ended 31 March 2017. 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 9 Financial Instruments (2014) (effective for accounting periods beginning on or after 1 January 2018).
- 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 2019 – not yet adopted by the EU).
- Annual Improvements to IFRSs 2014 – 2016 Cycle (effective for accounting periods beginning on or after 1 January 2017).

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 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 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.

4 Critical judgements in applying the Group's accounting policies (continued)

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$ 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 period 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.

6 Operating segments (continued)

	Gaming services 2017 US$	Media services and central office costs 2017 US$	Total 2017 US$	Total 2015 US$
Revenue				
Total revenue	-	-	-	-
Inter segment sales	-	-	-	-
Sales to external customers	-	-	-	-
Depreciation on property, plant and equipment	-	1,403	1,403	1,330
Amortisation of intangible assets	-	-	-	-
Segment operating loss	(8,783)	(5,868,826)	(5, 877,609)	(2,563,812)
Foreign exchange loss	-	(19,525)	(19,525)	(27,484)
Interest payable	-	(33)	(33)	(28,947)
Loss before taxation	(8,783)	(5,888,384)	(5,897,167)	(2,620,243)
Taxation	-	-	-	-
Loss for the period from continuing activities	(8,783)	(5, 888,384)	(5,897,167)	(2,620,243)
(Loss) / profit from discontinued activities	(8,348,897)	-	(8,348,897)	587,686
Loss for the period	(8,357,680)	(5,888,384)	(14,246,064)	(2,032,557)
Assets and liabilities				
Segment assets	37,297	1,677,927	1,715,224	15,205,254
Segment liabilities	-	(1,424,272)	(1,424,272)	(2,431,567)
Total net assets	37,297	253,655	290,952	12,773,687

7 Operating loss

	2017 US$	2015 US$
Operating loss is stated after charging the following:		
Impairment of intangible assets	3,500,000	-
Depreciation of fixed assets	1,403	1,330
Auditor's remuneration - Auditors to the Group	89,154	92,593
Auditor's remuneration - non-audit fees (transaction services related to AIM admission)	-	221,111
Auditor's remuneration - Statutory Auditor	16,018	14,444

8 Staff costs

During the period ended 31 March 2017, excluding Directors, the average number of people employed by the Group was 7 (2015: 10). During the period, the Group paid wages and salaries of US$384,079 (2015: US$317,637).

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

9 Taxation

	2017 US$	2015 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:	2017 US$	2015 US$
Loss on ordinary activities before taxation	(14,246,064)	(2,032,557)
Loss on ordinary activities multiplied by the standard rate of corporation tax in Gibraltar of 10%	(1,424,606)	(203,256)
Non-deductible expenses	1,424,606	203,256
Non-taxable income	-	-
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

Certain issues arose relating to a dispute between the vendors of CPDC and its major supplier. This dispute proved impossible to bring to an amicable conclusion, and in turn, prevented the development of CPDC in the way that the board of directors of PCGE ("the board") intended. The dispute has led to a decline in the revenues of CPDC and so the board decided to sell CPDC.

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 $2.2 million were waived.

	2017 US$	2015 US$
(Loss) / profit from discontinued activities		
Revenue	8,635,426	10,952,133
Expenses	(9,252,453)	(10,364,447)
(Loss) / profit before tax of discontinued activities	(617,027)	587,686
Tax	-	-
(Loss) / profit generated by discontinued operation	(617,027)	587,686
Loss on disposal of subsidiary	(7,731,870)	-
	(8,348,897)	587,686

10 Discontinued operations (continued)

	2017 US$	2015 US$
Cashflows from discontinued activities		
Operating cashflows	748,331	1,384,503
Investing cashflows	(770,931)	(1,407,050)
Financing cashflows	-	50,000
Total cash flows	(22,600)	27,453

	2017 US$	2015 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

	2017 US$	2015 US$
Retained loss attributable to ordinary shareholders	(14,246,064)	(2,032,557)
Weighted average number of common shares in issue during the period:		
Issued ordinary shares at the beginning of the period	1,180,438,344	1,062,147,877
Effect of share issues	142,298,844	40,510,434
Weighted average number of ordinary shares at 31 March / 31 December	1,322,737,188	1,102,658,311
Basic loss/earnings per share (US cents)	(1.08)	(0.18)

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 are anti-dilutive.

12 Trade and other receivables

	Group 2017 US$	Group 2015 US$	Company 2017 US$	Company 2015 US$
Trade receivables	-	2,305,567	-	-
Amounts owed by Group undertakings	-	-	771,856	633,509
Allowance for doubtful debts	-	-	(771,856)	-
Proceeds from share allotment not received	395,258	-	395,258	-
Other receivables	6,304	274,823	-	118
Prepayments and accrued income	25,698	55,169	13,401	33,499
	427,260	2,635,559	408,659	667,126

Other receivables include $Nil (2015: $274,823) due from Kolarmy Technology Inc ("Kolarmy"), see note 26 for details of the related party transactions.

In the parent company a provision for doubtful debt was recognised in the period of $771,856 (2015: $nil) against amounts receivable from fellow group companies.

13 Cash and cash equivalents

Cash and cash equivalents at 31 March 2017 are represented by cash on hand and in banks.

	Group 2017 US$	Group 2015 US$	Company 2017 US$	Company 2015 US$
Cash	1,287,964	262,473	1,279,909	230,538

14 Intangible assets

Investment in Sihai Geju licences:	2017 US$	2015 US$
Cost		
At 1 January	3,500,000	3,500,000
Additions	-	-
At 31 March / 31 December	3,500,000	3,500,000
Amortisation		
At 1 January	-	-
Impairment in the period	3,500,000	-
At 31 March / 31 December	3,500,000	-
Net book value		
At 31 March / 31 December	-	3,500,000

Other intangible assets in respect of gaming licences and customer relationships:	2017 US$	2015 US$
Cost		
At 1 January	9,950,000	-
Additions	25,000	9,950,000
Disposals	(9,950,000)	-
At 31 March / 31 December	25,000	9,950,000
Amortisation & impairment		
At 1 January	1,145,000	-
Amortisation in the period	1,990,000	1,145,000
Elimination on disposal	(3,135,000)	-
At 31 March / 31 December	-	1,145,000
Net book value		
At 31 March / 31 December	25,000	8,805,000
Total net book value of intangible assets	25,000	12,305,000

Investment in Sihai Geju licences:
The Directors of PCGE have provided for the value of the licenses held by Sihai Geju in full. This is because the core media license has yet to be renewed and following the disposal of CPDC, the Group does not have a developed business plan to commercialise the licences. The Group is progressing the application but there is no guarantee when or if the license will be renewed as this is solely at the discretion of the authorities.

14 Intangible assets (continued)

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

As part of the acquisition of CPDC in the prior period the Group recognised intangible assets of US$9,950,000. This asset was disposed of during the period as part of the disposal of CPDC.

Prior to the disposal of CPDC acquired the Kahnawake online gambling license was transferred to PCGSS the immediate parent of CPDC.

15 Property, plant and equipment

	Fixtures and fittings	
	2017	**2015**
	US$	**US$**
Cost		
At 1 January	4,963	13,091
Disposals	-	(8,128)
Foreign currency differences	987	-
At 31 March / 31 December	5,950	4,963
Depreciation		
At 1 January	2,741	1,411
Charge for the period	1,403	1,330
Foreign currency differences	1,106	-
At 31 March / 31 December	5,250	2,741
Net book value		
At 31 March / 31 December	700	2,222

16 Investments

Shares in Group undertakings	**2017**	**2015**
	US$	**US$**
Cost		
At 1 January	10,876,140	876,140
Additions	-	10,000,000
At 31 March / 31 December	10,876,140	10,876,140
Impairment		
At 1 January	-	-
Charge	8,138,243	-
At 31 March / 31 December	8,138,243	-
Net book value		-
At 31 March / 31 December	2,737,897	10,876,140

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. The directors have fully impaired 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) as at the balance sheet date.

The Directors' have also reviewed the carrying value of the investment in PCGSS and their best estimate identifies that the investment in PCGSS should be impaired down to the value of PCGSS's net assets.

17 Current liabilities

	Group 2017 US$	Group 2015 US$	Company 2017 US$	Company 2015 US$
Other payables including taxation and social security	793,727	2,057,889	753,615	631,114
Amounts owed to Group undertakings	-	-	2,712,897	1,024,342
Accruals and deferred income	630,545	373,678	613,948	299,430
	1,424,272	2,431,567	4,080,460	1,954,886

Included within current other payables are amounts payable to Kolarmy of $Nil (2015: $300,000). As at 1 January 2015 a convertible loan note of US$ 1 million ("the Loan Note") was due to Kolarmy. During 2015, $300,000 of the balance was converted to Ordinary shares, $200,000 was repaid, $234,000 was forgiven with the remaining balance outstanding as at 31 December 2015. This balance was eliminated as part of the disposal of CPDC. See note 10 for further details.

18 Share capital

	2017 GBP	2015 GBP
Authorised:		
Ordinary shares of GBP 0.001 each	6,000,000	3,000,000

Allotted and called up:

	2017 Number of shares	2017 Share capital US$	2017 Share premium US$	2015 Number of shares	2015 Share capital US$	2015 Share premium US$
As at 1 January	1,180,438,344	1,911,834	23,933,706	1,062,147,877	1,722,684	17,321,417
Issued during the period	944,502,164	1,189,901	553,831	118,290,467	189,150	9,716,485
Reserve transfers	-	-	-	-	-	(3,104,196)
As at 31 March / 31 December	2,124,940,508	3,101,735	24,487,537	1,180,438,344	1,911,834	23,933,706

During the period the Company issued the following shares:

a) 145,454,545 ordinary shares at a premium of 0.175 pence per share on 30 June 2016 (entered on the register on 5 July 2016) in consideration for £400,000.

b) 13,333,333 ordinary shares at a premium of 0.05 pence per share on 22 December 2016 (entered on the register on 30 December 2016) in consideration of services provided by Beaufort Securities totalling £20,000. The ordinary shares were considered to be issued at their market value in consideration for these services.

c) 535,714,286 ordinary shares at a premium of 0.04 pence per share on 22 February 2017 (entered on the register on 28 February 2017) in consideration for £750,000.

d) 250,000,000 ordinary shares at a premium of 0.04 pence per share on 16 March 2017 (entered on the register on 30 March 2017) in consideration for £350,000.

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.

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 period ended 31 March 2017 are as follows:

Outstanding at 31 March 2017 and 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	

19 Share based payments (continued)

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. The share based payment charge for Service Provider Warrants granted was $Nil (2015: $Nil).

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 2017 the statutory surplus reserve was $Nil (2015: $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:

	2017 US$	2015 US$
Loans and receivables:		
Trade and other receivables	401,562	2,635,559
Cash and cash equivalents	1,287,964	262,473
Trade and other payables :		
Term loans	-	(300,000)
Other creditors	(793,727)	(1,757,889)
Accruals and deferred income	(630,545)	(373,678)

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 March 2017, nor the year ended 31 December 2015.

21 Financial instruments (continued)

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.

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 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

At 31 December 2015:	**Chinese Renminbi US$**	**Hong Kong Dollars US$**	**Taiwanese Dollars US$**	**Sterling US$**	**Total 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)

21 Financial instruments (continued)

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

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	55,625
10% weakening of US$	1,810	2,227	2,582	(59,662)	(55,625)

At 31 December 2015:	Chinese Renminbi US$	Hong Kong Dollars US$	Taiwanese Dollars US$	Sterling US$	Total 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

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 2017 or 31 December 2015.

23 Contingencies

The Group had no contingencies as at 31 March 2017 or 31 December 2015.

24 Controlling party

At 31 March 2017 and 31 December 2015, the Directors do not believe there to be any single controlling party.

25 Subsequent events

On 26th May 2017 the Company made a share placement raising an additional GBP400,000 (approximately US$519,000).

After the balance sheet date the company has received an employment tribunal claim from Mr N Bryant, a former director of the company. Further details of this claim are included in the Chairman's Statement.

26 Related party transactions

During the period the Company disposed of 100% of the issued share capital in CPDC to Kolarmy and associated parties. Further details of this transaction can be found in note 10. Kolarmy was considered to be a related party because the business is owned and managed by Heng-Jui Lin, the brother of Kung Min Lin, chairman during 2015.

As at 31 March 2017, $ nil was due to Kolarmy (2015: $300,000), consisting of the residual balance on a Loan Note of US$1 million. Further details of these transactions are set out in note 17.

During the prior year a balance of $73,000 was paid to Black Swan plc in respect of services associated with the acquisition of CPDC. As at 31 March 2017 the balance outstanding was $115,761 (2015: $ nil) in respect of expenses incurred on behalf of the company.

During the period, a payment of $50,000 was made to Sylvia Lin, the wife of Kung Mun Lin, a former director of the company. This payment was made outside of contract.

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.