Registration No. OC414947

QHG Holding LLP

Annual Report and Financial Statements

For the period from incorporation on 5 December 2016 to 31 May 2018

QHG Holding LLP

Annual report and financial statements 2018

Contents

Members and professional advisors

Members

Glencore Energy UK Ltd (appointed 5 December 2016)
Qatar Holding LLC (appointed 30 December 2016, resigned 6 September 2018)
QHG Cayman Limited (appointed 16 December 2016) (not a designated member)
Glencore UK Ltd (appointed 5 December 2016, resigned 30 December 2016)
Glencore International AG (appointed 6 September 2018)

Registered office

50 Berkeley Street
London
W1J 8HD

Principal place of business

50 Berkeley Street
London
W1J 8HD

Registered number

OC414947

Auditor

Deloitte LLP
London

QHG Holding LLP

Members' report

The Members present their report and the audited financial statements of QHG Holding LLP (the "LLP") and its subsidiaries (together "the Group") for the first accounting period ended 31 May 2018 from incorporation on 5 December 2016 (the "Period").

Principal activities

QHG Holding LLP is a Limited Liability Partnership incorporated under the laws of England and Wales on 5 December 2016.

The LLP was incorporated in order to carry out transactions from time to time including the indirect holding and disposal of an equity interest in PJSC Rosneft Oil Company. The LLP has raised funds from other Limited Liability Partnerships (the "Jointly Controlled LLPs") that are ultimately jointly controlled by: Glencore plc via Glencore Energy UK Ltd, and Qatar Investment Authority via Qatar Holding LLC. In arranging the equity holding the LLP has incurred various fees for professional advisors and funding costs.

As shown in the statement of profit and loss and other comprehensive income on page 6 the result for the year was a loss of €198,633,000. The statement of financial position on page 7 shows that the LLP's net liabilities are €198,633,000.

The net liabilities of the LLP are guaranteed by a financial guarantee contract which QHG Trading LLP (a Jointly Controlled LLP) is party to.

Principal risks and uncertainties

Principal risks and uncertainties faced by the LLP are discussed further in note 11.

Going concern

The LLP intends to dispose of its investments and enter into an orderly liquidation process in the next twelve months. Thus the financial statements have been prepared on a basis other than that of a going concern. Refer to note 17 for subsequent events.

Designated Members

The designated Members, as defined by the Limited Liability Partnerships Act 2000, during the period were:

Glencore Energy UK Ltd (appointed 5 December 2016)
Qatar Holding LLC (appointed 30 December 2016)
Glencore UK Ltd (appointed 5 December 2016, resigned 30 December 2016)

Members' drawings and subscription and repayment of capital

No new members may be appointed to the LLP without the unanimous consent of all existing members. All net profits and net losses are to be allocated to the designated members in proportion to their Capital Contributions which is a 50:50 split between the two members. Neither Glencore Energy UK Ltd nor Qatar Holding LLC may retire from the LLP without the consent of the other. QHG Cayman LLC may retire upon giving three months prior written notice to the other Members.

Approved by the Members and signed on their behalf by:

WARREN BLOUNT, DIRECTOR OF GLENCORE ENERGY UK LTD
31 October 2018

ANDREAS HUBMANN, DIRECTOR OF GLENCORE INTERNATIONAL AG

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report on the audit of the financial statements

Opinion

In our opinion the financial statements of QHG Holding LLP (the 'LLP') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the LLP's affairs as at 31 May 2018 and of the Group's loss for the period from incorporation, 5 December 2016 to 31 May 2018 then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of QHG Holding LLP and its subsidiaries which comprise:

- the consolidated and LLP only statement of profit or loss and other comprehensive income;
- the consolidated and LLP only statement of financial position;
- the consolidated and LLP only statements of in changes in Members' equity;
- the consolidated and LLP only statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The members 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 respect of these matters.

Independent Auditor's report on the audit of the financial statements

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership'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 limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Christopher Jones FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

31 October 2018

Consolidated and LLP statement of profit or loss and other comprehensive income

	Note	Group Period ended 31 May 2018 €'000	LLP only Period ended 31 May 2018 €'000
Continuing operations			
Dividend income	5	282,721	-
Gain on investments	8	196,185	1,193
Other income on capital disposal	6	224,821	-
Loss on total return swaps	7	(273,163)	-
Loss on held for sale marketable securities	8	(5,667)	-
Net finance expense	9	(300,897)	-
Administrative expenses	10	(322,633)	(199,826)
Loss for the period from continuing operations		(198,633)	(198,633)
Loss for the financial period		(198,633)	(198,633)

There were no items of other comprehensive income during the period and therefore no separate statement of comprehensive income is required.

The accompanying notes form an integral part of these financial statements.

QHG Holding LLP

Consolidated and LLP statement of financial position

	Note	Group As at 31 May 2018 €'000	LLP Only As at 31 May 2018 €'000
Current assets			
Investments in subsidiaries	8	-	1,193
Marketable securities held for sale	8	7,411,773	-
Marketable securities held at fair value	8	2,996,185	-
Advances	9	-	2,588,202
Trade and other receivables	10	224,821	118,429
Cash and bank balances		26,580	10
Total current assets		10,659,359	2,707,834
Current liabilities			
Trade and other payables	12	(3,321,549)	(189,442)
Borrowings	13	(7,536,443)	(2,717,025)
Total current liabilities		(10,857,992)	(2,906,467)
Net current (liabilities) / assets		(198,633)	(198,633)
Net (liabilities) / assets attributable to Members		(198,633)	(198,633)
Members' equity / (deficit):			
Members' capital classified as equity	14	-	-
Accumulated loss attributable to Members	15	(198,633)	(198,633)
Total Members' equity / (deficit)		(198,633)	(198,633)

The accompanying notes form an integral part of these financial statements.

The financial statements of QHG Holding LLP, registered number OC414947, were approved by the Members and authorised for issue on 31 October 2018 and signed on its behalf by:

WARREN BLOUNT, DIRECTOR OF GLENCORE ENERGY UK LTD
Designated Member

ANDREAS HUBMANN, DIRECTOR OF GLENCORE INTERNATIONAL AG

QHG Holding LLP

Consolidated and LLP statement of changes in Members' interests

Group

	Members' capital (note 16) €'000	Total comprehensive (loss) €'000	Total members' equity / (deficit) €'000
At 5 December 2016	-	-	-
Net loss for the period	-	(198,633)	(198,633)
At 31 May 2018	-	(198,633)	(198,633)

LLP Only	Members' capital (note 16) €'000	Total comprehensive (loss) €'000	Total members' equity / (deficit) €'000
At 5 December 2016	-	-	-
Net loss for the period	-	(198,633)	(198,633)
At 31 May 2018	-	(198,633)	(198,633)

The accompanying notes form an integral part of these financial statements.

QHG Holding LLP

Consolidated and LLP statement of cash flows

	Group Period ended 31 May 2018 €'000	LLP Only Period ended 31 May 2018 €'000
Cash flows from operating activities		
Loss from operations	(198,633)	(198,633)
Adjustments for non-cash items:		
- Loss on held for sale marketable securities	5,667	-
- Loss on total return swaps	273,163	-
- Gain on investment held at fair value	(196,185)	(1,193)
Change in working capital		
(Increase) in receivables	(224,821)	(118,429)
Increase in payables	2,910,562	189,442
Net cash from / (used in) operating activities	2,569,753	(128,813)
Cash flows from investing activities		
Dividends received from trading investments	282,721	-
Advances to subsidiaries	-	(2,588,202)
Purchases of trading investments	(10,217,440)	-
Net cash used in investing activities	(9,934,719)	(2,588,202)
Cash flows from financing activities		
Repayments of borrowings	(250,000)	-
Sub-ordinated debt raised	2,742,443	2,717,025
Interest paid	(300,897)	-
New bank loans raised	5,200,000	-
Net cash from financing activities	7,391,546	2,717,025
Net increase in cash and cash equivalents	26,580	10
Cash and cash equivalents at incorporation	-	-
Cash and cash equivalents at end of the period	26,580	10

The accompanying notes form an integral part of these financial statements.

QHG Holding LLP

Notes to the financial statements

1 Accounting policies

QHG Holding LLP is a Limited Liability Partnership incorporated in England and Wales. The address of the registered office is 50 Berkeley Street, London, W1J 8HD.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, as modified by the inclusion of financial instruments and investments at fair value.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the LLP and entities controlled by the LLP and its subsidiaries.

Control is achieved when the LLP is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the LLP controls an investee if, and only if, the LLP has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the LLP has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee including:

- the size of the LLP's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the LLP, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the LLP has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The LLP reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the LLP obtains control over the subsidiary and ceases when the LLP loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date LLP gains control until the date when LLP ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the members the LLP and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the members of the LLP and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the LLP's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the financial statements

1 Accounting policies (continued)

Principles of consolidation (continued)

Changes in the LLP's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of the LLP.

When the LLP loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the LLP had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, or the cost on the initial recognition of an investment in an associate or a joint venture.

Going concern

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

The LLP is expected to dispose of its investments and repay any borrowings within the next twelve months, and enter into an orderly liquidation process, therefore the accounts are prepared on a basis other than going concern. Refer to note 17 for subsequent events.

New and amended standards which are not effective for the current period

The LLP had not applied the following new and revised International Financial Reporting Standards:

- IFRS 9, *Financial Instruments (effective for periods beginning on or after 1 January 2018);*
- IFRS 15, *Revenue from Contracts with Customers (and the related clarifications) (effective for periods beginning on or after 1 January 2018); and*
- IFRS 16, *Leases (effective for periods beginning on or after 1 January 2019.*

The Members have assessed that there would be no material impact from the adoption of these new and revised standards on the financial statements of the LLP.

Currency of financial statements

As the LLP undertakes the majority of its trading transactions in Euros, which is its functional currency, these financial statements have been presented in that currency.

Foreign currencies

Transactions during the period in currencies other than Euros are translated into Euros at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in currencies other than Euros are translated into Euros at the rates ruling on the balance sheet date. Exchange adjustments are dealt with in profit and loss in the period in which they arise.

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables and trade payables

Trade receivables and trade payables (including amounts owed by and to group companies) are measured at amortised cost, except for total return swaps that are measured at fair value through profit and loss. Appropriate allowances for estimated irrecoverable receivable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired.

Investments

The Group has elected to hold its investments in subsidiary undertakings at fair value through profit and loss. The valuation is performed at each reporting date based on the net asset value of the subsidiary with any gain or loss on fair value measurement taken to the profit and loss account.

Other investments for which a sale is agreed are classified as held for sale and valued at their agreed sale price.

Listed investments are recognised in the balance sheet at fair value. Gain and losses arising from changes in fair value are recognised in the profit and loss account.

Financial guarantee contracts

The LLP is party to a Risk Reduction Agreement which is accounted for as a financial guarantee contract. Any premium paid on such contracts is recognised in profit and loss immediately upon entering into such a contract. Only if the LLP considers it virtually certain that its claim under a financial guarantee contract will be successful will the asset be remeasured upwards to reflect the amount expected to be paid under such claim.

Critical accounting judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations, that have been made in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Degree of influence over Rosneft following the acquisition of 19.5% of its share capital

The members consider that the indirect investment in the 19.5% share capital of PJSC Rosneft Oil Company (Rosneft) has not resulted in QHG Holding LLP obtaining significant influence over Rosneft or in QHG Holding LLP having an associate interest in Rosneft. QHG Holding LLP does not have the right to appoint any members to the Rosneft board of directors or any other rights, beyond its shareholding, that would increase its influence over the financial and operating policies of Rosneft activities.

2. **Dividend income**

	Group 2018 €'000	LLP Only 2018 €'000
Dividends received from investment in shares in PJSC Rosneft Oil Company	282,721	-

Dividend income is recognised net of withholding tax paid.

3. **Other income**

	Group 2018 €'000	LLP Only 2018 €'000
Capital receipt in respect of investments	224,821	-

Other income relates to a capital receipt in respect of investments payable by CEFC China Energy Company Limited as a result of a terminated planned disposal of the Group's shareholding in PJSC Rosneft Oil Company.

4. **Loss on total return swaps**

	Group 2018 €'000	LLP Only 2018 €'000
Loss on revaluation of financial liabilities held at FVTPL	(273,163)	-

The loss on total return swaps relate to mark to market cost on the total return swaps. The primary purpose of these instruments is a swap of the exposure to the market price of investments and portion of dividends in PJSC Rosneft Oil Company for a fixed value. At inception these contracts were designated as financial liabilities held at fair value through profit and loss ("FVTPL").

5. **Gain on investments and loss on marketable securities held for sale**

Gain on investments for the group of €196 million relates to gain on Mark to Market ("MTM") valuation of the residual portion of the Group's shares in PJSC Rosneft Oil Company which are not held for sale under IFRS 5. The LLP only gain on investments of €1.7 million represents the fair value of the investment in its subsidiary which shows a gain.

The portion of 1,500,358,898 PJSC Rosneft Oil Company shares held for sale have been agreed to be disposed of to an affiliate of the Qatar Investment Authority ("QIA") at a sale price of €4.94 per share. The transaction agreed 4 May 2018 was subject to a number of conditions in favour of QIA and regulatory approvals which were satisfied subsequent to the balance sheet date. The classification of these shares as held for sale resulted in a €5.7 million loss. The residual shares are valued at MTM basis at the closing market quoted price which is in the opinion of the members the fair market value of the remaining shares.

QHG Holding LLP

Notes to the financial statements

6. Net finance expense

	Group 2018 €'000	LLP Only 2018 €'000
Interest expense relating to bank loans	(300,897)	-

7. Administrative expenses

	Group 2018 €'000	LLP Only 2018 €'000
Administrative expenses	(322,633)	(199,826)

Administrative expenses relate to legal expenses and arrangement fees incurred in establishing the group and securing its borrowing facilities, and advisory costs in relation to structuring the ultimate indirect holding in PJSC Rosneft Oil Company.

Included in administrative expenses are audit fees in relation to the audit of the financial statements of €30,000 for the parent LLP and €53,000 borne on behalf of its subsidiaries. No Members' remuneration is charged as an expense to the profit and loss account.

8. Investments

	Subsidiaries €'000
At Incorporation	-
Additions	-
Revaluations	1,193
At 31 May 2018	1,193

Additional information on subsidiaries:

Name	Country of incorporation	Activity	Class of share	Equity held %
QHG Investments LLP	United Kingdom	Investment	Ordinary	99.99
QHG Oil Ventures PTE LTD	Singapore	Investment	Ordinary	100

Registered office for QHG Investments LLP:

50 Berkeley Street, London, W1J 8HD

Registered office for QHG Oil Ventures PTE LTD:

1 Temsasek Avenue, 34-01 Millenia Tower, Singapore, 039192

In addition to subsidiaries the Group holds 19.5% of ordinary shares in PJSC Rosneft Oil Company. The Group had agreed to dispose of 1,500,358,898 shares to an affiliate of the Qatar Investment Authority, consequently these shares are held for sale and valued at their agreed consideration (see note 5) at €7,411,773,000. The remaining 566,368,575 shares held are valued at quoted market price at fair value through profit and loss under IAS 39 at €2,996,185,000.

9. Advances paid

The LLP has advanced a sub-ordinated loan to its subsidiary QHG Investments LLP which was used to acquire the shares in PJSC Rosneft Oil Company and on which no interest is charged.

10. Trade and other receivables

	Group 2018 €'000	LLP Only 2018 €'000
Amounts owed by group companies	-	118,429
Other debtors (see note 3)	224,821	-
	224,821	118,429

All debtors are due within one year and the carrying value approximates to fair value.

11. Financial instruments

Derivative financial instruments
The LLP holds derivative financial instruments including total return swaps (refer to note 4) and marketable securities. The fair value of the derivative financial instruments and marketable securities at the balance sheet date is as follows:

	Group 2018 €'000	LLP Only 2018 €'000
Financial assets		
Marketable securities *	2,996,185	-

	Group 2018 €'000	LLP Only 2018 €'000
Financial liabilities		
Total Return Swaps	(3,073,163)	-

* Note the marketable securities held for sale have been excluded for further information see note 8.

The following changes in the fair value of derivative financial instruments, including marketable securities and total return swap contracts have been charged to profit and loss in the period:

	Group 2018 €'000	LLP Only 2018 €'000
(Loss)/profit		
Total Return Swaps	(273,163)	-
Marketable Securities	(5,667)	-
	(278,830)	-

QHG Holding LLP

Notes to the financial statements

11. Financial instruments (continued)

In the normal course of trading activities, derivative financial instruments are often settled before maturity date and therefore classified as current assets or current liabilities, however, all of the balance above is due to mature within one year, with nil maturing after one year.

Of the financial liabilities above, all the above balance is due to mature within one year, with nil maturing after one year. All other financial assets and financial liabilities are due within one year. There is no difference between fair value and the value at which the LLP could have settled its financial assets and liabilities at year end.

Derivative financial instruments, marketable securities, cash and cash equivalents, and receivables and payables are the major classes of financial instruments to which the Company was exposed.

Liquidity and credit risk

Liquidity risk is the risk that the LLP is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents through the availability of adequate funding sources. The main funding source of the LLP is a secured Bank loan facility for €5.2 billion. Therefore the LLP always ensures that sufficient liquid funds are maintained in order to meet liquidity requirements.

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to the LLP within their agreed payment terms. Financial assets which potentially expose the LLP to concentrations of credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and long term advances and loans. The LLP's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. The LLP's cash equivalents and short term deposits are placed with highly credit rated financial institutions. All exposures are considered creditworthy and impairments have been assessed and deemed unnecessary. Credit risk has been quantified and assessed as immaterial and is thus not disclosed.

Market Risk

The Primary market risk faced by the LLP is the financial risk of market price variations in the Rosneft share price. All market risks are represented on the LLP's balance sheet and the positions are recorded and monitored. The LLP uses mark-to-market accounting for positions where there is an observable market, in accordance with the measurement requirements of EU-endorsed IFRS. Where no active market exists for a derivative financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument, which is substantially the same. Quoted market values, as adjusted to take into account such factors as exchange closing prices and over-the-counter quotations, have been used to determine the fair value of derivative financial instruments at the balance sheet date. Where no active market exists for a derivative financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument which is substantially the same.

Interest rate and foreign exchange risk

The LLP monitors its interest rate risk, considering any material exposures. The LLP is exposed to the risks of changes in foreign currency exchange rates with regard to its trading activities. The Euro is the functional currency of the LLP, as the majority of transactions are denominated in Euro. Trading activities transacted in currencies other than Euros (principally Rubles, US Dollars and Pounds sterling) are hedged where possible through forward foreign exchange contracts.

11. Financial instruments (continued)

Operational Risk

Operational risk is the exposure to losses that may occur as a consequence of carrying out physical operations, and from inadequate internal processes and systems. The LLP assesses the level of operational risk in its various business processes and has implemented a series of checks and backup systems based on the risk assessment. Our procedures are designed to prevent the occurrence of operational errors and, should an error occur, quickly detect its occurrence in order to minimise its impact. Any failure in business process results in a revised risk assessment and review of relevant procedures. Operational risk is considered by the Members when approving new activities and business ventures.

Our legal advisers provide essential advice and guidance to senior management on all business issues to ensure that our business is conducted in a manner that complies with all legal and regulatory requirements

Other financial assets and liabilities

Other financial assets and liabilities comprise cash at bank, trade and other receivables, and trade and other payables. The carrying value of these is approximately equal to the fair value.

Offsetting of financial assets and liabilities

In accordance with IAS 32 the LLP reports financial assets and liabilities on a net basis in the balance sheet only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

It is the LLP's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

Fair value of financial instruments

There is no difference between fair value and the value at which the LLP could have settled their financial assets and liabilities at the year end.

All derivative financial instruments and listed investments are measured at fair value through profit and loss unless a sale is agreed in which case they are held for sale and valued at their agreed sale price. All other financial assets and financial liabilities are classified as loans and receivables and measured at amortised cost.

Fair value measurement

Quoted bid prices in an active market, have been used to determine the fair value of all types of financial instruments at the balance sheet date treated as level 1 in the IFRS 13 fair value hierarchy.

Where no active market exists for a financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument which is substantially the same and are treated as level 2 in the IFRS 13 fair value hierarchy.

The following tables show the fair values of the financial instruments by type of contract as at 31 May 2018.

31 May 2018	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Financial assets				
Marketable securities	2,996,185	-	-	2,996,185

31 May 2018	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Financial liabilities				
Total Return Swaps	-	(3,073,163)	-	(3,073,163)

12. Trade and other payables

	Group 2018 €'000	LLP Only 2018 €'000
Financial liabilities at FVTPL	(3,073,163)	-
Amounts owed to related companies	(244,442)	(189,442)
	(3,321,549)	(189,442)

Amounts owed to related companies include short term advances received from QHG Trading LLP.

13. Borrowings

	Group 2018 €'000	LLP Only 2018 €'000
Amounts owed to Intesa	(4,794,000)	-
Amounts owed to related parties	(2,742,443)	(2,717,025)
	(7,536,443)	(2,717,025)

Borrowings with Intesa are secured against the investment held in PJSC Rosneft Oil Company. Amounts owed to related parties includes an amount owed to a fellow consortium member QHG Trading LLP used to fund the activities of the LLP. All borrowings are expected to be repaid in full within the next twelve months, which is sooner than the contractual maturity dates due to the expected orderly liquidation of the LLP.

14. Members' capital

Members' contributions:
2 units of €1 each

All net profits and net losses are to be allocated to the designated members in proportion to their Capital Contributions which is a 50:50 split between the two members.

15. Members' Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to members.

16. Related party transactions

Transactions with related parties are shown below.

Nature of transactions

All related party transactions were executed on normal commercial terms and conditions. The nature of the transactions with related parties was fees receivable and payable for administrative and investment services and funding received from consortium members.

Value of transactions

	Group 2018 €'000	LLP Only 2018 €'000
Sub-ordinated Loan payable	(2,717,025)	(2,717,025)
Financial liabilities	(3,073,163)	-
Short-term advance	(25,418)	-

Balances with related parties

The following were the balances with related parties at the end of the year. They are shown on an aggregate basis:

	Group 2018 €'000	LLP Only 2017 €'000
Sub-ordinated Loan payable	(2,717,025)	(2,717,025)
Financial liabilities	(3,073,163)	-
Short-term advance	(25,418)	-

17 Subsequent events

On 7 September 2018 the LLP sold its indirect holding in PJSC Rosneft Oil Company to a wholly owned subsidiary of the Qatar Investment Authority. The Group subsequently repaid its loan with Intesa Sanpaolo S.p.A.and settled amounts owing under total return swaps. The LLP intends to enter an orderly liquidation process and settle remaining balances, which are with related parties, in due course.

Qatar Holding LLC resigned as a designated member on 6 September 2018 and Glencore International AG was appointed as a designated member the same date.