Hyphen Resources Limited

Consolidated Annual Reports and Financial Statements

Year ended

31 December 2019

Company number 09268238

Hyphen Resources Limited

Company Information

Directors	M O Saydam S A J Nahum
Secretary	M J Hill
Registered number	09268238
Registered office	5th Floor, Millbank Tower 21-24 Millbank London SW1P 4QP
Auditor	Gerald Edelman 73 Cornhill London EC3V 3QQ
Country of Incorporation	England and Wales
Legal form	Private company limited by shares

Hyphen Resources Limited

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Hyphen Resources Limited

Strategic report
For the year ended 31 December 2019

The directors present their strategic report for Hyphen Resources Limited for the year ending 31 December 2019. The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Business review

Hyphen Resources Ltd. ("HRL") and Subsidiaries (collectively the "Group") is owned by its only shareholder RB Oil, Ltd., a company registered in the British Virgin Islands. HRL is a Limited Company and is registered and domiciled in England and Wales. The registered office of HRL is 5th Floor, Millbank Tower, London, SW1P 4QP, England.

HRL is a holding trading company and together with its subsidiaries is engaged in different businesses, further analysed below.

	2019	*2018*
	$M	*$M*
Turnover	**66.9**	73.5
EBITDA	**30.9**	34.1
Amortisation and depreciation	**(13.8)**	(11.6)
Net impairment / (reversal) of assets	**(0.5)**	16.2
Total operating profit	**16.5**	38.7
(Loss)/Profit after tax including OCI	**(16.0)**	14.3

Warehousing unit (Warehousing)

The Group's metals warehousing operations are operated by MITSI Holding (UK) Ltd and its subsidiaries (together the "Warehousing Unit"). The Warehousing Unit is principally engaged in the storage of commodities through agreements governed by the London Metal Exchange (LME). The company earns revenues based on daily storage fees and charges for moving metal out of the warehouses. Its storage locations are in North America, Asia and Europe.

	2019	*2018*
	$M	*$M*
Turnover	**15.5**	19.7
EBITDA	**5.3**	5.4
Depreciation and amortisation	**(3.4)**	(2.6)
Impairment reversal	**-**	-
Total operating profit	**1.9**	2.8
Loss after tax	**(4.1)**	(3.0)
Metal at period end (MT)	**69k**	45k
Average metal during the period (MT)	**81k**	110k

In 2019, 176 million lots were traded at the LME equating to $13.5 trillion and 3.9 billion tonnes notional with a market open interest (MOI) high of 2 million lots, which represents a 5% decrease in volume compared to 2018. There were 253 trading days in 2018 and 2019. The average daily volume for 2019 was 696,567 lots, down 4.6% from 2018 (730,497 lots). The metal sector is facing many difficulties amid the ongoing trade tensions between China and the United States. In 2019, the six LME metals were 1.74% higher from the closing level at the end of December 2018. Most base metal prices experienced selling pressure on the escalation in the trade dispute throughout 2019. In Q4, the global Metals industry was expected to face challenges in 2020 from continued softer demand, lower manufacturing levels, and ongoing changes resulting from trade negotiations and related tariffs, and in the first half of 2020, it was dealt an unexpected blow from the COVID-19 pandemic.

Following the trend started in Q1, the lowest performance for the industrial manufacturing sector since 2014 led to a significant decline in deal value from 2018 to 2019, from $104.1 billion to $84.1 billion in 2019. Same trend for number of deals, from 2,591 to 2,374.

Because of a weak global demand (set to contract for the first time since 2009) and rising supply (outside of China) limiting the metal's upward potential, aluminium was one of the worst performing base metals in 2019, declining year-to-date by 5% or $91 per metric ton.

This bearish performance of the metal caused a reverse effect on the physical storage of the metal pushing up to the highest level since June 2013, where it was at 1.1 million metric tons in 2019. As a result, global aluminium prices slid at year end amidst the impending talks in Q1 2020 between China and the US.

In this context, Metro has seen, starting from Q4 2019, an increasing and constant request for stocking. This impact is also evidenced by the decrease in deal volume from Q1 to Q2 2020, as many businesses, especially domestic, experienced their biggest disruptions from the pandemic to date, continuing the trend of stock demand also in the first six months of 2020.

Metals trading unit (Metals trading)

The company acquires LME listed metal from 3rd party producers, paying a premium over the quoted LME price, which fluctuates according to the metal and location of delivery. The metal is shipped into a Metro warehouse, part of the Warehousing Unit. Upon acquiring the metal, HRL simultaneously hedges its position by selling futures contracts (usually 1 or 2 months out on a rolling basis) to reduce exposure to price fluctuations. By doing this HRL locks in a minimum amount of profit based on the level of contango (whereby the cash price of a commodity is lower than the forward price) available in the market.

The company also enters into reverse repurchase agreements for metals whereby the company purchases metal from a counter party at a discount to market price, with an agreement to resell equivalent metal at a future agreed date. The legal title of the inventory is therefore transferred to the company upon entry into the transaction. The company trades metal futures through the London Metal Exchange ("LME") to hedge its exposure to any movements in the price of the metal, for the period that it has legal title. Revenue is represented by the discount to market price and any arrangement fees on repurchase agreements.

	2019	*2018*
	$M	*$M*
Turnover	**5.2**	5.5
Adjusted EBITDA	**4.5**	5.1
EBITDA	**4.6**	4.6
Profit after tax	**1.6**	1.8

Metals Trading acts as a conduit to the Warehousing Unit, as all metal purchased is stored within a Metro warehouse. The Warehousing Unit will also benefit from rent revenue paid by third parties when the Metals

Trading Unit elects to dispose of its position, as well as freight out paid when the third parties remove the metal from a Metro Warehouse.

Metals Trading closed the year with an inventory of $45.6m, consisting in 3,253 MT of Nickel.

In 2019 Hyphen Trading Limited collected all outstanding credit related to the portfolio of insured receivables acquired in 2018. The original receivables were created from trading activities of third parties selling commodities (primarily oil products, metals and agricultural goods) to their customers, on credit terms of up to 150 days. The prompt settlement of these receivables was insured by an investment grade insurer (Rated AA- by Standard and Poor's). Revenue is represented by the discount on the receivables bought, minus any provisions charged to the sellers of these receivables, which act as a first loss.

Shipping unit (Shipping)

The Group's shipping operations are operated by RB Marine Holdings (UK) Limited and its subsidiaries (together the "Shipping Unit"). The principal activity of the Shipping Unit during the year was that of vessel owning and operation.

The Shipping unit's key financial and other performance indicators during the year were as follows:

	2019	2018
	$M	$M
Turnover (net of commissions)	**32.9**	32.0
EBITDA	**19.2**	20.4
Vessel revaluation	**0.3**	16.5
Depreciation and amortisation	**(7.8)**	(7.0)
Total operating profit	**11.7**	29.9
Profit after tax	**2.5**	20.4
Fleet average age	**3.1 yrs**	2.1 yrs
Fleet utilisation rate	**94%**	100%

The Shipping Unit made a profit for the year, after taxation, of $2.5m, mostly related to the imputed interest. Charter markets continued to improve in 2019, remaining above vessel OPEX.

The Shipping Unit is financed by way of loans from a related company.

At 31 December 2019, the market value of the vessels was slightly higher than last year but lower than historical cost (including depreciation), supported by DCF analysis. These were the basis of an impairment review of the vessels which determined a revaluation of $273k.

In December 2018 a deposit was made in relation to a further investment opportunity to acquire assets from a bankruptcy procedure in Italy. For this purpose, a new company RB|RD Armatori srl was incorporated on 24th October 2018, in partnership with a third party; RB Italy Holding S.r.l. owns 75% of RB|RD Armatori srl. In January 2020 the acquisition was completed (see note 38).

Marina and Hotel unit (Marina)

In December 2016 RB Italy Holding SRL acquired 51% of the ordinary share capital of RB Marinas SRL which holds 68% of the ordinary share capital of an underlying Marina business called Portosole. In August 2018 RB Italy bought the remaining 32% shares of Portosole from third parties, and finally in April 2019 RB Italy Holding acquired the outstanding 49% shares of RB Marinas, therefore the total ownership of the Group (direct and indirect) reached 100% of Portosole and RB Marinas.

Portosole owns 776 berths of different sizes (from 9m to 90m) and a 4-star hotel with 29 rooms and a spa, directly managed by the company. The marina offers mooring services, fuel distribution, boatyards, bar and restaurant.

The Marina unit's key financial and other performance indicators during the year were as follows:

	2019	*2018*
	$M	*$M*
Turnover	**10.9**	11.2
EBITDA	**2.8**	2.4
Amortisation and depreciation	**(1.3)**	(1.3)
Net impairment reversal of assets	**(0.8)**	(0.4)
Total operating profit	**0.7**	0.7
(Loss)/Profit after tax including OCI	**(0.4)**	0.4

Hotel unit (Hotel)

The Group's hotel activities are operated by Hyphen Leisure (CH) SA in Switzerland and by RB Ca' Molin and RB Roma in Italy.

Hyphen Leisure (CH) SA owns a hotel in Verbier. The property has been rented to a hotel operator.

RB Ca' Molin owns a building in Venice that has been recently converted into a hotel. The property has been rented to a hotel operator.

RB Roma is a newly incorporated company that, in 2019, acquired a commercial building in Rome. The property is under conversion to a hotel and will be managed by a primary luxury operator.

The Hotel unit's key financial and other performance indicators during the year were as follows:

	2019	*2018*
	$M	*$M*
Turnover	**2.0**	4.3
EBITDA	**1.7**	1.1
Amortisation and depreciation	**(0.9)**	(0.6)
Net impairment reversal of assets	**-**	
Total operating profit	**0.8**	0.6
Loss after tax including OCI	**(1.0)**	(0.9)

Key Performance Indicators

The Group sees the revenue growth, EBITDA (as % of revenues) and total assets as its Key Performance Indicators (KPIs). These KPIs allows the Group to monitor the performance of its financial model as well as its wider responsibility to its stakeholders.

	2019	2018
Revenues vs. prior year	**-8.9%**	12.9%
EBITDA (as % of revenues)	**46.1%**	46.6%
Total assets	**$ 902,294,083**	$ 708,069,107

Future developments

The Group posted a net loss of \$15.4m (before other comprehensive loss for the year of \$0.6m), with an EBITDA decrease of 9% from previous year (FY2018 \$34.1m to FY2019 \$30.9m). The reduction is explained by the presence in 2018 of one-off income of \$5m for the sale of Metro warehousing which did not proceed.

The Group's cash flow is positive \$213m, mainly due to the collection of credits related to the portfolio of third party receivables acquired in 2018 by Hyphen Trading, and financing received at year end from related parties, necessary to acquire the assets related to the bankruptcy of RBD Armatori S.p.A.

Warehousing unit

Warehousing continues to focus on LME metals for storage, to aim to further grow its business outside of the United States, particularly in Asia. Warehousing is also looking to further capitalise on its real estate assets and leasing of owned warehouse space will continue to be an important part of the business going forward. However, the Group decided to reduce its presence in the sector, focusing its activity in real estate, and in particular in warehouse leasing; this business benefits from lower pressure on prices and the possibility to provide Free Trade Zone to importers.

Metals trading unit

Metal trading will focus in acquiring metals, provided the premiums remain at current levels and the contango is still present in the market. Metal trading has the capability of financing its metal acquisitions through its existing banking lines. Thanks to the favourable market conditions and the cash availability, in 2020 the unit will also continue its activity on the repurchase agreements, whose revenue are represented by the transaction margin and arrangement fees on repurchase agreements for metals with third parties.

Shipping unit

By end of Q1 2020 the market was impacted by COVID-19, which started to see reduced trade flows. Rates continued to remain low until end of Q2.

In 2019 the fleet was technically and commercially managed by a ship-management company called RB British Marine UK Limited ("RBBM"), a joint venture between RB Marine Holdings (UK) Limited and British Marine Limited. RBBM aims to build a powerful shipping franchise, which will service not only the existing fleets respectively controlled by the joint-venture partners but will also target vessels controlled by third parties.

Marina unit

The Group has recently decided to invest in this business and, after a consolidation of its presence in the business (see note 38), it is currently analysing further investment opportunities.

Hotel unit

The building recently acquired in Rome is under conversion and should be ready to operate within the 2nd half of 2021.

Among the assets the Group acquired in January 2020 from the bankruptcy procedure of RBD Armatori there is also a hotel located in Capri (Italy). The refurbishment to convert the hotel to a 5-star standard started and the opening is planned for the 1st half of 2021.

Principal risks and uncertainties

The directors have identified the need to manage the Group's material financial risks, including foreign exchange, liquidity and credit risks. These risks are monitored by the directors on a continuous basis.

Operational risk

The Group has identified the operational risks its business units face and taken appropriate action to mitigate these.

The Warehousing Unit faces the potential risk of damage, loss, or theft of inventory, machinery, or property. These risks are insured against by reputable insurers. Further to this, Metro has strict internal controls in place, which include a propriety inventory control system and continuous training of all its employees, ensuring it complies with the LME's stringent regulation governing warehouse operations.

The Metals Trading Unit faces the risk of loss or theft of its inventory, for which it is insured against with a reputable insurer. Further to this, all inventory is held within a Metro warehouse, ensuring that the Group retains direct control. This further applies to inventory financed with a third-party under a repurchase agreement. All metal is also warranted, allowing for easy transfer of possession if the Unit elects to divest its position. The Unit may purchase unwarranted metal, if its specifications allows for it to be warranted through the LME.

The Shipping Unit faces the risk of loss or damage to its vessels or of potential liabilities arising from third-parties directly related to its shipping operations. These risks have been insured against by reputable insurers. Further to this, the Group retains technical management through RBBM, ensuring it retains direct control.

Price risk

The Group faces price risk primarily in the Metals Trading and Shipping Unit.

For the Metals Trading Unit, each metal acquisition is analysed independently and will depend on the current market premiums and the contango present in the market. The Group monitors these rates. If the level of "contango" required to cover trading costs is no longer present, the Group retains the option to sell the metal it is currently holding through the LME. To mitigate the risk the Unit faces in terms of metal price fluctuations, the Unit hedged its position with futures contracts.

The dry bulk freight rates significantly improved from the low levels at the start of the year to Q3 2020 where the market rose to over $12,000/day. Focus of the Shipping Unit is directed on long-term and recurring client contracts with a stable cost base such that operating margins can generally be forecast with reasonable accuracy, providing visibility of future earnings.

Foreign exchange risk

The Group's activities are principally conducted in U.S. Dollars.

The Group has outstanding loans of $285.3m (including accrued interest) denominated in Euros and $22.5m (including accrued interest) denominated in Swiss francs. The overall exposure is kept under constant review.

Liquidity risk

The Group's liquidity position is adequate for the level of business with $212.9m of cash and cash equivalents at 31 December 2019. The Group seeks to manage liquidity risk by forecasting cash flow and establishing appropriate long-term loans, managing operations thereby ensuring sufficient liquidity is available to be able to finance its operations and investments for the foreseeable future.

Credit risk

The Group seeks to limit counterparty risk by conducting most of its banking activities with a limited number of major international banks, whose status is kept under review.

The Group closely manages its receivables and considers that there are no material exposures in respect of trade and other receivables.

Compliance and regulatory risk

The Warehousing Unit closely monitors new regulation being proposed by the LME for the warehousing sector.

Prior to venturing into new areas, the Shipping Unit performs substantial due diligence work and obtains an understanding of the governing laws and regulations.

Non-compliance with anti-bribery and corruption regulations could damage stakeholder relations and lead to reputational and financial loss. The Group has a Code of Conduct which employees are required to comply with when conducting business on behalf of the Group and this includes anti-bribery and corruption policies. Assessment of anti-bribery and corruption risks form an integral part of the decision-making process when entering new countries or negotiating with potential charterers and major suppliers.

This report was approved by the Board and signed on its behalf.

M O Saydam

Director

21/12/2020

Date

The directors present their annual report and the consolidated audited financial statements of the Group and the Company for the year ended 31 December 2019.

Results and dividends

The results for the Group during the year are set out in the consolidated statement of comprehensive income on page 15 and summarised below.

	$M	$M
Turnover	**66.9**	73.5
EBITDA	**30.9**	34.1
Amortisation and depreciation	**(13.8)**	(11.6)
Net impairment / (reversal) of assets	**(0.5)**	16.2
Total operating profit	**16.5**	38.7
(Loss)/Profit after tax including OCI	**(16.0)**	14.3

No dividends are proposed by the directors in respect of the year.

Going concern

The 2019 Novel Coronavirus infection ('coronavirus') or 'COVID-19' outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. The resulting impact on financial reporting will be significant.

The World Health Organisation (WHO announced the coronavirus as a global health emergency, which prompted the governments worldwide to put actions in place to slow the spread of COVID-19 including social distancing, curfews and total lockdowns of businesses. As such, the outbreak represents a significant subsequent event with regards to the 31 December 2019 financial statements.

The geographic locations where the Group operates have had significant governmental measures applied including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. These measures have resulted in work stoppages or delays, and other disruptions.

The duration of any business disruption and related financial impact cannot be reasonably estimated as of the date of the audit report but may materially affect the Group's ability to operate its business and result in additional costs. The extent to which the coronavirus pandemic may impact the Group's operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the time of this filing.

The Group is currently evaluating the potential short-term and long-term implications of COVID-19 on its financial statements but the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, which the directors interpret as at least twelve months from the date of this report.

Thus, the going concern basis has been adopted in preparing the financial statements for the year ended 31 December 2019.

Events after the reporting period

Warehousing Unit

Regarding the pending litigation of possible manipulation of lead prices, in July 2020 the Court denied the First Level Purchasers' motion to certify a class pursuant to Federal Rule of Civil Procedure 23.

Shipping Unit

In January 2020, RB|RD Armatori srl, a 75% owned subsidiary of RB Italy Holding S.r.l., completed the acquisition of the assets of RBD Armatori S.p.A. from a bankruptcy procedure. The assets include 7 drybulk vessels, 1 tanker, 1 hotel in Capri and several residential real estate assets.

Investments Unit

In January 2020, RB Italy Holding S.r.l. acquired some Non-performing loans, asset-backed by several residential real estate assets in Capri and Torre del Greco (Italy).

In May 2020 Hyphen Malta Holdings Limited increased its investment in Hisky SSC Ltd, an Israeli company sole shareholder of HiskySat Ltd, for a total consideration of $5m, therefore raising its ownership from 42.25% to 45%. Hyphen Malta Holding has an option to increase its ownership to 51% if certain conditions are met.

Directors and their interests

The directors who served during the year and up to the date of signing this report were:

MO Saydam

SAJ Nahum

None of the directors had any beneficial interest in the issued share capital of the Company.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Statement of directors' responsibilities

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 Group and Company 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 Group and Company and of the profit or loss of the Group and Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the financial statements comply with the requirements of 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.

Auditors

The auditor, Gerald Edelman, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approval

This directors' report was approved by order of the Board on 21/12/2020

M O Saydam
Director

21 December 2020

Date

Hyphen Resources Limited

Independent auditor's report
To the members of the Hyphen Resources Limited

Opinion

We have audited the financial statements of Hyphen Resources Limited (the 'Company') and its subsidiaries (the "Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated and company Statement of Changes in Equity, Consolidated Statement of cash flows, Company Statement of cash flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by European Union (IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and Directors' Report but does not include the financial statements and our Report of the Auditor 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 this regard.

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 Strategic Report and in the Directors' Report for the financial year for which the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report and in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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.

Our 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 a Report of the Auditor 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditor.

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 a Report of the Auditor 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.

Hiten Patel

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Hiten Patel FCCA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman
Chartered Accountants
Statutory Auditor
73 Cornhill
London
EC3V 3QQ

21/12/2020.......................................
Date

Hyphen Resources Limited

Consolidated statement of comprehensive income
For the year ended 31 December 2019

	Notes	2019 $	2018 $
Turnover	4	66,938,703	73,460,609
Operating expenses			
Operating expenses		(22,080,121)	(21,910,949)
Administrative expenses		(13,973,971)	(17,350,505)
Impairment reversal of assets	12,13	282,912	16,590,416
Impairment of trade receivables		(810,720)	(416,216)
Amortisation and depreciation	11,13	(13,815,469)	(11,649,456)
Operating profit	5	16,541,334	38,723,899
Investment portfolio			
- Share of (loss)/profit from equity accounted investments		(2,589,976)	137,880
Finance income		334,974	1,110,640
Finance expense	9	(29,213,305)	(24,557,871)
Other income		57,819	624,952
(Loss)/profit before taxation		(14,869,154)	16,039,500
Taxation	10	(498,458)	(885,393)
(Loss)/Profit for the year		(15,367,612)	15,154,107
Other comprehensive income			
Foreign exchange loss arising from translation		(661,489)	(825,105)
Total comprehensive (loss)/profit for the year		(16,029,101)	14,329,002
Result attributable to non-controlling interest		(1,066,612)	(98,059)
(Loss)/Profit attributable to owners of the parent		(14,962,489)	14,230,943

All amounts relate to continuing activities.

The notes from page 23 form part of these financial statements.

Hyphen Resources Limited

Consolidated statement of financial position
As at 31 December 2019

Registered number: 09268238

	Notes	2019	2018
Assets		$	$
Non-current assets			
Intangible assets	11.12	127,584,901	128,883,021
Property, plant and equipment	13	315,393,254	314,893,003
Investment properties	14	84,959,551	20,195,676
Right of use	15	2,823,544	-
Investments:			
- Investments accounted for using the equity method	18	7,495,208	146,023
- *Investments at fair value through profit or loss*	18	7,692,179	7,468,523
Deferred tax assets	31	2,425,880	3,755,753
Long term receivables	21	5,089,786	39,478,890
Total non-current assets		553,464,302	514,820,889
Current assets			
Inventories	19	49,989,745	57,389,992
Trade and other receivables	20	82,225,264	99,415,300
Derivative financial instrument assets	22	3,674,398	3,066,505
Cash at bank and in hand	23	212,940,374	33,376,421
Total current assets		348,829,781	193,248,218
Total assets		902,294,083	708,069,107
Share capital	24	1	1
Retained earnings		(1,897,499)	12,403,501
Other reserves		47,229,713	53,598,390
Non controlling interests		(1,061,419)	27,202,466
Total equity		44,270,796	93,204,358
Non-current liabilities			
Deferred tax liabilities	31	6,134,299	8,281,387
Other non current liabilities	35	36,066,651	18,981,056
Long-term lease liabilities	15,30	2,341,114	-
Long-term loans and borrowings	28	719,368,037	369,349,616
Total Non-current liabilities		763,910,101	396,612,059
Current liabilities			
Trade and other payables	25	31,042,757	38,745,248
Repurchase obligations	26	-	15,891,808
Short-term lease liabilities	15,30	505,002	-
Short-term loans and borrowings	28	62,565,427	163,615,634
Total current liabilities		94,113,186	218,262,690
Total liabilities		858,023,287	614,864,749
Total equity and liabilities		902,294,083	708,069,107

The financial statements were approved and authorised for issue by the Board of directors on 21/12/2020 and were signed on its behalf by:

....

M O Saydam, Director

The notes from page 23 form part of these financial statements

Hyphen Resources Limited

Company statement of financial position
As at 31 December 2019

Registered number: 09268238

	Notes	2019	2018
Assets		**$**	**$**
Non-current assets			
Investments	17	23,317,741	23,317,741
Long term receivables	21	251,720,128	18,858,445
Total non-current assets		275,037,869	42,176,186
Current assets			
Inventories	19	-	15,891,808
Trade and other receivables	20	6,893,341	115,363,706
Cash at bank and in hand	23	169,706,509	297,759
Total current assets		176,599,850	131,553,273
Total assets		451,637,719	173,729,459
Share capital	24	1	1
Retained earnings		(12,653,896)	(6,066,015)
Other reserves		-	84,747
Total equity		(12,653,895)	(5,981,267)
Non-current liabilities			
Other non current liabilities		137,667	-
Long-term loans and borrowings	28	442,280,633	92,046,961
Total Non-current liabilities		442,418,300	92,046,961
Current liabilities			
Trade and other payables	25	3,405,170	1,637,960
Repurchase obligations	26	-	15,891,808
Short-term loans and borrowings	28	18,468,144	70,133,997
Total current liabilities		21,873,314	87,663,765
Total liabilities		464,291,614	179,710,726
Total equity and liabilities		451,637,719	173,729,459

As permitted by section 408 of the Companies Act 2006, the Statement of comprehensive income of the parent company is not presented as part of these accounts. The parent company's net loss after tax for the financial year amounted to $6,661,607 (2018: loss $3,413,467).

The financial statements were approved and authorised for issue by the Board of directors on 21/12/2020 and were signed on its behalf by:

M O Saydam

....

M O Saydam, Director

The notes from page 23 form part of these financial statements.

Hyphen Resources Limited

Consolidated and company statement of changes in equity
For the year ended 31 December 2019

Group	Share capital $	Retained earnings/ (losses) $	Other reserve $	Non controlling interests $	Total equity $
At 31 December 2017 As Restated	**1**	**(264,836)**	**43,860,250**	**55,352,295**	**98,947,710**
Acquisition of minorities in Portosole	-	-	25,868,277	(25,868,277)	-
Incorporation of RB|RD armatori	-	-	16,878	5,626	22,504
Reduction interest contribution from shareholder	-	-	(2,602,815)	-	(2,602,815)
Transaction with owners	1	(264,836)	67,142,590	29,489,644	96,367,399
Profit for the year	-	15,056,048	-	98,059	15,154,107
Adjustments	-	55,446	(71,431)	-	(15,985)
Reserve reclassification	-	(2,443,157)	2,443,157	-	-
Foreign exchange on translation of subsidiaries	-	-	(15,915,926)	(2,385,237)	(18,301,163)
At 31 December 2018	**1**	**12,403,501**	**53,598,390**	**27,202,466**	**93,204,358**
Acquisition of minorities in Portosole	-	-	(7,252,435)	(25,448,692)	(32,701,127)
Incorporation of Pharma Puglia	-	-	11,234	-	11,234
Incorporation of RB Roma	-	-	11,234	-	11,234
Incorporation of SPV RR Armatori	-	-	8,426	2,809	11,234
Interest contribution from shareholder	-	-	2,222,179	-	2,222,179
Reduction interest contribution from shareholder		-	(2,531,591)	-	(2,531,591)
Transaction with owners	1	12,403,501	46,067,437	1,756,583	60,227,521
Loss for the year	-	(14,301,000)	-	(1,066,612)	(15,367,612)
Adjustments	-	-	72,376	-	72,376
Foreign exchange on translation of subsidiaries	-	-	1,089,900	(1,751,390)	(661,489)
At 31 December 2019	**1**	**(1,897,499)**	**47,229,713**	**(1,061,419)**	**44,270,796**

Company					
At 31 December 2017	**1**	**(2,707,993)**	**11,021**	**-**	**(2,696,971)**
Loss for the period	-	(3,413,467)	-	-	(3,413,467)
Prior year Adjustments	-	55,445	-	-	55,445
Foreign exchange on translation of subsidiaries	-	-	73,726	-	73,726
At 31 December 2018	**1**	**(6,066,015)**	**84,747**	**-**	**(5,981,267)**
Loss for the period	-	(6,661,607)	-	-	(6,661,607)
Reclassification	-	84,747	(84,747)	-	-
Prior year Adjustments	-	(11,021)	-	-	(11,021)
At 31 December 2019	**1**	**(12,653,896)**	**-**	**-**	**(12,653,895)**

The notes from page 23 form part of these financial statements.

Hyphen Resources Limited

Consolidated statement of cash flows
For the year ended 31 December 2019

	Note	2019	2018
		$	$
Operating activities			
Result before tax		(14,869,154)	16,039,500
Adjustments for non-operating items*		43,795,966	18,143,812
Net cash from operating activities		28,926,812	34,183,312
Net changes in working capital			
(Increase)/Decrease in inventories	20	7,339,184	(43,745,165)
(Increase)/Decrease in trade and other receivables		50,272,941	(52,668,654)
Increase/(Decrease) in trade and other payables		(25,868,647)	4,847,971
Total changes in working capital		31,743,478	(91,565,848)
Income tax paid		(718,099)	(1,359,068)
Net cash (used)/generated from operating activities		59,952,191	(58,741,604)
Investing activities			
Purchase of property, plant, and equipment		(75,997,717)	(4,426,691)
Purchase of intangible assets	12	-	(2,297,884)
Acquisitions of subsidiaries, net of cash acquired		-	-
Acquisitions of other investments		(33,518,921)	(5,044,524)
Acquisition of minorities		(32,667,113)	(13,912,254)
Proceeds from disposition of property, plant and equipment		104,190	47,341
Net cash used in investing activities		(142,079,561)	(25,634,012)
Financing activities			
Proceeds from borrowings		347,268,755	189,898,971
Repayment of borrowings		(96,855,693)	(163,263,375)
Interest		(8,113,846)	(4,202,208)
Proceeds/(payments) from financing		19,392,107	15,891,808
Net cash provided by financing activities		261,691,323	38,325,196
Net (decrease)/increase in cash and cash equivalents		179,563,953	(46,050,420)
Cash and cash equivalents, beginning of period		33,376,421	79,426,841
Cash and cash equivalents, end of period		212,940,374	33,376,421

The notes from page 23 form part of these financial statements.

Hyphen Resources Limited

Consolidated statement of cash flows
For the year ended 31 December 2019

***Total adjustments for non-operating items**	**2019** $	2018 $
Depreciation (including Right of Use)	13,311,786	11,350,494
Impairments reversal of fixed assets	(273,048)	(16,549,404)
Impairment of receivables	810,720	-
Other IFRS16 adjustments	(445,228)	-
Amortisation	503,730	298,962
Result from equity accounted investments	2,589,976	(137,880)
Finance income	(334,974)	(1,110,640)
Finance expense	29,213,305	24,557,871
Other non cash items	(1,580,301)	(265,591)
Total	43,795,966	18,143,812

In 2019 and 2018 there were no further non-cash movement adjustments in relation to investing and financing activities.

Hyphen Resources Limited

Company statement of cash flows
For the year ended 31 December 2019

	Note	2019	2018
		$	$
Operating activities			
Result before tax		(6,757,256)	(3,339,741)
Adjustments for non-operating items*		6,223,815	4,052,302
Net cash from operating activities		(533,441)	712,561
Net changes in working capital			
(Increase)/Decrease in inventories	20	15,891,808	(15,007,923)
Decrease/(Increase) in trade and other receivables		14,612	13,759,847
(Decrease)/Increase in trade and other payables		(13,479,318)	(2,251,583)
Increase in other obligations		-	-
Total changes in working capital		2,427,102	(3,499,659)
Income tax paid		95,648	(256,886)
Net cash (used)/generated from operating activities		1,989,309	(3,043,984)
Investing activities			
Acquisitions of subsidiaries, net of cash acquired		-	(0)
Net cash used in investing activities		-	-
Financing activities			
Proceeds from borrowings		304,974,616	110,229,921
Repayment of borrowings		(6,406,797)	(88,337,460)
Loans extended to subsidiaries		(134,831,115)	(33,751,986)
Interest		3,682,736	(1,887,063)
Proceeds/(payments) from repo financing		-	15,891,807
Net cash provided/(used) by financing activities		167,419,440	2,145,220
Net increase/(decrease) in cash and cash equivalents		169,408,749	(898,764)
Cash and cash equivalents, beginning of period		297,760	1,196,524
Cash and cash equivalents, end of period		169,706,509	297,760

The notes from page 23 form part of these financial statements.

Hyphen Resources Limited

Company statement of cash flows
For the year ended 31 December 2019

	2019	2018
	$	$
***Total adjustments for non-operating items**		
Finance income	(3,473,008)	(1,729,272)
Finance expense	9,696,823	5,855,300
Other non cash items	-	(73,726)
Total	6,223,815	4,052,302

In 2019 and 2018 there were no further non-cash movement adjustments in relation to investing and financing activities.

1. General Information

Hyphen Resources Limited ("HRL" or "the Company") and its subsidiaries (collectively the "Group") are owned by RB Oil Ltd., a company registered in the British Virgin Islands. HRL is a private limited company and is registered and domiciled in England and Wales. The registered office is shown on the Company Information page.

HRL is a holding company and together with its subsidiaries is engaged in different businesses run through its subsidiaries:

i. Mitsi Holding (UK) Limited – active in the storage of commodities through agreements governed by the London Metal Exchange ("LME");
ii. RB Marine Holdings (UK) Limited and RB|RD Armatori S.r.l. – active in the shipping industry;
iii. Hyphen Trading Limited – active in metal trading and repurchase agreements;
iv. Hyphen Malta Holdings Ltd (Malta) and RB Italy Holding Srl (Italy) – active in the acquisition of potential business from distressed situations; and
v. Hyphen Leisure (CH) SA, RB Ca' Molin S.r.l. and RB Roma S.r.l.– active in hotel real estate opportunities.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations as adopted by European Union (collectively IFRSs).

The Group's functional and presentation currency is the US dollar. The majority of the Group's operations are billed and collected in US dollars.

The preparation of the financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Basis of measurement

The financial statements have been prepared under the historical cost convention except for:
- Metal trading inventory held at fair value
- Metal trading repurchase financing held at fair value
- Metal trading derivatives held at fair value
- Investments in RB Eurosa by Mandeville held at fair value
- Investment in Docker Inc. held at fair value

Basis of consolidation

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All subsidiaries are wholly owned, except RB|RD Armatori S.r.l. (75%) and its subsidiaries. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All Intra-Group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Significant accounting policies (continued)

Business combinations and goodwill

The acquisition of subsidiaries from entities not under common control is accounted for using the acquisition method.

On acquisition, the acquirer's identifiable assets (including intangible assets), liabilities and contingent liabilities of such an acquired entity are measure at their fair value and recognised at the acquisition date. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets acquired and the selection of an appropriate cost of capital.

Goodwill represents the excess of the cost of acquisition of a businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

For business combinations, cost comprises the fair value of the assets given, liabilities assumed and equity investments issued. If the business combination is achieved in stages, the acquirer accounts for its investment in the equity interests of the acquiree in accordance with the nature of the investment by applying the relevant standard. The acquirer remeasures any previously held interest at fair value and takes this amount into account in the determination of goodwill. Contingent consideration is included in cost at its acquisition date fair value, and in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisitions are recognised immediately as an expense.

Common control transfer of ownership

The acquisition of subsidiaries from entities under common control is accounted for using merger accounting.

Under the merger accounting method the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value. Rather, the net assets of the two companies are combined using existing book values, with adjustments made as necessary to ensure that the same accounting policies are applied to the calculation of the net assets of both companies. No amount is recognised as consideration for goodwill or negative goodwill. The difference between the consideration exchanged for the net assets acquired is adjusted for in reserves.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group made a loss of $14,962,489 (2018: profit of $14,230,943) for the year ended 31 December 2019.

The Group manages its capital through focusing on its borrowing from related parties. Any changes in its capital structure are often achieved via additional borrowings from associated companies.

2. Significant accounting policies (continued)

After making enquiries and reviewing cash flow forecasts, the directors have formed the judgement that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future which is not less than 12 months from the date of approving these financial statements.

The directors consider that in preparing the Group and parent company financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2019

The following new standards, interpretations and amendments effective for the first time for periods beginning on or after 1 January 2019 have been reflected on the Group's financial statements.

- *IFRS 16 Leases*
- *Amendments to IFRS 9 Prepayment Features with Negative Compensation*
- *IFRIC 23 Uncertainty over Income Tax Treatments*
- *Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures*
- *Amendments to IAS 19 Plan Amendment, Curtailment or Settlement*

The application of IFRS 16 had an impact on amounts reported and disclosures made in the Group's financial statements in respect of the Group's leases. All the other amendments to Standards that are effective from that date had no significant effect on the Group's financial statements.

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards (effective 1 Jan 2020)*
- *Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 Jan 2020)*
- *Definition of a Business (Amendments to IFRS 3) (effective 1 Jan 2020)*
- *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 Jan 2020)*
- *COVID-19 rent concessions (Amendments to IFRS 16) (effective 1 Jun 2020)*

At this stage management are continuing to evaluate the impact of the introduction of these standards.

Revenue recognition

Metal warehousing business

A significant amount of the Group's revenue is generated from the storage of commodities and freight out charges ("FOT" fees) through arrangements governed by the LME. The Group earns storage revenue based on daily storage rates and revenues are recognised as services are provided. FOT fees received upon warrant cancellation (i.e. customer requests delivery of commodity) are recorded as deferred revenues on the Consolidated statement of financial position and recognised straight line through profit or loss over the established remaining storage period.

The commodities stored in the Group's warehouses are represented by a warrant which is openly traded on the LME. The Group records an unbilled receivable for metal storage until a customer requests to take physical delivery of the metal, at which point the unbilled receivable is invoiced to that customer. If the customer does not request physical delivery they are invoiced annually on 31 March. The associated revenue is recognised evenly over the period. For metals not yet warranted or for which the delivery has been requested by the customers, the Group bills on a monthly basis.

2. Significant accounting policies (continued)

Metal trading

The Group is involved in a commodity trading business which trades in metal futures. Revenue in terms of the trade in these derivatives is represented by both realised and mark to market profits on the trades conducted during the period and of those contracts held at period end. Turnover is presented on a net basis as the gains and losses arise from a group of similar transactions which are aggregated by means of a netting arrangement in place with the Group's brokers.

Reverse repurchase agreements

Revenue is represented by the transaction margin and arrangement fees on repurchase agreements for metals with third parties.

The net of the repurchase transaction is recognised as revenue.

Receivables purchase

The Group is involved in purchase of credits insured receivables from third parties, at a discount to their face value. The original receivables created were due from third parties selling commodities (primarily oil products, metals and agricultural goods) to their customers, on credit terms of up to 150 days. The prompt settlement of these receivables is insured by an investment grade insurer (Rated AA- by Standard and Poor's). Revenue is represented by the discount on the receivables bought, minus any provisions charged to the sellers of these receivables, which act as a first loss.

Shipping business

Revenues, net of sales tax such as VAT where applicable, are recorded when services are rendered, the Group has a charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. The Group primarily generates revenues from the transportation of cargo and the time charter of vessels. Estimated losses on voyages are provided for in full at the time such losses become evident. Voyages in progress at the period end are accounted for on a percentage completion basis.

Deferred voyage or charter revenues relate to amounts received prior to being earned. These amounts are recognised as revenues over the related voyage or charter period and include both amounts received from charterers and compensation for acquiring a vessel with an existing charter at below market rate.

Where the Group employs its vessels on time charters, for which it receives a fixed hire rate per day, the hire income is recognised on an accrual basis in line with the provision of the vessel to the charterer. Due allowance is made for off-hire when the vessel is unavailable to the charterer.

Marina business

Revenues derive from mooring services and lease of the retail spaces; revenues are recorded when services are rendered. Deferred revenues deriving from berths sold in prior years are recognised along the duration of the sale contract. Hotel revenues are recognised when services are rendered.

Hotel business

Rental income under operating leases are charged to the profit or loss account on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

Interest income

Interest income is recognised in profit or loss using the effective interest rate method.

Income and expenses

Income and expenses are included in profit or loss on an accrual basis. All the group's income and expenses are derived from continuing operations.

Foreign currencies

The Group's functional and presentation currency is US dollar. Transactions in currencies other than US dollar are recorded at the rate of exchange at the date of the transactions.

Monetary assets and liabilities arising from foreign currency transactions are retranslated at exchange rates prevailing at the reporting date. Exchange differences on foreign currency translations are recognised in operating profit in the Group's accounting records. Non-monetary items arising from foreign currency translations are not retranslated in the Group's accounting records. Transactions covered by foreign exchange contracts are recorded at the forward contract rate. Any gains or losses are incorporated into profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current income taxes are recognised for the estimated income taxes payable or receivable on taxable profit or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allow the deferred tax asset to be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/assets are settled/recovered.

2. Significant accounting policies (continued)

Intangible assets other than goodwill

Recognition, measurement and amortisation

Externally acquired intangible assets with a finite life are initially recognised at cost and subsequently amortised on either a straight-line or effective interest rate basis over their economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Amortisation is charged on a straight-line basis over the useful life of the asset and is recognised within the operating expenses in profit or loss, on the following bases:

In-Place Metal Warrants	2 years
Software	3 – 5 years
Start up and extension costs	5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is recognised.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment is initially recorded at cost being the purchase price and directly attributable cost of acquisition required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Group.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Where an item of property, plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

2. Significant accounting policies (continued)

Depreciation

Depreciation is recognised in the profit or loss and begins when the asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided on a straight-line basis over the estimated useful life of the assets. The estimated useful lives of the Group's property, plant and equipment is as follows:

Buildings and leasehold improvements	2 – 40 years
Machinery and equipment	2 – 10 years
Furniture and fixtures	3 – 5 years
Assets under concessions	Based on concession duration
Vessels	25 years
Other fixed assets	1 – 13 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Shipping business

Vessel

Management review the estimated useful lives, residual values and depreciation method applied to vessels at the end of each financial year. The useful lives of vessels, estimated in 25 years, are not changed unless there is a change in the intended period of ownership of the vessel. Residual values are updated at the end of each financial year to reflect the current scrapping prices for steel as quoted in an active market. The depreciation method is on a straight-line basis reflecting the consistent usage of each vessel during the course of each year. Management would only consider changing the method of depreciation where the pattern of vessel usage was determined to have changed.

At the end of the reporting year, management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered 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). When an impairment loss subsequently reverses, the carrying amount of the asset is increased 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Dry-docking cost

Vessels are subject to a major service (dry-dock) typically every 30 months. Dry-docking costs are capitalised and written off to the profit or loss account on a straight-line basis over the estimated year to the next dry-dock. If a dry-docking occurs prior to the next anticipated date, any remaining capitalised dry-docking costs are written-off.

On delivery of a new vessel a portion of the acquisition cost is allocated to the dry-dock and amortised over 60 months.

Investment properties

Recognition and measurement

Investment Property refers to property (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment property is initially measured at cost, including transaction costs; such cost doesn't include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

2. Significant accounting policies (continued)

Measurement subsequent to initial recognition

After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 40 Investment Properties – cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised in the profit or loss and, on a straight-line basis over the estimated useful life of the assets. The estimated useful lives of the Group's investment properties is as follows:

Investment properties	2 – 40 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year end. Other assets with finite life are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

During the year ended 31 December 2019, the Group had no goodwill impairment.

Impairment of non-financial asset other than goodwill

Non-financial assets including intangible assets, plant and equipment, property and investment properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGU's"). Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments held at fair value through profit and loss

RB Italy Holding SRL, a wholly owned subsidiary of Hyphen Resources Limited, has the characteristics of a Venture Capital organisation and, in line with the exemption in IAS 28, management has chosen to account at fair value through profit and loss for investments held by this entity and with characteristic similar to a venture capital investment.

2. Significant accounting policies (continued)

Management considers the fair value of these investments to be the consideration paid. Each transaction occurred close to the reporting date, they were conducted with independent third parties and there are no significant changes to the net assets in the period to the year end. At the end of each subsequent reporting period management will revalue the investments with the movement in fair value going through the profit or loss.

For the existing and/or any future investments made by RB Italy Holding, management will make an assessment to evaluate whether these should be consolidated (where control exists under the requirements of IFRS 10), equity accounted (in line with the requirements of IAS 28) or recognised at fair value through profit or loss where the investment forms the part of the Venture Capital portfolio. In 2019, only its investment in RB Eurosa is classified at fair value (see note 3).

In September 2018 Metrus Inc., part of Metro group, acquired 0.4722% of Docker Inc., a company involved in the development of an open-source project that automates the deployment of code inside software containers. The investment has the characteristic of a venture capital investment, therefore Management elected it as an investment held at fair value through profit and loss. Management considers the fair value of these investments to be the consideration paid.

Investments in joint ventures and associates

The Group is party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries. The Group has classified its interest in joint arrangements as an investment in joint venture as the group has rights to the net assets, rather than the underlying assets and liabilities. When assessing that the joint arrangement is an investment in joint venture, Management has considered the structure of the joint arrangement, the legal form in that it is structured through a separate vehicle and the contractual terms.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies.

Management has accounted for the investment in Joint Venture and associates using the equity accounting method. The investment is initially recognised at cost. Subsequently, the Group recognises their share of post-acquisition profits and losses and other comprehensive income. Where there is objective evidence of that the investment has been impaired the carrying value of the invested is tested in the same way as other non-financial assets.

Inventories

Inventories are stated at the lower of cost and net realisable value using the first in first out valuation method.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate and is recognised in profit or loss as operating expenses.

Inventory held for commodity trading

Part of the group's day to day business activity is the trading of commodities, specifically metal futures. In order to support its trading activities, the entity holds certain levels of metal inventory. This metal inventory is carried at fair value with movements going through profit and loss as allowed IAS 2 Inventories for entities which conduct commodity trading.

2. Significant accounting policies (continued)

Sale and repurchase agreements

Inventory may be sold subject to a commitment to repurchase them (a "repo"). Such inventory is retained on the Statement of financial position when substantially all the risks and rewards of ownership remain with the Group. The transactions are treated as collateralised borrowing and the counterparty liability is presented separately on the Statement of financial position as short-term liabilities under sale and repurchase agreements. The net of the repo transaction is recognised as a finance cost within cost of sales.

Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

The fair value measurement utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the year they occur.

Financial assets and financial liabilities are measured subsequently depending on their classification as discussed below.

Financial assets

IFRS 9 has introduced a number of new measurement categories, whilst eliminating some of the previous categories under IAS 39. Under IFRS 9, financial assets are classified into one of the four categories:

- Financial assets at amortised cost
- Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)
- Equity investments at Fair Value through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value through Profit or Loss (FVTPL)

The Group classifies its financial assets into one of these categories, depending on the purpose for which the asset was acquired and on contractual cash flow characteristics. Reclassification is required between FVTPL, FVTOCI and amortised cost, if and only if the entity's business model objective for its financial assets changes so its previous model assessment would no longer apply.

Financial assets at amortised cost

A financial asset is classified as subsequently measured at amortised cost under IFRS 9 if it meets both of the following criteria:

2. Significant accounting policies (continued)

- The asset is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows rather than with a view to selling the asset to realise a profit or loss; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates (SPPI test).

They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of such receivables due from customers. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the Consolidated statement of comprehensive income.

The Group's Financial assets at amortised cost comprise trade receivables, loan receivables with 'basic' features, investments in government bonds that are not held for trading, investments in term deposits at standard interest rates and cash and cash equivalents in the Consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market accounts, and other short term highly liquid investments with original maturities of three months or less.

Debt instruments at FVOCI

A debt instrument is classified as subsequently measured at fair value through other comprehensive income (FVOCI) under if it meets both of the following criteria:

- The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The accounting requirements for debt instruments classified as FVOCI are:

- Interest income is recognised in profit or loss using the effective interest rate method that is applied to financial assets measured at amortised cost;
- Foreign exchange gains and losses on the amortised cost are recognised in profit or loss;
- Credit impairment losses/reversals are recognised in profit or loss using the same credit impairment methodology as for financial assets measured at amortised cost (please refer to Chapter 6 of this publication for further details);
- Other changes in the carrying amount on remeasurement to fair value are recognised in OCI;
- The cumulative fair value gain or loss recognised in OCI is recycled from OCI to profit or loss when the related financial asset is derecognised

2. Significant accounting policies (continued)

Equity investments at FVOCI

IFRS 9 requires all equity investments to be measured at fair value. The default approach is for all changes in fair value to be recognised in profit or loss. However, for equity investments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination, entities can make an irrevocable election at initial recognition to classify the instruments as at FVOCI, with all subsequent changes in fair value being recognised in other comprehensive income (OCI). This election is available for each separate investment.

Under this new FVOCI category, fair value changes are recognised in OCI while dividends are recognised in profit or loss (unless they clearly represent a recovery of part of the cost of the investment). On disposal of the investment the cumulative change in fair value is not recycled to profit or loss. However, the Group can transfer amounts between reserves within equity (i.e. between the FVOCI reserve and retained earnings).

Financial assets at FVTPL

Fair value through profit or loss (FVTPL) is the residual category in IFRS 9. A financial asset is classified and measured at FVTPL if the financial asset is:

- A held-for-trading financial asset;
- A debt instrument that does not qualify to be measured at amortised cost or FVOCI;
- An equity investment which the entity has not elected to classify as at FVOC.

The Group's Financial assets at FVTPL comprise investments in shares of listed companies that the entity has not elected to account for as at FVOCI, derivatives that have not been designated in a hedging relationship, investments in convertible notes, contingent consideration receivable from the sale of a business and any other financial assets that fall SPPI.

Financial liabilities

Financial liabilities are classified as either:

- Financial liabilities at amortised cost; or
- Financial liabilities as at fair value through profit or loss (FVTPL)

Financial liabilities are measured at amortised cost unless either the financial liability is held for trading and is therefore required to be measured at FVTPL (e.g. derivatives not designated in a hedging relationship), or the Group elects to measure the financial liability at FVTPL (using the fair value option).

Related party loans and bank borrowings are measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Where loans have been provided at below market interest rates, the interest expense recognised in the profit or loss must be measured at a market interest rate; these below market interest rates are usually on loans with related parties. Management has used a market interest akin to the wider RB group's borrowing with independent third parties.

2. Significant accounting policies (continued)

Hedge accounting

The Group has derivative financial instruments in the form of forward contracts taken out by the metal trading business. These forward contracts are fair valued at mark to market at each reporting year with the movement being taken to the profit or loss. The Group has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship. Hedge accounting allows the Group to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures hedged.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leases and Right of Use

According to newly adopted IFRS16, at inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2. Significant accounting policies (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lastly, the Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (i.e., lease term of 12 months or less) by making the short-term lease policy election and will not apply the recognition and measurement requirements of IFRS 16.

Transition

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019; accordingly, the comparative information presented for 2018 is not restated.

In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed it to carry forward the historical lease classification, costs, and components, with the ROU asset initially recorded at an amount equal to the lease liability

Accounting Policies, Changes in Accounting Estimates and Errors

Changes in accounting policies, prior period errors, omissions and misstatements in the financial statements, arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing prior years statements, are retrospectively accounted for, whereas changes in accounting estimates are accounted for on a prospective basis.

3. Critical judgements, estimates and assumptions

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. Critical judgements, estimates and assumptions (continued)

Carrying value of property, plant and equipment

The Group reviews its property, plant and equipment whenever events or changes in circumstances indicate that the estimated period of use or the recoverable amount of these assets have changed.

Management review the vessels for impairment at the end of each financial year. Impairment of the vessels is identified where the fleet carrying amount exceeds the recoverable amount, which is determined by the fair value less cost to sell the vessels.

Management has assessed for impairment indicators on all assets during the year and note indicators of impairment in relation to vessels. In 2019, the market value of the vessels slightly increased, therefore management decided to partially reverse the impairment from prior years. Disclosure regarding the judgements and valuations made are contained in note 13.

Carrying value of goodwill

In line with the requirements of IAS 38 Management has carried out an annual impairment test of the goodwill recognised. Goodwill have been recognised on the acquisition of Mitsi Holding LLC, Portosole, and Kingsverbier. The key estimates and judgements pertaining to this impairment test have been disclosed in note 12.

Carrying value of investment properties

The Group reviews its investment properties whenever events or changes in circumstances indicate that the estimated period of use or the recoverable amount of these assets have changed. There was no evidence of any loss of value of the properties at the year end.

Sale and repurchase financing agreement

The Group has entered into a sale and repurchase agreement secured on the underlying metal held for trading. Whilst the legal form of this transaction is such that the rights to ownership of this metal inventory is divested to the third party, management note that the form of the subsequent repurchase means that these agreements are in fact a financing transaction with the metal inventory pledged as security and overall legal title of the inventory is maintained by the group. As such, management do not recognise a sale of inventory each time a sale and repurchase agreement is entered into. Management will recognise a liability for the amount of the repurchase due at a later date. The financial liability is measured at fair value which represents the market value of the underlying inventory, which is linked to the LME price of the underlying metal at the reporting date. Management has noted that there is an embedded derivative within the contractual arrangement linked to the variability of the ultimate price that would be paid. This embedded derivative is not deemed separable to the overall contract and its value is included within the overall fair value of the underlying liability.

Related party loans

The group has a number of loans with related parties. Some of these loans are long term and interest free. In line with the requirements of IAS 39 Management has imputed a rate of interest and included this as the interest expense within the profit or loss. The interest has been calculated at 5%. The difference on discounting the loans at the imputed interest is taken to a contribution reserve.

Investments held at fair value through profit and loss

In 2016 Mandeville Investments Ltd, a wholly owned subsidiary of the Hyphen Resources Limited group, acquired RB Eurosa S.a.r.l. (formerly GC Partecipazioni S.a.r.l.), an Italian entity. Management has assessed whether they have control of this entity and therefore whether they should consolidate under the principle of IFRS 10.

3. Critical judgements, estimates and assumptions (continued)

Mandeville Investments Ltd acquired 100% of the ordinary share capital of RB Eurosa S.a.r.l. through an intermediary subsidiary Mandeville Investments Ltd. There are contractual arrangements in place which restrict the Group's ability to control and govern the underlying operations of RB Eurosa to extract economic benefit and therefore management has judged that as at 31 December 2019 no control exists. Further discussion below details the recognition and measurement criteria for RB Eurosa.

Management note that the third-party counterparty to the acquisition has a call option to acquire back 100% of the share capital of RB Eurosa if certain conditions are met. This option has been recognised as a financial liability on the statement of financial position at fair value. Management has concluded that in this, the group does not have sole control of this investment and therefore has not consolidated the underlying operations into the group results from the date of acquisition. Management has therefore elected to hold the investment at fair value through profit or loss.

The fair value of the investment reflects the consideration paid considering that was entered into with independent third parties at arm's length. There has been no change in the underlying operations of each investment which would create a material change in the fair value of these investments.

Management has assessed that RB Italy Holding SRL, the intermediary subsidiary, in which each investment was made through is deemed a Venture Capital Organisation. This is based on the following characteristics:

- RB Italy Holding SRL has a clear investment strategy to look for opportunities for future investments to be held in the short to mid-term (3-5 years)
- For each investment to date Management has included terms which allow an exit and there are exit plans in place
- Management assesses the value of the investments based on fair value of the underlying equity rather than the potential return from managing the operations
- As at 31 December 2019 there are clear arrangements in place that limit the group's ability to control the underlying operations

Management has therefore elected to hold the investment in RB Eurosa at fair value through profit or loss and assessed the fair value of the investment to reflect the consideration paid. There has been no change in the underlying operations which would create a material change in the fair value of the investment.

Management has assessed the investment of Metrus in Docker Inc.; considering the ownership percentage is 0.4722%, the Group doesn't have control and the investment has been done to benefit from future value increase. Management has therefore elected to hold the investment at fair value through profit and loss.

Contingencies

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress of after the date of the financial statements but before those statements are issued), the opinions or views of legal advisors, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment. Full disclosure on all legal cases has been made in note 29.

4. Turnover

An analysis of the Group's turnover by class of business is as follows:

	2019	2018
	$	$
Commodity trading	5,114,053	4,828,507
Rental income:		
Metal warehousing	15,387,690	15,481,016
Hire of vessels	32,933,536	32,020,378
Berth rent	8,669,971	8,913,877
Hotel Lease	2,568,743	1,958,116
Other rent/service from marinas	-	94,429
Hotel revenues	1,641,904	4,611,727
Chartering revenues	-	28,002
Penalties and abortive fees	2,343	5,000,000
Other revenues	620,463	524,557
	66,938,703	73,460,609

Penalties and abortive fees refer to penalties paid by a third party for the non completion of the acquisition of Mitsi Holding LLC.

An analysis of the turnover by geographical segment has not been included as the directors are of the opinion that disclosure of this information would be prejudicial to the interests of the Group.

5. Operating profit

Operating profit for the year has been arrived at after charging/(crediting):

	2019	2018
	$	$
Depreciation of tangible assets	13,311,739	11,350,494
Impairment reversal of tangible assets	(273,048)	(16,549,404)
Amortisation of intangible assets	503,730	298,963
Loss from disposal of fixed assets	-	(41,012)
Impairment of receivables	810,720	416,216

6. Auditor's remuneration

The Group paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Group:

	2019	2018
	$	$
Group auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Group and Company's annual accounts	85,826	59,225
Fees payable to the Company's auditor and its associates for other services:		
- Audit of the accounts of the subsidiaries	58,098	89,943
- Taxation services	5,942	1,851
Audit fees and tax service payable to other accountancy firms		
Audit and tax service of subsidiaries	295,388	356,446

7. Staff costs

Staff costs during the year:

	2019	2018
	$	$
Wages and salaries	12,998,705	13,917,699
Social security costs	1,139,939	900,825
	14,138,644	14,818,524

The average monthly number of employees, during the year was as follows:

	2019	2018
Administration	39	26
Operations	179	170
	218	196

8. Directors' remuneration

Director's remuneration was borne by other entities within the RB International Ltd group. The directors do not believe that it is practical to apportion these amounts between the Company and the other entities concerned.

9. Finance expense

	2019	2018
	$	$
Interest payable to third parties at amortised cost	1,554,095	959,043
Interest payable to related parties at amortised cost	27,659,210	23,598,828
	29,213,305	24,557,871

10. Taxation

	2019	2018
	$	$
Current tax		
Corporate income taxes	1,346,772	1,783,165
Total current tax	1,346,772	1,783,165
Deferred tax		
Origination and reversal of timing differences	(848,314)	(897,772)
Total tax charge	498,458	885,393

Factors affecting the tax charge for the year

The tax assessed for the (loss)/profit on ordinary activities for the year differs from that resulting from applying the standard rate of corporation tax in each specific country to the profit before tax. The differences are explained below:

	2019	2018
	$	$
Profit on ordinary activities before tax	(14,869,164)	16,039,500
Profit on ordinary activities at the standard rate of corporation tax in the UK 19% (2017: 19%)	(2,825,139)	3,047,505
Effects of:		
Tonnage Tax	(372,280)	(3,752,391)
Effect of different tax rates of subsidiaries operating in other jurisdictions	81,017	185,234
Group relief	-	-
Expenses not deductible for tax	3,524,518	1,316,219
Impact of foreign tax	2,999	(3,576)
US state tax	(130,116)	11,263
Over provision in prior periods	215,493	391,897
Losses carried forward not recognised for deferred tax	1,966	(310,758)
Current tax expense/(credit) for period	498,458	885,393

11. Intangible assets

Group	Goodwill	Marketing related	Customer related	Technology related	Contract related	Other tangible assets	Total
	$	$	$	$	$	$	$
Costs							
At 31 December 2018 brought forward	126,748,206	-	45,845,073	576,221	-	2,296,299	175,465,799
Reclassification	-	-	(121,501)	-	77,837	43,664	-
Reclassification to Acc. Depreciation	-	52,800	-	31,806	-	8,282	92,888
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	-	(2,463)	-	(16,500)	(18,963)
Currency translation	(749,806)	-	-	(117)	-	(49,679)	(799,601)
At 31 December 2019	125,998,400	52,800	45,723,572	605,447	77,837	2,282,066	174,740,123
Accumulated depreciation							
At 31 December 2018 brought forward	-	-	45,806,155	546,994	-	229,629	46,582,778
Charge for the period	-	-	-	28,424	25,946	449,360	503,730
Reclassification	-	-	(82,583)	-	38,918	43,664	-
Reclassification to Acc. Depreciation	-	52,800	-	31,806	-	8,282	92,888
Disposals	-	-	-	(2,463)	-	(16,500)	(18,963)
Currency translation	-	-	-	(83)	-	(5,129)	(5,211)
At 31 December 2019	-	52,800	45,723,572	604,678	64,864	709,306	47,155,222
Carrying amount							
At 31 December 2019	125,998,400	-	-	769	12,973	1,572,760	127,584,901
At 31 December 2018	126,748,206	-	38,918	29,227	-	2,066,670	128,883,021

In 2019, the classification has been modified, with the addition of different classes; a reclassification of opening balances has been applied.

The Group has no contractual commitments for development costs as at year end (2018 - $nil).

Customer related intangible assets include "In place metal warrants", warrants issued by an LME-approved warehouse company to facilitate the easy transfer of possession of that metal. The warrants recognised in the financial statements relate to the previous acquisition of the Metro metal warehousing business prior to the transfer of ownership to Hyphen Resources Limited. The warrants represented identifiable intangible assets at the point of the original acquisition of the business.

The company has no intangible assets.

12. Goodwill and impairment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

For the purposes of impairment testing, goodwill is allocated to the Metal Warehousing CGU ($66.9m for the acquisition of Metrus Inc. business), to the Marina CGU ($45.3m for the acquisition of RB Marinas and Portosole) and to the Hotel CGU ($13.8m for the acquisition of Kingsverbier SA).

12. Goodwill and Impairment (continued)

The recoverable amount of this CGU was based on the value in use for the underlying business, estimated using market transactions or, when not available, the discounted cash flows. The fair value measurement was categorised as level 3 fair value based on the inputs in the valuation technique used.

Metal Warehousing CGU

The terminal value includes assessment of the business as a continuing going concern.

The discount rate was a pre-tax measure based on the historical industry average weighted cost of capital, with a debt leverage of 22% at an interest rate of 7.5% and average tax rate of 30%.

The cash flow projections include specific estimates for a 5 year period, from 2020 to 2024. The growth rate was determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

	Warehousing CGU
Discount rate	8.2%
Terminal Value	$79,830,000
Budgeted cash rate growth rate	2%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $13 million (with a book value of the Goodwill at $67m). Management has identified that a reasonable possible change in two assumptions could cause the carrying amount to exceed the recoverable amount. In order for the recoverable amount to equal the carrying amount the revenues would need to decline by 23% or the discount rate would have to increase to approximately 9%.

Hotel CGU

The Hotel CGU recognised Goodwill arising from the acquisition in 2017 of Kingsverbier. At the acquisition date (24 November 2017) a valuation prepared by a third party recognised a terminal value of the investment equal to CHF 27.5m ($28.2m), and there are no significant events in the market that could have changed such valuation. The recoverable amount of the CGU exceeded its carrying amount, therefore management decided to not impair the Goodwill.

Marina CGU

The Marina CGU recognised Goodwill arising from the step-acquisition in 2016, 2018 and completed in 2019 of RB Marinas and Portosole; in 2018 a primary advisor prepared a budget plan 2018-2034 to estimate the maximum capital needs of Portosole to complete the hotel and strengthen the breakwater. Based on this plan, management extended its budget till 2064, expiration date of the concession on the marina. The key assumptions used to extend the plan represent Management's assessment of future trends in the marina industry in the area and have been based on historical data and competitor's selling plan of their berths.

The terminal value does not include assessment of the business as a continuing going concern and there is further upside here, in the event that the concession is extended.

The discount rate was a pre-tax measure based on the historical industry average weighted cost of capital, with a debt leverage of 20% at an interest rate of 4% and average tax rate of 27%.

12. Goodwill and impairment (continued)

The cash flow projections include specific estimates for a 45 year period, from 2020 to 2064 (date of expiration of the concession). The growth rate after 2034 was determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

	Marina CGU
Discount rate	7.7%
Terminal Value	$150,444,000
Budgeted cash rate growth rate (after 2034)	3%

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $109 million (with a book value of the Goodwill at $45m). Management has identified that a reasonable possible change in two assumptions could cause the carrying amount to exceed the recoverable amount. In order for the recoverable amount to equal the carrying amount the discount rate would have to increase to approximately 14%.

13. Property, plant and equipment

Group	Land	Building	Leasehold Improvements & Construction Period	Plant & Equipments	Vessels	Furniture & Fixtures	Electronic Machineries	Hardware	Motor Vehicles	Other tangible assets	Assets under concession	Construction in progress	Total
	$	$	$	$	$	$	$	$	$				$
Costs													
At 31 December 2018 brought forward	6,291,429	108,774,251	-	8,264,111	246,050,827	2,747,993	-	-	-	573,414	27,768,695	4,355,085	404,825,805
Reclassification	783,024	(46,612,976)	45,829,952	(2,719,828)	-	(1,828,540)	285,738	1,991,778	2,840,979	(570,129)	150,272	(150,272)	-
Reclassification to Acc. Depreciation	-	1,612,122	-	-	-	-	-	-	-	-	-	-	1,612,122
Reclassification from leased spaces	-	-	3,546,995	-	-	-	-	-	-	-	-	-	3,546,995
Reclassification from Trade and other receivables	-	-	-	-	-	-	-	-	-	123,575	-	-	123,575
Additions	-	809,894	740,343	2,314,788	-	153,088	26,995	28,789	96,836	-	97,927	5,918,602	10,185,261
Disposals	-	-	(3,741)	(668,009)	-	(131,594)	-	-	(90,824)	(123,574)	-	-	(1,017,741)
Currency translation	(31,593)	(480,281)	-	(88,873)	-	(3,782)	(6,159)	(42,936)	(2,612)	(71)	(598,594)	(93,878)	(1,328,778)
At 31 December 2019	7,042,860	64,103,010	50,113,549	7,122,189	246,050,827	937,165	308,574	1,975,631	2,844,379	3,215	27,418,308	10,029,537	417,947,236
Accumulated depreciation													
At 31 December 2018 brought forward	-	24,251,460	-	7,602,573	42,550,826	2,183,331	-	-	-	476,183	12,868,430	-	89,932,803
Charge for the period	-	1,707,159	1,594,316	228,778	7,773,049	50,476	9,855	156,718	58,766	-	322,735	-	11,897,853
Impairment Adjustments	-	-	-	-	(273,048)	-	-	-	-	-	-	-	(273,048)
Reclassification	-	(9,457,468)	9,457,468	(2,683,990)	-	(1,416,773)	255,511	1,537,623	2,760,526	(472,897)	-	-	-
Reclassification from Historical cost	-	1,612,122	-	-	-	-	-	-	-	-	-	-	1,612,122
Reclassification from Trade and other receivables	-	-	-	-	-	-	-	-	-	50,553	-	-	50,553
Additions	-	-	7,885	587,480	-	93,358	-	-	43,701	-	-	-	732,433
Disposals	-	-	(2,821)	(662,254)	-	(107,099)	-	-	(90,824)	(50,553)	-	-	(913,552)
Currency translation	-	(105,064)	-	(59,357)	-	(2,659)	(5,508)	(33,146)	(2,081)	(71)	(277,397)	-	(485,282)
At 31 December 2019	-	18,008,209	11,056,848	5,031,240	50,050,827	800,634	259,858	1,661,195	2,768,088	3,215	12,913,768	-	102,553,982
Carrying amount													
At 31 December 2019	7,042,860	46,094,801	39,056,701	2,090,949	196,000,000	136,531	48,716	314,436	76,291	-	14,504,532	10,029,537	315,393,254
At 31 December 2018 brought forward	6,291,429	84,522,791	-	661,538	203,500,001	564,662	-	-	-	97,231	14,900,265	4,355,085	314,893,002

In 2019, the classification has been modified, with addition of more subgroups; a reclassification of opening has been applied.

The company has no property, plant and equipment.

13. Property, plant and equipment (continued)

During the financial year, the Group has recognised impairment loss reversals in relation to vessels, partially recovering the impairments booked in prior years. Subsequent to the vessels being ordered, global market conditions deteriorated such that the Baltic Dry Index fell significantly. Management considered this event to be an indication of impairment and have conducted an impairment review on each of the vessels in question as they consider each individual freighter to represent a CGU. Impairment of a vessel is identified where the carrying amount exceeds the recoverable amount. Considering that the Baltic Dry Index increased in 2019 vs. 2018, Management decided to partially reverse the impairment booked in prior years. Therefore, the carrying amount of the asset has been increased to the revised estimate of its recoverable amount, verifying that the increased carrying amount does not exceed the carrying amount that would have been determined having no impairment loss been recognised for the asset in prior years. The reversal of the impairment loss has been recognised in profit or loss. The total amount of impairment reversal in 2019 for the vessels in aggregate is $273,048. Total impairment accumulated for the vessels amounts to $26,736,627.

The Group has no contractual commitments for acquisition of property, plant and equipment as at year end.

14. Investment properties

Group	2019 $	2018 $
Costs		
Opening Balance	26,140,206	-
Additions	65,827,654	-
Reclassifications from inventory	59,540	-
Reclassifications from tangible assets	-	26,811,459
Currency translation	(67,668)	(671,253)
Total Historical cost	91,959,732	26,140,206
Accumulated depreciation		
Opening Balance	5,944,530	-
Charge for the period	946,033	-
Reclassifications from tangible assets (see note 14)	-	5,944,530
Currency translation	109,618	-
Total Accumulated depreciation	7,000,181	5,944,530
Carrying amount	84,959,551	20,195,676

Additions refers to the acquisitions of the building in Rome, under conversion to hotel.

The Company has no investment property.

15. Right of use

Effective January 1, 2019, the Group adopted IFRS 16 "Leases" under which lessees will recognise most leases on the Statement of Financial Position that existed at or commenced after January 1, 2019. Adoption of this standard resulted in recognition of right-of-use assets and lease liabilities.

The Group elected the option under IFRS 16 not to restate comparative periods in the transition and there was no impact to the Group's retained earnings as a result of the adoption. In addition, the Group elected to adopt the package of practical expedients permitted under the transition guidance within the new standard, which allowed it to carry forward the historical lease classification, costs, and components. See note 2 for further details.

15. Right of use (continued)

Reported below are the movements during the year for the right of use:

Group	Lands $	Buildings $	Total $
Costs			
At 31 December 2018 brought forward	-	-	-
Fair Value Adjustments	1,282,366	2,008,978	3,291,344
At 31 December 2019	**1,282,366**	**2,008,978**	**3,291,344**
Accumulated depreciation			
At 31 December 2018 brought forward	-	-	-
Charge for the period	65,762	402,038	467,800
At 31 December 2019	**65,762**	**402,038**	**467,800**
Carrying amount			
At 31 December 2019	**1,216,604**	**1,606,940**	**2,823,544**
Carrying amount			
At 31 December 2018	-	-	-

Reported below are the amounts recognised on both Statements of Financial Position and Comprehensive Income:

Amounts recognised in the Statement of Financial Position	2019 $	2018 $
Right of use assets		
Lands	1,216,604	-
Buildings	1,606,940	-
	2,823,544	-
Lease liabilities		
Non current	2,341,114	-
Current	505,002	-
	2,846,116	-

Amounts recognised in the Statement of Comprehensive Income	2019 $	2018 $
Depreciation charge of right-of-use assets		
Lands	65,762	-
Buildings	402,038	-
	467,800	-
Interest expenses	106,790	-
Rent adjustment	(552,019)	-
Total costs	22,572	-

The Company has no right of use assets.

16. Subsidiaries

The principal subsidiaries of Hyphen Resources, Ltd. as of 31 December 2019, included in these consolidated financial statements, are as follows:

Name	Status	Country of Incorporation and Principal Place of Business	Registered Office	Proportion of Ownership at 31 December 2019	Proportion of Ownership at 31 December 2018
MITSI Holding (UK) Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
Metrus, Inc.	Active	USA	Corporation Service Company 2711 Centerville Road, Suite 400 Wilmington, Delaware	100%	100%
MCEPF Metro I, Inc.	Active	USA	1209 Orange Street, Wilmington, County of New Castle	100%	100%
MITSI Holdings LLC	Active	USA	The Corporation Trust Company 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
MetalStore LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Metro International Trade Services LLC	Active	USA	The Corporation Trust Company 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Cabot Street Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Metro International Trade Services (UK) Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
Hyphen Leisure (CH) SA	Active	Switzerland	Route de Verbier-Station 23, 1936, Verbier, Switzerland	100%	100%
Metro International Property Holdings LLC	Active	USA	The Corporation Trust Company 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Highland Park Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Warren Real Estate Enterprises LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Metro International Trade II LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Detroit Helen Street Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Wyandotte Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Allen Park Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
River Rouge Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Mt. Clemens Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Lincoln Park Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Detroit Mt. Elliott Real Estate LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Portage Real Estate Enterprises LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Highland Park Real Estate II LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Chesterfield Real Estate Enterprise LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Metro International Trade IV LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
San Souci Enterprises LLC	Active	USA	500 Louisiana Avenue, New Orleans, Louisiana 70115	100%	100%
RB Properties (US) Holding LLC	Active	USA	The Corporation Trust Company 1209 Orange Street, Wilmington, Delaware 19801	100%	100%
Metro International Holdings LLC	Active	USA	39533 Woodward Ave., Suite 170 Bloomfield Hills MI 48304	100%	100%
Brandon International LLC	Active	USA	500 Louisiana Avenue, New Orleans, Louisiana 70115	100%	100%
RB Marine Holdings (UK) Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Shipping (UK) Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Jake Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Jordana Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Eden Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Lisa Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Leah Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Mya Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Ariana Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Joyous Ltd	Dormant	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB Debra Ltd	Dormant	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
RB British Marine UK Ltd.*	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	50%	50%
Hyphen Trading Ltd	Active	United Kingdom	4th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP	100%	100%
Hyphen Malta Holdings Ltd	Active	Malta	40 Mistral Court, Flat 2, Triq Hapiera, Swieqi SWQ 3081, Malta	100%	100%
Battersea Agri Ltd	Active	Malta	40 Mistral Court, Flat 2, Triq Hapiera, Swieqi SWQ 3081, Malta	100%	100%
Mandeville Investments Ltd	Active	Malta	40 Mistral Court, Flat 2 Triq L-Hapiera, Swieqi, Malta, SWQ3081	100%	100%
RB Italy Holding SRL	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	100%
RB Eurosa Sarl	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	100%
Pharma Puglia Sarl	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	-
RB Roma S.r.l.	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	-
Portosole CNS S.r.l.	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	67%
RB Yacht Services SRL	Dormant	Italy	Via dell'Orso 9, Milan, Italy	100%	100%
Ca'Molin S.r.l	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	100%
RBRD Armatori S.r.l.	Active	Italy	Via dell'Orso 9, Milan, Italy	75%	75%
SPV RR Armatori S.r.l.	Active	Italy	Via dell'Orso 9, Milan, Italy	75%	-
RB Marinas S.r.l	Active	Italy	Via dell'Orso 9, Milan, Italy	100%	51%

**Represents a joint venture with British Marine Limited.*

17. Investments in subsidiaries – Company

	2019	2018
	$	$
Mitsi Holding (UK) Limited	23,200,000	23,200,000
RB Marine Holdings (UK) Limited	2	2
Hyphen Malta Holdings Limited	5,155	5,155
Hyphen Trading Limited	1	1
RB Italy Holding SRL	10,438	10,438
Hyphen Leisure (CH) SA	102,145	102,145
	23,317,741	23,317,741

18. Investments

Investments accounted for using the equity method

	2019	2018
	$	$
Investment in RB British Marine Limited	257,934	146,023
Investment in HiSky	7,237,274	
	7,495,208	146,023

The investment in RB British Marine Limited is accounted for using the equity method considering that RB British Marine is a Joint Venture with British Marine Limited, a third party not controlled by the Group.

In February and July 2019 Hyphen Malta Holdings Limited acquired, in two steps, 42.25% of Hisky SSC Ltd, an Israeli company sole shareholder of HiskySat Ltd, for a total consideration of $10m. HiSky brings innovative technology to the field of voice and data satellite communications, offering affordable mobile connectivity. Considering that the Group has significant influence, Management have therefore elected to hold the investment using the equity method.

Investments held at fair value through profit and loss

	2019	2018
	$	$
Investment in RB Eurosa Sarl *(formerly GC Partecipazioni Sarl)*	2,415,310	2,468,523
Investment in Dockers	5,276,869	5,000,000
	7,692,179	7,468,523

On 28 September 2016 RB Italy Holding Srl, a wholly owned subsidiary of Hyphen Resources Limited, acquired a 100% investment in the share capital of RB Eurosa S.a.r.l for a consideration paid of €2.2m. The accounting for this investment has been described in note 3 to these financial statements. Management determined that the fair value of the investment at 31 December 2019 is equal to the consideration paid ($2.4m) as this was the price agreed with an independent third party in an arm's length transaction and there has been no change in the underlying operations of the business from the date of acquisition. This is deemed a level 3 valuation as disclosed in note 27.

Management have assessed the investment of Metrus in Docker Inc.; considering the ownership percentage is 0.4722%, the Group doesn't have control and the investment has been made in order to benefit from future value increases. Management have therefore elected to hold the investment at fair value through profit and loss.

19. Inventories

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Finished goods and supplies	49,989,745	57,389,992	-	15,891,808
	49,989,745	57,389,992	-	15,891,808

The inventory held at the year end mostly relates to metal inventory held for the purposes of commodity trading. The residual amount relates to supplies used by the Shipping and Marina divisions.

No inventory was written off during the year.

20. Trade and other receivables

Trade and other receivables are comprised of the following:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Trade receivables	7,754,586	56,026,114	-	436,882
Amounts owed by related parties	5,292,343	2,778,660	6,703,912	114,540,330
Prepayments	3,711,248	3,464,958	-	292,713
Accrued income	713,098	1,127,923	-	-
Tax receivable	2,613,260	1,631,580	189,429	93,781
Other assets	27,398,942	6,128	-	-
Deposits	34,741,787	34,379,937	-	-
	82,225,264	99,415,300	6,893,341	115,363,706

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value due to its short-term nature. The Group has financial risk management policies in place to ensure that all receivables are received within the pre-agreed credit terms. The collectability of receivables is monitored.

The decrease of $46m in trade receivables is mainly related to insured credit receivables that the Group purchased in 2018 and fully collected in 2019.

Other assets mainly refer to the advance payment made by RB Italy Holding to acquire a portfolio of asset-backed Non-Performing Loans.

Deposits mainly relates to an amount the Group deposited to the Italian court to participate at the bankruptcy procedure for RBD Armatori S.p.A. The acquisition of RBD Armatori S.p.A. was completed in January 2020. See note 37 for further details.

21. Long term receivables

Long term receivables are comprised of the following:

	Group 2019 $	Group 2018 $	**Company 2019 $**	Company 2018 $
Amounts receivable from related parties	**2,482,395**	1,746,613	**251,720,128**	-
Amounts receivable from subsidiaries	-	-	-	18,858,445
Notes from Dudaim Loan Trading Srl	**74,669**	6,957,789	-	-
Receivables from Marina degli Aregai Srl	-	24,746,258	-	-
Other deposits and leased incentives	**2,532,721**	6,028,230	-	-
	5,089,785	39,478,890	**251,720,128**	18,858,445

22. Derivative financial instruments

	Group 2019 $	Group 2018 $	**Company 2019 $**	Company 2018 $
Forward Contract derivative assets	**3,674,398**	3,066,505	-	-

All amounts relate to forward contracts taken out in the metal trading business. These are recognised at fair value based on the mark to market value at the year end. See note 27 for details of valuation techniques applied and note 35 for the risk management strategy applied by management in relation to these contracts.

23. Cash and cash equivalents

	Group 2019 $	Group 2018 $	**Company 2019 $**	Company 2018 $
Cash at bank and in hand	**212,940,374**	33,376,421	**169,706,509**	297,759
	212,940,374	33,376,421	**169,706,509**	297,759

24. Share Capital

Share capital consists of 1 share, issued, and fully paid. The par value of the share is $1 and no movement in share capital have been made during the year. There are no restrictions on the rights of the ordinary share capital.

25. Trade and other payables

Trade and other payables are comprised of the following:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Trade payables	**11,649,053**	23,584,601	**71,302**	68,906
Amounts owed to related parties	**5,548,688**	1,838,715	**3,315,808**	1,550,202
Accruals	**3,880,503**	5,393,437	-	-
Deferred Income	**4,331,896**	3,832,698	-	-
Tax payable	**3,217,307**	1,627,274	**18,060**	18,852
Call option - RB Eurosa	**2,415,310**	2,468,523	-	-
	31,042,757	38,745,248	**3,405,170**	1,637,960

The Group has financial risk management policies (see note 35) in place to ensure that all payables are paid within the pre-agreed credit terms. All amounts are due to be paid in less than one year and their carrying amount is equivalent to the fair value.

The deferred income relates to berths sold by Portosole before the acquisition and income deriving from chartering of vessels owned by RB Marine Holding subsidiaries.

The Call option is held by MASA S.r.l. the counterparty to the investment made in RB Eurosa during the year (see note 18). The option has been valued at the consideration paid for it as management has deemed this to be the best proxy for fair value.

26. Repurchase obligations

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Repurchase obligations	-	15,891,808	-	15,891,808
	-	15,891,808	-	15,891,808

Repurchase obligations pertains to HRL's inventory pledged against a financing line from Natixis in a form of a "repo agreement" which in substance is a short-term source of financing secured against the inventory. See note 27 for details of fair valuation of the contract.

27. Fair value

The following table summarises the measurement techniques used in the fair value assessments that Management has made:

Valuation level	Valuation technique and item valued	Unobservable inputs
Level 3	Unlisted investments in RB Eurosa and Docker. Investment has been valued at the consideration paid as this was a transaction completed at arms-length with an independent third party.	The underlying variables Management has used in the assessment of the consideration to be paid. These would include long term growth rates for the underlying operations, operating margins, pre-tax discount rates.

Valuation level	Valuation technique and item valued
Level 2	Derivatives held at fair value through profit or loss. The fair value of forward metal contracts is based on the forward LME prices at the reporting date.
Level 2	The Sale and repurchase financing arrangement and the underlying metal inventory have been valued at the LME price at the year end.
Level 2	The loan term related party loans which are interest free have been discounted at 5% interest rate.

The carrying value of all other financial instruments (trade debtors, trade creditors and cash) are deemed to represent the fair value due to their short-term nature.

28. Loans and borrowings

The terms of all loans are included in the table below.

	Group 2019 $	Group 2018 $	**Company 2019 $**	Company 2018 $
Current Loans and borrowings	**62,565,427**	163,615,634	**18,468,144**	70,133,997
Non-current Loans and borrowings	**719,368,037**	369,349,616	**442,280,634**	92,046,961
	781,933,464	532,965,250	**460,748,778**	162,180,958

The aging of Loans and borrowings are detailed within note 35.

28. Loans and borrowing (continued)

Details of the loans entered with related party are as follows:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Loan payables to related party	748,201,475	493,218,908	460,748,778	162,180,958
	748,201,475	493,218,908	460,748,778	162,180,958
Interest recognized in Statement of Comprehensive Income	27,659,211	24,557,871	9,692,228	5,766,027
	27,659,211	24,557,871	9,692,228	5,766,027

29. Commitments and contingencies

The Company experiences routine litigation in the normal course of business.

In December 2013, a regulator issued a formal notice of investigation to Mitsi Holding. In July 2016, after the company provided requested documents and interviews to the regulator, the two parties agreed to a settlement in which the company would have paid $10 million without admitting or denying any of the alleged breaches in the investigation. All legal fees and settlement costs were paid or reimbursed by the previous owner pursuant to an indemnity agreement. In December 2014, the company and certain of its subsidiaries were among respondents in an investigation before the United States Bankruptcy Court of the District of Delaware asserting claims of possible manipulation of lead prices. In 2018, the Second Circuit Court of Appeals vacated the dismissals by the lower court and returned the cases to the lower court for further proceedings. The cost of the settlement was paid by the primary respondents with no financial impact on the company. In 2019, the Second Circuit Court of Appeals vacated the dismissals by the lower court and returned the cases to the lower court for further proceedings. In July 2020, the Court denied the First Level Purchasers' motion to certify a class pursuant to Federal Rule of Civil Procedure 23.

30. Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 $	2018 $
Lease liabilities		
Non current	2,341,114	-
Current	505,002	-
	2,846,116	-

30. Lease liabilities (continued)

Below is reported a breakdown by maturity:

	2019	2018
	$	$
Maturity		
Up to 3 Months	(128,660)	-
Between 3 and 12 Months	(376,341)	-
Between 1 and 2 Years	(521,168)	-
Between 2 and 5 Years	(832,148)	-
Over 5 Years	(987,798)	-
	(2,846,116)	-

See note 2 for further details about methods used to assess lease liabilities.

31. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rate of each country. The movement on the deferred tax account is as shown below:

Group deferred assets	2019	2018
	$	$
Interest accrued not paid	425,814	1,518,305
Amortisation of transaction costs	249,028	495,485
Amortisation of goodwill and intangibles	206,992	211,451
Other deferred cost	179,496	295,082
Losses on credits impairment	636,971	562,295
Losses recognised as deferred tax asset	727,579	673,135
	2,425,880	3,755,753

Group deferred liabilities	2019	2018
	$	$
Deferred tax acquired as part of common control acquisition	6,134,299	8,281,387
	6,134,299	8,281,387

Deferred tax assets have been recognised in respect of US Warehouse business (Metrus Inc) and Marina business (Portosole), where management believes it is probable that these assets will be recovered.

32. Financial commitments

The group enters into repurchase agreements for metals in which the company has an agreement with the counter party to resell the metal at a future agreed date. The legal title of the inventory is transferred to Hyphen Trading Ltd upon entry into the transaction. The financial liability is measured at fair value which represents the market value of the underlying inventory, which is linked to the LME price of the underlying metal at the reporting date. Management has noted that there is an embedded derivative within the contractual arrangement linked to the variability of the ultimate price that would be paid. This embedded derivative is not deemed separable to the overall contract and its value is included within the overall value of the underlying liability. As at 31 December 2019, the total mark to market value of these commitments was $ 45,592,467. The metal has been hedged forward to the sale date, ensuring that the market price fluctuation has no economic effect to Group.

33. Common control acquisition

No acquisitions under common control were held in 2019 and 2018.

34. Related party transactions

During the year ended 31 December 2019 the group has entered into related party transactions with other corporate entities of the wider group which are separate to the Hyphen Resources Limited group. Transactions with the joint venture interest are comprised in the other related party transactions during the year. In addition to the amounts loaned to the business under formal agreements (detailed in note 28), the outstanding amount deriving from the transactions the group has entered into with related parties are:

	Group 2019 $	Group 2018 $	**Company 2019 $**	Company 2018 $
Affiliated corporate entities of the Group	**(20,329,792)**	1,381,502	**(1,687,874)**	(316,285)
Entities under joint control and associates	**942,663**	1,126,551	**313,606**	244,181
Entities held at FVTPL	**61,366**	76,926	**-**	-

During the reporting period the following transactions occurred with related parties:

Transactions with related parties	**Group 2019 $**	Group 2018 $	**Company 2019 $**	Company 2018 $
Management fees income	**576,198**	524,558	**320,000**	270,000
Management fees expenses	**(1,918,068)**	(2,155,407)	**(103,337)**	(76,926)
Rent expenses	**(216,546)**	(209,051)	**(216,546)**	(209,051)
Financial income	**7,396**	-	**-**	-
Financial expenses	**(27,659,210)**	(23,242,603)	**(9,692,227)**	(5,766,027)
	(29,210,230)	(25,082,503)	**(9,692,110)**	(5,782,004)

Compensation and interests of key management personnel

Director's remuneration was borne by other entities within the RB International Ltd group. The directors do not believe that it is practical to apportion these amounts between the Company and the other entities concerned.

35. Other non-current liabilities

Below is reported a breakdown of the Group's Other non-current liabilities:

	2019	2018
	$	$
Employee termination benefits	385,111	438,767
Provision for litigations	1,866,265	1,756,938
Long term deferred rent	13,636,865	16,635,088
Preference shares classified as liabilities	20,000,000	-
Deposits	178,342	67,625
Other liabilities owed to related parties	68	2,213
Other	-	80,425
	36,066,651	18,981,056

On 6 June 2019, following duly passed written resolutions of Hyphen Trading Ltd pursuant to section 288 of the Companies Act 2006, (i) new articles of association were adopted, in substitution for and to the exclusion of the existing articles of association and, (ii) in accordance with section 551 of the Companies Act 2006, the directors of Hyphen Trading Ltd were generally and unconditionally authorised to allot up to 15,789,900 redeemable preference shares of £0.01, each having the rights and being subject to the restrictions set out in the new articles of association.

Following this, Hyphen Trading Ltd issued 15,789,900 redeemable preference shares to RB International Ltd, its ultimate parent company, for a consideration of GBP 15,789,900.

After a review of the accounting principles and the terms of the redeemable preference shares, Management decided to classify the preference shares as long-term liabilities, according to IAS 32. Dividends have been classified as interest expenses and unpaid dividend included in short term liabilities.

36. Financial instruments – risk management

The Group's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and foreign exchange risk. The Group's exposure to these risks and its methods of managing the risks remain consistent.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises includes trade and other receivables, accrued income, cash and cash equivalents, trade and other payables, accruals, loans and borrowings.

36. Financial Instruments – risk management (continued)

Financial instruments by category

Financial assets

Below is a listing of Group's financial assets.

	2019 $	2018 $
Cash and cash equivalents	212,940,374	33,376,421
Trade and other receivables	40,445,871	58,810,902
Investments at fair value	7,692,179	7,468,523
Accrued income	713,098	1,127,923
Derivatives held at fair value through profit or loss	3,674,398	3,066,505
Long term receivables	5,089,785	39,478,890
	270,555,705	143,329,164

Financial liabilities

Below is a listing of Group's financial liabilities.

	2019 $	2018 $
Trade and other payables	17,197,741	25,423,316
Accruals	3,880,503	5,393,437
Loans and borrowings	781,933,464	532,965,250
Repurchase obligations	-	15,891,808
Call option	2,415,310	2,468,523
Lease liabilities	2,846,116	-
	805,427,018	582,142,334

Financial assets

Below is a listing of the Company's financial assets.

	2019 $	2018 $
Cash and cash equivalents	169,706,509	297,759
Trade and other receivables	6,893,341	115,363,706
	176,599,850	115,661,465

36. Financial instruments – risk management (continued)

Financial liabilities

Below is a listing of the Company's financial liabilities.

	2019	2018
	$	$
Trade and other payables	3,405,170	1,637,960
Loans and borrowings - *see note 29*	460,748,778	162,180,958
Repurchase obligations	-	15,891,808
	464,153,948	179,710,726

Financial instruments measured at fair value

The following financial instruments are measured at fair value and details regarding the valuations undertaken are disclosed in note 27.

Group

	2019	2018
	$	$
Financial liabilities		
Loans and borrowings	781,933,464	532,965,250
Repurchase obligations	-	15,891,808
Call option	2,415,310	2,468,523
	784,348,774	551,325,581
Financial assets		
Investments held at fair value through profit or loss	7,692,179	7,468,523
Derivative assets held at fair value through profit or loss	3,674,398	3,066,505
	11,366,577	10,535,028

Company

	2019	2018
	$	$
Financial liabilities		
Loans and borrowings - *see note 29*	460,748,778	162,180,958
Repurchase obligations	-	15,891,808
	460,748,778	178,072,766

36. Financial instruments – risk management (continued)

General objectives, policies, and processes

The Board of Directors has overall responsibility for the determination of the Group's and Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's and Company's management. The Board receives monthly reports from management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's and Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and Company is mainly exposed to credit risk from cash held in bank accounts and receivables due from commodity traders and financiers for both warehousing and shipping activities. The risk on the operating companies is low because the trade receivables in the shipping are secured on the cargo and the receivables in the metal warehousing are de-risked by the LME warehousing rules. Management manages the credit risk on bank deposits by only banking with institutions with high credit ratings.

Management determines concentrations of credit risk by reviewing its allowance for doubtful accounts monthly. Past due balances are reviewed individually for collectability. Accounts are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The Group's and Company's maximum exposure to credit risk is limited to the carrying amount of the trade receivables on cash on the statement of financial position.

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group and Company will encounter difficulty in meeting its financial obligations as they fall due. All of the Group's debt instruments carry interest between 0-7.5%. All of Company's debt instruments are at 0-7% interest rate.

The Group's and Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they come due. To achieve this aim, the Group and Company have a planning and budgeting process in place to help determine the funds required to support the Group's and Company's normal operating requirements on an ongoing basis. The Group and Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

36. Financial Instruments – risk management (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group

At 31 December 2019	Up to 3 Months	Between 3 and 12 Months	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
	$	$	$	$	$	$
Trade and other payables	21,078,244	-	-	-	-	21,078,244
Loans and borrowings	41,774,280	20,791,147	198,605,378	277,023,680	243,738,979	781,933,464
Call option	2,415,310	-	-	-	-	2,415,310
Tax payables	1,289,838	945,078	530,255	452,138	-	3,217,307
	66,557,670	21,736,225	199,135,633	277,475,818	243,738,979	808,644,325

Company

At 31 December 2019	Up to 3 Months	Between 3 and 12 Months	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
	$	$	$	$	$	$
Trade and other payables	3,405,170	-	-	-	-	3,405,170
Loans and borrowings	18,468,145	-	113,620,676	87,012,502	241,647,455	460,748,778
	21,873,315	-	113,620,676	87,012,502	241,647,455	464,153,948

36. Financial instruments – risk management (continued)

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than their functional currency. To minimise this risk, the Group primarily transacts in US dollars however the following balances were held in various currencies at the year end. The numbers presented below are the US dollar equivalent

Group	EUR	CHF	USD	Total 2019
Trade and other payables	8,532,405	19,985	8,645,351	17,197,741
Trade and other receivables	13,436,369	-	16,780,020	30,216,389
Loans and borrowings	285,321,154	22,476,306	474,136,004	781,933,464
Other assets	27,398,942	-	-	27,398,942
Call option	2,415,310	-	-	2,415,310
Cash and cash equivalent	183,974,404	1,148,434	27,817,536	212,940,374
	337,104,180	**22,486,291**	**499,561,375**	**859,161,846**

Company	EUR	CHF	USD	Total 2019
Trade and other payables	-	-	3,405,170	3,405,170
Trade and other receivables	-	-	6,893,341	6,893,341
Loans and borrowings	278,258,189	22,476,006	160,014,583	460,748,778
Cash and cash equivalent	169,366,849	-	339,660	169,706,509
	447,625,038	**22,476,006**	**170,652,754**	**640,753,798**

Price risk

The Group is subject to price risk on the metal trading operations and shipping operations however this is mitigated to immaterial levels due to the internal policies in place. The group manages the price risk on the trading business by hedging all positions and therefore reducing the risk to an immaterial level. Management takes out long term contracts in the shipping business which mitigates the price risk.

Interest rate risk

The Group and Company are not exposed to interest rate risk as all borrowings carry a fixed interest rate.

Capital management

The Group's capital consists of borrowings, share capital and reserves. The Company's policy is to ensure that it has sufficient reserves to meet its requirements.

In addition, the group's policy is to maintain sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements. The group's Board review rolling cash-flow projections on a monthly basis as well as information regarding cash balances. At the end of the year these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances for a period of at least 12 months from the year end date.

36. Financial instruments – risk management (continued)

The group has policies in place to ensure that deposits are placed with high-credit quality banks. The Board manages borrowings to ensure that sufficient funding is maintained, and to ensure that market driven rates are negotiated for the borrowings.

The table below shows the total capital considered by the group as of 31 December:

	2019	2018
	$	$
Share capital	1	1
Reserves	44,270,795	93,204,357
Loan and Borrowings	781,933,484	532,965,250
Preference shares	20,000,000	-
	846,204,260	626,169,608

37. Ultimate parent company

The ultimate parent undertaking is RB International Limited, a company registered in the British Virgin Islands. The registered address of RB International Ltd is 2nd Floor, O'Neal Marketing Associates Building, PO Box 3174, Wickham's Cay II, Road Town, Tortola, British Virgin Islands.

There is no ultimate controlling party.

38. Events after the reporting date

The 2019 Novel Coronavirus infection ('coronavirus') or 'COVID-19' outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. The resulting impact on financial reporting will be significant.

The Group is currently evaluating the potential short-term and long-term implications of COVID-19 on its financial statements including, but not limited to, new repo deals, metal prices and premiums. Any of these outcomes could have a material adverse impact on the Company's business, financial results and cash flows. Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next twelve months from the date of this report.

Warehousing Unit

On 6th May 2020 the Group signed a Sale and Purchase Agreement to sell to a third party 3 warehouses owned by some subsidiaries of Metrus; the closing is subjected to the due diligence.

Regarding the pending litigation of possible manipulation of lead prices, in July 2020 the Court denied the First Level Purchasers' motion to certify a class pursuant to Federal Rule of Civil Procedure 23.

Shipping Unit

In January 2020, RB|RD Armatori srl, a 75% owned subsidiary of RB Italy Holding, completed the acquisition of the assets of RBD Armatori S.p.A. form a bankruptcy procedure. The assets include 7 drybulk vessels, 1 tanker, 1 hotel in Capri and several residential real estate assets.

38. Events after the reporting date (continued)

In January 2020, RB Italy Holding acquired some Non-performing loans, asset-backed by several residential real estate assets in Capri and Torre del Greco (Italy).

In May 2020 Hyphen Malta Holdings Limited acquired a third tranche of shares of HiSky SSC Ltd, an Israeli company sole shareholder of HiSkySat Ltd, therefore rising its ownership from 42.25% to 45%. Hyphen Malta Holding has still in place an option to raise up to 51% if certain condition will be met.

39. Other significant holdings

The group owns the entire share capital of RB Eurosa S.a.r.l, a company incorporated in Italy. The share capital was transferred to the group in September 2016. At the end of the year RB Eurosa S.a.r.l had positive net assets. For an explanation as to the non-consolidation of this entity refer to note 3.