

Mercuria Energy Europe Trading Limited

Report and financial statements

For the year ended 31 December 2016

Company registration No. 370-1235

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Mercuria Energy Europe Trading Limited

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Mercuria Energy Europe Trading Limited

Statement of directors' responsibilities


The directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 company and of the profit or loss of the company 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

 29/6/2017
(Signature and date)

Mr. M. Koyanagi
Director

COMPANY NUMBER 3704235

Mercuria Energy Europe Trading Limited

Strategic report

The directors present their strategic report of Mercuria Energy Europe Trading Limited (the Company) for the year ended 31 December 2016.

The Company was part of JPMorgan Chase & Co. group (the JPMC Group) until 30 September 2014 and from 1 October 2014 is part of Mercuria Energy Group Limited (the Mercuria Group).

Principal activities

The Company is an entity holding shares in subsidiary and energy trading licences.

Review of business

The Company had a loss before tax of \$5,879 for the year ended 31 December 2016 (2015: profit before tax of \$156,928).

The Company does not monitor its financial performance by reference to key performance indicators given the nature of the company's activity as an entity who holds shares of subsidiary and trading licences.

Principal risks and uncertainties

The following are the main financial risks that impact the Company:

Exchange rate risk

The Company is exposed to exchange rate risk due to settlements taking place in different currencies however the Directors consider that Group level measures can be taken in order to reduce the risk to the fluctuation of exchange rates.

Business environment, strategy and future outlook

The Company intends to continue holding trading licences and shares of subsidiary.

On behalf of the Board


(signature and date)

29/6/2017

Mr. M. Koyanagi
Director

COMPANY NUMBER 3704235

Mercuria Energy Europe Trading Limited

Directors' report

The directors present their report of Mercuria Energy Europe Trading Limited (the Company), together with the financial statements and independent auditor's report, for the year ended 31 December 2016.

The Company was part of JPMorgan Chase & Co. group (the JPMC Group) until 30 September 2014 and from 1 October 2014 is part of Mercuria Energy Group Limited (the Mercuria Group).

Results and dividends

The Company had a loss before tax of \$5,879 for the year ended 31 December 2016 (2015: profit before tax of \$156,928).

Principal activity and future developments

The Company is an entity holding shares in subsidiary and energy trading licences.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As a subsidiary of wider Mercuria Group, the Company is integrated in the risk management activities of the Mercuria Group. The Group's Board of Directors has established the Risk Management Group (RMG) which is responsible for developing and monitoring the Group's and the Company's risk management policies with regard to the trading activities. The RMG reports regularly to the Group's Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and in adherence to strict limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Directors

The directors who served throughout the year and up to the date of signing (except where noted) are shown below:

René Vanhaesendonck	
Jose Guido Oliver	
Marc Koyanagi	
David Gallagher	(appointed 1 June 2016)
Etienne Amic	(resigned 16 September 2015)

Directors' indemnities

During the year, the Company had in force an indemnity provision in favour of its directors, against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report and the financial statements.

Disclosure of information to auditor

Each person who is a director of the company at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Going concern basis

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the business review above.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Mercuria Energy Europe Trading Limited

Directors' report

Company secretary

The secretary of the Company who served during the year was as follows:
Marc Koyanagi

Registered address

55 New Bond Street
London W1S1DG
United Kingdom

Independent auditors

The auditors are deemed to be re-appointed in accordance with the provision of S487 of the Companies Act 2006.

Mazars LLP have indicated their willingness to serve as auditors for the coming year and they will therefore continue to serve as auditors for the Company.

On behalf of the Board


(signature and date)

29/6/2017

Mr. M. Koyanagi
Director

COMPANY NUMBER 3704235

Mercuria Energy Europe Trading Limited

Independent auditor's report to the members of Mercuria Energy Europe Trading Limited

Report on the financial statements

We have audited the financial statements of Mercuria Energy Europe Trading Limited for the year ended 31 December 2016 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and the related notes. 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 United Kingdom and Republic of Ireland".

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 2 the directors are responsible for the preparation of 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the 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, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006

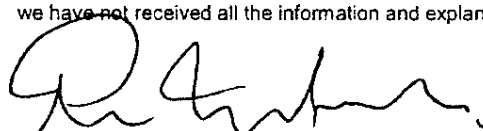
Opinion on the other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Richard Metcalfe (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 29/6/2017

Mercuria Energy Europe Trading Limited

**Profit and loss account and other comprehensive income
For the year ended 31 December**

USD	Note	2016	2015
Administrative expenses	2	(47,222)	(74,132)
Other operating income	3	-	514,516
Operating (Loss)/profit		(47,222)	440,384
Interest receivable and similar income	4	262,225	106,109
Interest payable and similar charges	5	(220,882)	(389,565)
(Loss)/profit on ordinary activities before taxation		(5,879)	156,928
Tax charge on profit on ordinary activities	6	3,369	(80,721)
(Loss)/profit for the financial year		(2,510)	76,207
Other comprehensive income		-	-
Total comprehensive (loss)/profit		(2,510)	76,207
(Loss)/profit attributable to:			
Shareholders		(2,510)	76,207
Non-controlling interest		-	-
		(2,510)	76,207
Total comprehensive (loss)/profit attributable to:			
Non-controlling interest		-	-
		(2,510)	76,207

All results derive from continued operations.

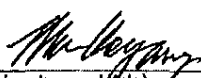
The notes on pages 10 to 14 form an integral part of these financial statements.

Mercuria Energy Europe Trading Limited

Balance sheet
As at 31 December

USD	Note	2016	2015
Assets			
Fixed assets			
Investments	7	7,082	7,082
		<u>7,082</u>	<u>7,082</u>
Current assets			
Debtors	8	10,856,811	11,082,811
Cash at bank and in hand	9	1,179,160	972,439
		<u>12,035,971</u>	<u>12,055,050</u>
Creditors: amounts falling due within one year	10	(15,229)	(31,798)
Net current assets		<u>12,020,742</u>	<u>12,023,252</u>
Net assets		<u>12,027,824</u>	<u>12,030,334</u>
Capital and reserves			
Called up share capital	11	16,205,177	16,205,177
Share premium account		-	-
Capital contribution		-	-
Profit and loss account		(4,177,353)	(4,174,843)
Total shareholder's funds		<u>12,027,824</u>	<u>12,030,334</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors and authorised for issue and are signed on their behalf by:

 29/6/2017
(signature and date)

Mr. M. Koyanagi
Director

COMPANY NUMBER 3704235

The notes on pages 10 to 14 form an integral part of these financial statements.

Mercuria Energy Europe Trading Limited

**Statement of changes in equity
For the year ended 31 December**

USD	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total shareholder's funds
At 1 January 2015	16,205,177	-	-	(4,251,050)	11,954,127
Profit for the financial year	-	-	-	76,207	76,207
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	76,207	76,207
At 31 December 2015	16,205,177	-	-	(4,174,843)	12,030,334
Loss for the financial year	-	-	-	(2,510)	(2,510)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(2,510)	(2,510)
At 31 December 2016	16,205,177	-	-	(4,177,353)	12,027,824

Mercuria Energy Europe Trading Limited

Notes to the financial statements

1. Significant accounting policies

Basis of preparation

The financial statements, which should be read in conjunction with the directors' report, are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* (FRS 102) applicable in the United Kingdom and Republic of Ireland as issued in August 2014 and in accordance with the requirements of the Companies Act 2006. In addition, they have been prepared on the going concern basis and under historical cost convention.

FRS 102 grants certain exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to transition date have not been restated.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at transition date.

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- Cash flow statement and related notes
- Key management personnel compensation

As the consolidated financial statements of Mercuria Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Schedule 3, paragraphs 38 and 39 of the Companies Act 2014.

The principle accounting policies that follow have been consistently applied to the years presented.

Preparation of Group Financial Statements

The Company is exempt from preparing group financial statements under S401 of the Companies Act 2006. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

Foreign currency translation

The financial statements are presented in United States Dollars (USD) which is the functional currency of the Company.

Transactions in foreign currencies are translated using exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date and the resulting exchange differences are recognised in profit or loss.

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into US dollars at the exchange rate ruling at the date of the transaction.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Interest income and expense

Interest income arises from cash and cash equivalents and balances with group undertakings. Interest expense arises from financing activities. Interest income and expense are recognised in the profit and loss account using the effective interest method.

Mercuria Energy Europe Trading Limited

Notes to the financial statements

1. Significant accounting policies (cont'd)

Cash

Cash comprise bank balances, cash in hand, and bank deposits.

Investments

Investments are shown at cost less provision for impairment, if any. Investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and value in use.

Debtors and creditors

Debtors and creditors comprise amounts due to or from counterparties, including amounts owed by and owed to group undertakings. They are non-derivative financial assets or liabilities with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest rate method less any impairment.

Share capital

Ordinary shares are classified as equity.

Use of estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported amounts of contingent liabilities (note 13) at the date of preparation of the financial statements for the period. The management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing reported amount of contingencies. The resulting estimates might differ from actual results.

Mercuria Energy Europe Trading Limited

Notes to the financial statements

2. Administrative expenses

USD	2016	2015
Audit fee	6,396	5,641
Other	40,826	68,491
	47,222	74,132

The monthly average number of employees employed by the company during the year was nil (2015: nil). The cost of directors' remuneration is borne by the fellow subsidiary and is not recharged to the Company.

3. Other operating income

Other operating income mainly comprise the amounts recovered with regards to claims against bankrupted counterparty. The claimed amounts were fully provided for in the previous reporting periods.

4. Interest receivable and similar income

During 2016 the Company has received \$262,225 of interest income from group undertakings (2015: \$106,109).

5. Interest payable and similar charges

USD	2016	2015
Foreign exchange loss	202,755	383,967
Bank charges and other	18,127	5,598
	220,882	389,565

6. Tax on profit on ordinary activities

Analysis of the tax charge for the year:

GBP	2016	2015
Current tax		
Taxation of other jurisdictions	2,373	4,251
	2,373	4,251
Deferred tax		
Origination and reversal of timing differences	-	34,884
Adjustments in respect of changes to tax rate	(5,742)	-
Adjustments in respect to prior periods	-	41,586
	(5,742)	76,470
	(3,369)	80,721

The tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

USD	2016	2015
(Loss)/profit before taxation	(5,879)	156,928
Tax calculated at standard UK corporation tax rate of 20.00% (2015: 20.25%)	(1,176)	31,778
Tax effects of:		
Taxation of other jurisdictions	2,373	4,251
Adjustments in respect to prior periods	-	41,586
Adjustments in respect of changes to tax rate	(5,742)	-
Unrecognised deferred tax in relation to tax losses carried forward	1,176	3,106
	(3,369)	80,721

Mercuria Energy Europe Trading Limited

Notes to the financial statements

6. Tax on (loss)/profit on ordinary activities (cont'd)

The change in deferred tax during the year is as follows:

USD	2016	2015
Deferred tax brought forward	156,955	233,425
Reversal of timing differences	(-)	(34,884)
Adjustment in respect of changes to tax rates	5,742	-
Adjustments in respect to prior periods	-	(41,586)
Deferred tax recognised in the profit and loss account	5,742	(76,470)
Deferred tax carried forward	162,697	156,955

The entire deferred tax asset is related to temporary differences related to fixed assets depreciation.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax balances as at 31 December 2015 have been calculated based on these rates. An additional reduction to 17% (effective 1 April 2020) was announced in the budget on 16 March 2016, and enacted on 15 September 2016. The balance as at 31 December 2016 has been calculated using this rate of 17%.

7. Investments

As of 31 December 2016 and 2015 the Company held 100% of shares of Mercuria Energy Europe Trading s.r.o., who acted as traders and agents in power transactions. The subsidiary was placed into liquidation in 2016, however the directors believe that the carrying value of the investment is supported by its underlying net assets.

8. Debtors

USD	2016	2015
Amounts owed by group undertakings	10,195,690	10,191,350
Trade debtors	492,726	730,451
Deferred tax (also see note 6)	162,697	156,955
VAT receivable	5,697	3,855
	10,856,811	1,082,611

The amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand, and bear an annual interest rate from 1.1% to 2.66%.

9. Cash at bank and in hand

USD	2016	2015
Cash at bank and in hand	1,179,160	972,439
	1,179,160	972,439

10. Creditors

USD	2016	2015
Amounts owned to group undertakings	6,169	7,419
Accrued expenses and other payables	9,060	24,379
	15,229	31,798

Mercuria Energy Europe Trading Limited

Notes to the financial statements

11. Called up share capital

USD	2016	2015
Authorised, allotted, called up and fully paid		
Ordinary shares of USD 1 each (16,205,174 in 2015 and 2016)	16,205,174	16,205,174
2 ordinary shares (2015: 2) of GBP 1 each	3	3
	<u>16,205,177</u>	<u>16,205,177</u>

All shares rank equally with regards to the Company's residual assets.

12. Legal claim

In September 2015, the Company received a letter before claim in which it was named as one of the potential co-defendants. It relates to alleged pre 31 December 2014 activities with a material amount of damages claimed. In October 2015 such claim was formally filed in the High Court of Justice against the Company as one of the co-defendants. The directors do not believe the claim to have any merit and external counsel has been hired to vigorously defend the Company's position. The Company served a Defence on 24 March 2016. It did not file any counterclaims. The claimants served their Replies to each Defence on 5 August 2016. Since the Replies were served, a Case Management Conference was held in early December 2016, and the trial of the Proceedings was scheduled to commence on the first available date that the Court could accommodate after Easter 2018, with a time estimate of 25-30 days. The trial has since been provisionally listed to commence on 11 June 2018. On the basis of this timing, and assuming the matter proceeds to trial, it is likely that judgment will be handed down in either the second half of 2018 or the first half of 2019, and any liability for the Company to the claimants arising from these proceedings will crystallise at that point (though there may be rights of appeal available to the Company and / or the claimants at that time). However, given that the claim is still in its early stages, and the parties have not yet given disclosure or exchanged expert evidence or evidence from witnesses of fact, it is currently very difficult to assess the extent of the liability, if any, of the Company to the claimants, arising from these proceedings. In addition, it should be noted that the directors also firmly hold the view that as a result of various contractual arrangements the Company would be fully indemnified for any liability arising from these proceedings as well as for any legal fees.

13. Ultimate parent undertaking

The Company's holding undertaking Mercuria Energy Group Limited (Mercuria Group), 8 Simou Menardou Street, 6015 Larnaca, Cyprus, a limited liability company incorporated in Republic of Cyprus includes the Company in its consolidated financial statements. The consolidated financial statements of Mercuria Group are prepared in accordance with International Financial Reporting Standards as adopted by EU are available to the public and can be found with the Cyprus Register of Commerce. Mercuria Energy Group Limited is controlled by Mercuria Energy Group Holding Ltd, which is the ultimate holding undertaking. Mercuria Energy Group Limited and its subsidiaries (including the Company) are referred to as the "Mercuria Group".



FAO: Customer Contact Centre

Limited assurance report on client assets by the Independent auditor to the Financial Conduct Authority in respect of Mercuria Europe Trading Limited, FCA reference 628932

1. We report in respect of Mercuria Europe Trading Limited (the firm) on the matters set out below for the period started 1 January 2016 and ended 31 December 2016 (the period).
2. Our report has been prepared as required by SUP 3.10.4R and is addressed to the Financial Conduct Authority (the FCA) in its capacity as regulator of financial services firms under the Financial Services and Markets Act 2000.

Basis of opinion

3. We have carried out such procedures as we considered necessary for the purposes of this report in accordance with the Client Asset Assurance Standard issued by the Financial Reporting Council.
4. The opinion relates only to the period specified. The opinion does not provide assurance in relation to any future period or date.

Opinion

5. The scope of the firm's permissions did not allow it to hold custody assets or client money. The directors have stated that the firm did not hold custody assets or client money during the period. Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held custody assets or client money during the period.

James Eastell, for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London
WC2N 6RH
25 April 2017

Save as provided by law or regulation, this report must not be made available or copied or otherwise quoted or referred to in whole or in part in any way, including orally, to any person other than the FCA or the firm without our express written permission, which we may at our absolute discretion, grant or withhold or grant subject to conditions, including conditions as to our responsibility. We accept no duty or responsibility, and we disclaim all liability, whether in contract, tort (including negligence) or otherwise to any person other than the firm or the FCA in respect of this report but this sentence does not exclude any liability which by law cannot be excluded.