

APQ global limited

Half Year Report for the six months ended 30 June 2020

APQ global limited

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APQ global limited

HIGHLIGHTS

For the six months ended 30 June 2020

Financial highlights

Book Value at 30 June 2020 was \$24.8m, a decrease of \$48.1m from \$72.9m since the start of the period. The term “book value” herein includes the assets of APQ Global Limited and its subsidiaries net of any liabilities. The results include the net assets of the Company and its subsidiaries, presented in US dollars.

Book Value per share in the period decreased by 61.49 from 93.19 to 31.70 cents.

Loss per share for the period was \$0.59821 (for the six months ended 30 June 2019 – loss per share was \$0.01348).

Dividends paid in GBP totalled 1.50 pence (1.97 cent) per share and were declared and paid during the period as follows:

- 1.50 pence (1.97 cent) per share Ex Dividend 30 January 2020 Paid 2 March 2020

There have been further AIM market trades since 30 June 2020, details of these can be found on the London Stock Exchange website by following the link below. Monthly book values are also made available as they fall due.

<http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/GG00BZ6VP173GGGBXASQ1.html>

Business highlights

On 29 January 2020, the Company entered into an agreement to purchase 100% of the Parish Group Limited (“Parish”), a company incorporated and domiciled in Guernsey. Parish Group Limited is a fiduciary and corporate services provider. In consideration to the sellers for the acquisition:

- The Company paid a net amount of approximately \$4,095,630 cash consideration to the Sellers;
- APQ Capital Services Limited, a wholly owned subsidiary of the Company, issued 268,000 Convertible Preference Shares (convertible into ordinary shares in APQ Global) to the sellers (the "Convertible Preference Shares") at price of \$10 per share; and
- The Company issued 1.0 million warrants in APQ Global ("Warrants"), with an exercise price equal to the most recently announced book value per share of 70.94 pence, to the sellers.

The Convertible Preference Shares are convertible into a variable number of shares linked to the relative assets attributable to the convertible preference shares. On 30 June 2020, the conversion ratio on the Convertible Preference Shares issued by APQ Capital Services was amended to a fixed conversion ratio of 11.25 ordinary shares per convertible preference share. The investment in Parish was made through APQ Corporate Services Limited and is held for the purpose of investment income and capital appreciation. It will therefore be measured at fair value through profit and loss as part of the valuation of APQ Corporate Services Limited.

On 3 March 2020, the Company entered into an agreement to purchase 100% of Delphos International, Ltd (“Delphos”), a US based Corporation. In consideration to the shareholders of Delphos for the acquisition, the Company paid an upfront amount of \$1.5 million in cash (the "Upfront Payment"). The Company is also required to make an additional payment to clear the working capital of Delphos prior to the acquisition, this amounted to \$112,265. In addition to the Upfront Payment, the Company shall potentially make up to three earn-out payments to the Sellers ("Earn-Out Payments"), depending on the levels of EBTDA generated by Delphos for the years ended 30 June 2020 and 30 June 2021, with each payment capped at \$0.75 million and a further Earn-Out Payment capped at \$0.5 million for the year ended 30 June 2022. In the event that the minimum contingencies applied to the Earn-Out payments are not met, the Company is not required to make any further payments in respect of that Earn-Out period.

On 1 May 2020, the Share purchase agreement for the acquisition of Palladium Trust Services Limited and the affiliated entities was amended so that the residual liability due at this date was derecognised through an immediate settlement of £80k.

On 10 June 2020, APQ Global appointed Parish Group as its company secretary and changed its registered office to the offices of Parish Group.

HIGHLIGHTS (CONTINUED)

For the six months ended 30 June 2020

Business highlights (continued)

COVID-19

During the first quarter of 2020, the Company experienced difficult trading conditions in its liquid portfolio due to large market movements in emerging markets currencies, bonds and equities, caused by the COVID-19 pandemic.

During this time, the Company took decisive action to mitigate further risk to its balance sheet, de-risking its portfolio of liquid market securities, with the portfolio as of 31 March 2020 comprising:

- \$40.6 million of unencumbered cash;
- \$4.3 million of cash equities;
- \$1.3 million of cash bonds; and
- \$1.3 million of tangible book value in its private direct investments.

The Company has met all its payment obligations to various counterparties and is not in breach of any debt covenants.

Furthermore, with the ongoing uncertainty faced by emerging markets due to COVID-19, the Board has decided to implement the following further cash preservation measures, which are intended to facilitate a smooth recovery:

- Suspension of dividends paid to ordinary shareholders until further notice;
- The management bonus scheme to be cut from 20% of profits to 10%;
- Significant cost reduction across all of the Company; and
- Move to quarterly reporting of key metrics in the Company's income statement and balance sheet, an increase from semi-annually, starting for the reporting period Q2 2020.

DIRECTORY

Registered Office and Business Address:

PO Box 142
The Beehive
Rohais, St Peter Port
Guernsey
GY1 3HT

**Company Secretary and
Corporate Services Provider**

Parish Group Limited
PO Box 142
The Beehive
Rohais, St Peter Port
Guernsey
GY1 3HT

Registrar and Transfer Agent

Link Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Solicitors

As to English law:

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1 Finsbury Circus
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United Kingdom
EC2M 7SH

TISE Sponsor

Carey Commercial Limited
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Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 4LX

Directors:

Bart Turtelboom
Wayne Bulpitt
Wesley Davis
Philip Soulsby

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1 Bartholomew Lane
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United Kingdom
EC2N 2AX

Principal Bankers

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Paradeplatz 8
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Advocates

As to Guernsey law:

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Royal Chambers
St Julian's Avenue
St Peter Port
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Independent auditors

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55 Baker Street
London
United Kingdom
W1U 7EU

For the latest information, please visit:

www.apqglobal.com

Principal Risks and Uncertainties

The Board has carried out a robust assessment of the Company’s emerging and principal risks. The Directors believe the risks described below are the material risks relating to the Company:

Business Area/Process	Perceived risk	Mitigation
Environment	Changes in law or regulation or tax legislation may adversely affect the Company's ability to carry on its business or adversely impact its tax position and liabilities.	Considered on an ongoing basis by the Board during quarterly board meetings. Further advice comes from the Investment Advisory Committee.
Key man risk	The Company's performance is dependent on the performance of key members of management. The departure of any key individual from the management team may adversely affect the returns available to the Company.	The Board monitors the dependency of the Company upon any individual on an ongoing basis and where appropriate plans to reduce the impact from this risk.
FX	The Company and APQ Cayman Limited (a Subsidiary) will have an exposure to foreign exchange rate risk as a result of changes, both unfavourable and favourable, in exchange rates between United States Dollars and the currencies in which some assets and liabilities are denominated. The Company’s functional and presentational currency is US Dollars. Therefore, there is currency risk as Ordinary Shares are traded on AIM in Pounds Sterling. Further detail on foreign exchange risks are discussed in Note 21 of the Financial Statements.	The Company has taken the decision not to hedge its foreign currency exposure, regarding the Ordinary shares, and thus accepts this risk as part of its investment strategy. The Board may engage in currency hedging in the future, seeking to mitigate foreign exchange risk although there can be no guarantees or assurances that the Group will successfully hedge against such risks.
Cyber Security	The Company will be subject to Cyber Risk in the form of both risk of failure of systems and of the risk of malignant action against the Company by way of Information Technology.	The Company makes use of Dual Signing Authority and two factor authentication across its banking and other key functional areas where it is available. The Company relies on its service providers to have in place proper cybersecurity systems and checks its providers through the annual third-party service provider review
Dividend Risk	There can be no guarantee that the Group will achieve the target rates of return referred to in this document or that it will not sustain any capital losses through its activities. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Group’s businesses.	The Group monitors its income through its management accounts and targets investments that provide income in accordance with its strategy, laid out on the Strategy section on page 13 above.
Financial Risk	The Company will, through the implementation of its business model and strategy, face financial risks including market risk, credit risk and liquidity risk. Further details of these risks can be found in table 2 below.	These risks and the controls in place to mitigate them are reviewed at board meetings. Further detail on financial risks are discussed in Note 21 of the Financial Statements.
Volatility	There may be volatility in the price of the Ordinary Shares and the market price of the Ordinary Shares may rise or fall rapidly. The price of the Ordinary Shares may decline below their respective issue price and Shareholders may not be able to sell their Ordinary Shares at a price equal to or greater than their issue price.	To optimise returns, Shareholders may need to hold the Ordinary Shares for the long term.

Principal Risks and Uncertainties (continued)

Business Area/Process	Perceived risk	Mitigation
Liquidity	Shareholders will have no right of redemption and must rely, in part, on the existence of a liquid market in order to realise their investment. Although the Ordinary Shares are admitted to trading on AIM and on TISE, there can be no assurance as to the levels of secondary market trading in Ordinary Shares or the prices at which Ordinary Shares may trade. The Ordinary Shares may trade at a discount to the Net Asset Value per Ordinary Share.	The Board monitors the liquidity of the stock during its quarterly board meetings. The Company employs market making firms to ensure a live market is available in its ordinary shares.
Leverage	The Company has CULS which it is required to repay interest on quarterly, at a rate 3.5% pa. The Company must ensure that it has liquid resources available to repay this interest. Furthermore, any CULS not previously redeemed, purchased or converted will be repaid by the Company on 30 September 2024 at its nominal amount and thus the Company must ensure it has resources available at this time to make these repayments.	The Board monitors the leverage present in the Company via its monthly management accounts.
Brexit	The Directors note that the Company's future performance may be adversely affected by the economic and political instability surrounding the outcome of Brexit.	The Board monitors negotiations on the future relationship and is preparing to respond accordingly as decisions are made.
COVID-19	The Directors note, an additional risk to last year, that the Company's future performance may be adversely affected by the impact of COVID-19 on the Global economy.	Further detail of the Boards plan to mitigate the impact can be found on pages 11 and 12 – Post balance sheet events (PBSE) and pages 17-18 – Going Concern

The Directors believe the risks described below are the material risks relating to the Company through its investment into the APQ Cayman Limited:

Business Area/Process	Perceived risk	Mitigation
Emerging Markets	APQ Cayman Limited will have investment exposure to emerging markets, which are subject to certain risks and special considerations that are not typically associated with more developed markets and economies.	The Company engages a team to actively monitor treasury exposures live in high-end risk management software applications. The team monitors exposure and uses a comprehensive framework, utilising its administrator, banking counterparts and other third-party vendors, to ensure exposure levels are correctly measured and reported daily.
Derivative Risk	APQ Cayman Limited will invest in derivative instruments which can be highly volatile and may be difficult to value and/or liquidate. Derivatives will be used for gearing purposes which may expose investors to a high risk of loss.	The Company employs a highly experienced management team that monitors exposure on a daily basis and captures derivative exposure using high-end risk software applications. Daily reports are generated from the software and reviewed by the team.
Credit Risk	APQ Cayman Limited is subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Where the Company utilises derivative instruments, it is likely to take credit risk with regard to such counterparties and bear the risk of settlement default.	The Company chooses reputable financial service providers and uses a spread of counterparties to lessen the impact should one counterparty fail.

Principal Risks and Uncertainties (continued)

Business Area/Process	Perceived risk	Mitigation
Liquidity Risk	The Company could suffer losses as a result of a decrease in liquidity in the capital markets in which it invests. A decrease in liquidity could result in higher exit costs for a given investment, such as the commission or spread charged by the counterparties with which it trades.	The Company chooses reputable financial service providers and uses a spread of providers to lessen the impact should one be unable to provide a market price.
Third party risk	APQ Cayman Limited will be subject to custody risk in the event of the insolvency of any custodian or sub-custodians with which it transacts	The Company chooses reputable financial service providers as its counterparties, and uses multiple service providers to lessen the impact should one become insolvent

The Directors believe the risks described below are the material risks relating to the Company through its unquoted investments:

Business Area/Process	Perceived risk	Mitigation
Valuation Risk	The Company's Direct Investment portfolio comprises unquoted investments purchased and sold privately, for which there is no market price available. As a result, management is required to make forecasts and assumptions about certain inputs used in the valuation of these investments. The Company could suffer losses, should these forecasts or assumptions not materialise.	The Company adopts a prudent approach in accordance with International Financial Reporting Standards and employs external valuation experts to perform these valuations.

These risks are mitigated by the control and oversight of the Board. The Board will consider the risks of the Company as a whole on a regular basis at its Board meetings and on an annual basis shall review the effectiveness of its risk management systems, ensuring that all aspects of risk management and internal control are considered. The processes for its annual reviews includes reporting and recommendations from the Board as well as adoption and review of a formal risk matrix documenting the existing and emerging risks facing the Company, as well as the assessed probability and impact of the identified risks. Other risk mitigation measures include, but are not limited to:

- Oversight by Executive Directors and key management with the requisite knowledge and experience in emerging and credit markets;
- Oversight by Non-Executive Directors;
- Dual signing authority on bank accounts;
- Business Continuity Plans of the various service providers;
- Ongoing Cyber Risk training; and
- Ongoing review of third party service providers by the Board

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and gives a true and fair view of the assets, liabilities, financial position and profit of the group as required by DTR 4.2.4R;
- the half yearly report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period.

For and on behalf of the Board



Wayne Bulpitt
Chairman, APQ Global Limited

Date: 14 September 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six months ended 30 June 2020

	Note	For the six months ended 30 June 2020 \$	For the six months ended 30 June 2019 \$
Turnover	4	10,038,801	6,265,886
Net loss on financial assets at fair value through profit and loss	13	(58,711,659)	(4,532,368)
Administrative expenses	5	(2,061,620)	(1,706,616)
Operating loss for the period before tax		(50,734,478)	(26,902)
Interest receivable	8	2,515	350,046
Finance costs	9	(1,263,074)	(1,135,266)
Net gain on financial liabilities at fair value through profit and loss		570,507	-
Net foreign exchange gain / (loss)		4,601,598	(295,569)
Loss on ordinary activities before taxation		(46,822,932)	(1,053,887)
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation for the financial period		(46,822,932)	(1,053,887)
Basic and diluted earnings per share	10	(0.59821)	(0.01348)

The notes on pages 15 to 33 form an integral part of the Financial Statements.

There is no other comprehensive income.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	Note	30 June 2020 \$	31 December 2019 \$
Assets			
Non-current assets			
Property, plant and equipment	12	14,598	17,670
Leased assets	21	42,401	84,802
Investments	13	59,088,030	105,414,240
Total non-current assets		59,145,029	105,516,712
Current assets			
Trade and other receivables	14	1,018,134	871,691
Cash and cash equivalents		643,918	1,505,234
Total current assets		1,662,052	2,376,925
Total assets		60,807,081	107,893,637
Current liabilities			
Trade and other payables	15	(2,393,245)	(912,783)
Total current liabilities		(2,393,245)	(912,783)
Long term liabilities			
3.5% Convertible Unsecured Loan Stock	16	(32,250,590)	(34,064,993)
6% Convertible preference shares	17	(1,347,099)	-
Total long-term liabilities		(33,597,689)	(34,064,993)
Net assets		24,816,147	72,915,861
Equity			
Share capital	18	99,801,153	99,733,054
Equity component of 3.5% Convertible Unsecured Loan Stock	16	6,919,355	6,919,355
Equity component of 6% Convertible preference shares	17	100,813	-
Share based payment reserve	19	287,650	300,798
Share warrants reserve	20	107,702	-
Retained earnings		(77,473,013)	(29,109,833)
Exchange reserve		(4,927,513)	(4,927,513)
Total equity		24,816,147	72,915,861
Net asset value per ordinary share		31.70c	93.19c

The Financial Statements were approved by the Board of Directors of APQ Global Limited and signed on 14 September 2020 on its behalf by:



Bart Turtelboom
Chief Executive Officer



Wesley Davis
Director

The notes on pages 15 to 33 form an integral part of the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Share capital	CULS equity component	Convertible preference shares equity component	Share warrants	Other capital reserves	Retained earnings	Exchange reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2019	99,596,856	6,919,355	-	-	264,076	(25,409,610)	(4,927,513)	76,443,164
Comprehensive income for the period								
Loss for the period	-	-	-	-	-	(1,053,887)	-	(1,053,887)
Total comprehensive income for the period	99,596,856	6,919,355	-	-	264,076	(26,463,497)	(4,927,513)	75,389,277
Contributions by and distributions to owners								
Share based payments	-	-	-	-	105,846	-	-	105,846
Share based payments settled in cash	-	-	-	-	(6,736)	-	-	(6,736)
Issue of share awards	68,098	-	-	-	(68,098)	-	-	-
Dividends	-	-	-	-	-	(3,029,052)	-	(3,029,052)
As at 30 June 2019	99,664,954	6,919,355	-	-	295,088	(29,492,549)	(4,927,513)	72,459,335

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the six months ended 30 June 2020

	Share capital	CULS equity component	Convertible preference shares equity component	Share warrants	Other capital reserves	Retained earnings	Exchange reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2020	99,733,054	6,919,355	-	-	300,798	(29,109,833)	(4,927,513)	72,915,861
Comprehensive income for the period								
Loss for the period	-	-	-	-	-	(46,822,932)	-	(46,822,932)
Total comprehensive income for the period	99,733,054	6,919,355	-	-	300,798	(75,932,765)	(4,927,513)	26,092,929
Contributions by and distributions to owners								
Issue of Share warrants	-	-	-	107,702	-	-	-	107,702
Adjustment to convertible preference share terms	-	-	100,813	-	-	-	-	100,813
Share based payments	-	-	-	-	61,688	-	-	61,688
Share based payments settled in cash	-	-	-	-	(6,737)	-	-	(6,737)
Issue of share awards	68,099	-	-	-	(68,099)	-	-	-
Dividends	-	-	-	-	-	(1,540,248)	-	(1,540,248)
As at 30 June 2020	99,801,153	6,919,355	100,813	107,702	287,650	(77,473,013)	(4,927,513)	24,816,147

The notes on pages 15 to 33 form an integral part of the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
For the six months ended 30 June 2020

		For the six months ended 30 June 2020	For the six months ended 30 June 2019 Restated
	Note	\$	\$
Cash flow from operating activities			
Cash generated from operations			
Loss for the financial period		(46,822,932)	(1,053,887)
Adjustments for non-cash income and expenses			
Equity settled share-based payments	19	61,688	105,846
Depreciation tangible fixed assets	12	6,858	6,885
Depreciation right of use assets		42,401	41,238
Net loss on financial assets at fair value through profit and loss	13	58,711,659	4,532,368
Net gain on financial liabilities at fair value through profit and loss		(570,507)	-
Net gain on amendment to 6% convertible preference share terms		(661,581)	-
Exchange rate fluctuations		(3,757,891)	(5,912)
Changes in operating assets and liabilities			
Increase in trade and other receivables	14	(191,814)	(894,705)
Decrease in trade and other payables	15	(38,364)	(134,678)
Decrease in receivables from group undertakings	14	45,371	-
Decrease in payables from group undertakings	15	(31,361)	-
Cash generated from operations		6,793,527	2,597,155
Interest receivable	8	(2,515)	(350,046)
Finance costs	9	1,263,074	1,135,266
Net cash inflow from operating activities		8,054,086	3,382,375
Cash flow from investing activities			
Payments to acquire investments	13	(8,009,911)	(237,396)
Payments to acquire property, plant and equipment	12	(3,786)	(3,135)
Interest received	8	2,515	350,046
Loan to APQ Cayman Limited	14	-	349,504
Net cash (outflow)/inflow from investing activities		(8,011,182)	459,019
Cash flow from financing activities			
Equity dividends paid	11	(1,540,248)	(3,029,052)
Preference share dividends paid	9	(67,536)	-
Interest on CULS	16	(633,819)	(681,109)
Cash settled share-based payments	19	(6,737)	(6,736)
Payments for lease rental	21	(44,280)	(45,113)
Net cash outflow from financing activities		(2,292,620)	(3,762,010)
Net (decrease) / increase in cash and cash equivalents		(2,249,716)	79,384
Cash and cash equivalents at beginning of period		1,505,234	511,871
Exchange rate fluctuations on cash and cash equivalents		1,388,400	(21,123)
Cash and cash equivalents at end of period		643,918	570,132

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Reconciliation of cash flows to debt		
Brought forward	34,132,003	31,834,626
Cash flows used in servicing interest payments of CULS	(633,819)	(681,109)
Cash flows used in principal payments of lease liabilities	(44,280)	(45,113)
Non cash flows – recognition of lease liability	-	143,850
Non-cash flows – net impact of recognition of convertible preference shares	1,347,099	-
Non cash flows – amortisation of discount on CULS issue	1,150,021	1,135,266
Non cash flows – amortisation of discount on lease liabilities	2,184	-
Exchange differences	(2,334,217)	(5,934)
Closing balance	33,618,991	32,381,586
Net debt comprises the following:		
Convertible Unsecured Loan Stock 2024	32,250,590	32,257,873
6% convertible preference shares	1,347,099	-
Lease liabilities	21,302	123,713
	33,618,991	32,381,586

*The cash flow for the six months ended 30 June 2019 has been restated due to an error in the classification of exchange rate differences on CULS, which had been treated as a movement in cash and cash equivalents rather than as a non-cash adjustment to cash generated from operating activities. In addition, the payments to acquire investments was stated gross of the deferred consideration. There has been no change to the Group's overall cash position for the six months ended 30 June 2019.

The notes on pages 15 to 33 form an integral part of the Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. Corporate information

The interim consolidated financial statements of APQ Global Limited (the “Group”) for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 14 September 2020. The Company is incorporated as a limited company in Guernsey. The Company was incorporated on 10 May 2016 for an unlimited duration in accordance with the Companies (Guernsey) Law, 2008. The Company's registered office is at PO Box 142, The Beehive, Rohais, St Peter Port, Guernsey, GY1 3HT.

The objective of the Company is to steadily grow its earnings to seek to deliver attractive returns and capital growth through a combination of building growing businesses in emerging markets as well as earning revenue from income generating operating activities¹.

The Company and its subsidiaries have no investment restrictions and no maximum exposure limits will apply to any investments made by the Group, unless otherwise determined and set by the Board from time to time. No material change will be made to the Company's or subsidiaries objective or investing policy without the approval of Shareholders by ordinary resolution.

The Group's investment activities are managed by the Board.

The shares are quoted on The International Stock Exchange for informational purposes. The ordinary shares are admitted to trading on AIM.

2. Significant accounting policies

2.1 Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 Annual Report.

Taking account of the financial resources available to the Company, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

2.2 Basis of accounting

APQ Global Limited has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements.

2.3 Functional and presentational currency

The Company's presentational and functional currency is US Dollars.

2.4 Fair value measurement

The Company measures its investments in APQ Cayman Limited, APQ Corporate Services Limited, APQ Knowledge Limited and BARTR Holdings Limited at fair value at each reporting date.

For APQ Cayman Limited this is considered to be the carrying value of the net assets of APQ Cayman Limited. APQ Cayman Limited measures its underlying investments at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

¹ Where we refer to revenue from income generating operating activities this relates to the revenue of our investee companies.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Fair value measurement (continued)

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial assets, not traded in an active market, including APQ Corporate Services Limited, APQ Knowledge Limited and BARTR Holdings Limited, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. These have been determined in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. These guidelines require the valuer to make judgements with regards to the most appropriate valuation method to be used and the results and inputs used to determine these valuations. Valuation methods that may be used include:

- The income approach – valuation through discounted cash flow forecast of future cash flows or earnings, using appropriate discount rates.
- The market approach – valuation by comparing the asset being valued to comparable assets for which price information is readily available. This price information can be in the form of transactions that have occurred or market information on companies operating in a similar industry.
- The cost approach – valuation based on the cost of reproducing or replacing the asset being valued.

The use of these guidelines requires management to make judgements in relation to the inputs utilised in preparing these valuations. These include but are not limited to:

- Determination of appropriate comparable assets and benchmarks;
- Future cash flow expectations deriving from these assets;
- Appropriate discount factors to be used in determining the discounted future cash flows; and
- Adjustments required to existing market data to make it more comparable to the asset being valued.

For financial liabilities measured at fair value through profit and loss, including the derivative conversion option on convertible preference shares the Company uses valuation techniques deemed to be appropriate for the type of instrument being valued, incorporating a range of inputs such as conversion date, exercise price on conversion.

For assets and liabilities that are measured at fair value on a recurring basis, the Company identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period.

2.5 6% Convertible preference shares

APQ Capital Services Limited, a subsidiary of the Company, issued 6% convertible preference shares (“CPS”). The CPS contain a perpetual 6% dividend rate and a conversion option for ordinary shares of APQ Global Limited. On initial issue the CPS were recognised as a liability comprising a liability held at amortised cost and a derivative conversion option held at fair value through profit and loss.

At the date of issue, the fair value of the liability component held at amortised cost was estimated by assuming that an equivalent non-convertible obligation of the Company would have a coupon rate of 7.9%. The fair value of the derivative component, containing a variable conversion rate, is derived from the difference between the value of the consideration determined for the acquisition of Parish Group Limited and the fair value assigned to the liability held at amortised cost.

The terms of the CPS were amended on the 30 June 2020, to amend the conversion option to a fixed ratio of CPS to ordinary shares. Subsequent to this amendment to the CPS are regarded as a compound instrument, comprising of a liability component and an equity component. Due to the significant change in the terms of the CPS the initial instrument was derecognised and then recognised at the new fair value. Any gain/loss on the derecognition of the liability is recognised in the statement of comprehensive income.

On amendment, the fair value of the liability component was estimated by assuming that an equivalent non-convertible obligation of the Company would have a coupon rate of 11.9%. The fair value of the equity component was determined in based on the present value of the average gain on conversion based on a range of simulated share prices.

The dividends on the convertible preference shares are taken to the statement of comprehensive income as finance costs.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. Significant accounting policies (continued)

2.6 Share warrants

Share warrants issued are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from the share warrant equity reserve to share capital on exercise. If the warrants expire then the fair value is transferred from the share warrant equity reserve to retained earnings.

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which invests in equities and credit, government and local currency bonds. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The following table analyses the Group's assets by geographical location. The basis for attributing the assets are the place of listing for the securities or for non-listed securities, country of domicile.

Group	30 June 2020	31 December 2019
	\$	\$
Cayman	44,559,266	102,885,960
United Kingdom	371,772	425,085
Guernsey	15,876,043	4,582,592
	<u>60,807,081</u>	<u>107,893,637</u>

4. Analysis of turnover

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Dividends received from APQ Cayman Limited	7,635,275	5,963,216
Dividends received from APQ Corporate	989,193	-
Rental income	-	(674)
Telecommunications minutes income	674,821	303,344
Other income from early settlement of deferred compensation	77,931	-
Other income from amendment to 6% convertible preference share terms	661,581	-
	<u>10,038,801</u>	<u>6,265,886</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020

5. Analysis of administrative expenses

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Personnel expenses	302,790	237,051
Depreciation of tangible fixed assets expenses	6,858	6,885
Depreciation of right of use assets	42,401	45,168
Audit fees	87,372	48,350
Audit related services – review of interim financial statements	-	8,273
Auditors remuneration – non audit fees	6,996	-
Nominated advisor fees	31,753	32,424
Cost of purchasing telecommunications minutes	665,948	409,168
Expenses incurred in relation to investment in BARTR Holdings Limited	2,463	189,929
Administration fees and expenses	97,086	94,035
Director’s remuneration	100,948	114,960
Other expenses	158,762	191,058
Professional fees	722,266	389,720
Share based payment expenses	61,688	105,846
Insurance	5,686	5,500
Recharge of expenses to APQ Cayman Limited	(231,397)	(171,751)
	<u>2,061,620</u>	<u>1,706,616</u>

6. Director’s remuneration

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Director’s remuneration	98,940	112,390
Share based payment expenses	49,350	84,677
Social security costs on director’s remuneration	2,008	2,570
	<u>150,298</u>	<u>199,637</u>
The highest paid director was Bart Turtelboom (2018 – Bart Turtelboom)	<u>79,777</u>	<u>123,604</u>
Average number of directors in the year	<u>4</u>	<u>4</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

7. Personnel expenses

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Short term benefits – wage and salaries	110,933	111,281
Short term benefits – social security costs	13,883	8,773
Short term benefits – other benefits	173,219	113,242
Short term benefits – Share based payment expenses	12,338	21,169
Post-employment benefits	4,755	3,755
	<u>315,128</u>	<u>258,220</u>

Personnel expenses include expenses per note 5 and the portion of share based payments relating to individuals who are not directors of the Company.

Key management personnel expenses, excluding director’s remuneration detailed in note 6, is as follows:

Short term benefits – other benefits	169,808	110,068
Short term benefits – Share based payment expenses	<u>12,338</u>	<u>21,169</u>
	<u>182,146</u>	<u>131,237</u>

8. Interest receivable

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Loan interest receivable from APQ Cayman Limited	-	350,046
Loan interest receivable from Palladium Trust Services Limited	1,884	-
Loan interest receivable from New Markets Media & Intelligence Ltd	631	-
	<u>2,515</u>	<u>350,046</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. Finance costs

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Interest on 3.5% Convertible Unsecured Loan Stock 2024	1,150,021	1,135,266
Discount on unwinding of deferred consideration	43,333	-
Discount on unwinding of lease liability	2,184	-
Dividends paid on 6% convertible preference shares	67,536	-
	<u>1,263,074</u>	<u>1,135,266</u>

10. Earnings Per Share

The basic and diluted earnings per shares are calculated by dividing the profit or loss by the average number of ordinary shares outstanding during the period.

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	\$	\$
Total comprehensive income for the period	(46,822,952)	(1,053,887)
Average number of shares in issue	78,271,130	78,170,417
Earnings per share	<u>(0.59821)</u>	<u>(0.01348)</u>

For the current period and prior period, the effect of potentially dilutive instruments in issue are not dilutive as the effect of this dilution would be to decrease the loss per share.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020**

10. Earnings Per Share (continued)

Potentially dilutive instruments in issue

The Group had share awards vested but not yet issued. They would increase the weighted average number of shares by 321,278 (30 June 2019 – 438,106).

The Group has 6,000 (2018 – 6,000) units of Convertible Loan Stock which are potentially dilutive if converted into ordinary shares. This would increase the weighted average number of shares by 6,000 (30 June 2019 - 6,000).

On the 29 January 2020, APQ Global issued 1,000,000 share warrants with an exercise price of 70.94p. The possible impact of this dilution would be to increase the weighted average number of shares by 1,000,000 (30 June 2019 – nil).

On the 29 January 2020, APQ Global issued 268,000 convertible preference shares which were convertible into a variable number of shares linked to the relative assets attributable to the convertible preference shares. On 30 June 2020, the terms of the Convertible preference shares were changed so that they are now convertible into 11.25 ordinary shares per convertible preference share. The possible impact of this dilution would be to increase the weighted average number of shares by 3,015,000 (30 June 2019 – nil).

11. Dividends

Dividends were declared in the period ended 30 June 2020 as follows:

	Ex-dividend date	Payment date	Dividend (£)	Dividend (\$)	Dividend per share (£)	Dividend per share (\$)
Dividend	30 January 2020	2 March 2020	1,174,014	1,540,248	0.015	0.020
			1,174,014	1,540,248	0.015	0.020

The stated dividend policy of the Company is to target an annualised dividend yield of 6% based on the Placing Issue Price. Due to the impact of Covid-19 the Company has ceased all dividends until further notice.

There is no guarantee that any dividends will be paid in respect of any financial period. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Group's investments. There can be no guarantee that the Group will achieve the target rates of return referred to in this document or that it will not sustain any capital losses through its activities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020

12. Property, plant and equipment

	Office equipment \$	Furniture and fixtures \$	Leasehold improvements \$	Total \$
Cost				
At 1 January 2020	63,511	19,352	34,588	117,451
Additions during the period	<u>3,786</u>	<u>-</u>	<u>-</u>	<u>3,786</u>
At 30 June 2020	<u>67,297</u>	<u>19,352</u>	<u>34,588</u>	<u>121,237</u>
Accumulated depreciation				
At 1 January 2020	49,474	15,719	34,588	99,781
Charge for the period	<u>5,987</u>	<u>871</u>	<u>-</u>	<u>6,858</u>
At 30 June 2020	<u>55,461</u>	<u>16,590</u>	<u>34,588</u>	<u>106,639</u>
Net book value				
At 30 June 2020	<u>11,836</u>	<u>2,762</u>	<u>-</u>	<u>14,598</u>
At 31 December 2019	<u>14,037</u>	<u>3,633</u>	<u>-</u>	<u>17,670</u>

13. Investments

	Unlisted investments				Listed Investments	Total \$
	APQ Cayman Limited \$	APQ Corporate Services Limited \$	APQ Knowledge Limited \$	BARTR Holdings Limited \$		
At 1 January 2020	102,885,960	852,869	884,668	790,743	-	105,414,240
Additions	-	10,336,558			2,048,891	12,385,449
Fair value movement	(58,326,693)	(550,000)	-	-	165,034	(58,711,659)
	<u>44,559,267</u>	<u>10,639,427</u>	<u>884,668</u>	<u>790,743</u>	<u>2,213,925</u>	<u>59,088,030</u>

Consolidated investments

APQ Global Limited is the managing partner of APQ Partners LLP whose registered office is at 22-23 Old Burlington Street, London, W1S 2JJ. APQ Partners LLP supports the investment activities of APQ Global Limited and therefore does not meet the requirements of being an investment entity. This subsidiary is consolidated into the group financial statements.

On 31 July 2019, APQ Global Limited incorporated a wholly owned subsidiary, APQ Capital Services Limited, a Company incorporated in Guernsey. The registered address of APQ Capital Services Limited is PO Box 142, The Beehive, Rohais, St Peter Port, Guernsey, GY1 3HT. APQ Capital Services supports the investment activities of APQ Global Limited and therefore does not meet the requirements of being an investment entity. This subsidiary is consolidated into the group financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six months ended 30 June 2020****13. Investments (continued)****Unlisted investments held at fair value through profit and loss**

APQ Global Limited wholly owns APQ Cayman Limited whose registered office is at the offices of Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands. The Company meets the definition of an investment entity. Therefore, APQ Cayman Limited is not consolidated and is recognised as an investment at fair value through profit or loss.

On the 19 November 2018, APQ Global Limited acquired a capital interest represents a 40% shareholding and equivalent voting rights BARTR Holdings Limited, a company incorporated in England and Wales, whose registered office is Tobias House St. Marks Court, Thornaby, Stockton-On-Tees, United Kingdom, TS17 6QW. BARTR Holdings Limited wholly owns two subsidiaries, BARTR Connect Limited, whose registered office is Tobias House St. Marks Court, Thornaby, Stockton-On-Tees United Kingdom, TS17 6QW, and BARTR Technologies Limited, whose registered office is 156 Great Charles Street Queensway, Birmingham, England, B3 3HN. On 19 May 2020, the capital interest was converted from ordinary shares to preference shares which have no voting rights, but preferential dividends and preferential rights on assets on wind up of BARTR Holdings Limited. BARTR Holdings Limited is not consolidated and is recognised as an investment at fair value through profit or loss.

On 10 January 2019, the Company incorporated a wholly owned subsidiary APQ Corporate Services Limited, for the purpose of acting as a holding company for new investments. The registered address of APQ Corporate Services Limited is PO Box 142, The Beehive, Rohais, St Peter Port, Guernsey, GY1 3HT. APQ Corporate Services Limited meets the definition of an investment entity. Therefore, APQ Corporate Services Limited is not consolidated and is recognised as an investment at fair value through profit or loss.

On 21 December 2018, the Group entered into an agreement to purchase 100% of the following 5 entities; Palladium Trust Services Limited, a Company incorporated in England and Wales, Palladium Trust Company (NZ) Limited, a company incorporated and domiciled in New Zealand, Palladium Corporate Service (Singapore) Pte Limited, a company incorporated and domiciled in Singapore, Palladium Finance Group Limited (Seychelles), a company incorporated and domiciled in the Seychelles and Palladium Trust Company (BVI) Limited, a company incorporated and domiciled in the British Virgin Islands. The completion of this purchase was finalised on 22 February 2019. The total consideration of the purchase agreement was \$290,518 (£222,500). As at 30 June 2020, \$nil is still due with respect to this purchase agreement and is included within deferred consideration in Note 15. All 5 of the entities are 100% owned by APQ Corporate Services Limited. The intention is to hold these investments for the purpose of obtaining investment income and capital appreciation. As their parent company, APQ Corporate Services Limited meets the definition of an investment entity, these entities are not consolidated and are recognised as an investment at fair value through profit or loss as part of the valuation of APQ Corporate Services Limited.

On 1 March 2019, the Company incorporated a wholly owned subsidiary APQ Knowledge Limited also for the purpose of acting as a holding company for new investments. The registered address of APQ Knowledge Limited is PO Box 142, The Beehive, Rohais, St Peter Port, Guernsey, GY1 3HT. APQ Knowledge Limited meets the definition of an investment entity. Therefore, APQ Knowledge Limited is not consolidated and is recognised as an investment at fair value through profit or loss.

On 26 February 2019, the Group entered into an agreement to purchase 100% of Frontier Consultancy Limited, a Company incorporated in England and Wales. Frontier Consultancy Limited changed its name to New Markets Media & Intelligence Ltd on 13 March 2019. The total consideration of the purchase agreement was \$613,947 (£463,742). As at 30 June 2020, \$249,373 (£201,823) is still due with respect to this purchase agreement and is included within deferred consideration in Note 15. The entity is 100% owned by APQ Knowledge Limited. The intention is to hold this investment for the purpose of obtaining investment income and capital appreciation. As its parent company, APQ Knowledge Limited meets the definition of an investment entity, New Markets Media & Intelligence Ltd is not consolidated and is recognised as an investment at fair value through profit or loss as part of the valuation of APQ Corporate Services Limited.

On 12 April 2019, APQ Corporate Services Limited incorporated a wholly owned subsidiary, GEO Strategic Partners Limited, a Company incorporated in the Isle of Man. The intention is to hold this investment for the purpose of obtaining investment income and capital appreciation. As its parent company, APQ Corporate Services Limited meets the definition of an investment entity, GEO Strategic Partners Limited is not consolidated and is recognised as an investment at fair value through profit or loss as part of the valuation of APQ Corporate Services Limited.

On 31 July 2019, APQ Global Limited incorporated a wholly owned subsidiary, APQ Connect Limited, a Company incorporated in Guernsey. The registered address of APQ Connect Limited is PO Box 142, The Beehive, Rohais, St Peter Port, Guernsey, GY1 3HT.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

13. Investments (continued)

On 29 January 2020, the Company entered into an agreement to purchase 100% of the Parish Group Limited ("Parish"), a company incorporated and domiciled in Guernsey. Parish Group Limited is a fiduciary and corporate services provider. In consideration to the sellers for the acquisition

- The Company paid a net amount \$4,095,630 cash consideration to the sellers;
- APQ Capital Services Limited, a wholly owned subsidiary of the Company, issued 268,000 Convertible Preference Shares (convertible into ordinary shares in APQ Global) to the sellers (the "Convertible Preference Shares") at price of \$10 per share; and
- The Company issued 1.0 million warrants in APQ Global ("Warrants"), with an exercise price equal to the most recently announced book value per share of 70.94 pence, to the Sellers.

Total consideration is valued at \$6,883,332.

The registered address of Parish is PO Box 142, The Beehive, Rohais, St Peter Port, Guernsey, GY1 3HT. The investment in Parish was made through APQ Corporate Services Limited and is held for the purpose of investment income and capital appreciation. It will therefore be measured at fair value through profit and loss as part of the valuation of APQ Corporate Services Limited.

On 3 March 2020, the Company entered into an agreement to purchase 100% of the Delphos International, Ltd ("Delphos"), a US based Corporation. In consideration to the shareholders of Delphos for the acquisition, the Company paid an upfront amount of \$1.5 million in cash (the "Upfront Payment"). The Company is also required to make an additional payment to clear the working capital of Delphos prior to the acquisition, this amounted to \$112,265. In addition to the Upfront Payment, the Company shall potentially make up to three earn-out payments to the Sellers ("Earn-Out Payments"), depending on the levels of EBTDA generated by Delphos for the years ended 30 June 2020 and 30 June 2021, with each payment capped at \$0.75 million and a further Earn-Out Payment capped at \$0.5 million for the year ended 30 June 2022. In the event that the minimum contingencies applied to the Earn-Out payments are not met, the Company is not required to make any further payments in respect of that Earn-Out period. The Earn-Out payment with respect to the year ended 30 June 2020 has been paid after the reporting period. Total consideration for the acquisition of Delphos is valued at \$3,453,226. Total value of undiscounted future deferred contingent cashflows as at the 30 June 2020 is \$2,028,628.

The registered address of Delphos is 2121 K St, NW, Suite 1020, Washington, DC 20037. The investment in Delphos was made through APQ Corporate Services Limited and is held for the purpose of investment income and capital appreciation. It will therefore be measured at fair value through profit and loss as part of the valuation of APQ Corporate Services Limited.

Listed investments held at fair value through profit and loss

The Company has made direct investments in equities that are freely traded on international stock exchanges. These investments are highly liquid.

Valuation techniques

APQ Cayman Limited has a portfolio of tradable assets and liabilities which it values at fair value using the same policies as the Company. The Company is able to redeem its holding of APQ Cayman Limited at its net asset value. Fair value of the investment in APQ Cayman Limited is therefore measured at its Net Asset Value.

The investment in BARTR Holdings Limited was completed on 19 November 2018. Fair value has been determined in relation to the most recent round of fund raising by BARTR Holdings Limited. This is due to BARTR Holdings Limited being a pre-revenue technology start-up company for which other valuation techniques are not appropriate.

The investment in APQ Corporate Services Limited was completed on 10 January 2019. Fair value has been determined through the income approach, incorporating comparison with external sources and the expected cash flows of the investment.

The investment in APQ Knowledge Limited was completed on 1 March 2019. Fair value has been determined through the income approach, incorporating comparison with external sources and the expected cash flows of the investment.

Listed investments are measured at fair value using the current market price for the underlying equity as quoted on the applicable stock exchange the security is traded on.

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For the six months ended 30 June 2020

13. Investments (continued)

Fair value hierarchy

The Company classifies its investments into the three levels of the fair value hierarchy based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its investments in APQ Cayman Limited, BARTR Holdings Limited, APQ Corporate Services Limited and APQ Knowledge Limited as level 3 as the inputs utilised in valuing the investments are deemed to be unobservable. The most significant unobservable input used in the fair value of the investment in APQ Cayman is the NAV. The most significant unobservable input used in the fair value of the investments in BARTR Holdings Limited is the most recent funding raised by BARTR Holdings Limited. The most significant unobservable input used in the fair value of the investments in APQ Corporate Services Limited and APQ Knowledge Limited are the future expected cash flows of the investments, used in deriving a valuation using discounted cash flows. The movement in the investments in the year are shown above.

The listed investments are designated as Level 1 instruments in the fair value hierarchy as fair value can be determined by the quoted market price for these assets.

The movement of investments classified by level is as per the below. There have been no transfers between levels.

	Level 1 \$	Level 2 \$	Level 3	Total \$
At 1 January 2020	-	-	105,414,240	105,414,240
Additions	2,048,891	-	10,336,558	12,385,449
Fair value movement	165,034	-	(58,876,693)	(58,711,659)
	2,213,925	-	56,874,105	59,088,030

14. Trade and other receivables

	30 June 2020 \$	31 December 2019 \$
Trade debtors	76,423	68,581
Amounts due from group undertakings	236,118	281,489
Prepayments and accrued income	668,224	466,914
Other debtors	37,369	54,707
	1,018,134	871,691

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15. Trade and other payables

	30 June 2020	31 December 2019
	\$	\$
Trade creditors	78,847	75,260
Other creditors	20,341	1,960
Amounts due to group undertakings	30,048	61,409
Accruals	80,413	140,745
Lease liability	21,302	67,010
Deferred consideration	2,162,294	566,399
	<u>2,393,245</u>	<u>912,783</u>

16. 3.5% Convertible Unsecured Loan Stock 2024

	Nominal number of CULS	Liability component	Equity component
	\$	\$	\$
As at 1 January 2020	41,446,167	34,064,993	6,919,355
Amortisation of discount on issue and issue expenses	-	1,150,021	-
Interest paid during the period	-	(633,819)	-
Exchange differences	-	(2,330,605)	-
As at 30 June 2020	<u>41,446,167</u>	<u>32,250,590</u>	<u>6,919,355</u>

At an Extraordinary General Meeting held on 4 September 2017, Resolutions were passed approving the issue of 4,018 3.5 per cent. convertible unsecured loan stock 2024 (“CULS”) to raise £20,090,000 before expenses. The CULS were admitted to trading on the International Securities Market, the London Stock Exchange’s market for fixed income securities and dealings commenced at 8.00 a.m. on 5 September 2017.

Following Admission there were 4,018 CULS in issue. Holders of the CULS are entitled to convert their CULS into Ordinary Shares on a quarterly basis throughout the life of the CULS, commencing 31 December 2017, and all outstanding CULS will be repayable at par (plus any accrued interest) on 30 September 2024. The initial conversion price is 105.358 pence, being a 10 per cent. premium to the unaudited Book Value per Ordinary Share on 31 July 2017. Following conversion of 80 per cent. or more of the nominal amount of the CULS originally issued, the Company will be entitled to require remaining CULS Holders to convert their outstanding CULS into Ordinary Shares after they have been given an opportunity to have their CULS redeemed.

On 22 January 2018, the Company raised a further £10,207,300 (\$14,492,418) before expenses through the issue of 1,982 units of 3.5 per cent. convertible unsecured loan stock 2024 in denominations of £5,000 (\$7,099) nominal each, at an issue price of £5,150 (\$7,312) per unit.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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17. 6% convertible preference shares

	Nominal number of preference shares \$	Liability held at amortised cost \$	Liability held at fair value through profit and loss \$	Equity component \$
As at 1 January 2020	-	-	-	-
Preference shares issued during the acquisition of Parish	268,000	2,026,016	653,984	-
Fair value movement on derivative component	-	-	(570,507)	-
Derecognition on amendment to conversion terms	-	(2,026,016)	(83,477)	-
Recognition following the amendment to conversion terms	-	1,347,099	-	100,813
As at 30 June 2020	<u>268,000</u>	<u>1,347,099</u>	<u>-</u>	<u>100,813</u>

On the 29 January 2020, APQ Capital Services Limited, a subsidiary of APQ Global, issued 268,000 convertible preference shares at a value of \$10 per share, which were convertible into a variable number of shares linked to the relative assets attributable to the convertible preference shares. These convertible preference shares were admitted to trading on The International Stock Exchange on 30th January 2020

The conversion option into a variable number of shares was identified as a derivative option which was designated at fair value through profit and loss. This instrument was designated as a Level 3 in accordance with the fair value hierarchy as per Note 13. Fair value has been determined in conjunction with a third party valuation firm, using forecasting of the share price at the date the conversion option is exercised. The following assumptions were used in the calculation of the value of the derivative option:

Assumptions

Implicit interest rate	7.9%
Duration	7 years

On 30 June 2020, the terms of the Convertible preference shares were changed so that they are now convertible into 11.25 ordinary shares per convertible preference share. The fair value of the convertible preference shares was remeasured at this date and the previously recognised carrying values of these convertible preference shares were derecognised. Fair value was remeasured using the following assumptions:

Assumptions

Implicit interest rate	11.9%
Duration	6.6 years

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For the six months ended 30 June 2020

18. Share Capital

The issued share capital of the Company is 78,294,203 ordinary shares of no par value listed on The International Stock Exchange and admitted to trading on AIM.

Quantitative information about the Company's capital is provided in the statement of changes in equity and in the tables below.

The shares are entitled to dividends when declared and to payment of a proportionate share of the Companies net asset value on any approved redemption date or upon winding up of the Company.

The Company's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its listing documents.
- To maintain sufficient liquidity to meet the expenses of the Company, pay dividends and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Company cost-efficient.
- The Board has authority to purchase up to 14.99 per cent. of the issued Ordinary Share capital of the Company. The Board intends to seek a renewal of this authority at each annual general meeting of the Company. No buy backs occurred during the period under review.

	Ordinary shares No	£	\$
As at 1 January 2020	78,241,047	76,797,815	99,733,054
Shares issued from share awards during the period	53,156	50,340	68,099
At 30 June 2020	78,294,203	76,848,155	99,801,153

During the period ended 30 June 2020, 53,156 (period ended 30 June 2019 – 53,156) shares were issued as part of the share award scheme as detailed in note 19.

19. Share awards

On 19 April 2017 (and amended 17 July 2018), the Company established a share award scheme for the employees of the Company. The scheme grants the Board the authority to allot share awards or share options with service conditions attached. Share awards or options can only be awarded for performance periods whereby the book value per share (excluding dividend transactions) exceeds the book value per share for all previous performance period ends. The maximum amount of share awards or options is determined by reference to 20% of the increased performance of the current book value per share against all previous performance periods. The Board retains the right to settle these awards in either shares or cash.

The first share awards were granted in 2018 with respect to the performance period ended 31 December 2017.

Grant date	Type of award	No. of instruments	Fair value of instrument granted pence	Vesting conditions	Final vesting date
1 January 2018	Shares	584,141	128.11	Awards vest quarterly over 5 years provided the employee is still in service of the Group.	31 December 2022

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19. Share awards (continued)

	2020		2019	
	Number of awards	Weighted average of fair value of instrument cents	Number of awards	Weighted average of fair value of instrument cents
Outstanding at 1 January	379,692	128.11	496,520	-
Settled in equity	(53,156)	128.11	(53,156)	128.11
Settled in cash	(5,258)	128.11	(5,258)	128.11
Outstanding at 30 June	<u>321,278</u>	<u>128.11</u>	<u>438,106</u>	<u>128.11</u>

	Charge for awards to be settled in Equity \$	Charge for awards settled in Cash \$	Total charge for share based awards \$
Period ended 30 June 2019	99,110	6,736	105,846
Period ended 30 June 2020	54,951	6,737	61,688

The unvested portion of the share awards currently granted is \$123,937 (At 30 June 2019 - \$266,169). Of the awards outstanding the number vested that are available for settlement amount to 29,207 (At 30 June 2019 – 29,207)

20. Share warrants

On 29 January, the Company issued 1,000,000 warrants as part of the acquisition of Parish Group Limited. The fair value of the warrants issued as part of the consideration for this investment was determined using the Black Scholes option pricing model. The assumptions used in the valuation are as follows:

	Assumptions
Share price on issue (cents)	68.50
Exercise price of share warrants (cents)	70.94
Volatility	10.45%
Duration	6.6 years
Risk free rate	1.00%
Dividend yield	0.00%

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20. Share warrants (continued)

Issue date	Warrants outstanding at 1 January 2020	Warrants issued in the period	Warrants exercised in the period	Warrants lapsed in the period	Warrants outstanding at 30 June 2020	Exercise price cents	Expiry Date
29 January 2020	-	1,000,000	-	-	1,000,000	70.94	30 August 2026
	-	1,000,000	-	-	1,000,000		

The weighted average remaining life of the warrants outstanding is 6.2 years

21. Leases

Finance lease commitments

The Company's subsidiary, APQ Partners LLP, leases rental space and information with regards to this lease is outlined below:

Rental lease asset	\$
Leased asset on 1 January 2020	84,802
Depreciation for the period	(42,401)
At 30 June 2020	42,401
	30 June 2020
Rental lease liability	\$
Lease asset on 1 January 2020	67,010
Unwinding discount on lease liability	2,184
Payments for lease	(44,280)
Exchange differences	(3,612)
At 30 June 2020	21,302

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22. Capital Management

The Group can raise new capital which may be implemented through the issue of a convertible debt instrument or such other form of equity or debt as may be appropriate. It also has a buy-back authority subject to a maximum buy-back of 14.99 per cent of the issued Ordinary Shares.

The Group's objectives for managing capital are:

- To invest the capital into investments through its subsidiary, APQ Cayman Limited.
- To maintain sufficient liquidity to meet the expenses of the Group and pay dividends.
- To maintain sufficient size to make the operation of the Group cost-effective.

The Group may utilise borrowings in connection with its business activities. Although there is no prescribed limit in the Articles or elsewhere on the amount of borrowings that the Group may incur, the Directors will adopt a prudent borrowing policy and oversee the level and term of any borrowings of the Group and will review the position on a regular basis.

The Group's capital comprises:

	30 June 2020	31 December 2019
	\$	\$
Share capital	99,801,153	99,733,054
Preference shares	100,813	-
Equity component of 3.5% Convertible Unsecured Loan Stock 2024	6,919,355	6,919,355
Other capital reserves	395,352	300,798
Retained earnings	(77,473,013)	(29,109,833)
Exchange reserve	(4,927,513)	(4,927,513)
Total shareholders' funds	24,816,147	72,915,861

23. Related party transactions

Wayne Bulpitt founded the Active Group; he is also a shareholder of the Company.

Bart Turtelboom founded APQ Partners LLP and is also a director of APQ Cayman Limited as well as the largest shareholder of the Company.

The Directors are remunerated from the Company in the form of fees, payable monthly in arrears. Bart Turtelboom was entitled to an annual salary of £120,000 as Chief Executive Officer of the Company. From 1 April 2018 this was split between the Company and APQ Cayman Limited.

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For the six months ended 30 June 2020

23. Related party transactions (continued)

		APQ Global Limited - Remuneration		APQ Global Limited - Share based remuneration		APQ Cayman Limited - Remuneration		Total	
		\$		\$		\$		\$	
		For the six months ended 30 June 2020	For the six months ended 30 June 2019	For the six months ended 30 June 2020	For the six months ended 30 June 2019	For the six months ended 30 June 2020	For the six months ended 30 June 2019	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Bart	Chief Executive								
Turtelboom	Officer	30,427	38,927	49,350	84,677	45,256	38,927	125,033	162,531
Wayne	Non-Executive								
Bulpitt	Chairman	25,226	26,130	-	-	-	-	25,226	26,130
Wesley	Executive								
Davis	Director	32,250	36,000	-	-	32,250	36,000	64,500	72,000
Philip	Non-Executive								
Soulsby	Director	11,037	11,333	-	-	-	-	11,037	11,333
		<u>98,940</u>	<u>112,390</u>	<u>49,350</u>	<u>84,677</u>	<u>77,506</u>	<u>74,927</u>	<u>225,796</u>	<u>271,994</u>

APQ Global Limited has incurred \$31,898 (six months ended 30 June 2019 - \$47,397) of fees and expenses to Active Services (Guernsey) Limited as administrator of the Company. As at 30 June 2020, APQ Global Limited owed \$24,177 to Active Services (Guernsey) Limited (31 December 2019 - \$21,677).

On 10 June 2020, the Company changed its administrator from Active Services (Guernsey) to Parish Group Limited, a wholly owned subsidiary of APQ Global Limited. APQ Global Limited has incurred \$9,082 (six months ended 30 June 2019 - \$nil) of fees and expenses to Parish Group Limited as administrator of the Company. As at 30 June 2020 the balance owed to Parish Group Limited was \$nil (31 December 2019 - \$nil).

As described in the Listing Document, and under the terms of the Services Agreement, APQ Partners LLP assist the Board and the Group's management based in Guernsey with the implementation of its business strategy, provide research on business opportunities in emerging markets and provide support for cash management and risk management purposes. APQ Partners LLP are entitled to the reimbursement of expenses properly incurred on behalf of APQ Global Limited in connection with the provision of its services pursuant to the agreement. APQ Partners LLP has recharged expenses of \$213,638 (six months ended 30 June 2019 - \$208,835) to APQ Global Limited during the period. As at 30 June 2020, APQ Global Limited was owed \$152,650 from APQ Partners LLP (31 December 2019 - \$142,010). In both the current and prior period amounts have been eliminated on consolidation.

During the period, the Group recharged expenses to APQ Cayman Limited of \$250,318 (six months ended 30 June 2019 - \$191,215) and was recharged expenses of \$18,921 (six months ended 30 June 2019 - \$19,463) from APQ Cayman Limited. During the six months ended 30 June 2019, the Company converted the \$33,372,357 loan it had outstanding with APQ Cayman Limited, for which it had charged interest of \$350,046 in that period. As at 30 June 2020, \$38,761 (31 December 2019 - \$29,418) was due from APQ Cayman Limited.

During the period, APQ Global Limited provided \$nil (six months ended 30 June 2019 - \$210,000) to BARTR Connect Limited in the context of an investment in BARTR Holdings Limited, an entity over which the Company has significant influence. At 30 June 2020, \$nil (31 December 2019 - \$nil) was due to BARTR Connect Limited.

During the period, APQ Global Limited provided funding of \$nil (six months ended 30 June 2019 - \$144,464) to APQ Corporate Services Limited during the period. As at 30 June 2020, \$500,000 (31 December 2019 - \$144,464) was due from APQ Corporate Services Limited.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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23. Related party transactions (continued)

During the period, APQ Global Limited paid expenses on behalf of APQ Connect Limited amounting to \$101,933 (six months ended 30 June 2019 - \$nil). As at 30 June 2020, \$198,128 (31 December 2019 - \$96,195) was due from APQ Connect Limited.

During the period, APQ Global Limited paid \$67,536 (six months ended 30 June 2019 - \$nil) as dividends to the holders of the convertible preference shares on behalf of APQ Capital Services Limited.

In 2019, APQ Global provided a loan to Palladium Trust Services Limited, a group undertaking, of \$37,431. In addition, the loan attracts interest at a rate of 10%. During the period, APQ Global charged interest of \$1,884 (six months ended 30 June 2019 - \$nil). As at 30 June 2020, APQ Global Limited was owed \$37,990 (31 December 2019 - \$40,831) from Palladium Trust Services Limited.

In 2019, APQ Global Limited provided a loan to New Markets Media & Intelligence Ltd, of \$24,299. In addition, the loan attracts interest at a rate of 10%. During the period, APQ Global Limited charges interest of \$631 (six months ended 30 June 2019 - \$nil). The loan has been fully repaid in the period. As at 30 June 2020 APQ Global Limited owed \$30,048 (31 December 2019 - \$1,960) to New Markets Media & Intelligence Ltd.