



CAPEX Centaur Fixed Income Bond

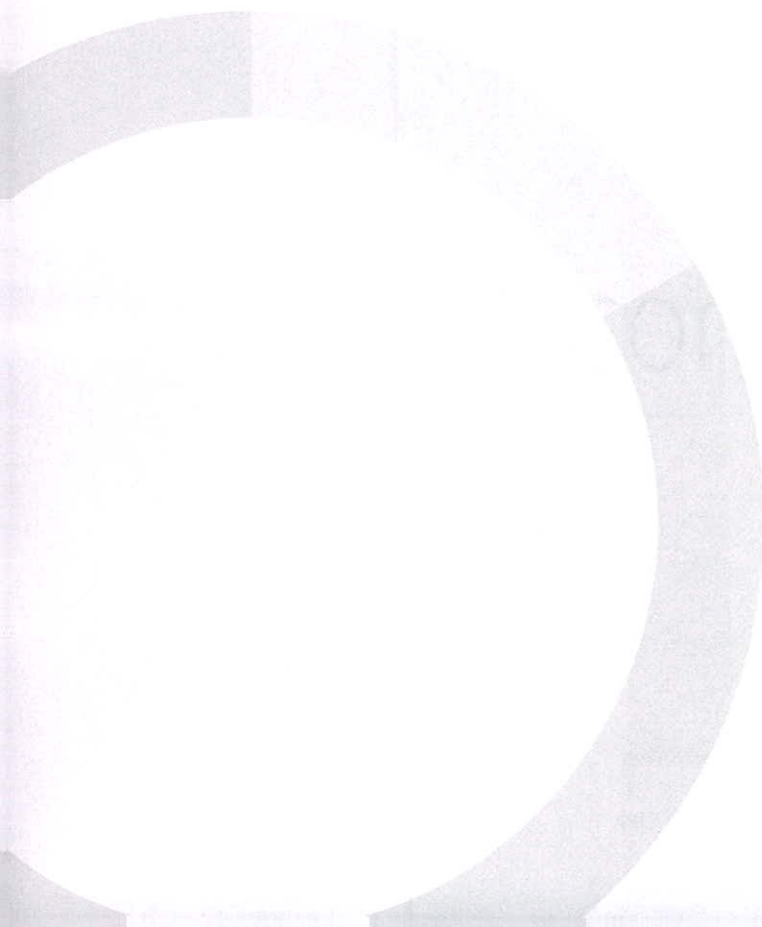
**M/s. CENTAUR FIXED INCOME BOND
Segregated Account #5 of Centaur Group
Finance Ltd.**

Auditor's report and financial statements

For the year ended December 31, 2018



Audit | Consulting | Accounts Management





M/s. CENTAUR FIXED INCOME BOND
Segregated Account #5 of Centaur Group Finance Ltd.

Auditor's report and financial statements
For the year ended December 31, 2018

	Pages
Report of the Directors	2-3
Independent auditor's report	4-5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in net assets attributable to bondholders	8
Statement of cash flows	9
Notes to the financial statements	10-20



M/s. CENTAUR FIXED INCOME BOND
Segregated Account #5 of Centaur Group Finance Ltd.

Report of the Directors
for the year ended December 31, 2018

The Directors have pleasure in presenting their report and the audited financial statements for the year ended December 31, 2018

Principal activities of the Centaur Fixed Income Bond :

Centaur Fixed Income Bond is the Segregated Account #5 (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 which include (but shall not be limited to) mining the commodities coal, copper, gold, silver, ferrochrome, platinum, diamond and bauxite predominantly located in (but not limited to) the United Kingdom, South Africa, Zimbabwe 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 products and/or general corporate expenses, ancillary fees, costs and expenses related to such projects.

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

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.

Financial review:

The table below summarized results of 2018 and 2017.

	<u>2018</u>	<u>2017</u>
	<u>USD</u>	<u>USD</u>
Increase of net assets attributable to bondholders	<u><u>317,999</u></u>	<u><u>263,989</u></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.

M/s. CENTAUR FIXED INCOME BOND
Segregated Account #5 of Centaur Group Finance Ltd.

Report of the Directors

for the year ended December 31, 2018 (continued)

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.

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 have 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 27, 2019

Ref.: CAP_AUD/05/2019/4843

INDEPENDENT AUDITOR'S REPORT

To,
The Members
Centaur Fixed Income Bond

Report on the financial statements

We have audited the accompanying financial statements of Centaur Fixed Income Bond, Segregated Account #5 of Centaur Group Finance Ltd. (the "Segregated Account") which comprise the statement of financial position as at December 31, 2018 and the statement of comprehensive income, statement of changes in net assets attributable to bondholders, statement of cash flows for the period 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 Fixed Income Bond, Segregated Account #5 of Centaur Group Finance Ltd. as at December 31, 2018 and its financial performance and its cash flows for the period 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 Albrahim
Regn. No. 631
June 27, 2019



M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Statement of financial position as at December 31, 2018

	Notes	2018 USD	2017 USD
ASSETS			
Non-current assets			
Loans to related parties	4	5,722,965	3,294,073
Other receivables	5	1,386,872	653,829
Total non-current assets		7,109,837	3,947,902
Current assets			
Due from related parties	4	1,588,290	97,658
Cash and bank balances	6	650,596	121,253
Total current assets		2,238,886	218,911
Total Assets		9,348,723	4,166,813
Non-current liabilities			
Bond Payable	7	(7,549,573)	(3,747,750)
Total non-current liabilities		(7,549,573)	(3,747,750)
Liabilities			
Bond Payable	7	(348,975)	-
Due to related parties	4	(246,044)	(147,574)
Other payables	8	(622,145)	(7,500)
Total current liabilities		(1,217,164)	(155,074)
Total Liabilities (excluding net assets attributable to bondholders)		(8,766,737)	(3,902,824)
Net assets attributable to bond holders		581,986	263,989

These financial statements were approved and authorised for issue on June 27, 2019 and signed on behalf of the Segregated Account, by:

Directors

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

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Statement of comprehensive income for the year ended December 31, 2018

	Notes	2018 USD	2017 USD
Income			
Interest Income	9	733,043	653,829
Fees		3,855	1,000
Net foreign currency gains		20,115	1,955
		<u>757,013</u>	<u>656,784</u>
Expenses			
Administration fees	10	(26,162)	(40,595)
Other operating expenses	11	(30,368)	(81,002)
		<u>(56,530)</u>	<u>(121,597)</u>
Operating profit before finance costs		700,483	535,187
Finance costs	12	(382,484)	(271,198)
Increase of net assets attributable to bondholders		<u>317,999</u>	<u>263,989</u>

These financial statements were approved and authorised for issue on June 27, 2019 and signed on behalf of the Segregated Account, by:

Directors

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



M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Statement of changes in net assets attributable to bondholders' for the year ended December 31, 2018

	Net Assets USD
Total comprehensive income for the year	263,989
Balance as at December 31, 2017	263,989
Total comprehensive income for the year	317,999
Balance as at December 31, 2018	581,988

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



M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Statement of cash flows for the year ended December 31, 2018

	2018	2017
	USD	USD
OPERATING ACTIVITIES		
Increase in net assets attributable to bondholders	317,999	263,989
Adjustments for:		
Finance costs	382,484	271,198
Cash flows from operating activities before working capital changes	700,483	535,187
(Increase)/decrease in due from related parties	49,265	(97,658)
(Increase)/decrease in loans to related parties	(2,428,892)	(3,294,073)
(Increase)/decrease in other receivables	(733,043)	(653,829)
(Increase) / decrease in due to related parties	98,470	147,574
Increase / (decrease) in other payables	6,180	7,500
Net cash from/(used in) operating activities	(2,307,537)	(3,355,299)
INVESTING ACTIVITIES		
Net cash from investing activities	-	-
FINANCING ACTIVITIES		
Proceed from issue of bond	3,163,320	3,747,750
Finance costs paid	(326,438)	(271,198)
Net cash from/(used in) financing activities	2,836,882	3,476,552
Net increase in cash and cash equivalents	529,345	121,253
Cash and cash equivalents, beginning of the year	121,253	-
Cash and cash equivalents, end of the year	650,598	121,253
Cash and cash equivalents		
Cash at banks	650,596	121,253
	650,596	121,253

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

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

1 Legal status and business activities

Centaur Fixed Income Bond is the Segregated Account #5 (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 which include (but shall not be limited to) mining the commodities coal, copper, gold, silver, ferrochrome, platinum, diamond and bauxite predominantly located in (but not limited to) the United Kingdom, South Africa, Zimbabwe 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 products and/or general corporate expenses, ancillary fees, costs and expenses related to such 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 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 2018.

Amendments to IFRS 2 - Share-based Payment

Amends IFRS 2 'Share-based Payment' to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The application of these amendments has had no impact on the Company's financial statement, as there are no share based payment.

Amendments to IAS 40 - Transfers of Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The application of these amendments has had no impact on the Company's financial statement, as there are no Transfers of Investment Property.

Annual Improvements to IFRSs 2014-2016 Cycle

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

The application of these amendments has had no impact on the Company's financial statements, as there are no interest in other entities.

M/s. CENTAUR FIXED INCOME BOND
 Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

2.2 New and revised IFRSs in issue but not yet effective

New and revised IFRSs

Effective for annual periods beginning on or after

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 recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

IFRS 17 "Insurance Contracts": IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principlebased accounting for insurance contracts.

January 1, 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments.

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's 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.

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.

M/s. CENTAUR FIXED INCOME BOND
Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

3 Significant accounting policies (continued)

3.3 Fair value measurement (continued)

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.

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.

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

3 Significant accounting policies (continued)**3.6 Financial assets (continued)**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 FIXED INCOME BOND
Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

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.

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

3 Significant accounting policies (continued)**3.10 Revenue recognition (continued)***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.

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.

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

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

	2018	2017
	USD	USD
Centaur Ventures Ltd	2,967,885	3,294,073
Centaur Asset Management Ltd	2,755,080	-
	<u>5,722,965</u>	<u>3,294,073</u>

The loans are receivables as follows,
Within five years

5,722,965	3,294,073
<u>5,722,965</u>	<u>3,294,073</u>

The loan receivable from Centaur Ventures Ltd. bears interest at the rate of 18.5% per annum and is payable on July 31, 2021.

The loan receivable from Centaur Asset Management Ltd bears interest at the rate of 18.5% per annum and is payable on January 16, 2024.

b) Due from related parties

Centaur Natural Resources Bond 1	842,932	49,265
Centaur Natural Resources Bond 2	696,965	-
Centaur Natural Resources Bond 3	11,899	11,899
Centaur Asset Management DXB	36,494	36,494
	<u>1,588,290</u>	<u>97,658</u>

c) Due to related parties

Centaur Private Equity Limited	25,000	25,000
Centaur Asset Management BDA	109,494	109,494
Centaur Natural Resources Bond 2	13,080	13,080
Loan from Director	98,470	-
	<u>246,044</u>	<u>147,574</u>

5 Other receivables

	2018	2017
	USD	USD
Interest receivable	1,386,872	653,829
	<u>1,386,872</u>	<u>653,829</u>

6 Cash and bank balances

	2018	2017
	USD	USD
Cash at banks	650,596	121,253
	<u>650,596</u>	<u>121,253</u>

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

7 Bond Payable

	2018	2017
	USD	USD
Unsecured coupon bonds	7,898,548	3,747,750
	<u>7,898,548</u>	<u>3,747,750</u>
The bonds are repayable as follows,		
Within one year	348,975	-
After one year	7,549,573	-
	<u>7,898,548</u>	<u>-</u>

8 Other payables

	2018	2017
	USD	USD
Trade payables	56,046	-
Auditors' remuneration	5,556	7,500
Other payables	8,124	-
Bond sub transfer payable	552,419	-
	<u>622,145</u>	<u>7,500</u>

9 Interest income

	2018	2017
	USD	USD
Interest income	733,043	653,829
	<u>733,043</u>	<u>653,829</u>

10 Administration fees

	2018	2017
	USD	AED
Global currency exchange charges	25,827	40,492
Bank charges	335	103
	<u>26,162</u>	<u>40,595</u>

11 Other operating expenses

	2018	2017
	USD	AED
Registered office and secretary fees	30,368	73,502
Auditors' remuneration	-	7,500
	<u>30,368</u>	<u>81,002</u>

12 Finance costs

	2018	2017
	USD	AED
Bond interest expense	382,484	271,198
	<u>382,484</u>	<u>271,198</u>

M/s. CENTAUR FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

11 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,	
	2018	2017	2018	2017
	USD	USD	USD	USD
<i>Financial assets</i>	Carrying amount		Fair value	
Loans to related parties	5,722,965	3,294,073	5,722,965	3,294,073
Due from related parties	1,588,290	97,658	1,588,290	97,658
Other receivables	1,386,872	-	1,386,872	-
Cash and bank balances	650,596	121,253	650,596	121,253
	9,348,723	3,512,984	9,348,723	3,512,984
<i>Financial liabilities</i>				
Bond Payable	7,898,548	3,747,750	7,898,548	3,747,750
Other payables	622,145	7,500	622,145	7,500
Due to related parties	246,044	147,574	246,044	147,574
	8,766,737	3,902,824	8,766,737	3,902,824

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.

12 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 FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

12 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 2018 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 FIXED INCOME BOND

Segregated Account #5 of Centaur Group Finance Ltd.

Notes to the financial statements for the year ended December 31, 2018

12 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
As at December 31, 2018						
Financial assets						
Loans to related parties	-	5,722,965	-	-	-	5,722,965
Due from related parties	-	-	-	1,588,290	-	1,588,290
Other receivables	-	-	-	-	1,386,872	1,386,872
Cash and bank balances	-	-	650,596	-	-	650,596
	-	5,722,965	650,596	1,588,290	1,386,872	9,348,723
Financial liabilities						
Bond Payable	348,975	7,549,573	-	-	-	7,898,548
Other payables	-	-	-	622,145	-	622,145
Due to related parties	-	-	-	246,044	-	246,044
	348,975	7,549,573	-	868,189	-	8,766,737
As at December 31, 2017						
Financial assets						
Loans to related parties	-	3,294,073	-	-	-	3,294,073
Due from related parties	-	-	-	97,658	-	97,658
Cash and bank balances	-	-	121,253	-	-	121,253
	-	3,294,073	121,253	97,658	-	3,512,984
Financial liabilities						
Bond Payable	-	3,747,750	-	-	-	3,747,750
Other payables	7,500	-	-	-	-	7,500
Due to related parties	-	-	-	147,574	-	147,574
	7,500	3,747,750	-	147,574	-	3,902,824

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.