

TAU CAPITAL PLC

**CONDENSED HALF-YEARLY REPORT AND UNAUDITED CONDENSED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

TAU CAPITAL PLC

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TAU CAPITAL PLC

Company Information

Directors (Non-Executive)

Gerwyn Williams* (Chairman)
(appointed 12 April 2019)
Nigel Burton* (appointed 12 April 2019)
Philip Scales*
Philip Lambert* (resigned 12 April 2019)
Terence Mahony (resigned 12 April 2019)
*Independent Director

Registered Office

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IM1 1AP
Isle of Man

Nominated Adviser and Joint Broker

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5 St. Helen's Place
London
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Joint Broker

Peterhouse Capital Limited
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80 Cheapside
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United Kingdom

Administrator and Registrar

FIM Capital Limited
IOMA House
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Douglas
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Independent Auditor

Deloitte LLP
The Old Courthouse
Athol Street
Douglas
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Isle of Man

CREST Service Provider and UK Transfer Agent

Computershare Investor
Services (Jersey) Ltd
Queensway House
Hilgrove Street
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TAU CAPITAL PLC

Chairman's Statement

It is less than nine weeks since the Annual Financial Statements for the year ended 31 December 2018 were issued along with my last statement but, since then, your Board has continued to review a number of potential opportunities for a Reverse Takeover ("RTO"). The Board is very aware of the need to act quickly given that the admission to trading of the Company's ordinary shares on AIM will be cancelled if such a transaction is not completed by the relevant date in October 2019. The Board are considering a number of possibilities including applying for admission to a different exchange.

In the meantime, a close watch is being kept on all expenses and, wherever possible, cost savings will continue to be made.

As soon as there is material progress with an RTO, an appropriate announcement will be made.

Gerwyn Williams

Chairman

30 August 2019

TAU CAPITAL PLC

Condensed Statement of Comprehensive Income

	Note	For the six months ended 30 June 2019 (Unaudited) US\$	For the year ended 31 December 2018 (Audited) US\$	For the six months ended 30 June 2018 (Unaudited) US\$
Investment income				
Interest income		-	7	6
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		-	45,050	(6,244)
Total operating gain/(loss)		-	45,057	(6,238)
Expenses				
Operating expenses	8	(200,757)	(502,667)	(204,688)
Loss for the period/year:		(200,757)	(502,667)	(210,926)
Total comprehensive loss for the period/year attributable to shareholders		(200,757)	(457,610)	(210,926)
Basic and diluted loss per share (cents)	11	(0.17)	(0.93)	(0.43)

All results derive from continuing operations.

The accompanying notes on pages 7 to 11 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Statement of Financial Position

	Note	As at 30 June 2019 (Unaudited) US\$	As at 31 December 2018 (Audited) US\$	As at 30 June 2018 (Unaudited) US\$
Assets				
Investments in subsidiaries	4	-	-	2,560,349
Cash		147,455	1,407,341	105,199
Debtors and prepayments		52,499	22,224	40,465
Loan to subsidiary	6	-	-	111,574
Total assets		199,954	1,429,565	2,817,587
Liabilities				
Creditors and accruals		(70,383)	(63,808)	(78,699)
Loan from subsidiary	6	-	-	(1,126,447)
Total liabilities		(70,383)	(63,808)	(1,205,146)
Total net assets		129,571	1,365,757	1,612,441
Shareholders' equity				
Share capital	5	1,126,209	976,209	976,209
Distributable reserves		(996,638)	389,548	636,232
Total shareholders' equity		129,571	1,365,757	1,612,441
Net Asset Value per share (cents)		0.26	2.79	3.29

The accompanying notes on pages 7 to 11 are an integral part of these condensed financial statements.

Approved by the Board of Directors and signed on its behalf by:

Gerwyn Williams

Philip Scales

30 August 2019

TAU CAPITAL PLC

Condensed Statement of Changes in Equity for the six months ended 30 June 2019

	Share capital (Unaudited) US\$	Distributable reserves (Unaudited) US\$	Total (Unaudited) US\$
Balance at 31 December 2018	976,209	389,548	1,365,757
Loss for the period	-	(200,757)	(200,757)
Total comprehensive loss for the period	-	(200,757)	(200,757)
<i>Transactions with shareholders</i>			
Redenomination of ordinary shares to no par value	(976,209)	976,209	-
Distribution to ordinary shareholders	-	(1,185,429)	(1,185,429)
Placing of ordinary shares	-	150,000	150,000
Total transactions with ordinary shareholders	(976,209)	(59,220)	(1,035,429)
Balance at 30 June 2019	-	129,571	129,571

Condensed Statement of Changes in Equity for the year ended 31 December 2018

	Share capital (Audited) US\$	Distributable reserves (Audited) US\$	Total (Audited) US\$
Balance at 31 December 2017	976,209	847,158	1,823,367
Total comprehensive loss for the year	-	(457,610)	(457,610)
Balance at 31 December 2018	976,209	389,548	1,365,757

Condensed Statement of Changes in Equity for the six months ended 30 June 2018

	Share capital (Unaudited) US\$	Distributable reserves (Unaudited) US\$	Total (Unaudited) US\$
Balance at 31 December 2017	976,209	847,158	1,823,367
Total comprehensive loss for the period	-	(210,926)	(210,926)
Balance at 30 June 2018	976,209	636,232	1,612,441

The accompanying notes on pages 7 to 11 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Statement of Cash Flows for the six months ended 30 June 2019

	For the six months ended 30 June 2019 (Unaudited) US\$	For the year ended 31 December 2018 (Audited) US\$	For the six months ended 30 June 2018 (Unaudited) US\$
Cash flows from operating activities			
Loss for the period/year	(200,757)	(457,610)	(210,926)
<i>Adjustments to reconcile loss for the period/year to net cash provided by operating activities:</i>			
Net (gain)/loss on financial assets at fair value through profit or loss	-	(45,050)	6,244
<i>Working capital adjustments:</i>			
Increase in debtors and prepayments	(30,274)	(7,081)	(25,322)
Decrease/(increase) in creditors and accruals	6,575	(26,325)	(11,434)
	(224,457)	(536,066)	(241,438)
Proceeds from the disposal of Stopharm	-	1,202,512	-
Receipts of payments from subsidiaries	-	671,111	276,853
Net cash from operating activities	-	1,337,557	276,853
Cash flows from financing activities			
Distributions paid to holders of ordinary shares	(1,185,429)	-	-
Proceeds from the issue of ordinary shares	150,000	-	-
Net cash from financing activities	(1,035,429)	-	-
Net (decrease)/increase in cash and cash equivalents	(1,259,886)	1,337,557	35,415
Cash and cash equivalents at the beginning of period/year	1,407,341	69,784	69,784
Cash and cash equivalents at the end of period/year	147,455	1,407,341	105,199

The accompanying notes on pages 7 to 11 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Notes to the Condensed Financial Statements

1. General

Tau Capital Plc (the "Company") is a closed-ended investment company domiciled in the Isle of Man since 3 April 2007. The Company was incorporated under the Isle of Man Companies Acts 1931-2004. Following approval at the Annual General Meeting held on 24 July 2012, the Company was re-registered under the Isle of Man Companies Act 2006 with registered number 008604V. The Company's ordinary shares are admitted to trading on AIM, a market of that name operated by the London Stock Exchange. The Company has no employees.

On 18 October 2018, the Company completed the disposal of the Company's indirect interest in Stopharm LLP ("Stopharm") (see note 4). Following this disposal, under AIM Rule 15, the Company was then classified as a cash shell. The result of this was that the Company was required, within six months to make an acquisition which constitutes a reverse takeover under AIM Rule 14 or be re-admitted to trading on AIM as an investing company, failing which the Company's ordinary shares would be suspended. The Company's ordinary shares were suspended on 23 April 2019 and the Company now has up to six months from the date of suspension of the Company's ordinary shares to complete a reverse takeover or be readmitted to trading on AIM as an investing company or the Company's shares will be cancelled from trading on AIM pursuant to AIM Rule 41.

The Company's subsidiaries, Tau (Cayman) L.P., Tau Cayman Limited and Tau SPV 1 Cooperatief WA ("Tau SPV 1") were dissolved on 20 December 2018, 31 January 2019 and 3 January 2019 respectively.

On 9 April 2019 the Company allotted and admitted to AIM 150,000,000 ordinary shares with one voting right each, raising gross proceeds of US\$150,000, via a placing.

On 12 April 2019 the Company made a distribution of US\$1,185,429, equivalent to US\$0.0242 per share to ordinary shareholders on record at 5 April 2019.

2. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at the year ended 31 December 2018. The financial statements of the Company as at and for the year ended 31 December 2018 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP or at www.taucapitalplc.com.

This is the first set of financial statements in which IFRS 16 Leases has been applied. The Company is neither a lease or lessor, therefore the application has resulted in no measurement or disclosure impact on the financial statements.

A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the financial statements.

3. Significant accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at 31 December 2018 other than noted above. There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. Key estimates, assumptions and judgements that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial period are outlined below.

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Condensed Notes to the Financial Statements (continued)

Going concern

Following the liquidation of all subsidiaries and the suspension of trading of the Company's ordinary shares on the AIM as detailed in note 1, the Board has made an assessment of the Company's going concern. In light of this, the financial statements have been presented on a non-going concern basis, which assumes that the Company will be placed into liquidation, following the delisting of the Company's ordinary shares, should a reverse takeover not be completed or be readmitted to trading on AIM as an investing company by the relevant date in October 2019.

a) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance. The Directors are of the opinion that over the financial period, the Company held no operating segments.

4. Investments in Subsidiaries

At 30 June 2019 the Company held no subsidiaries. The fair value of Tau Cayman Ltd at 31 December 2018 was US\$ nil and at 30 June 2018 was US\$2,560,349.

From 1 January 2018 the Company classified its investments in subsidiaries in accordance with IFRS 9 Financial Instruments: Recognition and Measurement ("IFRS 9"). This standard replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39").

The Company valued its investments in subsidiaries in accordance with IFRS 13 – Fair Value Measurements ("IFRS 13"). IFRS 13 defines fair value and establishes a framework for measuring fair value.

Financial instruments included in each category are as follows:

- Level 1 - Quoted market price
- Level 2 - Market observable inputs
- Level 3 - Non-market observable inputs

No financial assets were held at 30 June 2019 or 31 December 2018. At 30 June 2018 Level 3 financial assets of US\$2,560,349 were held by the Company.

The following is a reconciliation of the movement in financial assets for which non-market observable inputs Level 3 were used to determine fair value in the comparative periods:

	31 Dec 2018	30 June 2018
	US\$	US\$
Opening balance at beginning of year/period	2,566,593	2,566,593
Opening loan balances netted off investments	(738,020)	-
Net loans and investments	1,828,573	2,566,593
Payments received from subsidiaries	(671,111)	-
Proceeds from the disposal of Stopharm	(1,202,512)	-
Net gain/(loss) on financial assets at fair value through profit or loss	45,050	(6,244)
	(1,828,573)	2,560,349
Closing balance at end of year/period	-	2,560,349

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

There were no transfers between Levels during any of the reported financial period. Net realised and unrealised gains/(losses) on investments are recognised as investment income in the Condensed Statement of Comprehensive Income.

As at 30 June 2019 and 31 December 2018 the Company held no Level 3 financial assets. The only Level 3 financial asset measured at fair value at 30 June 2018 was the Company's investment in Tau Cayman L.P. which had a fair value of US\$2,560,349. The investment was valued using a net realisable assets approach; details of the significant unobservable inputs in the valuation at 30 June 2018 included the perceived valuation of the Stopharm investment.

Fair value of the Company's Level 3 financial assets and financial liabilities that are measured at fair value on a recurring basis

Tau (Cayman) L.P.

Tau (Cayman) L.P. was dissolved on 20 December 2018, the assets and liabilities at 30 June 2018 were as follows:

	As at 30 June 2018
	US\$
Cash	470,106
Debtors and prepayments	7,951
Investment in subsidiary	1,088,416
Loan to parent	1,131,620
Total assets	2,698,093
Accounts payable and accrued expenses	(12,560)
Loan from parent	(125,184)
Total liabilities	(137,744)
Total net assets	2,560,349

Tau SPV 1

Tau SPV 1 was dissolved on 31 January 2019. In the comparative periods the fair value of Tau SPV 1 was based on its net assets, which were as follows:

	As at	As at
	31 December 2018	30 June 2018
	US\$	US\$
Cash	-	764
Financial assets at fair value through profit or loss	-	1,100,000
Total assets	-	1,100,764
Accounts payable and accrued expenses	-	(12,348)
Total liabilities	-	(12,348)
Total net assets	-	1,088,416

Stopharm

Stopharm is a wholesale pharmaceuticals distributor operating in Kazakhstan of which Tau SPV1 held 40.35 per cent of the equity. On 18 October 2018 the Company completed the disposal of the Company's indirect interest in Stopharm. The investment was valued at 30 June 2018 at US\$1,100,000 based on estimated net proceeds at the date the accounts were signed.

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Condensed Notes to the Financial Statements (continued)

5. Share Capital and Share Premium

The authorised share capital of the Company is £3,502,000 comprising 350,200,000 ordinary shares of no par value. The share capital of the Company has been allocated, called up and fully paid.

On 9 April 2019, the Company issued 150,000,000 ordinary shares with one voting right each. The number of shares in issue as at 30 June 2019 was 198,984,680 ordinary shares.

6. Intercompany loan

All of the Company's subsidiaries had been dissolved by 30 June 2019. In the comparative periods the loan balances were as follows:

	31 December 2018	30 June 2018
	US\$	US\$
<i>Due to the Company - Tau SPV 1</i>	-	111,574
<i>Due from the Company - Tau (Cayman) L.P.</i>	-	(1,126,447)

All the loans detailed above were interest free, unsecured and repayable on demand.

7. Related Party Items

Philip Scales, a Director of the Company is a director of FIM Capital Limited, the Company's Administrator.

On 12 April 2019, Gerwyn Williams was appointed as a Director. As at 30 June 2019, Gerwyn Williams held 32,530,000 ordinary shares in the Company.

On 12 April 2019, Nigel Burton was appointed as a Director. As at 30 June 2019, Nigel Burton held 26,024,000 ordinary shares in the Company.

On 12 April 2019, Philip Lambert resigned as a Director. As at 30 June 2019, Philip Lambert held 101,201 ordinary shares in the Company (101,201 shares at 30 June 2018 and 31 December 2018).

On 12 April 2019, Terence Mahony resigned as a Director. As at 30 June 2019, 30 June 2018 and 31 December 2018 Terence Mahony held 102,424 ordinary shares in the Company (102,424 shares at 30 June 2018 and 31 December 2018).

As at 30 June 2019, Richard Horlick, a previous Director of the Company held 12,684,221 ordinary shares (12,684,221 shares at 31 December 2018 and 30 June 2018). Global Asset Tracking, a company to whom Richard Horlick provides consultancy services, received no fees during the financial period (31 December 2018: GBP £48,000; 30 June 2018: GBP £48,000).

8. Operating expenses

Directors' remuneration

On 12 April 2019, both Philip Lambert and Terence Mahony resigned as Directors and Gerwyn Williams and Nigel Burton were appointed to the Board. Gerwyn Williams was also appointed Chairman. Gerwyn Williams and Nigel Burton do not receive a Directors' fee. From 12 April 2019 Philip Scales no longer receives a Directors' fee.

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Condensed Notes to the Financial Statements (continued)

Included within operating expenses are the Directors' remunerations, which are shown below:

	30 June 2019	31 Dec 2018	30 June 2018
	US\$	US\$	US\$
Philip Lambert	16,313	39,744	20,405
Terence Mahony	10,875	26,892	14,000
Philip Scales	3,910	15,864	8,162
Total Directors' remuneration	31,098	82,500	42,567

During the period ended 30 June 2019, none of the Directors received any additional cash or non-cash benefits (31 December 2018: US\$nil; 30 June 2018: US\$nil).

Administrator fees

The Administrator is entitled to receive a fixed fee of £35,000 for provision of administration services and US\$35,000 for provision of accounting services per annum, payable quarterly in arrears. The Administrator's fees for the period ended 30 June 2019 amounted to US\$45,075 (31 December 2018: US\$91,154; 30 June 2018: US\$46,369).

9. Exchange rates

The following exchange rates were used to translate assets and liabilities into US dollars:

	As at 30 June 2019	As at 31 December 2018	As at 30 June 2018
Euro	1.11655	1.1467	1.16840
Pound sterling	1.26965	1.2754	1.32070

10. Distributions

On 5 April 2019 a distribution was declared of US\$0.0242 per share, equivalent to US\$1,185,429. The distribution was paid on 12 April 2019. No distributions or dividends were declared or paid during the year ended 31 December 2018 and 30 June 2018.

11. Loss per Share

Basic and diluted loss per share is calculated by dividing the net profit or loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the period/year.

	For the six months ended 30 June 2019	For the year ended 31 December 2018	For the six months ended 30 June 2018
Net loss attributable to shareholders	(US\$200,757)	(US\$457,610)	(US\$235,402)
Weighted average number of ordinary shares in issue	117,318,013	48,984,680	48,984,680
Basic loss per share (cents)	(0.17)	(0.93)	(0.43)

There is no difference between the fully diluted earnings per share and basic earnings per share.

12. Subsequent events

Save as disclosed in this report, there were no events occurring after the date of the Condensed Statement of Financial Position that would have a material impact on this interim report.