



ENEFI

Energy Efficiency Plc.

Report for the Third Quarter of 2014

Q3

30/09/2014

Public notice: 27.10.2014.

The ENEFI Energy Efficiency Plc hereby presents its financial results of the period of the third quarter of 2014.

The report presents the operations of the Company and the companies consolidated by the Company in the given period on the basis of the consolidated, non-audited financial figures available on 28th February 2014.

ENEFI Energy Efficiency Plc. with its registered seat in Budapest. ENEFI Energy Efficiency Plc is a corporate group operating in Hungary, Poland and Romania, the subsidiaries of which deal with heat production and supply as their main activity and electric energy production and trading as related activity in certain, well-established areas of the three countries mentioned above. Additionally certain companies of the Group deal with the modernisation and operation of street lighting systems in Hungarian projects.

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website (www.e-star.hu, www.enefi.hu) and on the website of Budapest Stock Exchange Plc. (www.bet.hu) as well as the website operated by MNB (www.kozzetetelek.hu).

1. Balance sheet (data in EUR)

Consolidated statement of financial position - Assets		9/30/2014	12/31/2013
			modified
Property, plant and equipment	17 534 485	17 688 849	
Intangible assets	5 779 168	6 309 065	
Investments in affiliated companies	935 912	860 907	
Investments in other companies	9 532	9 598	
Financial Asset	4 825 714	4 438 889	
Other long term receivables	8 005	1 596	
Deferred tax assets	1 255 319	1 257 568	
Total non-current assets	30 348 135	30 566 472	
Inventories	2 705 318	2 528 838	
Trade receivables	2 249 996	3 534 523	
Other receivables due within a year	959 388	1 617 113	
Accruals and prepaid expenses	639 890	931 306	
Securities	483 794	0	
Cash and cash equivalents	1 086 719	1 168 535	
Total current assets	8 125 105	9 780 315	
Total assets	38 473 240	40 346 787	
Consolidated statement of financial position - Equity and liabilities		9/30/2014	12/31/2013
			modified
Share capital	1 775 293	1 775 293	
Reserves	64 934 121	64 819 306	
	-29 188	-29 074	
Treasury shares	520	466	
	-21 929	-23 391	
Retained earnings	220	304	
Equity attributable to owners of the Company	15 591 674	14 128 829	
Non-controlling interests	1 592 956	1 624 328	
Total equity	17 184 630	15 753 157	
Loans and other long term financial liabilities	7 055 729	7 343 419	
Provisions	1 079 672	1 405 937	
Deferred tax liabilities	132 407	71 547	
Deferred income	3 316 824	3 272 437	
Other long-term liabilities	1 185 678	795 429	
Total non-current liabilities	12 770 310	12 888 769	
Trade payables	3 251 050	4 345 799	
Loans and other short term financial liabilities	1 391 732	1 395 493	
Provisions (current)	848 401	1 049 490	
Accruals and deferred income	1 091 046	1 198 791	
Other liabilities	1 936 071	3 715 288	
Total current liabilities	8 518 300	11 704 861	
Total liabilities	21 288 610	24 593 630	
Total equity and liabilities	38 473 240	40 346 787	

2. Profit and Loss Statement (data in EUR)

	7/1/2014- 9/30/2014	1/1/2014- 9/30/2014	1/1/2013- 6/30/2014
Continued Operations			
Revenue	2 840 020	12 576 754	17 571 160
Cost of sales	-1 990 910	-7 459 933	-10 394 456
Gross Profit	849 110	5 116 821	7 176 704
Personnel cost	-680 720	-2 129 451	-2 286 055
Service used	-447 585	-1 162 829	-1 740 038
Other revenue and expenditures, net	121 739	1 091 723	6 726 838
Depreciation	-206 285	-863 170	-2 136 313
Net profit/loss from financial activities	-85 166	-141 684	-21 909
Net profit/loss from associated companies	29 197	80 905	0
Profit before tax	-419 711	1 992 314	7 719 227
Income tax expense	64 654	-377 509	-236 401
Profit for the year from continuing operations	-355 057	1 614 805	7 482 826
Discontinued operations			
Loss from discontinued operation	0	0	53 528
Profit for the year	-355 057	1 614 805	7 536 354
Attributable to:			
Owners of the Company	-324 401	1 462 096	1 468 820
Non-controlling interests	-30 655	152 710	6 067 534
Other comprehensive income			
Foreign currency translation differences	-59 264	114 816	317 724
Total other comprehensive income	-59 264	114 816	317 724
Total comprehensive income	-414 321	1 729 621	7 854 078
Attributable to:			
Owners of the Company	-383 665	1 576 908	7 629 443
Non-controlling interests	-30 655	152 714	224 635
Earnings per share (EUR)			
Continued and discontinued operations			
Basic earnings per share	-0,02	0,07	2,91
Diluted earnings per share	-0,02	0,07	2,91
Continued operations			
Basic earnings per share	-0,02	0,07	2,89
Diluted earnings per share	-0,02	0,07	2,89

3. Equity of the Owners of the Company (Figures in EUR)

	Attributable to equity holders of the parent							Total	Non-controlling interest	Total equity
	Share capital	Share premium	Translation reserve	Share-based payment reserve	Total reserves	Treasury shares	Retained earnings			
Balance at January 1, 2013	94 937	12 525 322	(961 557)	299 952	1 863 717	-	(24 394 928)	(12 436 274)	3 174 267	(9 262 007)
Profit or loss for the period	-	-	-	-	-	-	1 003 624	1 003 624	(137 715)	865 909
Other comprehensive income										
Foreign currency translation differences	-	-	677 323	-	677 323	-	-	677 323	-	677 323
Comprehensive income										
Capital increase with share premium	1 680 356	52 578 218	-	-	52 578 218	-	-	54 258 574	-	54 258 574
Controll loss regarding E-star Gorlice S.p.z.o.o.	-	-	-	-	-	-	-	-	(444 361)	(444 361)
Controll loss regarding Euro Energetyka Polska	-	-	-	-	-	-	-	-	(387 825)	(387 825)
Dividend to non controlling interest	-	-	-	-	-	-	-	-	(580 038)	(580 038)
Treasury shares acquired during bankruptcy procedure	-	-	-	-	-	(29 074 466)	-	(29 074 466)	-	(29 074 466)
Share-based payment	-	-	-	(299 952)	(299 952)	-	-	(299 952)	-	(299 952)
Balance at December 31, 2013	1 775 293	65 103 540	(284 234)	-	64 819 306	(29 074 466)	(23 391 304)	14 128 829	1 624 328	15 753 157
Profit or loss for the period	-	-	-	-	-	-	1 462 084	1 462 084	152 710	1 614 794
Other comprehensive income										
Foreign currency translation differences	-	-	114 816	-	114 816	-	-	114 816	-	114 816
Comprehensive income										
Increase in treasury shares	-	-	-	-	-	(114 054)	-	(114 054)	-	(114 054)
Dividend to non controlling interest	-	-	-	-	-	-	-	-	(184 082)	(184 082)
Balance at September 30, 2014	1 775 293	65 103 540	(169 418)	-	64 934 122	(29 188 520)	(21 929 220)	15 591 675	1 592 956	17 184 630

4. Cash Flow (data in EUR)

	2014 Q3
Cash flow from operations	
Profit /loss for the period from continuing operations	1 992 314
Income tax expense recognised in profit and loss	-377 509
Depreciation and amortization	863 170
Exchange difference	36 104
Changes of fair value of financial assets	-71 106
Changes of provisions	-527 354
Changes of deferred tax assets and liabilities	63 109
Change in other long term liabilities	390 249
Change in deferred revenues	44 387
Adjusted profit/loss in the year concerned:	2 413 364
Change in operating capital	
Changes of receivables and other current assets	1 935 843
Changes of accruals	183 671
Changes of Inventories	251 062
Changes of Trade payables and other liabilities	-2 873 965
Net cash-flow from operating activity	1 909 975
Cash flows from investing activities	
Payments related to purchasing property, machines and equipment	-606 451
Expense on financial assets	-315 719
Net cash flow from investing activity	-922 170
Cash flows from financing activities	
Change in loans (take out-repayment)	-287 690
Dividend paid to non controlling interest	-184 082
Sale - purchase of securities	-483 032
Sale - purchase of treasury shares	-114 816
Net cash flow from financial activities	-1 069 620
Change of Cash and cash equivalents	-81 816
Cash and cash equivalents at the beginning of the year	1 168 535
Cash and cash equivalents at the end of the year	1 086 719

5. Declaration of the Issuer

The issuer hereby declares that the consolidated report of the fourth quarter of 2014 prepared on the basis of the provisions of the IFRS in accordance with its best knowledge, presents a realistic and reliable picture of the assets, debts, financial situation and the profit and loss statement of the issuer and the companies involved in the consolidation.

Budapest, 27th October 2014

ENEFI Energy Efficiency Plc.



ENEFI Energy Efficiency Plc.

CONSOLIDATED

EXECUTIVE REPORT

Third quarterly report in 2014

Q3

Objective of the Report:

This report aims to present the property, financial and revenue circumstances, and the course of business of ENEFI Energy Efficiency Plc. (hereinafter: “Company”, or “Enterprise”, or “ENEFI”, or “Issuer”) together with the major risks and uncertainties arising in its operations so that it provides a reliable and realistic picture of these, meeting the actual circumstances on the basis of past factual and expected future data.

I.

Information on the Parent Company, ENEFI Energy Efficiency Plc.:

Basic Information of the Company

Company name:	ENEFI Energy Efficiency Plc.
The company’s name in English:	ENEFI Energy Efficiency Plc.
Registered seat:	1134 Budapest, Klapka utca 11.
Branch office:	8413 Eplény, Veszprémi u. 66 Building A.
VAT number:	13719069-2-41
Country of registered seat:	Hungary
Telephone:	06-1- 279-3550
Facsimile:	06-1- 279-3551
Prevailing law:	(Hungarian)
Initial Public Offering:	Budapest Stock Exchange Warsaw Stock Exchange
Corporate form:	Public Limited Corporation

Predecessors of the Company and Changes in Corporate Form

The Company was founded as a limited liability company then it was converted into a private limited corporation and subsequently into a public limited corporation as follows:

Regionális Fejlesztési Vállalat Korlátolt Felelősségű Társaság (Regional Development Company Limited Liability Company)

Date of foundation:	17/05/2000
Date of registration:	29/06/2000
Date of termination:	12/06/2006

Regionális Fejlesztési Vállalat zártkörűen működő Részvénytársaság (Regional Development Company Private Limited Corporation)

Date of registration:	12/06/2006
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RFV Regionális Fejlesztési, Beruházó, Termelő és Szolgáltató Nyilvánosan Működő Részvénytársaság (RFV Regional Development, Investment, Production and Service Public Limited Corporation)

Date of change:	12/03/2007
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The Initial Public Offer of the shares took place at the Budapest Stock Exchange on 29th May 2007.

E-STAR Alternative Energy Service Plc.

Date of change:	17/02/2011
Date of registration:	04/03/2011

ENEFI Energy Efficiency Plc.

Date of change:	09/12/2013
Date of registration:	17/12/2013

Registered Capital of the Company

The Company decided to decrease its registered capital on 13/02/2014 to the amount of HUF 271,725,790 (i.e. two hundred and seventy-one million seven hundred and twenty-five thousand seven hundred and ninety Forints). The capital decrease has not been recorded at the Court of Registration. HUF 525,314,450, i.e. five hundred and twenty-five million three hundred and fourteen thousand four hundred and fifty forints.

Shares of the Company

The Company decided to decrease its registered capital on 13/02/2014 to the amount of HUF 271,725,790 (i.e. two hundred and seventy-one million seven hundred and twenty-five thousand seven hundred and ninety Forints). The registered capital consists of 27,172,579 pieces of registered, dematerialised, regulated, publicly offered ordinary shares, the par value of which is HUF 10, each. The capital decrease has not been recorded at the Court of Registration. The registered capital consists of 52,531,445 pieces of registered, dematerialised, regulated, publicly offered ordinary shares, the par value of which is HUF 10, each.

Term of the Operation of the Company

The Company was founded for an indefinite period of time.

II.

Information on the Companies Involved in the Consolidation:

The following subsidiaries belong to the sphere of consolidation of ENEFI Energy Efficiency Plc:

	Name of the company	Country	Registered Capital	Direct and indirect business share (%)	Voting ratio (%)
1	ENEFI Energy Efficiency Plc.	Hungary	271.725.790,- HUF change under registration 525 314 450 HUF	-	-
2	E-Star ESCO Kft.	Hungary	3 000 000 HUF	100%	100%
3	E-Star Management Zrt. "under bankruptcy proceedings"	Hungary	5 000 000 HUF	100%	100%
4	Veszprém Megyei Fűtés- és Melegvíz-szolgáltató Non-Profit Kft.	Hungary	510 000 HUF	100%	100%
5	RFV Józsefváros	Hungary	3 000 000 HUF	49%	70%
6	Fejér Megyei Energiaszolgáltató Nonprofit Kft.	Hungary	510 000 HUF	100%	100%
7	RFV Slovak s.r.o.	Slovakia	200 000 SKK	100%	100%
8	ENEFI Polska Spółka Z o. o.	Poland	31 965 600 PLN	100%	100%
9	E-STAR Management Polska Spółka z o. o. under liquidation	Poland	5 250 500 PLN	100%	100%
10	E-Star Elektrociepłownia Gorlice Spółka z o. o.	Poland	9 994 000 PLN	85.37%	85.37%
11	EC-Energetyka Spółka Z o. o.	Poland	300 000 PLN	51.66 %	51.66 %
12	Termoenergy SRL	Romania	6 960 RON	99.50%	99.50%
13	E-Star Centrul de Dezvoltare Regionala SRL	Romania	525 410 RON	100%	100%
14	E-STAR ZA Distrierm SRL1	Romania	40 000 RON	51%	51%
15	E-Star Energy Generation SA	Romania	90 000 RON	99.99 %	99.99 %
16	E-STAR Mures Energy SA2	Romania	90 000 RON	99.99 %	99.99 %
17	E-STAR Alternative Energy SA	Romania	90 000 RON	99.99 %	99.99 %

1Since 22nd January 2012 under bankruptcy proceedings then on 21st March 2013 the Court has ordered the liquidation
2from 14 February 2013 under bankruptcy proceedings

18	E-STAR Heat Energy SA from January 2013 as SC Faapritek SA3	Romania	90 000 RON	99.99 %	99.99 %
19	E-STAR CL Distrterm SRL4	Romania	200 RON	100%	100%
20	E-STAR Investment Management SRL5 since January 2013 under liquidation	Romania	15 000 RON	99.93%	99.93%
21	EETEK Limited	Cyprus	1 000 000 EUR	100%	100%

3formerly known as E-STAR Heat Energy SA

4the decision has been made on liquidation but the court has not ordered the liquidation yet

5Since 22nd January 2013 under bankruptcy proceedings then on 21st March 2013 the Court has ordered the liquidation

1. Business Environment and Development of Operations and Comprehensive Analysis of the Performance and the Circumstances of the Company:

Brief Story of the Issuer

The predecessor of the Company named Regionális Fejlesztési Kft. was founded by two private people in 2000. The founders intended to establish an ESCO (Energy Service Co., i.e. dealing with energy saving) type of company. Initially one of the main activities of the Company was cost-effective electrical energy supply which still provides significant revenues today. The Company provided continuous consultancy for its customers to assist them to choose the most favourable tariff package from the regionally competent energy supplier. In the framework of the service, the electrical energy was purchased by the Company and sold to its customers at a more favourable price than earlier. The customer and the Company shared the saved costs on the basis of a long term agreement concluded between them. Since 1st January 2008 however the free energy market was opened, which means that economic organisations may freely choose their energy suppliers and individually determine the conditions of the service. The Company also adapts to the changed circumstances and negotiates with several traders of the energy market, takes steps together with its partners to achieve the best possible conditions. The other main activity of the Company has been luminous flux regulation of street lighting since its foundation. Then in 2004 the Company took heating modernisation and thermal energy supply to its product range. A significant part of the customers of the Company are municipalities and municipal institutions but there are also public institutions, church institutions, condominiums and private enterprises among them. The Company was transformed into a private limited corporation on 12th June 2006, then on 12th March 2007 the Court of Registration registered the change of “private limited corporation” form into “public limited corporation”. The Initial Public Offering of the shares of the Company took place at the Budapest Stock Exchange on 29th May 2007. The Initial Public Offering of the shares of the Company took place at the Warsaw Stock Exchange on 22nd March 2011.

Business Environment of the Company

The Corporate group with its registered seat in Budapest operates in Hungary, Poland and Romania, the subsidiaries of which deal with heat production and supply as their main activity and electric energy production and trading as related activity in certain, well-established areas of the three countries mentioned above. Additionally certain companies of the Group deal with the modernisation and operation of street lighting systems in Hungarian projects.

Introduction of Business Activity by Spheres of Activity

The sales revenue of the Company comes from the following major activities:

- Street lighting service;
- Heat supply service

Luminous flux regulation of street lighting, Luminous Flux Regulation at Night

The concept covers the adjustment of street lighting to actual needs, i.e. lighting shall operate with the light reasoned by the traffic. The technical implementation of this means the pre-programmed regulation of voltage for each light source as a result of which the performance and consumption of light sources decreases, while their lifetime significantly increases. The energy consumption is reduced due to the reduction of voltage.

The Offered Service

After a free survey the Company offers an agreement to its customers in which it implements the luminous flux regulation of street lighting as its own development without involving the resources of the customer. The Company installs voltage regulators with the capacity meeting the local

requirements, which regulate the voltage required for the street lighting. The voltage regulators are usually installed by local subcontractors and the installed devices remain the property of the Company. By the conclusion of the Agreement, the Company purchases the previously provided service - electric power, maintenance of consumers - and sells its own service to the customer. The Company performs the maintenance of the equipment installed by the Company with the involvement of subcontractors too. The customer periodically (monthly) pays a basic, or service fee and a consumption fee. The customer and the Company share the part of the achieved cost saving exceeding the amount spent on the funding of the development. The Company shall be entitled to correct the price of electric energy sold to the customer by the electric energy price rises at all times.

Heat supply service with heating system modernisation

Municipalities and public institutions often solve the heating of their institutions with obsolete, wasteful heating systems. Moreover the maintenance of the obsolete systems can only be solved with greater difficulties and higher maintenance costs; the potential failure of the equipment may cause significant, unplanned investment. The investment may potentially be only implemented by loan and the further worsening credit rating due to the poor municipality management. Following the individual survey of the buildings of the customers and the preliminary survey of needs, the Company prepares an offer package in this business branch, which includes a proposal for the long term solution of heat supply at higher standards. Following the conclusion of the agreement the Company implements the energetic modernisation prepared during the survey and undertaken in the impact study without involving the resources of the customer, then it provides long term (10-25 years) heat supply service on the modern system, including operating and maintenance tasks. Depending on individual needs, the modernisation may include the replacement of the boiler, the conversion of the heat consumption into a controllable and measurable system (converting the heating systems into multiple circles, installing thermostatic controls, building in heat pump, etc.). The Company acquires the further factors required for providing the heat supply (e.g. leasing boiler-house, electric energy, water, etc.) partly from the customers. The Company purchases the equipment from the Hungarian representatives of worldwide companies (e.g. in case of boilers, these companies are typically Viessmann, Buderus, Hoval, etc.), who usually perform installation too. The Company also concludes long term agreements for the maintenance of the equipment with a local subcontractor. The modernisation results in significant, even 40-50% energy cost saving among the same conditions. In order to ensure heat supply, the Company usually uses gas-fired equipment. Instead of the direct "gas supplier - municipality" relationship, the Company purchases gas and supplies heat to the customers in a "gas supplier (gas trader) - Company" relationship. The customer uses the heat supply at lower costs while the heating system is modernised. The customer periodically (monthly) pays a basic, or service fee and a consumption fee according to a previously determined formula. The Company adjusts the unit price of the heat supply service to the gas price invoiced by the utility gas supplier.

Major Markets

Geographical Penetration of ENEFI

Initially the Company implemented successful heating supply, public lighting and kitchen technology developments in Hungary, primarily in the municipality sector.

Due to the changing economic and social requirement in our region, the demand for the solutions offered by the Company increased, which allowed the regional expansion of the Company becoming stronger and obtaining references in Hungary.

Since the municipalities are rather under-financed in our region, the heating technology of public institutions is also obsolete, significant savings may be achieved, therefore the attention of the Company / corporate group has turned towards the surrounding countries, especially Romania and Poland since the beginning of 2011's business year.

The geographical distribution of the operations of the entire ENEFI corporate group covers the territory of Hungary, Romania and Poland in accordance with the situation in the beginning of 2013.

The most important services (branches) of the entire group are the following

The most important services (branches) of the entire group are the following:

- efficient thermal energy and district heating supply based on sustainable primary energy sources
- providing energy-efficient public lighting services on the basis of modern voltage control
- modernisation and exploitation of efficiency in energy supply and transformation equipment

The list of business operations of the Company has been supplemented with the following primary business operation through the acquisition of the EETEK corporate group:

- energy production, trade and distribution in Poland.

Objective and Strategy of the Company

In 2014 the Company plans to close the consolidation started in the business year of 2012. In the following consolidation the Company focuses on the reduction of its administrative charges in order to further reduce central costs by the rationalisation of operations.

Major Resources of the Company

The number of employees in the Company has been reduced to 10 as a result of the former dramatic downsizing of operations. The head count is sufficient to maintain daily operations. Operations with the significantly downsized corporate centre can be compared with the basic operations of an investment. In case of starting new and large projects, the number of staff may need to be expanded considering that certain tasks may only be performed through subcontractors. The successful closure of the former bankruptcy proceedings stabilised the market position of the Company in Hungary. The amount of external liabilities has practically been reduced to the incoming invoices during the daily operations. The payment discipline of the remaining customers is sufficient. The Company is able to finance the operations from its revenues. In case of starting new projects it acts with due carefulness and consideration of risks. The customers (municipalities and their institutions) involve the risk of not paying. Currently the entire Hungarian operation takes place without using bank financing. In the event that the capital requirement of the newly started projects exceeds the available amount of resources, the Company will need external financing.

Risc factors

The detailed description of the risk factors is included in the previously published Consolidated Report of the Company (pages 22-37), which is available here: http://bet.hu/newkibdata/115693892/T_j_koztat_.pdf

Summary of the Reference Period

Q3 is traditionally the worst quarter in the operation of the corporate group dealing primarily with heating services, because the period between July and September usually does not give a single day of heating.

Accordingly the revenue of the Company was negative not differing significantly from rather slightly more favourably than the preliminary communication and expectation of the management however.

Hungary

The individual focused items of Q3 are the following.

- Seven affiliated companies (**E-Star Geotherm Kft.** (registered seat: 1134 Budapest, Klapka utca 11.), **E-Star Távhőfejlesztési Kft.** (registered seat: 1134 Budapest, Klapka utca 11.), **E-**

Star Kockázati Tőkealap-kezelő Zrt. (registered seat: 1134 Budapest, Klapka utca 11.), **E-Star Reorganizáció-01 Kft.** (registered seat: 1134 Budapest, Klapka utca 11.), **E-Star Transzfer-02 Kft.** (registered seat: 1134 Budapest, Klapka utca 11.), **E-Star Debt-Equity-03 Kft.** (registered seat: 1134 Budapest, Klapka utca 11.), **E-Star Capital-Share-04 Kft.** (registered seat: 1134 Budapest, Klapka utca 11.) merged into E-Star ESCO Kft. (registered seat: 1134 Budapest, Klapka utca 11.) as a successor company.

- E-Star Management Zrt., the company of the corporate group formerly dealing with management services initiated bankruptcy proceedings against itself on 24th* September 2014, since the Company was informed by the Romanian tax authority that it promised to qualify the Company as insolvent in terms of tax law due to the tax and default interest debts determined by the tax authority, following which the tax authority had the right to initiate the insolvency proceedings at court.
- The liquidation proceedings initiated by the Romanian tax authority against the parent company was finally closed in favour of ENEFI.

No significant events took place in Hungary in this period addition to the ones announced before. The strong control of the central costs of the corporate headquarters is still in the focus of the management.

Poland

The PLN 7.3 million combustion gas utilisation project investment is in an approximately one and a half month's delay compared to the planned complete commissioning on 30th* September. The delay does not cause financial losses to the Company; the because the commissioning must take place by 31st* December 2014 the latest according to the Polish legal regulations.

Energia Europark purchased the district heating distribution plant in the Mielec industrial park from ARP.

According to earlier communication, the Company gradually started to extend its consumption hot water services in order to increase consumption in the summer months provided that it concluded agreements with three housing cooperatives in the first round about the development and operation of consumption hot water services based on district heating, in which the gas boilers producing consumption hot water in the apartments belonging to these housing cooperatives were demounted and thermal centres suitable for consumption hot water production were installed instead of them financed by the Company. Seeing the success of the program, two further housing cooperatives required this opportunity to be developed in 2014 and several other to be developed in 2015. The Supervisory Board of EC Mielec will decide on the fulfilment of these demands in the following weeks.

The Company changed its former gas supplier in Poland in the gas year from 1st* October till 30th* September. The new gas supply agreement allows for greater flexibility and the Company plans approximately PLN 1 million gas cost saving on the basis of the annual gas consumption planned with the operation of the gas engines.

Romania

The revenue of the Company was slightly better by RON 126 thousand (EUR 28 thousand) at EBITDA level, due to the items not affecting gross margin.

Positive changes took place in operation. The quality of fuel was better than in Q2, the specific consumption improved from 0.43 MWh/m³ in each month. 0.58- July; 0.59- August; 0.67- September MWh/m³.

The collection rate of the outstanding claims of the Company over 360 days is at a high level; 1% of residential outstanding claims from 2011 while 3% of residential outstanding claims from 2013 is open. 21% of the residential invoices issued in 2014 has not been paid. The municipality paid all its debts to the company except for an amount of RON 1.1 million (+ interests) from 2011, which is currently under litigation.

The collection of the consideration of the invoices issued after December is difficult because the residential retail prices have risen concurrently with the reduction of the municipal subvention. The company sold 2.13 Gk less than planned in Q3; only hot water was supplied in this period.

A production price modification is under progress at the Price Approval Authority on the basis of which it shall be clarified whether the amount undertaken in the concession agreement and paid by E-STAR Central de Dezvoltare Regionala SRL (a total of approx. EUR 1.5 million) can be built in the price of district heating, or the municipality shall refund this amount to the company.

The fuel stocks exceed 11 thousand m³, part of which is at the premises and the remaining is wood waste from forest cleansing and free felling.

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website (www.e-star.hu, www.enefi.hu) and on the website of Budapest Stock Exchange Plc. (www.bet.hu) as well as the website operated by MNB (www.kozzetetelek.hu).

Trading Profit of the Reference Period and Prospects

In addition to the revenue reduction of Q3 arising from seasonality, the single effect revenue items of the period are the following:

HUF 88 million provision was released in Q3 in the books of the Company.

HUF 10 million was received from claims previously claimed legally in the Hungarian operation.

RON 692,000 was provision was established for Romanian residential claims.

At the time of issuing the report the district heating is already working in all our service areas, which will have a strong positive effect at revenue level in Q4.

Quantitative and Qualitative Indexes and Indicators of Performance Measurement.

The corporate group level indicators as per 30th September 2014 are presented in the table below.

Name of index	31 December 2013	30 September 2014
Rate of fixed assets: (fixed assets/total assets)	75,76%	78,88%
Indebtedness rate: (payables/Resources)	60,96%	55,33%

Profitability in the ratio of sales revenues (pre-tax profit/net sales revenues)	17,70%	15,84%
Profitability in the ratio of own capital (pre-tax profit/own capital)	23,28%	11,59%
Liquidity index I.: (current assets/short-term liabilities)	0,84	0,95
Quick liquidity ratio (cash/short-term liabilities)	0,38	0,57

IV.

Declaration of the Issuer

The Company hereby states that the executive report provides a reliable picture of the circumstances, development and performance of the Issuer, informing about major risks and factors of uncertainty.

ENEFI Energy Efficiency Plc.