

Independent Auditor's Report

To the Shareholders of the ENEFI Energiahatékonysági Nyilvánosan Működő Részvénytársaság

Opinion

We have audited the separate financial statements of **ENEFI Energiahatékonysági Nyilvánosan Működő Részvénytársaság** (seat: 1134 Budapest, Klapka u. 11., registration number: Cg.: 01-10-045428) („the Company”), which comprise the statement of financial position as at December 31, 2017., and the statement of comprehensive income, and notes to the financial statements, including summary of significant policies. In these financial statements the total asset values 4 918 325 tHUF, net assets 1 103 450 tHUF, the net profit is 3 234 182 tHUF.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union together with the additional requirements set out in the Accounting Act applicable for those preparing their separate financial statements under IFRSs.

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Audit and in accordance with the law and other regulation applicable in the Hungarian jurisdiction. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the ethical rules applicable in Hungary and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. We draw attention to Note 37 where the Company discloses a provision due to a legal issue. After the close of this legal issue there may be other effect on the financial position, financial performance and cash flows of the Company, which may not be included in these financial statements. Our opinion is not modified in respect of this matter.
2. We draw attention to page 13-14 of the Notes, where the Company discloses the legal cases initiated by the Romanian tax authorities. There are no provision recognized for these law cases due to reasons detailed in the Notes to the financial statements. In case these cases are concluded with unfavourable decision for the Company, there are going to be effects on the financial statements which can not be included in the financial statements for 2017. Our opinion is not modified in respect of this matter.
3. We draw attention to Note 13 where the company explains the circumstances of the calculation of the recoverable amount of its investment in a subsidiary. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Our audit procedures, how the matter was addressed
The measurement of the company's investments	
<p>The company has several investments in Hungary, Romania and Cyprus. Several of these investments were impaired before the current period.</p> <p>The cost of the investment was 6 540 million HUF, the book value as at 31 December 2017 is 3 572 million HUF.</p> <p>The previously recognized impairment losses and the recognition of further expected impairment losses are tested annually to see if there are further adjustments needed.</p> <p>This test was conducted based on the equity of the investee, identifying the equity of the foresaid entity as market value. The prolonged effect is taken into consideration when recognizing or reversing impairment losses.</p> <p>The application of this method requires the management to make extensive judgements and estimations.</p> <p>Therefore, we identified the measurement of the investments a key audit matter.</p>	<p>We focused on the question whether the methodology and the assumptions of the management is appropriate to conduct a test like this.</p> <p>We investigated the equity of the investments, the pattern of the profit generated there, if the profit will be available for the parent, therefore if the investment will be recovered in any way.</p> <p>The long term investment's impairment or the reversal of the impairment we taken into consideration how prolonged the process is (was) and we investigated if an unreversible process is taken as prolonged.</p> <p>We investigated if the relevant accounting regulation was met, if the assumptions and estimations of the management are reasonable and if the disclosures are in line with the requirements.</p>
The measurement of the receivables of the company	
<p>The Company and the subsidiaries are often provide each other intercompany loans.</p> <p>The entities operation in Romania received material amount of loan that was impaired in the previous period since it was not recoverable.</p>	<p>When auditing the accounts receivable we have checked how much of these receivable are confirmed and how much was subsequently settled. When a receivable was not confirmed or not settled the information available for the customer was investigated. We have also audited if the</p>

<p>The collection of the amounts invoiced may also be complicated so the recoverable amount of those is also a material judgement.</p> <p>The subsequent measurement of the receivable requires the management to make extensive assumptions and judgements.</p> <p>Therefore, we identified the measurement of the receivables a key audit matter.</p>	<p>assumption of the management was reasonable.</p> <p>In relation to receivables from the subsidiary company we have investigated is sufficient free cash flow will be available to settle the debt and the interest.</p> <p>In relation to non operational entities we have checked if the receivable will be recoverable based on the net assets of that entity.</p> <p>We also investigated if the assumptions and estimations of the management was reasonable and prudent.</p>
<p>The recoverable amount of the concession asset and the lease receivable</p>	
<p>The Group has rights that lead to concession income and also leases out various assets to customers. The correct treatment of these transactions needs complex estimations and requires complex calculation.</p>	<p>When carrying out our audit we identified...</p> <ul style="list-style-type: none"> • if the contracts were classified in a correct way and • if the calculations were made according to the relevant rules. <p>Latter required us to confirm if the cash flows from the project were derived correctly and the discount rates applied were appropriate.</p> <p>We also dealt with the assumption of the management and we compared it with the data available for us and seen if the expectations are realistic.</p>

Report on other Regulatory Requirements: Business Report

The other regulatory requirements include the business report of the company for the year ending on 31 December, 2017. The management is responsible to prepare the business report in line with the Act of Accounting and other relevant legislation. Our opinion expressed in the "Opinion" section does not apply to the Business Report.

Our responsibility in relation of the Business Report to read the report to assess if the Business Report contradicts the Financial Statements and to assess if based on our audit evidence obtained the Business Report contains a material misstatement.

Based on the Accounting Act it is our responsibility to assess if the Business Report meets the requirements of 95/B § (2) e) and f) in the Accounting Act. We also need to state if the information required by 95/B § (2) a-d) and g) are disclosed.

In our opinion the Business Report of ENEFI Energiahatékonysági Nyilvánosan Működő Részvénytársaság for the year ended on December 31, 2017 is in consistent with the financial statement for the year then ending. The information required by 95/B § (2) a-d) and g) of the Accounting Act is disclosed.

Since other regulation does not require any other disclosure in the Business Report we do not express an opinion required by 156 § (5) h of the Accounting Act.

Furthermore we are required to report if we are aware of any incorrect communication (material misstatement) made before the date of this audit opinion based on our information received from the Company. If yes, we need to identify the communication and report the nature of it. We do not have anything to report in this matter.

Responsibilities of the Management for the Financial Statements

Management is responsible of the preparation and fair presentation of the financial statements in accordance with the Accounting Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As a part of an audit in accordance with the Hungarian Standards on Audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

At Budapest; April 16, 2018.

dr. Adorján Csaba
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dr. Adorján Csaba
Registered auditor
Registration number: 001089.

Disclaimer!

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This is only for information purposes. In case of any discrepancy the Hungarian language document
remains valid!***