

QE ENERGY EUROPE LIMITED
Annis Komninis, 37, Eleneion Building, Office 7
Nicosia
1061
Cyprus

HE 277038

REPORT AND FINANCIAL STATEMENTS

The report of the Board of Directors, the Auditor's report and the Financial Statements of the company for the year ended 31 December 2016 are true copies of those presented at the Annual General Meeting that took place on 29 March 2017.

Signature
Director

Signature
Secretary

QE ENERGY EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2016

QE ENERGY EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2016

CONTENTS

PAGE

Board of Directors and other officers	1
Management Report	2
Independent auditor's report	3 - 4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 16
Additional information to the statement of profit or loss and other comprehensive income	17 - 20

QE ENERGY EUROPE LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Despina Georgiou
Konstantinos Iliadis
Georgios Kouvaris
Alexandros Hadjinicolaou
Myrto Achnioti (Resigned on 1 January 2016)

Company Secretary:

Alexandros Hadjinicolaou

Independent Auditors:

EPW Europe Private Wealth Ltd
Certified Public Accountants and Registered Auditors
16 Ekaterinis Kornaro Street
Third Floor, 2015, Strovolos
Nicosia, Cyprus

Registered office:

Annis Komninis, 37, Eleneion Building, Office 7
Nicosia
1061
Cyprus

Banker:

Bank of Cyprus Public Company Ltd

Registration number:

HE277038

QE ENERGY EUROPE LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

Incorporation

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

Principal activities and nature of operations of the Company

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

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

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 2016 and at the date of this report are presented on page 1. Mrs. Myrto Achioti who was appointed director on 9 December 2013 resigned on 1 January 2016.

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

Recent volatility in global financial markets

Any significant events that relate to the operating environment of the Company are described in note 15 to the financial statements.

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.

Independent Auditors

The Independent Auditors, EPW Europe Private Wealth 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,


Alexandros Hadjinicolaou
Secretary

Nicosia, 29 March 2017

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"), which are presented in pages 5 to 16 and comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other 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 2016, 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 €4.194 during the year ended 31 December 2016, and, as at that date its liabilities exceeded its assets by €738.623. 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. The parent company has indicated its intention to provide financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

Our opinion is not qualified in respect of this matter.

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 Laws of 2009 to 2016, 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 management report, whose preparation is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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 Laws of 2009 to 2016 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.



George Theocharous
Certified Public Accountant and Registered Auditor
for and on behalf of
EPW Europe Private Wealth Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 29 March 2017

QE ENERGY EUROPE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2016

	Note	2016 €	2015 €
Other operating income	5	-	2.183
Administration expenses		<u>(3.093)</u>	<u>(19.873)</u>
Operating loss	6	<u>(3.093)</u>	<u>(17.690)</u>
Finance costs	7	(2)	(415)
Net foreign exchange loss	8	<u>(1.099)</u>	<u>(3.959)</u>
(Loss) before tax		(4.194)	(22.064)
Tax	9	-	-
Net loss for the year		(4.194)	(22.064)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(4.194)</u>	<u>(22.064)</u>

The notes on pages 9 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	2016 €	2015 €
ASSETS			
Non-current assets		-	-
Current assets			
Receivables	12	5.254	4.763
Cash at bank and in hand		2.071	2.000
		<u>7.325</u>	<u>6.763</u>
Total assets		<u>7.325</u>	<u>6.763</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1.000	1.000
Accumulated losses		(739.623)	(735.429)
Total equity		<u>(738.623)</u>	<u>(734.429)</u>
Non-current liabilities			
Trade and other payables	14	740.749	706.183
		<u>740.749</u>	<u>706.183</u>
Current liabilities			
Trade and other payables	14	5.199	35.009
		<u>5.199</u>	<u>35.009</u>
Total liabilities		<u>745.948</u>	<u>741.192</u>
Total equity and liabilities		<u>7.325</u>	<u>6.763</u>

On 29 March 2017 the Board of Directors of QE Energy Europe Limited authorised these financial statements for issue.


 Alexandros Hadjinicolaou
 Director


 Despina Georgiou
 Director

The notes on pages 9 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2016

	Share capital €	Accumula- ted losses €	Total €
Balance at 1 January 2015	1.000	(713.365)	(712.365)
Comprehensive income			
Net loss for the year	-	(22.064)	(22.064)
Balance at 31 December 2015/ 1 January 2016	1.000	(735.429)	(734.429)
Comprehensive income			
Net loss for the year	-	(4.194)	(4.194)
Balance at 31 December 2016	1.000	(739.623)	(738.623)

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 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. 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.

The notes on pages 9 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

STATEMENT OF CASH FLOWS

31 December 2016

	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	(4.194)	(22.064)
	(4.194)	(22.064)
Changes in working capital:		
Increase in receivables	(491)	(785)
Increase in trade and other payables	4.756	22.723
Cash generated from/(used in) operations	71	(126)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents	71	(126)
Cash and cash equivalents at beginning of the year	2.000	2.126
Cash and cash equivalents at end of the year	2.071	2.000

The notes on pages 9 to 16 form an integral part of these financial statements.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. Incorporation and principal activities

Country of incorporation

The Company QE Energy Europe Limited (the "Company") was incorporated in Cyprus on 17th November 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Annis Komninis, 37, Eleftheria Building, Office 7, Nicosia, 1061, Cyprus.

Principal activities and nature of operations of the Company

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

2. Significant 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 €4.194 for the year ended 31 December 2016, and, as at that date its liabilities exceeded its assets by €738.623. 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.

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 2016. 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.

Revenue recognition

Revenues of the Company are recognized on an accrual basis.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies (continued)

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 statement of cash flows, cash and cash equivalents comprise cash at bank.

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.

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.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies (continued)

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 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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 €	2015 €
Cash at bank	2.071	2.000
Receivables from related companies	1.000	1.000
	<u>3.071</u>	<u>3.000</u>

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. The table includes both interest and principal cash flows.

31 December 2016	Carrying amounts €	Contractual cash flows €	On demand €	Less than 1 year €	1-2 years €	2-5 years €	More than 5 years €
Payables to related parties	740.749	740.749	740.749	-	-	-	-
	<u>740.749</u>	<u>740.749</u>	<u>740.749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

31 December 2015	Carrying amounts €	Contractual cash flows €	On demand €	Less than 1 year €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	1.174	1.174	-	1.174	-	-	-
Payables to related parties	734.818	734.818	734.818	-	-	-	-
	<u>735.992</u>	<u>735.992</u>	<u>734.818</u>	<u>1.174</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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 judgements

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.

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 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.

5. Other operating income

	2016 €	2015 €
Sundry operating income	-	2.183
	<u>-</u>	<u>2.183</u>

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

6. Operating loss

	2016 €	2015 €
Operating loss is stated after charging the following items:		
Auditors' remuneration	<u>1.000</u>	<u>1.000</u>

7. Finance costs

	2016 €	2015 €
Sundry finance expenses	<u>2</u>	<u>415</u>
	<u>2</u>	<u>415</u>

8. Net loss from foreign exchange transactions

	2016 €	2015 €
Realised exchange loss	(1.901)	-
Unrealised exchange profit/(loss)	<u>802</u>	<u>(3.959)</u>
	<u>(1.099)</u>	<u>(3.959)</u>

Realised exchange 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.

9. 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:

	2016 €	2015 €
(Loss) before tax	<u>(4.194)</u>	<u>(22.064)</u>
Tax calculated at the applicable tax rates	(524)	(2.758)
Tax effect of expenses not deductible for tax purposes	324	(1)
Tax effect of allowances and income not subject to tax	-	2.759
Tax effect of tax loss for the year	<u>200</u>	<u>-</u>
Tax charge	<u>-</u>	<u>-</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. 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 17%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

10. Financial instruments by category

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

31 December 2016

	Loans and receivables €
Assets as per statement of financial position:	
Receivables	1.000
Cash and cash equivalents	<u>2.071</u>
Total	<u>3.071</u>

	Borrowings and other financial liabilities €
Liabilities as per statement of financial position:	
Trade and other payables	<u>740.749</u>
Total	<u>740.749</u>

31 December 2015

	Loans and receivables €	Total €
Assets as per statement of financial position:		
Receivables	1.000	1.000
Cash and cash equivalents	<u>2.000</u>	<u>2.000</u>
Total	<u>3.000</u>	<u>3.000</u>

	Borrowings and other financial liabilities €
Liabilities as per statement of financial position:	
Trade and other payables	<u>735.992</u>
Total	<u>735.992</u>

11. 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:

	2016 €	2015 €
Fully performing other receivables		
Group 5	1.000	1.000
Group 2	<u>4.254</u>	<u>3.763</u>
	<u>5.254</u>	<u>4.763</u>
Cash at bank and short term bank deposits		
Caa3	<u>2.071</u>	<u>2.000</u>

Group 4 - companies within the group, common control companies and associates with no defaults in the past.

Group 5 - Directors, shareholders and key management personnel.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

11 Credit quality of financial assets (continued)

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

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

12. Receivables

	2016	2015
	€	€
Receivables from related companies (Note 16.1)	1.000	1.000
Refundable VAT	4.254	3.763
	<u>5.254</u>	<u>4.763</u>

The fair values of trade and 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.

13. Share capital

	2016 Number of shares	2016 €	2015 Number of shares	2015 €
Authorised				
Ordinary shares of €1 each	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Issued and fully paid				
Balance at 1 January	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Balance at 31 December	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>

14. Trade and other payables

	2016	2015
	€	€
Trade payables	-	1.174
Accruals	5.199	5.200
Payables to related companies (Note 16.2)	<u>740.749</u>	<u>734.818</u>
	<u>745.948</u>	<u>741.192</u>
Less non-current payables	<u>(740.749)</u>	<u>(706.183)</u>
Current portion	<u>5.199</u>	<u>35.009</u>

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

15. Recent volatility in global financial markets

The on-going global liquidity crisis which commenced in the middle of 2007 and is still continuing, resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and higher interbank lending rates. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Such circumstances could affect the ability of the Company to obtain borrowings or re-finance its existing operations at terms and conditions similar to those applied to earlier transactions. Indeed the full extent of the impact of the on-going financial crisis is proving to be impossible to anticipate or completely guard against.

QE ENERGY EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

15. Recent volatility in global financial markets (continued)

To the extent that information is available, Management has reflected revised estimates of expected future cash flows in its impairment assessments. Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

(1)

16. Related party transactions

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

The following transactions were carried out with related parties:

16.1 Receivables from related parties (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2016 €	2015 €
Terna Overseas Ltd	Finance	900	900
CAYE Global Investments Ltd	Finance	100	100
		1.000	1.000

16.2 Payables to related parties (Note 14)

<u>Name</u>	<u>Nature of transactions</u>	2016 €	2015 €
Terna Qatar LLC	Trade	-	41.779
Terna Overseas Ltd	Finance	740.749	693.039
		740.749	734.818

17. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2016.

18. Commitments

The Company had no capital or other commitments as at 31 December 2016.

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.

Independent auditor's report on pages 3 and 4

QE ENERGY EUROPE LIMITED

DETAILED INCOME STATEMENT

31 December 2016

	2016 €	2015 €
Other operating income		
Sundry operating income	-	2.183
	-	2.183
Operating expenses		
Administration expenses	(3.093)	(19.873)
Operating loss	(3.093)	(17.690)
Finance costs	(2)	(415)
Net loss from foreign exchange transactions	(1.099)	(3.959)
Net loss for the year before tax	(4.194)	(22.064)

QE ENERGY EUROPE LIMITED

SELLING AND DISTRIBUTION EXPENSES

31 December 2016

	2016 €	2015 €
Administration expenses		
Staff salaries	-	15.000
Annual levy	350	350
Sundry expenses	36	65
Stationery and printing	-	37
Certification and legalisation expenses	120	290
Auditors' remuneration	1.000	1.000
Accounting fees	250	502
Legal and professional	1.337	2.629
	3.093	19.873

QE ENERGY EUROPE LIMITED

FINANCE COSTS

31 December 2016

	2016 €	2015 €
Finance costs		
Sundry finance expenses		
Bank charges	<u>2</u>	<u>415</u>
	<u>2</u>	<u>415</u>
 Net loss from foreign exchange transactions		
	2016 €	2015 €
Realised exchange loss	(1.901)	-
Unrealised exchange profit/(loss)	<u>802</u>	<u>(3.959)</u>
	<u>(1.099)</u>	<u>(3.959)</u>

QE ENERGY EUROPE LIMITED

COMPUTATION OF CORPORATION TAX

31 December 2016

Net loss per income statement	Page 17	€	€ (4.194)
<u>Add:</u>			
Foreign exchange loss		1.099	
Non deductible administration expenses		1.493	
Bank charges		<u>2</u>	
Net loss for the year			<u>2.594</u> <u>(1.600)</u>
Loss brought forward			<u>(233.075)</u>
Unutilised loss of the year 2011 not carried forward			<u>10.123</u>
Net loss carried forward			<u>(224.552)</u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2011	2012	2013	2014	2015	2016
	€	€	€	€	€	€
Profits/(losses) for the tax year	(10.123)	(216.937)	(4.163)	-	(1.852)	(1.600)
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (224.552)