

Separate financial reports

on ENEFI Energy Efficiency Plc.

for financial year ending on 31 December 2017
according to IFRS

Contents

I. Numeric parts of financial reports	12
II. Major elements of the accounting policy	16
III. Major estimations applied upon preparing financial reports and other sources of uncertainties	42
IV. Changes in the accounting policy, expected effect of IFRS and IFRIC not yet entered into force on the day of financial reports, previous applications	44
V. Additional comments related to the comprehensive profit and loss statement	49
VI. Additional comments related to the balance sheet	57
VII. Change to IFRS	76
VIII. Other announcements	80

The financial reports consist of 98 pages.

Independent auditor opinion

Separate comprehensive profit and loss statement for financial year ending on 31 December 2017

	Note:	year ending on 31/12/2017 audited	year ending on 31/12/2016
Sales revenues	(1)	444 132	453 053
Direct costs	(2)	(187 430)	(174 815)
Gross profit		256 702	278 238
Material type expenditures	(3)	(4 212)	(3 115)
Payments to personnel	(4)	(73 412)	(75 925)
Expenditures due to stock-based payments	(5)	(135 720)	(230 516)
Services used	(6)	(118 313)	(144 896)
Other revenues/expenditures (-)	(7)	(310 462)	(805 245)
Operational expenditures		(642 119)	(1 259 697)
Depreciation		(14 270)	(19 806)
Other expenditures (revenues) of financial transactions	(8)	3 438 633	(178 604)
Pre-tax profit		3 038 946	(1 179 869)
Income tax	(9)	(10 788)	(11 259)
Net profit of continued activities		3 028 158	(1 191 128)
Terminated activities			
Profit realised on terminated activities	(10)	206 024	25 739
Net profit of terminated activities		206 024	25 739
Other general profit		0	0
Total general profit		3 234 182	(1 165 389)

The signs of the numbers in the profit and loss statement are correct. Brackets indicate negative numbers.

Separate balance sheet For 31 December 2017

	Note:	31/12/2017	31/12/2016	01/01/2016
		7		
		audited		
Intangible assets	(11)	0	185	1 023
Tangible assets	(12)	32 419	317 089	331 704
Investments in affiliated company	(13)	3 570 885	3 341 303	3 363 501
Other long-term receivables	(14)	0	0	58 550
Financial assets (IFRIC 12)	(15)	581 182	642 290	745 418
Lease receivables	(16)	160 019	373 771	410 172
Deferred tax assets	(17)	0	0	0
Fixed Assets		4 344 505	4 674 638	4 910 368
Customers	(18)	92 636	135 586	266 712
Other receivables	(19)	127 903	172 085	795 286
Active accruals	(20)	4 648	8 217	70 501
Cash and cash equivalents	(21)	348 633	50 557	55 108
Current assets		573 820	366 445	1 187 607
TOTAL ASSETS		4 918 325	5 041 083	6 097 975
Subscribed capital	(22)	100 000	271 726	271 726
Capital reserve (premium)	(23)	21 423 391	21 254 954	21 254 954
Own shares	(24)	(11 652)	(4 399 285)	(1 274 167)
Retained earnings		(23 707 991)	(17 979 530)	(18 065 881)
Reserve of stock-based payments		65 520	230 516	0
Annual profit		3 234 182	(1 165 389)	86 351
Equity		1 103 450	(1 787 008)	2 272 983
Provisions	(26)	97 564	100 081	265 714
Long-term Liabilities	(27)	0	6 357 122	945 456
Long-term liabilities		97 564	6 457 203	1 211 170
Short-term credits	(28)	3 662 344	93 306	2 455 625
Supplier liability		29 731	95 586	46 056
Deferrals	(29)	7 530	12 855	81 492
Other short-term liability	(30)	17 706	169 141	30 649
Short-term liabilities		3 717 311	370 888	2 613 822
TOTAL EQUITY AND LIABILITIES		4 918 325	5 041 083	6 097 975

**Separate cash-flow report
for financial year ending on 31 December 2017**

	year ending on 31/12/2017 audited	year ending on 31/12/2016
Change of monetary assets from ordinary operations (Operational cash flow)	586 310	3 066 370
Pre-tax profit from continued activities	3 038 946	(1 179 869)
Pre-tax profit from terminated activities	206 024	25 739
Dividend received	(3 223 467)	0
Stock-based payments	135 720	230 516
Accounted depreciation	14 270	19 806
Depletion and scrapping of tangible assets	270 585	0
Balance of accumulated provisions and their use	(2 517)	(165 633)
Profit of depreciation of fixed assets	(229 582)	22 198
Change of lease receivables	386 615	36 401
Change of financial assets	61 108	103 128
Change of supplier liability	(65 855)	49 530
Change of other short-term liabilities	125 597	3 187 839
Change of deferrals	(5 325)	(68 637)
Change of trade accounts receivable	(162 772)	131 126
Change of other receivables	44 182	623 201
Change of active accruals	3 569	62 284
Paid and payable tax	(10 788)	(11 259)
Paid and payable dividend, share	0	0
Change of monetary assets from investment operations (Investment Cash Flow)	191 210	(4 353)
Procurement of fixed assets	0	(4 944)
Sale of fixed assets	0	591
Sale of Enerin project	191 210	0
Change of monetary assets from financial operations (Financing cash flow)	(479 444)	(3 066 568)
Repayment of long-term loans given	0	58 550
Withdrawal of shares, withdrawal of capital	(479 444)	(3 125 118)
Change of Monetary Assets	298 076	(4 551)
Opening cash and cash equivalents	50 557	55 108
Closing cash and cash equivalents	348 633	50 557
	298 076	(4 551)

The signs of the numbers in the cash flow are correct. Brackets indicate negative numbers.

Separate change of equity report for financial year ending on 31 December 2017

	Subscribed capital	Capital reserve	Own shares	Retained earnings	Reserve of stock-based payments	Annual profit	Total
Opening account - 01/01/2016	271 726	21 254 954	(1 274 167)	(18 065 881)	0	86 351	2 272 983
Transcription of profit from previous year				86 351		(86 351)	0
Stock-based benefits					230 516		230 516
Purchase of own shares			(3 125 118)				(3 125 118)
Annual profit						(1 165 389)	(1 165 389)
Closing account - 31/12/2016	271 726	21 254 954	(4 399 285)	(17 979 530)	230 516	(1 165 389)	(1 787 008)
Opening account - 01/01/2017	271 726	21 254 954	(4 399 285)	(17 979 530)	230 516	(1 165 389)	(1 787 008)
Transcription of profit from previous year				(1 165 389)		1 165 389	0
Purchase of shares			(479 444)				(479 444)
Employee share issue I.	25 000	205 516			(230 516)		0
Employee share repurchase		(107 279)		107 279			0
Employee share issue II.					70 200		70 200
Employee share issue II.		70 200			(70 200)		0
Stock-based benefits					65 520		65 520
Capital decrease	(196 726)		4 867 077	(4 670 351)			0
Annual profit						3 234 182	3 234 182
Closing account - 31/12/2017	100 000	21 423 391	(11 652)	(23 707 991)	65 520	3 234 182	1 103 450

The signs of the numbers in the change of equity report are correct. Brackets indicate negative numbers.

II. The major elements of the accounting policy shall be the basis of preparing financial reports.

1. The basis of preparing financial report and continuing the business

Declaration on compliance with IFRS

The financial reports were prepared in compliance with IFRS. The management hereby declare that the Company completely applied the rules in the IFRS/IAS and IFRIC/SIC as they were accepted by the European Union. The management made this declaration in full awareness of their responsibility.

Content of financial reports

These financial reports present the financial position performance and financial situation of ENEFI Energy Efficiency Private Limited Corporation (hereinafter referred to as Company).

The basis of preparing the financial reports; system of rules applied, underlying assumption, evaluation concept

The financial reports were prepared on the basis of the International Financial Reporting Standards (IFRS) developed by International Standard Board. IFRS were applied by the Company as they were accepted by the European Union.

The management of the Company concluded that the requirement of continuing the business is fulfilled, i.e. there is no sign indicating that the operation of the Company will be terminated or significantly reduced within a foreseeable period of time, i.e. within one year at least.

The present financial report - excluding the cash flow report - was prepared with a natural approach, i.e. the actual business event is decisive and not the movement of money is decisive in the presentation.

The Company usually evaluates its assets on the basis of the past procurement value - except in situations where the element given on the basis of the IFRS must be evaluated on its actual value.

The Company first published consolidated financial reports prepared on the basis of IFRS in 2007. This is the first time that the Company publishes its individual financial reports under the IFRS this year.

2. The Company

Introduction of the Company (centre of operations, legal form, ownership structure, applicable law)

ENEFI Energy Efficiency Plc. is a company founded under the law of Hungary (governing law). The Company was founded as a limited liability company then it was converted into a private limited corporation and subsequently into a public limited corporation.

Registered seat of the company is also the centre of operations: 1134 Budapest, Klapka utca 11.

The predecessor of the Company (RFV Plc.) was founded on 29th June 2000 for purposes to implement - primarily energetic - developments returning from savings for its customers, with the long term operation of which they shall supply power for its customers effectively.

The Company is a real, so-called ESCO company (Energy Service Company, i.e. a company implementing energy saving) on the stock exchange in Hungary. The Company developed individual solutions for each project, which are independent from any technology and supplier. The developed projects were implemented with the inclusion of appropriate financing.

During the preparation of the projects, ENEFI Energy Efficiency Plc first examined/examines the opportunities of rationalising use at the sites of energy consumption of the customers, and then it implements developments, through which significant amounts of energy can be saved. A further business value of the projects is that ENEFI Energy Efficiency Plc provides innovative energetic services following the implementation of the developments and operates and maintains the energy systems of the partners in long terms.

Ownership structure of the Company according to the share register on 31 December 2017:

Owner	Ownership Ratio (%)	
	31 December 2017	31 December 2016
Own shares	68.63%	72.18%
Imre Kerekes	1.84%	0.00%
Csaba Soós	5.05%	0.00%
Free float rate	24.48%	27.82%
Total	100.00%	100.00%

Currency and accuracy of presenting the financial reports

The functional currency of the Company shall be Hungarian Forints. Financial reports were prepared in HUF (currency of presentation) and without indicating otherwise, the figures are presented in thousand forints (thousand HUF).

Significant foreign currencies for the Company are EUR and Romanian RON. The exchange rate of the two currencies was as follows (one currency unit/HUF, NBH exchange rates):

Currency	2016		2017	
	closing	average	closing	average
Euro (EUR)	311.02	311.46	310.14	309.21
Romanian lei (RON)	68.53	69.36	66.57	67.69

3. Major elements of the accounting policies

Presentation of the financial reports

The financial reports of the Company shall include the following (parts):

- separate report on financial position (hereinafter: balance sheet);
- separate comprehensive profit and loss statement (hereinafter profit and loss statement);
- separate change of equity report;
- separate cash flow;
- supplementary notes to the separate financial reports.

The Company shall decide to present the comprehensive profit and loss statement in an individual report so that the items related to other comprehensive profit shall be indicated in the same report after the net profit (loss) of the given period by titles.

We shall consider as other comprehensive profit the items increasing or decreasing the net assets (i.e. the difference between assets and liabilities) and such decrease shall not be accounted against assets, liabilities or the profit but they shall directly change the element of registered capital. Amongst others the capital transaction changing the capital made available shall not be qualified as comprehensive profit.

Major decisions related to presentation

The Company first prepared its separate financial report under the IFRS for the 2017 financial year with comparative data of 2015 and 2016. The Company prepared the financial reports due to the transparency and compatibility required by the presence at the stock exchange.

The Company shall publish the separate financial reports in Hungarian forints. This is the currency of presentation). The separate financial reports cover one calendar year. The effective date of the separate financial reports is the last day of the calendar year every year, i.e. 31 December. The Company shall prepare interim financial reports in accordance with the regulations of the stock exchange. IAS 34 regulations shall be applied on interim financial reports, they shall not contain all publications required by IAS 1 and data is contained in a compressed form.

The separate financial reports contain comparative data except if a period must be determined again. In such situation we present the opening balance sheet values of the comparative period too. This did not take place in 2017.

In the event if it becomes important for presentation that an item is transferred to another category (for example due to a new line in the financial report) then the Company shall correct the data from the previous year to implement comparability. No such transfer took place in this period.

The management of the parent company shall take care of the publication of the financial reports in accordance with the relevant regulations (legal regulations and stock exchange regulations).

The Company shall also publish information regarding the operational segments in supplementary notes to the financial reports. Operational segments shall be determined in accordance with the strategic expectation of the Board of Directors. The Company concluded in 2017 that essential one segment remained so the division into segments does not have any content any longer. Therefore it shall not be published until such division can be identified.

Accounting policies related to the profit and loss statement

Sales revenues

The Company shall account for its sales revenues if it performed to the customer according to the agreements and the financial settlement of the receivables is probable (upon accounting for the sales revenue).

The Company shall exclusively count direct revenues from its main activity as sales revenues. The consideration for individual occasional activities shall be presented among other items by the Company.

The main activity of the Company is production and sales of thermal energy. Items related to sales revenue shall be invoiced and accounted monthly. In addition to thermal energy the service fees related to individual agreements accounted on the basis of IFRIC 12 are significant revenues of the Company. In addition to these the sales revenues also include other rental fees and engineering services.

Expenditures related to operation

Non-financial expenditures shall be categorised as follows:

- direct costs: expenditures directly related to the sales revenues shall be categorised here;
- indirect cost: items not classified in the above category, not related to other revenues which must be classified
 - sales costs (advertising, marketing, sales promotion and similar items) and
 - administrative costs.

Other revenues

The consideration of sales not classified as sales revenue and all other revenues which shall not be classified as financial revenues of other general item increasing profit shall be presented among other revenues by the Company. Other expenditures shall be the expenditures which are indirectly related to operations and shall not be qualified as financial expenditures r do not reduce other general profit. Other revenues and other expenditures shall be presented by the Company as net amounts in the profit and loss statement.

Financial revenues and expenditures

Interest revenues shall be accounted prorated and dividend revenues shall be presented when the company paying the dividend has made a final decision on the dividend. Interest expenditures shall be calculated by the effective interest rate method and classified in the category of financial expenditures. The exchange rate difference of items in foreign currency (if it is not part of the other general profit on the basis of IAS 21 Effects of exchange rates standard) shall be presented by the Company in the financial profit. Financial profit shall be presented by the Company as a net amount in the profit and loss statement.

Netting

In the financial reports the Company shall present the effect of a transaction in net amount if the nature of the transaction requires such reporting and the given item is not relevant from the point of view of the business activity (e.g. sales of used asset within the business activity).

Accounting policies related to the balance sheet, presentation and evaluation of assets and liabilities*Real estates, machinery and equipment*

The Company shall classify items as real estates, machinery and equipment (PPE) which serve for production or administrative purposes and the asset is used for at least one year after starting to use it. The Company shall separate the assets from the point of view of purpose (production and non-production (other) assets).

The initial book value of the asset shall include all items related to the procurement or creation of the given asset adding the costs of taking a loan (see details: accounting policy related to costs of taking loans).

Discounted liability shall be increased year on year taking the time spent into consideration (breakdown of discount) and the later changes in the estimation of the breakdown costs. The increase of the liability arising from the breakdown of the discount shall be accounted as interest expenditure.

The Company uses a component approach, i.e. especially un production tools it separates the major parts with equal useful life within the physically unified tools.

Tangible assets shall be evaluated in accordance with the rules of cost model after procurement (initial value reduced by the accumulated depreciation and accumulated depletion).

The amount to be depreciated shall be the initial procurement value reduced by the residual value. The residual value shall be specified if the amount thereof is significant. The residual value equals the revenue that can be realised after withdrawal of the asset from use, reduced by the costs of sales.

Depreciation shall be determined in comparison with the amount that can be depreciated by components. In case of gas engines the Company shall calculate in operating hours and in case of other assets by the linear depreciation method. The following depreciation rates shall be applied on the assets:

Land	no depreciation
Buildings	1 - 5%
Power plant equipment	1 - 14%
Non-producing machinery	14 - 33%

The useful life of assets shall be revised and determined by elements whether the asset can be used in the remaining useful life or the residual value is realistic. If not, then the amount that can be depreciated and the residual value shall be modified for the future.

The value of the asset shall be increased by greater repair works (constituting major expense) which arise regularly but not annually. These works shall be qualified as the component of the given asset by the Company and their useful life shall correspond with the next (expected) occurrence of such investments.

Revenue arising from the sale of an asset shall be presented as other item from which the remaining book value of the asset shall be deducted. Expenditures arising from the scrapping of assets shall also be presented among other items. In such case no revenue but only expenditure is generated.

Intangible assets

From the intangible assets the Company shall determine if there are such that have indefinite life.

The Company does not conduct research activity, does not produce software or other intangible assets which would meet the requirements of presentation. Consequently the Company shall currently not present internally produced intangible assets and shall not determine accounting policy for them.

Determining the initial value of intangible assets shall take place in the way described at tangible assets.

Intangible assets with indefinite life cycle shall not be depreciated, instead they shall be depreciation tested in each period (or immediately in case of notice) (see depreciation).

In case of other intangible assets it shall be taken into consideration if there is a contractual period limiting the usability of this right. In this situation the depreciation period shall not be longer than this period however it may be shorter. Basically the contractual period shall be accepted as useful life.

In case of software and similar intangible assets, 20-33 % depreciation rate shall be applied. In case of the valuation of intangible assets after procurement, the cost model shall be applied uniformly. The residual value of intangible assets shall be deemed as zero until the contrary is proved.

Lease

Lease is a contractual agreement in which the owner of the asset assigns the right of use of the given asset against a series of payments. Lease shall be classified as operative or financial lease.

The lease of an asset shall be qualified as financial lease if either of the conditions below is fulfilled:

- the proprietary right of the asset shall be transferred at the end of the duration;
- the duration of the lease achieves or exceeds most of the economic life cycle of the asset (basically: 75%);
- the present value of the lease payments discounted by an effective interest rate essentially reach the fair value of the asset (basically: differs no more than 10%);
- the asset is of special nature and it can only be used by the Company.

The lease of land and buildings shall only be considered as financial lease in exceptionally justified cases. Land and the buildings located on them shall be divided if necessary.

Accounting financial lease

Upon accounting financial lease, all cash flow related to agreements shall be taken into consideration, including in particular:

- lease fees paid;
- administration fees paid;
- the final purchase price in the event that it is low enough that it is almost certain that at the end the Company shall use the option offered (this shall always be assumed if the fee is nominal - does not reach 5% of the original value of the asset)

The implicit interest rate of the lease is the interest rate with the discount of which the above cash flows are given as their fair value of the leased asset and the amount of the initial direct costs of the lease (e.g. attorney's fees, contracting fee, etc.).

The leased asset shall be entered in the balance sheet at the value of the cash flows discounted with the implicit interest rate against the lease liabilities. The leased asset shall be indicated in the balance sheet when the Company undertook liability for the major conditions of the lease agreement.

In later periods, the lease fee shall be divided into costs of loan and instalments with the help of the interest rate.

The useful life of the leased asset shall not be longer than the duration of the lease except for the situation if the proprietary right is almost certainly transferred at the end of the lease period. In such situation the useful life of the asset may be extended to this longer life cycle.

Accounting operative lease

If the conditions of financial lease are not present, the lease shall be handled as an operative lease. In case of operative lease the asset shall not be presented and the lease fees shall be accounted as costs. In case of operative lease, all cash flow under the duration of the lease shall be taken into consideration and accounted universally as expenditures (SIC 20) and potential incentives shall therefore be spread over the entire time of the duration.

Concession agreements for services (IFRIC 12)

In the accounting of public-to-private concession agreements for services the Company shall act as described below.

The provisions set forth in the IFRIC 12 interpretation shall be applied if in the case of public-to-private concession agreement for services the following conditions are fulfilled: (a) the transferor shall revise or regulate what services to whom and at what price the operator shall provide; and (b) at the end of the duration of the agreement the transferor shall revise all significant residual interest related to the infrastructure by property beneficiary rights or in other ways.

Under the conditions of such contractual agreement types the operator shall act as a service provider. The operator shall build or develop the infrastructure used for the provision of public service (construction or development services) and shall operate and maintain this infrastructure for a specific period of time (operation services).

In the event that the agreements concluded with the individual public stakeholders meet the conditions below, then in that event the infrastructures constituting the subject of the agreement shall not be presented in the books of the Company as real estates, machinery or equipment.

In case of such agreement types the construction or development services performed by the Company shall be presented in the report at the fair value of the consideration of services specified in the agreement, received or claimable. The consideration included in the agreement may be presented as financial asset or intangible asset.

Construction or development services performed by the Company shall be presented as financial assets in the event that on the basis of the agreement the Company has unconditional contractual right to receive cash for the development or construction services from the transferor (Municipality) or to receive cash upon the instruction thereof; furthermore the transferor has no or very little opportunity to avoid payment since the agreement is lawfully executable. The Company shall be entitled to receive cash if the transferor takes contractual liability to pay specified or specifiable amounts to the Company or pay the

difference between the amounts received from the user of the public service and the amounts specified or specifiable in the agreement.

The construction or development services performed by the Company shall be presented as intangible assets in the event that on the basis of the agreement the Company becomes entitled (permitted) to charge fees on the users of the public services. In such case the costs of loans related to the agreement shall be activated in the construction or implementation stage of the agreement. In the event that the construction or development services performed by the Company are partly paid by financial assets and partly by intangible assets, then in such case all components of the consideration received shall be accounted separately.

The Company has concessions corresponding with the financial asset model.

In the event that the Company has contractual maintenance or reconstruction liabilities in relation with the infrastructure taken over or implemented then such liabilities shall be presented in the financial reports at the value estimated at the time of preparing the report (as provided by IAS 37).

Policy related to costs of loans

Under the rules of IAS 23 the business association shall activate its costs of loan if the loan is used for a qualified asset. In case of dedicated loans (if the loan is assigned to a specific purpose) the amount to be activated shall be set forth with the help of the interest rate thereof. In case of general purpose loans the activation rate shall be specified. The activation rate shall be the average of the effective interest rates of the general purpose loans weighed by the time spent since the payment or the time spent since the commencement of activation and the amount of payment if later.

An asset (project) shall be deemed as qualified asset (project):

- if it is an investment agreement;
- if it is an asset, the construction or preparation of which last longer than half a year (irrespectively of whether the asset is produced by the Company or external parties).
- The value of the given asset shall not be considered in the judgement.

The activation of the costs of loan shall be commenced if there is irrevocable commitment to acquire the asset or implement the project or it is probable. In case of an asset it is usually ordering the asset or in case of a project it is the

commencement of physical works or if the planning is also performed by the Company, then the commencement of preparing the plan under permitting proceedings.

The activation of the costs of loan shall be suspended if the works are interrupted for a period of time longer than the technologically justifiable time. The progress of the project, i.e. that there was no standstill longer than technologically justifiable shall be certified by the technical manager of the project.

The activation of the costs of loan shall be stopped if the asset is ready, the (physical) works related to the project were completed or if the asset produced in relation with the project is used and the use thereof has been permitted.

Accounting state subsidies

Subsidies shall be accounted by the Company as revenues under the main rule. The revenue shall be divided for the periods during which the asset is used. The part not presented in the profit shall be presented among liabilities as deferred revenue. The item to be accounted for the profit shall be deducted from the related expenditures if it can be implemented. The Company shall present assets received free of charge among its assets in accordance with the above principle.

In the event that the subsidy is related to expenditures then it shall be primarily accounted by the reduction of expenditures and presented as other revenues if it is not possible.

Subsidies may be accounted,

- if it is essentially certain that the Company fulfils the conditions of the subsidy, and
- if it is certain that they shall receive the subsidy.

If the subsidy must be repaid later then liability shall be accounted when this becomes clear by increasing the value of the asset or the cost.

Inventories

Inventories shall be presented in the financial reports at the lower of the procurement value and the net realisable value. Inventories expected to return within one year and over one year shall be differentiated. In case of fuels, it shall

be assumed that they are consumed within a year. The Company shall determine the closing value of inventory on the basis of the average procurement costs and shall add all costs to the value of inventory which is required for the use of the inventory in the way and at the place intended.

Accounting Depreciation

The Company shall test its assets from the point of view of depreciation in every year. The testing shall consist of two steps. At first it is examined whether there are signs indicating that the given assets are depreciated. The following signs may indicate that a given asset is depreciated:

- damage;
- decrease of revenues;
- unfavourable change of market conditions, decrease of demand;
- increase of interest rates on the market.

In the event that there is indication that an asset is depreciated, the calculation shall be performed with the help of which the return value of the asset can be stated (second step). The return value shall be the higher of the fair value of the asset reduced by the costs of sale and its cash flow present value arising from continuous use.

The Company shall perform the depreciation test between December and February.

Provisions

Only existing liabilities may be presented as provisions which are based on past events only the amount or the timing thereof is uncertain. No provisions can be accounted for liabilities not related to presently existing or ostensible liabilities.

If the existence of the liability cannot be clearly decided then provisions may only be presented if the existence of the provision is more probable than not (probable liability). In the event that the probability is less than this then pending liability shall be published (possible liability). This shall not be presented in the balance sheet but shall be presented in the supplementary notes.

Provisions shall be presented among liabilities and divided into long term and short term liabilities. If the time value of money is qualified significant in relation with a provision (because it shall be paid after a long period of time) then the expected cash flows shall be discounted. The time value of money shall be qualified as significant if the cash flows appear after 3 years or more.

Typically the following issues are presented in provisions:

- compensation for damages payable in relation with lawsuits;
- indemnity and compensation on the basis of agreement;
- decommissioning liabilities of assets;
- costs due to severance pays and reorganisations.

In the event that probability can be assigned to a given issue then the nominal (not discounted) value of the liability shall be the product of the maximum payable amount and the probability.

If the Company entered into an agreement the costs arising from which exceed the incomes arising therefrom then the provisions can be generated for the lesser of the legal consequences of not performing the agreement and the losses arising from the agreement.

Provisions for reorganisation (e.g. severance pay) may be generated if there is a formal reorganisation plan approved and disclosed to the persons involved. Provisions may only be generated for costs related to terminated activities. Not for items related to continued activities (e.g.: costs of retraining, relocation).

No provisions shall be generated:

- for future operational losses;

- for "safety purposes" to cover future, unforeseen losses;
- for writing off (e.g. writing of receivables and inventories).

Benefits for employees

The Company mostly provides short term benefits for its employees. These shall be accounted by the Company against the profit if they become served.

Employee bonuses and other similar items shall be presented in the balance sheet if they lead to liabilities, i.e.

- if they are bound to a contractual condition and such contractual condition has occurred (e.g. the given level of sales revenue has been achieved); in this event the item shall not be accounted in the period when the occurrence of the contractual condition was stated but when the condition was fulfilled.
- if not a contractual condition but a managerial decision generates such item, then it shall be presented when such decision becomes known by the Company (ostensible liability).

The Company takes part exclusively in a specific contribution pension plan which shall be specified in relation with the wage paid so it shall be accounted together with the wages.

The Company works in a legal environment where employees are entitled to receive paid holiday. In the event that there is legal possibility or employer agreement in the Company that the unused holiday can be taken over for the following year then liability shall be generated for the unused holiday accumulated by the end of the year concurrently encumbering employee benefits.

Stock-based payments

In the event that the Company provides shares or benefits bound to the price thereof to the employees or elected officers of the Company due to their activity, such benefits shall be accounted as stock-based payments.

The Company currently has stock-based benefits paid in share instruments only. The fair value of the benefits shall be specified and in the event that service conditions are attached to this, then it shall be accounted against the profit pro-rata with the performance of the service condition so that concurrently a separate reserve shall be presented among the elements of own capital (IFRS 2 reserve).

If no condition is attached to the benefit (e.g. longer period of employment, target profit) than it shall be presented as immediate expenditure without division between periods.

The provision presented separately (IFRS 2 reserve) shall be terminated when the shares were issued or - if the benefit included option - when it matured.

Since the Company has no other stock-based benefit plans, it shall not establish an accounting policy for those.

Financial Instruments

Financial assets and liabilities shall be accounted when the provisions of the agreement enter into force on the business association belonging to the Company (trade date).

Financial assets and liabilities shall be initially presented at fair value. The transaction costs directly related to the acquisition or issuing of financial assets and liabilities (except the financial assets and liabilities evaluated at fair value against the profit) shall be appropriately added to or subtracted from the fair value of financial assets and liabilities upon procurement. The transaction costs directly related to the procurement of financial assets and liabilities valued at fair value against the profit shall be directly accounted in the profit.

Financial assets

Financial assets shall be categorised as follows: fair value through profit or loss; 'FVTPL', held-to-maturity; 'HTM', available-for-sale; 'AFS', and loans and receivables; 'LR'. The classification shall depend on the nature and purpose of the financial assets and shall be determined upon the initial presentation. All financial assets purchased or sold normally shall be presented or delisted on trade date basis. Normal purchase or sale means the purchase or sale of financial assets which requires transportation within the time frame set forth by legal regulations or market conventions.

Effective interest method

The effective interest method is a method to determine the procurement value of an amortised credit instrument and the allocation of the relevant interest revenue for the relevant period. Effective interest rate shall be the interest rate, that discounts the future incoming cash flows estimated for the expected life cycle of the credit instrument or if applicable for a shorter period of time (including the paid or received fees and items constituting integral parts of the effective interest rate as well as the transaction costs, other premiums and discounts) exactly to the net registration value accounted upon initial issuance.

Except for fair value through profit or loss financial assets, accounting of revenues related to credit instruments shall take place on the basis of the effective interest method if the given instrument is not classified in the AFS category.

Fair value through profit or loss (FVTPL) financial assets

A financial asset shall be classified in the FVTPL category if it is a derivative for trading purposes or indicated as fair value through profit or loss financial asset.

A financial asset shall be qualified for trading purposes if:

- it was primarily obtained for the purpose of sales in the near future; or
- upon initial issue it is part of a portfolio of identifiable financial instruments which is managed by the Group together and in connection of which there is evidence of actual short-term profit recently; or
- it is a derivative transaction which is a not marked and effective cover instrument.

A financial asset which is not qualified as financial asset for trading purposes may be indicated as FVTPL if:

- it constitutes part of an agreement containing one or more embedded derivatives and IAS 39 financial instruments: Issue and evaluation standard allows for the entire agreement (asset or liability) is marked a one belonging to the FVTPL category.
- such classification terminates or significantly reduces an evaluation or accounting inconsistency which would otherwise occur.

Investments to be held until maturity

Investments to be held until maturity are not derivative financial assets with fixed or definable payments and fixed maturity regarding which the company has an express intent and capacity to hold until maturity. After the initial offer the investments to be held until maturity shall be evaluated at the procurement value amortised by the effective interest rate method reduced by depreciation. The Company did not classify any assets in this category.

Loans and receivables

Loans and receivables are not derivative financial assets with fixed or definable payments not subscribed on the active markets. Loans and receivables shall be evaluated at the amortised procurement value using the effective interest rate method, reducing potential depreciation.

Interest revenues shall be accounted applying effective interest rate except for short-term, otherwise not interest-bearing receivables where the effect of discounting and the time value of money would be insignificant.

Marketable financial assets

Marketable financial assets are non-derivative financial assets which are either classified as ADS or are not classified as a) loans or receivables, b) investments held until maturity, or c) fair value through profit or loss financial assets.

Dividend received for marketable capital instruments shall be accounted in the profit of the Company when the Company becomes entitled for the dividend.

The Company shall determine the fair value of monetary marketable financial assets registered in foreign currency in the given foreign currency and converts it at the end of the reporting period at the immediate exchange rate. The foreign currency exchange rate gains and losses which are accounted in the profit shall be determined on the basis of the amortised procurement value of the monetary assets. Other foreign currency exchange rate gains and losses shall be accounted in other general profit.

The marketable capital instruments having no market prices on the active market and the fair value of which cannot be precisely determined and the derivatives settled by the decrease of such not subscribed capital instruments shall be accounted at the end of each reporting period at the procurement value reduced by depreciation.

Depreciation of financial assets

Except for financial assets in the FVTPL category the Company shall revise the financial assets at the end of each reporting period from the point of view of signs of depreciation. The depreciation of financial assets takes place when there is objective evidence that one or more events occurring after the initial issuing of the financial asset affected the estimated future cash flow of the investment.

If the market value falls significantly or permanently below the procurement value in case of marketable capital instruments, then it may be deemed as the objective evidence of depreciation.

The objective evidence of depreciation may be the following in case of any other financial asset:

- serious financial difficulties in the issuer or another party; or
- in case of breach of contract, such as delay or default in terms of payment of interest or capital, or
- the borrower probably goes bankrupt or conducts financial reorganisation; or
- the funds do not enter the active market due to financial difficulties.

In case of certain categories of financial assets (e.g. customer receivables) the assets not individually depreciated shall also be revised in groups from the aspect of depreciation. Objective evidence of the depreciation of the portfolio of receivables may be the past cash collection experience of the Company, the increase of days in default in the portfolio above the average 60 days payment term and the domestic or local economic circumstances giving grounds to delayed payment of receivables.

In case of financial assets registered at amortised procurement value the amount of depreciation shall be the difference between the registered value of the asset and the present value of the estimated future cash flow discounted with the original effective interest rate of the financial asset.

In case of financial assets registered at procurement value the amount of depreciation shall be the difference between the registered value of the asset and the present value of the estimated future cash flows discounted on the basis of the actual market yield of similar financial assets. The loss due to such depreciation shall not be written back in later periods.

If depreciation is accounted in relation with a marketable financial asset, then the accumulated profit or loss accounted in other general profit shall be presented in the profit for the reference period.

In case of financial assets registered at amortised procurement value in the event that the amount of depreciation decreases over a later period of time and the decrease can be objectively bound to an event after accounting the depreciation, the previously accounted depreciation shall be written back against the profit to the extent that the registered value of the investment on the day of writing back the depreciation does not exceed the amount the amortised procurement value would have been if the depreciation had not been accounted.

In case of marketable capital instruments the depreciations previously accounted in the profit shall not be written back in the profit. Increase of the fair value after depreciation shall be accounted in other general profit and accumulated in the revaluation reserve of investments. Depreciation of marketable securities representing loans shall be later written back to the profit if the increase of the fair value of the investment can be objectively bound to an event after accounting the depreciation.

Writing off financial assets

The Company may only write off a financial asset from its books if the contractual rights regarding the cash flows arising from the asset are economically terminated (e.g. become limited) or if the Company transfers the financial asset and essentially all the risks and benefits arising from the possession of the asset to another business association. If the Company does not transfer essentially all the risks and benefits arising from the possession of the asset but does not keep it either and the given asset is still controlled by the Company then the Company shall on the one hand account for its interest and on the other hand settle related liability for the potentially payable amounts related to the asset. If the Company keeps essentially all the risks and benefits arising from the possession of a transferred financial asset then the Company shall still present the given financial asset, and it shall account for the revenue received as a loan secured by a cover as liability.

In case of writing off a total financial asset the difference of book value of the assets and the received and receivable consideration and the sums of the balances of the accumulated profit and loss accounted in other general profit and accumulated in equity shall be accounted.

Financial liabilities and capital instruments

Classification as liability or capital

The credit and capital instruments issued by the business associations associated with the Company shall be classified as liability or capital taking the content of the contractual agreement and the definition of financial liabilities and capital instruments into consideration.

Capital instruments

Capital instrument shall be any agreement which constitutes the remaining interest in the assets of the company after deducting all liabilities of the business association. The capital instruments issued by the Company shall be accounted in the value of the amount received reduced by the direct costs of issuing.

When the Company repurchases its own capital instruments then it shall be directly accounted in the equity deducting from that. In purchasing, selling, issuing and delisting the capital instruments of the Company, no profit or loss accounted in the profit is generated. The Company shall present the repurchased own shares within the capital as a negative item at the repurchased value.

Financial liabilities

Financial liabilities shall be classified either in financial liabilities at fair value through profit or loss; 'FVTPL', or the "other financial liabilities" category.

A financial liability shall be classified in the FVTPL category if it is a derivative for trading purposes or indicated as fair value through profit or loss financial liability.

A financial liability set which is not qualified as financial liability for trading purposes may be indicated as FVTPL if:

- such classification terminates or significantly reduces an evaluation or accounting inconsistency which would otherwise occur; or
- if the financial liability constitutes part of a group consisting of managed financial assets, financial liabilities or both, the management and performance evaluation of which takes place on the basis of fair value in accordance with the documented risk management or investment strategy of the Company and the internal information regarding the classification is also provided on this basis, or
- it constitutes part of an agreement containing one or more embedded derivatives and IAS 39 financial instruments: Issue and evaluation standard allows for the entire agreement (asset or liability) is marked a one belonging to the FVTPL category.

Financial liabilities in the FVTPL category shall be evaluated at fair value and the profit or loss generated in the revaluation shall be accounted against the profit.

Other financial liabilities

Other financial liabilities (including loans taken, supplier and other liabilities) shall be evaluated at amortised procurement value using the effective interest rate method (the method was described in assets).

Writing off financial liabilities

The Company shall only write off a certain financial liability from its books if the liability is fulfilled, condoned or it expires. The difference of the book value of the financial liability and the considerations paid or payable shall be accounted in the profit.

Actual and deferred tax on profit

The Company calculates the actual tax on profit for the reference year in accordance with the taxation regulation in force in Hungary which shall be presented among short-term liabilities (potentially receivables). In addition to this it shall estimate the deferred tax too which shall be presented among long-term liabilities or fixed assets. The deferred tax shall be calculated with the balance sheet method taking later changes of rates into consideration. The deferred tax asset shall only be presented if it can be proved that the given item can be realised (returns). Deferred tax shall be determined at the rate expected upon return.

General accounting policies regarding cash flow

The cash flow report of the Company shall be built on the indirect method until the operative cash flow. The investment and financing cash flow shall be prepared by direct method. Overdraft facilities shall be considered as cash equivalent until the contrary is proved.

Foreign currency

The Company shall present its separate financial reports in HUF. The functional currency shall be the currency mostly characterising the operation of the given company.

Points of decision shall be the following:

- what is the currency in which the given company receives most of its revenues;
- what is the currency in which the costs of the given company occur;
- what is the major currency of financing;
- These aspects are in the order of significance.

A given business association shall only have exchange rate difference on foreign currencies.

The Company shall divide its assets and liabilities to monetary and non-monetary assets. Monetary elements shall be the elements the settlement or reception of which constitutes the movement of money and money itself shall also be qualified as a monetary element. The items containing receivables or liabilities which do not constitute the movement of money (e.g. advance payments for services and inventories) shall not be qualified as monetary elements.

Monetary elements expressed in foreign currency shall be evaluated on each effective date. All business association shall use the exchange rate announced on the effective date by the National Bank of Hungary for exchange.

III. Major estimations applied upon preparing financial reports and other sources of uncertainties

During the application of the accounting policies of the Company the management shall make decisions, estimations and assumptions in terms of the registration value of the assets and liabilities which are not clear from other sources. The estimations and the related assumptions shall be based on past experiences and other factors deemed relevant. Actual results may differ from these estimations.

Estimations and the assumptions giving grounds to these shall be continuously reviewed. The modifications of the accounting estimations shall be accounted in the period of the modification in the event that the modification exclusively affects this period or in the period of the modification and the following periods in the event that the modification affects the reference period as well as periods in the future.

Below we shall describe the critical decisions except for the ones including estimations, which were made by the Group in applying its accounting policies and which had the most significant effect on the amounts presented in the financial reports.

Provisions

The Company generates provisions in accordance with standard IAS 37 Provisions, pending liabilities and pending receivables. The Company is involved in several lawsuits; the expected outcome of the legal proceedings was examined with the help of experts and presented the expected financial expenditures accordingly.

Provisions are generated in the event that present - legally mandatory or assumed - liability occurs for the company due to a past event and the settlement of the liability will probably require handing over economic assets furthermore the amount of the liability can be well estimated.

Useful life of tangible assets

The Company shall revise the useful life of real estates, machinery and equipment at the end of each annual reporting period. In the reference year the Board of Directors stated that the useful life and residual value of tangible assets shall not be changed.

Depreciation of tangible assets and intangible assets

The depreciation of tangible assets and intangible assets shall be estimated on the basis of the realisable value of the profit-making units, i.e. their fair value reduced by the costs of sale or their useful value. The useful value shall be determined on the basis of discounted expected cash flows. Such cash flows shall reflect the applicable estimations of the management in case of each fixed asset or investment.

Under a depreciation test we examined whether the assets of the business association return in terms of the tangible assets and the intangible assets. The corrections becoming necessary on the basis of the depreciation test are presented by the Company in the present financial reports.

Realising profit generating satisfactory tax base against which the deferred tax asset can be enforced.

Deferred tax receivable may only be presented if it is probable that the Company realises profit generating tax base in its future activity against which the deferred tax asset can be enforced. Major assumptions shall be required from the management in terms of the assets providing profit which can be taken; about the time and amount of the profit generating tax base - in light of the tax planning strategy.

In the reference year following the conservative methodology, the Company stated the expected amount of usable deferred tax asset exclusively on the basis of the expected profit-making ability of the already existing, contracted projects. This business plan does not calculate either with external financing or spending the cash generated in Hungarian operation for investment purposes.

IV. Changes in the accounting policy, expected effect of IFRS and IFRIC not yet entered into force on the day of financial reports, previous applications

The Company did not change the accounting policy applied in 2016 by 2017 voluntarily.

Below we shall detail the changed of the IFRS and IFRIC entering into force after the effective date on the financial reports of the Company. The expected effect of the changes of the IFRS and IFRIC in progress known on the effective date shall not be analysed in details since those do not have a significant effect on the financial reports and the omission thereof shall not affect the decisions of the users of the report.

The following standards and interpretations entered into effect by 1 January 2017

IAS 7 "Cash flow reporting standard modifications -- Initiative related to the presentation of supplementary information – accepted by the EU on 6 November 2017 (entering into effect by 1 January 2017 or the reporting periods after that date).

IAS 12 "Taxes on profit" reporting standard modifications -- Accounting deferred tax assets on not realised losses – accepted by the EU on 6 November 2017 (entering into effect by 1 January 2017 or the reporting periods after that date).

IFRS 12 "Publication of interests in other business units" standard modifications (in years 2014-2016)" – As a result of the IFRS Development Project certain standards (IFRS 1., IFRS 12 and IAS 28) were modified primarily in order to terminate inconsistencies and to clarify explanations –accepted by the EU on 7 February 2018 (in case of IFRS 12 standard the modifications shall be applied by 1 January 2017 or the reporting period starting after that date.)

New and modified standards and interpretations issued by the IASB and accepted by the EU but not yet entered into effect

At the time of approving the present financial reports, the following standards Issued by the IASB and accepted by the EU and modifications of existing standards and interpretations have been announced without entering into effect.

IFRS 9 "Financial instruments" standard – accepted by the EU on 22 November 2016 (entering into effect by 1 January 2018 or in the reporting periods after that) - IFRS 15 "Revenues arising from agreements concluded with customers" standard and additional modifications thereof – accepted by the EU on 22 September 2016 (entering into effect by 1 January 2018 or in the reporting periods after that). The coverage accounts of the portfolio of financial assets and financial liabilities has not yet been regulated since the regulation has not been accepted by the EU.

IFRS 16 "Leases" standard – accepted by the EU on 31 October 2017 (entering into effect by 1 January 2019 or the reporting periods after that date) – IFRS 4 "Insurance agreements" standard modifications

IFRS 9 Financial instruments and IFRS 4 Insurance agreements applied jointly – accepted by the EU on 31 October 2017 (entering into effect by 1 January 2018 or the reporting periods after that date or from the first application date of IFRS 9).

IAS 15 "Revenues arising from agreements concluded with customers" (entering into effect by 1 January 2018 or the reporting periods after that date).

The standard forms conceptual changes about the methodology of accounting revenues. The mandatory application of the standard 1 January 2018. Several standards and interpretations become ineffective due to the modification:

- IAS 18 Revenues
- IAS 11 Investment agreements
- IFRIC 13 Customer loyalty schemes
- IFRIC 15 Real estate development agreements
- IFRIC 18 Taking over assets from customers
- SIC 31 Barters including advertising services.

IFRS 15 created a uniform model for revenues arising from agreements. The standard determines when and what amounts of revenues shall be presented with the help of a five-stage model. This standard included explicit expectations for the situation when several elements are transferred to the customer at the same time. IFRS 15 has two methods for the timing of accounting the revenue: revenue accounted at a certain point in time or during a certain period of time. IFRS 15 standard establishes theoretical rules on what shall happen to the cost - not elsewhere presented - related to the acquisition and provision of the agreement.

The standard shall not include rules of accounting revenues for financial instruments and lease; those shall be settled by IFRS 9 and IFRS 16.

During the introduction of IFRS 15 the Transition Resource Group formulated recommendations along which IFRS 15 was modified in the following areas:

- decision-making points related to the separation of promised performance obligations (PO) were clarified;
- modification was made in relation with the issue of principal - agent and certain indications were omitted;
- several questions related to the accounting of revenues arising from the assignment of intellectual produces have been clarified as well as how such revenue shall be accounted (in one point proportionally).

According to the preliminary calculations of the company, the modifications required by IFRS 15 (including the adjustments performed during the period as well) shall not have significant effect on the financial reports of the Company because the revenue accounts of its current products and services have been already presented in accordance with the principles of the standard.

The standard has been accepted by the EU. The Company does not plan to use the standard before the mandatory application, the date of which is 1 January 2018. During the transition the Company shall probably choose the modified retrospective solution, i.e. it shall not determine the values of the previous period again.

IAS 16 "Leases" (entering into effect by 1 January 2019 or the reporting periods after that date),

The Leases standard fundamentally changes the accounting management of lease, according to the major rule, each leased element is presented in the balance sheet of the lessee as an asset together with the lease fee payment liability associated with it. The category of operative lease practically disappears. The accounting reports of the lessor do not change in content but the categorisation of lease does. In addition to the fundamental changes the new standard modifies the rules of evaluation and allows the calculation of a wider range of changing elements in the lease fees. Additionally the definition of lease shall also be changed; certain previous agreements on the use of capacity shall not be lease.

The Company is currently revising what changes the standard may cause in its financial reports but on the basis of the rules of the standard, it shall not be revised on the effective day whether the already ongoing agreements are lease agreements, those shall be qualified on the basis of the previous categorisation. Consequently no single fundamental change is predicted. The standard (IFRS 16) does not annul the rules of IFRIC 12 thus the management of the items presented like this shall not be changed. The standard has been accepted by the EU.

IFRS 1 and IAS 28 standard modifications – “Further development of IFRS (in years 2014-2016)” – As a result of the IFRS Development Project certain standards (IFRS 1., IFRS 12 and IAS 28) were modified primarily in order to terminate inconsistencies and to clarify explanations –accepted by the EU on 7 February 2018 (in case of IFRS 1 and IAS 28 standard the modifications shall be applied by 1 January 2018 or the reporting period starting after that date.)

The implementation of these modifications, new standards and interpretations would not affect the separate financial reports of the Company significantly.

Standards and interpretations issued by the IASB and not accepted by the EU

IFRS 14 “Regulatory deferral accounts” standard (entering into effect by 1 January 2016 or the reporting periods after that date) – the European Commission made a decision under which the approval process shall not be applied on the current interim standard and it shall wait for the final standard.

IFRS 17 “Insurance agreements” (entering into effect by 1 January 2021 or the reporting periods after that date),

IFRS 2 “Stock-based payment” standard modifications – Classification and evaluation of stock-based payment transactions (entering into effect by 1 January 2018 or the reporting periods after that date),

IFRS 9 “Financial instruments standard modifications” – Early repayment features with negative compensation (entering into effect by 1 January 2019 or the reporting periods after that date),

IFRS 10 “Consolidated financial reports” and IAS 28 “Investments in affiliated companies and joint ventures” standard modifications – Sale or transfer of assets between the investor and its affiliated or jointly managed company (date of entry into effect postponed for an uncertain period of time until the research project arrives at a conclusion in relation with the capital method).

IFRS 19 “Employee benefits” standard modifications – Modification of plan, restriction or accounting (entering into effect by 1 January 2019 or the reporting periods after that date),

IAS 28 "Investments in affiliated companies" standard modifications – Long-term interests in affiliated companies (entering into effect by 1 January 2019 or the reporting periods after that date),

IAS 40 "Investment property" standard modifications – Reclassification of investment property (publication 8 December 2016, entering into effect by 1 January 2018 or the reporting periods after that date),

Modification of certain standards – "Further development of IFRS (in years 2015-2017)" – As a result of the IFRS Development Project certain standards (IFRS 3., IFRS 11, IAS 12 and IAS 23) were modified primarily in order to terminate inconsistencies and to clarify explanations (entering into effect by 1 January 2018 or the reporting periods after that date),

IFRIC 22 interpretation "Transactions and advance payments in foreign currency" (entering into effect by 1 January 2018 or the reporting periods after that date),

IFRIC 23 "Uncertainties over income tax treatments" (entering into effect by 1 January 2019 or the reporting periods after that date),

The implementation of these modifications, new standards and interpretations would not affect the financial reports of the Company significantly.

V. Additional comments related to the comprehensive profit and loss statement

1. Sales revenues

Sales revenues are divided by type of business as follows:

	year ending on 31/12/2017	year ending on 31/12/2016
Sales of heat	186 505	162 840
Lease	246 948	267 597
Revenue from other type of business	10 679	22 616
Total	444 132	453 053

The sales revenue shall exclusively include the revenues related to the main activity of the company.

Upon accounting the sales revenue - excluding the accounts for accruals - the invoicing could be followed because the nature of services does not make further corrections between periods necessary.

The sales revenue of the Company decreased by 4.15%. The major cause of decrease is the decrease of sales revenue from lease.

2. Direct expenditures

	year ending on 31/12/2017	year ending on 31/12/2016
Services sold	(187 430)	(174 815)
Total	(187 430)	(174 815)

Expenditures directly related to the sales revenue shall be presented among direct expenditures. The Company accounts for the transferred public utility fees among direct expenditures.

The value of direct expenditures increased by 7,22% from the previous year.

3. Material Type Expenditures

	year ending on 31/12/2017	year ending on 31/12/2016
Office supplies	(185)	(364)
Fuel	(1 781)	(1 447)
Public utility fees	(1 899)	(817)
Other cost of materials	(347)	(487)
Total	(4 212)	(3 115)

Material type expenditures are presented in the table above. The value of Material type expenditures increased by 35.21% from the previous year which is explained by the increase of public utility fees and fuel consumption.

4. Payments to personnel

	year ending on 31/12/2017	year ending on 31/12/2016
Remuneration and Allowances	(57 923)	(57 400)
Payroll taxes	(13 967)	(16 780)
Other payments to personnel	(1 522)	(1 745)
Total	(73 412)	(75 925)

Payments to personnel are presented in the table above. The table shows that the value of payments to personnel was almost at the same level as in the previous year.

The average number of staff of the Company was 12 persons in 2017 and 10 persons in 2016.

5. Expenditures due to stock-based payments

Program in 2016

The Company decided in 2016 to issue a discount (free) employee share package. According to the decision of the Board of Directors, certain employees received free employee shares in the employee share program. The par value of the employee shares is HUF 10 and the transfer thereof is restricted by the articles of foundation and legal regulations.

The individual employees acquired the shares as follows (affiliated parties obliged for publication):

Name	Number of pieces allocated
Csaba Soós	500 000
László Bálint	225 000
Attila Gagyi Pálffy	225 000
Gábor Dác	90 000
Other employees	1 460 000
Total	2 500 000

The benefit was fulfilled in shares with now cash element. No service condition was related to the benefit. The fair value of the issued shares was determined by the Company by the analysis of possible scenarios taking the value of underlying assets into consideration. During the evaluation it had to be taken into consideration that the employee share can only be held for a specific period of time and under what condition it can be converted - it can be held and converted without restrictions - into ordinary shares (to be deemed as a market condition). The Company performed the evaluation by the day of the decision.

Number of pieces (pcs)	2 500 000
Calculated value of one share	92
Value of benefit [thousand HUF]	230 516

Since the benefit had no additional condition, the Company accounted the total fair value as expenditures in 2016 against the separate element of the own capital.

Program in 2017

Considering that the shares were issued in 2017 against the option, the stock-based option reserve generated in 2016 was terminated by the day of the benefit and the employee shares replaced it (subscribed capital, capital reserve).

In 2017 the Company repurchased 1,305,000 pieces of the shares distributed in the 2017 program at the price of HUF zero. The generated difference affected the retained earnings by writing the premium of the original issue back to the retained earnings.

The Company provided discount option for 630,000 pieces of the employee shares repurchased in 2017 which options were received by Csaba Soós member of the Board of Directors, furthermore 675,000 employee shares were distributed, 570.000 pieces of which were acquired by Csaba Soós.

The benefit was fulfilled in shares with now cash element. Day of benefit was 20 September 2017 (day of decision of the Board of Directors). No service condition was related to the benefit. The fair value of the issued shares was determined by the Company by the analysis of possible scenarios taking the value of underlying assets into consideration. During the evaluation it had to be taken into consideration that the employee share can only be held for a specific period of time and under what condition it can be converted - it can be held and converted without restrictions - into ordinary shares (to be deemed as a market condition). The Company performed the evaluation by the day of the benefit.

Number of pieces (pcs)	1 305 000
Calculated value of one share	104
Value of benefit [thousand HUF]	135 720

Since no additional condition was attached to the benefit, the total fair value had to be accounted as expenditure in case of the 630,000 option rights against the separate element of the equity (HUF 65,520 thousand) and in case of the 675,000 employee shares distributed again in 2017 against the capital reserve (HUF 70,200 thousand).

6. Services used

	year ending on 31/12/2017	year ending on 31/12/2016
Legal costs	(23 149)	(25 726)
Operation cost	(17 500)	(26 808)
Rentals	(8 091)	(8 146)
Consultancy fees	(26 667)	(32 994)
Banking costs	(3 864)	(3 684)
Other costs	(9 465)	(15 166)
Insurance fees	(914)	(6 432)
Communication and office costs	(2 156)	(3 427)
Costs related to real estates	(571)	(746)
Maintenance costs	(25 936)	(21 767)
Total	(118 313)	(144 896)

Services used by the Company are presented in the table above. The table above shows that the value of services used decreased by HUF 26,583 thousand from the previous year. The Company achieved the above decrease of costs by significantly reducing operational costs, consultancy fees, insurance fees and other fees.

7. Other revenues and expenditures

	year ending on 31/12/2017	year ending on 31/12/2016
Other Revenues		
Release of provisions	3 000	166 209
Release of depreciation of assets	12 371	95 668
Net profit of sales of plants, real estates and equipment	384	290
Other revenues	111	71 435
Total	15 866	333 602
Other expenditures		
Depreciation of assets	(310 133)	(808 695)
Generation of provisions	(483)	(575)
Penalties	(423)	(205 903)
Other taxes	(2 101)	(2 092)
Profit of scrapping tangible assets	(561)	0
Other expenditures	(12 627)	(121 582)
Total	(326 328)	(1 138 847)
Other revenues and expenditures (net)	(310 462)	(805 245)

Depreciation of assets was the following:

	year ending on 31/12/2017	year ending on 31/12/2016
Depletion of tangible assets	(268 907)	0
<i>Depreciation of receivables against affiliated enterprises</i>		
E-Star Alternative Energy SA	(14)	(572)
E-Star Centrul de Dezvoltare Regionala SRL	(2 629)	(589 430)
E-Star Energy Generation SA	(4 990)	(9 403)
E-Star Heat Energy SA	(2 313)	(2 378)
E-Star Management Plc.	(26 866)	(63 413)
E-Star Mures Energy SA	0	(9 296)
E-Star ZA Distriterm SRL	0	(1 656)
RFV Slovak	0	(4 080)
Depreciation of customer receivables	(2 860)	(122 081)
Depreciation of other receivables	(1 554)	(6 386)
Total	(310 133)	(808 695)

8. Financial expenditures (revenues)

	year ending on 31/12/2017	year ending on 31/12/2016
Dividend Revenue – Eetek Limited Ltd.	3 223 467	0
Interests received from affiliated company	9 267	9 713
Bank interest received	0	259
Other interest received	528	750
IFRIC 12 interest received	99 741	49 129
Other revenues from financial transactions	229 582	227
Not realised exchange rate difference	264	(22 363)
Interest paid to affiliated company	(124 162)	(214 526)
Other financial expenditures	(54)	(1 793)
Total	3 438 633	(178 604)

Interests received from affiliated company

	year ending on 31/12/2017	year ending on 31/12/2016
E-Star Centrul de Dezvoltare Regionala SRL	2 629	32
E-Star Heat Energy SA	2 313	2 378
E-Star Alternative Energy SA	14	14
E-Star Energy Generation SA	627	524
E-Star Management Plc.	3 684	1 878
RFV Józsefváros Kft.	0	800
RFV Slovak	0	4 080
ENEFI Projekttársaság Kft.	0	7
Total	9 267	9 713

Details of interest paid to affiliated company

	year ending on 31/12/2017	year ending on 31/12/2016
Eetek Limited	(123 987)	(200 134)
ENEFI Projekttársaság Kft.	(175)	(51)
ENEFI Polska	0	(14 341)
Total	(124 162)	(214 526)

The Company received HUF 3,223,467 thousand dividend on 19/04/2017 from Eetek Limited. The dividend was not paid directly in the form of cash but by setting off the loan interest debt of Enefi Plc. to Eetek Limited. Due to the transaction the amount of debt of Enefi Plc. towards Eetek Limited was reduced by HUF 2,897,191 thousand while the amount of loan interest was reduced by HUF 326,277 thousand.

Consequently the interest payable counted on the loan of Enefi Plc. towards Eetek Limited also significantly decreased.

9. Income tax revenue / expenditure (-)

	year ending on 31/12/2017	year ending on 31/12/2016
Corporate Tax	0	0
Local business tax	(9 381)	(9 790)
Innovation tax	(1 407)	(1 469)
Deferred tax expenditure (-) / revenue	0	0
Total	(10 788)	(11 259)

10. Profit realised on terminated activities

The Company sold the street lighting lights lease branch on 30/09/2017. Profit realised on terminated activities was as follows:

	year ending on 31/12/2017	year ending on 31/12/2016
Revenues from lease	14 814	25 739
Sales value of lease receivables branch	215 637	
Sales value of lease receivables	-172 863	
Payment off customer receivables	-174 591	
Writing off default interest generated on customer receivables	158 351	
Customer depreciation write-off	164 676	
Total	206 024	25 739

VI. Additional comments related to the balance sheet

11. Intangible Assets

Movements of assets are presented in the table below:

	Software and other intangible assets	Total
Gross value		
1 January 2016	63 390	63 390
Changes		0
31 December 2016	63 390	63 390
Asset disposal	(25 577)	(25 577)
31 December 2017	37 813	37 813
Depreciation		
1 January 2016	62 367	62 367
Depreciation in reference year	838	838
31 December 2016	63 205	63 205
Depreciation in reference year	185	185
Asset disposal	(25 577)	(25 577)
31 December 2017	37 813	37 813
Book value		
1 January 2016	1 023	1 023
31 December 2016	185	185
31 December 2017	0	0

12. Tangible assets

Movements of assets are presented in the table below:

	Real estates and buildings	Technical equipment	Other equipment	Total
Gross value				
1 January 2016	289 221	439 717	79 441	808 379
Increase	1 149	3 472	323	4 944
Sales			(5 247)	(5 247)
31 December 2016	290 370	443 189	74 517	808 076
Sales			(2 285)	2 (285)
Asset disposal	(19 174)	(142 596)	(47 953)	(209 723)
31 December 2017	271 196	300 593	24 279	596 068
Depreciation				
1 January 2016	19 344	395 296	62 035	476 675
Depreciation in reference year	120	13 114	5 734	18 968
Write off due to sales			(4 656)	(4 656)
2016 31 December	19 464	408 410	63 113	490 987
Depreciation in reference year	137	9 851	4 097	14 085
Write off due to sales			(1 169)	(1 169)
Write off due to scrapping	(19 174)	(142 075)	(47 912)	(209 161)
Depreciation	268 907			268 907
Depreciation write-off Impact of exchange rate fluctuations				0
31 December 2017	269 334	276 186	18 129	563 649
Book value				
1 January 2016	269 877	44 421	17 406	331 704
31 December 2016	270 906	34 779	11 404	317 089
31 December 2017	1 862	24 407	6 150	32 419

13. Shares in subsidiaries

	31/12/2017	31/12/2016
RFV Józsefváros Kft	1 470	1 470
Termoenergy SRL	38 500	38 500
E-Star Centrul de Dezvoltare Regionala SRL	34 525	34 525
E-Star ZA Distrierm SRL	1 380	1 380
E-Star Mures Energy SA	5 913	5 913
E-Star Energy Generation SA	5 913	5 913
E-Star Heat Energy SA	5 913	5 913
E-Star Alternative Energy SA	5 913	5 913
E-Star Management Plc.	5 000	5 000
EETEK Limited	6 384 260	6 384 260
ENEFI Projekttársaság Kft.	52 191	52 191
Total	6 540 978	6 540 978
Accounted depreciation	(2 970 093)	(3 199 675)
Book value	3 570 885	3 341 303

Depreciation accounted on shares are presented in the table below:

	31/12/2017	31/12/2016
RFV Józsefváros Kft.	0	0
Termoenergy SRL	(38 500)	(38 500)
E-Star Centrul de Dezvoltare Regionala SRL	(34 525)	(34 525)
E-Star ZA Distrierm SRL	(1 380)	(1 380)
E-Star Mures Energy SA	(5 913)	(5 913)
E-Star Energy Generation SA	(5 913)	(5 913)
E-Star Heat Energy SA	(5 913)	(5 913)
E-Star Alternative Energy SA	(5 913)	(5 913)
E-Star Management Plc.	(5 000)	(5 000)
Eetek Limited	(2 814 845)	(3 096 618)
ENEFI Projekttársaság Kft.	(52 191)	0
Total	(2 970 093)	(3 199 675)

Book value of shares are presented in the table below:

	31/12/2017	31/12/2016
RFV Józsefváros Kft.	1470	1470
Termoenergy SRL	0	0
E-Star Centrul de Dezvoltare Regionala SRL	0	0
E-Star ZA Distriterm SRL	0	0
E-Star Mures Energy SA	0	0
E-Star Energy Generation SA	0	0
E-Star Heat Energy SA	0	0
E-Star Alternative Energy SA	0	0
E-Star Management Plc.	0	0
Eetek Limited	3 569 415	3 287 642
ENEFI Projekttársaság Kft.	0	52 191
Total	3 570 885	3 341 303

The Company accounts for its shares at procurement value reduced by depreciation. The Company accounted HUF 52,191 thousand depreciation for the shares of ENEFI Projekttársaság Kft and HUF 281,773 thousand depreciation write-back for the shares of Eetek Limited. The value of the shares was modified on the basis of the own capital of the subsidiaries on 31/12/2017.

14. Other long-term receivables

	31/12/2017	31/12/2016
E-Star Heat Energy SA loan	20 247	20 247
E-Star Heat Energy SA loan interest	9 669	7 356
Total	29 916	27 603
Accounted depreciation	-29 916	-27 603
Book value	0	0

The Company accounts the loan given to E-Star Heat Energy SA and the corresponding interest among other long-term receivables.

15. Financial assets

tangible assets accounted on the basis of IFRIC 12:

	31/12/2017	31/12/2016
Assets arising from concession agreements for services	581 182	642 290

Assumptions used in determining fair value on effective date:

The Group discounted the future cash flows with the internal discount rate valid on the project in the moment of concluding the deal in all cases (in determining the fair value the discount rates used were in the range of 6% - 8%:

Project	Date	Maturity	31/12/2017	31/12/2016
Józsefváros	01/08/2007	31/07/2022	525 511	541 312
Csurgó	15/10/2005	14/10/2018	8 189	6 799
Mezőcsát	01/01/2006	31/12/2017	0	15 332
Pápa	01/09/2005	31/05/2018	1 283	8 622
Tiszalúc	01/10/2005	30/09/2017	0	8 712
Demecser	01/12/2006	30/11/2018	9 561	21 003
Fót	21/10/2005	21/10/2018	7 440	6 736
Gesztely	01/08/2006	31/07/2018	6 164	6 395
Inke	01/12/2006	30/11/2018	2 492	4 741
Tarnaméra	01/11/2007	31/10/2019	3 953	3 511
Győr	01/09/2008	31/08/2020	6 819	9 940
Pilisszentkereszt	01/10/2008	30/09/2020	6 437	9 187
Heves	01/11/2006	31/10/2018	3 333	0
Total			581 182	642 290

16. Lease receivables

	31/12/2017	31/12/2016
Long-term receivables from the rentals of assets	154 491	353 658
Short-term receivables from the rentals of assets	5 528	20 113
Total	160 019	373 771

The Company handed over assets to Enerin Közvilágítási Kft, and E-Star ESCO under financial lease. The assets were handed over in January and December 2014 and October 2015. The duration of the lease agreements varies by assets, typically 4 to 7 years' agreements were concluded with the partners. The assets include machines and equipment related to heating and street lighting. The leaseholders fulfil the service set forth in the concession agreement with the help of the leased assets. They assign the fee received for this service to the company lease the assets. Under the lease agreements the lessee shall establish collection

right to the benefit of the lessor which collection right shall cover lease fees and potentially existing or future payable penalties.

Presentation of lease receivables

The Company discounted the future cash flows with the internal discount rate valid on the project in the moment of concluding the deal in all cases.

	31/12/2017		31/12/2016	
	Minimum lease fees	Present value of lease fees	Minimum lease fees	Present value of lease fees
Within 1 year	129 413	5 528	208 005	20 113
Between 1 and 5 years	414 255	92 718	712 005	175 157
over 5 years	89 996	61 773	209 526	178 501
			1 129	
Total minimum lease fee	633 664	160 019	536	373 771
Not served interest	-473 645		-755 765	
Present value of lease fees	160 019	160 019	373 771	373 771

	31/12/2017	31/12/2016
Opening account	373 771	410 172
Modification of previous year	-12 646	0
Lease fee decrease	(28 243)	(36 401)
Write off due to sales of lease portfolio	(172 863)	
Total	160 019	373 771

17. Deferred tax assets and payables

In the calculation of deferred tax the Company compares the value to be taken into consideration for taxation by assets and liabilities with the book value. If the difference is returning (i.e. the difference is balanced within a foreseeable period of time) then the deferred tax shall be presented as liability or asset depending on its sign. Upon presenting as asset, the Company separately reviewed return.

Upon determining tax, each enterprise of the Company calculated with 9% return rate in both years, since the given assets and liabilities become actual taxes in periods when the tax rate is determined in 9% in the legal regulation in effect.

The Company decided not to take deferred tax assets in its books because the return thereof is not probable. The amount of the taxable differences - thus the value of the unrepresented deferred tax asset too - shall be included in the following table:

Tax balance and interim differences for 2017:

	Accounting value	Tax value	Difference
Tangible assets	32 419	272 814	(240 395)
Investments in affiliated company	3 570 885	3 570 885	0
Other long-term receivables	0	29 916	(29 916)
Financial assets (IFRIC 12)	581 182	0	581 182
Lease receivables	160 019	0	160 019
Customers	92 636	456 478	(363 842)
Other receivables	127 903	9 662 942	(9 535 039)
Accruals	4 648	4 648	0
Cash and cash equivalents	348 633	348 633	0
Provisions	97 564	0	97 564
Short-term credits	3 662 344	3 662 344	0
Supplier liability	29 731	29 731	0
Passive accruals	7 530	7 530	0
Other short-term liability	17 706	17 706	0
Accruals of loss	0	7 285 195	(7 285 195)
			(16 615 622)
	8 733 200	25 348 822	
		Taxable difference	16 615 622
		Deferred tax liability	1 495 406

The following differences were identified in 2016:

	Accounting value	Tax value	Difference
Intangible assets	185	0	(185)
Tangible assets	317 089	275 395	(41 694)
Investments in affiliated company	3 341 303	3 341 303	0
Other long-term receivables	0	27 603	(27 603)
Financial assets (IFRIC 12)	642 290	0	642 290
Lease receivables	373 771	0	373 771
Customers	135 586	809 731	(674 145)
Other receivables	172 085	9 535 572	(9 363 487)
Accruals	8 217	8 217	0
Cash and cash equivalents	50 557	50 557	0
Provisions	100 081	0	100 081
Long-term Liabilities	6 357 122	6 357 122	
Short-term credits	93 306	93 306	0
Supplier liability	95 586	95 586	0
Passive accruals	12 855	12 855	0
Other short-term liability	169 141	169 141	0
Accruals of loss	0	7 285 195	(7 285 195)
			(16 192 594)
	11 868 989	28 061 583	
		Taxable difference	16 192 594
		Deferred tax liability	1 457 333

18. Customer receivables

The following information is relevant in relation with customer receivables and the depreciation thereof:

	31/12/2017	31/12/2016
Customers	92 636	135 586
	31/12/2017	31/12/2016
Not matured	45 753	110 418
between 0 and 90 days	24 382	60 256
between 91 and 180 days	5 457	(6 797)
between 181 and 360 days	17 716	96 258
Maturity over one year	363 170	549 596
Gross customer total	456 478	809 731
Accounted customer depreciation:	(363 842)	(674 145)
Customers on effective date	92 636	135 586

The receivables maturing by the effective date but on the basis of the judgement of the management of the Company the Company did not identify risk considering the probability of their return (or covered liability by other assets) the Company did not use the opportunity to account for depreciation.

Expired but not depreciated receivables	31/12/2017	31/12/2016
between 0 and 90 days	70 135	134 940
between 91 and 180 days	5 457	(281)
between 181 and 360 days	17 044	0
Maturity over one year	0	927
Total:	92 636	135 586

In examining the possibility of realising a certain customer receivable, the Company considers the potential changes occurring in the credit quality of the receivable between providing the loan and the end of the reporting period. Payment term of customer invoices shall be 8 days in every case.

19. Other receivables

	31/12/2017	31/12/2016
Affiliated loan	6 647 746	6 473 736
Affiliated loan interests	2 742 457	2 745 856
Loan and interest given - Hóáramkör Kft.	33 960	33 960
Member's credit	10 763	10 252
Receivables from assignment	0	25 976
Other receivables Pannon Fuel Kft	47 755	26 012
Other tax receivables	5 398	52 363
VAT receivables	61 656	53 427
Other receivables	113 208	113 989
Other receivables total gross	9 662 943	9 535 571
Accounted depreciation	(9 535 040)	(9 363 486)
Other receivables total	127 903	172 085

Details of affiliated loans and loan interests are presented in the table below:

	31/12/2017	31/12/2016
Affiliated loan		
Termoenergy SRL	34 344	34 344
E-Star Centrul de Dezvoltare Regionala SRL	4 538 267	4 346 723
E-Star Mures Energy SA	1 655 450	1 655 450
E-Star Heat Energy SA	11 808	11 808
E-Star Alternative Energy SA	816	816
E-Star Energy Generation SA	38 818	34 455
E-Star ZA Distriterm SRL	169 788	171 418
E-Star Management Plc.	123 065	99 883
E-Star Investment Management SRL	26 687	26 688
E-Star Investment Management SRL	3 285	3 285
E-Star Centrul de Dezvoltare Regionala SRL	0	43 448
E-Star Energy Generation SA	45 418	45 418
Total	6 647 746	6 473 736

	31/12/2017	31/12/2016
Affiliated loan interests		
Termoenergy SRL	19 772	19 772

E-Star Centrul de Dezvoltare Regionala SRL	2 143 683	2 141 054
E-Star Mures Energy SA	345 975	345 975
E-Star Heat Energy SA	3 201	3 201
E-Star Alternative Energy SA	4 733	4 719
E-Star Energy Generation SA	123 756	123 129
E-Star ZA Distriterm SRL	92 656	92 656
E-Star Management Plc.	5 592	1 909
E-Star Investment Management SRL	3 089	3 089
E-Star Centrul de Dezvoltare Regionala SRL	0	10 352
Total	2 742 457	2 745 856

Depreciation accounted on other receivables is presented in the table below:

	31/12/2017	31/12/2016
Affiliated loan		
Termoenergy SRL	(34 344)	(34 344)
E-Star Centrul de Dezvoltare Regionala SRL	(4 538 267)	(4 346 723)
E-Star Mures Energy SA	(1 655 450)	(1 655 450)
E-Star Heat Energy SA	(11 808)	(11 808)
E-Star Alternative Energy SA	(816)	(816)
E-Star Energy Generation SA	(38 818)	(34 455)
E-Star ZA Distriterm SRL	(169 788)	(171 418)
E-Star Management Plc.	(123 065)	(99 883)
E-Star Investment Management SRL	(26 687)	(26 688)
E-Star Investment Management SRL	(3 285)	(3 285)
E-Star Centrul de Dezvoltare Regionala SRL	0	(43 448)
E-Star Energy Generation SA	(45 418)	(45 418)
Total	(6 647 746)	(6 473 736)

<u>Affiliated loan interests</u>		
Termoenergy SRL	(19 772)	(19 772)
E-Star Centrul de Dezvoltare Regionala SRL	(2 143 683)	(2 141 054)
E-Star Mures Energy SA	(345 975)	(345 975)
E-Star Heat Energy SA	(3 201)	(3 201)
E-Star Alternative Energy SA	(4 733)	(4 719)
E-Star Energy Generation SA	(123 756)	(123 129)
E-Star ZA Distriterm SRL	(92 656)	(92 656)
E-Star Management Plc.	(5 592)	(1 909)
E-Star Investment Management SRL	(3 089)	(3 089)
E-Star Centrul de Dezvoltare Regionala SRL	0	(10 352)
Total	(2 742 457)	(2 745 856)
Loan and interest given - Hóáramkör Kft.	(33 960)	(33 960)
Other receivables	(110 877)	(109 934)
Total	(9 535 040)	(9 363 486)

Taxes registered at the same tax authority shall be presented by the Company in net amounts. Tax balances with debts have been classified in liabilities (if the given company owes the tax authority in total).

20. Active accruals

Accruals are detailed in the table below:

	31/12/2017	31/12/2016
Active accruals of costs and expenditures	785	782
Accruals of due revenues	3 863	7 435
Total	4 648	8 217

21. Cash and cash equivalents

	31/12/2017	31/12/2016
Bank balances	348 071	50 008
Cash	562	549
Cash and cash equivalents	348 633	50 557

Accounts immediately convertible to cash and usable are exclusively presented among in cash.

22. Subscribed capital

The subscribed capital contains the par value of the shares issued. Current par value is HUF 10 / piece. The movement of shares in the reference period is presented in the following table:

	31/12/2017	31/12/2016
	piece	piece
Ordinary shares of HUF 10 par value issued	0	2 500 000

Subscribed capital at par value	31/12/2017	31/12/2016
Par value on 1 January	271 726	271 726
Par value of own shares delisted during the year	(196 726)	0
Par value of ordinary shares issued during the year	25 000	0
on 31 December 2017	100 000	271 726

Number of ordinary shares issued and paid	31/12/2017	31/12/2016
Quantity on 1 January (pieces)	27 172 579	27 172 579
Number of own shares delisted during the year	(19 672 579)	0
Number of shares issued during the year	2 500 00	0
on 31 December 2017	10 000 000	27 172 579

The Company issued 2,500,000 pieces of employee shares on 21 April 2017 as a result of which the subscribed capital increased by HUF 25,000 thousand.

The Company conducted capital decrease on 26 September 2017 by delisting 19,672,579 pieces of own shares as a result of which the subscribed capital decreased by HUF 196,726 thousand.

23. Capital reserves (premium)

	31/12/2017	31/12/2016
Balance at the beginning of year	21 460 470	21 254 954
Employee share issue I.	205 516	0
Employee share repurchase	(107 279)	0
Employee share issue II.	70 200	0
Balance at the end of year	21 423 391	21 254 954

The value of reserves in the reference year changed due to issuing and repurchasing employee shares and the capital decrease on 26 September 2017.

24. Own shares

Number of own shares	31/12/2017	31/12/2016
	piece	piece
Opening value	17 801 409	4 869 155
Own shares of companies out of consolidation		
Number of own shares repurchased	1 926 241	12 932 254
Number of own shares delisted	(19 672 579)	
Own shares sold		
Number of own shares (pieces)	55 071	17 801 409

Value of own shares	31/12/2017	31/12/2016
Opening value	4 399 285	1 274 167
Modifications of previous years		
Modified opening value		
Own shares of companies out of consolidation		
Book value of own shares repurchased	479 445	3 125 118
Book value of own shares delisted	(4 867 078)	
Own shares sold		
Book value of own shares	11 652	4 399 285

25. Earnings per share (EPS) calculation

In the calculation of profit per share the total profit can be taken into consideration since there is no profit on minority shares or activity to be terminated.

The number of shares was the following in 2016 and 2017:

Date	Event	Piece	Par value	Change of subscribed capital	Balance of subscribed capital
01/01/2016	Opening value	27 172 579	10	271 725 790	
31/12/2016	Closing value	27 172 579	10		271 725 790
07/07/2017	Issue	2 500 000	10	25 000 000	
26/09/2017	Delisting	(19 672 579)	10	(196 725 790)	
31/12/2017	Closing value	10 000 000	10		100 000 000

The average share price had to be taken into consideration in the calculation (average weighed by time) which was the following (together with EPS index):

	31/12/2017	31/12/2016
Basic EPS index for continued activity (thousand HUF / piece)	0.13	(0.04)
Diluted EPS index for continued activity (thousand HUF / piece)	0.13	(0.04)
Number of shares for EPS (piece)	23 163 702	27 172 579
Number of shares for diluted EPS (piece)	23 793 702	29 672 579
	31/12/2017	31/12/2016
Basic EPS index for terminated activity (thousand HUF / piece)	0.01	0.00
Diluted EPS index for terminated activity (thousand HUF / piece)	0.01	0.00
Number of shares for EPS (piece)	23 163 702	27 172 579
Number of shares for diluted EPS (piece)	23 793 702	29 672 579

26. Provisions

	Provision generated for liabilities related to taxes	Provision generated for expected liabilities arising from employment	Total
1 January 2016	48 681	51 400	100 081
Short-term provisions (-)			0
Long-term provisions (-)			0
Provision generated during the year			0
Provision used during the year			0
Impact of exchange rate fluctuations			0
31 December 2016	48 681	51 400	100 081
Short-term provisions (-)			0
Long-term provisions (-)	483	(3 000)	(2 517)
Provision generated during the year			0
Provision used during the year			0
Correction during the year	483	(3 000)	
Impact of exchange rate fluctuations			0
31 December 2017	49 164	48 400	97 564
Short-term provisions (-)	0	0	0
Long-term provisions (-)	49 164	48 400	97 564

27. Long-term liabilities

The Company registered the loan debt and the interest thereof to Eetek Limited in 2016 among long-term liabilities. These loan debts were presented in the reference year among short-term loans since the maturity of the loans is less than one year.

28. Short-term credits

	31/12/2017	31/12/2016
Loan from Eetek Limited – loan 1	3 498 528	0
Loan from Eetek Limited – loan 2	93 042	93 306
Loan interest from Eetek Limited – loan 1	66 721	0
Loan from ENEFI Projektársaság Kft	3 878	0
Loan interest from ENEFI Projektársaság Kft	175	0
Total	3 662 344	93 306

The decrease of the loan and loan interest towards Eetek Limited is explained by the payment of the dividend received from Eetek Limited by loan repayment.

The Company received HUF 3,223,467 thousand dividend on 19/04/2017 from Eetek Limited. The dividend was not paid directly in the form of cash but by setting off the loan interest debt of Enefi Plc. to Eetek Limited. Due to the transaction the amount of debt of Enefi Plc. towards Eetek Limited was reduced by HUF 2,897,191 thousand while the amount of loan interest was reduced by HUF 326,277 thousand.

The conditions of the loans existing to Eetek Limited are presented in the table below:

	Frequency of repayment	Interest extent	Nominal debt on 31/12/2017	Currency	Maturity
Eetek Limited - loan 1	at the end of duration	1 month's BUBOR + 3%	3 498 528	thousand HUF	31/12/2017
Eetek Limited - loan 2	at the end of duration	free of interest	300 000	EUR	31/10/2018

29. Deferrals

The balance sheet line is divided as follows:

	31/12/2017	31/12/2016
Accrued revenue	0	0
Accrued costs	7 530	12 855
Total	7 530	12 855

30. Other short-term liabilities

The balance sheet line is divided as follows:

	31/12/2017	31/12/2016
Enerin default interest, flat rate collection cost	0	158 351
Other taxes payable	9 377	4 169
Wages payable	3 475	3 482
Payroll taxes	2 298	1 728
Other liabilities	2 556	1 411
Total	17 706	169 141

VII. Change to IFRS

On the basis of section (a), Paragraph (2)A, Article 9/A. of the Act on Accounting, the Company shall prepare its annual report in conformity with the IFRS from 01/01/2017.

Their rules of the transition to IFRS is included in IFRS 1 First-time Adoption of International Financial Reporting Standards. On the basis of the standard if a business association maintains its books and prepares its financial reports in conformity with the IFRS from 1 January 2017 for the effective date then the first report prepared in conformity with the IFRS shall include:

- three balance sheets on points in time
- two general profit and loss statements for periods of time;
- change of equity reports for two periods of time
- cash flow reports for two periods of time
- additional comments related to the above

Opening account on 01/01/2016:

	01/01/2016 audited
Intangible assets	1 023
Real estates held for investment	0
Tangible assets	331 704
Investments in affiliated company	3 363 501
Other long-term receivables	58 550
Financial assets (IFRIC 12)	745 418
Lease receivables	410 172
Deferred tax assets	0
Fixed Assets	4 910 368
Other assets for sale	0
Inventories	0
Customers	266 712
Other receivables	795 286
Accruals	70 501
Securities	0
Cash and cash equivalents	55 108
Current assets	1 187 607
TOTAL ASSETS	6 097 975
Subscribed capital	271 726
Reserves	21 254 954
Own shares	(1 274 167)
Retained earnings	(18 065 881)
Annual profit	86 351
Equity	2 272 983
Provisions	265 714
Long-term Liabilities	945 456
Long-term liabilities	1 211 170
Short-term credits	2 455 625
Supplier liability	46 056
Passive accruals	81 492
Other short-term liability	30 649
Short-term liabilities	2 613 822
TOTAL EQUITY AND LIABILITIES	6 097 975

The table below presents the calculation between the Hungarian and the IFRS result for 31/12/2016:

Items generating profit	31/12/2016 HUN	Lease	IFRIC 12	Revaluation difference of own shares	Stock-based benefits	31/12/2016 IFRS
Net sales revenues	667 450	(36 401)	(152 257)			478 792
Other revenues	136 054					136 054
Material type expenditures	(322 826)					(322 826)
Payments to personnel	(75 925)					(75 925)
Stock-based benefits	0				(230 516)	(230 516)
Depreciation and amortization	(128 235)	57 348	51 081			(19 806)
Other expenditures	(952 556)					(952 556)
Financial revenues	12 804		49 130			61 934
Financial expenditures	(540 619)			300 079		(240 540)
Pre-tax profit	(1 203 853)	20 947	(52 046)	300 079	(230 516)	(1 165 389)
Income tax	0	0	0	0		0
After-tax profit	(1 203 853)	20 947	(52 046)	300 079	(230 516)	(1 165 389)

The table below presents the registered capital calculation by IFRS for 1 January 2016 and 31 December 2016.

Capital elements	Subscribed capital	Subscribed but yet unpaid capital	Capital reserve	Retained earnings	Committed reserve	Own shares	Reserve of stock-based payments	After-tax profit
Hungarian - 1 January 2016	271 726	0	21 254 954	(18 996 948)	931 067	0	0	(825 532)
Transfer of development reserve to accumulated profit reserve				195 824	(195 824)			0
Delisting own shares				735 243	(735 243)	(735 243)		0
Drawing lease receivables								12 252
Drawing IFRIC 12 financial assets								360 707
Revaluation difference of own shares						(538 924)		538 924
IFRS - 1 January 2016	271 726	0	21 254 954	(18 065 881)	0	(1 274 167)	0	86 351
Capital elements	Subscribed capital	Subscribed but yet unpaid capital	Capital reserve	Retained earnings	Committed reserve	Own shares	Reserve of stock-based payments	After-tax profit
Hungarian - 31 December 2016	271 726	0	21 254 954	(22 647 520)	3 756 106	0	0	(1 203 853)
Transfer of development reserve to accumulated profit reserve				195 824	(195 824)			0
Delisting own shares				3 560 282	(3 560 282)	(3 560 282)		0
Transcription of profit from previous year to profit reserve				911 884		(538 924)		0
Transactions related to lease IFRIC 12 transactions related to financial assets								20 947
Revaluation difference of own shares						(300 079)		300 079
Stock-based benefits							230 516	(230 516)
IFRS - 31 December 2016	271 726	0	21 254 954	(17 979 530)	0	(4 399 285)	230 516	(1 165 389)

VIII. Other announcements

31. Operational segments

Since the Company is a business association registered at the stock exchange, the segment is bound to announce information.

The segment of operation is an element of the business association:

- a) which performs business activity including revenues and expenses (including the revenues and expenses related to the transactions performed with other elements of the same business association);
- b) the operational profit of which is regularly revised by the major operational decision-maker of the business association in order to decide on the resources to be assigned to the segment and to evaluate its performance; and
- c) which has relevant financial information available.

The strategic operational decisions of the Company shall be made by the members of the Board of Directors so from the point of view of determining the segments, the management used the reports made for them in preparing the financial report. The members of the Board of Directors stated that the operation of the Company essentially covers one activity: the Company implements primarily energetic developments returning from savings for its customers / future customers, with the long term operation of which it shall supply power for its customers effectively. The activity of the Company is focussed exclusively on Hungary so the operational segments cannot be divided by activities or geographic regions. Members of the Board of Directors also stated that there are no segments the operational profits of which they would review in order to make decisions on the resources to be assigned to the given segment.

Subject to the above, the members of the Board of Directors of the Company stated that - being an enterprise registered at the stock exchange - the company is obliged to publish operational segment information, however the Company is not able to determine segments either on the basis of activity or geographic region, therefore the publication of such segment information is not possible.

32. Announcements related to affiliated parties

The key managers of the company shall be qualified as affiliated parties. The management of the Company determined the following affiliated parties in the period of the financial reports:

On behalf of the Board of Directors:

Csaba Soós, chairperson of the Board of Directors

Attila Gagyi Pálffy member of the Board of Directors

László Bálint member of the Board of Directors

Balances on the effective date arising from the transactions performed with the above affiliated parties:

	31/12/2017	31/12/2016
Transactions concerning balance sheet		
Capital receivables against affiliated parties Attila Gagyi Pálffy	10 000	10 000
Interest receivables against affiliated parties Attila Gagyi Pálffy	763	252
Total	10 763	10 252
Transactions concerning profit		
Interest incomes from affiliated party	512	252
Total	512	252

Conditions of transactions with affiliated parties shall meet market conditions.

The remuneration of chief executive is presented in the table below:

	31/12/2017	31/12/2016
Gross wage, agency fee, honorarium	36 280	32 325
Stock-based payments	114 400	87 400
Total	150 680	119 725

The Company performed the following transactions with affiliated companies in 2017 and the relationship is characterised with the following major accounts (transactions were priced on market basis):

Partner	Type of transaction	Amount
Eetek Limited		
	Profit positions	
	Interest payable	123 987
	Dividend received	3 223 467
	Depreciation of shares (profit)	291 075
	Balance sheet positions	
	Shares	6 384 260
	Depreciation of shares	2 814 845
	Short-term credits	3 591 570
	Interest of short-term loans	66 721
ENEFI Projekttársaság Kft.		
	Profit positions	
	Revenues	180
	Interest payable	175
	Depreciation of shares (profit)	52 191
	Balance sheet positions	
	Shares	52 191
	Depreciation of shares	52 191
	Short-term credits	3 878
	Interest of short-term loans	175
	Customer receivables	457
E-Star Alternative Energy SA		
	Profit positions	
	Depreciation	14
	Revenue from interests	14
	Balance sheet positions	
	Loan interest receivables	4 733
	Depreciation of loan interest receivables	4 733
	Loan receivables	816
	Depreciation of loan receivables	816
	Shares	5 913
	Depreciation of shares	5 913
E-Star Centrul de Dezvoltare Regionala SRL		
	Profit positions	
	Depreciation	2 629
	Revenue from interests	2 629

Management fees	4 052
Reversed depreciation	9 725
Balance sheet positions	
Loan interest receivables	2 143 683
Depreciation of loan interest receivables	2 143 683
Loan receivables	4 538 267
Depreciation of loan receivables	4 538 267
Shares	34 525
Depreciation of shares	34 525
Supplier debts	333

E-Star Energy Generation SA

Profit positions	
Depreciation	4 990
Revenue from interests	627
Balance sheet positions	
Loan interest receivables	123 756
Depreciation of loan interest receivables	123 756
Loan receivables	84 236
Depreciation of loan receivables	84 236
Shares	5 913
Depreciation of shares	5 913
Supplier debts	764

E-Star Heat Energy SA

Profit positions	
Depreciation	2 313
Revenue from interests	2 313
Balance sheet positions	
Loan interest receivables	3 201
Depreciation of loan interest receivables	3 201
Loan receivables	11 808
Depreciation of loan receivables	11 808
Shares	5 913
Depreciation of shares	5 913
Long-term loan given	20 247
Depreciation of long-term loan given	20 247
Interest of long-term loan given	9 669
Depreciation of interest of long-term loan given	9 669

E-Star Investment Management SRL

Balance sheet positions	
Loan interest receivables	3 088
Depreciation of loan interest receivables	3 088

	Loan receivables	29 972
	Depreciation of loan receivables	29 972
E-Star Management Zrt.		
	Profit positions	
	Revenues	3 200
	Depreciation	26 866
	Revenue from interests	3 683
	Balance sheet positions	
	Loan interest receivables	5 592
	Depreciation of loan interest receivables	5 592
	Loan receivables	123 065
	Depreciation of loan receivables	123 065
	Shares	5 000
	Depreciation of shares	5 000
	Customer receivables	204
E-Star Mures Energy SA		
	Balance sheet positions	
	Loan interest receivables	345 975
	Depreciation of loan interest receivables	345 975
	Loan receivables	1 655 450
	Depreciation of loan receivables	1 655 450
	Shares	5 913
	Depreciation of shares	5 913
	Customer receivables	36 970
E-Star ZA Distriterm SRL		
	Profit positions	
	Reversed depreciation	1 629
	Balance sheet positions	
	Loan interest receivables	92 656
	Depreciation of loan interest receivables	92 656
	Loan receivables	169 788
	Depreciation of loan receivables	169 788
	Shares	1 380
	Depreciation of shares	1 380
RFV Józsefváros Kft.		
	Profit positions	
	Revenues	226 311
	Revenue from interests	64 537
	Balance sheet positions	
	Revenue accruals	356
	Other short-term receivables	51 951
	Financial assets - IFRIC 12	525 511
	Shares	1 470
	Customer receivables	39 981

Termoenergy SRL

Balance sheet positions

Loan interest receivables	19 772
Depreciation of loan interest receivables	19 772
Loan receivables	34 344
Depreciation of loan receivables	34 344
Shares	38 500
Depreciation of shares	38 500

The following transactions can be identified in year 2016:

Partner	Type of transaction	Amount
Eetek Limited		
	Profit positions	
	Interest payable	200 134
	Balance sheet positions	
	Shares	6 384 260
	Depreciation of shares	3 096 618
	Short-term credits	93 032
	Long-term loans	6 080 451
	Interest of long-term loans	269 011
ENEFI Polska		
	Profit positions	
	Interest payable	14 341
ENEFI Projekttársaság Kft.		
	Profit positions	
	Revenues	180
	Revenue from interests	7
	Interest payable	51
	Balance sheet positions	
	Revenue accruals	180
	Shares	52 191
	Short-term credits	7 660
E-Star Alternative Energy SA		
	Profit positions	
	Depreciation	572
	Revenue from interests	13
	Balance sheet positions	
	Loan interest receivables	4 719
	Depreciation of loan interest receivables	4 719
	Loan receivables	816
	Depreciation of loan receivables	816
	Shares	5 913
	Depreciation of shares	5 913
E-Star Centrul de Dezvoltare Regionala SRL		
	Profit positions	

Depreciation	999 430
Revenue from interests	32
Management fees	3 812
Reversed depreciation	95 524
Balance sheet positions	
Loan interest receivables	2 141 054
Depreciation of loan interest receivables	2 141 054
Loan receivables	4 400 523
Depreciation of loan receivables	4 400 523
Shares	34 525
Depreciation of shares	34 525
Customer receivables	294 938

E-Star Energy Generation SA

Profit positions	
Depreciation	9 402
Revenue from interests	524
Balance sheet positions	
Loan interest receivables	123 129
Depreciation of loan interest receivables	123 129
Loan receivables	79 873
Depreciation of loan receivables	79 873
Shares	5 913
Depreciation of shares	5 913
Supplier debts	1 684

E-Star Heat Energy SA

Profit positions	
Depreciation	2 378
Revenue from interests	2 378
Balance sheet positions	
Loan interest receivables	3 201
Depreciation of loan interest receivables	3 201
Loan receivables	11 808
Depreciation of loan receivables	11 808
Shares	5 913
Depreciation of shares	5 913
Long-term loan given	20 247
Depreciation of long-term loan given	20 247
Interest of long-term loan given	7 356
Depreciation of interest of long-term loan given	7 356

E-Star Investment Management SRL**Balance sheet positions**

	Loan interest receivables	3 088
	Depreciation of loan interest receivables	3 088
	Loan receivables	29 972
	Depreciation of loan receivables	29 972
E-Star Management Zrt.		
	Profit positions	
	Revenues	80
	Depreciation	63 413
	Revenue from interests	1 878
	Balance sheet positions	
	Revenue accruals	80
	Loan interest receivables	1 909
	Depreciation of loan interest receivables	1 909
	Loan receivables	99 883
	Depreciation of loan receivables	99 883
	Shares	5 000
	Depreciation of shares	5 000
E-Star Mures Energy SA		
	Profit positions	
	Depreciation	9 296
	Balance sheet positions	
	Loan interest receivables	345 975
	Depreciation of loan interest receivables	345 975
	Loan receivables	1 655 450
	Depreciation of loan receivables	1 655 450
	Shares	5 913
	Depreciation of shares	5 913
	Customer receivables	36 970
E-Star ZA Distriterm SRL		
	Profit positions	
	Depreciation	1 656
	Balance sheet positions	
	Loan interest receivables	92 656
	Depreciation of loan interest receivables	92 656
	Loan receivables	171 418
	Depreciation of loan receivables	171 418
	Shares	1 380
	Depreciation of shares	1 380
RFV Józsefváros Kft.		
	Profit positions	
	Revenues	301 095
	Revenue from interests	800
	Balance sheet positions	

	Revenue accruals	4 429
	Other short-term receivables	53 427
	Costs, expenditures, accruals	1 309
	Shares	1 470
	Customer receivables	27 850
RFV Slovak		
Profit positions		
	Depreciation	4 080
	Revenue from interests	4 080
Termoenergy SRL		
Balance sheet positions		
	Loan interest receivables	19 772
	Depreciation of loan interest receivables	19 772
	Loan receivables	34 344
	Depreciation of loan receivables	34 344
	Shares	38 500
	Depreciation of shares	38 500

33. Sensitivity test

The Company concluded that its profit depend on two key variables of financial nature (interest level, exchange rate). The sensitivity tests of these have been conducted.

Using the current exchange rates the Company can be characterised by the following values:

	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	93 042	93 306
Net foreign currency	93 042	93 306

The Company has significant customer and loan receivables in foreign currency against the affiliated companies, however taking the later possibility of realisation into consideration, these balances in foreign currency were completely depreciated in previous years. Consequently in the analysis of the risk of fluctuations of exchange rates the Company did not count with the assets in foreign currency. In addition to the aforementioned assets in foreign currency the Company also has a short-term, Euro-based loan debt to an affiliated company. The foreign currency risk analysis was prepared for this loan debt.

The same values are the following regarding interests:

	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(114 367)	(203 804)
Pre-tax profit	3 380 690	(923 614)

Result of interest sensitivity test (in the percentage of the change of interest):

+0.5 %	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(134 050)	(229 288)
Pre-tax profit	3 361 007	-949 098
Change of pre-tax profit	-19 683	-25 484

+1 %	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(153 749)	(254 770)
Pre-tax profit	3 341 308	-974 580
Change of pre-tax profit	-39 382	-50 966

+3 %	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(232 545)	(356 699)
Pre-tax profit	3 262 512	-1 076 509
Change of pre-tax profit	-118 178	-152 895

-0.5 %	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(94 652)	(178 324)
Pre-tax profit	3 400 405	-898 134
Change of pre-tax profit	19 715	25 480

-1%	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(74 953)	(152 841)
Pre-tax profit	3 420 104	-872 651
Change of pre-tax profit	39 414	50 963

-3%	31/12/2017	31/12/2016
Pre-tax profit - without interest payable	3 495 057	(719 810)
Net interest payable	(3 310)	(51 338)

Pre-tax profit	3 498 367	-771 148
Change of pre-tax profit	117 677	152 466

Sensitivity test of change of foreign currency (in the percentage of change of exchange rate):

+1 %	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	93 972	94 242
Net foreign currency	93 972	94 242
Net change of foreign currency	930	936

+5 %	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	97 694	97 974
Net foreign currency	97 694	97 974
Net change of foreign currency	4 652	4 668

+10 %	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	102 346	102 640
Net foreign currency	102 346	102 640
Net change of foreign currency	9 304	9 334

-1%	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	92 112	92 376
Net foreign currency	92 112	92 376
Net change of foreign currency	(930)	(930)

-5%	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	88 390	88 644
Net foreign currency	88 390	88 644
Net change of foreign currency	(4 652)	(4 662)

-10%	31/12/2017	31/12/2016
Assets in foreign currency	0	0
Liabilities in foreign currency	83 738	83 978

Net foreign currency	83 738	83 978
Net change of foreign currency	(9 304)	(9 328)

34. Equity correspondence table

On the basis of Article 114/B of Act C. of 2000 on Accounting the business association preparing annual report under IFRS shall prepare an equity correspondence table for the effective day of the report which shall be presented as part of the supplementary notes.

Our Company shall fulfil its presentation liability below:

Equity according to IFRS (the difference of assets and liabilities according to IFRS)	1 103 450
amount of supplementary payment received, presented as liability under IFRS	0
+ amount of supplementary payment given accounted as asset under IFRS	0
- cash taken over to be placed in capital reserve if it is deferred revenue (IFRS)	0
+ value of assets taken over if it is presented as deferred revenue (IFRS)	0
+ capital increase resulting in capital instrument if it had to be presented as liability against the owners (IFRS)	0
Equity (checked)	1 103 450
<i>Subscribed capital according to IFRS</i>	<i>100 000</i>
The subscribed capital indicated in the Articles of Association shall be equal with the registered capital at the company registration court	100 000
<i>Subscribed but not yet paid capital</i>	<i>0</i>
Subscribed but not yet paid capital	0
<i>Committed reserve</i>	<i>0</i>
Supplementary payment received	0
Development reserve (corrected with tax effect)	195 824
Committed reserve (checked)	195 824

<i>Retained earnings</i>	
Accumulated profit of previous years taxed in accordance with IFRS and not distributed (not including reference year's part)	(23 707 991)
Amounts accounted for or against the accumulated profit in	
+/- accordance with IFRS	0
- Amount of supplementary payment accounted as asset	0
Amount of unused development reserve reduced by related	
- deferred tax	195 824
Closing accumulated profit reserve prior to the year of conversion	
+ corrected by conversion corrections[2]	(23 903 815)
Retained earnings (checked)	(23 707 991)
<i>After-tax profit</i>	<i>3 234 182</i>
After-tax profit, Article 111/a., Section 9. of Act on Accounting	3 234 182
<i>Evaluation reserve</i>	<i>0</i>
Accumulated amount of items accounted in other general profit	0
Capital reserve	21 411 739
Checked equity	1 103 450
Subscribed capital according to IFRS	100 000
Subscribed but not yet paid capital	0
Reserved earnings	195 824
Retained earnings	(23 707 991)
After-tax profit	3 234 182
Evaluation reserve	0
Capital reserve (checked)	21 281 435
Checked equity (According to Article 114/B. of Act on Accounting)	1 103 450
Subscribed capital	100 000
Subscribed but not yet paid capital	0
Capital reserve	21 281 435
Retained earnings	(23 707 991)
Committed reserve	195 824
Evaluation reserve	0
After-tax profit	3 234 182

**Retained earnings available for dividend payment
(According to section b. paragraph (5), Article 114/B the
Accounting Act)**

Retained earnings (checked)	(23 707 991)
After-tax profit for reference year	3 234 182
Increase of value of real estates for investment purpose (corrected with tax authority)	0
Retained earnings available for dividend payment	(20 473 809)

35. Pending liabilities

In addition to pending liabilities arising from lawsuits (see note 38.) there is no liability not presented with a value in the financial reports of the Company because the occurrence thereof would be subject to a future event.

36. Events after balance sheet day

No major events took place between the balance sheet day and the day of permitting the publication of financial reports.

37. Lawsuits

Claimant	Defendant	Matter in dispute
Bondholder private person	ENEFI Energy Efficiency Plc.	A private person not registered in the bankruptcy proceedings filed action against the Company at the Permanent Court of Arbitration of the Hungarian Chamber of Commerce and Industry due to claim related to bonds.
dr. Tibor Botos	ENEFI Energy Efficiency Plc.	Contesting corporate decisions 30/12/2016
ENEFI Energy Efficiency Plc.	Municipality of Nagydobos/KLIK	Contractual fee and charges thereof.
ENEFI Energy Efficiency Plc.	Municipality of Szamosszeg/KLIK	Contractual fee and charges thereof.
ENEFI Energy Efficiency Plc.	Mures County Financial	File number: 5058/2/2014 Objection against the refusal of our

	Authority	complaint against the second minutes taken in order to state the condition of tax law insolvency against the tax law premise of our Company by the Financial Authority. Claim of Financial Authority: RON 7,602,324 tax liability
ENEFI Energy Efficiency Plc.	Brasov Regional Public Funds Directorate	Document number: 9836/320/2017. Contesting the notice and executory document issued on 07/07/2017 for RON 7,602,338.
Zalău City with County Authority	E-Star ZA Distriterm SRL -ENEFI Energy Efficiency Plc.	Document number: 5209/84/2012 termination of concession agreement, declaration of invalidity of sale and purchase agreement of backbone line.
ENEFI Energy Efficiency Plc.	Sălaj County Financial Authority Mures County Financial Authority	Document number: 48/337/2017 - contest of the valuation of land since according to the company it was undervalued nevertheless we were not notified about the valuation in accordance with the provisions of law.
- I&O, liquidator of E-Star ZA Distriterm SRL -ENEFI Energy Efficiency Plc. -E-Star Management Zrt. -E-Star Energy Generation SA	Sălaj County Financial Authority	Document number: 1620/84/2015 - the liquidator contested the result of the financial audit, by which the Financial Authority stated that the finally lost claim amounting to RON 932,730 is current and the court decisions declaring the contrary are not effective against the Financial Authority. - the creditors whose interests are injured by the proceedings of the Financial Authority have filed an application for intervention. The court rejected the action at first instance. The hearings of the appeal are in progress at the Regional Court of Cluj-

			Napoca.
-ENEFI Energy Efficiency Plc. -E-Star Management Zrt. -E-Star Energy Generation SA	- I&O, liquidator of E-Star ZA Distriterm SRL		Document number: 4892/84/2012_a25 - Contest of the liquidator's report in which it decided that the BCM project shall be taken out of the assets of the company because it cannot be used any longer and this generates RON 679,860 VAT payable back to the government. The court rejected the action at first instance. The Regional Court of Cluj-Napoca rejected the appeal. Request for revision is in progress.
Zalău Financial Authority	-ENEFI Energy Efficiency Plc. - Distriterm		Document number: 913/84/2016 - ENEFI and Distriterm were cited for hearings upon the request of the Zalău Financial Authority as parties with civil law liabilities in a criminal law case in which the investigation is conducted against the former management in the case of the VAT of the agreement on the Real Energo project concluded between Distriterm and BCM.
-ENEFI Energy Efficiency Plc.	Sălaj County Financial Authority		Document number: 4028/337/2017 - objection of the seizure minutes for the land in Zalău
ENEFI Energy Efficiency Plc.	Brasov Regional Public Funds Directorate		Document number: 12289/320/2017 a separate action in order to decide that the Financial Authority lost its right to collect the amounts in all the executory orders issued until now since it did not register in the closed bankruptcy proceedings.
ENEFI Energy Efficiency Plc.	Mures County Financial Authority		Document number: 15567/320/2017 Objection against the seizure of bank account ordered by the Financial

		Authority for RON 7,602,338.
-ENEFI Energy Efficiency Plc.	Sălaj County Financial Authority	Document number: 5099/337/2017 - objection against the registration of the seizure of the land in Zalău in the land registry.

38. Dividend to the owners of the Company

No dividend was paid and determined for the owners of the Company in 2017. The management shall not propose to set forth dividend at the general meeting approving the financial reports for business year 2017.

39. Permitting the publication of financial reports

The management of the Company permitted the publication of the financial reports on 18 April 2018 in the present form.

Budapest, 18/04/2018

Representing ENEFI Plc.:

Csaba Soós

Member of the Board of Directors

Member of the Board of Directors

Attila Gagyí Pálffy

Member of the Board of Directors

László Bálint