

QE ENERGY EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

Period from 17 November 2010 (date of
incorporation) to 31 December 2011

QE ENERGY EUROPE LIMITED

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Period from 17 November 2010 (date of incorporation) to 31 December 2011

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QE ENERGY EUROPE LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Androula (Andri) Efthymiou (appointed 14/06/2011)
Konstantinos Iliadis (appointed 14/06/2011)
Georgios Kouvaris (appointed 14/06/2011)
Xenia Koustai (appointed 14/06/2011)
Stelios Panayides (appointed 14/06/2011)
Eleni Miltiadous (appointed 17/11/2010 , resigned 14/06/2011)

Company Secretary:

Penelope Katsaounou
Annis Komninis, 37
Elenion Building, 2nd floor
Flat/Office 7, Nicosia, Cyprus

Independent Auditors:

CKZ Audit Ltd
Certified Public Accountants and Registered Auditors

Registered office:

Annis Komninis, 37
Elenion Building, 2nd floor
Flat/Office 7, Nicosia
Cyprus

QE ENERGY EUROPE LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its first report and audited financial statements of the Company for the period from 17 November 2010 to 31 December 2011.

Incorporation

The Company QE Energy Europe Limited was incorporated in Cyprus on 17 November 2010 as a private limited liability Company under the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company are buying and selling liquefied natural gas. During the year the Company had no trading activities.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the period are set out on page 6. The net loss for the period is carried forward.

Share capital

Authorised capital

Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 17 November 2010 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €1 each at par.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2011 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 17 November 2010 to 31 December 2011. Mrs Eleni Miltiadous who was appointed director at the date of incorporation resigned on 14 June 2011 and on the same date Mrs Androula (Andri) Efthymiou, Mr Konstantinos Iliadis, Mr Georgios Kouvaris, Mrs Xenia Koustai and Mr Stelios Panayides were appointed in her place.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 19 to the financial statements.

Mrs. Eleni Miltiadous was appointed director at the date of incorporation and resigned on 14 June 2011.

QE ENERGY EUROPE LIMITED

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors

The Independent Auditors, CKZ Audit Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Xenia Koustai
Director

Nicosia, 21 March 2012

Independent auditor's report

To the Members of QE Energy Europe Limited

Report on the financial statements

We have audited the accompanying financial statements of QE Energy Europe Limited (the "Company") on pages 6 to 16, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, changes in equity and cash flows for the period from 17 November 2010 (date of incorporation) to 31 December 2011, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113., and for such internal control as the Board of Directors determines 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 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 the auditor's 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 auditor considers 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.

Independent auditor's report (continued)

To the Members of QE Energy Europe Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of QE Energy Europe Limited as at 31 December 2011, and of its financial performance and its cash flows for the period from 17 November 2010 (date of incorporation) to 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

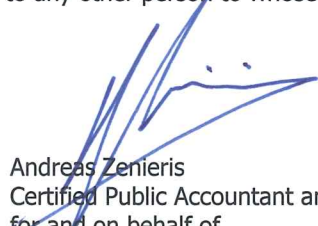
Report on other legal and regulatory requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors pages 2 to 3 is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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.



Andreas Zenieris
 Certified Public Accountant and Registered Auditor
 for and on behalf of
CKZ Audit Ltd
Certified Public Accountants and Registered
Auditors

Nicosia, 21 March 2012

QE ENERGY EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Period from 17 November 2010 (date of incorporation) to 31 December 2011

	Note	17.11.2010 - 31.12.2011 €
Administration expenses		<u>(179,394)</u>
Operating loss		(179,394)
Finance costs	7	<u>(39)</u>
Loss before tax		(179,433)
Tax	8	<u>-</u>
Net loss for the period		(179,433)
Other comprehensive income		<u>-</u>
Total comprehensive income for the period		<u>(179,433)</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2011

	Note	2011 €
ASSETS		
Non-current assets		
Current assets		
Other receivables	11	<u>1,000</u>
		<u>1,000</u>
Total assets		<u><u>1,000</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	13	1,000
Accumulated (losses)		<u>(179,433)</u>
Total equity		<u>(178,433)</u>
Current liabilities		
Other payables	15	179,394
Borrowings	14	<u>39</u>
		<u>179,433</u>
Total equity and liabilities		<u><u>1,000</u></u>

On 21 March 2012 the Board of Directors of QE Energy Europe Limited authorised these financial statements for issue.



Xenia Koustai
Director



Stelios Panayides
Director

The notes on pages 10 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

Period from 17 November 2010 (date of incorporation) to 31 December 2011

	Note	Share capital €	Accumulated (losses) €	Total €
Comprehensive income				
Net loss for the period		-	(179,433)	(179,433)
Transactions with owners				
Issue of share capital	13	1,000	-	1,000
Balance at 31 December 2011		1,000	(179,433)	(178,433)

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

QE ENERGY EUROPE LIMITED

CASH FLOW STATEMENT

Period from 17 November 2010 (date of incorporation) to 31 December 2011

	17.11.2010 - 31.12.2011
	Note €
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	<u>(179,433)</u>
Cash flows used in operations before working capital changes	(179,433)
Increase in other payables	<u>179,394</u>
Net cash flows used in operating activities	<u>(39)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net decrease in cash and cash equivalents	(39)
Cash and cash equivalents:	
At beginning of the period	<u>-</u>
At end of the period	12 <u><u>(39)</u></u>

The notes on pages 10 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

1. Incorporation and principal activities

Country of incorporation

The Company QE Energy Europe Limited (the "Company") was incorporated in Cyprus on 17 November 2010 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at Annis Komninis, 37, Elenion Building, 2nd floor, Flat/Office 7, Nicosia, Cyprus.

Principal activities

The principal activities of the Company are buying and selling liquefied natural gas. During the year the Company had no trading activities.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current period the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 17 November 2010.

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

Financial instruments

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

2. Accounting policies (continued)

Financial instruments (continued)

Other payables

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

3. Financial risk management (continued)

3.1 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2011

	Carrying amounts	Contractual cash flows	1 year or less	Between 1-5 years	More than 5 years
	€	€	€	€	€
Bank overdrafts	39	39	39	-	-
Other payables	3,230	3,230	3,230	-	-
	3,269	3,269	3,269	-	-

3.2 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

5. Expenses by nature

	17.11.2010 - 31.12.2011 €
Staff costs (Note 6)	142,554
Auditors' remuneration for the statutory audit of annual accounts	500
Other expenses	<u>36,340</u>
Total expenses	<u>179,394</u>

6. Staff costs

	17.11.2010 - 31.12.2011 €
Wages and salaries	<u>142,554</u>
	<u>142,554</u>

7. Finance costs

	17.11.2010 - 31.12.2011 €
Other finance expenses	<u>39</u>
	<u>39</u>

8. Tax

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	17.11.2010 - 31.12.2011 €
Loss before tax	<u>(179,433)</u>
Tax calculated at the applicable tax rates	(17,943)
Tax effect of tax loss for the period	<u>17,943</u>
Tax charge	<u>-</u>

The corporation tax rate is 10%.

9. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2011

	Loans and receivables €
Assets as per statement of financial position:	
Other receivables	<u>1,000</u>
Total	<u>1,000</u>

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

9. Financial instruments by category (continued)

	Borrowings and other financial liabilities €
Liabilities as per statement of financial position:	
Borrowings	39
Other payables (excluding accruals)	<u>166,436</u>
Total	<u>166,475</u>

10. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

2011

Fully performing other receivables	<u>1,000</u>
Group 2	<u>1,000</u>

Group 1 - companies within the group, common control companies and associates with no defaults in the past.

Group 2 - Directors, shareholders and key management personnel.

Group 3 - new receivables (less than 6 months).

None of the financial assets that are fully performing has been renegotiated.

11. Other receivables

	2011
	€
Other receivables	<u>1,000</u>
	<u>1,000</u>

The fair values of other receivables due within one year approximate to their carrying amounts as presented above.

12. Cash at bank and in hand

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2011
	€
Bank overdrafts (Note 14)	<u>(39)</u>
	<u>(39)</u>

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

13. Share capital

	2011 Number of shares	2011 €
Authorised		
Ordinary shares of €1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
Issue of shares	<u>1,000</u>	<u>1,000</u>
Balance at 31 December	<u>1,000</u>	<u>1,000</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 17 November 2010 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €1 each at par.

14. Borrowings

	2011 €
Current borrowings	
Bank overdrafts (Note 12)	<u>39</u>

15. Other payables

	2011 €
Shareholders' current accounts - credit balances (Note 16)	163,206
Accruals	12,958
Other creditors	<u>3,230</u>
	<u>179,394</u>

The fair values of other payables due within one year approximate to their carrying amounts as presented above.

16. Related party transactions

The Company is controlled by Terna Overseas Ltd and CAYE Global Investments Ltd, incorporated in Cyprus, which own 90% and 10% of the Company's shares respectively. The Company's ultimate controlling party is Gek Terna S.A., which is listed to the Athens Stock Exchange.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

16. Related party transactions (continued)

The following transactions were carried out with related parties:

16.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	17.11.2010 - 31.12.2011
	€
Directors' fees	<u>925</u>
	<u>925</u>

16.2 Shareholders' current accounts - credit balances (Note 15)

	2011
	€
Terna Overseas Ltd	<u>163,206</u>
	<u>163,206</u>

The shareholders' current accounts are unsecured, interest free, and have no specified repayment date.

17. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2011.

18. Commitments

The Company had no capital or other commitments as at 31 December 2011.

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.

Mrs. Eleni Miltiadous was appointed director at the date of incorporation and resigned on 14 June 2011.

Independent Auditor's report on pages 4 and 5

QE ENERGY EUROPE LIMITED

DETAILED INCOME STATEMENT

Period from 17 November 2010 (date of incorporation) to 31 December 2011

		17.11.2010 - 31.12.2011
	Page	€
Operating expenses		
Administration expenses	18	<u>(179,394)</u>
Operating loss		(179,394)
Finance costs	19	<u>(39)</u>
Net loss for the period before tax		<u><u>(179,433)</u></u>

QE ENERGY EUROPE LIMITED

OPERATING EXPENSES

Period from 17 November 2010 (date of incorporation) to 31 December 2011

	17.11.2010 - 31.12.2011 €
Administration expenses	
Staff salaries	142,554
Courier expenses	241
Stationery and printing	470
Auditors' remuneration for the statutory audit of annual accounts	500
Accounting fees	8,100
Directors' fees	925
Travelling	10,232
Irrecoverable VAT	1,355
Consultancy fees	8,503
Legislation of documents	154
Professional tax	444
Registration fees	5,916
	<u>179,394</u>

QE ENERGY EUROPE LIMITED

FINANCE COSTS

Period from 17 November 2010 (date of incorporation) to 31 December 2011

**17.11.2010 -
31.12.2011
€**

Finance costs

Other finance expenses

Bank charges

39

39

