ARUNDEL ®

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

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ARUNDEL ®

CHAIRMAN'S STATEMENT

The Company is pleased to report its results for the six months ended 30 June 2019 ("Jun19").

The Arundel Group's (the "Group") activities comprise:

(i) principal investments in selective assets;
(ii) the financing of investment opportunities from which the Company generates fees and carried interests; and
(iii) the provision of investment advice to various groups which generate fees and investment opportunities.

During the first half of 2019 the Company made two strategic decisions which will shape the direction of the Group in the years ahead. Based on a number of factors, including political and economic uncertainties, the Company decided not to pursue the previously announced acquisition of two German fund management businesses, although the Group is working closely with the German group on a corporate finance project under its existing joint venture agreement. The Company also decided that in the current uncertain global markets that the Group would be better served to retain its investment properties in Germany leased to the Government of Saxony (the "Leipzig Properties") and to refinance the debt secured against these properties in the present low interest rate environment. The impact of the refinancing, which has just completed, is to lower the Group's weighted average cost of debt by approximately 40% and to extend the weighted average maturity of debt by 38%.

Key operational matters during the first half of 2019 included the following:

- In February 2019, the Group secured bond holder consent to extend the maturity date of its Swiss Franc convertible bonds for three years with a new maturity date of 31 March 2022. The conversion price decreased to CHF 10.00 per share whilst the interest rate remained unchanged.

- On 29 March 2019, following approval for a change of land use ("CLU") for an aggregate of 61 acres of land in India to be used for residential development, the Group acquired the entire share capital of three property owning companies. As a result, the Group recognised $8.8 million as the initial development land value in its consolidated balance sheet which represents the market value of approximately 2.1 million of the Company's shares plus $4.0 million of cash used to secure the acquisition. Net assets increased by $4.8 million at 29 March 2019. This was adjusted to its fair value as at 30 June 2019 of $8.3 million. An independent valuation commissioned by the Group at 31 December 2018 in respect of the 61 acres plus an additional 54 acres of contiguous land for which a further CLU is being sought indicated a long term development value for the parcel of $64 million.

Overall, your Company is reporting a consolidated net profit of $7.5 million for Jun19 (net loss of $13.3 million – six months ended 30 June 2018 ("Jun18")). In view of the Company's decision to retain the Leipzig Properties $8.6 million of impairment costs provided for in 2018 were reversed in the current year.

During the first six months of this year, 76% of the Company's income was derived from rent and 24% was derived from investment advisory activities which are comparable to the split of income for the period Jun18.

During the first half of 2019, the independent valuation of the Leipzig Properties increased from €134.0 million to €135.5 million, primarily as a result of a decline in capitalisation and discount rates used in preparing the independent valuation. The decrease in these rates reflects a decrease in the yields on the 10-year and 30-year German Government bonds.

Total equity increased to $27.6 million at 30 June 2019 from $15.8 million at 31 December 2018.

The Company believes that its Leipzig Properties leased to the Government of Saxony, its freehold London office building, located in the prime location of St James's Square, and its development land in India outside of Chennai represent an excellent store of long term value for the Group.

Management shareholdings

At 30 June 2019 management owned 4,047,372 of the Company's issued share capital which represents 26.8% of the total number of shares in issue. This total remains unchanged from 31 December 2018.

Events after the balance sheet date

There have been several important developments since 30 June 2019, including the following:

- On 11 June 2019 shareholders approved the reduction of the nominal value of the Company's shares from CHF 9.00 per share to CHF 1.00 per share. The Commercial Register has been updated and the reduction became effective 2 September 2019.

- On 26 September 2019 the Group completed the refinancing of debt secured by the Leipzig Properties. The Group entered into a five-year fixed rate facility with one of Germany's most respected mortgage lenders. The principal sum borrowed was €65 million. Under the terms of the financing approximately 10.5% of the principal will be amortised during the term of the loan. Proceeds from the new financing have been used to repay existing debt secured against the Leipzig Properties which was due to mature in March 2020, other working capital loans to Group companies and for working capital purposes. As a result of the refinancing, the Group will reduce interest costs by approximately €2.9 million per annum.

New advisory business

The Group has been developing a number of new business initiatives which are expected to lead to an increase in advisory income in the current and subsequent financial years. Our main areas of activity include:

- A joint venture with a highly respected US investment bank specialising in the US energy sector and a leading UK broker specialising in the placement of convertible debt. Management expects to generate a pipeline of convertible debt placements for US energy companies which will lead to significant transaction income.

- Advising an Indian company specialising in the chemicals sector on a convertible bond issue.

- Advising various groups in respect of UK listed fund opportunities which, if successful, will create additional recurrent income for the Group.

- The reorganisation and recapitalisation of an Indian public company which is trading at a substantial discount to its underlying net asset value.

Whilst the economic back drop remains challenging due to global trade disputes and political uncertainties such as Brexit, your Group believes that its historic relationships and operations in the United States, Europe and Asia provide it with a unique set of diversified opportunities.

In addition, the Company will focus on further refinancing of the Group's more expensive debt and on reducing administrative expenses in the short to medium term.

We look forward to reporting on future developments in the months ahead.

Arundel AG

Dr. Volkert Klaucke (Chairman)
Approved by the board: 30 September 2019

Financial results

The comparative figures in the consolidated income statement for the six months ended 30 June 2018 ("Jun18") have been restated to reflect income and expenses related to the Leipzig Properties in each line item rather than *profit for the period from discontinued operations*.

Total revenue for the six months ended 30 June 2019 ("Jun19") was $4.7 million compared to $5.0 million for Jun18. Rental income from the Leipzig Properties for Jun19 was $3.5 million (Jun18 - $3.8 million) and advisory income was $1.1 million (Jun18 - $1.2 million).

Administrative and marketing expenses for Jun19 were $3.2 million (Jun18 - $3.6 million) with the decrease primarily attributable to lower professional fees for Jun19 and weaker sterling and Euro exchange rates against the US dollar.

Finance costs for Jun19 included a reversal of the excess impairment ($8.6 million) in respect of borrowing costs related to the Leipzig Properties. The charge for Jun18 included $9.0 million for excess impairment. Excluding these items and other non-cash related items such as the impact of movements in foreign exchange rates, net finance costs for Jun19 were $3.5 million (Jun18 - $3.7 million).

The Company is reporting a consolidated net profit for Jun19 of $7.5 million (Jun18 – loss $13.3 million) and a loss from adverse movements in foreign exchange rates of $0.5 million (Jun18 – loss $1.4 million) resulting in total comprehensive income for Jun19 of $7.0 million compared to a loss of $14.7 million for Jun18.

The balance sheet

The comparative assets and liabilities at 31 December 2018 related to the Leipzig Properties have been included under *assets / liabilities of a disposal group classified as held for sale.*

Total assets were $195.9 million at 30 June 2019 compared to $190.2 at 31 December 2018. The Leipzig Properties were independently valued at $154.3 million (€135.5 million) at 30 June 2019 compared to $153.5 million (€134.0 million) at 31 December 2018. The increase primarily reflects the impact of a decrease on German Government 10-year and 30-year bond yields feeding through to the assumptions used in the independent valuation.

Development land at 3o June 2019 is stated at $8.3 million (31 December 2018 – nil). This carrying value reflects its fair value using the valuation performed as at 31 December 2018.

Current assets at 30 June 2019 were $3.0 million compared to $2.3 million at 31 December 2018. Current liabilities at 30 June 2019 were $74.5 million compared to $37.5 million at 31 December 2018. The increase in current liabilities reflects $59.5 million of loans secured by the Leipzig Properties which were due for repayment in March 2020, but which were repaid on 26 September 2019. Current liabilities were reduced by approximately $26 million reflecting the extension of maturity of convertible bonds which now mature on 31 March 2022. Trade and other payables at 30 June 2019 were $4.0 million compared to $3.9 million at 31 December 2018.

Long term liabilities at 30 June 2019 were $93.8 million compared to $136.9 million at 31 December 2018, the latter including all liabilities relating to the Leipzig Properties.

The Group's current weighted average loan maturity is 6.04 years (31 December 2018 – 4.36 years), and the current weighted average loan interest rate is 2.61% per annum (31 December 2018 – 4.37%).

Management remains confident that short-term borrowings can be refinanced with existing lenders when they fall due and that additional working capital can be raised as required.

Cash flow

During Jun19 the Group used $1.7 million in operating activities compared to $4.1 million during Jun18. Net cash generated by financing activities in Jun19 totalled $2.0 million compared to $5.2 million used by financing activities in Jun18.

Overall the Group increased its net cash and cash equivalents in Jun19 by $0.3 million compared to a net decrease of $9.1 million in Jun18.

Arundel AG

Approved by the board: 30 September 2019

DIRECTORS

Dr. Volkert Klaucke (Chairman)

Mr. Markus Müller

Dr. Doraiswamy Srinivas (Vice Chairman)

Mr. David Quint

COMPANY SECRETARY

Dr. Doraiswamy Srinivas

EXECUTIVE MANAGEMENT

Dr. Volkert Klaucke (Executive Chairman)

Mr. David Quint (Executive director)

Dr. Doraiswamy Srinivas (Executive director)

Mr. Ralph Beney (Chief Financial Officer)

Mr. Richard Borg (Group Legal Officer)

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LEGAL ADVISORS
(as to Swiss Law)

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REGISTERED NUMBER

CH-020.3.922.903-6

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2019

	NOTE	6 Month Period to 30 June 2019	6 Month Period to 30 June 2018 RESTATED
		$	$
Revenue	4	4,664,179	4,952,617
Administrative and marketing expenses	5	(3,191,946)	(3,599,427)
Net fair value gains on investment properties and development land	8	1,132,094	-
Net impairment gain/(loss) on financial assets	9	388,388	(368,109)
Other income		19,873	154,878
Operating profit		3,012,588	1,139,959
Finance income		41,384	3,234
Finance costs	6	4,458,712	(14,346,801)
Profit/(loss) before income tax expense		7,512,684	(13,203,608)
Income tax expense		(44,777)	(81,829)
Profit/(loss) for the period		7,467,907	(13,285,437)
Attributable to:			
Equity owners of the parent		7,087,614	(12,914,526)
Non-controlling interests		380,293	(370,911)
		$ per share	**$ per share**
Earnings per share from continuing operations attributable to the owners during the period			
Basic/diluted earnings per share:			
From profit/(loss) for the period		0.476	(0.891)

The notes on pages 11 to 25 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	6 Month Period to 30 June 2019 $	**6 Month Period to 30 June 2018 $**
Profit/(loss) for the period	7,467,907	(13,285,437)
Other comprehensive income/(expense) for period		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(466,238)	(1,410,570)
Other comprehensive income/(expense) for the period	(466,238)	(1,410,570)
Total comprehensive income/(expense) for the period	7,001,669	(14,696,007)
Attributable to:		
Equity owners of the parent	6,631,616	(14,372,630)
Non-controlling interests	370,053	(323,377)
	7,001,669	(14,696,007)

The notes on pages 11 to 25 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2019

	NOTE	As at 30 June 2019	As at 31 December 2018
		$	$
ASSETS			
Non-current assets			
Property plant and equipment	7	24,481,815	24,775,969
Investment property and development land	8	162,577,524	-
Other investments		100	100
Receivables and prepayments	9	5,814,229	9,406,919
		192,873,668	34,182,988
Current assets			
Receivables and prepayments	9	1,376,150	992,445
Restricted cash	9	65,880	-
Cash and cash equivalents		1,557,600	1,283,929
		2,999,630	2,276,374
Assets of disposal group classified as held for sale	12	-	153,693,695
Total current assets		2,999,630	155,970,069
TOTAL ASSETS		195,873,298	190,153,057
EQUITY			
Capital and reserves			
Share capital	11	147,264,236	147,264,236
Share premium		56,307,636	56,307,636
Equity component of convertible bond		770,232	752,049
Translation reserve		(626,849)	(170,851)
Accumulated losses		(177,918,365)	(189,651,464)
		25,796,890	14,501,606
Treasury Shares		(858,042)	(1,012,035)
		24,938,848	13,489,571
Non-controlling interests		2,675,717	2,305,664
TOTAL EQUITY		27,614,565	15,795,235
LIABILITIES			
Non-current liabilities			
Borrowings	10	90,689,028	42,472,694
Deferred taxation		3,095,903	3,121,721
		93,784,931	45,594,415
Current liabilities			
Accruals		1,875,690	1,587,855
Trade and other payables		3,974,314	3,898,231
Borrowings	10	68,623,798	31,979,562
		74,473,802	37,465,648
Liabilities of disposal group classified as held for sale	12	-	91,297,759
Total current liabilities		74,473,802	128,763,407
TOTAL LIABILITIES		168,258,733	174,357,822
TOTAL EQUITY AND LIABILITIES		195,873,298	190,153,057

The notes on pages 11 to 25 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

	Attributable to equity owners of the parent							
	Share Capital $	**Share Premium $**	**Treasury Shares $**	**Equity Component of Convertible Bond $**	**Translation Reserve $**	**Accumulated Losses $**	**Non-controlling interest $**	**Total $**
As at 30 June 2018	**147,264,236**	**56,307,636**	**(1,236,870)**	**752,049**	**2,384,927**	**(188,425,427)**	**2,233,637**	**19,280,187**
(Loss for the period)	-	-	-	-	-	(2,815,572)	137,523	(2,678,049)
Other comprehensive income								
Foreign currency translation - net	-	-	-	-	(2,555,778)	-	(65,495)	(2,621,273)
Total comprehensive income	-	-	-	-	(2,555,778)	(2,815,572)	72,028	(5,299,322)
Par value capital reduction	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	224,835	-	-	1,589,535	-	1,814,370
As at 31 December 2018 and 1 January 2019	**147,264,236**	**56,307,636**	**(1,012,035)**	**752,049**	**(170,851)**	**(189,651,464)**	**2,305,664**	**15,795,235**
(Loss) for the period	-	-	-	-	-	7,087,614	380,293	7,467,907
Other comprehensive income								
Foreign currency translation - net	-	-	-	-	(455,998)	-	(10,240)	(466,238)
Total comprehensive income	-	-	-	-	(455,998)	7,087,614	370,053	7,001,669
Treasury share transactions	-	-	153,993	-	-	(130,134)	-	23,859
Release of shares (Note 8)	-	-	-	-	-	4,775,619	-	4,775,619
Equity component of convertible bond	-	-	-	18,183	-	-	-	18,183
As at 30 June 2019	**147,264,236**	**56,307,636**	**(858,042)**	**770,232**	**(626,849)**	**(177,918,365)**	**2,675,717**	**27,614,565**

The notes on pages 11 to 25 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2019

	NOTE	6 Month Period to 30 June 2019	6 Month Period to 30 June 2018
Cash flow from operating activities			
		$	**$**
Gain/(loss) for the period		7,467,907	(13,285,437)
Adjustments for:			
-Net foreign exchange losses	6	83,792	1,098,293
- Interest income		(41,384)	(3,234)
- Interest expenses and other finance expenses	6	3,441,207	3,602,043
- Amortisation of debt issue costs	6	483,842	556,436
- Changes in fair value of investment property and development land	8	(1,132,094)	-
- Excess impairment provision	6	(8,566,558)	8,965,369
- Allowance for impairment of receivables	9	(388,388)	368,108
- Depreciation	7	212,404	225,178
- Income tax expense		(44,777)	81,829
Changes in working capital			
- Trade creditors and other payables		239,298	120,290
- Other receivables and prepayments		(876,976)	59,957
- Accruals		56,804	(2,790,937)
Cash generated/(used) by operations		935,077	(1,002,105)
Interest paid		(2,616,357)	(3,196,942)
Income tax (paid)/received		(3,954)	76,448
Net cash (used) by operating activities		(1,685,234)	(4,122,599)
Cash flow from investing activities			
Change in restricted cash	9	21,539	187,216
Capital expenditure		(39,267)	-
Cash paid for acquisition of shares		(23,930)	-
Interest received		1,045	3,234
Net cash (used)/generated by investing activities		(40,613)	190,450
Cash flow from financing activities			
Proceeds from borrowings	10	4,030,060	3,517,093
Repayment of borrowings	10	(2,030,946)	(7,152,489)
Proceeds from sale of shares	10	-	137,592
Proceeds from sale of investments			-
Payment of cash element of par value capital reduction	11	-	(1,692,978)
Net cash generated/(used) by financing activities		1,999,114	(5,190,782)
Net increase/(decrease) in cash and cash equivalents		273,267	(9,122,931)
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,284,048	12,885,139
Net increase/(decrease) in cash and cash equivalents		273,267	(9,122,931)
Foreign currency translation adjustments		285	(5,278)
Cash and cash equivalents at end of period		**1,557,600**	**3,756,930**

The notes on pages 11 to 25 form part of these consolidated financial statements

1. GENERAL INFORMATION

Arundel AG (the "Company") is domiciled in Switzerland with its registered office at Gotthardstrasse 21, CH-8002, Zürich and is the ultimate parent company of the Arundel Group (the "Group"). The Company is an investment holding company. The Group is focused on investment and financing activities in Europe, the USA and India.

The Company is listed on the SIX Swiss Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These condensed interim financial statements for the half year reporting period ended 30 June 2019 have been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2018 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial period end and corresponding interim reporting period, except for changes in policy necessitated by the adoption of new standards as set out below.

Comparative information presented is that included in the last set of interim condensed consolidated financial statements issued by the Group to 30 June 2018.

Comparative information in the consolidated income statement and consolidated statement of comprehensive income have been restated in order to be consistent with the presentation of certain items as discontinued operations in 2018 as detailed in Note 12.

Going concern

The Group has taken steps to ensure that it has sufficient liquidity to meet its obligations for the foreseeable future. These measures include:

1) Extension of the maturity date on the Group's Swiss franc convertible bonds to 31 March 2022. The outstanding amount is $24.7 million.

2) Refinancing of debt secured by the Leipzig Properties. The Group entered into a five-year fixed rate facility with one of Germany's most respected mortgage lenders. The principal sum borrowed was €65 million. Proceeds from the new financing have been used to repay existing debt secured against the Leipzig Properties, other working capital loans to Group companies and the provision of approximately $4 million for working capital purposes. As a result of the refinancing, the Group will reduce interest costs by approximately €2.9 million per annum.

Disposal group classified as held for sale and discontinued operations

As referred to in Note 29 of the Annual Report for the year ended 31 December 2018, on 29 April 2019 the Directors decided to retain the Leipzig properties owned by the Group in Germany for the foreseeable future based on the high probability that a debt refinancing secured on the properties would be successful (see "Going Concern" above). This reversed the decision taken on 5 April 2018 to seek a purchaser which, in turn, resulted in all assets and liabilities related to the Leipzig properties being presented as a disposal group held for sale and discontinued operations as at 30 June 2018 and 31 December 2018. As a consequence of the decision to retain the properties, the Group ceased to classify assets and liabilities related to the Leipzig properties as held for sale during the current reporting period and the excess impairment provision made in the year ended 31 December 2018 was released (See Note 6). Additionally certain comparative figures were restated.

Adoption of new standards and interpretations

A number of new or amended standards became applicable for the current reporting period. After assessment the group concluded that there are no financial impacts on the application and did not make retrospective adjustments as a result of adopting these standards. The key new standard applicable from 1 January 2019 was IFRS 16 'Leases'. The standard replaces IAS 17 Leases and substantially changes the financial statements as the majority of leases will become on-balance sheet liabilities with corresponding right of use assets on the balance sheet. However as the Group had only finance leases, it applied the simplified transition approach, which had leases classified as finance leases under IAS 17, and is required to use the carrying amount of the lease asset and lease liability immediately before the date of initial application on transition

New standards not yet adopted

There are no other new standards or amendments which are currently issued but not effective which are expected to have a material impact on the financial statements of the Group.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's financial and other risk management is unchanged from that disclosed in the Annual Financial Statements for the period ended 31 December 2018. See Note 10 for consideration of credit risk and expected credit losses arising from the implementation of IFRS 9.

3.2 Fair value estimation

The table below provides disclosure of fair value measurements at 30 June 2019 and 31 December 2018 by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2019	**NOTE**	**Level 1**	**Level 2**	**Level 3**
Assets		$	$	$
Investment property and development land	8	-	-	162,577,524
Other investments		100	-	-

As at 31 December 2018	**NOTE**	**Level 1**	**Level 2**	**Level 3**
Assets		$	$	$
Investment property*	8	-	-	153,549,120
Other investments		100	-	-

There were no transfers between levels in the period ended 30 June 2019.

*- Included within assets of disposal group classified as held for sale as at 31 December 2018.

4. REVENUE

	6 month period to 30 June 2019 Total segment revenue $	6 month period to 30 June 2018 Total segment revenue $
Investment management and advisory	1,133,248	1,169,467
Investments in government tenanted property	3,530,931	3,783,150
Total	4,664,179	4,952,617

Nature of services provided by the Group

Investment management and advisory services:

The Group provides investment management and advisory services to customers with a focus on investment in India, the US and Europe. The Group earns fee income from the provision of these services which generally accrues over time. The group has a number of contracts in place with customers for the provision of these services which specify fixed consideration for services provided, revenue is recognised in accordance with fulfilment of the performance obligations over time.

Investment banking:

The Group provides specialist investment banking services to public and private companies. The Group earns fee income from the provision of these services, generally on a success basis, any such revenue would be generally transfer over time.

Rental income:

The Group leases out real estate assets in Germany.

Disaggregation of revenue

In the following table, revenue is disaggregated by the nature of services provided and timing of revenue recognition. As stated above all revenue is recognised within the investment management and advisory segment.

	6 month period to 30 June 2019 $	6 month period to 30 June 2018 $
Nature of services provided:		
- Investment management and advisory services	1,133,248	1,169,467
- Investment banking	-	-
- Rental income	3,530,931	3,783,150
	4,664,179	4,952,617
Timing of revenue recognition:		
- Transferred over time	4,664,179	4,952,617
- Transferred at a point in time	-	-
	4,664,179	4,952,617

4. REVENUE (Continued)

Contract assets

As at 30 June 2019 and 31 December 2018 the Group has contract assets of $1,250,000 with a customer which entitles it to a share of fee income due to a third party fund manager. The performance obligation in relation to this contract was fulfilled at inception of the contract. The Company estimated the variable consideration it expects to receive based on the expected value. The Company recognised revenue only up the amount for which it expects it highly probable that no reversal of revenue will occur. There was no material change in the amount compared to 2018 because the higher share of fee income was offset by adverse foreign exchange impacts.

Management expects to collect the consideration after the distribution of the funds, which is not expected to occur before 31 December 2020, and classified the contract asset as non-current.

5. ADMINISTRATIVE EXPENSES

	6 month period to 30 June 2019 $	6 month period to 30 June 2018 RESTATED $
Staff costs	1,303,465	1,154,366
Professional fees and other sundry costs	1,248,171	1,691,739
Property rent and maintenance	427,906	528,143
Depreciation	212,404	225,179
	3,191,946	3,599,427

6. FINANCE COSTS

	6 month period to 30 June 2019 $	6 month period to 30 June 2018 RESTATED $
Interest on bonds	794,136	805,229
Interest on facilities	1,794,301	1,975,891
Interest on other loans	852,770	820,925
Amortisation of debt issue costs	483,842	556,436
Other borrowing expenses	99,003	124,658
Foreign exchange movements	83,792	1,098,293
Unallocated excess impairment provision	(8,566,556)	8,965,369
	(4,458,712)	14,346,801

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Period ended 30 June 2019					
Opening net book amount	9,170,299	15,487,469	80,913	37,288	24,775,969
Additions	-	39,267	-	-	39,267
Disposals	-	-	-	-	-
Depreciation charge	-	(194,401)	(8,278)	(9,729)	(212,408)
Foreign exchange movement	(45,779)	(75,234)	-	-	(121,013)
Closing net book amount	9,124,520	15,257,101	72,635	27,559	24,481,815
At 30 June 2019					
Cost	9,124,520	16,333,289	151,935	77,819	25,687,563
Accumulated depreciation	-	(1,076,188)	(79,300)	(50,260)	(1,205,748)
Net book amount	9,124,520	15,257,101	72,635	27,559	24,481,815

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Period ended 31 December 2018					
Opening net book amount	9,712,797	16,811,865	42,306	56,743	26,623,711
Additions	-	-	71,379	-	71,379
Disposals	-	-	(14,471)	-	(14,471)
Depreciation charge	-	(403,139)	(18,301)	(19,455)	(440,895)
Foreign exchange movement	(542,498)	(921,257)	-	-	(1,463,755)
Closing net book amount	9,170,299	15,487,469	80,913	37,288	24,775,969
At 31 December 2018					
Cost	9,170,299	16,369,256	151,935	77,819	25,769,309
Accumulated depreciation	-	(881,787)	(71,022)	(40,531)	(993,340)
Net book amount	9,170,299	15,487,469	80,913	37,288	24,775,969

At 30 June 2019, the Group does not believe that any impairment of the asset has occurred and continues to hold the freehold property at the independent appraised value on acquisition less amortisation and depreciation in accordance with the appropriate accounting policies.

8. INVESTMENT PROPERTY AND DEVELOPMENT LAND

	As at 30 June 2019 $ Investment Property	As at 30 June 2019 $ Development Land	As at 30 June 2019 $ Total	As at 31 December 2018 $ Investment Property
Beginning of period/year	-	-	-	160,840,429
Transferred from disposal group classified as held for sale (Note 12)	149,877,496	-	149,877,496	-
Investment in development land in India		8,768,350	8,768,350	-
Net gains/(losses) on fair value adjustment	1,593,156	(461,062)	1,132,094	(11,810)
Net change in fair value due to exchange differences	2,799,584	-	2,799,584	(7,279,499)
Transferred to disposal group classified as held for sale (Note 12)	-	-	-	(153,549,120)
End of period/year	154,270,236	8,307,288	162,577,524	-

Investment Property

On 5 April 2018 the Company announced its intention to seek a purchaser for the Group's investment properties in Leipzig, Germany. As a result all assets and liabilities which will be disposed of in this transaction were re-classified as at 31 December 2018 to a disposal group held for sale (See Note 12). As mentioned in Note 2.1 the Company reversed this decision on 29 April 2019 at which point all assets and liabilities ceased to be classified as available for sale in accordance with IFRS 5.

The investment property is carried fair value. An independent valuation of the investment properties was performed by Botta Management AG as at 30 June 2019 and 31 December 2018. A discounted cash flow method was used to calculate the market value assuming a 10 year calculation period and a terminal value (with the exception of the Records Bureau for which a 30 year calculation period was used).

This resulted in a gross capital valuation as set out below.

Country	Segment	Valuation (EUR/USD)	Valuation technique	Rental value (EUR/USD)	Discount rate %	Capitalisation rate for terminal value
Germany	Investments in Government tenanted properties	135,450,000/ 154,270,236 (31 Dec 2018 – 134,040,000/ 153,549,120)	Discounted cash flow	6,250,000/ 7,062,147 (Dec 2018 – 6,250,000/ 7,159,375)	3.3/4.3% (Dec 2018 – 3.3% to 4.3%)	4.3/5.0% (Dec 2018 – 4.4% to 5.3%)

The fair value of the investment properties was increased by $1,593,156 (€1,410,000) to take account for the valuation change and was recorded as a loss on fair value adjustments. The property is denominated in EUR and the net change in fair value in the period since reclassification due to exchange difference was $2,799,584 ($(872,040) in the period in total).

8. INVESTMENT PROPERTY AND DEVELOPMENT LAND (Continued)

Development Land

On 29 March 2019, the Group acquired the entire issued share capital of three property owning companies registered in India which obtained approval for a change of land use ("CLU") for an aggregate of 61 acres of land in India to be used for residential development. The land is located in Ayapakkam, Chennai. The transaction does not qualify as a business combination and is accounted as an acquisition of assets.

To reflect this investment, the Group recognised $8.8 million as the initial recognition of the development land value in its consolidated balance sheet on acquisition. This valuation represents approximately 2.1 million of the Company's shares which formed part of the consideration for the land for which no value had previously been reflected. Additionally, receivable balances of $4.0 million due from the three property owning companies acquired were part of the consideration.

In accordance with Group accounting policies, the development land is carried at fair value as at 30 June 2019. An independent valuation commissioned by the Group as at 31 December 2018 in respect 61 acres indicated a resale value of $8.2 million (INR 572.79 million). The Directors believe that there have been no significant events since 31 December 2018 which would impact this valuation and as such it represents a fair value as at 30 June 2019.

A market approach valuation was performed by the independent appraiser. The key assumptions used in the model were derived from comparable transactions. Adjustments were made to reflect the size, the infrastructure and access, the location within the neighbourhood and the shape and topography.

The fair value of the 61 acres as at 30 June 2019 resulted in a valuation of $8,307,288 (INR 572.79 million), as such the fair value of the development land was reduced by $461,062.

9. RECEIVABLES AND PREPAYMENTS

	As at 30 June 2019 $	As at 31 December 2018 $
Non-current		
Other receivables and prepayments – third party	1,885,416	5,848,189
Contract assets	1,250,000	1,250,000
Other receivables and prepayments – related party	3,408,638	3,428,339
Provision made for impairment of receivables	(729,825)	(1,119,609)
	5,814,229	9,406,919
Current		
Other receivables and prepayments – third party (including trade receivables)	1,376,150	992,445
	1,376,150	992,445
Total Receivables and prepayments	**7,190,379**	**10,399,364**
Restricted cash*	65,880	-
Total	**7,256,259**	**10,399,364**

* - Restricted cash shown under assets of disposal group classified as held for sale as at 31 December 2018 (See Note 12).

Non-current third party receivables and prepayments:

Included within third party receivables are payments made to third parties for potential development land related to the ECR Property in India. As at 30 June 2019 these total $1,885,416 (December 2018: $5,848,189). The movement in the period ended 30 June 2019 relates to investment into development land (See Note 8).

Non-current related party receivables and prepayments:

Non-current related party receivables as at 30 June 2019 and 31 December 2018 relate to a loan of $2,277,888 (€2,000,000) and accrued interest due from Ridgemont Holdings Limited ("Ridgemont"). The principal and interest are due to be repaid in March 2020.

Current third party receivables and prepayments:

	As at 30 June 2019 $	As at 31 December 2018 $
Trade receivables	332,667	326,383
Taxation receivable	233,017	244,976
Other receivables and prepayments	810,466	421,086
	1,376,150	992,445

Impairment of financial assets

As at 30 June 2019, the group considers the credit risk on trade receivables and contract assets to be very low and consequently the period over which expected loss was considered was limited to 12 months. The assessment considered the individual counterparty risk and collateral held. Following this assessment, no impairment has been recognised.

The credit risk on the loan made in respect of investments in development rights in India is considered to be nil as the Group holds collateral in excess of the value of the loans made.

9. RECEIVABLES AND PREPAYMENTS (continued)

The Group has assessed the loan to Ridgemont mentioned above to represent a non-performing asset under IFRS 9. This loan is secured against the 5.1% minority holding of Ridgemont in USI Verwaltungszentrum Leipzig Limited & Co.KG. Due to revaluations of this holding as at 30 June 2019 the value of this holding is significantly lower than the valuation of the loan made and accrued interest. As such, allowance has been made for the lifetime expected loss.

	Related Parties $
Opening loss allowance as at 1 January 2019	1,119,609
Decrease in allowance recognised in profit or loss during the period	(388,388)
Impact of foreign exchange rates	(1,396)
Closing loss allowance as at 30 June 2019	729,825

10. BORROWINGS

	30 June 2019 $	31 December 2018 $
Non-current		
Bonds	25,853,876	-
Facilities	22,308,595	790,902
Other loans	42,526,557	41,681,792
	90,689,028	42,472,694
Current		
Bonds	-	24,718,526
Facilities	59,119,586	261,016
Other loans	9,504,212	7,000,020
Total current borrowings	68,623,798	31,979,562
Total borrowings	159,312,826	74,452,256

Total borrowings are guaranteed by the parent company of the Group and other subsidiary companies. There are various pledges and covenants included in the loan agreements of the Group which are regularly reviewed and tested to ensure compliance.

Liabilities of disposal group classified as held for sale

As at 31 December 2018, borrowings with a carrying amount of $82,213,436 are included in a disposal group classified as held for sale as these were expected to be disposed of in the transaction detailed in Note 12. This represents the facilities secured against the Leipzig properties (Senior, Junior and Subordinated loans) which were expected to be repaid as part of the transaction. As mentioned in Note 2.1 the decision to dispose of the Leipzig properties was reversed during the current period, as such these loans were transferred out of the disposal group classified as held for sale.

Bonds

On 31 March 2019, after securing bond holder consent, the Group extended the maturity date of its Swiss Franc convertible bonds for three years with a new maturity date of 31 March 2022. The interest rate remained unchanged at 6.25% whilst the conversion price decreased to CHF 10.00 per share. In the period ended 30 June 2019, CHF 0.94 million ($0.94 million) of convertible bonds were issued to third parties, bringing the total in issue as at 30 June 2019 to CHF 25.95 million. The equity component relating to the conversion option of bonds issued in the period was valued and recorded in equity (CHF 18,095 - $18,183).

10. BORROWINGS (continued)

Other Loans

On 24 June 2019 the Group entered into a short term loan agreement with a third party for $2 million and is repayable on 31 October 2019. Additionally during the period the Group entered into a loan agreement with Mrs. K. Quint for £450,000 ($594,693) which is repayable on 5 May 2022.

11. SHARE CAPITAL

	30 June 2019 $	31 December 2018 $
Authorised, allotted, called up and fully paid:		
Equity interests:		
15,115,164 Ordinary shares of CHF 9.00 each	147,264,236	147,264,236

At the Annual General Meeting on 11 June 2019 a reduction in the par value of the Company's shares from CHF 9.00 to CHF 1.00 was approved, the reduction will be used to eliminate losses carried forward. This was recorded on the commercial register on 2 September 2019 (See Note 16). No dividend or capital distribution was proposed in relation to the accounting year ended 31 December 2018.

At the Annual General Meeting on 12 June 2018 no dividend or capital distribution was proposed in relation to the shortened nine month accounting period ended 31 December 2017.

As at 30 June 2019, the Group held 246,928 treasury shares (31 December 2018 – 252,165 shares).

Treasury Shares	June 2019 Shares	Dec 2018 Shares	June 2019 $	Dec 2018 $
	246,928	252,165	858,042	1,012,035

An analysis of the movement in treasury shares in the period ended 30th June 2019 and period ending 31 December 2018 is as follows:

	No of Treasury Shares	$	Average price per share $
As at 31 December 2017	834,386	5,441,626	6.52
Receipt of shares in settlement of obligations from certain shareholders	672,967	2,790,207	4.15
Shares issued on completion of par value capital reduction	(696,732)	(4,445,119)	6.38
Sale of shares to third party	(558,456)	(2,774,679)	4.97
As at 31 December 2018	252,165	1,012,035	4.01
Receipt of shares in settlement of obligations from former shareholders	69,763	145,700	2.09
Issue of shares in settlement of obligations to third parties	(75,000)	(299,693)	4.00
As at 30 June 2019	246,928	858,042	3.47

12. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS

On 5 April 2018, the Company announced its intention to seek a purchaser for the Group's German investment properties in Leipzig (the "Leipzig Properties") subject to satisfactory terms and conditions and initiated an active plan to locate possible purchasers. In the period from the announcement to 31 December 2018 the Company received interest from several parties and started contract negotiations with purchasers, one of which had reached an advanced stage including negotiations around an agreed sales price as at 31 December 2018. As at this date, the sale was considered highly likely and expected to complete within a year.

On 29 April 2019 the Directors decided to retain the Leipzig properties owned by the Group in Germany for the foreseeable future based on the high probability that a debt refinancing secured on the properties would be successful. This reversed the decision taken on 5 April 2018 to seek a purchaser which, in turn, resulted in all assets and liabilities related to the Leipzig properties being presented as a disposal group held for sale and discontinued operations as at 30 June 2018 and 31 December 2018. As a consequence of the decision to retain the properties, the Group ceased to classify assets and liabilities related to the Leipzig properties as held for sale and discontinued operations during the current reporting period.

Assets of disposal group classified as held for sale:

	31 December 2018 $
Investment property	153,549,120
Restricted cash	88,098
Receivables and prepayments	56,358
Cash and cash equivalents	119
	153,693,695

Liabilities of disposal group classified as held for sale:

	31 December 2018 $
– Senior Loan	56,130,149
– Junior Loan	4,430,984
– Subordinated Loan	21,652,302
Borrowings	82,213,436
Accruals	277,980
Unallocated excess impairment	8,806,343
	91,297,759

13. FOREIGN EXCHANGE RATES

	Balance Sheet		Income and Cash Flow Statement (average)	
	As at 30 June 2019 $	As at 31 December 2018 $	Period ended 30 June 2019 $	Period ended 30 June 2018 $
GBP	0.788	0.784	0.773	0.727
SGD	1.353	1.362	1.359	1.326
INR	68.950	69.560	69.989	65.700
CHF	0.977	0.983	0.999	0.967
EUR	0.878	0.873	0.885	0.826

14. RELATED PARTY TRANSACTIONS

On 22 March 2019 the group borrowed £450,000 ($571,066) from Mrs K Quint, the wife of a director to augment working capital. The loan is repayable in April 2022.

During the six months ended 30 June 2019 the group incurred charges of CHF 27,474 ($28,121) in connection with the placement of convertible bonds issued by USIGH Limited. The commissions were paid to a company in which Markus Müller, a director of the Company, is a shareholder and director.

15. SEGMENT INFORMATION

	Continued Operations				
	Investments in Development Rights (India)	**Investment Management and Advisory (UK/US)**	**Investments in Government Tenanted Property (Germany)**	**Head Office and Reconciling Central Costs**	**Total**
Period ended 30 June 2019	**$**	**$**	**$**	**$**	**$**
Revenue (Note 4)	-	1,133,248	3,530,931	-	4,664,179
Net loss on fair value movement on investment property and development land (Note 8)	(461,062)	-	1,593,156	-	1,132,094
(Loss)/profit after tax	**(615,159)**	**(212,518)**	**11,288,600**	**(2,993,016)**	**7,467,907**
Assets					
Investment property and development land (Note 8)	8,307,288	-	154,270,236	-	162,577,524
Property, plant and equipment (Note 7)	-	-	-	24,481,815	24,481,815
Other receivables (Advance development rights payments) (Note 9)	1,885,416	-	-	-	1,885,416
Trade receivables (Note 9)	-	1,250,000	-	-	1,250,000
Restricted cash (Note 9)	-	-	65,880	-	65,880
Cash and cash equivalents	9,769	822,830	101	724,900	1,557,600
Segment assets for reportable segments	**10,202,473**	**2,072,830**	**154,336,217**	**25,206,715**	**191,818,235**
Of which are non-current assets:	10,192,074	-	154,270,236	24,481,815	188,944,755
Liabilities					
Total borrowings (Note 10)	9,316,977	-	80,511,061	69,484,788	159,312,826
Deferred taxation	-	-	-	3,095,903	3,095,903
Accruals	-	348,470	158,887	1,368,333	1,875,690
Trade and other payables	-	2,691,990	-	1,282,324	3,974,314
Segment liabilities for reportable segments	**9,316,977**	**3,040,460**	**80,669,948**	**75,231,348**	**168,258,733**

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. Investment advisory income is derived from a number of external customers worldwide. The column Head Office and Reconciling Central Costs represents expenses, assets and liabilities that relate to the London property and also those which cannot be separately allocated between segments.

15. SEGMENT INFORMATION	Continued Operations				Discontinued	
	Investments in Development Rights (India)	Investment Management and Advisory (UK/US)	Head Office and Reconciling Central Costs	Total Continued Operations	Investments in Government Tenanted Property (Germany)	Total
Period ended 30 June 2018	$	$	$		$	$
Revenue (Note 4)	-	1,169,467	-	1,169,467	3,783,150	4,952,617
Unallocated excess impairment	-	-	-	-	(8,965,369)	(8,965,369)
(Loss)/profit after tax	**(164,501)**	**(368,867)**	**(4,760,787)**	**(5,294,155)**	**(7,991,282)**	**(13,285,437)**
Year ended 31 December 2018						
Assets						
Investment property (Note 8)	-	-	-	-	153,549,120	153,549,120
Property, plant and equipment (Note 7)	-	-	24,775,969	24,775,969	-	24,775,969
Other receivables (Advance development rights payments) (Note 9)	5,848,189	-	-	5,848,189	-	5,848,189
Trade receivables (Note 9)	-	1,250,000	-	1,250,000	-	1,250,000
Other receivables	-	-	-	-	56,358	56,358
Restricted cash (Note 9)	-	-	-	-	88,098	88,098
Cash and cash equivalents	6,210	1,001,355	276,365	1,283,930	119	1,284,049
Segment assets for reportable segments	**5,854,399**	**2,251,355**	**25,052,334**	**33,158,088**	**153,693,695**	**186,851,783**
Of which are non-current assets:	-	-	24,775,969	24,775,969	153,549,120	178,325,089
Liabilities						
Total borrowings (Note 10)	9,000,000	-	65,452,256	74,452,256	82,213,436	156,665,692
Deferred taxation	-	-	3,121,721	3,121,721	-	3,121,721
Trade and other payables	-	2,692,799	1,205,432	3,898,231	-	3,898,231
Accruals	-	262,772	1,325,083	1,587,855	277,980	1,865,835
Unallocated excess impairment	-	-	-	-	8,806,343	8,806,343
Segment liabilities for reportable segments	**9,000,000**	**2,955,571**	**71,104,492**	**83,060,063**	**91,297,759**	**174,357,822**

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. Investment advisory income is derived from a number of external customers worldwide. The column Head Office and Reconciling Central Costs represents expenses, assets and liabilities that relate to the London property and also those which cannot be separately allocated between segments.

15. SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets are reconciled to total assets as follows:

Period ended	**30 June 2019 $**	**31 December 2018 $**
Total reportable segment assets	191,818,235	186,851,783
Other investments	100	100
Receivables and prepayments (Note 9)	4,054,963	3,301,174
Total assets per balance sheet	195,873,298	190,153,057

Reportable segments' liabilities are reconciled to total liabilities as follows:

Period ended	**30 June 2019 $**	**31 December 2018 $**
Total reportable segment liabilities	168,258,733	174,357,822
Accruals and other payables	-	-
Other payables	-	-
Total liabilities per balance sheet	168,258,733	174,357,822

16. SUBSEQUENT EVENTS

On 2 September 2019 the Company completed the par value capital reduction transaction approved by shareholders at the annual general meeting held on 11 June 2019. As a result the nominal share capital of the company reduced from CHF 9.00 to CHF 1.00 with a corresponding adjustment against accumulated losses.

On 26 September 2019 the group successfully completed the refinancing of debt secured against the Leipzig properties. The group entered into a new 5 year facility with a major German financial institution. The principal sum borrowed was €65 million. Under the terms of the financing approximately 10.5% of the principal sum will be amortised during the term of the loan. The proceeds from the financing will be used to repay existing debt secured against the Leipzig properties, other working capital loans borrowed by group entities and a provision for general working capital.

17. BOARD APPROVAL

The unaudited consolidated financial statements on pages 6 to 25 are subject to approval and have been authorised by the board of directors on 30 September 2019 and were signed on its behalf by:

Dr. Volkert Klaucke
Chairman

Date: 30 September 2019

Dr. Doraiswamy Srinivas
Vice Chairman

Date: 30 September 2019