

AUDITOR'S REPORT
on the financial statements of
ENEFI Energiahatékonyági
Nyrt.
as at 31.12.2013

Independent Auditor's Report to the Shareholders of ENEFI Energiahatékonysági Nyrt.

Audit Report on annual financial statements

We have audited the accompanying 2013 annual financial statements of **ENEFI Energiahatékonysági Nyrt.**, which comprises the balance sheet as at **31 December 2013** - showing a balance sheet total of **HUF 13 910 640 thousands** and a loss for the year of **HUF (2 909 772) thousands** -, the related profit and loss account for the year then ended and the summary of significant accounting policies, and other explanatory notes.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and for maintaining internal controls which are considered necessary by the management to prepare the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the audit. We conducted our audit in accordance with Hungarian National Auditing Standards and with the applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the annual financial statements give a true and fair view of the equity and financial position of ENEFI Energiahatékonysági Nyrt. as at 31 December 2013 and of the result of its operation for the year then ended in accordance with the Hungarian Accounting Law.



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BDO Magyarország
Könyvvizsgáló Kft.
1103 Budapest, Kőér utca 2/a.
Laurus Irodaházak C épület
1476 Budapest, Pf.138.

Other issues

The Company's annual financial statements for 2012 were audited by Deloitte Auditing and Consulting Ltd. who issued a qualified audit opinion in the auditor's report dated on 22 August 2013.

Other reporting requirements: Reporting on the business report

We have examined the accompanying business report of ENEFI Energiahatékonysági Nyrt. for the financial year of 2013.

The management is responsible for the preparation and fair presentation of the business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with the financial statements. Our work in respect of the business report was limited to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non audited financial records. In our opinion the 2013 business report of ENEFI Energiahatékonysági Nyrt. is consistent with the disclosures in the financial statements as of 31 December 2013.

Budapest, 20.03.2014

BDO Hungary Audit Ltd.
1103 Budapest, Kőér utca 2/A
Registration number: 002387

Zsuzsanna Nagy
Managing Director

Ferenc Baumgartner
Certified Auditor
Chamber registration No.:
002955

This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.

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BDO Hungary Audit Ltd., a Hungarian limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent firms.

ENEFI Energyefficiency Plc.

Statistical code:

13719069-3530-114-01

Co. reg. no.: 01-10-045428

ENEFI Energyefficiency Public Limited Company

1134 Budapest, Klapka u.11.

Annual financial statements

31 December 2013

Date: Budapest, 20 March 2014

manager (representative) of the company

BDO Magyarország Könyvvizsgáló Kft. egy magyar korlátolt felelősségű társaság, az egyesült királyságbeli BDO International Limited garancia alapú korlátolt felelősségű társaság tagja és a független cégekből álló nemzetközi BDO hálózat része.

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"A" BALANCE sheet Assets

31 December 2013

(data in HUF thousand)

Serial no.	Item	31.12.2012	Changes in the previous year(s)	31.12.2013
a	b	e	d	e
1	A. Fixed assets	7 907 642	-	8 280 251
2	I. INTANGIBLE ASSETS	21 626	-	13 752
3	Capitalised value of foundation and restructuring	-	-	-
4	Capitalised value of experimental development	-	-	-
5	Property rights	21 626	-	13 752
6	Intellectual property	-	-	-
7	Goodwill	-	-	-
8	Advances given for intangible assets	-	-	-
9	Value adjustment of intangible assets	-	-	-
10	II. FIXED ASSETS	699 613	-	941 603
11	Real estate and related property rights	-	-	1 139
12	Technical equipment, machines, vehicles	672 779	-	595 513
13	Other equipment, accessories, vehicles	26 834	-	15 194
14	Livestock	-	-	-
15	Capital projects, renovations	-	-	329 757
16	Advances given for capital projects	-	-	-
17	Value adjustment of tangible assets	-	-	-
18	III. FINANCIAL INVESTMENTS	7 186 403	-	7 324 896
19	Permanent interests in associated companies	4 983 966	-	5 278 860
20	Long-term loans to associated companies	2 202 437	-	2 046 036
21	Other permanent interests	-	-	-
22	Long-term loans to companies in which other types of interests are held	-	-	-
23	Other long-term loans	-	-	-
24	Long-term debt securities	-	-	-
25	Value adjustment of financial investments	-	-	-
26	Valuation difference of financial investments	-	-	-

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"A" BALANCE sheet Assets

31 December 2013

(data in HUF thousand)

Serial no.	Item	31.12.2012	Changes in the previous year(s)	31.12.2013
a	b	e	d	e
27	B. Current assets	3 397 437	-	5 527 969
28	I. INVENTORIES	-	-	-
29	Materials	-	-	-
30	Unfinished production and semi-finished products	-	-	-
31	Animals for breeding and fattening and other livestock	-	-	-
32	Finished products	-	-	-
33	Goods	-	-	-
34	Advances given for inventory	-	-	-
35	II. RECEIVABLES	3 322 857	-	1 181 670
36	Receivables from the transportation of goods and from services (accounts receivable)	247 469	-	15 737
37	Receivables from associated companies	2 802 425	-	957 817
38	Receivables from minority interest companies	-	-	-
39	Bill of exchange receivables	-	-	-
40	Other receivables	272 963	-	208 116
41	Valuation difference of receivables	-	-	-
42	Positive valuation difference of derivative transactions	-	-	-
43	III. SECURITIES	-	-	4 278 892
44	Interests in associated companies	-	-	-
45	Other interests	-	-	-
46	Own shares, own shareholdings	-	-	4 271 692
47	Debt securities for trading purposes	-	-	7 200
48	Valuation difference of securities	-	-	-
49	IV. FINANCIAL ASSETS	74 580	-	67 407
50	Cash desk, checks	559	-	588
51	Bank deposits	74 021	-	66 819
52	C. Accruals	18 932	-	102 420
53	Accrued revenues	18 932	-	102 251
54	Accrued costs and expenses	-	-	169
55	Deferred expenditure	-	-	-
56	Total assets	11 324 011	-	13 910 640

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"A" Balances Sheet: Liabilities

31 December 2013

(data in HUF thousand)

Serial no.	Item	31.12.2012	Changes in the previous year(s)	31.12.2013
a	b	e	d	e
57	D. Total equity	- 8 944 349	-	6 406 147
58	I. SUBSCRIBED CAPITAL	26 400		525 314
59	of which: repurchased ownership stake at nominal value	-		293 772
60	II. REGISTERED BUT NOT YET PAID CAPITAL (-)	-		-
61	III. CAPITAL RESERVES	3 493 600		21 254 954
62	IV. PROFIT RESERVE	- 675 023	-	17 151 383
63	V. COMMITTED RESERVES	743 491		4 687 034
64	VI. VALUATION RESERVES	-	-	-
65	Valuation reserves for adjustments	-		-
66	Fair value reserve	-		-
67	VII. B/S PROFIT/LOSS	- 12 532 817	-	2 909 772
68	E. Provisions	85 067	-	202 017
69	Provisions for expected commitments	85 067		202 017
70	Provisions for future costs	-		-
71	Other provisions	-		-
72	F. Liabilities	19 152 924	-	7 173 075
73	I. SUBORDINATED LIABILITIES		-	
74	Subordinated liabilities to associated companies	-		-
75	Subordinated liabilities to minority interest companies	-		-
76	Subordinated liabilities to other businesses	-		-
77	II. LONG TERM LIABILITIES	-	-	5 699 467
78	Long-term loans received	-		-
79	Convertible bonds	-		-
80	Debts related to bond issuance	-		-
81	Investment and development loans	-		-
82	Other long term loans	-		-
83	Long-term liabilities to associated companies	-		5 699 467
84	Long-term liabilities to minority interest companies	-		-
85	Other long term liabilities	-		-

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"A" Balances Sheet: Liabilities

31 December 2013

(data in HUF thousand)

Serial no.	Item	31.12.2012	Changes in the previous year(s)	31.12.2013
a	b	e	d	e
86	III. SHORT TERM LIABILITIES	19 152 924	-	1 473 608
87	Short-term loans	844 600		35
88	of which: convertible bonds	-		-
89	Short-term loans	177		203
90	Deposits received from customers	-		-
91	Liabilities from the transportation of goods and from services (accounts payable)	358 896		193 542
92	Debts related to bills of exchange	-		-
93	Long-term liabilities to associated companies	7 820 214		1 262 101
94	Short-term liabilities to minority interest companies	-		-
95	Other short term liabilities	10 129 037		17 727
96	Valuation difference of liabilities	-		-
97	Negative valuation difference of derivative transactions	-		-
98	G. Accruals	1 030 369	-	129 401
99	Accruals and deferred income	-		6 533
100	Deferred expenses	1 003 453		95 952
101	Deferred revenues	26 916		26 916
102	Total liabilities and shareholders' equity	11 324 011	-	13 910 640

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"A" INCOME STATEMENT (total cost method)

31 December 2013

(data in HUF thousand)

Se ria l no.	Item	2012	Changes in the previous year(s)	2013
a	b	c	d	e
1	1 Net revenue from domestic sales	804 705		731 009
2	2 Net revenue from export sales	-		-
3	I. Net revenue from sales (01+02)	804 705	-	731 009
4	3 Change in self-manufactured inventories ±	-		-
5	4 Capitalised value of self-manufactured equipment	-		-
6	II. Value of capitalised own performance (±03+04)		-	
7	III. Other revenues	500 667		536 483
8	of which: reversed impairment	436 042		479 539
9	5 Material costs	5 529		4 202
10	6 Cost of services used	574 021		197 754
11	7 Value of other services	49 523		8 909
12	8 Cost of goods sold	273 312		246 607
13	9 Cost of services sold (intermediated)	164 031		75 645
14	IV. Material costs (05+06+07+08+09)	1 066 416	-	533 117
15	10 Wages	120 815		86 814
16	11 Other expenses of personnel	658		1 265
17	12 Wage contributions	30 240		24 757
18	V. Personnel expenses (10+11+12)	151 713	-	112 836
19	VI. Depreciation	119 697		95 737
20	VII. Other expenses	7 748 013		2 485 124
21	of which: impairment	7 214 666		2 277 625
22	A. OPERATING PROFIT/LOSS (I±II+III-IV-V-VI-VII)	- 7 780 467	-	- 1 959 322

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"A" INCOME STATEMENT (total cost method)

31 December 2013

(data in HUF thousand)

Serial no.	Item	2012	Changes in the previous year(s)	2013
a	b	c	d	e
23	13 Dividends and interest received (due)	-		-
24	of which: from associated companies	-		-
25	14 Exchange rate gain on the sale of equity holdings	-		-
26	of which: from associated companies	-		-
27	15 Interest and exchange rate gain on financial investments	-		-
28	of which: from associated companies	-		-
29	16 Other interest and interest-type revenue received (due)	1 105 777		751 902
30	of which: from associated companies	950 063		751 363
31	17 Other income from financial transactions	1 452 006		2 699 683
32	of which: valuation difference	-		-
33	VIII. Income from financial operations (13+14+15+16+17)	2 557 783	-	3 451 585
34	18 Exchange rate loss on financial investments	509 430		-
35	of which: to associated companies	-		-
36	19 Interest payable and interest-type expenditures	1 719 335		447 286
37	of which: to associated companies	447 634		164 338
38	20 Impairment on interests, securities, bank deposits	3 476 851		3 878 052
39	21 Other expenses of financial transactions	1 589 411		2 422 372
40	of which: valuation difference	-		-
41	IX. Expenses of financial transactions (18+19±20+21)	7 295 027	-	6 747 710
42	B. PROFIT/LOSS OF FINANCIAL TRANSACTIONS	- 4 737 244	- -	3 296 125
43	C. PROFIT/LOSS OF ORDINARY ACTIVITIES (±A±B)	- 12 517 711	- -	5 255 447
44	X. Extraordinary revenues	12 557		2 463 602
45	XI. Extraordinary expenditures	20 333		117 927
46	D. EXTRAORDINARY PROFIT/LOSS (X-XI)	- 7 776	-	2 345 675
47	E. PROFIT/LOSS BEFORE TAX (±C±D)	- 12 525 487	- -	2 909 772
48	XII. Tax liabilities	7 330		-
49	F. PROFIT/LOSS AFTER TAX (±E-XII)	- 12 532 817	- -	2 909 772
50	22 Profit reserve used for dividends, interests	-		-
51	23 Approved dividends and interests	-		-
52	G. B/S PROFIT/LOSS (±F+22-23)	- 12 532 817	- -	2 909 772

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manager (representative) of the company

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ENEFI Energyefficiency Public Limited Company

Notes to the Financial Statements for the year ending 31 December 2013

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General notes

Company profile

Company name: ENEFI Energyefficiency Plc. (name change on: 09 December 2013; registered on: 17 December 2013, former name: E-Star Alternative Energy Service Plc., name change on: 17 February 2011; registered on: 04 March 2011, former name: RFV Plc.)

Company's registered capital: HUF 525,314,450 represented by 52,531,445 pieces of ordinary shares with a nominal value of HUF 10 each.
49,891,445 pieces of ordinaries with a nominal value of HUF 10 each were issued in closed circle in 2013 in accordance with the settlement with the creditors of the bankruptcy proceedings.

The Company's registered office on the balance sheet date: 1134 Budapest, Klapka utca 11.

Branch offices: 8413 Eplény, Veszprémi u. 66/A.
 540043 Romania Mures Tg. Mures Str. Revolutiei Nr. 1 AP. 110

The Company's representatives authorised to sign the financial statements:
Csaba Soós 1038 Budapest, Hanga köz 1/E.
Norbert Szivek 8057 Zürich, Schaffhauserstrasse 74. Switzerland
Tamás Vágány 1021 Budapest, Budakeszi út 71/A 1ép. 2a.

Date of establishment as a private joint stock company: 01 March 2006. Registered: 12 June 2006

Date of establishment as a public joint stock company: 12 March 2007 registered on: 10 May 2007

Tax number: 13719069-2-41

Co. reg. no.: 01-10-045428

The company was under bankruptcy proceeding from 13 December 2012 until 30 August 2013. This bankruptcy proceeding was terminated with a settlement with the creditors in accordance with the details in a separate paragraph.

Core activity: Steam and air conditioning

Description of the Company:

The Company (its legal predecessor) was established on 29 June 2000 with the aim of implementing for future its clients – primarily energy-related – investments, and by operating these projects in the long term, efficiently supplying energy to its clients. The Company provides its services in the context of an ESCO (Energy Services Company) structure, which is a form of PPP (public-private partnership) arrangement specific to the energy sector. It implements energy-sector projects in proprietary investments – the cost of which is typically recouped from the resulting energy savings – which it subsequently maintains and operates in the long term following completion of the initial investment. In this manner the Company uses the assets created in the investment (heat supply, public lighting, electrical energy saving services, etc.) to provide energy services, typically under an 8-15-year contract, depending on the rate of return. The Company has until now generally financed its projects from bank loans. It issued shares and bonds in addition to taking out loans for financing the projects of its subsidiaries and the EETEK Limited transaction.

The main services (business lines) of Enefi Energyefficiency Plc. include the following:

- Cost-effective electrical energy supply,
- Public lighting, lighting power regulation,
- Heat supply combined with the modernisation of heating systems,
- Electricity supply combined with the modernisation of interior lighting,
- Energy systems reconstruction and long-term heat supply for buildings constructed using prefabricated technologies.

Permanent interests in associated companies as at 31 December 2013:

	Company name	Country	Share capital	Share in equity (%)	Voting right (%)
1	ENEFI Energyefficiency Plc.	Hungary	525,314,450 HUF	-	-
2	E-STAR ESCO Kft.	Hungary	3,000,000 HUF	100%	100%
3	E-STAR Geotherm Kft.	Hungary	3,000,000 HUF	100%	100%
4	E-STAR Management Zrt.	Hungary	5,000,000 HUF	100%	100%
5	E-STAR Távhőfejlesztési Kft.	Hungary	1,000,000 HUF	100%	100%
6	Veszprém Megyei Fűtés- és Melegvíz-szolgáltató Non-Profit Kft.	Hungary	510,000 HUF	49%	50%
7	RFV Józsefváros Szolgáltató Kft.	Hungary	3,000,000 HUF	49%	70%
8	Fejér Megyei Energiaszolgáltató Nonprofit Kft.	Hungary	510,000 HUF	49%	51%
9	RFV Slovak s.r.o.	Slovakia	200,000 SKK	100%	100%
10	E-STAR Polska Spółka Z o. o.	Poland	31,965,600 PLN	100%	100%
11	E-STAR Management Polska Spółka z o. o.	Poland	5,250,500 PLN	100%	100%
12	E-STAR Elektrociepłownia Mielec Spółka z o. o.	Poland	9,994,000 PLN	85.37%	85.37%
13	EC-Energetyka Spółka Z o. o.	Poland	300,000 PLN	51.66%	51.66%
14	Termoenergy SRL	Romania	6,960 RON	99.50%	99.50%
15	E-STAR Centrul de Dezvoltare Regionala SRL	Romania	525,410 RON	100%	100%
16	E-STAR ZA Distriterm SRL	Romania	40,000 RON	51%	51%
17	E-STAR Energy Generation SA	Romania	90,000 RON	99.99%	99.99%
18	E-STAR Mures Energy SA	Romania	90,000 RON	99.99%	99.99%
19	E-STAR Alternative Energy SA	Romania	90,000 RON	99.99%	99.99%
20	E-STAR Heat Energy SA from January 2013: SC Faapritek SA	Romania	90,000 RON	99.99%	99.99%

21	E-STAR CL Distriterm SRL	Romania	200 RON	100%	100%
22	E-STAR Investment Management SRL from January 2013 under liquidation	Romania	15,000 RON	99.93%	99.93%
23	EETEK Limited	Cyprus	1,000,000 EUR	100%	100%
24	E-STAR Kockázati Tőkealap-kezelő Zrt.	Hungary	5,000,000 HUF	100%	100%
25	E-Star Reorganizáció-01 Kft.	Hungary	500,000 HUF	100%	100%
26	E-Star Transzfer-02 Kft.	Hungary	500,000 HUF	100%	100%
27	E-Star Debt-Equity-03 Kft.	Hungary	500,000 HUF	100%	100%
28	E-Star Capital-Share-04 Kft.	Hungary	500,000 HUF	100%	100%

* Euro Energetyka was out of scope of consolidation in 2013.

E-Star Elektrociepownia Gorlice Spółka z o. o. was sold in 2013.

The final settlement of E-Star AR Energy SA and E-Star OR District Heating SA was completed in 2013.

E-Star Mures Energy SA declared bankruptcy.

E-Star ZA Distriterm SRL and E-Star Investment Management SRL are under liquidation.

E-Star CL Distriterm SRL is under final settlement.

Detailed core information relating to the subsidiaries as at 31 December 2013:

Detailed information relating to E-Star ESCO Kft.'s subsidiaries:

	Company name	Country	Share capital	Share in equity (%)	Voting right (%)
1	Veszprém Megyei Non-profit Kft.	Hungary	510,000 HUF	49%	50%
2	Fejér Megyei Nonprofit Kft.	Hungary	510,000 HUF	49%	51%

Detailed information on E-Star Alternative Energy S.A.'s subsidiaries:

	Company name	Country	Share capital	Share in equity (%)	Voting right (%)
1	E-Star CL Distriterm SRL	Romania	200 RON	100%	100%
2	E-Star Investment Management SRL	Romania	15,000 RON	99.93%	99.93%

Detailed information on E-Star Geotherm Kft.'s subsidiaries:

	Company name	Country	Share capital	Share in equity (%)	Voting right (%)
1	E-Star Reorganizáció-01 Kft.	Hungary	500,000 HUF	100%	100%
2	E-Star Transzfer-02 Kft.	Hungary	500,000 HUF	100%	100%
3	E-Star Debt-Equity- 03 Kft.	Hungary	500,000 HUF	100%	100%
4	E-Star Capital- Share-04 Kft.	Hungary	500,000 HUF	100%	100%

4 companies (hereinafter project company) owned by E-Star Geotherm Kft. were established for conducting bankruptcy proceedings.

Detailed information on the companies owned by E-Star Polska Spółka z o. o.:

	Company name	Country	Share capital	Share in equity (%)	Voting right (%)
1	E-Star Elektrociepłownia Mielec Spółka z o. o.	Poland	9,994,000 PLN	85.37%	85.37%
2	E-Star Management Polska Spółka z o. o.	Poland	5,250,500 PLN	100%	100%

Information on the EC Mielec companies/subsidiaries:

	Company name	Country	Share capital	Share in equity (%)	Voting right (%)
1	EC-Energetyka Spółka z o. o.	Poland	300,000 PLN	51.66%*	51.66*

Main features of the accounting policy:

The Company keeps its books and accounting records in compliance with the accounting principles set forth in Act C of 2000 on Accounting (hereinafter ‘Act on Accounting’), as amended. In its accounting policy, the Company sets out its valuation methods and procedures.

The annual financial statements include:

- Balances Sheet “A”
- type ‘A’ income statement prepared using the total cost method
- notes to the financial statements.

Auditing services provided by: BDO Magyarország Könyvvizsgáló Kft.

Auditing services provided by: Ferenc Baumgartner (Registration no: 002955)

Accounting services provided by: Róbert Heim
2027 Dömös Kőrössy u. 10.
(Registration No: 136858)

Balance sheet date: 31 December 2013

Date of balance sheet preparation: 20 January 2014

Applied valuation procedures and the means of accounting for depreciation:

Assets

Fixed assets

- Within the group of intangible assets, property rights and intellectual products are written off over a period of three years.
- Tangible assets: In compliance with the Act on Accounting, the Company values tangible assets on a case-by-case basis.
- In case of purchases, the acquisition cost is the gross value.

- Accounting for depreciation:
- Tangible assets with an acquisition cost of less than HUF 100,000 are written down to zero in one sum when taken into use for their intended purpose.
- In the case of tangible assets costing more than HUF 100,000 the straight-line method is applied.
- Amortisation and write-off rates used:

<u>Description</u>	<u>Applicable rate</u>
Intangible assets	20-33%
Real estate and related property rights	6%
Technical equipment, machines, vehicles	6-33%
Other equipment, accessories, vehicles	20-33%

- Depreciation is recognised monthly, on a pro rata basis.
- No depreciation is recognised on land and artworks.
- The Company does not do value adjustment.
- Assets that do not serve the Company's activities over long term are reclassified as current assets.
- Extraordinary depreciation must be recognised on intangible and tangible assets if the carrying value of the intangible or tangible asset (excluding capital projects) is permanently and significantly higher than the market value of the same asset.
- If the carrying value of such assets is lower than the original acquisition cost of the assets, and the reasons for their valuation at a lower value no longer apply, or only part, the write-downs must be ceased in order to ensure a true and fair picture of their value, and the asset must be revalued at its market value (reversal).

Financial investments:

- In the case of investments embodying an ownership share, impairment must be recognised if the difference, entailing a loss, between the carrying value and the market value of the investment appears to be permanent, and is significant.

Current assets

Inventories:

- Among inventories the Company recognises subcontractors' performances related to the maintenance of any secondary systems, which it invoices on at the appropriate time. In addition to this the services connected to the projects in Romania are also stated here, which then are recharged upon the realisation of the projects.
- If items on inventory are not invoiced, impairment is recognized by the Company.

Receivables:

Receivables included in the records on the balance sheet date of 31 December 2013 are rated on a case-by-case basis as follows:

- full-value
- overdue

- doubtful
- unrecoverable receivables.

Based on an aging list, receivables are valued individually taking into account financial performance following the balance sheet date, and impairment is recognised in the extent required.

Liabilities

Shareholders' equity:

- Subscribed capital: the nominal value recorded in the Company's articles of association and registered by the Company Court in compliance with the provisions of the Act on Accounting.
- Capital reserve: reserve placed at the disposal of the Company; if shares are issued, the capital surplus.
- Profit reserve: as per the accounting records.
- Committed reserves: items set out in the Act on Accounting as items to be carried over from the profit reserve.
- Development reserve: reserve occasionally set aside by the Company in compliance with the Act on Corporate Taxation, and reversed when new capital projects are capitalised. The amounts appropriated from the profit reserve due to the repurchase of own shares are stated here.
- Balance sheet profit: contribution made to the equity, equal to the amount stated in the income statement.

Provisions:

Funds set aside to the charge of the pre-tax profit for expected liabilities and future costs.

Sales revenue:

The Company accounts for purchased and self-manufactured inventory sold and services performed in the period concerned under sales revenue. (Energy fee, public lighting, service fee, other revenue).

Costs:

The following is accounted for under costs: materials purchased, the costs of services used, the costs of other services, wages and taxes on wages, other personnel expenses and depreciation in the period under review.

Material error

An error is considered material if, in the year in which it is discovered, the total amount of errors (regardless whether it is positive or negative) or the impact of errors that increase or decrease the profit or loss and the shareholders' equity found in the context of various audits in respect of a given year exceeds the material error limit defined in accounting policy.

An error is always considered material if, in the year in which it is discovered, the total amount of errors (regardless whether it is positive or negative) or the impact of errors that increase or decrease the profit or loss and the shareholders' equity found in the context of various audits in respect of a given year exceeds 2 percent of the balance sheet total of the business year audited or, if 2 percent of the balance sheet amount not exceeds HUF 1 million, it exceeds HUF 1 million.

Not material error

An error is not considered material if, in the year in which it is discovered, the total amount of errors (regardless whether it is positive or negative) or the impact of errors that increase or decrease the profit or loss and the shareholders' equity found in the context of various audits in respect of a given year (separately by specific years) does not exceed the material error limit.

Errors and the impacts of errors that are considered material are presented in a separate column in the balance sheet and the income statement of the given year, in accordance with the Act on Accounting. Errors and the impacts of errors that are considered material on the basis of the above must be recorded, after they are discovered, on a separate general ledger under the given category of accounts and indicated the year of the error.

Presentation of the key factors impacting the operation and the business of the Company in the reporting period:

Bankruptcy proceedings

Two main events determined operation of the Company group in 2013: the bankruptcy proceedings initiated by the parent company and the implementation of the settlement with the creditors.

Detailed description of the bankruptcy proceedings will be presented in the next chapter.

Changes at the group level

Hungary:

Hungarian operation of the company group was accumulated a HUF 600 million tax deficit in the beginning of 2013. The debt of E-Star ESCO Kft. was HUF 460 million, tax deficit of E-Star Management Zrt. was HUF 160 million. For both companies instalment payment request has been submitted to the National Tax and Customs Administration of Hungary (NTCA). E-Star ESCO Kft. and NTCA entered into a 15-month instalment payment agreement in May 2013 to pay the tax deficit. Instalment payment request of E-Star Management Zrt. was rejected. In June 2013 E-Star Polska Sp. z o.o. sold its 72% share in EC Gorlice Sp. z o.o. The purchase price was PLN 7.4 million. The price of transfer of the loan given by EETEK Ltd. to EC Gorlice Sp. z o.o. - and which loan was assigned to EC Mielec Sp. z o.o. in 2012 for improving liquidity of the group - was included in this purchase price. So from the above purchase price appropriate amount of HUF 200 million was entitled to EC Mielec Sp. z o.o., while the remaining approximately HUF 320 million was used for reducing outstanding tax debt of the group to the NTCA. E-Star Management Zrt. paid its tax debt to the NTCA in the summer of 2013 so the risk of initiate liquidation by NTCA because of outstanding tax debt was eliminated. E-Star ESCO Kft. complied with the obligation of paying 6 monthly instalments until year-end because all were prepaid. As the Company has previously indicated, E-Star ESCO Kft. will be able to pay additional eight (8) monthly instalments due in 2014 (in previous financial statements included the wrong year 2013). NTCA impounded certain asset items of E-Star ESCO Kft. as for collateral of the instalments.

Poland:

Against the Hungarian business which is anticyclical, the Polish operation definitely shows cyclical feature and indicated the heating needs of the local heat market and the north-facing region (compared to Hungary).

Polish interest of the Company sold its Gorlicei project in Q2 2013 so this company became a one-pole company.

The remaining project Mielec is basically a consolidation circle (capital group), which is engaged in thermal and electric energy production (EC Mielec) and on one hand the distribution and sales of the produced electric energy (trading) on the other hand (Euro-Energetyka and Energia Euro Park).

Euro-Energetyka 51% owned by Mielec power plant leased from Polish state property manager (ARP) the distribution network which was needed for the continuing operation.

This lease contract was terminated by ARP in Q1 2012 which was announced by the Company in the draft financial statements for the year 2012.

Euro-Energetyka basically performed retailer activities, so if due to the termination of the lease contract the company lose the right of using the distribution network for performing trading activities, than it would be an extremely disadvantaged effect on EC Miele group. However, there were no any business benefit of the separation in respect of ARP because ARP did not have any trader and distribution rights.

Finally, Polish management of the Company have been succeeded to convince the decision makers of ARP for a further cooperation. So the company's - prior had the right for lease the network and also had a trader and distribution right – 51% ownership EC Miele becomes a 22% ownership of a company which has the property of the network and the above rights through, after published the details of the transaction in April 2013 by the Company.

Apport value of the network is PLN 11 million. EC Miele has a pre-emption right to purchase shares of 78% which are in indirect state ownership.

It can be stated that from a majority owner of a long-term uncertain but valuable profit generated company Company indirectly becomes a minority owner of a company which generates constant cash flow in a long-term way. Transformation - instead of the initial potential negative schedules – finally closed with an agreement which takes into account the interests of both parties.

The fusion of the Euro-Energetyka into Euro Energia Park and the final structure based on the agreements between the parties expected to be realized in Q2 2014.

Traditionally May-September is the weakest period in heat market. Three of this 5 months will be realized in Q3. It follows that the Q3 period performed better than expected but it was weak in terms of annual EBITDA producing.

Generally can be stated that the 110% of the annual EBITDA is produced in Q4 and Q1 period, Q2 and Q3 period create a -10% performance.

The three degree Celsius positive temperature anomaly in Q4 cause dapproximately 25% lower revenues.

The Polish Mielec project is basically a consolidation circle (capital group), which is engaged in thermal and electric energy production (EC Mielec) and on one hand the distribution and sales of the produced electric energy (trading) on the other hand (Euro-Energetyka and Energia Euro Park).

As the Company had informed its investors, the operation of Euro-Energetyka Sp. z o.o. was terminated in March 2012, so the sales revenue of the Mielec capital group decreased by approximately EUR 15 million due to the loss of low margin electric energy distribution.

As the Company had stated in its announcements and business reports several times, the new

company, Energia Euro Park Sp. z o.o. established by the Polish state property manager (ARP) fulfils this function. As it was announced by the Company in May 2013 and the Q3 Report, EC Mielec acquired 22% business shares in Energia Euro Park by the cooperation agreement concluded between EC Mielec Sp. z o.o. and ARP, which acquisition of property was registered by the Polish Court of Registration in Q4. As the next step of the consolidation process Euro-Energetyka merges into Energia Euro Park, which merger shall be completed and thus the consolidation of the operation of the involved companies is expected to take place in Q3 2014.

A positive development in Poland is that the Parliament has already approved and the Senate shall decide in a few days to restore the subsidy system of natural gas based cogeneration. The system of the new yellow certificates is expected to enter into effect by 01 April 2014 and will be applicable till the end of 2018. The gas engines of the Company in Mielec were stopped one year ago due to the lack of certificates.

Romania:

Unfortunately we can state that in Romania the resources of the Company are still not used for normal business processes. The Company is informing and has informed its investors about the material events and the events significantly affecting the Company, the Corporate Group or the business operations thereof through its announcements published at the website of the Budapest Stock Exchange.

Bankruptcy proceedings - Summary

As it is well known from the many public announcements of the Company, based on decision no. 16/2012 (02.11) of the General Assembly, the Company filed an application to the Metropolitan Court of Justice for the commencement of bankruptcy proceedings in accordance with Paragraph (1) Art. 7. of Act no. XLIX. of 1991 (hereinafter referred to as Bankruptcy Act). The reason for submitting the application for the commencement of bankruptcy proceedings was that the Company was not able to meet its due payment obligations in time.

In its order no. 9.Cspk.01-12-000049/7 the Metropolitan Court of Justice ordered the publication of the announcement on the commencement of the bankruptcy proceedings against the Company in the Companies Bulletin. According to the decision, the commencement day of the bankruptcy proceedings was the publication date of the decision in the Companies Bulletin i.e., the 13th day of December 2012.

The following main factors influenced the Company in making the decision to initiate the bankruptcy proceedings:

- The Company had in its records financial obligations of approximately HUF 200 Million in E-Star 2012/A series bonds that remained unpaid on the expiry date and therefore the bondholders became entitled to initiate liquidation proceedings against the Company,
- Raiffeisen Bank terminated its loan agreements concluded with the Company by prompt notice,
- GREP Ltd. initiated liquidation proceedings against the Company.

The non-fulfilment of the bond obligation seriously threatened the operation of the Company as following the expiry of certain deadlines the delay could have resulted in the termination of other bonds with later expiry dates and the commencement of liquidation proceeding as well.

At the time when the bond debt of HUF 200 Million became due, the overdue receivables in the books of the Company against the Hungarian municipalities exceeded the amount HUF 1 Billion.

The non-payments of the Hungarian municipalities played a major role in turning the operation of the Company in Hungary financially impossible despite the rationalizing measures that had been made in 2012. Considering the financially impossible situation and the municipality clientele where the payment problems have become obvious by that time, despite their previously good connections with the Company the financing banks required ever accelerating prepayments.

In accordance with the Bankruptcy Act during the bankruptcy proceedings of the Company creditors with non-expired and non-due claims arising from bonds expiring in 2014, 2015, and 2016 had to notify their claims as well therefore the Company had to meet its obligations prematurely also for these later expiring securities i.e. the Company had to reach an agreement with its creditors in relation with these debts too.

On the 26th of April 2013 a Settlement with the Creditors was reached between the Company and its creditors, which was backed by a substantial majority of the creditors (80.81% of the creditors present voted yes and 1.07% of them voted no while 18.12% of the creditors were not present at the bankruptcy meeting; their vote was counted as “no” in accordance with the Bankruptcy Act).

According to the Settlement with the Creditors, by concluding the Settlement with the Creditors the Company and the Creditors made all creditor claims involved in the Settlement with the Creditors expired by mutual consent.

From the claims registered during the bankruptcy proceedings against the Company, by accepting the Settlement with the Creditors the Creditors cancelled all claims over the capital claim, with particularly the interest claims, allowance claims and other fee claims.

In the Settlement with the Creditors the Company undertook to convert (“Conversion”) the Creditors’ capital claims, which have remained after the cancellation from the claims registered during the bankruptcy proceedings (“Reduced Claim”) into maximum 50 (Fifty) Million pieces of ordinaries (“Shares”) with a nominal value of HUF 10 (Ten) each, considering the following.

Considering that the smallest valid monetary unit is HUF 1 (One) and when calculating the value of the Technical Conversion Unit the result of dividing the Reduced Claim by 50 (Fifty) Million is rounded up to HUF 1 (“Rounding”), the preliminary value of the Technical Conversion Unit per one Share shall be approximately HUF 365.2072. Therefore after performing the Rounding the value of the conversion unit (“Technical Conversion Unit”) used as the basis of the Conversion was set at 366 HUF/Share. Accordingly, each Creditor was entitled for one Share for each Technical Conversion Unit of the Reduced Claim.

In the event that the sum of a particular Creditor’s Reduced Claim serving as the basis of the present Settlement with the Creditors is not divisible by the Technical Conversion Unit without remainder, the result of the division of Reduced Claim by the Technical Conversion Unit shall be rounded down to the next integer and by accepting the Settlement with the Creditors the Creditors have cancelled from their Reduced Claim their claim for the remaining sum occurring between the result of the division of the Reduced Claim by the Technical Conversion Unit and the number of shares received by rounding down the result of the said division (“Fraction Claim”) to the next integer.

Creditors with undisputed remaining claims have transferred (“Transfer”) the total sum of the

undisputed remaining claims (“Transferred Undisputed Claims”) onerously to the Project Companies in accordance with the provisions of Hungarian Civil Code on transfers and also in accordance with Section 2.7 of the Settlement with the Creditors, based on the agreed allocation (“Conversion Allocation”) as the final result of the conversion, in order to obtain shares in the Company.

By signing the Settlement with the Creditors and being aware of their liability under the criminal law the Creditors have acknowledged that – considering the Transfer – after the conclusion of the Settlement with the Creditors they shall not be entitled to sell or transfer the Transferred Claims or the Shares serving for the basis of the individual Transferred Claims to any third party.

Creditors with disputed remaining claims have transferred their particular disputed claims actually possessed in sums defined by a court or a public administration organization onerously to Project Company 4 in accordance with the provisions of Hungarian Civil Code on transfers on the date when the court or public administration decision stating the actual amount of the particular disputed remaining claim (“Transferred Disputed Claims”) following the conclusion of the Settlement with the Creditors became final up to the sum of the actually possessed claim precisely defined by that particular court or public administration decision (“Transfer of Disputed Claims”).

The Parties expressly agreed that the Project Companies would transfer (by deferred performance) to the transferring Creditors with undisputed remaining claims in turn of the Transfer by the 31st of December 2013 at the latest (Crediting Deadline) new ordinaries issued by increasing the capital of the Company. The number of such ordinaries will be as allocated to the individual Creditors with undisputed claims in the Conversion Allocation, reduced by the number of ordinaries corresponding to the amount of the disputed claims. The maximum number of ordinaries shall be 50 (Fifty) Million.

In order to perform the Conversion the Company and the Project Companies have taken the following obligations:

the Company and the Project Companies agreed that the Company shall issue in closed circle, for the Project Companies up to 50 (Fifty) Million new E-Start ordinaries (“Share”, “Shares”) with the nominal value of HUF 10 (Ten) each and the issuance would take place through capital increase made by cash and non-cash contributions as follows:

- the Project Companies shall transfer to the Company the undisputed remaining claims received from the Creditors by Transfer for the purpose of a capital increase performed through non-cash property contribution, and
- Project Company 4 shall make a cash contribution to the Company up to the amount of the disputed remaining claims, (“Capital increase”); then
- the Company agreed to transfer to the security account of each of the Project Companies one the day before the Credit Deadline at the latest the Shares generated against the transferred undisputed claims as the result of the Capital increase (“Undisputed Shares”) in accordance with the Conversion Allocation and to transfer the Shares generated against the transferred disputed claims (“Disputed Shares”) to the security account of Project Company 4; then
- each of the Project Companies agreed to transfer the adequate number of Undisputed Shares to the given security accounts of the Creditors before the Crediting Deadline, in accordance with the Conversion Allocation (“Undisputed Crediting”); then

- Project Company 4 agreed not to alienate the Shares, which remained in its possession after performing the Undisputed Crediting, which represent coverage for the conversion of the Disputed Remaining Claims and to which Creditors with Disputed Remaining Claims may be entitled to based on a court or public administration resolution made following the conclusion of the present Settlement with the Creditors until the limitation period of such disputed claims expires or such court or public administration resolution becomes final; and
- in case the actual outstanding amount of a claim, which was defined as disputed on the date of the conclusion of the present Settlement with the Creditors becomes precisely determinable after the conclusion of the present Settlement with the Creditors based on a court or public administration resolution; Project Company 4 shall transfer the adequate number of Shares from the Shares that remained in its possession after the Undisputed Crediting to the given security accounts of the concerned disputed Creditor (“Disputed Claim Crediting”) (Undisputed Crediting and Disputed Claim Crediting hereinafter referred to as “Crediting”) within 15 working days following the reception of such final court or public administration resolution by the Company (“Disputed Claim Crediting Deadline”). The number of the Shares to be credited shall be calculated by dividing the amount of the actually outstanding claim as defined in the court or public administration resolution by the Technical Conversion Unit (if this is not an integer then it shall be rounded down).

In relation with the Settlement with the Creditors the Creditors expressly acknowledged, gave their consent and recognized that as a consideration of the Transferred Claim (Transferred Undisputed Claim and Transferred Disputed Claim) – as the result of the Conversion Process – they shall receive Shares in numbers defined by the Conversion Allocation and they expressly declared that in case the appropriate number of Shares as defined in the Conversion Allocation is transferred to their security accounts until the Crediting Deadline or until the Disputed Claim Crediting Deadline, they shall consider the present Settlement with the Creditors fulfilled and they shall not be entitled to enforce any further claim against the Company or the Project Companies related to the present Settlement with the Creditors.

The Creditors agreed to take all measures and make all legal declarations needed for the execution of the Settlement with the Creditors and especially the Crediting, to open security accounts and to send in writing, by registered mail with return receipt all data of the security account needed for the Crediting (especially the name and account number of the organization where the security account is held, number of the Creditor’s security account) within 10 (Ten) working days following the final approval of this Settlement with the Creditors at the latest to the headquarters of the Company valid on the day of the mailing.

Bondholder Creditors agreed to take all necessary measures with the organization where their current security account is held to-transfer the Bonds back to the Company and to make all declarations needed for the transfer of the Bonds.

Creditors expressly acknowledged that, should any Creditor fail to meet any of their obligations pursuant to this Settlement with the Creditors.

- The failure of the Creditor shall not exempt the Company and the Project Companies from their obligations to Creditors fulfilling their obligations pursuant to this Settlement with the Creditors,

- The Company and the Project Companies shall not fulfil their obligations to the Creditor being in default and they shall not transfer the Shares as per the Conversion Allocation until the said failure is rectified,
- Creditors being in default may not have any demand or claim against the Company or the Project Companies for the non-fulfilment or late fulfilment; the delay of the Company or the Project Companies shall be deemed as a failure in meeting their obligations pursuant to the Settlement with the Creditors and it shall not result in the failure of the Settlement with the Creditors.

In its order no. 9.Cspk.01-12-000049/42 the Metropolitan Court refused the Company's application for the approval of the settlement with the creditors and terminated the bankruptcy proceedings since in the Court's view it did not meet the conditions set forth in Paragraph (2) Art. 20 of the Bankruptcy Act.

The Company appealed to the Metropolitan Regional Court requesting the approval of the settlement with the creditors and the termination of the bankruptcy proceedings as in the Company's view the statements of the first instance Court were faulty, the resulting conclusions were irrational and consequently unfounded, the settlement with the creditors was not in conflict with Paragraph (2) Art. 20. of the Bankruptcy Act and it met the laws in effect. In the Company's view the First Instance Court misinterpreted the referred provisions of the settlement with the creditors and of the Bankruptcy Act therefore it unfoundedly rejected the application of the Company, it exceeded the legal frames defined in the Bankruptcy Act and conflicted with the previous court practice, which can be learnt through publicly available court decisions.

In its decision dated on 30th August 2013 the Metropolitan Regional Court partly changed the decision of the Metropolitan Court and accepting the content of the Company's appeal it approved the settlement with the creditors and terminated the bankruptcy proceedings.

The Company was informed about the decision of the Metropolitan Regional Court on 6th September 2013, the decision of the Metropolitan Regional Court was delivered to the Company on that date (the bankruptcy proceedings shall not take place in front of the court and decisions shall be made out of court) following which the Company immediately requested the Budapest Stock Exchange to suspend the trading of the Company's shares.

After the settlement with the creditors had become final the Company started the execution thereof without delay. The execution consisted of two fundamental steps. First: capital increase, issuance of the shares to be allocated according to the settlement with the creditors. Second: introduction of the issued shares to the stock exchange and distribution thereof to the creditors.

The Board of Directors made the decision on the capital increase based on the resolution of the Shareholders' Meeting which was registered at the registry court on the 16th September 2013.

In order to prepare the second step of the execution of the settlement with the creditors the Company prepared the consolidated report required for the introduction of the shares to the Budapest Stock Exchange. The Company filed the consolidated report to the Hungarian Financial Supervisory Authority on 22nd September 2013 and it was approved by the Hungarian National Bank (HFSA has been integrated into the HNB meanwhile) on 31st October 2013.

In its announcements the Company was continuously informing the creditors and the investors about the current status of the settlement with the creditors and about the obligations required for the execution thereof.

The Company informed its investors on 21st November 2013 that all account managers concerned with the execution of the settlement with the creditors confirmed to the Company that the allocation of the shares to the creditors concerned had been performed in accordance with the agreement.

By transferring the shares to the creditors observing the agreement the Company met its due obligations pursuant to the settlement with the creditors.

Execution of the settlement with the creditors in numbers:

Statement	Bond holder creditors		Non-Bond holder creditors		Disputed claims	
	Number of Creditors	Number of Bonds	Number of Creditors	Number of Shares	Number of Creditors	Number of Shares
All registered creditor:	516	84 905	30	26 291 788	5	401 805
Who have submitted declarations:	484	84 279	24	26 061 744	0	0
Who have transferred corporate bonds:	442	81 771				
Who have submitted declarations and transferred bonds:	433	81 697				
Entitled to sharetransfer:	433	81 591	24	26 061 744	0	0
Shares transferred by the Company						
Transfers for bond holder creditors:	22 292 423					
Transfers for non-bond holder creditors:	26 061 744					
Aggregate number of transferred shares:	48 354 167					
Miscellaneous data						
	Number of Creditors	Number of Bonds				
Aggregate number of transferred bonds		81 803				
Transfer of creditors not registered in the bankruptcy process thereof	4	32				
Transfers of registred creditors above their registered claims which is not entitled for share transfer thereof	4	106				
Transferred bond affected by the settlement agreement	442	81 665				
Not submitted decalration on security account thereof	9	74				
Total:	433	81 591				

Taking into account that none of the creditors registered in the settlement with the creditors as disputed creditors is currently entitled to validate their claim against E-Star, the quantity of the shares transferred in the first round equals to a fulfilment rate of 97.7%.

The Company made available one further occasion to the creditors' being in default to submit their security account details and transferring their bonds in case of bondholder creditors in 2013. Following the second round of execution of settlement agreement currently (not taking into account disputed claims) only four creditors have not fulfilled their liabilities undertaken in settlement agreement yet. One of the creditors is not available either by the Company or its securities account manager, while in case of one other creditor a probate process is in progress, while in case of two creditors it is assumed that they are interested in the liquidation of the Company, so they do not intend to fulfil their liabilities set forth in the settlement agreement with creditors. A nem transzferát részvények a project társaságok könyveiben maradnak.

Intangible and tangible assets

A presentation of the changes in tangible and intangible assets is contained in Annex 1 hereto.

Permanent interests in associated companies

data in thHUF

Description	Book value 31.12.2012	Impairment in 2013	Revaluation in 2013 (+ loss/ - profit)	Increase in 2013	Decrease in 2013	Book value 31.12.2013
E-Star ESCO Kft	36 892	36 892	0	0	0	0
RFV Józsefváros Kft	1 470	0	0	0	0	1 470
E-Star Geotherm Kft	0	0	0	0	0	0
Termoenergy SRL	0	0	0	0	0	0
RFV SRL / CDR SRL	0	0	0	0	0	0
RFV Slovakia s.r.o.	0	0	0	0	0	0
E-Star ZA Distrierm S.R.L.	0	0	0	0	0	0
E-Star Mures Energy SA	0	0	0	0	0	0
E-Star Energy Generation SA	0	0	0	0	0	0
E-Star Heat Energy SA	0	0	0	0	0	0
E-Star Alt. Energy SA	0	0	0	0	0	0
E-Star Távhőfejlesztési Kft	0	0	0	0	0	0
E-Star Management Zrt.	0	0	0	0	0	0
EETEK Limited	2 841 358	-295 629	-118 020	0	116 516	3 138 491
E-Star Polska z.o.o.	2 099 246	0	-39 653	0	0	2 138 899
E-Star Kockázati Tőkealap-kezelő Zrt.	5 000	5 000	0	0	0	0
Total:	4 983 966	-253 737	-157 673	0	116 516	5 278 860

Loans granted to associated companies:

31.12.2012

data in thHUF

Description	Capital	Interest	Impairment	Interest Impairment	Book value
Long-term loan capital RFV S.R.L.	4 299 774	491 894	-3 271 857	0	1 519 811
Long-term loan capital E-Star ESCO Kft.	533 023	55 302	0	0	588 325
Long-term loan capital RFV Slovak s.r.o.	73 842	7 661	-15 981	-7 661	57 861
Long-term loan capital E-Star Mures Energy S.A.	1 557 627	175 385	-1 536 362	-175 385	21 265
Long-term loan capital E-Star Alternative Energy S.A.	12 814	1 466	0	-1 466	12 814
Long-term loan capital Veszprém Megyei Non-profit Kft.	2 000	208	0	0	2 208
Long-term loan capital E-Star Geotherm Kft.	139	14	0	0	153
Long-term loan capital RFV Józsefváros Kft.	133 174	13 846	-133 174	-13 846	0
Long-term loan capital TERMOENERGY SRL	10 842	1 135	-10 842	-1 135	0
Long-term loan capital E-Star Energy Generation S.A.	210 944	27 465	-210 944	-27 465	0
Long-term loan capital Distrierm S.R.L.	166 599	38 350	-166 599	-38 350	0
Long-term loan Investment Management S.R.L.	8 464	977	-8 464	-977	0
Total	7 009 257	813 705	-5 354 238	-266 287	2 202 437

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Description	Capital	Interest	Impairment	Interest Impairment	Book value
Long-term loan E-Star Alternative Energy SA	12 733	2 913	-12 733	-2 913	0
Long-term loan E-Star Centrul de Dezvoltare Regionala SRL	4 420 806	1 541 371	-4 097 190	-509 974	1 355 013
Long-term loan E-Star Energy Generation SA	210 944	51 597	-210 944	-51 597	0
Long-term loan E-Star Esco Kft.	600 262	201 299	-180 409	0	621 152
Long-term loan E-Star Faaprték SA	31 994	780	0	0	32 773
Long-term loan E-Star Geotherm Kft.	0	1	-1	0	0
Long-term loan E-Star Investment Management SRL F.A	8 464	1 033	-8 464	-1 033	0
Long-term loan E-Star Management Zrt.	899 869	201 284	-899 869	-166 552	34 733
Long-term loan E-Star Mures Energy SA	1 557 627	198 043	-1 557 627	-198 043	0
Long-term loan E-Star Távhőfejlesztési Kft.	50 662	6 675	-50 662	-6 675	0
Long-term loan E-Star ZA Distriterm SRL F.A.	166 599	38 350	-166 599	-38 350	0
Long-term loan Grep Zrt.	15	2	-15	-2	0
Long-term loan RFV Józsefváros Kft.	10 011	22 527	-10 011	-22 527	0
Long-term loan RFV Slovak s.r.o	73 842	13 469	-73 842	-13 469	0
Long-term loan Termoenergy S.R.L	30 842	6 199	-30 842	-6 199	0
Long-term loan Veszprém Megyei Nonprofit Kft.	2 000	365	0	0	2 365
Total	8 076 668	2 285 906	-7 299 207	-1 017 332	2 046 036

In the case of newly established companies, loan capital was generally needed to start operations and launch projects, which was granted by the parent company in accordance with the conditions set out in its internal regulations.

Other subsidiaries that have been operating for a longer period are also eligible for a loan by the parent company if it is justified by their financing position, for example owing to strong seasonal effects or significant trade receivables.

The recovery of loans given to associated companies in the case of subsidiaries that have been in operation for a longer period was determined on their basis of their long-term business plans. Impairment was calculated in detail also on the basis of these criteria in the case of companies where recovery is not likely.

Value and composition of current assets:

data in thHUF

Description	31.12.2012	31.12.2013
Inventories	0	0
Receivables	3 322 857	1 181 671
Securities	0	4 278 892
Liquid assets	74 580	67 407
Total	3 397 437	5 527 970

The value of intermediated services that had not been re-invoiced on the balance sheet date and are listed among inventories was recognised as impairment

Breakdown of receivables:

data in thHUF

Description	31.12.2012	31.12.2013
Receivables from the transportation of goods and from services (accounts receivable)	247 469	15 738
Receivables from associated companies	2 802 425	957 817
Other receivables	272 963	208 116
Total	3 322 857	1 181 671

We assess the claims on the basis of an aging list and also individually, taking into account the financial settlements made after the balance sheet date, and recognise impairment in the appropriate extent.

Impairment on trade receivables:

In the year concerned, based on individual valuation, impairment was accounted for in an amount of HUF 182,642 thousand. Impairment was recognized on independent parties.

data in thHUF

31.12.2013	Opening balance	Generated	Released	Closing balance
Impairment	198 203	35 358	44 065	189 495
Foreign accounts receivable Impairment (Ben-Com-Mixt)	0	147 285	0	147 285
Total	198 203	182 642	44 065	336 780

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Receivables from associated companies as at 31 December 2012:

data in thHUF

31.12.2012	Capital	Interest	Capital YEAR	Interest YEAR	Book value
Trade receivables EETEK Limited	728 225	0	0	0	728 225
Trade receivables E-Star Management Zrt.	234 287	0	-13 923	0	220 364
Trade receivables RFV Józsefváros Kft.	183 757	0	-57 971	0	125 786
Trade receivables E-Star Geotherm Kft.	5	0	0	0	5
Loan receivables E-Star Esco Kft.	1 047 168	111 230	0	0	1 158 398
Loan receivables EETEK Limited	59 757	1 189	0	0	60 946
Loan receivables E-Star Management Zrt.	671 930	124 538	-633 175	-124 538	38 755
Loan receivables E-Star Polska Sp. z.o.o.	20 617	1 425	0	0	22 042
Loan receivables E-Star Management Polska Sp. z.o.o.	8 369	511	0	0	8 880
Loan receivables E-Star Távhőfejlesztési Kft.	34 426	3 498	-33 181	-3 498	1 245
Loan receivables Veszprém Megyei Non-Profit Kft.	29	163	0	0	192
Loan receivables E-Star Geotherm Kft.	138	26	0	0	164
Loan receivables Heat Energy S.A. / Faapriték S.A.	100	9	0	0	109
Loan receivables E-Star CL Distriterm S.R.L	2 097	56 889	-2 097	-56 868	21
Loan receivables E-Star Alternative Energy S.A.	62	1 486	-62	-1 486	0
Loan receivables E-Star Energy Generation S.A.	24 408	36 949	-24 408	-36 949	0
Loan receivables Fejér Megyei Energia Nonprofit Kft.	403	9	-403	-9	0
Loan receivables E-Star Investment Management S.R.L	17 503	1 934	-17 503	-1 934	0
Loan receivables RFV Józsefváros Kft.	24 238	2 547	-24 238	-2 547	0
Loan receivables E-Star Kockázati Tőkealap-kezelő Zrt.	5	0	-5	0	0
Loan receivables E-Star Mures Energy S.A.	71 785	147 377	-71 785	-147 377	0
Loan receivables E-Star Centrul de Dezvoltare Regionala S.R.L	32 394	509 974	-32 394	-509 974	0
Loan receivables RFV Slovak s.r.o	0	13 558	0	-13 558	0
Loan receivables Termoenergy S.R.L	2 300	1 067	-2 300	-1 067	0
Group VAT receivables RFV Józsefváros Kft.	16 704	0	0	0	16 704
Group VAT receivables E-Star ESCO Kft.	2 102	0	0	0	2 102
Group VAT receivables Patakhó Kft.	33	0	0	0	33
Other receivables from associated companies – E-Star CDR S.R.L	369 490	0	0	0	369 490
Other receivables from associated companies – E-Star Energy Generation S.A.	45 418	0	0	0	45 418
Other receivables from associated companies – E-Star Távhőfejlesztési Kft.	3 546	0	0	0	3 546
Total	3 601 296	1 014 379	-913 445	-899 805	2 802 425

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Receivables from associated companies as at 31 December 2013:

data in thHUF

31.12.2013	Capital	Interest	Capital YEAR	Interest YEAR	Book value
Trade receivables E-Star Esco Kft.	110 342	0	0	0	110 342
Trade receivables RFV Józsefváros Kft.	100 837	0	-87 430	0	13 407
Trade receivables E-Star Geotherm Kft.	5	0	-5	0	0
Trade receivables E-Star Centrul de Dezvoltare Regionala SRL	112 099	0	0	0	112 099
Trade receivables E-Star Management Zrt.	235 382	0	0	0	235 382
Trade receivables E-Star Management Polska z.o.o.	3 932	0	0	0	3 932
Loan receivables EETEK Limited	0	16	0	0	16
Loan receivables E-Star Alternative Energy SA	62	1 484	-62	-1 484	0
Loan receivables E-Star Capital-Share-04 Kft.	160 945	2 532	-160 945	-2 532	0
Loan receivables E-Star Debt-Equity-03 Kft.	50	3	0	0	53
Loan receivables E-Star Energy Generation SA	33 089	40 432	-33 089	-40 432	0
Loan receivables E-Star Geotherm Kft.	57	136	-57	-136	0
Loan receivables E-Star Investment Management SRL F.A	17 503	2 049	-17 503	-2 049	0
Loan receivables E-Star Kockázati Tőkealap-kezelő Zrt.	0	2	-5	0	-4
Loan receivables E-Star Management Polska V.A	20 332	2 820	-20 332	-2 820	0
Loan receivables E-Star Mures Energy SA CS.A.	71 785	147 813	-71 785	-147 813	0
Loan receivables E-Star Polska Sp. z.o.o.	0	1 588	0	0	1 588
Loan receivables E-Star Reorganizáció-01 Kft.	50	3	0	0	53
Loan receivables E-Star Transzfer-02 Kft.	50	3	0	0	53
Loan receivables E-Star ZA Distrierm SRL F.A.	2 097	56 889	-2 097	-56 889	0
Loan receivables Fejér Megyei Energia Nonprofit Kft.	403	40	-403	-40	0
Loan receivables RFV Józsefváros Kft.	25 868	4 568	-25 868	-4 568	0
Loan receivables RFV Slovak s.r.o.	0	13 558	0	-13 558	0
Loan receivables Termoenergy S.R.L	3 502	5 410	-3 502	-5 410	0
Loan receivables Veszprém Megyei Nonprofit Kft.	29	166	0	0	194
Group VAT receivables E-Star Esco Kft.	2 102	0	0	0	2 102
Group VAT receivables RFV Józsefváros Kft.	16 704	0	-16 704	0	0
Group VAT receivables Patakhő Kft.	33	0	-33	0	0
Other receivables from associated companies - E-Star Esco Kft.	391 156	0	0	0	391 156
Other receivables from associated companies - E-Star Centrul de Dezvoltare Regionala SRL	77 399	10 014	0	0	87 413
Other receivables from associated companies - E-Star Energy Generation SA	45 418	0	-45 418	0	0
Other receivables from associated companies - E-Star Távhőfejlesztési Kft.	3 577	0	-3 546	0	31
Total	1 434 809	289 525	-488 785	-277 732	957 817

Other receivables

data in thHUF

Description	31.12.2012	31.12.2013
Position vis-à-vis tax authorities	192 216	137 588
Corporate tax of Romanian branch	30 196	460
Other receivables	12 230	246
Trade overpayment	11 483	23 707
Trade advances	9 567	40 738
Security deposit Székács u. 29.	7 000	0
Security deposits	2 120	2 120
Member's loan HUF interest	387	387
Receivables from employees in HUF	204	191
Short-term loan to Panelrekonstrukciós Kft.	154	154
Group VAT liability Panelrekonstrukciós Kft.	0	1 560
Offer security	25	25
Other receivables Ben-Com-Mixt	0	0
CRH Invest Óvadék Klapka u.	0	941
Total	272 963	208 116

Securities

29,377,214 Enefi Plc. ordinary shares were listed under securities which were transferred from subsidiaries after settlement with the creditors. Book value is HUF 4,271,692 thousand. Valuation of the shares at balance sheet date was based on the closing value as at the date of balance sheet preparation. Company registered HUF 4,131,790 thousand impairment on shares because of a higher gross value than that market value.

Money market funds are also presented under securities in amount of HUF 7,200 thousand.

Liquid assets

Total value of liquid assets is HUF 67,407 thousand: HUF 66,819 thousand on bank deposit and HUF 588 thousand in cash.

Accrued expenses and income:

data in thHUF

Description	31.12.2012	31.12.2013
Compensation for the renting of assets	14 000	24 000
Not invoiced gas fee	4 932	69 851
Management fee	0	8 400
Costs (gas fee)	0	169
Total	18 932	102 420

Liabilities and shareholders' equity

Changes in equity

data in thHUF

Description	Subscribed capital	Capital reserve	Profit reserve	Committed reserve	B/S Profit/loss	Total equity
Opening balance	26 400	3 493 600	-675 023	743 491	-12 532 817	-8 944 349
Increase	498 914	17 761 354	328 149	4 271 692	12 532 817	35 392 926
Decrease	0	0	16 804 509	328 149	2 909 772	20 042 430
Closing balance	525 314	21 254 954	-17 151 383	4 687 034	-2 909 772	6 406 147

Capital increase contained in the settlement with the creditors improved significantly the capital structure of the Company.

However, result of 2013 has a significant negative balance.

Changes in profit reserve and committed reserve:

data in thHUF

Description	Profit reserve	Committed reserve
Opening balance	-675 023	743 491
Transfer of 2012 loss	-12 532 817	0
Development reserve transfer back because of investment	328 149	-328 149
Committed capital increase because of own share purchase	-4 271 692	4 271 692
Closing	-17 151 383	4 687 034

Provisions:

In the year concerned, provisions were generated in an amount of HUF 124,533 thousand and were released in an amount of HUF 7,538 thousand:

data in thHUF

Description	Provisions for expected commitments
Opening	85 067
Provisions	124 533
Release of provisions	7 583
Total	202 017

The Company has no environmental protection-related obligations.

Liabilities:

Long-term liabilities:

Long-term liabilities to associated companies:

data in thHUF

31.12.2013	Capital	Interest	Book value
Capital liability EETEK Limited	3 048 600	17 866	3 066 466
Capital liability E-Star Esco Kft.	732 273	95 329	827 602
Capital liability E-Star Faapríték SA	40		40
Capital liability E-Star Kockázati Tőkealap-kezelő Zrt.	4 749	40	4 789
Capital liability E-Star Management Zrt.	7 886	1 910	9 796
Capital liability E-Star Polska Sp. z.o.o.	1 738 064	24 972	1 763 036
Capital liability RFV Józsefváros Kft.	13 199	208	13 407
Capital liability Veszprém Megyei Non-Profit Kft.	13 787	545	14 332
Total	5 558 598	140 869	5 699 467

In prior year Company had no any long-term liabilities as at balance sheet date.

Short-term liabilities:

As at the balance sheet date, balance of short-term loans is HUF 35 thousand, in 2012 it was HUF 844,600 thousand.

Short-term bank loans:

Description	<i>data in thHUF</i>	
	31.12.2012	31.12.2013
Takarékbank short-term loan	105	105
Bank accounts with a debit balance	72	98
Total	177	203

As at the balance sheet date, the balance of accounts payable was HUF 193,542 thousand, as compared to HUF 358,896 thousand in 2012.

Short-term liabilities to associated companies

Description	<i>data in thHUF</i>	
	31.12.2012	31.12.2013
Trade receivables E-Star ESCO Kft.	4 137	0
Capital liability Heat Energy s.r.l.	2 679	0
Interest liability Heat Energy s.r.l.	493	0
Capital liability E-Star ESCO Kft.	1 253 985	0
Capital liability RFV Józsefváros Kft.	123 163	0
Capital liability Veszprém Megyei Nonprofit Kft.	13 787	0
Capital liability E-Star Geotherm Kft.	2 459	0
Capital liability Mures Energy s.r.l.	2 197	0
Capital liability E-Star Management Zrt.	41 105	0
Capital liability E-Star Távhőfejlesztési Kft.	1 150	0
Capital liability EETEK Limited	3 921 753	0
Capital liability E-Star Management Polska Sp. z.o.o.	34 964	0
Capital liability E-Star Polska Sp. z.o.o.	1 643 525	0
Capital liability E-Star Kockázati Tőkealap-kezelő Zrt.	4 970	0
Capital liability E-Star Management Zrt. EUR	63 501	0
Interest liability E-Star ESCO Kft.	94 848	0
Interest liability RFV Józsefváros Kft.	2 622	0
Interest liability Veszprém Megyei Nonprofit Kft.	556	0
Interest liability E-Star Geotherm Kft.	202	0
Interest liability E-Star Mures Energy S.A.	101	0
Interest liability E-Star Management Zrt.	4 130	0
Interest liability E-Star Geotherm Kft.	95	0

Interest liability EETEK Limited	298 896	0
Interest liability E-Star Management Polska Sp. z.o.o.	3 792	0
Interest liability EC Mielec Sp. z.o.o.	11 144	0
Interest liability E-Star Polska Sp. z.o.o.	49 969	0
Interest liability Kockázati Tőkealap-kezelő Zrt.	231	0
Group VAT liability RFV Panelrekonstrukciós Kft.	864	0
Group VAT liability köt. SÍPÁLYA	4 244	0
Trade liability E-Star ESCO Kft.	90 651	297 153
Trade liability RFV Slovakia s.r.o.	57 861	0
Trade liability Mures Energy s.r.l.	18 967	0
Trade liability E-Star Elektrociepłownia Mielec Sp.z.o.o	0	1 098
Trade liability E-Star Capital-Share-04 Kft.	0	1 039
Trade liability E-Star Debt-Equity-03 Kft.	0	452
Trade liability E-Star Reorganizáció-01 Kft.	0	403
Trade liability E-StarTranszfer-02 Kft	0	1 218
Associated other s-term liab. E-Star Management Zrt.	59 209	260 145
Other liabilities - E-Star ESCO Kft.	7 914	0
Other liabilities - E-Star Geotherm Kft.	50	0
Other liabilities - Eetek Limited	0	89 072
Other liabilities E-Star Polska z.o.o.	0	611 522
Total	7 820 214	1 262 101

Other short-term liabilities

data in thHUF

Description	31.12.2012	31.12.2013
Debts related to bond issuance	8 790 900	0
Vindicatum GH Kft. loan capital	760 601	0
Other liabilities to Ben-Com-Mixt S.R.L.	333 589	0
Other short-term liabilities Csaba Soós	129 957	0
Foreign tax liabilities	74 837	0
Various other short-term liabilities, settlements	17 678	0
Penalties imposed	7 721	6
Other taxes	3 043	0
Income settlement account	2 921	4 628
Special tax	2 028	2 028
Employer's healthcare contribution (EHO) liability	1 676	0
PERSONAL INC. TAX LIABILITY	1 443	0
Social contribution tax	1 208	0
Innovation contribution	1 085	0
Prof. training contribution	214	70

Company car tax	123	0
Stamp duty payment liability	13	0
Private insurance fund membership fee	0	1 997
Negative balance account receivables	0	4 688
Others	0	66
Group VAT liability SÍPÁLYA	4 244	4 244
Total	10 129 037	17 727

Debts related to bond issuance:

The E-Star bond program in a total framework amount of HUF 10 billion which was launched in 2010 was closed in August 2011. The 2012/A series expired on 24 October of the year concerned, but the Company was unable to pay it owing to its liquidity position. The debt was removed from the liabilities because of the successful settlement with the creditors.

Accruals

Description	<i>data in thHUF</i>	
	31.12.2012	31.12.2013
Accruals and deferred income	0	6 533
Accruals and deferred expenses	1 003 453	95 952
Deferred revenues	26 916	26 916
Total	1 030 369	129 401

Under accruals and deferred income the heat price credit was presented.

Detailed accruals and deferred expenses

Description	<i>data in thHUF</i>	
	31.12.2012	31.12.2013
Bond interest	888 503	0
Car lease fees owing to terminations	33 293	3 711
Consultancy, audit fee	49 004	38 315
Management fee	20 000	6 424
Gas fee	0	38 288
Electricity fee	0	7 586
Other	12 653	1 628
Total	1 003 453	95 952

Deferred income comprises the amount of subsidy disbursed to the Company in 2010 for purchasing tangible assets which was not recognised with depreciation.

Items related to the income statement:

A breakdown of domestic sales revenue

data in thHUF

Description	2012	2013
Sales revenue from service fees	393 409	332 661
Public lighting	166 990	107 452
Intermediated service RFV Józsefváros Kft.	137 513	146 286
Sales revenue from energy fees	78 263	109 686
Sales revenue from rent	15 071	8 429
Other sales revenue	13 459	26 495
Total	804 705	731 009

Sales revenue, distribution of revenues from associated companies:

data in thHUF

Description	2012	2013
RFV Józsefváros Kft.	324 988	337 965
E-Star Management Zrt.	19 384	0
E-Star Esco Kft.	17 022	11 940
Veszprém Megyei Non-Profit Kft.	0	200
Fejér Megyei Energia Nonprofit Kft.	0	200
E-Star Kockázati Tőkealap-kezelő Zrt.	0	20
E-Star Geotherm Kft.	0	20
E-Star Távhőfejlesztési Kft.	0	20
Total	361 394	350 365

Other revenues

data in thHUF

Description	2012	2013
Reversed impairment	436 042	479 539
Intangible and tangible assets sold	53 815	26 641
Release of provisions	6 541	7 583
Other revenue	4 269	46
Extraordinary depreciation reversal	0	22 675
Total	500 667	536 484

Material expenses

data in thHUF

Description	2012	2013
Material costs	5 529	4 202
Cost of services used	574 021	197 754
Value of other services	49 523	8 909
Cost of goods sold	273 312	246 607
Cost of services sold (intermediated)	164 031	75 645
Total	1 066 416	533 117

Material costs:

data in thHUF

Description	2012	2013
Energy costs	3 867	1 425
Purchased fuel	1 419	1 552
Office supplies, stationary	111	991
Water charges	108	55
Other material costs	24	173
Material assets used within one year	0	6
Total	5 529	4 202

Cost of services used:

data in thHUF

Description	2012	2013
Management fee	147 195	9 953
Legal expenses	99 079	24 933
Rent	89 688	13 434
Collateral usage fee	53 945	0
Accounting, tax advice,	34 899	9 335
Facility management costs	34 643	22 515
Maintenance costs	27 230	24 543
Management consultancy, expert commission	25 967	6 280
Audit fee	19 875	13 271

Other	18 620	9 292
Service fee (stock exchange, financing)	14 051	6 013
Postage and telephone cost	3 459	4 638
Advertisement, training	3 103	1 068
Travel cost	2 267	163
Transport costs	0	620
Property inspector fee	0	51 696
Total	574 021	197 754

The significant decrease of cost of services used can be explained with the followings:
 • significant decrease of stock exchange costs and management fee, and increase in cost efficiency.

Personnel expenses

data in thHUF

Description	2012	2013
Wages	120 815	86 814
Other expenses of personnel	658	1 265
Wage contributions	30 240	24 757
Total	151 713	112 836

Significant reduction of chief officers' wage caused decrease of personnel expenses.

Other expenses

data in thHUF

Description	2012.	2013.
Impairment on loans given	6 572 989	1 989 588
Extraordinary depreciation	301 205	1 500
Impairment on trade receivables	272 524	212 106
Impairment on trade receivables	262 928	0
Impairment on inventories	106 225	0
Impairment on group VAT receivables	0	16 737
Provisions	85 067	124 533
Penalties, fines, demurrage, default interest	68 431	1 697
Book value of sold tangible assets	56 045	22 346
Other expenses	13 591	557
Taxes, duty	8 503	9 304
Payments related to damages	505	0
Impairment on other receivables	0	59 193
Expense affecting previous years	0	47 563
Total	7 748 013	2 485 124

Income from financial transactions

data in thHUF

Description	2012.	2013.
Exchange rate gain on sale of interests	0	0
Interest received	1 105 777	751 902
of which: Interest received from associated companies:	950 063	751 363
<i>Of which:</i>		
E-Star Centrul de Dezvoltare Regionala SRL	495 213	507 338
E-Star Mures Energy S.A.	185 168	23 097
E-Star Esco Kft.	123 221	114 289
E-Star Management Zrt.	85 983	49 724
E-Star Distriterm SRL	38 550	0
E-Star Energy Generation SA	29 641	27 092
RFV Józsefváros Kft.	20 259	10 606
RFV Slovak s.r.o.	7 661	5 807
E-Star Távhőfejlesztési Kft.	3 227	2 894
E-Star Investment Management SRL	2 763	171
E-Star Alternative Energy SA	1 471	1 473
Termoenergy SRL	1 438	1 965
E-Star Polska Sp. z.o.o.	1 374	1 691
EETEK Limited	774	1 881
E-Star Management Polska Sp. z.o.o.	511	760
NRG Finance Kft.	415	0
Veszprém Megyei Nonprofit Kft.	208	159
E-Star Geotherm Kft.	21	25
E-Star Faapríték SA	9	528
Fejér Megyei Nonprofit kft.	9	32
E-Star Capital-Share-04 Kft.	0	1 832
Grep Zrt.	2	0
Patakhő Energiaszolgáltató Nonprofit Kft.	0	0
Interest on bonds held by the Company	-47 855	0
Other income from financial transactions	1 452 006	2 699 683
Total	2 557 783	3 451 585

Expenses from financial transactions

adatok eFt-ban

Description	2012.	2013.
Exchange rate loss of financial investments	509 430	0
Interest payable	1 719 335	447 285
of which: Interest payable to associated companies:	447 634	164 338
<i>Of which:</i>	0	0
EETEK Limited	263 794	69 389
E-Star ESCO Kft.	87 515	40 523
Interest to owners	47 447	0
E-Star Management Polska Sp. z.o.o.	29 126	813
E-Star EC Mielec	8 862	0
E-Star Management Zrt.	4 105	1 901
E-Star Management Polska Sp. z.o.o.	2 669	0
E-Star Polska	0	46 963
RFV Józsefváros Kft.	2 622	3 401
Veszprém Megyei Non-Profit Kft.	556	904
E-Star Heat Energy SA	307	97
E-Star Kockázati Tőkealapkezelő Zrt.	231	169
E-Star Geotherm Kft.	202	64
E-Star Mures Energy SA	101	84
E-Star Távhőfejlesztő Kft.	97	30
Other expenses of financial transactions	1 589 411	2 422 373
Impairment on interests, securities, bank deposits	3 476 851	3 878 052
Total	7 295 027	6 747 710

There were no any forward transactions in 2013 made by the Company.

Extraordinary items

Extraordinary revenues (HUF 2,463,602 thousand) are the followings in 2013:

During the bankruptcy proceedings, book value of the receivables (in books of Company these are liabilities) waived by external parties according to the settlement with the creditors is HUF 1.575.777 thousand.

During the bankruptcy proceedings, book value of the receivables (in books of Company these are liabilities) waived by associated companies according to the settlement with the creditors is HUF 857.075 thousand.

Other extraordinary revenue: HUF 30,750 thousand.

Extraordinary expenditures (HUF 117,927 thousand) contain book value of FONDELEC E.E.E.R.G.P. CORP. because this company was terminated with final settlement.

Additional information

The table below shows the number of the Company's employees, its wage cost and its other personnel expenses:

Average permanent headcount in 2012	Wage and taxes on wages (thHUF)	Other personnel expenses (thHUF)
2	151,055	658

Average permanent headcount in 2013	Wage and taxes on wages (thHUF)	Other personnel expenses (thHUF)
10	111,571	1,265

Remuneration of chief officers:

Gross honorarium and contract fee: HUF 20,782 thousand

Gross payments under employment relationship: HUF 21,913 thousand

Taxes on profit

The items modifying the corporate tax base are contained in Annex 2.

Other data for information purposes

Events after balance sheet date

Significant information after the balance sheet date is continuously provided by the Company to the public.

Decision of General Assembly, capital reduction:

Based on decision of the General Assembly as at 13 February 2014, the Company decided – among others – to reduce share capital of the Company, for increasing other capital item. 25,358,866 ordinary shares owned by the Company of a nominal value of HUF 10 were involved, with an amount of HUF 253,588,660; from the amount of HUF 525.314.450 to the amount of HUF 271,725,790.

Consequently number of shares issued by the Company decreased from 52,531,445 pieces of a nominal value of HUF 10 dematerialized ordinary share to 27,172,579 pieces of a nominal value of HUF 10 dematerialized ordinary share. (http://bet.hu/topmenu/kibocsatok/kibocsatoi_hirek/116430987.html)

On-going legal proceedings with the Romanian financial office

Consideration of the bankruptcy application filed against the Company, first of all Romanian court determined its judicial scope and its jurisdiction (http://bet.hu/newkibdata/116400045/ENEFI_rom_niai_jogvita.pdf, http://bet.hu/newkibdata/116431011/ENEFI_rom_niai_jogvita_2.pdf), than the court rejected claim of financial office against the Company (http://bet.hu/newkibdata/116541715/ENEFI_rom_n_cs_delj_r_s.pdf).

Report for the forth quarter of 2013

The Company published the report for the forth quarter of 2013 as at 28 February 2014 (http://bet.hu/newkibdata/116436928/ENEFI_rom_niai_jogvita_CDR.pdf). Modified: 02 March 2014.

Legal proceedings in Hungary

Company agreed out of court with the Hungarian Body Practitioners who is the successor of Budapest Sport Association. Regarding the agreement the Company withdraws from the lawsuit. The lawsuit has not been withdrawn (http://bet.hu/newkibdata/116288110/ENEFI_perek.pdf).

Dr. Tibor Botos, shareholder of the Company and prior registered creditor in the bankruptcy proceedings, brought an action in Metropolitan Court of Justice for repealing decree which ordered the registry of changes in Company caused by capital increase. He also brought this action for judicial review and repealing of resolutions decided in the annual general meeting of the Company (http://bet.hu/newkibdata/116288110/ENEFI_perek.pdf).

Off-balance sheet items

Suretyship

E-Star Alternative Plc. had undertaken a surety guarantee in respect of the following loans taken out by E-Star ESCO Kft:

Contract number
333/00035 FHB loan
H-51/2005 Raiffeisen loan (ÁNTSZ investment)
H-52/2005 Raiffeisen loan (ÁNTSZ investment)
Sato H1/2007 Raiff. loan (investment in Sárospatak)

FHB loan of E-Star ESCO Kft. was terminated in 2013.

Raiffeisen Bank Zrt. terminated all existing loan contracts with E-Star ESCO on 8 January 2013 with regard to the bankruptcy proceeding initiated against the Company, the Founder and sole member of E-Star ESCO Kft. Later on the bank enforced its claim against the parent company of E-Star ESCO Kft. by exercising the surety which was provided by the parent company as collateral for the loan contracts and filed its claim in the context of the bankruptcy proceeding in the capacity of creditor. Later on the bank sold its claim, which was filed in the context of the bankruptcy proceeding, to a third party, and eventually the ownership of the claim was obtained by a member of the E-Star Group. The obligation resulting from this have been satisfied in the bankruptcy proceedings.

E-Star Nyrt. “under bankruptcy” and E-Star Elektrociepłownia Mielec Spółka z o.o. (ul. Wojska Polskiego 3, 39-300 Mielec, Polska) entered into a surety agreement on 17 August 2012 pursuant to which E-Star Nyrt. “under bankruptcy” undertook a surety in respect of the performance by E-Star Polska Sp. z o.o. of the agreement between E-Star Polska Sp. z o.o., E-Star Elektrociepłownia Mielec Spółka z o.o. and the municipality of the city of Mielec. The trilateral agreement was concluded in respect of the investment loan taken out by E-Star Polska Sp. z o.o. in an amount of PLN 36,000 thousand (disbursed by: Bank Zachodni WBK S.A.). The surety amount is max. PLN 54,000 thousand + PLN 20,000 thousand penalty fee, payable in the event of a breach of contract by E-Star Polska Sp. z o.o., and the term of the contract is 15 years.

Indicators reflecting the Company's net-worth, financial and profitability position

LIQUIDITY		2012	2013
Liquidity ratio =	Current assets	0.18	3.75
	Short-term liabilities		
Liquidity acid test =	Current assets-Inventories	0.18	3.75
	Short-term liabilities		
DEBT SERVICE		2012	2013
Interest coverage =	Operating profit/loss	-4.53	-4.38
	Interest paid and interest-type liabilities		
CAPITAL STRUCTURE		2012	2013
Debt ratio =	Liabilities	1.69	0.52
	Total assets		
Net debt ratio =	Liabilities - Receivables	-1.77	0.94
	Total equity		

Close of bankruptcy proceedings resulted significant improvement of liquidity and capital structure indicators.

The Company does not have any hazardous waste.

No research and development costs were incurred in the reporting year.

Budapest, 20 March 2014.

ENEFI Energyefficiency Plc.

1. Annex

Movement table of Intangible assets and Tangible assets

Data in thousand HUF

Intangible assets	Foundation and restructuring	Experimental development	Property rights	Intellectual property	Goodwill	Intangible assets, total
Gross value						
Opening value	0	0	61 747	0	20 668	82 415
Increase	0	0	0	0	0	0
Decrease	0	0	146	0	0	146
Reclassification	0	0	0	0	0	0
Closing balance	0	0	61 601	0	20 668	82 269
Depreciation						
Opening value	0	0	35 720	0	0	35 720
Increase	0	0	7 868	0	0	7 868
Decrease	0	0	140	0	0	140
Reclassification	0	0	0	0	0	0
Closing balance	0	0	43 448	0	0	43 448
Unplanned depreciation						
Opening value	0	0	4 401	0	20 668	25 069
Increase	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Closing balance	0	0	4 401	0	20 668	25 069
Net value						0
Opening net balance	0	0	21 626	0	0	21 626
Closing net balance	0	0	13 752	0	0	13 752

Data in thousand HUF

Tangible assets	Real estate and property rights	Technical plant and equipment	Other equipment	Livestock	Capital projects, renovations	Advances given for capital projects
Gross value						
Opening value	19 174	1 432 768	76 513	0	0	1 528 455
Capitalisation					-1 267	-1 267
Increase	1 139	0	128	0	331 024	332 291
Decrease	0	37 899	4 507		0	42 406
Capitalisation	0		0	0		0
Closing balance	20 313	1 394 869	72 134	0	329 757	1 817 073
Depreciation						
Opening value	2 808	500 219	49 679	0	0	552 706
Increase	0	77 331	10 538	0	0	87 869
Decrease	0	16 787	3 277	0	0	20 064
Reclassification	0	0	0	0	0	0
Closing balance	2 808	560 763	56 940	0	0	620 511
Unplanned depreciation						
Opening value	16 366	259 770	0	0	0	276 136
Increase	0	1 500	0	0	0	1 500
Decrease	0	22 678	0	0	0	22 678
Reclassification	0	0	0	0	0	0
Closing balance	16 366	238 592	0	0	0	254 958
Net value						
Opening net balance	0	672 779	26 834	0	0	699 613
Closing net balance	1 139	595 513	15 194	0	329 757	941 603

2. Annex

Corporate tax calculation

Data in thousand HUF

Profit/loss before tax	-2 909 772
<i>Items increasing the tax base</i>	<i>3 303 543</i>
Depreciation recognised in accordance with the Act on Accounting	97 237
Book value of tangible assets sold	22 346
Impairment of receivables	2 277 625
Prior years' expense	47 563
Waived liability by associated company	857 075
Penalty	1 697
Generated provision	124 533
<i>Items reducing the tax base</i>	<i>645 162</i>
Depreciation recognised in accordance with the Corporate Tax Law	131 845
Value under Corporate Tax Law of tangible assets sold	3 521
Reversal of impairment of receivables	479 539
Released provision	7 582
Reversed extraordinary impairment	22 674
<i>Loss carried over prior years</i>	<i>0</i>
Tax base	-251 391
Income from abroad	0
Corporate tax paid abroad	0
Domestic tax base	-251 391
Corporate tax liability	0
Profit/loss after tax	-2 909 772

We did not deal with income minimum base calculation assumed the obligation of statement declaration.

3. Annex

CASH FLOW STATEMENT

Data in thousand HUF

	2012	2013
Operating Cash Flow	2 071 613	-23 777 708
Profit or loss before taxation	-12 525 487	-2 909 772
	423 379	
Depreciation	119 697	74 618
Loss in value of assets	10 556 947	5 676 138
Change in provisions	78 525	116 950
Result of invested assets sold	2 230	-4 289
Change in trade payables	-283 067	-165 354
Change in other short term liabilities	4 071 161	-17 513 962
Change in accruals	-486 766	-900 968
Change in trade receivables	-90 886	93 159
Change in current assets (without debtors and cash)	-11 017	-8 160 740
Change in prepayments	224 227	-83 488
Corporate tax charge	-7 330	0
Dividend paid		0
Cash Flow from investment activities	-154 245	-345 541
Purchase of invested assets	-208 060	-372 182
Sale of invested assets	53 815	26 641
Dividend received		0
Cash Flow from financial transactions	(2 109 706)	24 116 136
Income from share issue	0	18 260 268
Income from the issue of bonds and securities	0	0
Borrowings	14 698	5 699 467
Repayment, termination or redemption of long-term loans and bank deposits	0	0
Non-repayable assets received	0	0
Cancellation of shares, disinvestment (capital reduction)	0	0
Redeemed bonds and securities signifying a creditor relationship	0	0
Repayment of loans	(1 552 644)	0
Long-term loans and deposits	(559 593)	156 401
Non-repayable assets transferred (additional payments)	(12 167)	0
Variation in liabilities due to founders and in other long-term liabilities	0	0
Changes in liquid assets	(192 338)	(7 113)