

**CENTURION METALS D.O.O., BEOGRAD**

**Special Purpose  
Financial Statements  
for the period ended 30 June 2017  
and  
Independent Auditors' Report**

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## INDEPENDENT AUDITOR'S REPORT

### To the Owners and Management of South East Asia Resources Limited

#### *Opinion*

We have audited the accompanying special purpose financial statements of Centurion Metals d.o.o. Beograd (the "Company"), which comprise the statement of financial position as at 30 June 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 18 March 2016 – 30 June 2017, and notes to financial statements, including summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the financial position of Centurion Metals d.o.o. Beograd as at 30 June 2017, and their financial performance and their cash flows for the period 18 March 2016 – 30 June 2017 in accordance with the International Financial Reporting Standards.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**(To be continued)**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)****To the Owners and Management of South East Asia Recourses Limited*****Management's Responsibility for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditor's Responsibility for the audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

26 September 2017  
Belgrade



Crowe Horwath  
BDM Audit  
do  
Nebojsa Stankovic  
licensed auditor



**SPECIAL PURPOSE FINANCIAL STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2017**  
**In thousands of RSD**

	Note	30 June 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8	80
<b>Total current assets</b>		<b>80</b>
<b>TOTAL ASSETS</b>		<b>80</b>
<b>Liabilities</b>		
Short-term financial liabilities	9	281
Liabilities for salaries and other fringe benefits	10	346
Provisions	11	5,535
Other liabilities		56
<b>Total current liabilities</b>		<b>6,218</b>
<b>TOTAL LIABILITIES</b>		<b>6,218</b>
<b>NET ASSETS</b>		<b>(6,138)</b>
<b>EQUITY</b>		
<b>Equity</b>		
Accumulated loss	12	(6,138)
<b>TOTAL EQUITY</b>		<b>(6,138)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80</b>

The accompanying notes on the following pages  
form an integral part of of these Special Purpose Financial Statements

The financial statements were approved by Management

Beograd, 26 September 2017

Centurion Metals d.o.o. Beograd

Božo Guzijan  
Director



**SPECIAL PURPOSE STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
For the period 18 March 2016 – 30 June 2017  
In thousands of RSD

	Note	18 March 2016 - 30 June 2017
<b>Operating expenses</b>		
Cost of material and energy		(5)
Salaries and other personnel expenses	5	(2,581)
Other expenses	6	(3,555)
<b>Total operating expenses</b>		<b>(6,141)</b>
<b>Operating result</b>		<b>(6,141)</b>
Finance income	7	8
Finance expenses	7	(5)
<b>Net finance result</b>		<b>3</b>
<b>Profit/(Loss) before tax</b>		<b>(6,138)</b>
Income tax expense		-
<b>Net profit/(Loss) loss for the period</b>		<b>(6,138)</b>
<b>Other comprehensive result</b>		<b>-</b>
<b>Total comprehensive profit/(loss) loss for the period</b>		<b>(6,138)</b>

The accompanying notes on the following pages  
form an integral part of of these Special Purpose Financial Statements

**SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY**  
**For the period 18 March 2016 – 30 June 2017**  
**In thousands of RSD**

	<b>Stakes</b>	<b>Total</b>	<b>Loss exceeding the capital</b>
<b>Balance as at 18 March 2016</b>	-	-	-
Profit/(Loss) for the period	-	(6,138)	(6,138)
<b>Balance as at 30 June 2017</b>	-	<b>(6,138)</b>	<b>(6,138)</b>

The accompanying notes on the following pages  
form an integral part of of these Special Purpose Financial Statements

**SPECIAL PURPOSE CASH FLOW STATEMENT**  
**For the period 18 March 2016 – 30 June 2017**  
**In thousands of RSD**

	<b>18 March 2016 - 30 June 2017</b>
<b>Cash flow from operating activities</b>	
Cash paid to suppliers and advances given	(3,504)
Cash paid to and on behalf of employees	(2,235)
<b>Net cash from (used in) operating activities</b>	<b>(5,739)</b>
<b>Cash flow from financing activities</b>	
Short-term borrowings	5,816
<b>Net cash generated by financing activities</b>	<b>5,816</b>
<b>Net increase in cash and cash equivalents</b>	<b>77</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>
Foreign exchange gains (losses) net	3
<b>Cash and cash equivalents, end of period</b>	<b>80</b>

The accompanying notes on the following pages  
form an integral part of of these Special Purpose Financial Statements



**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***1. GENERAL INFORMATION**

Centurion Metals d.o.o. Beograd (hereinafter: "the Company") was established on 18 March 2016. The Company is organized as a limited liability company and is inscribed in the Companies Register of the Agency for Business Registers. Principal activities of the Company is exploitation of mineral resources. Registration number of the Company is 21180009, and its tax identification number is 109425874. The Company is situated in Belgrade, Milorada Umjenovića Street 8.

At 30 June 2017, the Company had 1 employee (31 December 2016: 1 employee).

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)****2.1. Standards and Interpretations Effective in the Current Period**

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Bearer Plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after January 1, 2016).

The adoption of these amendments to the existing standards has not led to any material changes in the Group's consolidated financial statements.

**2.2. Standards and Interpretations in Issue not yet effective**

At the date of authorization of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2018);

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (Continued)****2.2. Standards and Interpretations in Issue not yet effective (Continued)**

- IFRS 15 "Revenue from Contracts with Customers" and further amendments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 16 "Leases" (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after January 1, 2018 or when IFRS 9 "Financial Instruments" is applied first time);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IAS 7 "Statement of Cash Flows" - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 40 "Investment Property" - Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);
- Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after January 1, 2018);
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018);

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (Continued)****2.3. Going concern basis of accounting**

As of 30 June 2017 the Company has substantial accumulated losses in the amount of 6,138 thousand RSD and as of this date the Company's current liabilities exceeded its current assets by 6,138 thousand RSD, which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the continuous financial support of the Centralist Pty Ltd's. On 21 September 2017, Centralist Pty Ltd provided a letter of financial support, whereby it has committed to provide the financial support necessary for the Company's unhindered operation over a period of no less than a year from the support letter date.

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The Company's financial statements have been prepared using the going concern basis of accounting. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

The special purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The IFRS accounting policies set below have been consistently applied by the Company to all periods presented in these special purpose financial statements.

**Reporting period**

The special purpose financial statements have been prepared for the period 18 March 2016 – 30 June 2017. Due to specific requirements for preparation of these special purpose financial statements, the Management of the Company considered this way of presentation the most practical and reasonable.

**Basis of Preparation**

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

**Foreign currencies**

These financial statements are stated in thousands of dinars ("RSD"), which is the functional currency of the Company. All financial information presented in RSD has been rounded to the nearest thousand.

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

*Applied exchange rates*

Applied exchange rates as at balance sheet date are as follows:

Currency	30 June 2017	31 December 2016
EUR	120.8486	123.4723

**Taxes and Contributions*****Current Income Taxes***

Current income tax is payable at the legally prescribed rate of 15% on the tax base determined within the tax balance and reported in the annual corporate income tax return. The taxable base stated in the income tax return includes the profit before taxation shown in the statutory statement of income, as adjusted for differences that are specifically defined under statutory tax rules of the Republic of Serbia, reduced for any prescribed tax credits.

The Income Tax Law of the Republic of Serbia does not envisage that any tax losses of the current period can be used to recover taxes paid within a specific carryback period. However, current period tax losses may be used to reduce or eliminate taxes to be paid in future periods for duration of no longer than five subsequent years. Tax losses incurred before January, 1 2010 are available for carry forward for the duration of ten subsequent years.

**Indirect Taxes and Contributions**

Indirect taxes and contributions include property taxes, payroll taxes and contributions charged to the employer and various other taxes and contributions paid pursuant to republic and municipal tax and general regulations. These taxes and contributions are included within other operating expenses.

**Employee Benefits***Short-term Employee Benefits - Employee Taxes and Contributions for Social Security*

Pursuant to the regulations effective in the Republic of Serbia, the Company has an obligation to pay contributions to various state social security funds. These obligations involve the payment of contributions on behalf of the employee, by the employer in the amounts calculated by applying the specific, legally-prescribed rates. The Company is also legally obligated to withhold contributions from gross salaries to employees, and on their behalf to transfer the withheld portions directly to the appropriate government funds. These contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

**Financial instruments**

Financial assets and liabilities are recognized in the statement of financial position of the Company, in accordance with the substance of the contractual arrangement.

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial instruments (continued)**

The Company derecognizes financial assets when the Company loses control over contractual rights of this instrument, when the rights of use of these instruments are realized, expired, discharged or cancelled. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and balances with banks in current accounts or deposits which mature within three months of the date of placement.

Financial liabilities

The financial liabilities are measured at cost. According to the Company's management, the effects of calculating the amortized cost of a financial liability or effects of non-implementation of effective interest expense are not material for financial statements.

Trade and other payables

Trade and other payables are measured at nominal value.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in Note 3, the Management is required to make judgments, 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 recognized 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.

**5. SALARIES AND OTHER PERSONNEL EXPENSES**

	<b>18 March 2016 - 30 June 2017</b>
Costs of salaries, and fringe benefits (gross)	1,794
Costs of taxes and contributions on salaries and fringe benefits charged to employer	321
Other personal expenses remunerations	466
	<b>2,581</b>

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***6. OTHER EXPENSES**

	<b>18 March - 30 June 2017</b>
Transport services costs	359
Maintenance costs	2
Preparation of detailed geological exploration projects	517
Consulting services	
– preparation of detailed geological exploration projects	1,113
Legal services	221
Bookkeeping services	117
Duties (Cultural Monument Protection Institute)	809
Representation costs	162
Costs of payment operations	17
Other	238
	<b>3,555</b>

**7. FINANCIAL INCOME AND EXPENSES**

	<b>18 March 2016 - 30 June 2017</b>
FX losses	(5)
FX gains	8
<b>Net foreign exchange (losses)/gains</b>	<b>3</b>

**8. CASH AND CASH EQUIVALENTS**

	<b>30 June 2017</b>
Current accounts	61
Foreign currency accounts	19
	<b>80</b>

**9. SHORT-TERM FINANCIAL LIABILITIES**

Detailed breakdown of other short-term financial liabilities is shown in the following table:

<b>Unsecured</b>	<b>Description</b>	<b>Currency</b>	<b>Aomunt in thousand RSD</b>	<b>Interest rate</b>	<b>Expiration date</b>
Loans from related parties	Borrowings	RSD	281	n/a	Not define
			<b>281</b>		

**NOTES TO THE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***10. LIABILITIES FOR SALARIES AND OTHER FRINGE BENEFITS**

	<b>30 June 2017</b>
Liabilities for net salaries and fringe benefits, except refundable fringe benefits	340
Liabilities to employees	6
	<b>346</b>

**11. PROVISIONS**

	<b>30 June 2017</b>
Other provisions	5,535
	<b>5,535</b>

Provision in the amount of 5,535 thousand RSD pertains to an additional payment of the Company's previous shareholder on 31 March 2016, denominated in EUR 45,030

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.

The company disputes that any amount is payable as per agreements and actions between the parties at the time of entering into the transaction for the transfer of shares.

**12. EQUITY****Issued Capital**

The Company was incorporated on 18 March 2016 as limited liability company performing activities of exploitation of ore, other black, non-ferrous, precious and other metals.

Stakes in the amount of 10 thousand RSD were paid in and registered in the Serbian Business Registers Agency. As at 30 June 2017, the Company has not recorded the stakes in its special purpose statement of financial position.

By the Decision of the Serbian Business Registers Agency (BD 24065/201), Mr. Bozo Guzijan is 100% owner of the Company.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

In its daily business activities the Company is exposed to certain financial risks, which include:

- Market risk
- Liquidity risk and
- Credit risk

Risk management in the Company is aimed at minimizing potential negative influences from unpredictability of the financial markets to the financial position and business of the Company.

**NOTES TO THE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)****Capital Risk Management**

Debt ratios of the Company as at 30 June 2017 and 31 December 2016 are presented below:

	<b>30 June 2017</b>
Liabilities a)	5,815
Cash and cash equivalents	80
Net liabilities	5,735
Equity b)	(6,138)
Debt to equity ratio	-

a) Debt relates to short-term financial liabilities.

b) Equity relate to accumulated losses.

**Categories of financial instruments**

	<b>30 June 2017</b>
<b>Financial assets</b>	
Cash and bank balances	80
	<b>80</b>
<b>Financial liabilities</b>	
Short-term financial liabilities	281
Provisions	5,535
Other liabilities	56
	<b>5,872</b>

Basic financial instruments of the Company comprise cash and cash equivalents, as well as short-term financial liabilities primarily used to finance the Company's current operations. In the regular course of business, the Company is exposed to the risk enumerated in the following passages.

**Financial Risk Management Objectives**

The Company's business operations are exposed to financial risks including market risk (foreign currency risk) and liquidity risk. The Company does not make use of derivative financial instruments so as to avoid the adverse effect of these risks on the Company's business operations, due to the fact that such instruments are not commonly used in the Republic of Serbia market, nor is there an organized market for such instruments in the Republic of Serbia.

**Market Risk**

In its business operations, the Company is exposed to financial risks inherent in fluctuations of foreign currencies. Market risk exposure is measured by means of sensitivity analysis. There have been no changes in the manner in which the Company alleviates and measures the exposure.



**NOTES TO THE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)*****Foreign Currency Risk***

The Company is exposed to foreign currency risk arising on cash and short-term financial liabilities that are denominated in a currency other than the RSD, which relates to the euro (EUR).

Formally, the Company does not hedge risks related to short-term financial liabilities, given that hedging is not easily accessible in markets in which the Company operates.

The carrying values of the Company's monetary assets and liabilities denominated in foreign currency as of the reporting date were as follows:

	<b>Assets</b>	<b>Liabilities</b>
	<b>30 June 2017</b>	<b>30 June 2017</b>
EUR	19	5,535
	<b>19</b>	<b>5,535</b>

**Market Risk (Continued)**

In its business operations, the Company is exposed to financial risks inherent in fluctuations of foreign currencies. Market risk exposure is measured by means of sensitivity analysis. There have been no changes in the manner in which the Company alleviates and measures the exposure.

***Foreign Currency Risk (Continued)***

The Company is sensitive to the movements in the EUR exchange rate. The following table gives details on the Company's sensitivity analysis to the increase and decrease of 10% in the dinar to foreign currency exchange rate. These sensitivity rates were used to report on the foreign currency risk and represent the management's best estimate of reasonably expected fluctuations in exchange rates. The sensitivity analysis includes only the outstanding assets and liabilities denominated in foreign currency and it adjusts their translation at the period end for the fluctuation of 5% in foreign exchange rates. The negative number from the table suggests the decrease in the results of the current period being the case when RSD value depreciates against the currency at issue. In case of a RSD increase by 5% against the foreign currency at issue, the impact on the profit for the current period would be the exact opposite of the one calculated in the previous case.

	<b>30 June 2017</b>
EUR	(276)
Profit for the current period	<b>(276)</b>

**NOTES TO THE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)*****Interest Rate Risk***

Interest rate risk is a risk from changes in interest rates on assets and liabilities where there is a floating interest rate. This risk depends on financial markets and the Company does not have available instruments to mitigate its impact.

The carrying values of financial assets and liabilities at the end of the period under review are presented in the following table:

	<b>30 June 2017</b>
<b>Financial assets</b>	
Non-interest bearing	
Cash and bank balances	80
	<b>80</b>
<b>Financial liabilities</b>	
Non-interest bearing	
Short-term financial liabilities	281
Provisions	5,535
Other liabilities	56
	<b>5,872</b>

The Company is not significantly exposed to interest rate risk.

***Liquidity Risk***

The current assets of the Company exeded current liabilities in the amount of 6,138 thousand RSD. Also the Company does not generate revenue. As explained in Note 2.3. on 21 September 2017 Centralist Pty Ltd delivered a support letter, whereby it has committed to provide the financial support necessary for the Company's unhindered operation over a period of no less than a year from the support letter date.

***Fair value of financial instruments***

As at 30 June 2017 the Company did not hold financial assets and liabilities that are subsequently measured at fair value.

Carrying amount of the financial instruments disclosed in the final statement of financial position at amortized cost approximates their fair value.

**14. CONTINGENT LIABILITIES AND ASSETS*****Litigations***

In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these financial statements.

***Guaranties***

In the opinion of management, there are no other guarantees and other commitments and contingencies.

**NOTES TO THE FINANCIAL STATEMENTS****30 June 2017***All amounts expressed in thousands of dinars, unless otherwise stated.***15. TAXATION RISKS**

The Republic of Serbia tax legislation is subject to varying interpretations, and legislative changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not agree with the views of the Company's management. Consequently, transactions may be challenged by the relevant tax authorities and the Company could be assessed additional taxes, penalties and interest, which can be significant. The fiscal periods remain open for reviews by tax authorities with regard to the tax-paying entity's tax liabilities for a period of five years.