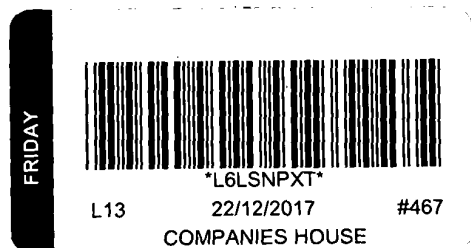


Company Registration No. 08747430 (England and Wales)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



ALIQANTUM ENERGY PLC AND SUBSIDIARIES

COMPANY INFORMATION

Directors	J Cutts S Soennecken H Floren E Schafer	(Appointed 6 January 2016) (Appointed 1 May 2016)
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Secretary	S Soennecken
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Company number	08747430
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Registered office	21 Bedford Square London WC1B 3HH
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Auditor	FSPG 21 Bedford Square London WC1B 3HH
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Business address	Third Floor 14 Charterhouse Square London EC1M 6AX
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ALIQANTUM ENERGY PLC AND SUBSIDIARIES

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ALIQUANTUM ENERGY PLC AND SUBSIDIARIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

During the year, expenses of €353,786 (2015: €142,677) were incurred in relation to seeking future finance for the group's activities.

During the year, the group capitalised expenditure of €32,587 (2015: €116,573) in relation to the development of future plant and machinery in order for the group to undertake its trading activity.

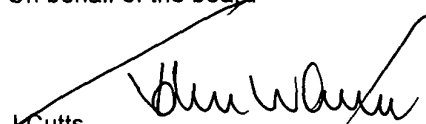
After this period of account the company has raised €600,000 from sale of an asset and €285,209 from the issue of additional share capital

The Directors have identified a pipeline of opportunities to develop or acquire, own and operate hydro electric power plants particularly in South Eastern Europe. While a first share in an operational asset could be established, key strategic investors have been identified which share this investment thesis. The Directors are confident of securing their support and investment in the future.

Principal risks and uncertainties

The directors have identified that the key risks associated with the business are the political, economic and technical environments and challenges that are associated with hydro electric power production in the jurisdictions where the group intends to operate.

On behalf of the board


J. Cutts
Director

20 December 2017

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the group was that of the development, installation and maintenance of micro hydro-electric power stations in the South East Europe region. The principal activity of the company was that of being a holding company, raising finance for the group's activities and providing managerial and consultancy services to group companies.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Cutts

S Soennecken

H Floren

E Schafer

(Appointed 6 January 2016)

(Appointed 1 May 2016)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

Auditor

FSPG Chartered Accountants were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

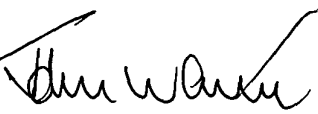
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

J Cutts
Director

20 December 2017



ALIQANTUM ENERGY PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALIQANTUM ENERGY PLC AND SUBSIDIARIES

We have audited the financial statements of Aliquantum Energy PLC and Subsidiaries for the year ended 31 December 2015 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for Disclaimer of Opinion on Financial Statements

Aliquantum Energy Plc's (the "Company's") investment in Aliquantum Energy South East Europe d.o.o is consolidated into the group financial statements. The financial statements for Aliquantum Energy South East Europe d.o.o have been audited and have been qualified on the basis that the auditors were unable to form an opinion on the carrying value of the capitalised assets. Because of the significance of this qualification we are unable to form an opinion on the value of this in the consolidated financial statements and whilst we have been able to obtain sufficient appropriate audit evidence in order to audit the financial statements of the Company, we have not satisfied ourselves that the financial statements of Aliquantum Energy South East Europe d.o.o are free from misstatements that could be material to the group financial statements.

In connection with the above the subsidiary, Aliquantum Energy South East Europe d.o.o., owes the parent company, Aliquantum Energy Plc, €272,130. Given the uncertainty over the likelihood of subsidiary being able to complete profitable contracts we are unable to obtain sufficient and appropriate evidence to satisfy ourselves over the ultimate collectability of this balance

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALIQANTUM ENERGY PLC AND SUBSIDIARIES

Disclaimer of Opinion on Group Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the group financial statements.

Opinion on Company's Financial Statements

In our opinion, apart from the matters disclosed above, the financial statements:

- give a true and fair view of the state of company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty over the ultimate commercial viability of the project currently being undertaken and the availability of future external financing to finance the project and continue the business. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the group financial statements, in our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- except for information in relation to the subsidiaries, we have not received all the information and explanations we require for our audit.

Mr Anthony Cohen (Senior Statutory Auditor)
for and on behalf of FSPG

20 December 2017

Chartered Accountants
Statutory Auditor

21 Bedford Square
London
WC1B 3HH

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	€	€
Administrative expenses		(568,853)	(409,853)
Interest payable and similar expenses	7	(34,344)	(17,345)
Amounts written off investments		(100,001)	-
Loss before taxation		(703,198)	(427,198)
Tax on loss	8	-	-
Loss for the financial year		(703,198)	(427,198)

Loss for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	€	€
Loss for the year	(703,198)	(427,198)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(703,198)</u>	<u>(427,198)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 €	€	2015 €	€
Fixed assets					
Tangible assets	10	296,405		315,521	
Investments	11	600,000		-	
		<u>896,405</u>		<u>315,521</u>	
Current assets					
Debtors	14	82,325		72,836	
Cash at bank and in hand		70,614		1,295	
		<u>152,939</u>		<u>74,131</u>	
Creditors: amounts falling due within one year	15	(512,966)		(709,893)	
Net current liabilities		<u>(360,027)</u>		<u>(635,762)</u>	
Total assets less current liabilities		<u>536,378</u>		<u>(320,241)</u>	
Creditors: amounts falling due after more than one year	16	(1,347,596)		-	
Net liabilities		<u>(811,218)</u>		<u>(320,241)</u>	
Capital and reserves					
Called up share capital	17	75,570		65,207	
Share premium account		514,718		313,668	
Profit and loss reserves		(1,401,506)		(699,116)	
Total equity		<u>(811,218)</u>		<u>(320,241)</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 December 2017 and are signed on its behalf by:

J Cutts
Director



ALIQUANTUM ENERGY PLC AND SUBSIDIARIES

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

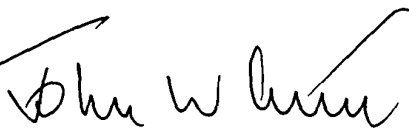
	Notes	2016 €	€	2015 €	€
Fixed assets					
Tangible assets	10		-		50,000
Investments	11		600,001		1
			<u>600,001</u>		<u>50,001</u>
Current assets					
Debtors	14	345,147		291,486	
Cash at bank and in hand		69,437		1,032	
		<u>414,584</u>		<u>292,518</u>	
Creditors: amounts falling due within one year	15	(478,207)		(661,952)	
Net current liabilities			(63,623)		(369,434)
Total assets less current liabilities			<u>536,378</u>		<u>(319,433)</u>
Creditors: amounts falling due after more than one year	16		(1,347,596)		-
Net liabilities			<u>(811,218)</u>		<u>(319,433)</u>
Capital and reserves					
Called up share capital	17		75,570		65,207
Share premium account			514,718		313,668
Profit and loss reserves			(1,401,506)		(698,308)
Total equity			<u>(811,218)</u>		<u>(319,433)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was €703,198 (2015 - €426,390 loss).

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20 December 2017 and are signed on its behalf by:

J Cutts
Director



Company Registration No. 08747430

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2015		61,619	-	(272,176)	(210,557)
Year ended 31 December 2015:					
Loss and total comprehensive income for the year		-	-	(427,198)	(427,198)
Issue of share capital	17	3,588	313,668	-	317,256
Balance at 31 December 2015		65,207	313,668	(699,116)	(320,241)
Year ended 31 December 2016:					
Loss and total comprehensive income for the year		-	-	(703,198)	(703,198)
Issue of share capital	17	10,363	201,050	-	211,413
Balance at 31 December 2016		75,570	514,718	(1,401,506)	(811,218)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2015		61,619	-	(271,918)	(210,299)
Year ended 31 December 2015:					
Loss and total comprehensive income for the year		-	-	(426,390)	(426,390)
Issue of share capital	17	3,588	313,668	-	317,256
Balance at 31 December 2015		65,207	313,668	(698,308)	(319,433)
Year ended 31 December 2016:					
Loss and total comprehensive income for the year		-	-	(703,198)	(703,198)
Issue of share capital	17	10,363	201,050	-	211,413
Balance at 31 December 2016		75,570	514,718	(1,401,506)	(811,218)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 €	€	2015 €	€
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20	630,657		(235,476)	
Interest paid		(34,344)		(17,345)	
Income taxes (paid)/refunded		(4,579)		219	
Net cash inflow/(outflow) from operating activities		591,734		(252,602)	
Investing activities					
Purchase of tangible fixed assets		(32,587)		(114,869)	
Purchase of fixed asset investments		(700,001)		-	
Proceeds from other investments and loans		-		50,000	
Net cash used in investing activities		(732,588)		(64,869)	
Financing activities					
Proceeds from issue of shares		207,662		317,256	
Net cash generated from financing activities		207,662		317,256	
Net increase/(decrease) in cash and cash equivalents		66,808		(215)	
Cash and cash equivalents at beginning of year		1,295		1,510	
Cash and cash equivalents at end of year		70,614		1,295	

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Aliquantum Energy PLC and Subsidiaries ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 21 Bedford Square, London, WC1B 3HH.

The group consists of Aliquantum Energy PLC and Subsidiaries and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in Euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was €703,198 (2015 - €426,390 loss).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Aliquantum Energy PLC and Subsidiaries and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of the assumption depends on the projects being undertaken by its subsidiaries being commercially viable following the completion of the feasibility reports that have been commissioned and upon the company's ability to raise sufficient financial support from external sources to enable to projects to be completed.

If the company were unable to continue in existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for any further liabilities that might arise.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	12.5% - 20% Straight line basis
--------------------------------	---------------------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Assets in the course of construction

Assets in the course of construction are initially measured at cost or valuation net of impairment losses.

Depreciation of assets is not provided until the asset is ready for use.

Whilst under construction the assets are regularly reviewed for impairment losses which are recognised immediately (See 1.5).

1.5 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key areas of judgement and estimation uncertainty are as follows:

2.1 Impairment of Subsidiary's assets

The value and potential impairment of the subsidiary's assets due to political, economic and technical risks, the future economic benefits that may flow from these assets are uncertain.

2.2 Impairment of fixed asset investment

Due to the uncertainty regarding the future economic benefits that may occur from the assets of the subsidiary, the value of the investment itself in the share of subsidiary is uncertain.

2.3 Collectability of debtors

Due to the uncertainty regarding the future economic benefits that may occur from the assets of the subsidiary, the collectability of the loan from the parent company to subsidiary is uncertain.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Operating profit/(loss)

	2016 €	2015 €
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (losses)/gains	637	(11,391)
Fees payable to the company 's auditors for the audit of the financial statements	30,072	22,700
Impairment of owned tangible fixed assets	50,000	-
	<u> </u>	<u> </u>

4 Auditor's remuneration

	2016 €	2015 €
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30,072	22,700
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2016 Number	2015 Number
Directors	4	3
	<u> </u>	<u> </u>

6 Directors' remuneration

	2016 €	2015 €
Remuneration for qualifying services	80,700	196,250
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2016 €	2015 €
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	367	6
Other interest on financial liabilities	32,784	17,256
	<u> </u>	<u> </u>
	33,151	17,262
Other finance costs:		
Other interest	1,193	83
	<u> </u>	<u> </u>
Total finance costs	34,344	17,345
	<u> </u>	<u> </u>

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 €	2015 €
Loss before taxation	(703,198)	(427,198)
Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2015: 0%)	-	-
Taxation charge in the financial statements	-	-

The company has tax losses of €1,346,104 (2015: €693,244) to carry forward against future taxable profits.

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2016 €	2015 €
In respect of:			
Property, plant and equipment	10	50,000	-
Fixed asset investments	11	100,001	-
Recognised in:			
Administrative expenses		50,000	-
Amounts written off investments		100,001	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Tangible fixed assets

Group	Assets under construction	Fixtures, fittings & equipment	Total
	€	€	€
Cost			
At 1 January 2016	307,167	10,775	317,942
Additions	32,587	-	32,587
At 31 December 2016	339,754	10,775	350,529
Depreciation and impairment			
At 1 January 2016	-	2,421	2,421
Depreciation charged in the year	-	1,703	1,703
Impairment losses	50,000	-	50,000
At 31 December 2016	50,000	4,124	54,124
Carrying amount			
At 31 December 2016	289,754	6,651	296,405
At 31 December 2015	307,167	8,354	315,521
Company	Assets under construction		
			€
Cost			
At 1 January 2016 and 31 December 2016			50,000
Depreciation and impairment			
At 1 January 2016			-
Impairment losses			50,000
At 31 December 2016			50,000
Carrying amount			
At 31 December 2016			-
At 31 December 2015			50,000

More information on the impairment arising in the year is given in note 9.

ALIQUANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Fixed asset investments

	Notes	Group 2016 €	2015 €	Company 2016 €	2015 €
Investments in subsidiaries	12	-	-	1	1
Unlisted investments		600,000	-	600,000	-
		<u>600,000</u>	<u>-</u>	<u>600,001</u>	<u>1</u>

Movements in fixed asset investments Group

	Other investments €
Cost or valuation	
At 1 January 2016	-
Additions	700,001
Amounts written off/Impairment	(100,001)
At 31 December 2016	<u>600,000</u>
Carrying amount	
At 31 December 2016	<u>600,000</u>
At 31 December 2015	<u>-</u>

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Aliquantum Energy South East Europe d.o.o	Republic of Serbia	The development, installation and maintenance of micro hydro-electric power stations.	Ordinary	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	€	€
Aliquantum Energy South East Europe d.o.o	-	306,889

13 Financial instruments

	Group 2016 €	2015 €	Company 2016 €	2015 €
Carrying amount of financial assets				
Debt instruments measured at amortised cost	77,965	64,906	340,787	283,556
Equity instruments measured at cost less impairment	600,000	-	600,000	-
Carrying amount of financial liabilities				
Measured at amortised cost	1,857,730	704,608	1,822,971	656,667

14 Debtors

	Group 2016 €	2015 €	Company 2016 €	2015 €
Amounts falling due within one year:				
Unpaid share capital	49,598	45,847	49,598	45,847
Corporation tax recoverable	4,360	5,066	4,360	5,066
Amounts owed by group undertakings	-	-	272,130	218,650
Other debtors	28,367	21,923	19,059	21,923
	82,325	72,836	345,147	291,486

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Creditors: amounts falling due within one year

	Group 2016 €	2015 €	Company 2016 €	2015 €
Trade creditors	269,710	117,188	258,343	106,000
Corporation tax payable	-	5,285	-	5,285
Other taxation and social security	2,832	-	2,832	-
Other creditors	101,428	295,842	87,228	268,279
Accruals and deferred income	138,996	291,578	129,804	282,388
	<u>512,966</u>	<u>709,893</u>	<u>478,207</u>	<u>661,952</u>

16 Creditors: amounts falling due after more than one year

	Group 2016 €	2015 €	Company 2016 €	2015 €
Other creditors	<u>1,347,596</u>	<u>-</u>	<u>1,347,596</u>	<u>-</u>

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17 Share capital

	Group and company	
	2016	2015
	€	€
Ordinary share capital		
Issued and not paid		
51,110,765 (2015: 49,800,000) Ordinary B shares of 0.001p	47,876	45,847
1,500,000 (2015: Nil) Ordinary A shares of 0.001p	1,722	-
	<u>49,598</u>	<u>45,847</u>
Issued and fully paid		
1,554,274 (2015: 200,000) Ordinary B shares of 0.001p	22,384	15,772
7,693,797 (2015: 2,643,797) Ordinary A shares of 0.001p	3,588	3,588
	<u>25,972</u>	<u>19,360</u>

Ordinary A shares have rights to dividends and to return on capital on winding up but do not confer voting rights.

Ordinary B shares have rights to dividends, return on capital, and voting rights.

During the year:

- 5,050,000 Ordinary B shares of 0.001p were re-designated as Ordinary A shares of 0.001p.
- 1,500,000 Ordinary A shares of 0.001p were issued at par.
- 7,715,039 Ordinary B shares of 0.001p were issued at a premium of €201,050

18 Events after the reporting date

On 17 July 2017 the company disposed of a fixed asset investment for €600,000.

On 16 February 2017, 26 April 2017, 1 June 2017 and 2 June 2017 the company issued additional Ordinary Share Capital at a premium. These Share Issues raised €85,550, €49,978, €149,544 and €138 respectively.

19 Related party transactions

Transactions with related parties

Included in Creditors: amounts falling due within one year is €66,228 (2015: €29,761) that is owed to the other related parties.

Included in Creditors: amounts falling due after more than one year is €1,047,596 (2015: €140,083) that is owed to other related parties.

Included within consultancy fees is €58,196 (2015: €66,024) that was paid to other related parties.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

20 Cash generated from group operations

	2016 €	2015 €
Loss for the year after tax	(703,198)	(427,198)
Adjustments for:		
Finance costs	34,344	17,345
Impairment of tangible assets	50,000	-
Foreign exchange gains on cash equivalents	-	258
Amounts written off investments	100,001	-
Movements in working capital:		
(Increase) in debtors	(6,444)	(1,834)
Increase in creditors	1,155,954	175,953
Cash generated from/(absorbed by) operations	630,657	(235,476)