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QE ENERGY EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2013

QE ENERGY EUROPE LIMITED

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31 December 2013

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Alexis Hadjinicolaou (appointed 04/03/2013) Despina Georgiou (appointed 04/03/2013) Nicolaos Pitsakis (appointed 04/03/2013, resigned 09/12/2013) Androula (Andri) Efthymiou (resigned 04/03/2013) Konstantinos Iliadis Georgios Kouvaris Xenia Koustai (resigned 04/03/2013) Stelios Panayides (resigned 04/03/2013) Myrto Achnioti (appointed 09/12/2013)
Company Secretary:	Alexis Hadjinicolaou Annis Komninis, 37 Elenion Building, 2nd floor Flat/Office 7, Nicosia Cyprus
Independent Auditors:	CKZ Audit Ltd 14 Pireos street 1st floor 2023 Nicosia
Registered office:	Annis Komninis, 37 Elenion Building, 2nd floor Flat/Office 7, Nicosia Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

Principal activities
The principal activities of the Company which remained unchanged from last year, are buying and selling liquefied natural gas.

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.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 18 of the financial statements.

Results
The Company's results for the year are set out on page 5.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2013.

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

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company
Any significant events that relate to the operating environment of the Company are described in note 18 to the financial statements.

Events after the reporting period
Significant events that occurred after the end of the reporting period are described in note 18 to the financial statements.

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,

Alexis Hadjinicolaou
Director

Nicosia, 14 March 2014

W: www.ckzaudit.com

Independent auditor's report

To the Members of QE Energy Europe Limited

Report on the financial statements

We have audited the financial statements of QE Energy Europe Limited (the "Company") on pages 5 to 19 which comprise the statement of financial position as at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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.

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 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matter

We draw attention to note 2 to the financial statements which indicates that the Company incurred a loss of €188.444 during the year ended 31 December 2013, and, as at that date its liabilities exceeded its assets by €583.814. These conditions, along with other matters as set forth in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter. The parent company has indicated its intention to continue providing its financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

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Independent auditor's report (continued)

To the Members of QE Energy Europe Limited

Report on other legal requirements

Pursuant to the additional 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, so far as appears from our examination of these books.
- 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 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, 14 March 2014

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STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	Note	**2013** €	2012 €
Revenue	5	-	17.396.282
Cost of sales		-	(17.494.776)
Gross profit/(loss)		-	(98.494)
Administration expenses		**(189.907)**	(93.797)
Operating loss		**(189.907)**	(192.291)
Finance costs	8	**(527)**	(1.340)
Net profit/(loss) from foreign exchange transactions	9	**1.990**	(23.306)
Loss before tax		**(188.444)**	(216.937)
Tax	10	-	-
Net loss for the year/period		**(188.444)**	(216.937)
Other comprehensive income		-	-
Total comprehensive income for the year/period		**(188.444)**	(216.937)

QE ENERGY EUROPE LIMITED

STATEMENT OF FINANCIAL POSITION
31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Current assets			
Receivables	13	**3.518**	2.575
Cash at bank and in hand	14	**1.917**	75.206
		5.435	77.781
Total assets		**5.435**	77.781
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1.000**	1.000
Accumulated losses		**(584.814)**	(396.370)
Total equity		**(583.814)**	(395.370)
Non-current liabilities			
Trade and other payables	17	**585.916**	-
		585.916	-
Current liabilities			
Trade and other payables	17	**3.333**	473.093
Borrowings	16	**-**	58
		3.333	473.151
Total liabilities		**589.249**	473.151
Total equity and liabilities		**5.435**	77.781

On 14 March 2014 the Board of Directors of QE Energy Europe Limited authorised these financial statements for issue.

A. X"Nικολάου
....
Alexis Hadjinicolaou
Director

....
Despina Georgiou
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2013

	Share capital €	Accumulated (losses) €	Total €
Balance at 1 January 2012	**1.000**	**(179.433)**	**(178.433)**
Comprehensive income			
Net loss for the period	-	(216.937)	(216.937)
Balance at 31 December 2012/ 1 January 2013	**1.000**	**(396.370)**	**(395.370)**
Comprehensive income			
Net loss for the year	-	(188.444)	(188.444)
Balance at 31 December 2013	**1.000**	**(584.814)**	**(583.814)**

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter 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.

CASH FLOW STATEMENT
Year ended 31 December 2013

	Note	**2013**	2012
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(188.444)**	(216.937)
Adjustments for:			
Unrealised exchange (profit) /loss		**(1.990)**	19.146
Interest expense	8	**-**	75
Cash flows used in operations before working capital changes		**(190.434)**	(197.716)
Increase in receivables		**(943)**	(575)
Increase in trade and other payables		**117.200**	287.156
Cash flows (used in)/from operations		**(74.177)**	88.865
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**-**	(75)
Net cash flows used in financing activities		**-**	(75)
Net (decrease) /increase in cash and cash equivalents		**(74.177)**	88.790
Cash and cash equivalents:			
At beginning of the year/period		**75.148**	(1.039)
Effect of exchange rate fluctuations on cash held		**946**	(12.603)
At end of the year/period	14	**1.917**	75.148

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

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 which remained unchanged from last year, are buying and selling liquefied natural gas.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Going concern basis

The Company incurred a loss of €188.444 for the year ended 31 December 2013, and, as at that date its liabilities exceeded its assets by €583.814. The Company is dependent upon the continuing financial support of its parent company without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The parent company has indicated its intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

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 judgment 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 year 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 1 January 2013. This adoption did not have a material effect on the accounting policies of the Company.

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.

2. Accounting policies (continued)

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Sale of products**

  Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Company has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

Trade payables

Trade 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.

2. Accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

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.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors
The Company is exposed to credit risk, liquidity risk, currency 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:

3.1 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.2 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

31 December 2013	Carrying amounts	Contractual cash flows	On demand	Less than 1 year	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Bank overdrafts	-	374	-	374	-	-
Trade and other payables	3.333	3.374	-	3.374	-	-
Payables to related parties	585.916	585.916	585.916	-	-	-
	589.249	**589.664**	**585.916**	**3.748**	**-**	**-**

31 December 2012	Carrying amounts	Contractual cash flows	On demand	Less than 1 year	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Bank overdrafts	58	58	-	58	-	-
Trade and other payables	25.450	24.476	-	24.476	-	-
Payables to related parties	446.067	446.067	446.067	-	-	-
	471.575	**470.601**	**446.067**	**24.534**	**-**	**-**

3.3 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 Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2013	2012	**2013**	2012
	€	€	**€**	€
United States Dollars	**-**	-	**2.291**	75.206
	-	-	**2.291**	75.206

<u>Sensitivity analysis</u>
A 10% strengthening of the Euro against the following currencies at 31 December 2012 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit.

	Profit or loss	
	2013	2012
	€	€
United States Dollars	**229**	7.521
	229	7.521

3.4 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. The Company's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgments

Estimates and judgments 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 judgment 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.

- **Going Concern**

  The Company incurred a loss of €216.937 for the year ended 31 December 2012, and, as of that date the Company's current liabilities exceeded its current assets by €395.370. The Company's liquidity is supported by its shareholders.

5. Revenue

	2013	2012
	€	€
Sales of products	-	17.396.282
	-	17.396.282

6. Expenses by nature

	2013	2012
	€	€
Purchases of Products	-	17.283.776
Staff costs (Note 7)	**161.393**	246.530
Auditors' remuneration for the statutory audit of annual accounts	**1.000**	1.000
Marketing and Promotion Expenses	-	20.000
Travelling Expenses	**21.695**	15.527
Other expenses	**5.819**	21.740
Total expenses	**189.907**	17.588.573

7. Staff costs

	2013	2012
	€	€
Wages and salaries (1)	**161.393**	244.458
Social insurance costs and other funds	-	1.677
Social cohesion fund	-	395
	161.393	246.530

(1) The amount consists of €NIL (2012: €19.731) wages and salaries to Cypriot employees and €161.393 (2012:€224.727) wages and salaries to foreign employees.

8. Finance costs

	2013 €	2012 €
Interest expense	-	75
Other finance expenses	527	1.265
	527	1.340

9. Net profit/(loss) from foreign exchange transactions

	2013 €	2012 €
Realised exchange profit/(loss)	-	(4.160)
Unrealised exchange profit/(loss)	1.990	(19.146)
	1.990	(23.306)

Realised exchange profit/(loss) arises from transactions in foreign currencies, translated to Euro using the rate of exchange ruling at the date of the transaction.

The unrealised exchange profit/(loss) arises from monetary assets and liabilities denominated in foreign currencies, translated to Euro using the rate of exchange ruling at the reporting date.

10. 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:

	2013 €	2012 €
Loss before tax	(188.444)	(216.937)
Tax calculated at the applicable tax rates	(23.556)	(21.694)
Tax effect of expenses not deductible for tax purposes	1	1
Tax effect of allowances and income not subject to tax	19.925	19.719
Tax effect of tax loss for the year/period	3.630	1.974
Tax charge	-	-

The corporation tax rate is 12,5% (2012:10%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

11. Financial instruments by category

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

31 December 2013	Loans and receivables €
Assets as per statement of financial position:	
Receivables	1.000
Cash and cash equivalents	2.291
Total	3.291

11. Financial instruments by category (continued)

	Borrowings and other financial liabilities €
Liabilities as per statement of financial position:	
Borrowings	374
Trade and other payables	586.634
Total	**587.008**

31 December 2012

	Loans and receivables €
Assets as per statement of financial position:	
Receivables	1.000
Cash and cash equivalents	75.206
Total	**76.206**

	Borrowings and other financial liabilities €
Liabilities as per statement of financial position:	
Borrowings	58
Total	**58**

12. Credit quality of financial assets

The credit quality of financials 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:

	2013 €	2012 €
Fully performing other receivables		
Group 3	**3.518**	2.575
	3.518	2.575
Cash at bank and short term bank deposits		
no external rating (Moody's)	**2.291**	75.206
	2.291	75.206

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.

13. Receivables

	2013	2012
	€	€
Receivables from related companies (Note 19)	1.000	1.000
Refundable VAT	2.518	1.575
	3.518	2.575

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

14. Cash at bank and in hand

	2013	2012
	€	€
Cash at bank	1.917	75.206
	1.917	75.206

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

	2013	2012
	€	€
Cash at bank and in hand	1.917	75.206
Bank overdrafts (Note 16)	-	(58)
	1.917	75.148

15. Share capital

	2013 Number of shares	2013 €	2012 Number of shares	2012 €
Authorised				
Ordinary shares of €1,00 each	1.000	1.000	1.000	1.000
Issued and fully paid				
Balance at 1 January	1.000	1.000	1.000	1.000
Balance at 31 December	1.000	1.000	1.000	1.000

16. Borrowings

	2013	2012
	€	€
Current borrowings		
Bank overdrafts (Note 14)	-	58

17. Trade and other payables

	2013	2012
	€	€
Accruals	-	7.537
Other creditors	3.333	25.450
Payables to related companies (Note 19)	585.916	440.106
Current portion	3.333	473.093

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

18. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, have affected:

- The ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Company's trade and other debtors to repay the amounts due to the Company
- The cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

The economic conditions disclosed above together with the impact of the results of the Eurogroup decision of 25 March 2013 for Cyprus may have an adverse impact on the Company's debtors (inability to meet their obligations towards the Company), suppliers (inability to continue trading), bankers (inability to provide adequate finance), revenue (decreased demand for the Company's products or services due to decreased purchasing power by consumers).

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

19. 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

19. Related party transactions (continued)

The following transactions were carried out with related parties:

19.1 Directors' remuneration

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

	2013	2012
	€	€
Directors' fees	680	680
	680	680

19.2 Receivables from related parties (Note 13)

Name	Nature of transactions	2013 €	2012 €
Terna Overseas Ltd	Finance	900	900
CAYE Global Investments Ltd	Finance	100	100
		1.000	1.000

19.3 Payables to related parties (Note 17)

Name	Nature of transactions	2013 €	2012 €
Terna Qatar LLC	Trade	23.736	5.961
Terna Overseas Ltd	Finance	562.180	434.145
		585.916	440.106

20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013.

21. Commitments

The Company had no capital or other commitments as at 31 December 2013.

22. Events after the reporting period

Significant events that occurred after the end of the reporting period are described in note 18 to the financial statements.

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012 there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected. The Cyprus government is in negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financing. As a result of the ongoing negotiations, there are uncertainties prevailing the economic environment of Cyprus.

The unavailability of financing, together with the overall negative economic growth, could affect the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

The Company's management has assessed whether any impairment provisions are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Independent auditor's report on pages 3 and 4

DETAILED INCOME STATEMENT
Year ended 31 December 2013

	Page	2013 €	2012 €
Sales of products		-	17.396.282
Cost of sales	21	-	(17.494.776)
Gross profit		-	(98.494)
Operating expenses			
Administration expenses	22	**(189.907)**	(93.797)
Operating loss		**(189.907)**	(192.291)
Finance costs	23	**(527)**	(1.340)
Net profit/(loss) from foreign exchange transactions	23	**1.990**	(23.306)
Net loss for the year/period before tax		**(188.444)**	(216.937)

QE ENERGY EUROPE LIMITED

COST OF SALES

Year ended 31 December 2013

	2013	2012
	€	€
Cost of sales		
Purchases	-	17.283.776
Closing stocks	-	-
	-	17.283.776
Direct costs		
Wages and salaries	-	211.000
	-	211.000
	-	17.494.776

OPERATING EXPENSES
Year ended 31 December 2013

	2013 €	2012 €
Administration expenses		
Staff salaries	**161.393**	33.458
Social insurance	-	1.677
Social cohesion fund	-	395
Sundry expenses	**81**	-
Courier expenses	-	114
Stationery and printing	**155**	168
Sundry staff costs	-	2.650
Auditors' remuneration for the statutory audit of annual accounts	**1.000**	1.000
Accounting fees	**2.946**	6.500
Legal and professional	**1.000**	9.005
Directors' fees	**680**	680
Fines	-	287
Travelling	**21.695**	15.527
Prior year expenses	**277**	-
Legislation of documents	**330**	1.892
Professional tax	-	444
Company Levy	**350**	-
Marketing and Promotion	-	20.000
	189.907	93.797

FINANCE COSTS
Year ended 31 December 2013

	2013	2012
	€	€
Finance costs		
Interest expense		
Bank overdraft interest	**-**	75
Other finance expenses		
Bank charges	**527**	1.265
	527	1.340