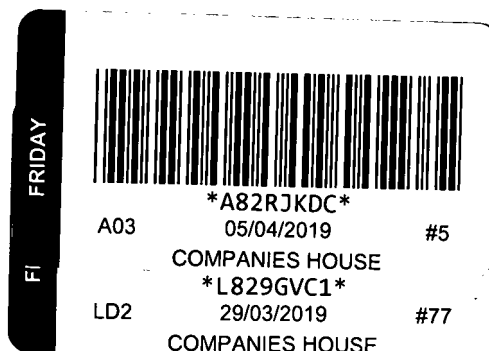


Company Registration No. 08747430 (England and Wales)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



ALIQANTUM ENERGY PLC AND SUBSIDIARIES

COMPANY INFORMATION

Directors	J Cutts S Soennecken H Floren E Schafer
Secretary	S Soennecken
Company number	08747430
Registered office	21 Bedford Square London WC1B 3HH
Auditor	FSPG 21 Bedford Square London WC1B 3HH
Business address	14 Charterhouse Square London EC1M 6AX

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

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ALIQANTUM ENERGY PLC AND SUBSIDIARIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

During the year, expenses of €755,272 (2016: €353,786) were incurred in relation to seeking future finance related activities for the group.

During the year, activities continued to develop a pipeline of opportunities to develop or acquire, own and operate hydroelectric power plants particularly in South Eastern Europe continued. A number of strategic investors which shared the investment thesis were identified together with a German private bank. It did not prove feasible to realise a fund in the form envisaged and the activities did not lead to the expected success in the reporting year.

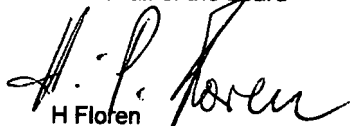
A further private bank in Germany introduced the company to a series of potential strategic investors on an individual basis, and these activities from the second half of 2017 did lead to the first agreement with such investor in 2018. However, the duration of due diligence activities was such that no further consent can be reported in the reporting year.

The directors are mindful to consider a broader investment base and will be considering this for future years.

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



H Floren

Director

28 March 2019

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

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 Soenneken
H Floren
E Schafer

Results and dividends

The results for the year are set out on page 7.

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.

ALIQUANTUM ENERGY PLC AND SUBSIDIARIES

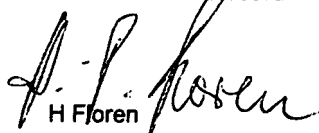
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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


H Floren
Director
28 March 2019

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALIQANTUM ENERGY PLC AND SUBSIDIARIES

Disclaimer of opinion on financial statements

We were engaged to audit the financial statements of Aliquantum Energy PLC and Subsidiaries (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described below the company's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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.

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 the auditors of this subsidiary have disclaimed their audit opinion on the subsidiary's financial statements arising from the disagreements over the completeness and existence of the assets, liabilities and the recognition of income and expenditures. Because of the significance of this modification we are unable to form an opinion on the above mentioned matters in the consolidated financial statements and consequently we disclaim our audit opinion on the group financial statements. We have been able to obtain sufficient audit evidence in respect of the company itself and our audit opinion on the company's balance sheet as at 31 December 2017 is not modified.

Conclusions relating to going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the availability of future external financing to 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 modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALIQANTUM ENERGY PLC AND SUBSIDIARIES

Opinions on other matters prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALIQANTUM ENERGY PLC AND SUBSIDIARIES

Use of our report

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.

Jason Samuels (Senior Statutory Auditor)
for and on behalf of FSPG

28 March 2019

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 2017

		2017	2016
	Notes	€	€
Administrative expenses		(1,319,945)	(568,853)
Interest payable and similar expenses	7	(65,976)	(34,344)
Amounts written off investments	8	37,040	(100,001)
Loss before taxation		(1,348,881)	(703,198)
Tax on loss	9	-	-
Loss for the financial year		(1,348,881)	(703,198)

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 2017

	2017	2016
	€	€
Loss for the year	(1,348,881)	(703,198)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,348,881)</u>	<u>(703,198)</u>

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

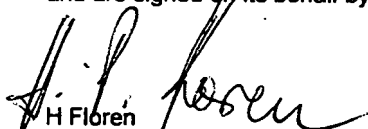
ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 €	€	2016 €	€
Fixed assets					
Tangible assets	11		5,645		296,405
Investments	12		-		600,000
			<u>5,645</u>		<u>896,405</u>
Current assets					
Debtors	15	237,947		82,325	
Cash at bank and in hand		23,685		70,614	
		<u>261,632</u>		<u>152,939</u>	
Creditors: amounts falling due within one year	16	(512,704)		(512,966)	
Net current liabilities			<u>(251,072)</u>		<u>(360,027)</u>
Total assets less current liabilities			<u>(245,427)</u>		<u>536,378</u>
Creditors: amounts falling due after more than one year	17		(1,497,596)		(1,347,596)
Net liabilities			<u>(1,743,023)</u>		<u>(811,218)</u>
Capital and reserves					
Called up share capital	18		89,858		75,570
Share premium account			917,506		514,718
Profit and loss reserves			(2,750,387)		(1,401,506)
Total equity			<u>(1,743,023)</u>		<u>(811,218)</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March 2019 and are signed on its behalf by:


H Floren
Director

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

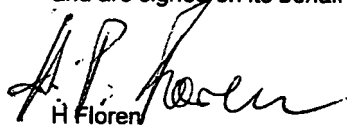
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 €	2016 €
Fixed assets			
Tangible assets	11	1,746	-
Investments	12	1	600,001
		<u>1,747</u>	<u>600,001</u>
Current assets			
Debtors	15	96,455	345,147
Cash at bank and in hand		17,343	69,437
		<u>113,798</u>	<u>414,584</u>
Creditors: amounts falling due within one year	16	(353,972)	(478,207)
Net current liabilities		<u>(240,174)</u>	<u>(63,623)</u>
Total assets less current liabilities		<u>(238,427)</u>	<u>536,378</u>
Creditors: amounts falling due after more than one year	17	(1,497,596)	(1,347,596)
Net liabilities		<u>(1,736,023)</u>	<u>(811,218)</u>
Capital and reserves			
Called up share capital	18	89,858	75,570
Share premium account		917,506	514,718
Profit and loss reserves		(2,743,387)	(1,401,506)
Total equity		<u>(1,736,023)</u>	<u>(811,218)</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 €1,341,881 (2016 - €703,198 loss).

The financial statements were approved by the board of directors and authorised for issue on 28 March 2019 and are signed on its behalf by:


H Floren
Director

Company Registration No. 08747430

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2016		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	18	10,363	201,050	-	211,413
Balance at 31 December 2016		75,570	514,718	(1,401,506)	(811,218)
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(1,348,881)	(1,348,881)
Issue of share capital	18	14,288	402,788	-	417,076
Balance at 31 December 2017		89,858	917,506	(2,750,387)	(1,743,023)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2016		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	18	10,363	201,050	-	211,413
Balance at 31 December 2016		75,570	514,718	(1,401,506)	(811,218)
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(1,341,881)	(1,341,881)
Issue of share capital	18	14,288	402,788	-	417,076
Balance at 31 December 2017		89,858	917,506	(2,743,387)	(1,736,023)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 €	2016 €
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	21	(914,523)	630,657
Interest paid		(65,976)	(34,344)
Income taxes paid		-	(4,579)
Net cash (outflow)/inflow from operating activities		(980,499)	591,734
Investing activities			
Purchase of tangible fixed assets		(100,480)	(32,587)
Purchase of fixed asset investments		-	(700,001)
Proceeds on disposal of fixed asset investments		637,040	-
Proceeds from other investments and loans		(15,000)	-
Net cash generated from/(used in) investing activities		521,560	(732,588)
Financing activities			
Proceeds from issue of shares		409,258	207,662
Net cash generated from financing activities		409,258	207,662
Net (decrease)/increase in cash and cash equivalents		(49,681)	66,808
Cash and cash equivalents at beginning of year		70,614	1,295
Cash and cash equivalents at end of year		23,685	70,614

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 €	€	2016 €	€
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(634,182)		599,667
Interest paid			(65,976)		(34,344)
Income taxes paid			-		(4,579)
Net cash (outflow)/inflow from operating activities			(700,158)		560,744
Investing activities					
Purchase of tangible fixed assets		(2,183)		-	
Purchase of fixed asset investments		-		(700,001)	
Proceeds on disposal of fixed asset investments		255,989		-	
Proceeds from other investments and loans		(15,000)		-	
Net cash generated from/(used in) investing activities			238,806		(700,001)
Financing activities					
Proceeds from issue of shares		409,258		207,662	
Net cash generated from financing activities			409,258		207,662
Net (decrease)/increase in cash and cash equivalents			(52,094)		68,405
Cash and cash equivalents at beginning of year			69,437		1,032
Cash and cash equivalents at end of year			17,343		69,437

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 €1,341,881 (2016 - €703,198 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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

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 2017. 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 2017

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 company being able to raise any additional funding to enable it to achieve its strategic objectives. The directors consider that such funding will be available and consequently that the company will remain in operational existence for the foreseeable future.

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.

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 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 2017

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 2017

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 2017

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 transaction 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.

Since the assets in subsidiary and inter-group debtors have been fully impaired in the year. There are no key areas of judgements and estimations. In the previous year there were the key areas of judgement and estimations.

3 Operating profit

	2017	2016
	€	€
Operating profit for the year is stated after charging/(crediting):		
Exchange gains/(losses)	(3,461)	637
Fees payable to the company's auditors for the audit of the financial statements	30,072	22,700
Impairment of owned tangible fixed assets	388,051	50,000

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Auditor's remuneration

	2017	2016
	€	€
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30,861	30,072

5 Employees

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

	2017 Number	2016 Number
Directors	4	3

6 Directors' remuneration

	2017 €	2016 €
Remuneration for qualifying services	96,000	80,700

7 Interest payable and similar expenses

	2017 €	2016 €
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	367
Other interest on financial liabilities	65,976	32,784
	65,976	33,151
Other finance costs:		
Other interest	-	1,193
Total finance costs	65,976	34,344

8 Amounts written off investments

	2017 €	2016 €
Other gains and losses	37,040	(100,001)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 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:

	2017 €	2016 €
Loss before taxation	(1,348,881)	(703,198)
Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2016: 0%)	-	-
Taxation charge in the financial statements	-	-

The company has tax losses of €2,311,180 (2016: €1,356,104) available to carry forward against future taxable profits.

10 Impairments

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

	Notes	2017 €	2016 €
In respect of:			
Property, plant and equipment	11	388,051	50,000
Fixed asset investments	12	344,011	100,001
Recognised in:			
Administrative expenses		388,051	50,000
Amounts written off investments		344,011	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 2017

11 Tangible fixed assets

Group	Assets under construction	Fixtures, fittings & equipment	Total
	€	€	€
Cost			
At 1 January 2017	289,754	10,775	300,529
Additions	98,297	2,183	100,480
At 31 December 2017	388,051	12,958	401,009
Depreciation and impairment			
At 1 January 2017	-	4,124	4,124
Depreciation charged in the year	-	3,189	3,189
Impairment losses	388,051	-	388,051
At 31 December 2017	388,051	7,313	395,364
Carrying amount			
At 31 December 2017	-	5,645	5,645
At 31 December 2016	289,754	6,651	296,405

Company	Fixtures, fittings & equipment
	€
Cost	
At 1 January 2017	-
Additions	2,183
At 31 December 2017	2,183
Depreciation and impairment	
At 1 January 2017	-
Depreciation charged in the year	437
At 31 December 2017	437
Carrying amount	
At 31 December 2017	1,746

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Fixed asset investments

	Notes	Group 2017 €	2016 €	Company 2017 €	2016 €
Investments in subsidiaries	13	-	-	1	1
Unlisted investments		-	600,000	-	600,000
		-	600,000	1	600,001

Movements in fixed asset investments

Group	Investments other than loans €	Other investments €	Total €
Cost or valuation			
At 1 January 2017	600,000	1	600,001
Disposal proceeds	(600,000)	-	(600,000)
At 31 December 2017	-	1	-1
Carrying amount			
At 31 December 2017	-	1	1
At 31 December 2016	600,000	-	600,000

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 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	(52,031)	(539,785)

14 Financial instruments

	Group 2017 €	2016 €	Company 2017 €	2016 €
Carrying amount of financial assets				
Debt instruments measured at amortised cost	232,968	77,965	91,476	340,787
Equity instruments measured at cost less impairment	-	600,000	-	600,000
Carrying amount of financial liabilities				
Measured at amortised cost	2,009,030	1,857,730	1,850,298	1,822,971

15 Debtors

	Group 2017 €	2016 €	Company 2017 €	2016 €
Amounts falling due within one year:				
Unpaid share capital	57,416	49,598	57,416	49,598
Corporation tax recoverable	4,360	4,360	4,360	4,360
Amounts owed by group undertakings	-	-	1	272,130
Other debtors	176,171	28,367	34,678	19,059
	237,947	82,325	96,455	345,147

Included within other debtors is €19,059 (2016: €19,059) due from a director.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Creditors: amounts falling due within one year

	Group 2017 €	2016 €	Company 2017 €	2016 €
Trade creditors	284,496	269,710	284,496	258,343
Other taxation and social security	1,270	2,832	1,270	2,832
Other creditors	186,498	101,428	45,206	87,228
Accruals and deferred income	40,440	138,996	23,000	129,804
	<u>512,704</u>	<u>512,966</u>	<u>353,972</u>	<u>478,207</u>

17 Creditors: amounts falling due after more than one year

	Group 2017 €	2016 €	Company 2017 €	2016 €
Other creditors	<u>1,497,596</u>	<u>1,347,596</u>	<u>1,497,596</u>	<u>1,347,596</u>

Other creditors include an amount of €500,000 due to a related party, with a director in common. It is intended that this amount will be converted in to convertible loan stock. Consequently, the directors consider that the fair value of this amount is the amount recognised.

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Share capital

	Group and company	
	2017	2016
	€	€
Ordinary share capital		
Issued and not paid		
46,124,156 (2016: 51,110,765) Ordinary B shares of 0.001p	55,860	47,876
1,350,000 (2016: 1,500,000) Ordinary A shares of 0.001p	1,556	1,722
	<u>57,416</u>	<u>49,598</u>
Issued and fully paid		
17,390,869 (2016: 1,554,274) Ordinary B shares of 0.001p	20,958	22,384
8,363,797 (2016: 7,693,797) Ordinary A shares of 0.001p	11,486	3,588
	<u>32,444</u>	<u>25,972</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:

- 10,849,986 Ordinary A shares of 0.001p were issued at premium of €320,877.
- 520,000 Ordinary B shares of 0.001p were issued at a premium of €81,911.

19 Events after the reporting date

On 26 October 2018 the company disposed of its subsidiary undertaking for €3,000.

20 Related party transactions

Transactions with related parties

Included in Creditors: amounts falling due within one year is €nil (2016: €66,228) that is owed to the other related parties.

Included in Creditors: amounts falling due after more than one year is €797,596 (2016: €1,047,596) that is owed to other related parties.

Included within consultancy fees is €500,000 (2016: €58,196) that was paid to other related parties.

During the year, a director provided consultancy services to the company amounting to €7,500 (2016: nil)

ALIQANTUM ENERGY PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Cash generated from group operations

	2017 €	2016 €
Loss for the year after tax	(1,348,881)	(703,198)
Adjustments for:		
Finance costs	65,976	34,344
Depreciation	437	-
Impairment of tangible assets	388,051	50,000
Amounts written off investments	(37,040)	100,001
Movements in working capital:		
(Increase) in debtors	(132,804)	(6,444)
Increase in creditors	149,738	1,155,954
Cash (absorbed by)/generated from operations	(914,523)	630,657

22 Cash generated from operations - company

	2017 €	2016 €
Loss for the year after tax	(1,341,881)	(703,198)
Adjustments for:		
Finance costs	65,976	34,344
Depreciation and impairment of tangible fixed assets	437	50,000
Amounts written off investments	344,011	100,001
Movements in working capital:		
Decrease/(increase) in debtors	271,510	(50,616)
Increase in creditors	25,765	1,169,136
Cash (absorbed by)/generated from operations	(634,182)	599,667