Company Registration No. 01999458

Gerald Holdings Limited

Report and Financial Statements

31 December 2017

Gerald Holdings Limited

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Gerald Holdings Limited

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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

Directors' strategic report (expressed in thousands of USD)

The directors present their strategic report for the year ended 31 December 2017 for Gerald Holding Limited ("GHL" or the "Company" or collectively with its subsidiaries the "GHL Group"). The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. In 2016, the Company's fiscal period end was changed from 30 April to 31 December and therefore the comparative figures are for a period of eight months. This current report covers the twelve month-period from 1 January 2017 to 31 December 2017.

Overview of the Company

The Company's acts as a holding company for the Gerald Group's investments in United Kingdom entities, which include the subsidiaries listed below:

- Gerald Limited – principal activities are to act as a holding company in the United Kingdom
- Gerald UK Limited – principal activities are to manage the sourcing and marketing of physical metals and minerals specialising in steel and to import steel into the United Kingdom domestic market
- Gerald Metals Limited – principal activities are to act as a holding company in the United Kingdom
- Gerald Metals Chile Limitada – dormant entity
- Erus Metals Limited – a LME registered warehouse in the United Kingdom, that we hold an eighty percent stake in.

Financial key performance indicators

The key financial performance indicators with comparatives for the period at the GHL Group level are as follows:

	For the year ended Dec 2017	For the eight months ended Dec 2016
Net sales	48,319	28,303
Gross commodity trading margin	725	1,124
Net loss before tax	(11,292)	(68,982)
Net loss	(11,293)	(68,974)
Net liabilities	(36,182)	(24,889)

During the year ended 31 December 2017, the global steel market continued to be challenging, which in turn affected the UK domestic market. For the year ended 31 December 2017, GHL Group has revenues of USD 48,319 and a modest USD 725 gross commodity trading margin. The GHL Group registered a loss before tax of USD 11,292, after consideration of the reserve of receivables from affiliated companies of USD 729.

Future developments

The Company anticipates the challenging trading conditions to continue and remains flexible to adapt to these challenges. The Company continues to look across various business lines for new opportunities as well as to stabilize the steel book.

Going Concern

The Gerald group (the "Group") has been in existence since 1962 and continues to be a private Group owned and controlled by its employees. It is a global commodity merchant which has historically focused on base, precious and ferrous metals, including all of the associated raw materials. Its activities span across the entire supply chain, which include mining operations, logistics and storage, financing of such commodities, and customized financial market solutions.

Subsequent to year end, the Company received a contribution of USD 50,000 of capital, from Gerald International Limited. The Company contributed USD 40,000 of the capital received down to its direct subsidiary, Gerald Limited. After making enquiries and basis these additional factors, the directors have a reasonable expectation that the GHL Group and Company has adequate resources to continue in operational existence for the foreseeable future.

By order of the Board,

Director
Florian Kaufmann
25 January 2019

Gerald Holdings Limited

Directors' responsibilities statement (expressed in thousands of USD)

The directors present their report and financial statements for the year ended 31 December 2017.

In 2016, the Company's fiscal year end has been changed from 30 April to 31 December and therefore the comparative figures are for a period of eight months. This current report covers the twelve month-period from 1 January 2017 to 31 December 2017.

Results and dividends

For the year ended 31 December 2017, there is no dividend declared (Dec 2016 - Nil). However, as noted in the strategic report and the annual report, the Gerald International Limited has declared a capital contribution of USD 50,000.

Share Capital

For the year ending 31 December 2017, there were no new shares issued (Dec 2016 – Nil). Subsequent to year end, Gerald Holding Limited received a capital contribution of USD 50,000 from Gerald International Limited, its immediate parent and subsequently contributed USD 40,000 of capital to its immediate subsidiary Gerald Limited. Refer to the Subsequent event note in the annual report for additional information.

Directors and their interests

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

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are primarily held at floating rates based on LIBOR.

Credit risk
The Company's principal financial assets are investments. The Company has no significant concentration of credit risk. The credit risk is therefore limited.

Liquidity risk
The Company has a prudent liquidity risk management in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments through the financing of the Gerald Group.

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 ought to have taken as a director in order to make himself 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 s418 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,

Director
Florian Kaufmann
25 January 2019

Directors' responsibilities statement

(expressed in thousands of USD)

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated 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 consolidated 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, International Accounting Standard 1 requires that directors:

- 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 consolidated 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 MEMBERS OF GERALD HOLDINGS LIMITED

Report on the audit of the financial statements

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 2017 and of 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 consolidated statements of comprehensive loss
- the consolidated balance sheets
- the company's balance sheets
- the consolidated cash flows statements
- the company cash flows statements
- the consolidated and company statements of changes in equity
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and 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

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 strategic report or 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, 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.

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.

WREversden

William Eversden (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditors

London, United Kingdom

25 January 2019

Gerald Holdings Limited

Consolidated statements of comprehensive loss
For the year ended 31 December 2017

(expressed in thousands of USD)

	Notes	For the year ended 31 December 17	For the eight months ended 31 December 16
Net sales		50,687	32,944
Cost of Sales		(50,596)	(32,630)
Gross commodity trading margin		91	314
Interest income		1,005	373
Interest expense		(1,035)	(105)
Net financing (costs) / income		(30)	268
Gross commodity trading margin including financing costs		61	582
General administrative and other expenses	7	(8,250)	(7,614)
Reserve on accounts receivable from affiliated companies	19	(729)	(74,658)
Other (expense)/income		(2,374)	12,708
NET (LOSS) BEFORE TAX	6	(11,292)	(68,982)
Income tax (expense) / benefit	9	(1)	8
CONSOLIDATED NET (LOSS)		(11,293)	(68,974)
Income attributable to:			
Shareholder		(11,135)	(68,763)
Non-controlling interests		(158)	(211)
TOTAL COMPREHENSIVE LOSS		(11,293)	(68,974)
(Accumulated deficit)/retained earnings - beginning of period		(27,979)	40,784
Net income attributable to controlling interests		(11,135)	(68,763)
Accumulated deficit - end of period		(39,114)	(27,979)

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.

See notes to the consolidated financial statements.

Gerald Holdings Limited

Consolidated balance sheets
As at 31 December 2017

(expressed in thousands of USD)

	Notes	31 December 2017	31 December 2016
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		4,579	9,467
Trade and other receivables	10	5,257	15,086
Accounts receivable from affiliated companies	19	-	99
Inventories	11	12,790	8,087
Derivative financial instruments	12	185	889
Other current assets		1,477	1,443
Total current assets		24,288	35,071
Property, plant and equipment – net	13	558	801
Other assets	14	2,343	7,945
TOTAL		27,189	43,817
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES:			
Loans payable to banks	16	11,994	22,314
Trade and other payables	17	192	2,241
Accounts payable to affiliated companies	19	45,153	37,119
Derivative financial instruments	12	1,896	3,216
Accrued expenses and other liabilities		4,136	3,816
Total current liabilities		63,371	68,706
Total liabilities		63,371	68,706
SHAREHOLDER'S EQUITY:			
Share capital	18	774	774
Accumulated deficit		(39,114)	(27,979)
Total shareholder's capital and reserves		(38,340)	(27,205)
Non-controlling interests		2,158	2,316
Total equity		(36,182)	(24,889)
TOTAL		27,189	43,817

See notes to the consolidated financial statements.

The consolidated financial statements for Gerald Holding Limited (Registration No. 01999458) were approved by the Board of Directors and authorised for issue on 25 January 2019.

Signed on behalf of the Board of Directors,

Director
Florian Kaufmann
25 January 2019

Gerald Holdings Limited

Balance sheets
As at 31 December 2017

(expressed in thousands of USD)

	Notes	31 December 2017	31 December 2016
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		6	-
Accounts receivable from affiliated companies	19	19	26
Total current assets		25	26
Investments in subsidiaries	14/15	10,605	16,206
TOTAL		10,630	16,232
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES:			
Accounts payable to affiliated companies	19	7,412	7,302
Accrued expenses and other liabilities		46	29
Total current liabilities		7,458	7,331
Total liabilities		7,458	7,331
SHAREHOLDER'S EQUITY:			
Share capital	17	774	774
Profit and loss for the year		(5,729)	(35)
Retained earnings		8,127	8,162
Total shareholder's capital		3,172	8,901
TOTAL		10,630	16,232

See notes to the consolidated financial statements.

The financial statements for Gerald Holding Limited (Registration No. 01999458) were approved by the Board of Directors and authorised for issue on 25 January 2019.

Signed on behalf of the Board of Directors,

Director
Florian Kaufmann
25 January 2019

Gerald Holdings Limited

Consolidated cash flows statements
For the year ended 31 December 2017

(expressed in thousands of USD)

	Year ended 31 December 2017	Eight months ended 31 December 2016
Cash flows from (used in) operating activities:		
Net loss before tax for the period	(11,292)	(68,982)
Adjustments for:		
Depreciation and impairment of fixed assets	265	2,212
Finance income	(1,005)	(373)
Finance expense	1,035	105
Goodwill impairment	5,601	-
Operating cash flows before movements in working capital	(5,396)	(67,038)
Working capital movements:		
Decrease in trade and other receivables	9,829	2,278
Decrease in accounts receivable from affiliated companies	99	56,289
Decrease (Increase) in derivative financial asset	704	(819)
(Increase) Decrease in inventory	(4,703)	9,645
(Increase) Decrease in other current assets	(74)	202
(Decrease) in trade and other payables	(1,689)	(20,519)
Increase (Decrease) in accounts payable to affiliated companies	8,034	6,402
Increase in derivative financial liability	(1,320)	235
Net cash flows from (used in) operating activities	5,484	(13,325)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(22)	(20)
Disposal of property, plant and equipment	-	17
Interest received	1,005	(216)
Sale of investment in subsidiary	-	558
Reserve due from parent	-	19,025
Cash flows from investing activities	983	19,364
Cash flows (used in) financing activities:		
(Decrease) in borrowings from banks	(10,320)	(1,840)
Interest paid	(1,035)	(105)
Cash flows (used in) financing activities	(11,355)	(1,945)
Net (decrease) increase in cash and cash equivalents	(4,888)	4,094
Cash and cash equivalents - beginning of the period	9,467	5,373
Cash and cash equivalents - end of the period	4,579	9,467

See notes to the consolidated financial statements.

Gerald Holdings Limited

Cash flows statements
For the year ended 31 December 2017

(expressed in thousands of USD)

	Year ended 31 December 2017	Eight months ended 31 December 2016
Cash flows from (used in) operating activities:		
Net loss before tax for the period	(5,729)	(35)
Adjustments for:		
Finance income	-	(85)
Finance expense	98	59
Investment impairment	5,601	-
Operating cash flows before movements in working capital	(30)	(61)
Working capital movements:		
Increase in accounts receivable from affiliated companies	7	-
Increase (Decrease) in accounts payable to affiliated companies	110	761
Increase (Decrease) in accounts payable to affiliated companies	17	-
Net cash flows from (used in) operating activities	134	761
Cash flows from investing activities:		
Purchase of preference share	-	(726)
Interest received	-	85
Cash flows from investing activities	-	(641)
Cash flows (used in) financing activities:		
Interest paid	(98)	(59)
Cash flows (used in) financing activities	(98)	(59)
Net (decrease) increase in cash and cash equivalents	6	-
Cash and cash equivalents - beginning of the period	-	-
Cash and cash equivalents - end of the period	6	-

Gerald Holdings Limited

Consolidated statements of changes in equity
For the year ended 31 December 2017

(expressed in thousands of USD)

	Share Capital	Due from Parent	Accumulated deficit	Attributable to equity holders of the parent	Non-controlling Interests	Total Equity
Beginning Balance - May 1, 2016	774	(19,025)	40,784	22,533	2,527	25,060
Net loss for the period	-	-	(68,763)	(68,763)	(211)	(68,974)
Reserve due from parent (Note 19)	-	19,025	-	19,025	-	19,025
Ending Balance December 31, 2016	774	-	(27,979)	(27,205)	2,316	(24,889)
Beginning Balance - January 1, 2017	774	-	(27,979)	(27,205)	2,316	(24,889)
Net loss for the period	-	-	(11,135)	(11,135)	(158)	(11,293)
Ending Balance December 31, 2017	774	-	(39,114)	(38,340)	2,158	(36,182)

Gerald Holdings Limited

Statements of changes in equity
For the year ended 31 December 2017

	Share Capital	Retained Earnings	Total Equity
Beginning Balance - May 1, 2016	774	8,162	8,936
Net loss for the period	-	(35)	(35)
Ending Balance December 31, 2016	774	8,127	8,901
Beginning Balance - January 1, 2017	774	8,127	8,901
Net loss for the period	-	(5,729)	(5,729)
Ending Balance December 31, 2017	774	7,398	3,172

See notes to the consolidated financial statements.

For the year ended 31 December 2017 (expressed in thousands of USD)

1. Nature of operations and organization of the Company

Gerald Holdings Limited ("GHL" or the "Company" or collectively with its subsidiaries the "GHL Group") 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 Group are to manage the sourcing and marketing of physical metals and minerals specialising in steel and to import steel into the United Kingdom domestic market.

GHL is wholly owned by Gerald International BV ("GI BV" or collectively with its subsidiaries the "Group"), formerly known as GISA Netherlands BV ("GISA BV"), a company incorporated in the Netherlands with its office at Muiderstraat 5/A 1011 PZ Amsterdam, the Netherlands.

On December 29, 2017, a corporate restructuring occurred whereby GI BV became the ultimate parent of the Gerald Group, replacing Gerald Holdings International LLP ("GH LLP"), via a reorganisation under common control. Prior to December 2017, GH LLP was the reporting entity of the Gerald group and consolidated all Gerald group companies. The outcome of this reorganization is that from December 29, 2017, GI BV is the new reporting entity of the Gerald Group and consolidates all entities previously consolidated by GH LLP, with the exception of Gerald Holdings LLC ("GH LLC") and GH LLP. The result of which, is that the new reporting entity, GI BV, represents an in-substance continuation of the pre-existing Group. Effective December 29, 2017, the immediate owner and controlling entity, Gerald MV Ltd ("GMV Ltd"), is incorporated in England.

2. Basis of Presentation

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

In 2016, The GHL Group's fiscal period end was changed from 30 April to 31 December and therefore the comparative figures are for a period of eight months. These current financial statements cover the twelve month-period from 1 January 2017 to 31 December 2017.

Going concern

Under International Accounting Standard ("IAS") 1 – Presentation of Financial Statements, management shall assess an entity's ability to continue as a going concern. As of 31 December 2017, the GHL Group has net liabilities of USD 36,182. Subsequent to year end, GHL received a capital contribution of USD 50,000 from Gerald International Limited, the GHL Group's reporting entity.

With the support of the Group and the additional capital, management believes that the GHL Group 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 International Financial Reporting Standards

The GHL Group and 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 endorsed by the European Union that are relevant to its operations and effective for accounting periods beginning on 1 January 2017.

The following have been applied for the first time in 2017.

		Effective for annual periods beginning on or after
Amendments to Standards		
IAS 12 (amendment)	Income Taxes	1 January 2017
IAS 7 (amendment)	Statement of Cash Flows	1 January 2017

For the year ended 31 December 2017 (expressed in thousands of USD)

3. Adoption of International Financial Reporting Standards (continued)

The amendment to IAS 12 clarifies the accounting treatment for deferred tax assets related to debt instruments measured at fair value. Adoption of this amendment has had no material impact to the GHL Group and Company.

The amendment to IAS 7 requires entities to provide disclosures about changes in liabilities arising from financing activities, including changes in financing cash flows and non-cash changes (such as foreign exchange movements). A reconciliation of cash flow to movements in borrowings has been included in Note 16.

New and revised standards not yet effective

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

		Effective for annual periods beginning on or after
IFRS 16	Leases – recognition, measurement, presentation and disclosure of leases	1 January 2019
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 will supersede 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. The GHL Group has undertaken an analysis of the impact of the new standard based on the financial instruments it holds and the way in which they are used. As a result of the analysis, it is anticipated that there will be no material impact on the face of the consolidated statement of consolidated balance sheet or in the consolidated statement of comprehensive loss.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognize revenue and the related cash flows. The GHL Group has undertaken an analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognized could differ under IFRS 15. As the majority of the GHL Group's revenue is derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations and transfer of control as defined by IFRS 15, no material changes in respect of timing and amount of revenue currently recognized by the GHL Group are expected.

Amendments to IFRS 2 – Classification and measurement of share-based payment transactions

The amendments to IFRS 2 clarify the classification and measurement of share-based payments 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 GHL Group does not have any share-based payment transactions; as such, amendments to IFRS 2 will not have an impact on the consolidated financial statements.

4. Significant accounting policies

Exemptions for qualifying entities under Companies Act 2006

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and the entities controlled by the GHL Group. Control is achieved where the GHL Group has power over the investee, is exposed, or has the right, to variable return from its involvement with the investee and has the ability to use its power to affect its return.

4. Significant accounting policies (continued)

The Company reassesses whether or not the GHL Group controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidated of a subsidiary begins when the GHL Group obtains control over the subsidiary and ceases when the GHL Group loses control of the subsidiary.

Foreign currencies

The individual financial statements of each GHL Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars (USD), which is the functional currency of the GHL Group and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the individual entities, transactions in currencies other than the entity'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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated statement of comprehensive loss.

Intra-group acquisitions of subsidiaries

Intra-group acquisitions of subsidiaries are recorded on the transaction date at their carrying value. The subsidiary's net income is included in the consolidated statement of comprehensive loss for the period.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive loss.

Depreciation is provided on a straight-line basis over the following estimated useful life of the assets:

Leasehold and building improvements	Lease term
Computer equipment	3 years
Furniture, Fixtures, Equipment, and Automobiles	3 - 5 years

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).

4. **Significant accounting policies (continued)**

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 consolidated 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 consolidated 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 consolidated 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.

Derivative financial instruments

Historically, the GHL Group has entered into derivative contracts to manage certain risks resulting from fluctuations in commodity prices. Derivative instruments are recorded in the balance sheets as either assets or liabilities and marked-to-market on a daily basis with unrealised gains and losses recorded in cost of goods sold in the statements of comprehensive loss.

Market value of derivatives is recorded on a trade-date basis. These amounts include unrealized gains and losses from exchange traded futures and options, amounts due to/from trading counterparties, derivative over the counter (OTC) swaps, forwards and options and amounts due to/from commodity clearing organizations. Unrealized gains and losses on OTC derivative transactions reflect amounts which would be received from or paid to a third party upon liquidation of these OTC derivative transactions and are reported separately as assets and liabilities unless a legal right of set-off exists and the GHL Group intends to net settle. All derivatives are carried at fair value. Revenues are recognized on a trade-date basis and include realized gains and losses and the net change in unrealized gains and losses.

Futures and exchange traded option transactions are recorded as contractual commitments on a trade-date basis and are carried at fair value based on exchange quotations. Derivative commodity swaps and forward transactions are accounted for as contractual commitments on a trade-date basis and are carried at fair value derived from dealer quotations and underlying commodity exchange quotations. Derivative OTC options purchased and written are recorded on a trade-date basis. Derivative OTC options are carried at fair value based on the use of valuation models that utilize, among other things, current interest, commodity and volatility rates as applicable. For long dated forward transactions, fair values are derived using internally developed valuation methodologies based on available market information.

Where market rates are not quoted or where Management deems appropriate, current interest, commodity and volatility rates are estimated by reference to current market levels. Given the nature, size and timing of transactions, estimated values may differ from realized values. Changes in the fair value are recorded in the consolidated statement of comprehensive loss.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the GHL Group becomes a party to the contractual provisions of the instrument.

Inventories

Inventories consist of non-ferrous, ferrous and precious metals products and are recorded on a trade-date basis. They are carried at fair value less costs to sell. Any changes in fair value are recognised in the consolidated statement of comprehensive loss in the period of the change.

4. Significant accounting policies (continued)

Cash and cash equivalents

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.

Trade and other receivables

Receivables are stated at face value, after provision for doubtful accounts, as necessary. Estimates are made for doubtful receivables based on reviews of all outstanding amounts at the year-end.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the GHL Group's accounting policy for borrowing costs.

Trade and other payables

Trade payables are recorded and stated at nominal value.

Borrowing costs

All costs are recognised in the consolidated statement of comprehensive loss in the period in which they are incurred.

Provisions

The GHL Group records provisions when it has an obligation to satisfy a claim, it is probable that an outflow of GHL Group 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 judgement, as informed by expert legal advice, about the circumstances surrounding the past provision of services. Changes in estimates are reflected in the consolidated statement of comprehensive loss in the period in which the change occurs.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the GHL Group and the revenue can be reliably measured. 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 recognised when substantially all risks pass to the customer and the price is determinable.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the GHL Group 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 recognised 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 consolidated statement of comprehensive loss. Net settlement is when cash is paid or received for the difference between the contractual price of a cargo on a specified date and the market value on the same date as delivery does not occur.

Expense recognition

Expenses are recognised in the period when they are incurred.

Taxes

Income tax expense or benefit 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 consolidated 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.

4. **Significant accounting policies (continued)**

The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the consolidated 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 consolidated financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the consolidated balance sheet liability method. Deferred tax liabilities are generally recognized for all 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 consolidated statement of comprehensive loss.

Dividends

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

Retirement benefit costs

Payments to retirement benefit plans are charged as they fall due.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The GHL Group held only operating leases as of December 31, 2017 and 2016.

Rental expense under operating leases is charged to income on a straight-line basis over the term of the relevant lease.

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 GHL Group assesses its contingencies based upon the best information available, relevant laws and other appropriate requirements. Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Advances on sales/purchases

Payments made or received prior to period-end for deliveries or purchases of goods are classified when they relate to purchases or sales of metal that do not qualify as inventory or sales as of the balance sheet date.

Investments in subsidiaries

The carrying value of the Company's investments in subsidiaries is stated at historical cost less any allowances for impairment.

For the year ended 31 December 2017 (expressed in thousands of USD)

5. Significant accounting judgements and key sources of estimation uncertainty

Judgements

In the process of applying the Company's accounting policies, 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 consolidated 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 consolidated statement of comprehensive operations.

The Gerald Group identifies a policy as being significant when it requires Management to make complex and/or subjective judgements 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 judgements that have a significant effect on the amounts recognized in the consolidated financial statements:

Allowances

During the periods ended December 31, 2017 and 2016, the GHL Group and Company did not record any significant allowances.

Non-controlling interests

Non-controlling interests were recorded in the current period as the proportionate share of income and loss of the non-controlling members.

Use of estimates

The key assumptions concerning the future, and other key sources of estimation at the consolidated 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:

Valuation of derivative instruments - Derivative instruments are carried at fair value. Fair values are determined externally by comparison to quoted market prices or third party broker quotations; by using models with externally verifiable model inputs; or by using alternative procedures such as comparison to comparable instruments and/or subsequent liquidation prices.

Recoverability of trade accounts and other receivables

Trade accounts and other receivables are reflected net of an estimated allowance for doubtful accounts. These allowances, when recorded, are estimated based primarily on the Group's aging policy guidelines, individual client analysis and an analysis of the underlying risk profile of each major revenue stream by business and geography. As of 31 December 2017 and 2016 there were no material allowances for trade receivables.

6. Loss before tax

The operating profit is stated after charging / (crediting)

GHL Group	For the year ended 31 December 2017	For the eight months ended 31 December 2016
Interest income	1,005	373
Interest expense	(1,035)	(105)
Goodwill impairment (Note 14)	(5,601)	-
Capital gain on sale of subsidiary (Note 15)	-	11,375
Management fee income	3,227	1,333
Selling and administrative expense	(8,250)	(7,614)

For the year ended 31 December 2017 (expressed in thousands of USD)

7. General administrative and other expenses

GHL Group	For the year ended 31 December 2017	For the eight months ended 31 December 2016
Employee salaries and benefits	5,120	3,697
Depreciation	265	2,212
Auditors' remuneration – audit services	50	64
Other selling and administrative costs	2815	1641
	8,250	7,614

Other administrative costs includes the office rent and other office expenses.

8. Emoluments of directors and staff particulars

GHL Group	For the year ended 31 December 2017	For the eight months ended 31 December 2016
Directors salaries	109	276
Directors pension	-	16
Employee salaries	4,237	2,844
Employee payroll taxes	505	368
Employee pension	236	168
Employee benefits	33	25

Directors' emoluments were paid of USD 109 for the year ended 31 December 2017 (Eight month-period ended 31 December 2016: USD 292). There was an average of 36 persons employed by the Group during the year ended 31 December 2017 (Eight month-period ended 31 December 2016: Average of 37 persons). The Company had no employees during the year (2016: nil).

9. Taxation

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	For the year ended 31 December 2017	For the eight months ended 31 December 2016
Current tax		
UK corporation tax	(1)	8
Total current tax	(1)	8

b) Factors affecting current tax charge

The current taxation credit for the year is calculated per the standard rate of corporation tax in the UK (2017: 19.25% and 2016: 20.00%) as explained below:

	For the year ended 31 December 2017	For the eight months ended 31 December 2016
Net loss before taxation	(11,292)	(68,982)
Theoretical tax at UK corporation of 19.25% (2016: 20.00%)	(2,174)	(13,796)
Permanent difference	1,079	(1,196)
Non-deductible expenses	-	14,932
Other	-	26
Deferred tax not recognised	1,096	26
Actual current tax charge	1	(8)

The GHL Group has unrecognized deductible temporary difference carried forward USD 24,405 (Dec 2016: USD 29,353).

For the year ended 31 December 2017 (expressed in thousands of USD)

10. Trade and other receivables

GHL Group	31 December 2017	31 December 2016
Trade receivables	3,754	14,934
Margin receivable	260	0
Other receivables	1,243	152
	5,257	15,086

As of 31 December 2017 and 2016, the Company had no trade and other receivables.

Management believes that the carrying value of trade receivables approximates their fair value. As of 31 December 2017 and 2016, substantially all trade receivables are pledged to banks. As of 31 December 2017 and 2016, there were no significant allowances for bad debt recorded in trade receivables.

11. Inventories

As of 31 December 2017 and 2016 the GHL Group only held ferrous metals in inventory. Substantially all inventories were pledged to banks as collateral for the GHL Group loans. As of 31 December 2017 and 2016, the Company had no inventory.

12. Derivative financial instruments

The GHL Group enters into master netting agreements with commodity clearing brokers and has the contractual right of set-off for certain swaps and forwards. Those financial instruments under master netting agreements and agreements with the right of offset whereby the GHL Group intends and has the present ability to settle net are presented as net amounts by counterparty.

GHL Group	31 December 2017	31 December 2016
Assets:		
Unrealised gains on swaps and forwards	185	889
Liabilities		
Unrealised losses on swaps and forwards	(1,896)	(3,216)
Net derivative liability	(1,711)	(2,327)

The Company held no derivative positions as of 31 December 2017 and 2016.

For the year ended 31 December 2017 (expressed in thousands of USD)

13. Property, plant and equipment – net

GHL Group	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
Cost				
At 1 May 2016	727	2,644	386	3,757
Additions	20	-	-	20
(Disposals)	-	(321)	(186)	(507)
At 31 December 2016	747	2,323	200	3,270
Additions				
(Disposals)	-	22	-	22
At 31 December 2017	747	2,345	200	3,292
Accumulated depreciation				
At 1 May 2016	(145)	(390)	(211)	(746)
Disposals depreciation	-	319	171	490
Impairment for the period	-	(2,039)	-	(2,039)
Depreciation for the period	(98)	(46)	(30)	(174)
At 31 December 2016	(243)	(2,156)	(70)	(2,469)
Depreciation for the period	(149)	(76)	(40)	(265)
At 31 December 2017	(392)	(2,232)	(110)	(2,734)
Carrying amount				
At 31 December 2016	504	167	130	801
At 31 December 2017	355	113	90	558

14. Other assets

In prior periods, GHL Group acquired an 80% interest in Erus Metals Ltd ("EML"), a London Metal Exchange ("LME") warehouse. The EML entity is a fully consolidated entity for both the year ended 31 December 2017 and 2016, which is further disclosed in Note 15. As a LME warehouse, EML holds a LME license which has been recorded as an intangible asset with an indefinite life and will not be amortized. The value of the LME license is USD 2,343.

In addition to the LME License, the GHL Group recorded goodwill of USD 5,601 due to the acquisition of EML, which was included in the Company's investment in EML. During 2017, the goodwill was impaired, and the full amount was written off in 2017 and included in the consolidated statement of comprehensive losses and reduced the Company's investment on the balance sheet.

For the year ended 31 December 2017 (expressed in thousands of USD)

15. Investments in subsidiaries

The Company has investments in the following direct and indirectly held subsidiary undertakings:

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
Gerald Metals Chile Limitada (4)	Investment holding company	Chile	100

(1) Held directly by Gerald Holdings Limited.
(2) Held indirectly through Gerald Limited.
(3) Held indirectly through Gerald UK Limited.
(4) Held indirectly through Gerald Metals Limited.
* LME Registered Warehousing

Gerald Limited, Gerald UK Limited and Gerald Metals Limited registered office is One Strand, Grand Buildings, Trafalgar Square, London WC2N 5HR. Erus Metals Limited registered office is 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 the Directors' view, the fair value of these investments is not less than their carrying value.

On 30 April 2014, the Company acquired 100% of the outstanding stock and debt of Metalloyd Holdings Limited (Metalloyd) and its wholly owned subsidiary RBRG Trading (UK) Limited (RBRG), a trading group dealing primarily in ferrous metals, iron ore and steel products. Subsequent to the year ended 30 April 2016, Gerald UK Limited and the initial seller of the shares agreed to a settlement of a put option to sell 100% of the shares of RBRG and Metalloyd back to the seller. Linked to this transaction, the Company settled different related parties' balances and book a capital gain of US$ 5,978 during the period ended 31 December 2016.

16. GHL Group - Loans payable to banks

	31 December 2017	31 December 2016
Bank loans	10,243	3,385
Bank overdrafts	1,751	18,929
	11,994	22,314

As of 31 December 2017 and 2016, a substantial portion of the GHL Group's bank overdrafts and loans payable to banks are collateralized by pledges of certain inventories owned and accounts receivable. The interest rates on bank overdrafts and loans generally range from 1.35% to 4.17% per annum (Dec 2016: 1.30% to 3.40% per annum).

The Group's Management considers that the carrying amount of bank overdrafts and loans approximates their fair value, due to their short term nature. (See also Note 19 for disclosure on interest rate risk).

The GHL Group was in compliance with all its corporate and financial covenants as of 31 December 2017 and 2016. The table below is a reconciliation of cash flows to movements in borrowings for the GHL Group loans payable to banks:

	December 2017	December 2016
Cash related movements in borrowings		
(Decrease) in borrowings from banks	(10,320)	(1,840)
Increase / (Decrease) in borrowings for the period	(10,320)	(1,840)
Total Borrowings - beginning of the period	22,314	24,154
Total Borrowings - end of the period	11,994	22,314

The Company held no loan payable to banks as of 31 December 2017 and 2016.

For the year ended 31 December 2017 (expressed in thousands of USD)

17. Trade and other payables

	31 December 2017	31 December 2016
Trade payable	192	480
Payable to brokers	-	591
Margin payables	-	1,170
	192	2,241

The Company held no trade and other payables as of 31 December 2017 and 2016.

18. Called up share capital

	31 December 2017	31 December 2016
Authorised, issued and fully paid:		
500,000 (Dec 2016: 500,000) ordinary shares of £1 each	774	774

19. Related party transactions

The GHL Group has the following related party balances as of 31 December 2017 and 2016:

GHL Group	31 December 2017	31 December 2016
Accounts receivable from affiliated company		
Gerald Metals LLC	-	99
	-	99
Accounts payable to affiliated companies		
Gerald Metals LLC	167	13
GT Commodities LLC	1,100	800
Gerald Metals SA	43,886	36,306
	45,153	37,119

Company	31 December 2017	31 December 2016
Accounts receivable from affiliated company		
Gerald Metal Limited	19	26
	19	26
Accounts payable to affiliated companies		
Gerald UK Limited	-	3,518
Gerald Limited	54	54
Gerald Metals SA	3,358	3,730
	7,412	7,302

As of 30 April 2016 certain amounts due from the parent company, GH LLC, were included in the contra equity account Due from Parent. Those amounts pertain to a subordinated loan agreement with GH LLC. Management presented these balances within equity (contra-equity) as Management did not anticipate its repayment. This was also consistent with the Group-wide policy for presenting long term, subordinated loans due from related entities.

In conjunction with the Group reorganization amounts receivable from GH LLC have been reserved through the statement of comprehensive loss, for the year ended 31 December 2017 for USD 728 (Eight month-period ended 31 December 2016: USD 74,658), as it is unlikely the balance will be repaid.

20. Financial Instruments and Risk Management

The GHL Group derives a substantial portion of its revenue from market making and merchant trading activities principally in ferrous metals. The GHL Group also earns trading profits by structuring and executing transactions that, in addition to the underlying supply of metal, also provide services that allow its counterparts to manage the portion of their business risks associated with the commodities the GHL Group is trading with the counterpart. In addition, as part of its normal market making activities the GHL Group may from time to time have positions in the form of physical inventories or simply price exposures in anticipation of future market conditions. These positions may be made up of any of the following instruments: physical contracts, OTC contracts, options, forwards and futures.

These consolidated financial instruments represent contracts with counterparts whereby payments are linked to or derived from market indices or are based on fixed terms described in the instrument contract, which are typically settled either by physical delivery or may be financially settled with the counterpart.

Forward and future transactions are contracts for future delivery in which the counterpart agrees to make or take delivery at a specified price or on the basis of a pricing formula. Derivative commodity swap transactions may involve the exchange of fixed and floating payment obligations without the exchange of the underlying commodity.

Options which are either exchange traded, OTC traded, or directly negotiated between counterparts, provide the holder with the right to buy from or sell to the writer an agreed amount of commodity, at either a specified strike price or at a strike price determined based on an agreed upon index, at a specified period of time. As a writer of options, the GHL Group generally receives an option premium and manages the risk associated with that option by either entering into an opposing position with a counterpart or an exchange, or by managing (delta hedging) the change in the value of the underlying commodity in respect of the option value and strike.

Components of the GHL Group's business could be impacted by various external factors namely, political events, unfavourable 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 GHL 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 GHL Group's overall strategy remains unchanged from the previous period. The capital structure of the GHL Group consists of debt, which includes the borrowings disclosed in notes, cash and cash equivalents and equity attributable to shareholders of the parent.

The GHL Group's activity is exposed to a number of financial risks arising from external factors. These include market risks relating to foreign currency exchange rates, interest rates, commodity prices, credit risks, and liquidity risks. The GHL Group's overall risk management program focuses on the unpredictability of financial markets, flexibility retention, while seeking to minimize any potential adverse effects on the GHL Group's financial performance. A main component of the risk management strategy is the utilization of financial instruments to hedge these risks in order to mitigate the associated exposures.

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 GHL Group.

For the year ended 31 December 2017 (expressed in thousands of USD)

20. Financial Instruments and Risk Management (continued)

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

GHL Group

31 December 2017	Notes	Loans and receivables	Measured at fair value through P&L	Financial liabilities measured at amortised cost	Total Carrying Amount
Financial assets					
Trade and other receivables	10	5,257	-	-	5,257
Derivative financial instruments	12	-	185	-	185
Cash and Cash equivalents		4,579	-	-	4,579
Financial Liabilities					
Trade and other payables	17	-	-	(192)	(192)
Accounts payable to affiliated companies	19	-	-	(45,153)	(45,153)
Derivative financial instruments	12	-	(1,896)	-	(1,896)
Loans payable to banks	16	-	-	(4,136)	(4,136)
		9,836	(1,711)	(49,481)	(41,356)

31 December 2016	Notes	Loans and receivables	Measured at fair value through P&L	Financial liabilities measured at amortised cost	Total Carrying Amount
Financial assets					
Trade and other receivables	10	15,086	-	-	15,086
Accounts receivable from affiliated companies	19	99	-	-	99
Derivative financial instruments	12		889	-	889
Cash and Cash equivalents		9,467	-	-	9,467
Financial Liabilities					
Trade and other payables	17	-	-	(2,241)	(2,241)
Accounts payable to affiliated companies	19	-	-	(37,119)	(37,119)
Derivative financial instruments	12	-	(3,216)	-	(3,216)
Loans payable to banks	16	-	-	(22,314)	(22,314)
		24,652	(2,327)	(61,674)	(39,349)

For the year ended 31 December 2017 (expressed in thousands of USD)

20. Financial Instruments and Risk Management (continued)

The Company

31 December 2017	Notes	Loans and receivables	Financial liabilities measured at amortised cost	Total Carrying Amount
Financial assets				
Accounts receivable from affiliated companies	19	19	-	19
Cash and Cash equivalents		6	-	6
Financial Liabilities				
Accounts payable to affiliated companies	19	-	(7,301)	(7,301)
		25	(7,301)	(7,276)

31 December 2016	Notes	Loans and receivables	Financial liabilities measured at amortised cost	Total Carrying Amount
Financial assets				
Accounts receivable from affiliated companies	19	26	-	26
Financial Liabilities				
Accounts payable to affiliated companies	19	-	(7,327)	(7,327)
		26	(7,327)	(7,301)

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

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future performance of a business. The GHL Group's activities expose it primarily to the financial risks from changes in commodity prices, foreign currency exchange rates, and in interest rates. The GHL Group enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risks, including: forward contracts, futures and over the counter contracts on commodities, and forward contracts on foreign exchange rates to hedge the exchange rate risk arising from specific trading transactions.

Foreign currency risk

The GHL Group is exposed to the effects of fluctuations in exchange rates of foreign currencies such as GBP and EUR. However where possible, and necessary, the GHL Group enters into foreign exchange contracts to hedge against this currency exposure.

At 31 December 2017, the exposure for the GHL Group by currency was assessed as negligible.

Interest rate risk

In general, the GHL Group borrows on a secured and unsecured basis in a mix of committed and uncommitted facilities which generally range from 3.08% to 4.17% (Dec 2016: 2.10% to 3.40%). Loans are primarily arranged at a fixed interest rate over short periods to finance the trading activities of the GHL Group. As of 31 December 2017 and 2016, a substantial portion of the GHL Group's bank overdrafts and loans payable to banks are collateralised by pledges of certain inventories owned, accounts receivable and provisional payments on purchases. The majority of all borrowing is basis cost of funds.

For the year ended 31 December 2017 (expressed in thousands of USD)

20. Financial Instruments and Risk Management (continued)

The GHL Group's interest rate risk arises primarily from short-term borrowings used to finance its trading activities. These borrowings are generally transacted at rates which are fixed upon incurring the borrowing and could expose the GHL Group to fair value interest rate risk. The GHL Group generally seeks to match-fund its working capital assets or forward commitments to the associated borrowings so as to minimise this risk. In addition given the short term nature of the borrowings for which the GHL Group is generally obligated to its banks, the risk of an impact in the consolidated statement of comprehensive loss is effectively nil. Therefore, as of 31 December 2017 and 2016, Management considers the GHL Group's exposure to this risk as negligible.

Credit risk

Credit risk refers to the risk that a counterparty will fail to perform or fail to pay amounts resulting in financial loss to the GHL Group. Financial instruments, which potentially subject the GHL Group to concentrations of credit risk, consist principally of cash and cash equivalents, accounts receivable, and derivative financial instruments. As of 31 December 2017, the maximum credit exposure was USD 9,836 (Dec 2016 – USD 24,652) referring to the carrying value of financial assets in the schedule above.

The Company's cash and cash equivalents are deposited in several high-quality financial institutions thereby mitigating exposure should any one of them experience financial difficulties. Advances made by the GHL Group to certain counterparts are reported in the consolidated balance sheet under other current assets.

The amounts advanced depend on a variety of factors, namely, the terms and value of the underlying commercial contract, the financial strength of the counterpart along with other business and operational considerations and are reimbursed through the sale/purchase and physical delivery of metal between the counterpart and the GHL Group pursuant to the underlying contract. Advances related to deliveries of metals with maturity exceeding twelve months, if any, are presented under non-current assets. The Company closely monitors the extension of such credit and historically has not experienced significant credit losses. New counterparties are reviewed and approved by the GHL Group's credit risk management department. Furthermore, it limits its exposure on such advances through a combination of limited recourse credit facilities, netting and collateral arrangements, and credit insurance policies. In addition, letters of credit, guarantees, deposits, insurance coverage and limited recourse financing are also utilized to mitigate credit risk.

As of 31 December 2017 and 2016, there were only immaterial positions of trade receivables overdue but unimpaired.

Liquidity risk

Liquidity risk is the risk that the GHL Group is unable to meet its payment obligations when due. The ultimate parent company's Treasury department monitors the liquidity risk and manages the GHL Group's short and medium term funding and liquidity requirements as part of its Group-wide liquidity management program.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit arrangements (typically uncommitted trade finance facilities), and the ability to close out market positions. The Group manages liquidity risk associated with derivative contracts on a portfolio basis, considering both physical commodity sale and purchase contracts together with financially-settled derivative assets and liabilities. During the year ended 31 December 2017 and the eight month-period ended 31 December 2016, the Company held no payment obligation beyond a year.

21. Commitments and contingencies

Non-cancellable operating lease commitments:

	December 2017	December 2016
No later than 1 year	683	632
Later than 1 year and no later than 5 years	2,730	2,530
Later than 5 years	1,479	2,003
	4,892	5,165

The GHL Group rental expense for the year ended 31 December 2017 relating to such operating leases were USD 642 (2016 – USD 439). The Company had no rental expense during the year ended 31 December 2017 and 2016.

22. **Ultimate holding company**

On 29 December 2017, a corporate restructuring occurred whereby GI BV, became the ultimate parent of the Gerald Group, replacing GH LLP, via a reorganization under common control. Prior to December 2017, GH LLP was the reporting entity of the Gerald Group and consolidated all Gerald Group companies. The outcome of this reorganization is that from 29 December 2017, GI BV is the new reporting entity of the Gerald Group and consolidates all entities previously consolidated by GH LLP, with the exception of Gerald Holdings LLC ("GH LLC") and GH LLP. The result of which, is that the new reporting entity, GI BV, represents an in-substance continuation of the pre-existing Gerald Group. GH LLC has become a non-consolidated related party for the Gerald Group. As a result, a provision against the receivable from GH LLC was recorded during the year for USD 729 (Eight month-period ended 31 December 2016: USD 74,658). At 31 December 2017 the immediate owner and controlling entity, GMV Ltd.

23. **Subsequent event**

In January 2018, the Gerald Group formed a new UK holding company, Gerald International Ltd (UK) ("GI UK") under GMV Ltd. On January 18, 2018 GMV Ltd. exchanged its shares in GI BV for shares in GI UK. Management has determined that GI UK will be the new reporting entity in future periods, and GMV Ltd. will continue to be the ultimate controlling entity.

In August 2018 GI UK initiated a process to merge with its wholly owned subsidiary GI BV and was finalized in November 2018. GI UK will be the surviving company of the merger. All assets and liabilities of both companies will continue with GI UK.

Once the merger was completed, the Gerald Group initiated a capital contribution from GI UK to GUK, a wholly owned subsidiary of the GHL Group. The additional capital will allow both the GUK and GHL Group to have an excess of capital once completed. With an excess of capital in both GUK and the GHL Group, management will continue to conclude that a going concern basis presentation is appropriate but will no longer need financial support from GI UK in future periods.