



**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

**REPORT AND FINANCIAL STATEMENTS**

For the period from 4 December 2014 (date of incorporation)  
to 31 December 2015

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

REPORT AND FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

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**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

OFFICERS AND PROFESSIONAL ADVISORS

<p><b>Company/Issuer</b>  <b>Registrar and Transfer Agent</b>  <b>Registered Office</b></p> <p>Centaur Group Finance Ltd.,  acting in respect of its Segregated Account #3  “Centaur Group Finance Ltd.”  Cedar House  41 Cedar Avenue  Hamilton, HM12  Bermuda</p>	<p><b>Directors</b></p> <p>Daniel James McGowan  Akash Garg  John Sutherland Hindess  All c/o:  Cedar House  41 Cedar Avenue  Hamilton, HM12  Bermuda</p>
<p><b>Manager and Arranger</b></p> <p>Centaur Asset Management Ltd.,  Cedar House  41 Cedar Avenue  Hamilton, HM12  Bermuda</p>	<p><b>Banker</b></p> <p>RBS International Ltd  1st floor  Howard Pearson House  Summerhill Business Park/Douglas  Isle of Man  IM2 4RP</p>
<p><b>Independent Auditors</b></p> <p>KPMG Limited  14 Esperidon Street  1087, Nicosia  Cyprus</p>	<p><b>Company Secretary</b></p> <p>Cohort Limited  Cedar House  41 Cedar Avenue  Hamilton, HM12  Bermuda</p>
<p><b>Listing Sponsor</b></p> <p>Cohort Limited  Cedar House  41 Cedar Avenue  Hamilton, HM12  Bermuda</p>	<p><b>Paying Agent</b></p> <p>Global Custodial Services Limited &amp; Global  Currency Exchange Network Limited  The Old Barn, Oast Business Park, Redhill,  Wateringbury, Kent, ME18 5NN,  United Kingdom</p>

**CENTAUR NATURAL RESOURCES BOND 3  
(Segregated Account #3 in Centaur Group Finance Ltd.)**

**BOARD OF DIRECTORS' REPORT**

The Board of Directors of Centaur Group Finance Ltd. (the "Company") presents to the members the report together with the audited financial statements of its Segregated Account #3 (Centaur Natural Resources Bond 3) for the period from 4 December 2014 (date of incorporation) to 31 December 2015.

**INVESTMENT OBJECTIVES AND PRINCIPAL ACTIVITY**

Centaur Natural Resources Bond 3 is the Segregated Account #3 (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 4 December 2014 having registered number 49798 and being registered under the Bermuda Segregated Accounts Companies Act 2000 on 4 December 2014. The registered office of the Fund is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The principal activity of Centaur Natural Resources Bond 3 is to carry on the business of financing 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 #3 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 investments.

The investment activities of the Segregated Account are managed by Centaur Asset Management Ltd., a wholly owned subsidiary of Centaur Holdings Limited, incorporated in Bermuda (the "Investment Manager") and paying agent services of the Company are delegated to Global Custodial Services Limited & Global Currency Exchange Network Limited.

**EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE SEGREGATED ACCOUNT**

The results and current financial position as presented in the financial statements are considered satisfactory.

**MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Segregated Account and the steps taken to manage these risks, are described in note 16 of the financial statements.

**BOARD OF DIRECTORS**

The members of the Board of Directors of the Segregated Account as at 31 December 2015 and as at the date of this report are set out on page 1. There were no significant changes in the assignment of responsibilities and remuneration of the members of the Board of Directors. All the members of the Board will continue in office.

**CENTAUR NATURAL RESOURCES BOND 3  
(Segregated Account #3 in Centaur Group Finance Ltd.)**

**BOARD OF DIRECTORS' REPORT** (continued)

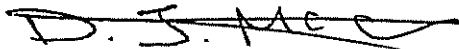
**INDEPENDENT AUDITORS**

The independent auditors of the Segregated Account, KPMG Limited, have been appointed as auditors for the period and have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

**EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

By order of the Board of Directors,



Director

27 June 2016



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the Board of Directors, 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 give a true and fair view of the financial position of Centaur Natural Resources Bond 3 as at 31 December 2015, and of its financial performance and its cash flows for the period from 4 December 2014 (date of incorporation) to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the European Union.

#### **Other matter**

This report, including the opinion, has been prepared for and only for the Segregated Account's members as a body and for 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.

*KPMG Limited*

Chartered Accountants  
14 Esperidon Street  
1087 Nicosia  
Cyprus

27 June 2016

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

STATEMENT OF COMPREHENSIVE INCOME

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

	Note	4/12/2014 – 31/12/2015 US\$
Interest income	4	1,185
Other operating income	5	<u>12,500</u>
<b>Total revenue</b>		<u>13,685</u>
Administration fees	6	(4,550)
Other operating expenses	7	<u>(7,139)</u>
<b>Total operating expenses</b>		<u>(11,689)</u>
<b>Operating profit before finance expenses</b>		<u>1,996</u>
Finance expenses	8	<u>(1,694)</u>
<b>Increase in net assets attributable to bondholders</b>		<u>302</u>

The notes on pages 10 to 22 are an integral part of these financial statements.



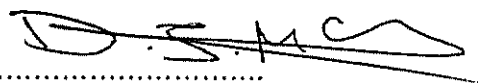
**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 US\$
<b>Assets</b>		
Cash and cash equivalents	9	185,059
Loans receivable	10	113,900
Other receivables	11	<u>33,857</u>
<b>Total assets</b>		<u>332,816</u>
<b>Liabilities</b>		
Bonds payable	12	(254,000)
Other payables	13	<u>(78,514)</u>
<b>Total liabilities (excluding net assets attributable to bondholders)</b>		<u>(332,514)</u>
<b>Net assets attributable to bondholders</b>		<u>302</u>

On 27 June 2016 the Board of Directors of the Centaur Natural Resources Bond 3 authorised these financial statements for issue.



.....  
 Daniel James McGowan  
 Director

The notes on pages 10 to 22 are an integral part of these financial statements.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO BONDHOLDERS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

	4/12/2014 – 31/12/2015 US\$
<b>Balance at 4 December 2014</b>	-
Increase in net assets attributable to bondholders	<u>302</u>
<b>Balance at 31 December 2015</b>	<u>302</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

STATEMENT OF CASH FLOWS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

	Note	4/12/2014 – 31/12/2015 US\$
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to bondholders		302
Adjustments for:		
Interest income	4	(1,185)
Interest expense	8	1,694
		<u>811</u>
Change in other receivables	11	(32,672)
Change in other payables	13	78,514
Loans granted	10	<u>(113,900)</u>
<b>Net cash used in operating activities</b>		<u>(67,247)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of bonds	12	254,000
Interest paid		<u>(1,694)</u>
<b>Net cash from financing activities</b>		<u>252,306</u>
<b>Net increase in cash and cash equivalents</b>		185,059
Cash and cash equivalents at 4 December 2014		<u>-</u>
<b>Cash and cash equivalents at 31 December 2015</b>	9	<u>185,059</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

**CENTAUR NATURAL RESOURCES BOND 3  
(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**1. INCORPORATION AND PRINCIPAL ACTIVITY**

Centaur Natural Resources Bond 3 is the Segregated Account #3 (the "Segregated Account") in 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 4 December 2014 having registered number 49798 and being registered under the Bermuda Segregated Accounts Companies Act 2000 on 4 December 2014. The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The principal activity of Centaur Natural Resources Bond 3 is to carry on the business of financing 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 Segregated Account #3 are listed on the Bermuda Stock Exchange ("BSX").

The investment activities of the Segregated Account #3 are managed by Centaur Asset Management Ltd., a wholly owned subsidiary of Centaur Holdings Limited, incorporated in Bermuda (the "Investment Manager") and paying agent services of the Company are delegated to Global Custodial Services Limited & Global Currency Exchange Network Limited.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements of the Segregated Account are for the period ended 31 December 2015 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

**(b) Basis of measurement**

The financial statements have been prepared under the historical cost convention.

**(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the EU**

At the date of approval of these financial statements, standards, revised standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Segregated Account.

**(d) Functional and presentation currency**

These financial statements are presented in United States Dollars (US\$), which is the Segregated Account's functional and presentation currency. All financial information presented in United States Dollars has been rounded to the nearest dollar.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**2. BASIS OF PREPARATION** (continued)

**(e) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

**(f) Changes in accounting policies**

There were no changes in the accounting policies of the Segregated Account during the period.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

**(a) Financial assets and financial liabilities**

**(i) Classification**

The Segregated Account classifies all its financial assets and financial liabilities into the amortised cost category.

**(ii) Recognition**

The Segregated Account recognises financial assets and financial liabilities on the trade date it becomes a party to the contractual provisions of the instrument.

**(iii) Measurement**

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest rate.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Financial assets and financial liabilities (continued)**

**(iv) Impairment**

Financial assets that are stated at cost or amortised cost are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the impairment, the decrease in impairment is reversed through the statement of comprehensive income.

**(v) De-recognition**

The Segregated Account derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**(b) Interest income and expense**

Interest income and expense is recognised in the statement of comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount or any interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income and expense includes interest on bank, loans receivable and bonds payable.

**(c) Loans granted**

Loans originated by the Segregated Account by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Segregated Account will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Foreign currency translation**

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US\$ at the foreign currency exchange rate ruling at the statement of financial position date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign currency exchange rate ruling at the date of the transaction, or if impaired, at the date of the impairment recognition.

**(e) Expenses**

All expenses are recognised in the statement of comprehensive income on an accrual basis.

**(f) Cash and cash equivalents**

Cash comprises current deposits with banks. Cash equivalents are short - term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(g) Taxation**

The Company is an exempted company within the meaning of The Companies Act 1981 of Bermuda and as such, under current law, is not liable for any taxes in Bermuda. The Company is required to pay an annual government fee currently US\$1,000.

The Company is not subject to any income, withholding or capital gains taxes in Bermuda.

**(h) Other payables**

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**(i) Provisions**

A provision is recognised in the statement of financial position when the Segregated Account has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Operating segments**

The Board of Directors of the Segregated Account has considered the requirements of IFRS 8: Operating Segments. The Board of Directors is of the view that the Segregated Account is engaged in a single segment of business, being that of investing in a pool of assets (mainly consisting of loans) for the purpose of meeting the Segregated Account's investment objective.

The Board of Directors, as a whole, has been determined as constituting the chief operating decision maker of the Segregated Account. The key measure of performance used by the Board of Directors to assess the Segregated Account's performance and to allocate resources is the total return on the Segregated Account's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

Information on interest income, which forms the Segregated Account's core source of revenue, is disclosed in the profit or loss.

**4. INTEREST INCOME**

	4/12/2014 – 31/12/2015 US\$
Loan interest (Note 15(ii))	1,185
	1,185

**5. OTHER OPERATING INCOME**

	4/12/2014 – 31/12/2015 US\$
Arrangement fee income (Note 15(i))	12,500
	12,500

**6. ADMINISTRATION FEES**

	4/12/2014 – 31/12/2015 US\$
Secretarial charges	1,750
Listing fees	2,800
	4,550



**CENTAUR NATURAL RESOURCES BOND 3**  
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NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**7. OTHER OPERATING EXPENSES**

	4/12/2014 – 31/12/2015 US\$
Auditors' remuneration	6,938
Bank charges	201
	7,139

**8. FINANCE EXPENSES**

	4/12/2014 – 31/12/2015 US\$
Bond interest expense (Note 12)	1,694
	1,694

**9. CASH AND CASH EQUIVALENTS**

	2015 US\$
Current deposits with banks	185,059
	185,059

**10. LOANS RECEIVABLE**

	2015 US\$
Loans receivable from related parties (Note 15(ii))	113,900
	113,900
The loans are payable as follows:	
Within five years	113,900
	113,900

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**11. OTHER RECEIVABLES**

	<b>2015</b> <b>US\$</b>
Prepayments	945
Loan interest receivable	1,185
Amount due from related party (Note 15(iii))	19,227
Arrangement fee receivable (Note 15(i))	12,500
	33,857

**12. BONDS PAYABLE**

	<b>2015</b> <b>US\$</b>
Unsecured 10% coupon bonds	254,000
	254,000

All bonds issued by Segregated Account #3 provide investors 10% coupon per annum. Bonds constitute direct, unconditional, unsecured obligation on the assets of the Segregated Account. Bonds do not represent an interest in or obligation of and are not guaranteed by any entity other than Segregated Account #3 (Centaur Group Finance Ltd.).

During the period an amount of US\$1,694 has been recognised as interest expense in profit or loss in respect of the bonds issued during the period (Note 8).

**13. OTHER PAYABLES**

	<b>2015</b> <b>US\$</b>
Auditors' remuneration	6,938
Paying agent service fees payable	1,450
Corporate secretarial fees	16,671
Amount due to related party (Note 15(iv))	945
Subscriptions received in advance	52,510
	78,514

Subscriptions received in advance relate to funds received from investors in advance for bonds issued early in 2016.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**14. TAXATION**

There are no taxes on income or gains in Bermuda.

**15. RELATED PARTIES**

The Company is controlled by Centaur Holdings Limited, incorporated in Bermuda, which indirectly owns 100% of the Company's shares.

The following related party transactions have occurred during the period under review:

**(i) Arrangement fee income (Note 5 & 11)**

<u>Name</u>	<u>4/12/2014 – 31/12/2015</u> US\$
Centaur Ventures Ltd	12,500
	12,500

Arrangement fee income relates to a fee receivable from Centaur Ventures Ltd for the provision of a loan facility by the Segregated Account as per loan agreement dated 1 September 2015.

**(ii) Loans receivable from related parties (Note 10)**

<u>Name</u>	<u>Nature of transaction</u>	<u>2015</u> US\$
Centaur Private Equity Limited	Finance	8,400
Centaur Ventures Ltd	Finance	105,500
		113,900

The two loans receivable from related parties bear interest at the rate of 18.5% per annum and are repayable on 30 August 2020.

An amount of US\$1,185 has been recognised as interest income in profit or loss during the period (Note 4).

**CENTAUR NATURAL RESOURCES BOND 3**  
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NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**15. RELATED PARTIES (continued)**

**(iii) Amount due from related party (Note 11)**

<u>Name</u>	<u>Nature of transactions</u>	<b>2015</b> <b>US\$</b>
Centaur Asset Management Ltd	Finance	<u>19,227</u>
		<u>19,227</u>

Amount due from Centaur Asset Management Ltd, a related party through common ownership, relates to set up costs paid by the Segregated Account on behalf of the related party.

**(iv) Amount due to related party (Note 13)**

<u>Name</u>	<u>Nature of transaction</u>	<b>2015</b> <b>US\$</b>
Centaur Natural Resources Bond	Finance	<u>945</u>
		<u>945</u>

**Investment Manager**

The Investment Manager is Centaur Asset Management Ltd, a company incorporated in Bermuda, and has been appointed by the Segregated Account to manage the investments of the Segregated Account in accordance with the Offering Memorandum and the Management Agreement. The Investment Manager will be paid a management fee equivalent to 1.00% per annum of the aggregate nominal amount of the proceeds from the issue of the Bonds. The fee shall be calculated monthly in arrears and payable monthly on the first business day of each calendar month.

Management fees of US\$2,540 have been waived by the Investment Manager during the period ended 31 December 2015 as a gesture of long term relationship.

**16. FINANCIAL RISK MANAGEMENT**

The Segregated Account's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most significant types of financial risks to which the Segregated Account is exposed are market risk, credit risk and liquidity risk.

This note presents information about the Segregated Account's exposure to the above risks, accounts objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**16. FINANCIAL RISK MANAGEMENT (continued)**

The Directors have overall responsibility for the establishment and oversight of the Segregated Account's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Segregated Account, to set appropriate risks limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Segregated Account's activities.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect Segregated Account's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Segregated Account to cash flow interest rate risk. Borrowings issued at fixed rates expose the Segregated Account to fair value interest rate risk.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	<b>2015</b> <b>US\$</b>
<i>Fixed rate instruments</i>	
Financial assets	113,900
Financial liabilities	<u>(254,000)</u>
	<u>(140,100)</u>

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and net assets of the Segregated Account, because, all financial instruments are fixed rated.

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Segregated Account's functional currency. The Segregated Account is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Sterling Pound and the Euro. The Segregated Account's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**16. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market risk (continued)**

*Currency risk (continued)*

The Segregated Account's exposure to foreign currency risk was as follows:

	<b>2015</b> <b>Net assets/ (liabilities)</b> <b>US\$</b>
Sterling Pound	52,510
Euro	<u>(6,938)</u>
	<u>45,572</u>

Sensitivity analysis

A 10% strengthening of the United States Dollar against the following currencies at 31 December 2015 would have increased (decreased) net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currencies, there would be an equal and opposite impact on the net assets.

	<b>2015</b> <b>Net assets/ (liabilities)</b> <b>US\$</b>
Sterling Pound	5,251
Euro	<u>(694)</u>
	<u>4,557</u>

**(b) Credit risk**

Credit risk represents the potential loss that the Segregated Account would incur if counterparties fail to perform pursuant to the terms of their obligations or commitments that they have entered into with the Segregated Account. The Segregated Account limits its credit risk by carrying out transactions through companies with sound financial background.

**CENTAUR NATURAL RESOURCES BOND 3**  
**(Segregated Account #3 in Centaur Group Finance Ltd.)**

NOTES TO THE FINANCIAL STATEMENTS

For the period from 4 December 2014 (date of incorporation) to 31 December 2015

**16. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Credit risk (continued)**

At the reporting date, the Segregated Account's financial assets exposed to credit risk amounted to the following:

	<b>2015</b> <b>US\$</b>
Cash and cash equivalents	185,059
Loans receivable	113,900
Other receivables	<u>33,857</u>
	<u>332,816</u>

**(c) Liquidity risk**

Liquidity risk is the risk that the Segregated Account will not be able to meet its financial obligations as they fall due. The Segregated Account's and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

The table below analyses the Segregated Account's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are in contractual undiscounted cash flows.

	<b>Carrying amount US\$</b>	<b>Less than 1 Year US\$</b>	<b>1-3 Year US\$</b>
<b>As at 31 December 2015</b>			
Bonds payable	(254,000)	-	(254,000)
Other payables	(78,514)	(78,514)	-
Net assets attributable to bondholders	<u>(302)</u>	<u>-</u>	<u>(302)</u>
<b>Total liabilities</b>	<u>(332,816)</u>	<u>(78,514)</u>	<u>(254,302)</u>

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NOTES TO THE FINANCIAL STATEMENTS

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**17. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The table below sets out the classifications of the carrying amounts of the Segregated Account's financial assets and financial liabilities into categories of financial instruments.

	Note	Held for trading	Designated as at fair value	Loans and receivables	Other financial liabilities	Total
<b>31 December 2015</b>						
Cash and cash equivalents	9	-	-	185,059	-	185,059
Loans receivable	10	-	-	113,900	-	113,900
Other receivables	11	-	-	33,857	-	33,857
		-	-	332,816	-	332,816
Bonds payables	12	-	-	-	254,000	254,000
Other payables	13	-	-	-	78,514	78,514
Net assets attributable to bondholders					302	302
		-	-	-	332,816	332,816

**18. COMPARATIVES**

There are no comparatives as this is the first set of financial statements prepared for the period from 4 December 2014 (date of incorporation) to 31 December 2015.

**19. EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.