

**M/s. CENTAUR NATURAL  
RESOURCES BOND  
Segregated Account #1 of Centaur Group  
Finance Ltd.**

**Auditor's report and financial statements**

**For the year ended December 31, 2017**

**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Auditor's report and financial statements

For the year ended December 31, 2017

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**M/s. CENTAUR NATURAL RESOURCES BOND**  
**Segregated Account #1 of Centaur Group Finance Ltd.**

**Report of the Directors**  
**for the year ended December 31, 2017**

The Directors have pleasure in presenting their report and the audited financial statements for the year ended December 31, 2017

**Principal activities of the Centaur Natural Resources Bond :**

Centaur Natural Resources Bond is the Segregated Account #1 (the "**Segregated Account**") of Centaur Group Finance Ltd. (the "Company") which is an exempted company with unlimited duration and segregated liability between segregated accounts incorporated with limited liability in Bermuda on December 04, 2014 having registered no. 49798 and being registered under the Bermuda Segregated Accounts Companies Act 2000 on December 04, 2014. The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The principal activity of the Segregated Account is to finance certain business projects in relation to the development of various mining projects in the coal and copper sector predominantly in the United Kingdom, South Africa and Namibia and/or the acquisition of capital equipment to expand current mining operations and/or to finance current sand, gravel and asphalt production for existing projects.

Investment in the Segregated Account may be deemed speculative and involves significant risk factors, and is suitable only for sophisticated investors who have no need for liquidity for their investments and who can accept a high degree of risk in their investment.

The investment activity of the Segregated Account is managed by Centaur Asset Management Ltd., a wholly owned subsidiary of The Centaur Group Limited, which is in turn a wholly owned subsidiary of Centaur Holdings Limited, incorporated in Bermuda (the "**Investment Advisor**") and Paying Agent services of the Segregated Account are delegated to Global Custodial Services Limited & Global Currency Exchange Network Limited.

The principal activities of the Segregated Account are unchanged since the previous year.

**Financial review:**

The table below summarized results of 2017 and 2016.

	<u>2017</u>	<u>2016</u>
	USD	USD
Increase of net assets attributable to bondholders	<u>163,204</u>	<u>3,736</u>

**Role of the Directors:**

The Directors of the Company have overall authority over, and responsibility for, the operations and management of the Company. The Company has however, delegated the investment management of the Segregated Account and its investments to the Investment Advisor.

**Going concern:**

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Segregated Account's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Segregated Account's ability to continue as a going concern.

**Events after year end:**

In the opinion of the Directors no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result for the operations or the financial position of the Segregated Account.

**M/s. CENTAUR NATURAL RESOURCES BOND  
Segregated Account #1 of Centaur Group Finance Ltd.**

**Report of the Directors**

**for the year ended December 31, 2017 (continued)**

**Auditors:**

M/s. Capex Hassan Auditing, United Arab Emirates is willing to be in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

**Statement of Directors responsibilities:**

The applicable requirements, require the Directors to prepare the financial statements for each financial year which present fairly in all material respects, the financial position of the Segregated Account and its financial performance for the year ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors also confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Segregated Account and enable them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Segregated Account's financial conditions and results of its operations.

These financial statement were approved by the Directors



Directors

June 28, 2018



Ref.: CAP\_AUD/06/2018/4313

## INDEPENDENT AUDITOR'S REPORT

To,  
**The Members**  
**Centaur Natural Resources Bond**

### **Report on the financial statements**

We have audited the accompanying financial statements of Centaur Natural Resources Bond, Segregated Account #1 of Centaur Group Finance Ltd. (the "Segregated Account") which comprise the statement of financial position as at December 31, 2017 and the statement of comprehensive income, statement of changes in net assets attributable to bondholders, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal controls as management determines which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Centaur Natural Resources Bond, Segregated Account #1 of Centaur Group Finance Ltd. as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.





**Other matter**

This report including the opinion, has been prepared for and only for the Segregated Account's members as a body and no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

For Capex Hassan Auditing



Hassan Makki Ali Ibrahim  
Regn. No. 631  
June 28, 2018



**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Statement of financial position as at December 31, 2017

	Notes	2017 USD	2016 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans to related parties	4	3,962,713	4,463,463
Other receivables	5	1,295,115	511,121
<b>Total non-current assets</b>		<b>5,257,828</b>	<b>4,974,584</b>
<b>Current assets</b>			
Due from related parties	4	30,526	30,526
Cash and bank balances	6	202,203	59,306
<b>Total current assets</b>		<b>232,729</b>	<b>89,832</b>
<b>Total Assets</b>		<b>5,490,557</b>	<b>5,064,416</b>
<b>Non-current liabilities</b>			
Bonds payables	7	(4,926,508)	(4,926,508)
<b>Total non-current liabilities</b>		<b>(4,926,508)</b>	<b>(4,926,508)</b>
<b>Current liabilities</b>			
Other payables	8	(207,788)	(6,825)
Due to related parties	4	(184,416)	(122,442)
<b>Total current liabilities</b>		<b>(392,204)</b>	<b>(129,267)</b>
<b>Total Liabilities (excluding net assets attributable to bondholders)</b>		<b>(5,318,712)</b>	<b>(5,055,775)</b>
<b>Net assets attributable to bondholders</b>		<b>171,845</b>	<b>8,641</b>

These financial statements were approved and authorised for issue on June 28, 2018 and signed on behalf of the Segregated Account, by:



Directors

The accompanying notes form an integral part of these financial statements.

**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Statement of comprehensive income for the year ended December 31, 2017

	Notes	2017 USD	2016 USD
<b>Income</b>			
Interest Income	9	783,993	691,587
Fees		5,000	-
		<u>788,993</u>	<u>691,587</u>
<b>Expenses</b>			
Administration fees	10	(12,650)	(15,921)
Other operating expenses	11	(21,941)	(123,241)
		<u>(34,591)</u>	<u>(139,162)</u>
<b>Operating profit before finance costs</b>		<b>754,402</b>	<b>552,425</b>
Finance costs	12	(591,198)	(548,689)
<b>Increase of net assets attributable to bondholders</b>		<b><u>163,204</u></b>	<b><u>3,736</u></b>

These financial statements were approved and authorised for issue on June 28, 2018 and signed on behalf of the Segregated Account, by:



Directors

The accompanying notes form an integral part of these financial statements.



**M/s. CENTAUR NATURAL RESOURCES BOND**  
Segregated Account #1 of Centaur Group Finance Ltd.

Statement of changes in net assets attributable to bondholders' for the year ended December 31, 2017

	Net assets USD
Balance as at January 01, 2016	4,905
Increase of net assets attributable to bondholders	3,736
Balance as at December 31, 2016	<u>8,641</u>
Increase of net assets attributable to bondholders	163,204
Balance as at December 31, 2017	<u><u>171,845</u></u>

The accompanying notes form an integral part of these financial statements.

**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Statement of cash flows for the year ended December 31, 2017

	2017	2016
	USD	USD
<b>OPERATING ACTIVITIES</b>		
Increase in net assets attributable to bondholders	163,204	3,736
<b>Adjustments for:</b>		
Interest income	(783,993)	(691,587)
Finance costs	591,198	548,689
<b>Cash flows (used in) operating activities before working capital changes</b>	<b>(29,591)</b>	<b>(139,162)</b>
Loans granted	-	(4,888,868)
Loans repayment received	500,750	3,146,483
(Increase)/decrease in other receivables	-	15,651
(Increase) / decrease in due from related parties	12,304	101,911
Increase / (decrease) in other payables	200,962	(125,071)
<b>Cash (used) for operations</b>	<b>684,425</b>	<b>(1,889,056)</b>
Interest received	-	385,393
<b>Net cash from/(used in) operating activities</b>	<b>684,425</b>	<b>(1,503,663)</b>
<b>INVESTING ACTIVITIES</b>		
<b>Net cash from investing activities</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of bonds	-	1,120,000
Finance costs paid	(541,528)	(553,506)
<b>Net cash from/(used in) financing activities</b>	<b>(541,528)</b>	<b>566,494</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>142,897</b>	<b>(937,169)</b>
Cash and cash equivalents, beginning of the year	59,306	996,475
<b>Cash and cash equivalents, end of the year</b>	<b>202,203</b>	<b>59,306</b>
<b>Cash and cash equivalents</b>		
Cash at banks	202,203	59,306
	<b>202,203</b>	<b>59,306</b>

The accompanying notes form an integral part of these financial statements.

**M/s. CENTAUR NATURAL RESOURCES BOND**  
 Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

**1 Legal status and business activities**

Centaur Natural Resources Bond is the Segregated Account #1 (the "**Segregated Account**") of Centaur Group Finance Ltd. (the "**Company**") which is an exempted company with unlimited duration and segregated liability between segregated accounts incorporated with limited liability in Bermuda on December 04, 2014 having registered no. 49798 and being registered under the Bermuda Segregated Accounts Companies Act 2000 on December 04, 2014. The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The principal activity of the Segregated Account is to finance certain business projects in relation to the development of various mining projects in the coal and copper sector predominantly in the United Kingdom, South Africa and Namibia and/or the acquisition of capital equipment to expand current mining operations and/or to finance current sand, gravel and asphalt production for existing projects.

The bonds issued by the Segregated Account are listed on the Bermuda Stock Exchange ("**BSX**").

The bonds issued by the Segregated Account are managed by Centaur Asset Management Ltd., a wholly owned subsidiary of The Centaur Group Limited, which is in turn a wholly owned subsidiary of Centaur Holdings Limited, incorporated in Bermuda (the "**Investment Advisor**") and Paying Agent services of the Segregated Account are delegated to Global Custodial Services Limited & Global Currency Exchange Network Limited.

**2 Application of new and revised International Financial Reporting Standards (IFRS)**

**2.1 New and revised IFRSs applied with no material effect on the financial statements**

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

**Amendments to IAS 7 Disclosure Initiative**

The amendments require a company to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

**Annual Improvements to IAS 12 recognition of Deferred Tax Assets for Unrealized Losses**

The amendments clarify how a company should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

**Annual Improvements to IFRSs 2014-2016 Cycle**

IFRS 12 states that a company need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

**2.2 New and revised IFRSs in issue but not yet effective**

**New and revised IFRSs**

**Effective for annual periods beginning on or after**

January 1, 2018

IFRS 9 "Financial Instruments": IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets; (2) the classification and measurement requirements for both financial assets and financial liabilities; (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.

**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

**2.2 New and revised IFRSs in issue but not yet effective (continued)****New and revised IFRSs (continued)****Effective for annual periods****beginning on or after**

Amendments to IFRS 7 "Financial Instruments": Disclosures relating to disclosures about the initial application of IFRS 9.

Applies when IFRS 9 is applied

IFRS 7 "Financial Instruments: Disclosures": Additional Hedge Accounting Disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

Applies when IFRS 9 is applied

IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

January 1, 2018

IFRS 16 "Leases": IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

January 1, 2019

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The Directors do not expect that the adoption of the standards listed above will have a significant impact on the financial statements of the Segregated Account in future period, except that IFRS 9 may impact both the measurement and disclosure of the financial instruments. The Segregated Account is currently evaluating the potential effect of these standards.

**3 Significant accounting policies****3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards. These financial statements are presented in United States Dollars (USD) which is the Segregated Account functional and presentation currency.

**3.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

**3.3 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Segregated Account.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

**M/s. CENTAUR NATURAL RESOURCES BOND**  
Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

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**3 Significant accounting policies (continued)**

**3.3 Fair value measurement (continued)**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the Segregated Account can access at the measurement date;

Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**3.4 Foreign currency**

The transactions in currencies other than the Segregated Account's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

**3.5 Financial instruments**

Financial assets and financial liabilities are recognised when the Segregated Account becomes a party to the contractual provisions of the instrument.

**3.6 Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Segregated Account's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", "due from related parties", "shareholders' loan" and "loan from related parties" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

**M/s. CENTAUR NATURAL RESOURCES BOND**  
Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

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**3 Significant accounting policies (continued)**

**3.6 Financial assets (continued)**

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year/period or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Due from related parties

Due from related parties are measured at amortised cost.

Impairment of financial assets

*Assets carried at amortised cost*

The Segregated Account assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Segregated Account may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Derecognition of financial assets

The Segregated Account derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another segregated account. If the Segregated Account neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Segregated Account recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Segregated Account retains substantially all the risks and rewards of ownership of a transferred financial asset, the Segregated Account continues to recognise the financial asset.

**3.7 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Segregated Account's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, due to and loans from related parties.

**M/s. CENTAUR NATURAL RESOURCES BOND**  
Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

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**3 Significant accounting policies (continued)**

**3.7 Financial liabilities (continued)**

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trades payable are classified as current liabilities if payment is due within one year/period or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to related parties

Amounts due to related parties are stated at amortised cost.

Loans and other borrowings

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Segregated Account derecognises financial liabilities when, and only when, the Segregated Account's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**3.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**3.9 Provisions**

Provisions are recognised when the Segregated Account has a present obligation (legal or constructive) as a result of a past event, it is probable that the Segregated Account will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**3.10 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract, when the outcome of the transaction and related revenue and cost can be measured reliably, and that economic benefit flows to the Segregated Account.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Segregated Account and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**M/s. CENTAUR NATURAL RESOURCES BOND**  
Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

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**3 Significant accounting policies (continued)**

**3.11 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Segregated Account's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are described below.

In the process of applying the Segregated Account's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period, are discussed below.

*Fair value measurement of financial instruments*

For the purpose of fair value disclosures, the Segregated Account has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Segregated Account uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Segregated Account has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements.



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Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

**4 Related party transactions**

The Segregated Account enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

**a) Loans to related parties**

	2017	2016
	USD	USD
Centaur Ventures Ltd	3,962,713	4,463,463
	<u>3,962,713</u>	<u>4,463,463</u>

The loans are receivables as follows,

Within five years	3,962,713	4,463,463
	<u>3,962,713</u>	<u>4,463,463</u>

The loan receivable from Centaur Ventures Ltd. bears interest at the rate of 18.5% per annum and is payable on 30 August 2020.

**b) Due from related parties**

Centaur Natural Resources Bond 3	945	945
Centaur Asset Management	29,581	29,581
	<u>30,526</u>	<u>30,526</u>

**c) Due to related parties**

Centaur Asset Management	89,818	77,109
Centaur Natural Resources Bond 3	45,333	45,333
Centaur Fixed Income Bond	49,265	-
	<u>184,416</u>	<u>122,442</u>

**5 Other receivables**

	2017	2016
	USD	USD
Interest receivable	1,295,115	511,121
	<u>1,295,115</u>	<u>511,121</u>

**6 Cash and bank balances**

	2017	2016
	USD	USD
Cash at banks	202,203	59,306
	<u>202,203</u>	<u>59,306</u>

**7 Bonds payables**

	2017	2016
	USD	USD
Unsecured 12% coupon bond	4,926,508	4,926,508
	<u>4,926,508</u>	<u>4,926,508</u>

**M/s. CENTAUR NATURAL RESOURCES BOND**

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Notes to the financial statements for the year ended December 31, 2017

<b>8 Other payables</b>	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Auditors' remuneration	7,788	6,825
Bond Subscription Transfers Payable	200,000	-
	<u>207,788</u>	<u>6,825</u>
<b>9 Interest income</b>		
	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Interest income	783,993	691,587
	<u>783,993</u>	<u>691,587</u>
<b>10 Administration fees</b>		
	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Government fees	-	945
Listing fees	-	14,976
Global currency exchange charges	12,650	-
	<u>12,650</u>	<u>15,921</u>
<b>11 Other operating expenses</b>		
	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Auditors' remuneration	8,000	7,376
Bank charges	(959)	4,140
Registrar and paying agent fees	-	10,784
Registered office and secretary fees	2,190	5,343
Commissions	12,710	-
Management fees	-	49,265
Directors' fee	-	1,333
Paying agent implementation fees	-	45,000
	<u>21,941</u>	<u>123,241</u>
<b>12 Finance costs</b>		
	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Bond interest expense	591,198	548,689
	<u>591,198</u>	<u>548,689</u>

**M/s. CENTAUR NATURAL RESOURCES BOND**

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Notes to the financial statements for the year ended December 31, 2017

**13 Financial instruments**

*a) Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

*b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis*

	As at December 31,		As at December 31,	
	2017	2016	2017	2016
	USD	USD	USD	USD
<i>Financial assets</i>	Carrying amount		Fair value	
Loans to related parties	3,962,713	4,463,463	3,962,713	4,463,463
Other receivables	1,295,115	511,121	1,295,115	511,121
Due from related parties	30,526	30,526	30,526	30,526
Cash and bank balances	202,203	59,306	202,203	59,306
	<u>5,490,557</u>	<u>5,064,416</u>	<u>5,490,557</u>	<u>5,064,416</u>
<i>Financial liabilities</i>				
Due to related parties	207,788	6,825	207,788	6,825
Bonds payables	4,926,508	4,926,508	4,926,508	4,926,508
Due to related parties	184,416	122,442	184,416	122,442
	<u>5,318,712</u>	<u>5,055,775</u>	<u>5,318,712</u>	<u>5,055,775</u>

*b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis*

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate borrowings or receivables are evaluated by the Segregated Account based on parameters such as interest rates and individual creditworthiness. As at reporting date, the carrying amounts of receivables were not materially different from their calculated fair values.

Fair value of the quoted instruments or bonds is based on price quotations at the reporting date. The fair value of other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

**14 Financial risk management objectives**

The Segregated Account management set out the Segregated Account's overall business strategies and its risk management philosophy. The Segregated Account's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Segregated Account. The Segregated Account policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Segregated Account's policy guidelines are complied with.

There has been no change to the Segregated Account's exposure to these financial risks or the manner in which it manages and measures the risk.

The Segregated Account is exposed to the following risks related to financial instruments. The risks are monitored by management on a continuous basis. The Segregated Account does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

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**14 Financial risk management objectives (continued)**

*a) Foreign currency risk management*

Currency risk is the risk that the financial assets or liabilities denominated in foreign currencies will affect the Segregated Account's financial position as a result of changes in prevailing exchange rates.

The Segregated Account undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

*b) Interest rate risk management*

The Segregated Account has no significant exposure to interest rate risk, as the Segregated Account's loan bear fixed rate of interest.

*c) Price risk*

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Segregated Account's investments have no significant exposure to price risk, having no indication of impairment as at year-end.

*d) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation under the contract or arrangement and cause the other party to incur a financial loss.

The Segregated Account's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2017 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position

The Segregated Account's credit risk exposure relating to its loans to related parties will be substantially dependent on the performance of the affiliates to which the Segregated Account provides financing. The loans to related parties have no indication of impairment as at year-end.

*e) Liquidity risk management*

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Segregated Account's short, medium and long-term funding and liquidity management requirements. The Segregated Account manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**M/s. CENTAUR NATURAL RESOURCES BOND**

Segregated Account #1 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2017

**14 Financial risk management objectives (continued)***f) Liquidity and interest risk tables:*

The table below summarises the maturity profile of the Segregated Account's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

Particulars	Interest bearing		Non Interest bearing			Total
	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
<b>As at December 31, 2017</b>						
<b>Financial assets</b>						
Loan receivables	-	3,962,713	-	-	-	3,962,713
Other receivables	-	-	-	-	1,295,115	1,295,115
Due from related parties	-	-	-	30,526	-	30,526
Cash and bank balances	-	-	202,203	-	-	202,203
	-	3,962,713	202,203	30,526	1,295,115	5,490,557
<b>Financial liabilities</b>						
Other payables	-	-	-	207,788	-	207,788
Bonds payables	-	4,926,508	-	-	-	4,926,508
Due from related parties	-	-	-	184,416	-	184,416
	-	4,926,508	-	392,204	-	5,318,712
<b>As at December 31, 2016</b>						
<b>Financial assets</b>						
Loan receivables	-	4,463,463	-	-	-	4,463,463
Other receivables	-	-	-	-	511,121	511,121
Due from related parties	-	-	-	30,526	-	30,526
Cash and bank balances	-	-	59,306	-	-	59,306
	-	4,463,463	59,306	30,526	511,121	5,064,416
<b>Financial liabilities</b>						
Other payables	-	-	-	6,825	-	6,825
Bonds payables	-	4,926,508	-	-	-	4,926,508
Due from related parties	-	-	-	122,442	-	122,442
	-	4,926,508	-	129,267	-	5,055,775

*g) Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Segregated Account. The Segregated Account has adopted a policy of only dealing with creditworthy counterparties. The Segregated Account's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Segregated Account's maximum exposure to credit risks.