

APQ Global Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2018

APQ Global Limited

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FINANCIAL HIGHLIGHTS

For the year ended 31 December 2018

Book Value at 31 December 2018 was \$76.4m, a decrease from \$100.0m since the start of the year. The term “book value” herein includes the assets of APQ Global Limited and its subsidiaries net of any liabilities, presented in US dollars.

Book Value per share in the year decreased from 128.11 cents to 97.84 cents.

Earnings loss per share for the year was \$0.25889 (2017 – earnings gain per share \$0.06995).

Dividends paid in GBP totalled 6 pence (8.12 cent) per share and were declared and paid during the year as follows:

- | | | |
|------------------------------------|-----------------------------|-----------------------|
| • 1.50 pence (2.08 cent) per share | Ex Dividend 1 February 2018 | Paid 2 March 2018 |
| • 1.50 pence (2.13 cent) per share | Ex Dividend 26 April 2018 | Paid 25 May 2018 |
| • 1.50 pence (1.95 cent) per share | Ex Dividend 26 July 2018 | Paid 24 August 2018 |
| • 1.50 pence (1.96 cent) per share | Ex Dividend 1 November 2018 | Paid 30 November 2018 |

After the year end, a further dividend of 1.5 pence (1.90 cents) per share was declared on 21 January 2019 in relation to the quarter ended 31 December 2018.

In the year covered by these financial statements, the share price of the Company has consistently traded at a premium over the actual Book Value of the Company.

There have been further AIM market trades since 31 December 2018, details of these can be found on the London Stock Exchange website by following the link below. Monthly book values and quarterly reports are also made available as they fall due.

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

On 22 January 2018, the Company raised £10,207,300 (\$14,492,418) before expenses from the issue of a further 1,982 units of £5,000 (\$7,099) nominal convertible unsecured loan stock with a coupon of 3.5% per annum, a conversion premium of 10% and a maturity of 7 years.

DIRECTORY

Registered Office and Business Address:

1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB

**Company Secretary and
Corporate Services Provider**

Active Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB

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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United Kingdom
EC2M 7SH

TISE Sponsor

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St Peter Port
Guernsey
GY1 4LX

Directors:

Bart Turtelboom
Wayne Bulpitt
Wesley Davis
Philip Soulsby

Nominated Adviser and Broker

Nplus1 Singer Advisory LLP
1 Bartholomew Lane
London
United Kingdom
EC2N 2AX

Principal Bankers

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Paradeplatz 8
CH-8070
Zurich
Switzerland

Advocates

As to Guernsey law:

Mourant Ozannes
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4HP

Independent auditors

BDO LLP
55 Baker Street
London
United Kingdom
W1U 7EU

For the latest information, please visit:

www.apqglobal.com

APQ Global Limited

CHAIRMAN'S STATEMENT

For the year ended 31 December 2018

The aim of the Board is to steadily grow the Company's 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 activities. Specifically, our goals are to deliver a dividend yield of 6% per annum (based on capital subscribed) and in addition generate returns to grow the Company by a further 5-10% per annum. The Company focuses its investment activities in emerging markets globally (in Asia, Latin America, Eastern Europe, the Middle East and Africa).

Strategic Investment Portfolio

The Company has maintained its investment in **City of London Investment Group** ('CLIG') representing 7.0% of its overall book value. The Company believes that the positive outlook for the EM equity asset class, the prudent management and an attractive dividend yield bode well for the CLIG stock price. The Company has also maintained a small stake in **Anglo Pacific Group** of 1.5% of book value, a London Main Market listed mining royalty company, through participation in a rights issue to fund a new royalty agreement with a Canadian mining company.

Direct Investment Portfolio

In December 2018, The Company invested around 1.0% of its Book Value in **BARTR Holdings Limited**, acquiring a 40.0% equity stake. BARTR Holdings Limited is an innovative start-up with specialist knowledge and operational experience in the wholesale telecoms market.

Post year end, the Company has also acquired a 100% interest in a trust and corporate services group, **Palladium Trust Services** ("Palladium") for an upfront cost representing less than 0.4% of Book Value. Palladium has a diverse and large client base with significant potential for increasing revenue for both the corporate services business and the Company.

Gearing

In 2017, the Company issued 4,018 units of £5,000 (\$6,708) nominal convertible unsecured loan stock (CULS). On 22 January 2018, the Company raised a further £10,207,300 (\$14,492,418) before expenses from the issue of a further 1,982 units of £5,000 (\$7,099) nominal CULS, increasing its leverage to 42%. The CULS were issued with a coupon of 3.5% per annum, a conversion premium of 10% and a maturity of 7 years. The Board has confidence in the long-term prospects for the emerging markets sector and believes that the additional gearing should enable the Company to generate increased total returns over the longer term. The Directors believe that this provides long-term structural gearing at a fixed cost that is competitive with other forms of gearing that were available, and which has the potential to be converted into the permanent capital base of the Company.

Dividends

Despite challenging conditions in Emerging Markets in the year, I am pleased to report that the Company met its target of paying four quarterly dividends of 1.5p, making a total of 6p (8.12 cents) for the year, and that this was maintained into the first quarter of 2019. The portfolio contains a diverse range of asset classes, many of which deliver attractive income levels. The income performance is regularly reviewed by the board to ensure it continues to meet our investment and return targets.

Total Return

Book Value per share in the year decreased from 128.11 cents to 97.84 cents, a fall of 23.6%. After adjusting for the Dividends above, the Total Return for the year was 17.3% - almost exactly in line with the decline of the MSCI EM Index (-17%). Despite this, the Board feel the Company is well placed to benefit from the anticipated recovery in EM markets.

APQ Global Limited

CHAIRMAN'S STATEMENT (continued) For the year ended 31 December 2018

Board Change

I am very pleased to welcome Wesley Davis to the Board. On 1 January 2019, Wesley replaced Richard Bray as Finance Director to the Company, and I would like to thank Mr Bray for his hard work and support in seeing the Company successfully through from launch to this point. Mr Davis brings over 25 years of experience in emerging & frontier markets, both in investment banking and operating company roles. He has also previously served in a consulting capacity on the International Advisory Council of the Company, with a focus on private equity and illiquid credit origination.

Conclusion

The Investment performance and outlook for Emerging Markets are discussed in more detail in the CEO's statement on page 6, but I am confident that in such volatile times, our diversified portfolio of assets and flexible approach to decision making continues to serve our shareholders interests in the best possible manner.



Wayne Bulpitt
Chairman, APQ Global Limited

CEO'S STATEMENT

For the year ended 31 December 2018

Calm After the Storm but Beware the Occluded Front

A hazard of international investing is a life subjected to the vagaries of weather patterns while navigating flights between markets. Just for now, my two worlds are aligned: the polar vortex has lifted; planes and economies are running smoothly once again.

The panic over the US-China trade war, the squeeze from four Fed hikes last year, the deadlock over Brexit – all contributed to the recent chill. Emerging markets afforded no shelter: Latin America was consumed by the impending election of leftist and rightist populists in Mexico and Brazil; Russia and Turkey huddled in anti-American communion with Iran in Syria; the UAE clashed with Qatar; and the world turned on Saudi Arabia.

The climate has decidedly warmed. President Trump wants to meet Xi Jinping “very soon” for talks to end the trade war and delayed his March 1 deadline for imposing 25% tariffs on China.

In emerging markets, Latin America's populists have managed to become popular with investors too. AMLO's promised support for the debt laden oil producer, Pemex, eased Mexican yields from the highest levels since the financial crisis. Confidence that Bolsonaro's technocratic economic team will tackle pension reforms that eluded successive Brazilian governments has sent the Bovespa to all-time highs. Even Russia has come in from the cold, with the US dropping sanctions against Rusal and OPEC looking to Moscow for a new alliance to regulate oil prices. There are also signs of a warming in relations among the GCC's members after US Secretary of State Mike Pompeo urged an end to the rift while visiting Qatar.

Investors are all in a fever. US stocks had their best start to a year in more than three decades. The MSCI Emerging Markets Index gained 9.5% in the first quarter of 2019. Long EM is suddenly the most popular position among the 200 or so institutional investors polled monthly by Bank of America Merrill Lynch, the first time that's happened in the survey's history. Short EM was a top 3 trade in the previous month.

But before whipping off those fur-lined gloves and hitting the markets harder, a whisper of caution. Recall that this time last year, emerging market assets were rising like mercury as optimism over economic growth drove the JPMorgan Emerging Market Currency Index to a 30-month high – only to later come crashing down to decade lows. Just as we get nice and toasty, cold fronts have a nasty habit of overtaking warm fronts. Meteorologists call it the Occluded Front: the warmth is driven away from earth's atmosphere, leaving ominous clouds.

Those clouds are in sight. Although Trump recently said he's willing to let the tariffs deadline “slide for a little while” if the US is close to a deal, significant gaps with China remain. There's been no let up in the US campaign against Chinese telecom equipment imports amid allegations of IP theft and cyber espionage by Huawei. And while the toll from tariffs is evident in China's slowing growth, it's not the only major economy that Donald Trump is targeting for a new deal on trade: the European Union could be next. Trump has until mid-May to decide his response to the Commerce Department's recommendations on whether European carmakers' auto imports pose a national security threat and if tariffs would be needed.

Yet, while the sun shines, there are gains to be made. This year's rebound has yet to compensate for near [17%] losses in the MSCI EM Index last year, far outstripping the [10.5%] slump in the developed world equivalent. EM equity valuations remain low and bond yield premiums high by comparison with US markets and historical levels. Price-to-book value remains under the 10-year average while profitability looks similar to far higher valued developed market peers, with return on equity at around [13%].

CEO'S STATEMENT (continued)

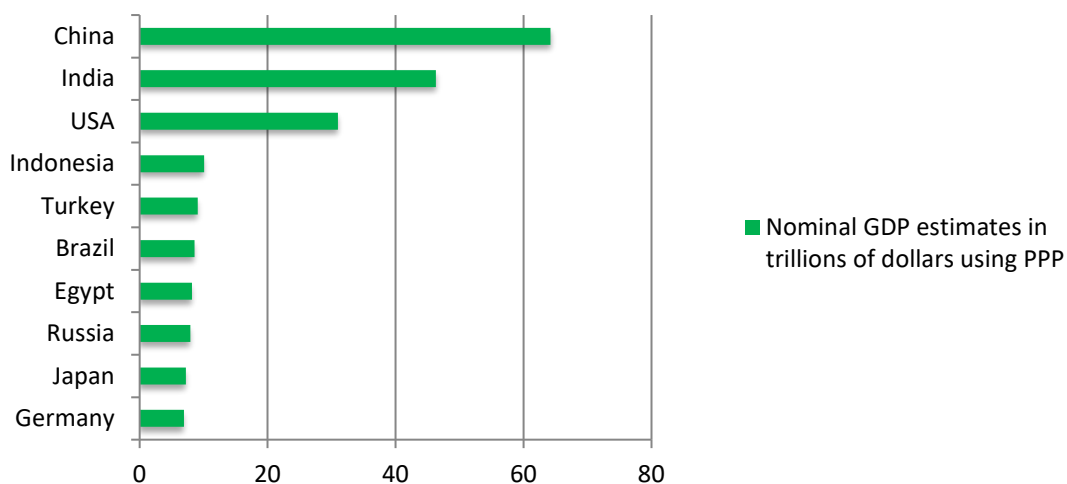
Risk hasn't evaporated. Elections this year in India, South Africa, Nigeria, Thailand, the Philippines and Argentina imply localised volatility – but the swings appear skewed in favour of the positive in key markets. Nigeria's incumbent president, Muhammadu Buhari, won re-election. Market reaction was positive as potential reforms include oil sector privatization and improving monetary & fiscal policy coordination. In Argentina, reformist President Macri's approval rating has fallen to a low due to spending cuts to comply with IMF terms while corruption allegations dog his legacy Peronist rival, ex-President Cristina Fernández de Kirchner. International support for Juan Guaidó makes Venezuela entirely unpredictable – Inflation has left record highs but still remains above 2.3 million percent rendering the bolivar near-worthless. The upside potential looks significantly greater than the downside risk.

Venezuela's basket-case currency contrasts with the emerging market currency basket: exchange rates have stabilised across much of the developing world, spurred in part by rising commodity prices boosting export earnings. Their relative attractiveness is, of course, the inverse of a lack of appeal for dollars and to some extent euros, yen and pounds. With the Federal Reserve trimming its outlook for rate increases, the ECB and Bank of England insulating their economies from Brexit fallout, and the Bank of Japan celebrating its 20th anniversary of zero-rate policies, there's very little interest to pull investors back from emerging markets.

Changing weather patterns come and go. As value investors, our decisions are shaped by the long-range forecast. And for emerging markets, the outlook is clear.

One of the most definitive pieces of research this year came from Standard Chartered, which predicted the biggest 10 economies of 2030 based on nominal GDP using purchasing power parity exchange rates. For emerging markets, the results are glowing:

By 2030, seven of the top 10 global economies will be emerging markets: Standard Chartered



Source: Standard Chartered, January 2019

Bart Turtelboom
CEO, APQ Global Limited

APQ Global Limited

2018 IN REVIEW

2018 was a difficult year for emerging markets. Including movements in the GBP/USD exchange rate and the dividend paid, the Company returned -18.1% Year-to-Date, measured in USD. The book value per share was 98 US cents as of Year End.

Towards the end of the year we gradually decreased our exposure, mainly in equities and local markets, into more defensive instruments.

During the year, the Company's credit exposure generated -2.4%, whilst equity investments returned -4.9% and local currency bond exposure returned -2.8%. Emerging Markets ("EM") Currency exposure lost -8.0%.

Return Contribution for Each Asset Class (in \$)	
	2018
Credit	-2.4%
Equity	-4.9%
FX	-8.0%
Rates	-2.8%
TOTAL*	-18.1%

*Note: the contribution for each asset class also includes the relative contribution of other adjustments impacting total return for the year. The overall return to shareholder for the year reflects the movements in book value plus dividends paid.

The bulk of the Company's overall exposure was in credit and government bonds (47.6% of book value), followed by local currency bond exposure (31.9% of book value). EM equities accounted for 19.1% of book value.

Portfolio Breakdown		
Asset Class	% of Book Value	% of Total Gross
Credit	47.6%	26.0%
EM Local Markets (ex IRD)	11.8%	6.5%
EM Currency Exposure	20.1%	11.0%
EM Equities	19.1%	10.4%
Cash	84.4%	46.1%
TOTAL	183.0%	100.0%

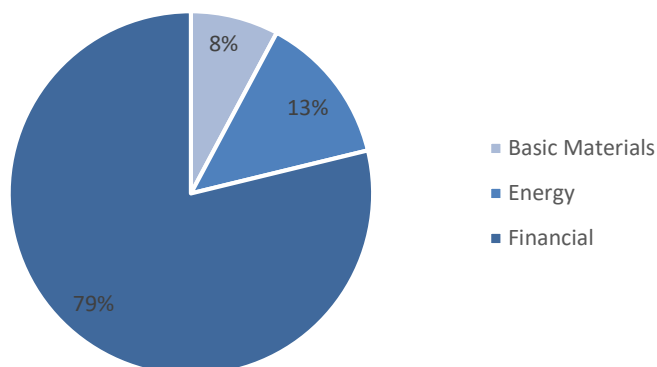
Liquid Markets Portfolio

During the year, the Company reduced its EM equity portfolio while keeping its two strategic positions in City of London Investment Group and Anglo Pacific Group. The Company added exposure to four Turkish banks, after the sharp sell-off in August. Taking advantage of, in our view, overly-pessimistic sentiment and attractive valuations.

Top EM Equity Exposure (% of Book Value)	
Security Name	Exposure (% of Book Value)
City of London Investment Group PLC	7.0%
Turkiye Vakiflar Bankasi TAO	2.9%
Turkiye Garanti Bankasi AS	2.6%
Petroleo Brasileiro SA	2.6%
Akbank T.A.S.	2.5%
Anglo Pacific Group PLC	1.5%

The Company believes that the medium-term global economic growth outlook will be supportive for emerging markets equities, however, the near-term impact of an escalation in trade wars, political and economic uncertainty in Italy and increased tensions in the Middle East and the Gulf will likely dampen market sentiment. From a sector perspective, the bulk of the Company's EM exposure is in Financials, followed by Energy and Basic Materials.

Equity Exposure by Sector

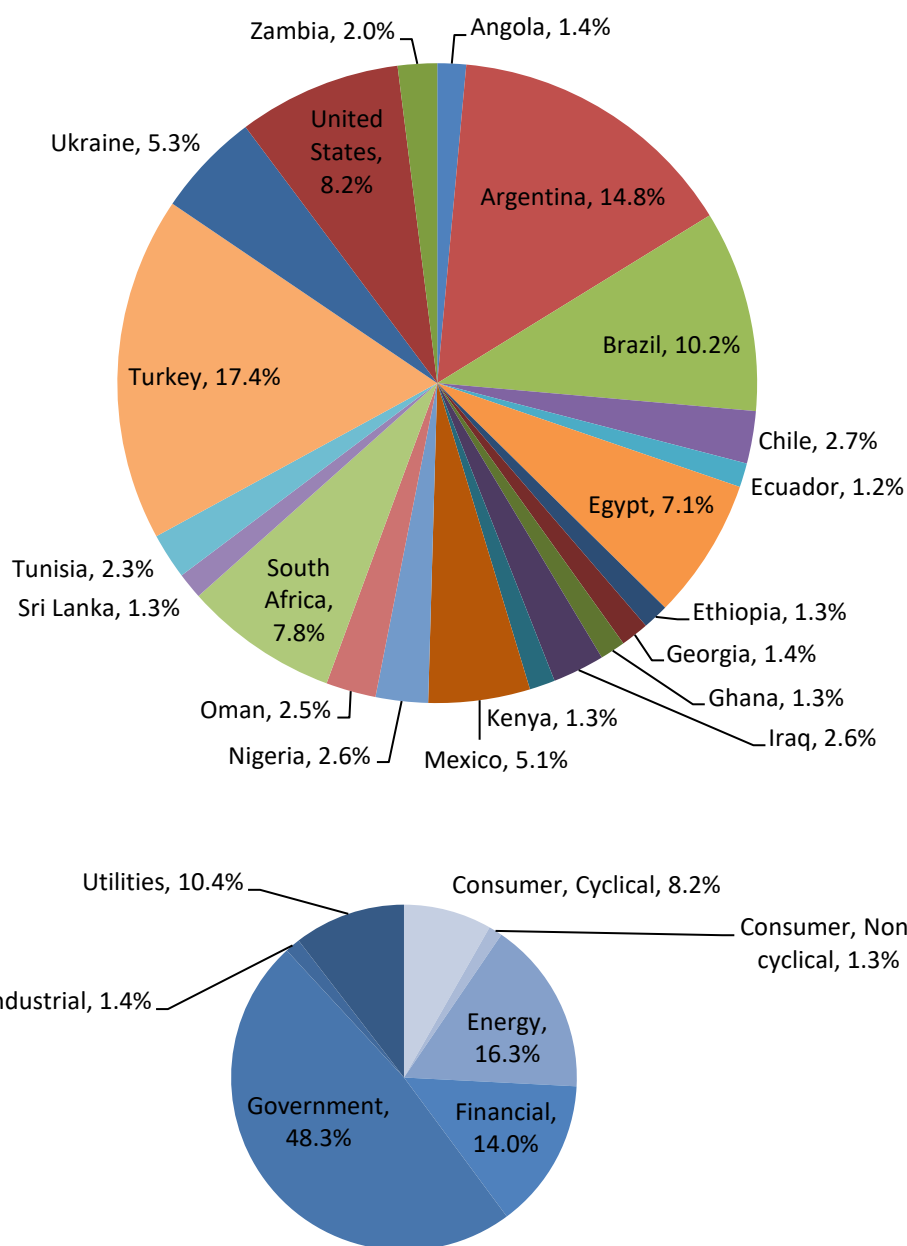


The Company’s emerging markets credit book is well diversified for stable income growth. The single largest position held is in Argentina, accounting for 4.7% of book value.

Credit Exposure (% of Book Value)	
Security Name	Exposure (% of Book Value)
ARGENT 7 1/8 06/28/17	4.7%
TURKEY 7 06/05/20	4.7%
WMT 4.05 06/29/48	3.9%
PETBRA 6.85 06/05/15	3.5%
EGYPT 7.903 02/21/48	3.4%
ESKOM 8.45 08/10/28	2.5%
PEMEX 4 7/8 01/18/24	2.4%
CAIXBR 7 1/4 07/23/24	1.3%
ISCTR 5 04/30/20	1.3%
UKRAIN 7 3/4 09/01/20	1.3%

Geographically, the credit portfolio is also well diversified with the largest positions concentrated in Turkey (17.4%), Argentina (14.8%) and Brazil (10.2%).

From a sector perspective, the credit exposure is largely concentrated in Government, Financials and corporations in the Energy sector.



During the year, the Company significantly reduced its direct currency exposure. The largest long positions were held in the Mexican Peso (4.8% of book value), Ukrainian Hryvnia (4.2%) and the Indian Rupee (3.5%).

The portfolio stress tests indicate that the Company would lose 10.84% of book value for a 10% sell-off in the S&P equity index, 0.99% in value if credit spreads were to widen 10.00% but gain 0.68% in value if interest rates in the US were to increase by 1.00%.

Stress Test Scenarios (as of 31 December 2018)	
Scenario	Change in % of Book Value
Equity Stress Test (S&P -10%)	-10.84%
Credit Stress Test (Credit Spreads up 10%)	-0.99%
Interest Rates Stress Test (Yields up 1%)	0.68%

APQ Global Limited

2018 IN REVIEW (continued)

Strategic Investment Portfolio

The Company has maintained its investment in City of London Investment Group ('CLIG') representing 7.0% of its overall book value. The Company believes that the positive outlook for the EM equity asset class, the prudent management and an attractive dividend yield bode well for the CLIG stock price.

The Company has maintained a small stake in Anglo Pacific Group of 1.5% of book value, a London Main Market listed mining royalty company, through participation in a rights issue earlier in the year to fund a new royalty agreement with a Canadian mining company.

Direct Investment Portfolio

In December 2018, The Company invested around 1.0% of its Book Value in BARTR Holdings Limited, acquiring a 40.0% equity stake. BARTR Holdings Limited is an innovative start-up with specialist knowledge and operational experience in the wholesale telecoms market.

The Company has also acquired 100% of a group of trust and corporate service vehicles under the name Palladium Trust Services ("Palladium") for an upfront cost of £222,500, representing less than 0.4% of its Book Value. Palladium has a diverse and large client base with significant potential for increasing revenue for both the corporate services business and the Company.

The acquisition of Palladium was completed 22 February 2019.

The Company continues to evaluate various business opportunities with a focus on EM and is in advanced stages of due diligence on one other opportunity. The Company will update shareholders in due course on its progress with these potential investment opportunities.

BUSINESS MODEL AND STRATEGY

For the year ended 31 December 2018

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 activities. The Company focuses its activities in emerging markets globally (in Asia, Latin America, Eastern Europe, the Middle East and Africa).

The Company's strategy is to:

- (i) extend credit to sovereign, corporate and banking entities in emerging markets for a range of business purposes, including for acquisition financing, working capital and investment purposes. The terms of any bonds or loans will vary but are typically expected to range from six months to five years; and
- (ii) invest in different parts of the capital structure, both public and private, of corporate and banking entities in emerging markets as well as structured finance instruments; and
- (iii) take operational control of businesses through the acquisition of minority and majority stakes in public and private companies in emerging markets.

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

The Company has no investment restrictions and investing will not be subject to any maximum exposure limits. No material change will be made to the Company's objective or investing policy without the approval of Shareholders by ordinary resolution. The Company may gain exposure to emerging markets by investing in assets on other, non-emerging markets (such as the London Stock Exchange) as long as the underlying asset has exposure to emerging markets.

Key performance indicators ("KPIs") for the Company will be the growth of the earnings of the Company. These KPIs are:

- (i) A sufficient per annum increase in earnings to allow a 6% dividend to be paid to shareholders. For the year ended 31 December 2018, despite no increase in earnings the Company achieved this KPI target and the actual dividends paid were 6%.
- (ii) Additional per annum increase in earnings to grow the Company by 5 – 10% per annum. For the year ended 31 December 2018, this KPI was not met as earnings decreased from the prior year (see consolidated statement of comprehensive income). The main factor was due to the performance of APQ Cayman Limited, however, the Company continues to work towards achieving this target in future years.

Principal Risks and Uncertainties

The Directors believe the risks described below are the material risks relating to the Company:

- 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.
- 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.
- The Company will be subject to Cyber Risk in the form of both risk of failure of systems and also of the risk of malignant action against the Company by way of Information Technology.
- The Company will, through the implementation of its business model and strategy, face financial risks including market risk, credit risk and liquidity risk. These risks and the controls in place to mitigate them are reviewed at board meetings. Further detail on financial risks are discussed in Note 20 of the Financial Statements.
- 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, principally Pound Sterling. APQ Cayman Limited has investments denominated in Pound Sterling while the Company has assets and liabilities denominated in Pound Sterling. Further detail on foreign exchange risks are discussed in Note 20 of the Financial Statements.
- The Directors note that the Company's future performance may be adversely affected by the economic and political instability surrounding the outcome of Brexit.

BUSINESS MODEL AND STRATEGY (continued)

For the year ended 31 December 2018

Principal Risks and Uncertainties (continued)

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

- 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.
- 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.
- APQ Cayman Limited will seek exposure to emerging markets through the use of structured products which carry additional credit risks, are inherently difficult to value, illiquid and subject to counterparty risk on maturity.
- 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.
- APQ Cayman Limited will be subject to custody risk in the event of the insolvency of any custodian or sub-custodians.

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 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
- Ongoing review of third party service providers by the Board

The Directors believe that the risks described below are the key risks in respect of an investment in the ordinary shares of the Company (the 'Ordinary Shares'):

- There may be volatility in the price of the Ordinary Shares and the market price of the Ordinary Shares may rise or fall rapidly. To optimise returns, Shareholders may need to hold the Ordinary Shares for the long term.
- 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.
- 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, 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.
- Local laws or regulations may mean that the status of the Company and the Shares are uncertain or subject to change, which could adversely affect investors' ability to hold the Shares.
- 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.

The Company has issued further CULS in the year, increasing its leverage to 42%. The Company is required to repay interest at 3.5% on the CULS quarterly and so 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.

APQ Global Limited

DIRECTORS' REPORT

For the year ended 31 December 2018

The Directors present the consolidated financial statements of APQ Global Limited (the "Group") for the year ended 31 December 2018. The Group comprises the Company and its subsidiaries.

The Company

The Company was incorporated in Guernsey on 10 May 2016. The Company's shares ("Shares") were admitted to The International Stock Exchange on 11 August 2016 and admitted to trading on the AIM segment of the London Stock Exchange on 26 August 2016. The CULS have been admitted to the Order Book for Fixed Income Securities on the London Stock Exchange's International Securities Market, with effect from 7 September 2017.

Principal Activities

The principal activity of the Company is to invest in Companies in emerging markets through the purchase of a variety of financial instruments, including equity, bonds and derivatives through the subsidiary APQ Cayman Limited. The Company seeks to earn revenue from dividends and interest received from these investments and realise gains on sales of these investments.

Functional and presentational currency

The Group's functional and presentational currency is US Dollars. The Group's main activities and returns for the year ended 31 December 2018 are from its subsidiary APQ Cayman Limited and were in US Dollars.

Results and Dividends

The consolidated results for the year are set out in the Consolidated Statement of Comprehensive Income on page 29 and the Statement of Financial Position at that date is set out on page 30.

The Company paid dividends during the year as follows:

- A dividend of 1.5 pence (2.08 cent) per share was declared on 1 February 2018 in respect of the fourth quarter ended 31 December 2017.
- A dividend of 1.5 pence (2.13 cent) per share was declared on 26 April 2018 in respect of the first quarter of 2018 ended 31 March 2018.
- A dividend of 1.5 pence (1.95 cent) per share was declared on 26 July 2018 in respect of the second quarter of 2018 ended 30 June 2018.
- A dividend of 1.5 pence (1.96 cent) per share was declared on 1 November 2018 in respect of the third quarter of 2018 ended 30 September 2018.

The Directors intend to continue to declare a dividend on a quarterly basis, subject to the Group having recorded sufficient equity and liquidity and a further dividend of 1.5 pence (1.90 cents) per share was declared on 21 January 2019 in respect of the quarter ended 31 December 2018.

Share Capital

As at 31 December 2018 the Company had in issue 78,134,735 (2017 – 78,055,000) Ordinary Shares of nil par value. During the year 79,735 shares were issued (2017 – nil).

Principal Risks and Uncertainties

Principal Risks and Uncertainties are disclosed in the Business Model and Strategy section.

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial Statements since the ultimate assets of the Company mainly consist of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for at least 12 months from the date of this report. The Company will be able to meet all its liabilities as they fall due.

DIRECTORS' REPORT (continued) **For the year ended 31 December 2018**

Long Term Viability Statement

There is currently no strict regime of Corporate Governance to which the Company must adhere to, however there are guidelines set out for AIM companies. The Company complies with the UK code on Corporate Governance to the extent applicable. In accordance with section C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months minimum required by the 'Going Concern' provision. Three years is deemed to be an appropriate time period for management to implement its medium-term strategic objectives set out in the Business Model and Strategy section (page 12) of these financial statements.

In its assessment of the Company's viability over the three year period the Board has considered each of the company's principal risks, in particular a significant fall in value of the Company's invested assets through the failure of a counterparty of the Subsidiary.

The Directors consider that a 25% decline in the value of its invested assets would be significant but would have little impact on the Company's ability to continue in operation over the next three years. In reaching this conclusion the Directors considered the Company's expenditure projections, the Company's debt position and the liquidity of the Company's invested assets.

Based on the Company's processes for monitoring operating costs, share discount, internal controls, invested asset allocation, risk profile, liquidity risk and the assessment of the principal risks and uncertainties facing the Company, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Directors

The details of the Directors of the Company during the year and at the date of this Annual Report are set out in the Directors section.

As at 31 December 2018 and the date of these financial statements, the following Directors, their close relatives and related trusts, held the following beneficial interests in the Company:

Director	Shares held	% of issued share capital
Bart Turtelboom	22,075,097	28.25%
Wayne Bulpitt	46,500	0.06%

International Tax Reporting

For the purposes of the US Foreign Accounts Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI") in November 2016, received a Global Intermediary Identification Number (B2KS93.99999.SL.831) and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a standard developed by the Organisation for Economic Co-operation and Development ("OECD") and is a global approach for the automatic exchange of tax information. Guernsey has adopted the CRS which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve tax compliance that had previously applied.

The Board will take the necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Auditor

BDO LLP were appointed as auditors on 6 October 2017 for the year end 31 December 2017 audit and were reappointed as auditors at the AGM on 22 August 2018 in relation to the year end 31 December 2018 audit. BDO LLP will be reconsidered for appointment for the December 2019 audit at the AGM scheduled for August 2019.

DIRECTORS' REPORT (continued) **For the year ended 31 December 2018**

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Guernsey law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. The Directors have opted to prepare the Group's financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies (Guernsey) Law, 2008.

Under the Companies (Guernsey) Law, 2008 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and its results for the year and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and IFRS. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the oversight of the maintenance and integrity of the corporate and financial information included on the Company's webpage.

Responsibility Statement

The Directors confirm that to the best of their knowledge the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group's performance, business model and strategy.

Disclosure of Information to Auditor

Each of the persons who was a Director at the date of approval of the financial statements confirms that:

1. so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. he has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 249 of the Companies (Guernsey) Law, 2008.

DIRECTORS' REPORT (continued) **For the year ended 31 December 2018**

Corporate Governance

The Directors recognise the importance of robust Corporate Governance and meet regularly to review corporate strategy, the risk profile of the Group and its operating businesses and to monitor the performance of the service providers appointed to the Group.

There is currently no strict regime of Corporate Governance to which the Directors must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under the Companies (Guernsey) Law, 2008; however, there are guidelines set out for AIM companies. The Directors recognise the importance of sound corporate governance and the Group will seek to take appropriate measures to ensure that the Group complies with the UK Code on Corporate Governance to the extent appropriate and taking into account the size of the Group and the nature of its business. The Directors, having reviewed the UK Code on Corporate Governance, considers that it has complied with the Code throughout the period under review with the exception of the following areas of non-compliance, each of which applied throughout the period:

Areas of non-compliance with the UK Corporate Governance Code which were disclosed at the launch of the Company:

- Section A.3.1 - the Chairman is not independent;
- Section B.1.2 - the Board does not contain at least two independent non-executive directors;
- Section B.2.1 - the nomination committee does not comprise a majority of independent non-executive directors;
- Section B.2.4 - the Company does not have a diversity policy;
- Section C.3.1 - the audit committee does not contain two independent non-executive directors; and
- Section D.2.1 - the Company does not have a remuneration committee.

The Directors do not believe that compliance with these sections of the code are necessary due to the size of the Group and the nature of its business.

Other areas of non-compliance:

- Section D.1.2 - the remuneration report does not contain a statement relating to earnings made by executive directors acting as non-executive directors elsewhere; and
- Section D.2.4 - shareholders were not invited specifically to approve the management share plan put in place.

The Directors do not believe that compliance with section D.1.2 of the code is necessary due to the size of the Group and the nature of its business.

The Directors do not believe that compliance with Section D.2.4 was necessary due to the disclosure contained within the Listing Document informing prospective investors that a Management Incentive Scheme was to be put in place.

As a Company with its shares admitted to listing on TISE, the Directors comply with the Model Code of TISE and take all reasonable and proper steps to ensure compliance by applicable employees as required by the Listing Rules. The Directors and the Company also comply at all times with the applicable provisions of the Listing Rules.

The Company has adopted an anti-bribery policy and adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 and the UK Bribery Act 2010.

DIRECTORS' REPORT (continued) For the year ended 31 December 2018

Internal Audit

The Directors have determined that no internal audit function is required, as the bookkeeping and internal valuation of the Group is performed by third parties, which provides checks and balances on the operations of the Group. The Directors believe that an internal audit function would largely duplicate this oversight and represent additional cost for no additional benefit. The Directors reassess this annually.

Role of the Board

The Board is the Company's governing body and has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of Shareholders. A summary of the Board's responsibilities is as follows:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Risk assessment and management including reporting compliance, governance, monitoring and control; and
- Other matters having a material effect on the Company.

The Board's responsibilities for the Annual Reports are set out in the Statement of Directors' Responsibilities section.

The Board needs to ensure that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

In seeking to achieve this, the Directors have set out the Group's business strategy and have explained how the Board and its delegated committee operate and how the directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report the Board has sought to provide further information to enable Shareholders to have a fair, balanced and understandable view.

Composition and Independence of the Board

The Board comprises two executive directors, one independent non-executive director and one non-independent non-executive director.

Wayne Bulpitt is responsible for leadership of the Board and ensuring its effectiveness as Non-executive Chairman, a role he has held since 20 April 2017. He is not considered independent by virtue of him being the joint chairman of Active group of which Active Services (Group) Limited is a member, and which supplies administrative services to the Company.

Bart Turtelboom continues to serve as Chief Executive Officer and Philip Soulsby continues to be the Senior Independent Non-Executive Director.

Richard Bray was an Executive Director and Finance Director during the year. He stepped down from the Board and his role as Finance Director on 1 January 2019. Wesley Davis was appointed to replace him on the Board as Finance Director on the same date.

	Board		Audit Committee	
	Held	Attended	Held	Attended
Bart Turtelboom	12	9	1	0
Wayne Bulpitt	12	11	1	1
Richard Bray	12	11	1	1
Phil Soulsby	12	9	1	0

Re-election

At every Annual General Meeting any Director appointed by the Board since the last annual general meeting or who held office at the time of the two preceding annual general meetings and who did not retire at either of them shall retire from office and may offer themselves for re-appointment by the Shareholders.

At the AGM to be held on 21 August 2019, all the Directors shall offer themselves for re-election.

DIRECTORS' REPORT (continued) **For the year ended 31 December 2018**

Terms and Conditions of Appointment on Non-Executive Directors

Each of the Non-Executive Directors shall be subject to re-elections at the first annual general meeting of the Company and thereafter in accordance with the provisions of the Company's articles of incorporation in respect of re-election and retirement. Neither of the Non-Executive Directors has been appointed for a fixed term.

The conditions attached to the appointment of the Non-Executive Directors include the following:

- termination in the event of any serious breach of obligations to the Company or through any act of dishonesty, fraud or serious misconduct;
- attendance at quarterly and ad hoc board meetings and consideration of all board papers pertaining to such meetings;
- compliance with all applicable legal and regulatory requirements; and
- compliance with all applicable legal and regulatory requirements including the TISE model share dealing code and the UK Corporate Governance Code.

Board Evaluation and Succession Planning

The Directors consider how the Board functions as a whole taking into account the balance of skills, experience and length of service into consideration and also reviews the individual performance of its members on an annual basis.

To enable this evaluation to take place, the Board has put in place a process whereby the Company Secretary circulates a questionnaire plus a separate questionnaire for the evaluation of the Chairman. Upon completion, the questionnaires are returned to the Company Secretary for collation and summary before distribution to the Chairman and the other Directors.

The Board considers that it has a breadth of experience relevant to the Company's needs and that any changes to the Board's composition can be managed without undue disruption. Future Directors will undertake an induction programme.

The Board has considered the recommendations of the Davies Report on women on boards and, as recommended in that report, has reviewed its composition and believes that it has available an appropriate range of skills and experience. The Board will ensure that women candidates are considered when appointments to the Board are under consideration.

Company Secretary

The Company's Secretarial function has been delegated to Active Services (Guernsey) Limited. All Directors have direct access to the Company Secretary and the Company Secretary is responsible for ensuring that Board procedures are followed and that there is good communication within the Board and between the committees of the board listed below and the Board.

Committees of the Board

The Board has established the following committees:

Audit committee

The audit committee is chaired by Philip Soulsby, the independent Director, with all the other Directors as members. The audit committee meets no less than once a calendar year and meetings can also be attended by the Auditors.

The audit committee is responsible for reviewing the half-year and annual financial statements before their submission to the Board. In addition, the audit committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the Auditors, including their remuneration, independence, objectivity and reviewing with the Auditors the results and effectiveness of the audit, and in ensuring that the Company's annual report and financial statements are fair, balanced and understandable.

The audit committee last met on 17 January 2019. It also met in April 2019 to approve / review the accounts. A report of the Audit Committee detailing their responsibilities is presented in the Audit Committee Report.

APQ Global Limited

DIRECTORS' REPORT (continued) For the year ended 31 December 2018

Audit committee (continued)

The Audit Committee's Terms of Reference state that the Audit Committee shall review the need for any non-audit services provided by the external auditor and authorise on a case by case basis. The Audit Committee's Terms of Reference are available from the registered office of the Company.

Audit fees for the external auditor, BDO LLP, for the year ended 31 December 2018 were \$95,121 (2017 - \$78,098).

A fee of \$6,846 (2017 - \$nil) was paid to BDO LLP for audit related services.

Relations with Shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders.

The Board monitors the trading activity on a regular basis and maintains contact with the Company's Nominated Adviser and Broker to ascertain the views of the shareholders, with whom they maintain a regular dialogue. Shareholders' sentiment is also ascertained by the careful monitoring of the discount/premium that the Shares are traded in the market against the book value calculation per Share.

The Company reports to shareholders twice a year and produces a quarterly update which is posted on the Company's website. In addition, it has an Annual General Meeting and a notice convening this together with a proxy voting card is sent with the Annual Report and Financial Statements. The Registrar monitors the voting of the shareholders and proxy voting is taken into account when votes are cast at the Annual General Meeting. Shareholders may contact the Directors via the Company Secretary.

The Chairman and other Directors are available to meet shareholders if required and the AGM of the Company provides a forum for shareholders to meet and discuss issues with the Directors.

Further information regarding the Company can be found on its website at www.apqglobal.com.

Post Balance Sheet Events

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.

On 21 December 2018, the Company entered into an agreement to purchase 100% of the following 5 entities; Palladium Trust Services, a Company incorporated in England and Wales, Palladium Trust Company (NZ) Limited, a company incorporated and domiciled in New Zealand, Palladium Corporate Services (Singapore) Pty Limited, a company incorporated and domiciled in Singapore, Palladium Finance Group Limited 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 £222,500.

After the year end, a further dividend of 1.5 pence (1.90 cents) per share was declared on 21 January 2019 and was paid on 1 March 2019 in relation to the quarter ended 31 December 2018.

Substantial Shareholdings

The Directors have been notified of the following substantial interests in the Company:

31 December 2018 Shareholder	Number of Shares Held	Percentage
Bart Turtelboom	22,075,097	28.25%
Vega Absolute Return Fund	21,800,000	27.90%
Old Mutual Global Investors UK	18,000,000	23.04%
Merseyside Pension Fund	10,800,000	13.82%
Bank of New York UK REITS	2,700,000	3.46%

It is the responsibility of shareholders to notify the Company of any changes to their shareholding when it reaches 3% of shares in issue and any other notifiable changes thereafter

APQ Global Limited

DIRECTORS' REPORT (continued) **For the year ended 31 December 2018**

Directors' Authority to Buy Back Shares

The Company did not purchase any of its Ordinary Shares during the year. The Company renewed its buy-back authority at the Annual General Meeting held on 22 August 2018.

Annual General Meeting

The Company's Annual General Meeting is due to be held in August each year. The last Annual General Meeting was held on 22 August 2018.

Related Party Transactions

Transactions entered into by the Company with related parties are disclosed in note 22 of the financial statements.

Signed on behalf of the Board of Directors by:



Wayne Bulpitt
Chairman

Philip Soulsby
Director

Date: April 2019

AUDIT COMMITTEE REPORT For the year ended 31 December 2018

On the following sections we present the Audit Committee's Report for the year ended 31 December 2018, setting out the responsibilities of the Audit Committee.

Members of the Audit Committee will be available at the AGM to respond to any shareholder questions on the activities of the Audit Committee.

The Audit Committee was formed on 4 November 2016 and held its first meeting on 19 April 2017.

Responsibilities

The Audit Committee reviews and recommends to the Board the Financial Statements of the Company and is the forum through which the external auditor reports to the Board of Directors.

The Audit Committee responsibilities include:

- Review of the annual financial statements prior to approval, focusing on changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern and compliance with accounting standards, listing and legal requirements;
- Receiving and considering reports on internal financial controls, including reports from the auditors and reporting their findings to the Board;
- Considering the appointment and removal of the auditors, their effectiveness and their remuneration including reviewing and monitoring of independence and objectivity;
- Meeting with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise;
- Reviewing the Company's corporate review procedures and any statement on internal control prior to endorsement by the Board; and
- Providing advice to the Board upon request as to whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The audit committee met in April 2019 and were joined by the external auditors, to review the accounts and reports on the operations of the Company. After due consideration they reported to the Board of the Company that in their view the accounts were fair, balanced, understandable and presented the information necessary to allow shareholders to assess the Company's performance, business model and strategy.



Philip Soulsby
Audit Committee Chairman

Date: April 2019

BOARD MEMBERS

For the year ended 31 December 2018

Bart Turtelboom (aged 52) (Chief Executive Officer and Executive Director)

Bart is Chief Executive Officer of APQ Global Limited and is on the board of APQ Cayman Limited. Previously he was the co-founder and Chief Investment Officer and partner of APQ Partners LLP. Prior to APQ Partners LLP, Bart was Co-Head of the Emerging Markets business at GLG and Co-Portfolio Manager of the GLG emerging markets funds. He was previously the Global Co-Head of Emerging Markets at Morgan Stanley, where he ran a multi-billion US Dollar business spanning Asia, Latin America, the Middle East and Africa, and head of its Global Capital Markets Group. Prior to that Bart was a Portfolio Manager at Vega Asset Management and a Director at Deutsche Bank, where he held several roles culminating in coverage of the bank's largest European clients. Bart was an Economist for the International Monetary Fund in Washington D.C. from 1994 until 1997. Bart received a Ph.D. in Economics from Columbia University.

Wayne Bulpitt (aged 56) (Non-Executive Chairman)

Wayne Bulpitt has around 35 years of experience in business leadership in banking, investment and administration services. Having left National Westminster Bank Plc in 1992 to join CIBC Bank & Trust Company, he developed and launched CIBC Fund Managers (Guernsey) Limited in 1994. As Managing Director, Wayne spent the next four years managing and developing the offshore funds and building a third party fund administration capacity.

In 1998 this experience was to prove crucial for the Canadian Imperial Bank of Commerce where, as Director of Offshore Investment Services Global Private Banking & Trust Division, his main priority was to restructure the delivery of their investment management services outside of Canada.

Wayne founded Active Group Limited in 2002 after his careers with NatWest and CIBC. Under his leadership, Active is an innovative provider of practical and professional support services such as compliance, corporate secretarial and management services to the offshore finance industry. Wayne is on the boards of various investment management companies and funds (both listed and un-listed), overseeing a diverse range of investment activities.

Philip Soulsby (aged 53) (Independent Non-Executive Director)

Philip Soulsby is a mathematics graduate. He qualified as a chartered accountant in London with BDO Binder Hamlyn, before transferring to KPMG in Guernsey in 1990. There he spent two years specialising in the audit of financial services companies and offshore mutual funds. In 1992 he joined Credit Suisse Fund Administration Limited in charge of finance and compliance, later moving to a role more involved in structuring and marketing mutual fund services, helping the business grow from 12 staff to over 130. During this time he acted as director to a number of funds and fund managers, and gained a broad knowledge of hedge funds, derivatives and risk control. In 2006, he left Credit Suisse to establish his own business, The Mundi Group Ltd, a fair-trade and ethical products business. He remains a director of several funds and fund management companies and was also Douzenier to the Parish of St Martin, his term of office expired on 31 December 2018.

Richard Bray (aged 51) (Executive Director and Finance Director) (resigned 1 January 2019)

Richard Bray has over 30 years in depth experience in the fund and investment management sectors, including 13 years with a major Swiss financial institution. Richard has worked on a wide variety of investment vehicles, from relatively simple long only bond and equity funds, through to complex structured products and including private equity, commodity, derivative, and hedge funds of various strategies.

Richard sits on the boards of a variety of funds, investment management companies and fund administration companies acting in both executive and non-executive capacities. In these roles he has variously overseen the day to day operations, provided risk management advice and oversight, and overseen the investment activities of those entities.

Richard is a Member of the Chartered Management Institute and the Institute of Directors. He is also a member of the administration sub-committee of the Guernsey Investment Fund Association ("GIFA") and previously sat on their Technical Committee. As part of the GIFA technical committee, Richard worked on the team that produced Guernsey's AIFM rules and regulations.

Richard Bray stepped down from his positions on 1 January 2019.

Wesley Davis (aged 52) (Executive Director and Finance Director)

Wesley Davis was appointed to the Board on 1 January 2019.

Wesley Davis has over 25 years of experience in emerging & frontier markets, both in investment banking and operating company roles. Wesley has served in a consulting capacity on the International Advisory Council of the Company, with a focus on private equity and illiquid credit origination. Wesley has previously assisted emerging & frontier market firms in Africa and Asia with business development and financial advisory services at New Asia Advisory Ltd. Also, he was responsible for international funding and investor relations, while serving as a member of the Board of Directors at Asia Pacific Investment Partners. Wesley has experience in senior roles in emerging markets origination and institutional sales at Renaissance Capital, HSBC Bank and Merrill Lynch.

APQ Global Limited

REMUNERATION POLICY

For the year ended 31 December 2018

No advice or services were provided by any external person in respect of the Board's consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

A management share plan was formalised on 7 April 2017 and amended on 17 July 2018. The plan allows for certain members of the management to benefit from 20% of any increase in the year end book value per share for a given year. Awards can be issued as an allocation of a specified number of shares or as an option (a right to acquired shares under the plan for nil consideration). Cash consideration is an option at the Board's discretion. It could disadvantage other shareholders if cash is taken and cash consideration exceeds the share price. The vesting period for any awards issued can be up to 5 years and subject to certain conditions. Share awards have been issued during the year with respect to the performance period ended 31 December 2017. No awards have been issued with respect to the year ended 31 December 2018 as the performance criteria has not been met.

Remuneration

The non-executive directors are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed \$270,550 per annum.

The directors are remunerated in the form of fees, payable monthly in arrears. Bart Turtelboom agreed to waive his entitlement to director's fees whilst he was Chairman. From April 2017 Bart Turtelboom received an annual salary of £120,000 as Chief Executive Officer. From 1 April 2018 the salary was amended to be settled as £60,000 from the Company and £60,000 from APQ Cayman Limited.

The Board considers that the salary is reasonable and commensurate with the level of the appointment.

Bart Turtelboom is eligible for a grant of share awards in accordance with the management share plan. For the performance period ended 31 December 2017, Bart Turtelboom was awarded 467,313 share awards which vest quarterly over a 5 year period ending 31 December 2022. In order for the shares to vest Bart Turtelboom must continue to be in employment at each vesting milestone. For the year ended 31 December 2018 93,463 shares had vested of which 70,097 had been issued. The charge for the year ended 31 December 2018 is \$301,062 and the remaining portion yet to vest is \$297,612.

No other remuneration has been paid to directors apart from reimbursement of their expenses.

		APQ Global Limited - Remuneration		APQ Global Limited - Share based remuneration		APQ Cayman Limited - Remuneration		Total	
		\$		\$		\$		\$	
		2018	2017	2018	2017	2018	2017	2018	2017
Bart Turtelboom	Chief Executive Officer	100,872	118,666	301,062	-	58,855	-	460,789	118,666
Wayne Bulpitt	Non-Executive Chairman	39,932	39,049	-	-	-	-	39,932	39,049
Richard Bray	Executive Director	39,932	39,049	-	-	5,000	5,000	44,932	44,049
Philip Soulsby	Non-Executive Director	23,584	22,842	-	-	-	-	23,584	22,842
		204,320	219,606	301,062	-	63,855	5,000	569,237	224,606

At 31 December 2018, \$12,935 (2017 - \$8,774) was payable to the directors.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF APQ GLOBAL LIMITED

Opinion

We have audited the financial statements of APQ Global Limited (“the Company”) and its subsidiaries (the ‘Group’) for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- give a true and fair view of the state of the Group’s affairs as at 31 December 2018 and of the Group’s loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 12 and 13 that describes the principal risks and explain how they are being managed or mitigated;
- the directors’ statement set out on page 16 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors’ identification of any material uncertainties to the Group’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors’ statement relating to going concern is materially inconsistent with our knowledge obtained in the audit; or
- the directors’ explanation set out on page 15 in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF APQ GLOBAL LIMITED (continued)

Matter	Audit response
<p><i>Valuation of Investments</i></p> <p>The Company APQ Global Limited has an investment in its non-consolidated subsidiary APQ Cayman Limited (the “Cayman subsidiary”) which represents the largest balance in the financial statements. As described in note 2.6 and 12 the fair value of the investment in the Cayman subsidiary is based on the net asset value (NAV) of the Cayman subsidiary. The Cayman Subsidiary’s NAV is made up of cash balances (100%), a diverse portfolio of equity, debt and derivative instruments (72%), loan facility (-27%), intercompany debt (-46%) and other assets and liabilities (1%). The Cayman subsidiary has a portfolio of level 1 and level 2 investments that are recognised at fair value and there is a risk these may not be appropriately stated and/or title over these investments may not exist.</p>	<p>We checked that management’s calculation of the NAV of the Cayman subsidiary was arithmetically correct.</p> <p>In respect of the Cayman subsidiary’s net asset value we performed the following:</p> <p>Cash</p> <p>In respect of the cash balances:</p> <ul style="list-style-type: none"> • 100% of cash balances were confirmed to third party bank or custodian statements <p>Valuation of Quoted Investments</p> <p>In respect of the quoted investment valuations:</p> <ul style="list-style-type: none"> • We confirmed year end prices to independent sources and verify that there are no contra indicators, such as liquidity considerations, to suggest year end prices are not the most appropriate indication of fair value. <p>Valuation of Derivative Investments</p> <p>For derivative investments our procedures included:</p> <ul style="list-style-type: none"> • Valuing simple derivative contracts using external sources (e.g. Bloomberg) • Engaging with internal valuation specialists to independently recalculate the value of more complex derivative investments. • Engaging with external valuation specialists as audit experts to independently recalculate the value of more complex derivative investments. <p>We also considered the completeness, accuracy and clarity of investment related disclosures.</p> <p>Valuation of Loan Facility</p> <p>In respect of the loan facility:</p> <ul style="list-style-type: none"> • The loan facility has been agreed to third party confirmation. • We considered the credit worthiness of the lender. <p>Valuation of Intercompany Loans</p> <p>In respect of the Intercompany Loans:</p> <ul style="list-style-type: none"> • Agreement of the intercompany loans to intercompany loan agreements • Recalculation of the loan interest accrued on the loan and corroboration of the loan interest terms to the loan agreements. <p>Other Assets/ Liabilities</p> <p>For the other assets and liabilities making up the NAV of the Cayman subsidiary we have performed a combination of analytical procedures and substantive testing procedures.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could reasonably influence the economic decisions of users that are taken on the basis of the financial statements.

The application of these key considerations gives rise to Financial Statement Materiality and Performance Materiality; the quantum and purpose of which are tabulated below. In setting materiality, we had regard to the nature and disposition of the investment portfolio. There were no significant revisions of materiality thresholds during the audit.

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF APQ GLOBAL LIMITED (continued)

Materiality Measure	Purpose	Basis and key considerations	Quantum YE 2017 USD	Quantum YE 2018 USD
Financial Statement Materiality	Assessing whether the financial statements as a whole present a true and fair view.	Based on 1% of the Gross Investment balance considering the nature of the investment portfolio and the level of judgement inherent in the valuation.	920,000	730,000
Performance Materiality	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	Based on 65% of materiality.	598,000	511,000

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of \$14,600 (2017: \$18,400). We also agreed to report differences below these threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Group’s activities and the overall control environment. The Group consists of the parent, the Cayman subsidiary held at fair value and one other consolidated subsidiary which is not considered to be significant to the Group. All of the work was carried out in the UK by BDO LLP. We also considered the involvement of the Company’s key service providers and the accounting and reporting environment. Based on this understanding we assessed those aspects of the Group’s transactions and balances which were most likely to give rise to a material misstatement.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 16** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 22** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF APQ GLOBAL LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

The partner in charge of the audit resulting in this independent auditor's report is Neil Fung-On.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
Chartered Accountants
London, UK
Date April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

APQ Global Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2018

	Note	2018 \$	2017 \$
Turnover	5	1,601,748	10,161,594
Net loss on financial assets at fair value through profit and loss	12	(18,535,478)	(2,722,395)
Administrative expenses	6	(2,361,870)	(1,786,643)
Operating (loss) / profit for the year before tax		(19,295,600)	5,652,556
Interest receivable	7	1,367,151	306,529
Interest payable	8	(2,280,049)	(499,403)
(Loss) / profit on ordinary activities before taxation		(20,208,498)	5,459,682
Tax on (loss) / profit on ordinary activities		-	-
(Loss) / profit for the financial year		(20,208,498)	5,459,682
Other comprehensive income			
Foreign currency translation difference – foreign operations	2.11	-	5,737
Total comprehensive (loss) / income for the year		(20,208,498)	5,465,419
Basic and diluted earnings per share	9	(0.25889)	0.06995

The notes on pages 33 to 53 form an integral part of the Financial Statements.

APQ Global Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 \$	2017 \$
Assets			
Non-current assets			
Property, plant and equipment	11	25,721	18,046
Investments	12	74,154,302	91,923,100
Total non-current assets		74,180,023	91,941,146
Current assets			
Trade and other receivables	13	33,839,280	26,597,221
Cash and cash equivalents		511,871	4,005,434
Total current assets		34,351,151	30,602,655
Total assets		108,531,174	122,543,801
Current liabilities			
Trade and other payables	14	(253,384)	(414,908)
Total current liabilities		(253,384)	(414,908)
Long term liabilities			
3.5% Convertible Unsecured Loan Stock	15	(31,834,626)	(22,135,311)
Total long term liabilities		(31,834,626)	(22,135,311)
Net assets		76,443,164	99,993,582
Equity			
Share capital	16	99,596,856	99,494,707
Equity component of 3.5% Convertible Unsecured Loan Stock	15	6,919,355	4,285,225
Other capital reserves	2.9	264,076	-
Retained earnings		(25,409,610)	1,141,163
Exchange reserve	2.11	(4,927,513)	(4,927,513)
Total equity		76,443,164	99,993,582
Net asset value per ordinary share		97.84c	128.11c

The Financial Statements on pages 29 to 53 were approved by the Board of Directors of APQ Global Limited and signed on April 2019 on its behalf by:



Bart Turtelboom
Chief Executive Officer



Wesley Davis
Director

The notes on pages 33 to 53 form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

	Share capital	CULS equity component	Other capital reserves	Retained earnings	Exchange reserve	Total
At 1 January 2017	99,777,784	-	-	779,858	(4,927,513)	95,630,129
Comprehensive income for the year						
Profit for the year	-	-	-	5,459,682	-	5,459,682
Total comprehensive income for the year	99,777,784	-	-	6,239,540	(4,927,513)	101,089,811
Contributions by and distributions to owners						
Transaction costs of raising equity	(283,077)	-	-	-	-	(283,077)
CULS equity component	-	4,285,225	-	-	-	4,285,225
Foreign currency translation difference – foreign operations	-	-	-	5,737	-	5,737
Dividends	-	-	-	(5,104,114)	-	(5,104,114)
As at 31 December 2017	99,494,707	4,285,225	-	1,141,163	(4,927,513)	99,993,582
Comprehensive income for the year						
Loss for the year	-	-	-	(20,208,498)	-	(20,208,498)
Total comprehensive income for the year	99,494,707	4,285,225	-	(19,067,335)	(4,927,513)	79,785,084
Contributions by and distributions to owners						
CULS equity component	-	2,634,130	-	-	-	2,634,130
Share based payments	-	-	376,328	-	-	376,328
Share based payments settled in cash	-	-	(10,103)	-	-	(10,103)
Issue of share awards	102,149	-	(102,149)	-	-	-
Dividends	-	-	-	(6,342,275)	-	(6,342,275)
As at 31 December 2018	99,596,856	6,919,355	264,076	(25,409,610)	(4,927,513)	76,443,164

APQ Global Limited

CONSOLIDATED STATEMENT OF CASH FLOW For the year ended 31 December 2018

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Cash generated from operations			
(Loss) / profit for the financial year		(20,208,498)	5,459,682
Adjustments for non-cash income and expenses			
Equity settled share-based payments	17	376,328	-
Depreciation	11	12,137	7,350
Net loss on financial assets at fair value through profit and loss	12	18,535,478	2,722,395
Changes in operating assets and liabilities			
Decrease / (increase) in trade and other receivables	13	7,245	(124,664)
(Decrease) / increase in trade and other payables	14	(161,524)	270,771
Cash generated from operations		(1,438,834)	8,335,534
Interest received	7	(1,367,151)	(306,529)
Interest paid	8	2,280,049	499,403
Net cash (outflow) / inflow from operating activities		(525,936)	8,528,408
Cash flow from investing activities			
Payments to acquire investments		(766,680)	-
Payments to acquire property, plant and equipment	11	(19,812)	(24,902)
Interest received	7	1,367,151	306,529
Loan to APQ Cayman Limited	13	(7,249,304)	(26,472,557)
Net cash outflow from investing activities		(6,668,645)	(26,190,930)
Cash flow from financing activities			
Transaction costs of raising equity	16	-	(283,077)
Equity component of CULS	15	2,634,130	4,285,225
Issue of CULS	15	11,279,186	21,952,045
Equity dividends paid	10	(6,342,275)	(5,104,114)
Interest on CULS	8	(1,362,452)	(499,403)
Cash settled share-based payments	17	(10,103)	-
Net cash inflow from financing activities		6,198,486	20,350,676
Net (decrease) / increase in cash and cash equivalents		(996,095)	2,688,154
Cash and cash equivalents at beginning of year		4,005,434	1,128,771
Effect of exchange rate fluctuations on conversion of foreign operation		-	5,243
Exchange rate fluctuation on CULS	15	(2,497,468)	183,266
Cash and cash equivalents at end of year		511,871	4,005,434
Non-current loans and borrowings			
Brought forward		22,135,311	-
Cash flows		9,950,795	21,452,642
Non cash flows		(251,480)	682,669
Closing balance		31,834,626	22,135,311

The notes on pages 33 to 53 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. Corporate information

The financial statements of APQ Global Limited (the “Group”) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on XX XXX 2019. 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 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB.

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 activities.

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 purpose. The ordinary shares are admitted to trading on AIM.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss (FVTPL) that have been measured at fair value.

The principle accounting policies are set out below.

2.2 Functional and presentational currency

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

2.3. Standards issued but not yet effective

New and amended standards and interpretations

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018 that had a significant effect on the Group's financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on the financial statements.

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement and became effective for accounting periods beginning on or after 1 January 2018 and has been first adopted in these financial statements. The transition adjustment is made to retained earnings on 1 January 2018, and the Group has determined that the transitional effects of the standards do not have a material impact. The adoption of IFRS 9 resulted in changes to accounting policies but no adjustment to the amounts recognised in the financial statements.

The Company has a loan receivable, repayable on demand from APQ Cayman Limited. Under IFRS 9 the intercompany loan is subject to the expected credit loss model. The Company has adopted the general approach to the credit loss model for the intercompany loan. All interest payments have been received on time and the net asset value of APQ Cayman Limited far exceeds the loan debtor. There has been no significant increases in credit risk identified and therefore 12-month stage 1 ECL is recognised. The Company considers the risk of a default event in the following 12 months to be highly unlikely and any ECL would be immaterial and as such has not been quantified or disclosed.

IFRS 15 is effective for periods beginning on or after 1 January 2018. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. The Group has limited exposure to revenue from contracts with customers and the Group has not been required to restate its comparatives or change its methods for recognising revenue.

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

2. Significant accounting policies (continued)

2.3. Standards issued but not yet effective (continued)

At the date of authorisation of these financial statement, IFRS 16 “Leases” was issued but will not become effective until accounting periods beginning on or after 1 January 2019. The Group will take advantage of the transition exemptions available on the implementation of IFRS 16 and will adopt the modified retrospective approach. This will mean that the Group will not need to restate the comparatives stated in these financial statements for the year ended 31 December 2018 in the 2019 financial statements. The effect of the adoption of IFRS 16 will result in the increase of both assets and liabilities by approximately \$163k and to accelerate the expense recognised within the Statement of Comprehensive Income.

IFRS 17 “Insurance contracts” was issued and will not become effective until accounting periods beginning 1 January 2021. IFRS 17 applies to all types of insurance contracts and covers recognition, measurement, presentation and disclosure. This standard is not applicable to the Group.

An amendment to IAS 8 “Accounting policies, changes in accounting estimates and errors” will become effective for accounting periods beginning on or after 1 January 2020. The introduction amendments to IAS 8 are not expected to have a material impact on the reported results and financial position of the Group.

Other accounting standards have been published and will be mandatory for the Group’s accounting periods beginning on or after 1 January 2020 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Group.

2.4 Basis of consolidation

The Directors have concluded that APQ Global Limited has all the elements of control as prescribed by IFRS 10 “Consolidated Financial Statements” in relation to its subsidiaries and that the Company satisfies the criteria to be regarded as an investment entity. For a detailed analysis of the assessment of the criteria please refer to note 3; Significant accounting judgements, estimates and assumptions. Based on this, the subsidiary APQ Cayman Limited is therefore measured at fair value through profit or loss (FVTPL), in accordance with IFRS 13 “Fair Value Measurement” and IFRS 9 “Financial Instruments”.

Notwithstanding this, IFRS 10 requires subsidiaries that provide services that relate to the investment entity’s investment activities to be consolidated. The subsidiary APQ Partners LLP assists the Board with implementation of its business strategy, provides research on business opportunities in emerging markets and provides support for cash management and risk management purposes. Accordingly, the consolidated financial statements of the Group include the results of the Company and APQ Partners LLP, whilst APQ Cayman Limited is measured at FVTPL. The results of APQ Partners LLP are consolidated from the date control commences. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements.

2.5 Financial instruments

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IFRS 9 Financial Instruments.

Financial assets and liabilities at FVTPL.

The investments in APQ Cayman Limited is designated at fair value through profit or loss upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in the Company's offering document.

In accordance with the exception under IFRS 10 Consolidated Financial Statement for an investment entity, the Company does not consolidate its investment in APQ Cayman Limited and has designated the investment as fair value through profit or loss in the financial statements. The investment in APQ Cayman Limited is subsequently measured at fair value with movements in fair value recognised as net gain/(loss) on financial assets at fair value through profit and loss in the consolidated statement of comprehensive income.

The investment in BARTR Holdings Limited is designated as fair value through profit or loss with movements in fair value recognised as net gain/(loss) on financial assets at fair value through profit and loss in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

2. Significant accounting policies (continued)

2.5 Financial instruments (continued)

The Group recognises trade debtors, accrued income and other debtors as financial assets classified as amortised cost. These assets are held in order to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interests. These are classified, at initial recognition, as receivables at fair value plus transaction costs and are subsequently measured at amortised cost. The Group has adopted the simplified approach to the credit loss model for trade receivables. Further detail is disclosed in Note 13 in these financial statements.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Group has transferred substantially all of the risks and rewards of the asset; or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group recognises trade creditors, other creditors, accruals and the liability component of convertible loan stock as other financial liabilities. Other financial liabilities are classified, at initial recognition, as payables at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Further detail is disclosed in Note 14 and Note 15 in these financial statements.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

2.6 Fair value measurement

The Company measures its investments in APQ Cayman 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.

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 instruments, not traded in an active market, including BARTR Holdings Limited, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

2. Significant accounting policies continued (continued)

2.6 Fair value measurement (continued)

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.

2.7 Foreign currency translations

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at FVTPL are included in profit or loss in the statement of comprehensive income as part of the 'net (loss) or gain on financial assets at fair value through profit or loss'.

For the year ended 31 December 2017, the income and expense items of APQ Partners LLP were translated into US Dollar at the average exchange rate for the period. All assets and liabilities of APQ Partners LLP were translated at exchange rates prevailing on the statement of financial position date. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On 1 January 2018, the functional currency of APQ Partners LLP was changed to US Dollar.

2.8 Share capital

In the event of the liquidation of the Company the Ordinary Shares entitle the holder to a pro rata share of the Company's net assets. Shares are issued net of transaction costs, which are defined as incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

2.9 Share-based payments

On 19 April 2017, and amended on 17 July 2018, the Company formalised a management share plan. The plan allows for certain members of the management to benefit from 20% of any increase in the year end book value per share for a given year (a performance period). Awards can be issued as an allocation of a specified number of shares or as an option (a right to acquired shares under the plan for nil consideration). Since any awards granted are to be settled by the issuance of equity, they are deemed to be equity settled share-based payments accounted for in accordance with IFRS 2.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, together with a corresponding increase in other capital reserves, based upon the Group's estimate of the shares that will eventually vest, which involves making assumptions about any performance and service conditions over the vesting period. The vesting period is determined by the period of time the relevant participant must remain in the Group's employment before the rights to the shares transfer unconditionally to them. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates on the number of awards it expects to vest based on service conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

2.9 Share-based payments (continued)

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

The Group retains the right to settle the share award in cash. The transaction is accounted for as an equity settled payment and vested over the life of the award. At the point the Group elects to settle the share award in cash, or an expectation that the award will be settled in cash, the value of the portion to be settled in cash is reclassified from the share-based payment reserve to liabilities. Any difference between the value recorded in the share-based payment reserve and the value of the cash to be paid is recognised as an expense in the statement of comprehensive income.

Per the management share plan the vesting period for any awards issued can be up to 5 years and subject to certain conditions. The first awards were issued in the year with respect to the performance period ended 31 December 2017.

2.10 Retained earnings

Retained earnings consists of profit or losses for the financial year as disclosed in the Statement of Comprehensive Income less foreign currency translation differences. Dividends declared by the Board of Directors are paid are accounted for as a deduction from retained earnings.

2.11 Exchange reserve

During the previous year, the Company changed the functional and presentational currency in which it presents its financial statements from Pounds Sterling to US Dollars. A change in presentational currency is a change in accounting policy which is accounted for retrospectively. The financial information for the period ended 31 December 2016 was previously reported in Pounds Sterling and was restated in US Dollars using differing exchange rates. The retained earnings were converted using an average rate for the period they related to. Equity shares were converted using the historical date which was the date of issue of the shares. The assets and liabilities were converted at the closing exchange date at 31 December 2016. Therefore, an exchange reserve is included in the Statement of Financial Position to reflect the fact this change in presentational currency from the functional currency to 31 December 2016.

2.12 Distributions to shareholders

Dividends are at the discretion of the Company. A dividend to the Company's shareholders is accounted for as a deduction from retained earnings. An interim dividend is recognised as a liability in the period in which it is irrevocably declared by the Board of Directors. A final dividend is recognised as a liability in the period in which it is approved by the annual general meeting of shareholders.

2.13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

2. Significant accounting policies (continued)

2.14 Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation and impairment losses.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life to estimated residual values, as follows:

Office equipment	over 3 years (2017 – over 3 years)
Furniture and fixtures	over 4 years (2017 – over 4 years)
Leasehold improvements	over 2 years (2017 – over 2 years)

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each year end.

2.15 3.5% Convertible Unsecured Loan Stock 2024

3.5% Convertible Unsecured Loan Stock 2024 (“CULS”) issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, 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 6.5%. The fair value of the equity component, representing the option to convert liability into equity, is derived from the difference between the issue proceeds of the CULS and the fair value assigned to the liability. The liability component is subsequently measured at amortised cost using the effective interest rate.

Direct expenses associated with the CULS issue are allocated to the liability and equity components in proportion to the split of the proceeds of the issue. Expenses allocated to the liability component are amortised over the life of the instrument.

The interest expense on the CULS is calculated according to the effective interest rate method by applying the assumed rate of 6.5% at initial recognition to the liability component of the instrument. The difference between this amount and the actual interest paid is added to the carrying amount of the CULS.

2.16 Interest revenue and expenses

Interest revenue and expenses are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

2.17 Dividend income

Dividend income is recognised on the date when the Company's right to receive the payment is established.

2.18 Net gain or loss on financial assets and liabilities at fair value through profit or loss

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

2.19 Fee expense

Fees are recognised on an accrual basis. Refer to Note 6 for details of fees and expenses paid in the period.

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

2. Significant accounting policies (continued)

2.20 Taxes

The Company is taxable in Guernsey at the company standard rate of 0% (2017 – 0%).

However, in some jurisdictions, investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Company. The Company presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented gross of withholding taxes, when applicable.

2.21 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to other administrative expenses in the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

The Company owns 100% of the shares of APQ Cayman Limited. Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them, except to the extent that the subsidiary provides services that relate to the investment entity's investment activities. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's listing document details its objective of providing investment management services to investors which includes investing in equities, fixed income securities, private equity and property investments for the purpose of returns in the form of investment income and capital appreciation. This is via its subsidiary APQ Cayman Limited.

The Company reports to its investors via quarterly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual reports. The Company has a clearly documented exit strategy for all of its underlying investments (i.e. those investments held by APQ Cayman Limited).

The Board has concluded that the Company meets additional characteristics of an investment entity, in that it has more than one investment; the Companies ownership interests are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

3. Significant accounting judgements, estimates and assumptions (continued)

The Board has therefore concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change and therefore recognises its investment in APQ Cayman Limited at fair value through profit or loss. The Board has also concluded that since APQ Partners LLP provides services related to the Company's investment activities, this subsidiary should be consolidated.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of investments

The Directors consider that the fair value of the investment in APQ Cayman Limited should be based on the NAV of APQ Cayman Limited, please refer to note 2.6 and note 12 for further discussion regarding the fair value of investments.

The Directors consider that the fair value of the investment in BARTR Holdings Limited approximates the cost at acquisition as there has been no significant change in prevailing market conditions, or the circumstances of BARTR Holdings Limited.

Fair value of share awards

The Directors consider the fair value of the share awards issued in the year to be the equivalent of the fixed cash settlement of the transaction were the Board to choose to settle in cash rather than shares. In the event there was no fixed amount for the cash settlement the Directors would value the awards using the Black Scholes model.

To determine the expense to be recognised in the statement of comprehensive income over the vesting period the Directors must calculate the expected likelihood of the service conditions being met for the awards to vest, and only recognise the portion where this is likely to be met. This expectation is remeasured at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2018****4. 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	2018 \$	2017 \$
Cayman	107,109,483	118,395,657
United Kingdom	417,338	457,254
Guernsey	1,004,353	3,690,890
	<u>108,531,174</u>	<u>122,543,801</u>

5. Analysis of turnover

	2018 \$	2017 \$
Dividends received from APQ Cayman Limited	1,592,173	10,150,252
Rental income	9,575	11,342
	<u>1,601,748</u>	<u>10,161,594</u>

APQ Global Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

6. Analysis of administrative expenses

	2018	2017
	\$	\$
Personnel expenses	342,811	380,526
Operating lease expenses	95,601	91,113
Depreciation expenses	12,137	7,350
Audit fees	95,121	78,098
Audit related services	6,846	-
Nominated advisor fees	84,025	98,761
Expenses incurred in relation to BARTR Connect Limited	70,000	-
Administration fees and expenses	64,033	116,544
Director's fees for Bart Turtelboom	100,872	118,666
Director's fees for Wayne Bulpitt	39,932	39,049
Director's fees for Richard Bray	39,932	39,049
Director's fees for Philip Soulsby	23,584	22,842
Other expenses	286,245	427,012
Professional fees	679,365	410,587
Share based payment expenses	376,328	-
Insurance	(352)	12,798
Recharge of expenses to APQ Cayman Limited	(169,483)	-
Net exchange gains	214,873	(55,752)
	<u>2,361,870</u>	<u>1,786,643</u>

7. Interest receivable

	2018	2017
	\$	\$
Loan interest receivable from APQ Cayman Limited	1,367,008	306,499
Bank interest receivable	143	30
	<u>1,367,151</u>	<u>306,529</u>

During 2018, the Company provided a loan of \$7,249,304 (2017 - \$26,472,557) to APQ Cayman Limited from the proceeds of the CULS issue. The loan is repayable on demand and the entire balance is outstanding at 31 December 2018 and is included within trade and other receivables.

In addition, the Company charged interest of \$1,367,008 (2017 - \$306,499) to APQ Cayman Limited for the year ended 31 December 2018. This was fully received during the year and no balance was outstanding at year end. Interest is accrued on the outstanding balance of the loan at such rate as is required to enable the Company to meet its obligations to holders of its convertible unsecured loan stock 2024 in relation to the payment of interest thereon.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

8. Interest payable

	2018	2017
	\$	\$
Interest on 3.5% Convertible Unsecured Loan Stock 2024	2,280,049	499,403
	<u>2,280,049</u>	<u>499,403</u>

9. 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 year.

	2018	2017
	\$	\$
Total comprehensive (loss)/ income for the year	(20,208,498)	5,459,682
Weighted average number of shares in issue	78,057,840	78,055,000
Earnings per share	<u>(0.25889)</u>	<u>0.06995</u>

For the current year the effect of share awards vested but not yet issued is not dilutive as the effect of this dilution would be to decrease the loss per share. For the prior period there was no dilution per ordinary share.

10. Dividends

Dividends were declared in the year ended 31 December 2017 and 2018 as follows:

	Ex-dividend date	Payment date	Dividend (£)	Dividend (\$)	Dividend per share (£)	Dividend per share (\$)
First dividend	26 January 2017	24 February 2017	390,275	491,005	0.005	0.006
Second dividend	27 April 2017	24 May 2017	1,170,825	1,514,755	0.015	0.019
Third dividend	27 July 2017	18 August 2017	1,170,825	1,543,557	0.015	0.020
Fourth dividend	26 October 2017	27 November 2017	1,170,825	1,554,797	0.015	0.020
Total 2017			3,902,750	5,104,114	0.050	0.065
First dividend	1 February 2018	2 March 2018	1,170,825	1,625,920	0.015	0.021
Second dividend	26 April 2018	25 May 2018	1,170,825	1,665,264	0.015	0.021
Third dividend	26 July 2018	24 August 2018	1,170,825	1,522,307	0.015	0.020
Fourth dividend	1 November 2018	30 November 2018	1,172,021	1,528,784	0.015	0.020
Total 2018			4,684,496	6,342,275	0.060	0.082

The stated dividend policy of the Company is to target an annualised dividend yield of 6% based on the Placing Issue Price. In addition, the Company declared a further dividend of 1.5 pence (1.90 cents) per share on 21 January 2019 in respect of the quarter ended 31 December 2018.

There is no guarantee that any dividends will be paid in respect of any financial year. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Company's businesses. 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.

APQ Global Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

11 Property, plant and equipment

	Office equipment \$	Furniture and fixtures \$	Leasehold improvements \$	Total \$
Cost				
At 1 January 2018	43,042	14,519	34,588	92,149
Additions during the year	14,979	4,833	-	19,812
At 31 December 2018	<u>58,021</u>	<u>19,352</u>	<u>34,588</u>	<u>111,961</u>
Accumulated depreciation				
At 1 January 2018	26,778	12,737	34,588	74,103
Charge for the year	10,898	1,239	-	12,137
At 31 December 2018	<u>37,676</u>	<u>13,976</u>	<u>34,588</u>	<u>86,240</u>
Net book value				
At 31 December 2018	<u>20,345</u>	<u>5,376</u>	<u>-</u>	<u>25,721</u>
At 31 December 2017	<u>16,264</u>	<u>1,782</u>	<u>-</u>	<u>18,046</u>

12. Investments

	APQ Cayman Limited \$	BARTR Holdings Limited \$	Total \$
At 1 January 2018	91,923,100	-	91,923,100
Additions	-	766,680	766,680
Fair value movement	(18,535,478)	-	(18,535,478)
	<u>73,387,622</u>	<u>766,680</u>	<u>74,154,302</u>

APQ Cayman Limited was acquired during the prior year. APQ Global Limited wholly owns APQ Cayman Limited whose registered office of the Company 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, it does not consolidate APQ Cayman Limited and recognises it as an investment at fair value through profit or loss.

APQ Global Limited is the managing partner of APQ Partners LLP whose registered office is at 22-23 Old Burlington Street, London, W1S 2JJ. This subsidiary is consolidated into the group financial statements. Refer to 2.4 for further detail.

On the 19 November 2018, the Company invested \$766,680 in 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. This capital interest represents a 40% shareholding and equivalent voting rights. BARTR Holdings Limited wholly owns two subsidiaries, BARTR Connect Limited, whose registered office is Tobias House St. Marks Court, Thornaby, Stockton-On-Tees, Stockton-On-Tees, United Kingdom, TS17 6QW, and BARTR Technologies Limited, whose registered office is 156 Great Charles Street Queensway, Birmingham, England, B3 3HN, the Company therefore has an indirect 40% interest in these subsidiaries.

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.

APQ Global Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

12. Investments (continued)

The investment in BARTR Holdings Limited was completed on 19 November 2018. There have been no significant changes to the circumstances of BARTR Holdings Limited and its subsidiaries, or to wider market conditions. Its carrying value at acquisition therefore approximates its fair value.

Unlisted managed funds

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

Level3: 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 and BARTR Holdings Limited as level 3 because its net asset value is deemed to be an unobservable input. The most significant unobservable input used in the fair value of the investment in APQ Cayman is the NAV. The movement in the investments in the year are shown above.

The movement of investments classified under level 3 is the same as the table above.

Sensitivity

The most significant unobservable input used in the fair value is the NAV of APQ Cayman Limited. A reasonable change of 5% in the NAV will have an impact of \$3,669,381 (2017 - \$4,596,155) on the fair value of the investment.

Further sensitivity to underlying market movements has been noted in the 2018 review on page 10.

13. Trade and other receivables

	2018	2017
	\$	\$
Trade debtors	21,808	8,667
Loan to APQ Cayman Limited	33,721,861	26,472,557
Prepayments and accrued income	59,044	74,730
Other debtors	36,567	41,267
	<u>33,839,280</u>	<u>26,597,221</u>

During the year, the Company provided a loan of \$7,249,304 (2017 - \$26,472,557) to APQ Cayman Limited from the proceeds of the CULS issue. The loan is repayable on demand and the entire balance is outstanding at 31 December 2018 and is included within trade and other receivables. In addition, the Company charged interest of \$1,367,008 (2017 - \$306,499) to APQ Cayman Limited for the year ended 31 December 2018. This was fully received during the year and no balance was outstanding at year end. Interest is accrued on the outstanding balance of the loan at such rate as is required to enable the Company to meet its obligations to holders of its convertible unsecured loan stock 2024 in relation to the payment of interest thereon.

14. Trade and other payables

	2018	2017
	\$	\$
Trade creditors	115,046	102,944
Other creditors	37,315	157,421
Accruals	101,023	154,543
	<u>253,384</u>	<u>414,908</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

15. 3.5% Convertible Unsecured Loan Stock 2024

	Nominal number of CULS \$	Liability component \$	Equity component \$
As at 1 January 2017	-	-	-
Issue of 3.5% Convertible Unsecured Loan Stock 2024	26,953,749	22,518,898	4,434,851
Expenses of issue	-	(759,757)	(149,626)
Amortisation of discount on issue and issue expenses	-	499,403	-
Interest paid during the year	-	(306,499)	-
Exchange differences	-	183,266	-
As at 31 December 2017	26,953,749	22,135,311	4,285,225
Issue of 3.5% Convertible Unsecured Loan Stock 2024	14,492,418	11,755,346	2,737,072
Expenses of issue	-	(442,099)	(102,942)
Amortisation of discount on issue and issue expenses	-	2,245,988	-
Interest paid during the year	-	(1,362,452)	-
Exchange differences	-	(2,497,468)	-
As at 31 December 2018	41,446,167	31,834,626	6,919,355

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.

16. Share Capital

The issued share capital of the Company is 78,134,735 ordinary shares of no par value listed on The International Stock Exchange and 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

16. Share Capital (continued)

- 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 2017	78,055,000	76,839,621	99,777,784
Transaction costs of raising equity	-	(218,000)	(283,077)
As at 31 December 2017	78,055,000	76,621,621	99,494,707
Shares issued from share awards during the year	79,735	75,512	102,149
At 31 December 2018	78,134,735	76,697,133	99,596 856

During the year ended 31 December 2018, 79,735 shares were issued as part of the share award scheme as detailed in note 17.

17. 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	Vesting conditions	Final vesting date
1 January 2018	Shares	584,141	Awards vest quarterly over 5 years provided the employee is still in service of the Group.	31 December 2022
Grant date	Fair value of instrument granted pence	Charge for awards to be settled in Equity \$	Charge for awards to be settled in Cash \$	Total charge for share based awards \$
1 January 2018	128.11	366,225	10,103	376,328

Fair value for the award dated 1 January 2018 is calculated by reference to the fixed value of cash per share that the Board is at discretion to pay rather than settle the award in shares.

The unvested portion of the share awards currently granted is \$372,016 (2017 - \$nil)

APQ Global Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

18. Business combinations

On 3 February 2017, the Company acquired 100% of APQ Partners LLP. The following table summarises the consideration paid, the fair value of the assets acquired, liabilities at the acquisition date.

	APQ Partners LLP \$
Cash	-
Total consideration transferred	-
 Recognised amounts of identifiable assets acquired, and liabilities assumed	
Cash and cash equivalents	39,862
Tangible fixed assets	7,885
Trade and other receivables	134,259
Trade and other payables	(182,006)
	-

19. Commitments

Operating lease commitments

At 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in relation to rental of the Group's premises, which fall due as follows:

	2018 \$	2017 \$
Within 1 year	89,152	94,693
Within 2 to 5 years	88,663	188,607
	177,815	283,300

20. Financial risk and management objectives and policies

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to market risk (which includes interest rate risk, currency risk and price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Interest rate risk

Whilst the bank accounts of APQ Global Limited are not interest bearing there is no exposure to interest rate risk. In addition, the CULS are at a fixed interest rate so there is no exposure to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

20. Financial risk and management objectives and policies (continued)

Currency risk

The Group's functional and reporting currency is denominated in US Dollars. The Group's Ordinary Shares are denominated in Sterling. Through its activities in emerging markets the Group will have underlying exposure to a range of emerging market currencies. Accordingly, the Group's earnings may be affected favourably or unfavourably by fluctuations in currency rates. The impact of an overall increase/decrease in the NAV of APQ Cayman Limited is disclosed on page 45. The Board may engage in the future in currency hedging in seeking to mitigate foreign exchange risk although there can be no guarantees or assurances that the Group will successfully hedge against such risks.

The Group hold assets and liabilities in Pounds Sterling at year end. The following table detail the Group's assets and liabilities and the currency exposure to Pounds Sterling to the Group:

	2018	2017
	\$	\$
Cash and cash equivalents	446,377	4,005,286
Trade debtors	21,808	8,667
Loan to APQ Cayman Limited	33,721,861	26,472,557
Accrued income	764	812
Other debtors	36,567	41,206
Trade creditors	(115,046)	(102,944)
Other creditors	(37,315)	(157,421)
Accruals	(101,023)	(154,543)
CULS	(31,834,626)	(22,135,311)
	<u>2,139,367</u>	<u>7,978,309</u>

A reasonable change of 5% in the Group's Pounds Sterling net assets will have an impact of \$106,968 (2017 - \$398,915) on the value of the net assets. This level of change is considered to be reasonable based on observations of current conditions.

Liquidity risk

Liquidity risk is the risk that the Group and the Company may not be able to meet a demand for cash or fund an obligation when due. The Board continuously monitor forecast and actual cash flows from operating, financing and investing activities to consider payment of dividends, repayment of the Group's outstanding debt or further investing activities.

The Group may employ borrowings in connection with its business activities. Prospective investors should be aware that in the event that the Group's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Group. The Group will pay interest on any borrowing it incurs. As such, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable by the Group and the interest payable on the Group's variable rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

20. Financial risk and management objectives and policies (continued)

The following table details the Group's expected maturity for its financial liabilities together with the contractual undiscounted cash flow amounts:

31 December 2018	Less than 1 year	1 – 5 years	5 + years	Total
	\$	\$	\$	\$
Liabilities				
Trade creditors	(115,046)	-	-	(115,046)
Other creditors	(37,315)	-	-	(37,315)
Accruals	(101,023)	-	-	(101,023)
CULS	-	-	(45,933,169)	(45,933,169)
	<u>(253,384)</u>	<u>-</u>	<u>(45,933,169)</u>	<u>(46,186,553)</u>
31 December 2017	Less than 1 year	1 – 5 years	5 + years	Total
	\$	\$	\$	\$
Liabilities				
Trade creditors	(102,944)	-	-	(102,944)
Other creditors	(157,421)	-	-	(157,421)
Accruals	(154,543)	-	-	(154,543)
CULS	-	-	(33,528,551)	(33,528,551)
	<u>(414,908)</u>	<u>-</u>	<u>(33,528,551)</u>	<u>(33,943,459)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

20. Financial risk and management objectives and policies (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group generate its returns through its investment in APQ Cayman Ltd and is thus exposed to the risk of credit-related losses primarily through that investment. This is a specific investment policy of the Group. The risk of default from the investment is considered minimal because the Group is able to redeem its investment in APQ Cayman Limited at any time. The underlying assets within APQ Cayman Limited are readily tradable and thus liquid.

The Group banks with NatWest, HSBC and Barclays. As per Fitch ratings, NatWest has a credit rating of A+, HSBC has a credit rating of AA- and Barclays has a credit rating of A+.

The Group's maximum exposure to credit risk in relation to the financial assets is the carrying amount as disclosed in the statement of financial position.

The Group is also exposed to the following risks through its investment in APQ Cayman Limited ("Cayman").

- Cayman has 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.
- Cayman invests in derivative instruments which can be highly volatile and may be difficult to value and/or liquidate.
- Cayman seeks exposure to emerging markets through the use of structured products which carry additional credit risks, are inherently difficult to value, illiquid and subject to counterparty risk on maturity.
- Cayman 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 Cayman utilises derivative instruments, it is likely to take credit risk with regard to such counterparties and bear the risk of settlement default.
- Cayman is subject to custody risk in the event of the insolvency of the custodian or any sub-custodians.

The Group intentionally exposes itself to these risks as part of its operations. These risks are managed on an ongoing basis by performance reviews of the underlying portfolio on a quarterly basis by the Board of the Group.

21. 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.

APQ Global Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

21. Capital Management (continued)

The Group's capital comprises:

	2018	2017
	\$	\$
Share capital	99,596,856	99,494,707
Equity component of 3.5% Convertible Unsecured Loan Stock 2024	6,919,355	4,285,225
Other capital reserves	264,076	-
Retained earnings	(25,409,610)	1,141,163
Exchange reserve	(4,927,513)	(4,927,513)
Total shareholders' funds	76,443,164	99,993,582

22. Related party transactions

Richard Bray was a director of the Company and its wholly owned subsidiary, APQ Cayman Limited, as well as being a director of Active Management Services Limited which is part of the Active Group as is Active Services (Guernsey) Limited.

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.

		APQ Global Limited - Remuneration		APQ Global Limited - Share based remuneration		APQ Cayman Limited - Remuneration		Total	
		\$		\$		\$		\$	
		2018	2017	2018	2017	2018	2017	2018	2017
Bart Turtelboom	Chief Executive Officer	100,872	118,666	301,062	-	58,855	-	460,789	118,666
Wayne Bulpitt	Non-Executive Chairman	39,932	39,049	-	-	-	-	39,932	39,049
Richard Bray	Executive Director	39,932	39,049	-	-	5,000	5,000	44,932	44,049
Philip Soulsby	Non-Executive Director	23,584	22,842	-	-	-	-	23,584	22,842
		204,320	219,606	301,062	-	63,855	5,000	569,237	224,606

APQ Global Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

22. Related party transactions (continued)

APQ Global Limited has incurred \$64,033 (2017 - \$116,544) of fees and expenses to Active Services (Guernsey) Limited as administrator of the Company. As at 31 December 2018, APQ Global Limited owed \$11,261 (2017 - \$26,387) to Active Services (Guernsey) Limited.

APQ Global Limited has supported APQ Cayman Limited by paying directors fees of \$822 (2017 - \$5,000) during the year to Richard Bray as he was a director of both entities. Richard Bray has resigned post year end.

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 \$417,959 (2017 - \$953,588) to APQ Global Limited during the year. As at 31 December 2018, APQ Global Limited were owed \$229,391 (2017 - \$134,463) from APQ Partners LLP. In the current and prior year amounts have been eliminated on consolidation.

During the year, APQ Global Limited provided a loan of \$7,249,304 (2017 - \$26,472,557) to APQ Cayman Limited from the proceeds of the CULS issue. The balance outstanding as at 31 December 2018 is \$33,721,861 (2017 - \$26,472,557) and is included within trade and other receivables. In addition, APQ Global Limited charged interest of \$1,367,008 (2017 - \$306,499) to APQ Cayman Limited for the year ended 31 December 2018. This was fully received during the year and no balance was outstanding at year end (2017 - no balance outstanding). Additionally, APQ Global Limited recharged expenses to APQ Cayman Limited of \$169,483 (2017 - \$nil) during the year.

During the year, APQ Global Limited provided \$70,000 (2017 - \$nil) to BARTR Connect Limited in the context of an investment in BARTR Holdings Limited, an entity over which the Company has significant influence. At 31 December 2018, \$nil (2017 - \$nil) was due to BARTR Connect Limited (See Note 11).

23. Events after the reporting period

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.

On 21 December 2018, the Company entered into an agreement to purchase 100% of the following 5 entities; Palladium Trust Services, 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 £222,500.

After the year end, a further dividend of 1.5 pence (1.90 cents) per share was declared on 21 January 2019 and was paid on 1 March 2019 in relation to the quarter ended 31 December 2018.