

Company Registration No. 01999458

Gerald Holdings Limited

Annual report and financial statements

31 December 2018

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Gerald Holdings Limited

Annual report and financial statements 31 December 2018

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Gerald Holdings Limited

Annual report and financial statements 31 December 2018

Officers and Professional Advisers

Directors

C. Dean
D. Rabagliati
F. Kaufmann

Registered Office

Third Floor
One Strand
Grand Buildings
Trafalgar Square
London WC2N 5HR

Independent Auditors

Deloitte LLP
Statutory Auditors
London

Gerald Holdings Limited

Annual report and financial statements 31 December 2018

Directors' report

(expressed in thousands of USD)

The directors present their report and financial statements for the period ended 31 December 2018. In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

Share Capital

For the year ending 31 December 2018, Gerald Holdings Limited ("GHL" or the "Company") received a contribution of USD 50,000 from Gerald International Limited ("GI UK"), its immediate parent and subsequently contributed the USD 40,000 of capital to its subsidiary Gerald Limited ("GL").

Directors

The directors of the Company during the year are Craig Dean, David Rabagliati and Florian Kaufmann.

Independent Auditors

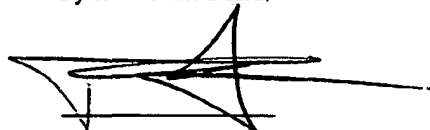
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed to the shareholders.

By order of the Board,



Florian Kaufmann, Director
01 October 2019

Gerald Holdings Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GERALD HOLDINGS LIMITED

Opinion

In our opinion the financial statements of Gerald Holdings Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Loss,
- the Balance Sheet,
- the Cash Flow Statement,
- the Statement of Changes in Equity, and
- the related notes 1 to 15.

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

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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 going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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 respect of these matters.

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 Company'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 Company 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 the 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Matters on which we are required to report by exception

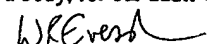
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



William Eversden (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

01 October 2019

Gerald Holdings Limited**Statement of comprehensive loss
For the year ended 31 December 2018****(expressed in thousands of USD)**

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Interest income		549	-
Interest expense		(119)	(98)
Net financing income (expense)		430	(98)
General administrative and other expenses	7	(3)	(30)
Investment impairment and reserve on account receivables	10/14	(4,819)	(5,601)
LOSS BEFORE TAX	6	(4,392)	(5,729)
Tax	9	-	-
NET LOSS		(4,392)	(5,729)

All the amounts in the current year and the previous period arise from continuing operations. There are no other items of comprehensive loss other than as included above. Accordingly, no separate statement of other comprehensive loss is presented.

The notes form an integral part of the financial statements.

Gerald Holdings Limited

Balance sheet

As at 31 December 2018

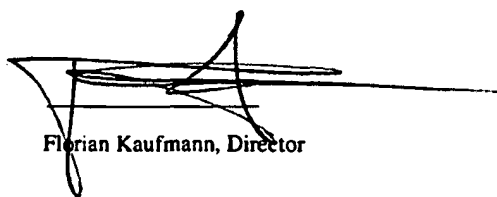
(expressed in thousands of USD)

	Notes	31 December 2018	31 December 2017
<u>ASSETS AND LIABILITIES</u>			
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents		6	6
Accounts receivable from affiliated companies	14	8,761	19
Total current assets		<u>8,767</u>	<u>25</u>
<u>NON-CURRENT ASSETS:</u>			
Investments in subsidiaries	10	46,380	10,605
Total non-current assets		<u>46,380</u>	<u>10,605</u>
<u>CURRENT LIABILITIES:</u>			
Accounts payable to affiliated companies	14	6,351	7,412
Other payables		16	46
Total current liabilities		<u>6,367</u>	<u>7,458</u>
NET ASSETS		<u>48,780</u>	<u>3,172</u>
<u>SHAREHOLDER'S EQUITY:</u>			
Share capital	11	774	774
Additional paid in capital	12	50,000	-
Retained (deficits) / earnings		(1,994)	2,398
Total shareholder's equity		<u>48,780</u>	<u>3,172</u>

The notes form an integral part of the financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under Companies Act 2006. The financial statements were approved by the Board of Directors and authorized for issue on 01 October 2019.

Signed on behalf of the Board of Directors.



Florian Kaufmann, Director

Company Registration No. 01999458

Gerald Holdings Limited

Cash flow statement

For the year ended 31 December 2018

(expressed in thousands of USD)

	Year ended 31 December 2018	Year ended 31 December 2017
Cash flows (used in) from operating activities:		
Net loss for the year	(4,392)	(5,729)
Adjustments for:		
Interest income	(549)	-
Interest expense	119	98
Goodwill impairment	4,819	5,601
Operating cash flows before movements in working capital	(3)	(30)
Working capital movements:		
Decrease in accounts receivable from affiliated companies	664	7
(Decrease) Increase in accounts payable to affiliated companies	(1,061)	110
(Decrease) Increase in other payables	(30)	17
Net cash flows (used in) from operating activities	(430)	104
Cash flows from investing activities:		
Interest received	549	-
Cash flows from investing activities	549	-
Cash flows (used in) financing activities:		
Interest paid	(119)	(98)
Cash flows (used in) financing activities	(119)	(98)
Net increase in cash and cash equivalents	-	6
Cash and cash equivalents - beginning of the year	6	-
Cash and cash equivalents - end of the year	6	6

The notes form an integral part of the financial statements.

Gerald Holdings Limited

Statement of changes in equity For the year ended 31 December 2018

(expressed in thousands of USD)

	Share Capital	Additional paid in capital	Retained earnings (deficits)	Total
Balance at 31 December 2016	<u>774</u>	<u>-</u>	<u>8,127</u>	<u>(45,024)</u>
Net loss for the year	-	-	(5,729)	(5,729)
Balance at 31 December 2017	<u>774</u>	<u>-</u>	<u>2,398</u>	<u>3,172</u>
Net loss for the year	-	-	(4,392)	(4,392)
Contribution	-	50,000	-	50,000
Balance at 31 December 2018	<u>774</u>	<u>50,000</u>	<u>(1,994)</u>	<u>48,780</u>

The notes form an integral part of the financial statements.

Gerald Holdings Limited

Notes to the financial statements

(expressed in thousands of USD)

1. NATURE OF OPERATIONS AND ORGANIZATION OF THE COMPANY

Gerald Holdings Limited ("GHL" or the "Company") is a company incorporated in England with its registered office at One Strand Third Floor, Grand Buildings, Trafalgar Square, London, England, WC2N 5HR. The principal activities of the GHL is to act as a holding.

GHL is wholly owned by Gerald International Ltd ("GI UK"), a private company incorporated on 5 January 2018 in England and Wales with its registered office at One Strand, Grand Buildings, London. GI UK immediate parent and controlling entity of the Gerald Group is Gerald MV Limited ("GMV"), a private company incorporated in England and Wales.

2. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments and inventories that are measured at fair value at the end of each reporting period through the statement of comprehensive loss, as explained in the accounting policies herein. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements and deliver them to the Register of Companies. These financial statements present information about the Company as an individual undertaking and not about its group. The Company is included in the consolidated financial statements of GMV as of 31 December 2018. A copy of the consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Under International Accounting Standard ("IAS") 1 – Presentation of Financial Statements, management shall assess an entity's ability to continue as a going concern. With the support from the Gerald group and the Company's current capital, management believes that the Company has the ability to meet all necessary liabilities as they come due and will continue operations for the foreseeable future. Based on this, management has concluded that going concern basis of preparation has been considered appropriate.

3. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of revised standards

The Company has adopted all the Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2018. The following have been applied for the first time in 2018.

Effective for annual periods beginning on or after		
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2 (amendment)	Share-based Payment	1 January 2018

IFRS 9 – Financial Instruments

IFRS 9 supersedes IAS 39 - Financial Instruments: Recognition and Measurement and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and required the Company to reassess classification of financial assets into three major categories:

- Amortized cost
- Fair value through profit and loss ("FVTPL"), and
- Fair value through other comprehensive income ("FVTOCI").

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

The three new classifications are based on the business model in which assets are managed by their cash flow characteristics. Financial liabilities continue to be measured at either FVTPL or amortized cost. Additionally, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated losses, as opposed to incurred credit losses, are recognized resulting in earlier recognition of impairments.

For the year ending 31 December 2018, the Company has concluded that IFRS 9 will not have a material impact on the balance sheet or statement of comprehensive loss, and no restatement of comparative information is necessary.

IFRS 9 change in measurements has an impact on all financial assets and liabilities disclosures. Below summarizes the change from IAS 39 to IFRS 9 measurement classification:

	Original measurement category under IAS 39	New measurement category under IFRS 9
Financial Assets		
Cash and cash equivalents	Amortized cost	Amortized cost
Accounts receivable due from affiliated company	Loan and receivable	Amortized cost
Financial Liabilities		
Accounts payable due to affiliated company	Amortized cost	Amortized cost
Accrued expenses and other liabilities	Amortized cost	Amortized cost

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 applies to revenue from contracts with customers and all previous revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognize revenue and the related cash flow. As a majority of the Company's revenue is derived from interest income, for which the point of recognition is dependent upon contract terms, the transfer of risks and rewards as defined by IAS 18 – Revenue and the transfer of control as defined by IFRS 15 generally coincides with the fulfilment of performance obligation under the sale terms at a point in time. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2017.

IFRS 2 – Share-based payments

The amendments to IFRS 2 clarified the classification and measurement of share-based payment transactions with respect to accounting for cash-settled share-based payment transactions that include a performance obligation, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Company does not have any share-based payment transactions; as such, adoption of this amendment has no material impact to the Company.

New and revised standards not yet effective

At the date of issuance of these financial statements, the following Standards and Interpretations were issued or amended but not yet effective:

	Effective for annual periods beginning on or after
IFRS 16	Leases 1 January 2019
IFRS 17	Insurance Contracts 1 January 2021
IFRS 9 (amendment)	Prepayment Features with Negative Compensation 1 January 2019
IAS 28 (amendment)	Long-term Interests in Associates and Joint Ventures 1 January 2019
IAS 19 (amendment)	Plan Amendment, Curtailment or Settlement 1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments 1 January 2019

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

IFRS 16 – Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 - Leases and the related interpretations when it becomes effective. Under IFRS 16, a lessee is required to recognize the present value of the unavoidable lease payments as a lease liability on the balance sheet with a corresponding right-of-use asset. The relief of the lease liability and the amortization of the right-of-use asset are recognized on the statement of comprehensive loss. The most significant impact of adopting IFRS 16 will be the present value of the lease commitments being shown as a liability and the right-of-use asset on the balance sheet. The Company has concluded that IFRS 16 will not have an impact on the financial statements.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance Contracts. IFRS 17 outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The Company has concluded that IFRS 17 will not have an impact on the financial statements.

IFRS 9 – Prepayment features with Negative Compensation

Amendment to IFRS 9 clarifies the purpose of assessing whether a prepayment feature meets the cash flow characteristics test, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

IAS 28 – Long-term Interest in Associates and Joint Ventures

Amendment to IAS 28 clarifies that an entity must apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture, but the net investment is not classified as an equity method investment. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

IAS 19 – Employee Benefits Plan Amendment, Curtailment or Settlement

Amendment to IAS 19 clarifies that the past service cost is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment but ignoring the effect of the asset ceiling. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatment

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatment. The Interpretation requires the Company to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements of the Company are as follows:

Foreign currencies

The Company's financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in United States dollars ("USD"), which is the functional currency of the Company and the presentation currency for the financial statements.

Gerald Holdings Limited

Notes to the financial statements (continued)

(expressed in thousands of USD)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the statement of comprehensive loss in the period in which they arise except for:

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and included in statement of comprehensive loss;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which forms part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Monetary assets and liabilities denominated in other currencies are translated into USD at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are measured at historical exchange rates. Transactions which occurred during the year denominated in currencies other than USD are translated at the actual rate of exchange for the transaction. The resulting exchange differences, if any, are recognized in the statement of comprehensive loss.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets, including goodwill, to determine whether there is an indication that those assets have experienced an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased, excluding goodwill, to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified as either financial assets at amortized cost, FVTOCI or FVTPL depending on the business model for managing the financial assets and the

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

nature of the contractual cash flow characteristics of the financial asset. Financial liabilities are classified as either financial liabilities at amortized cost or FVTPL.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial asset.

Cash and cash equivalents

Highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less when purchased.

Provisions

The Company records provisions when it has an obligation to satisfy a claim, it is probable that an outflow of Company resources will be required to satisfy the obligation and a reliable estimate of the amount can be made.

In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of a complex process of assessment of a number of variables, and relies on Management's judgment, as informed by expert legal advice, about the circumstances surrounding the past provision of services. Changes in estimates are reflected in the statement of comprehensive loss in the period in which the change occurs.

Revenue recognition

Revenue is recognized when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from the Company to the buyer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales are recognized when the product is delivered to the destination, which is typically the vessel on which it is shipped, the destination port or the customer's premises specified by the customer, and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset.

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

Gross vs. net presentation of revenues

Contracts that provide for physical delivery of cargos, but which are ultimately net settled, are presented on a net basis in the statement of comprehensive loss. Net settlement is when cash is paid or received for the difference between the contractual price of a cargo and the market value on a specified date, as delivery will not occur.

Expense recognition

Expenses are recognized in the period when they are incurred.

Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable income differs from income before tax as reported in the statement of comprehensive loss because it excludes items of income and expenses that are taxable or deductible in other periods and it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all

Gerald Holdings Limited

Notes to the financial statements (continued)

(expressed in thousands of USD)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit, or in the case of a taxable temporary difference only, the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited to the statement of comprehensive loss.

Dividends

Dividends are reported as a movement in equity in the period when they are approved by the shareholders.

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. The Company assesses its contingencies based upon the best information available, relevant laws and other appropriate requirements. Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgments

In the process of applying the Company's accounting policies (note 4), Management makes estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual outcomes could differ from those estimates. Estimates are used in accounting for derivative assets and liabilities, bad debt provisions on receivables, commodities owned, allowances, depreciation, taxes, provisions and contingencies.

Estimates and assumptions are reviewed periodically and the effects of any changes in estimates are reflected in the statement of comprehensive loss.

The Company identifies a policy as being significant when it requires Management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain. In the process of applying the Company's accounting policies described above, Management has made the following judgments that have a significant effect on the amounts recognized in the financial statements:

Allowances - During the periods ended 31 December 2018 and 2017, the Company did not record any significant allowances.

Use of estimates

The key assumptions concerning the future, and other key sources of estimation at the balance sheet date that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

Recoverability of trade accounts and other receivables – Trade accounts and other receivables are reflected net of an estimated allowance for expected credit losses. These allowances, when recorded, are estimated based primarily on the Company's aging policy guidelines, individual client analysis and an analysis of the underlying risk profile of each major revenue stream by business and geography.

Gerald Holdings Limited

Notes to the financial statements (continued)

(expressed in thousands of USD)

6. LOSS BEFORE TAX

The operating loss is stated after charging / (crediting)

	Year ended 31 December 2018	Year ended 31 December 2017
Interest income	549	-
Interest expense	(119)	(98)
General administrative and other expenses (Note 7)	(3)	(30)

7. GENERAL ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31 December 2018	Year ended 31 December 2017
Auditors' remuneration - audit services	(5)	(8)
Other administrative costs	-	(22)
Other income	2	-
	<u>(3)</u>	<u>(30)</u>

Other administrative costs include other administrative expenses.

8. EMOLUMENTS OF DIRECTORS AND STAFF PARTICULARS

The Company had no employees during the period and made no emoluments to directors (Dec 2017: Nil).

9. TAXATION

a) Tax on ordinary activities

The current tax is made up as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Current tax		
UK corporate tax	-	-
Total current tax	<u>-</u>	<u>-</u>

b) Factors affecting current tax

	Year ended 31 December 2018	Year ended 31 December 2017
Loss before tax	(4,392)	(5,729)
Theoretical tax at UK corporation tax rate of 19.00% (Dec 2017: 19.25%)	(834)	(1,103)
Permanent difference	916	1,079
Deferred tax not recognised	<u>(81)</u>	<u>24</u>
Actual current tax	<u>-</u>	<u>-</u>

The Company has no surplus management expenses carried forward (Dec 2017: USD 427).

Gerald Holdings Limited

Notes to the financial statements (continued)

(expressed in thousands of USD)

10. INVESTMENTS IN SUBSIDIARIES

	31 December 2018	31 December 2017
Balance as at 1 January	10,605	16,206
Contribution (Note 12)	40,000	-
Investment impairment	(4,225)	(5,601)
Balance as at 31 December	<u>46,380</u>	<u>10,605</u>

The below listing represents subsidiaries held directly or indirectly by the Company and the Company's portion of controlling or voting interest as of 31 December 2018 :

Name of interest	Principal activities	Country of registration	Ordinary Shares %
Gerald Limited (1)	Investment holding company	United Kingdom	100
Gerald UK Limited (2)	Trading and investment holding company	United Kingdom	100
Gerald Metals Limited (3)	Investment holding company	United Kingdom	100
Erus Metals Limited (1) *	Ferrous metals trader	United Kingdom	80

(1) Held directly by Gerald Holdings Limited.

(2) Held indirectly through Gerald Limited.

(3) Held indirectly through Gerald UK Limited.

* Warehousing (LME)

Gerald Limited, Gerald UK Limited and Gerald Metals Limited registered office: One Strand, Grand Buildings, Trafalgar Square, London WC2N 5HR.

Erus Metals Limited registered office: Commodity Centre, Braxted Park Road, Gt Braxted, Essex CM8 3EW.

In the Directors' view, the fair value of these investments is not less than their carrying value.

In prior periods, GHL acquired an 80% interest in Erus Metals Ltd ("EML"), a London Metal Exchange ("LME") warehouse. In addition to the LME License, GHL recorded an increase of USD 5,601 due to the acquisition of EML, which was included in the Company's investment in EML. During 2017, the investment was impaired, and the full amount was written off in 2017 and included in the statement of comprehensive loss and reduced the Company's investment in subsidiaries on the balance sheet. During 2018, the investment was impaired for the remaining balance of USD 4,225 and included in the statement of comprehensive loss.

11. SHARE CAPITAL

	31 December 2018	31 December 2017
Authorised, issued and fully paid:		
500,000 (Dec 2017: 500,000) ordinary shares of £1 each	<u>774</u>	<u>774</u>

12. ADDITIONAL PAID IN CAPITAL

	31 December 2018	31 December 2017
Additional paid in capital	<u>50,000</u>	<u>-</u>

In November 2018, the Company approved a series of capital injections between multiple entities. GHL was part of this capital injection plan and GHL received a contribution of USD 50,000 from GI UK, its immediate parent and subsequently contributed USD 40,000 to its subsidiary GL (note 10).

Gerald Holdings Limited

Notes to the financial statements (continued)

(expressed in thousands of USD)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Components of the Company's business could be impacted by various external factors namely, political events, unfavorable action by governments, natural catastrophes, and other macroeconomic events like recession. It is the Gerald group's policy to actively manage such risks in order to mitigate the impacts where possible. The Gerald group manages its capital to ensure that entities in the Gerald group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the previous period.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to shareholder of the parent.

The Company's activity is exposed to a number of financial risks arising from external factors. These include credit risks and liquidity risks.

Risk management is carried out by the Gerald group's financial and risk professionals who report to Senior Management on a regular basis entailing a significant amount of coordination with the various commodity departments. There have been no significant changes in the manner the Gerald group manages the exposures in the financial risks faced by the Company.

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

31 December 2018	Notes	Financial instruments measured at amortised cost	Total Carrying Amount
Financial assets			
Cash and cash equivalents		6	6
Accounts receivable from affiliated companies	14	8,761	8,761
Financial liabilities			
Accounts payable to affiliated companies	14	(6,351)	(6,351)
Other payables		(16)	(16)
		<u>2,400</u>	<u>2,400</u>
31 December 2017	Notes	Financial instruments measured at amortised cost	Total Carrying Amount
Financial assets			
Cash and cash equivalents		6	6
Accounts receivable from affiliated companies	14	19	19
Financial liabilities			
Accounts payable to affiliated companies	14	(7,412)	(7,412)
Other payables		(46)	(46)
		<u>(7,433)</u>	<u>(7,433)</u>

The financial instruments' carrying amount are either the fair value, or approximates fair value.

Credit risk

Credit risk refers to the risk that counterparty will fail to perform or fail to pay amounts resulting in financial loss to the Company. Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, accounts receivables from affiliated companies. As of 31 December 2018, the maximum credit exposure was USD 8,767 (Dec 2017: USD 25) referring to the carrying value of financial assets.

As of 31 December 2018 and 31 December 2017, the Company held no third-parties receivables balances.

Gerald Holdings Limited

Notes to the financial statements (continued)

(expressed in thousands of USD)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due. The Gerald group's Treasury department monitors the liquidity risk and uses for this purpose a number of liquidity risk management techniques for the management of the Company's short- and medium-term funding and liquidity requirements. Prudent liquidity risk management implies maintaining for the Company the availability of funding through an adequate amount of credit arrangements with the Gerald group when required. During the year ended 31 December 2018 and 2017, the Company held no payment obligations beyond a year.

14. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

	Year ended 31 December 2018	Year ended 31 December 2017
Interest income		
Erus Metals Limited	161	-
	<u>161</u>	<u>-</u>

	Year ended 31 December 2018	Year ended 31 December 2017
Interest expense		
Gerald UK Limited	(119)	(98)
	<u>(119)</u>	<u>(98)</u>

Interest expense represents the amount paid to Gerald UK Limited. Interest expense is charged at a rate of LIBOR plus 0.25% on related party loan.

	31 December 2018	31 December 2017
Accounts receivable from affiliated companies		
Gerald International Limited	8,761	-
Gerald Metals Limited	-	19
	<u>8,761</u>	<u>19</u>

	31 December 2018	31 December 2017
Accounts payable to affiliated companies		
Gerald Limited	6,351	54
Gerald UK Limited	-	7,358
	<u>6,351</u>	<u>7,412</u>

During 2018, GHL received a contribution of USD 50,000 from GI UK, its immediate parent and subsequently contributed USD 40,000 of capital to its subsidiary GL.

During 2018, the accounts receivables from Erus Metals Limited was fully reserved for USD 594 and included in the statement of comprehensive loss.

15. SUBSEQUENT EVENTS

After the balance sheet date, no material events have occurred that should be reflected in the annual accounts 2018 or which would require a note in the financial statements.