



PCG Entertainment plc

Financial Statements

for the year ended 31 December 2012



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PCG Entertainment Plc
Company Information

Directors

Nicholas Bryant (appointed on 9 June 2014)
Alan David Gravett (appointed on 25 May 2012)
Clive Hyman (appointed on 9 June 2014)
Kung-Min Lin (appointed on 9 December 2013)
Professor Michael Mainelli (appointed on 14 July 2014)
Richard O'Dell Poulten (appointed on 25 May 2012)

Secretary

Hawk Secretaries Limited (appointed on 25 June 2014)

Auditors

Benady Cohen & Co Limited
21 Engineer Lane
Gibraltar

Registered office

G1 Haven Court
5 Library Ramp
Gibraltar

Registered number

107915

PCG Entertainment Plc

Directors' Report

The directors present their report and financial statements for the period ended 31 December 2012.

Principal activities

The Company's remained dormant during the period.

Incorporation

The Company was incorporated in Gibraltar on 25 May 2012.

Results

The results for the period are shown in the statement of comprehensive income on page 7.

Subsequent events

On 18 December 2013 the Company allotted and issued 747,314,193 ordinary shares of £0.001 in settlement of set up, corporate finance advice and general investment costs of US\$4,875,643 incurred in the creation of the Company's underlying businesses which were acquired after the balance sheet date.

On 21 December 2013 the Company allotted and issued a further 2,685,807 ordinary shares of £0.001 each pursuant to a share sale agreement dated 20 December 2013 between the Company and each member of Hong Kong Strategic Services Limited ("HKSSL"), a company registered in Hong Kong. Each of the members of HKSSL agreed to transfer their interest in HKSSL's shares to the Company in consideration of receiving such number of shares in the Company as is set out in the Share Sale Agreement, amounting in total to 2,685,807 shares in the Company.

During 2014, the Company has engaged in the process of applying to list its shares on AIM in the United Kingdom. This will involve raising further capital which will be used to start the businesses for which the licences are held through Group companies in China. In addition, the Company signed a framework agreement to have the option to acquire a stake in two companies in Hainan province in China. One of these companies runs a poker tournament through a brand called China Poker Games ("CPG"). The Group will use its licences in its Beijing SihaiGeju Culture Media Co Ltd subsidiary to develop an online qualification game to enable more people to attend the physical tournament. The other company has a licence for the Sports Lotto in Hainan and it is the Group's intention if the option is exercised to grow this business by utilising our licences.

This all depends on the Company's application to list on AIM being successful. There can be no guarantee of this. However, the Company is actively engaged in the process to prepare the application for consideration by the appointed Nominated Adviser ("NOMAD") and then by AIM.

The Company has incurred losses to date in setting up the structure to exploit the business licences acquired in China, as set out more fully in note 14.

The principal risks facing the Company can be summarised as follows:

- (1) the success or otherwise of the AIM application;
- (2) the business if it starts to succeed may face regulatory changes in China;
- (3) the business is a start up with all the attendant risks, including a lack of operational history.

Dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were as stated on page 1.

PCG Entertainment Plc
Directors' Report

Directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year and which comply with the Gibraltar Companies Act and the Companies (Accounts) Act.

Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 Company and to enable them to ensure that the accounts comply with applicable law. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Previously issued financial statements

The previously issued financial statements prepared from incorporation to 31 October 2013, which were approved by the board of directors on 16 July 2014, have been withdrawn following a decision by the directors to amend the balance sheet date to 31 December in order to be consistent with the remainder of the Group. These financial statements have been reissued in order to present the financial statements from incorporation to 31 December 2012.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint Benady Cohen & Co Limited as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 29 September 2014

Nicholas Bryant
Director

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

We have audited the financial statements of PCG Entertainment Plc for the period ended 31 December 2012 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 182 of the Companies Act 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.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. This responsibility includes designing, implementing and maintaining internal control 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.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards as adopted for use in the European Union, of the state of the Company's affairs as at 31 December 2012 and of the Company's loss and cash flows for the period then ended; and
- have been properly prepared in accordance with the Companies Act and the Companies (Accounts) Act 1999.

Opinion on other matter prescribed by the Companies Act

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report
to the shareholders of PCG Entertainment Plc**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or
- we have not received all the information and explanations we require for our audit.

Other matters

The previously issued consolidated financial statements of the Company for the period from incorporation to 31 October 2013, which were issued 16 July 2014 and included our audit report dated 17 July 2014, have been withdrawn by the directors.

Shaun Cawdery (Statutory Auditor)
On behalf of Benady Cohen & Co Limited
Chartered Accountants
21 Engineer Lane
Gibraltar

1 October 2014

PCG Entertainment Plc
Statement of Financial Position
as at 31 December 2012

	Notes	2012 US\$
Current assets		
Trade and other receivables	8	<u>1</u>
Total assets		<u>1</u>
Current liabilities	9	2,423
Capital and reserves		
Share capital	10	1
Retained earnings		(2,423)
Total liabilities and shareholders' funds		<u>1</u>

Approved by the board on 29 September 2014.

Nicholas Bryant
Director

Clive Hyman
Director

The notes on pages 10 to 12 form part of these financial statements.

PCG Entertainment Plc
Statement of Comprehensive Income
for the period from 25 May 2012 to 31 December 2012

	Notes	2012 US\$
Revenue	1, 3	-
Administrative expenses		(2,423)
Operating loss	4	<u>(2,423)</u>
Tax on loss on ordinary activities	6	-
Retained loss for the period		<u><u>(2,423)</u></u>
Loss per share:		US\$
Basic and diluted	7	<u>(346.14)</u>

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

The notes on pages 10 to 12 form part of these financial statements.

PCG Entertainment Plc
Statement of Changes in Equity
for the period from 25 May 2012 to 31 December 2012

	Share Capital US\$	Retained Earnings US\$	Total Equity US\$
Shares issued during the period	1	-	1
Retained loss for the period	-	(2,423)	(2,423)
Balance at 31 December 2012	<u>1</u>	<u>(2,423)</u>	<u>(2,422)</u>

The notes on pages 10 to 12 form part of these financial statements.

PCG Entertainment Plc
Statement of Cash Flows
for the period from 25 May 2012 to 31 December 2012

	2012
	US\$
Cash flows from operating activities	
Operating loss	(2,423)
Reconciliation to cash generated from operations:	
Increase in creditors	2,423
Net increase in cash	<u> -</u>

The notes on pages 10 to 12 form part of these financial statements.

PCG Entertainment Plc
Notes to the financial statements
for the period from 25 May 2012 to 31 December 2012

1 Accounting policies

The principal accounting policies adopted by the Company in the preparation of its financial information for the period ended 31 December 2012. The accounting policies have been consistently applied, unless otherwise stated.

General information

PCG Entertainment Plc (“PCGE”) is incorporated in Gibraltar. The registered office is G1 Haven Court, 5 Library Ramp, Gibraltar.

Going concern

The Company reported an operating loss for the year to 31 December 2012. The Directors have reviewed subsequent fundraisings and projected cash flows and 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 approval of these financial statements and indicate that no additional funding is required. Accordingly, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Comparative financial information

The Company was incorporated on 25 May 2012 and these financial statements reflect the financial information from incorporation to 31 December 2012. As a consequence, no comparative financial information has been presented.

2 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. The Company 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 19 — Employee Benefits (Annual periods beginning on or after 1 January 2013).
- IAS 27 – Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2014).
- IAS 28 – Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2014).
- Amendments to IAS 32 — Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2014). This amendment has not yet been endorsed for use in the EU.
- Amendments to IFRS 1 — Government Loans (Annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 7 — Financial Instruments: Disclosures (Annual periods beginning on or after 1 January 2013).
- IFRS 9 — Financial Instruments (effective for accounting periods beginning on or after 1 January 2015). IFRS 9 has not yet been endorsed for use in the EU.
- IFRS 10 — Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 11 — Joint Arrangements (effective for accounting periods beginning on or after 1 January 2014). It will supersede IAS 31 Interests in Joint Ventures and SIC-13 — Jointly Controlled entities — Non-monetary Contributions by Ventures.
- IFRS 12 — Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 13 — Fair Value Measurement (Annual periods beginning on or after 1 January 2013).

PCG Entertainment Plc
Notes to the financial statements
for the period from 25 May 2012 to 31 December 2012

3 Operating segments

The Company has remained dormant during the period.

4 Operating loss **2012**
US\$

This is stated after charging:

Auditors' remuneration	2,423
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5 Staff costs

There are no staff costs in the period ended 31 December 2012.

6 Taxation **2012**
US\$

Taxation payable	-
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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%.

Tax reconciliation: **2012**
US\$

Loss on ordinary activities before taxation	(2,423)
Loss on ordinary activities multiplied by the standard rate of corporation tax in Gibraltar of 10%	(242)
Non-deductible expenses	242
Total tax expense	-

7 Loss per share **2012**
US\$

Retained loss attributable to ordinary shareholders	(2,423)
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Weighted average number of common shares in issue during the period:

Effect of share issues	7
Weighted average number of ordinary shares at 31 December	7

Basic profit/earnings per share	(346.14)
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8 Trade and other receivables **2012**
US\$

Other receivables	1
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PCG Entertainment Plc
Notes to the financial statements
for the period from 25 May 2012 to 31 December 2012

9 Current liabilities	2012
	US\$
Accruals and deferred income	<u>2,423</u>
	<u>2,423</u>

10 Share capital	2012	
	US\$	
Authorised:		
1,000,000,000 Ordinary shares of GBP 0.001 each (USD 0.0016)		<u>1,600,000</u>
	2012	2012
	No	US\$
Allotted, called up and fully paid:		
Ordinary shares of GBP 0.001 each	<u>7</u>	<u>1</u>

11 Commitments

The Company had no capital commitments as at 31 December 2012.

12 Contingencies

The Company had no material contingent liabilities as at 31 December 2012.

13 Controlling party

At 31 December 2012, the directors do not believe there to be any single controlling party.

14 Subsequent events

On 18 December 2013 the Company allotted and issued 747,314,193 ordinary shares of GBP 0.001 in settlement of set up, corporate finance advice and general investment costs of US\$4,875,643 incurred in the creation of the Company's underlying businesses which were acquired after the balance sheet date.

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The Company will be applying to join London's AIM market shortly.



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