



ENEFI Energy Efficiency Plc.

H1 Report of 2015

06/30/2015

Public notice: 28.07.2015.

The ENEFI Energy Efficiency Plc hereby presents its financial results of the period of the first half year of 2015.

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 of the current operation.

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. Financial statement (data in EUR)

| Consolidated statement of financial position - Assets | | 2015.06.30 | 2014.12.31 |
|---|--|-------------------|-------------------|
| Property, plant and equipment | | 16 581 136 | 16 887 601 |
| Intangible assets | | 6 142 527 | 6 961 217 |
| Investments in affiliated companies | | 1 077 575 | 958 945 |
| Investments in other companies | | 33 049 | 35 944 |
| Financial Asset | | 5 540 109 | 5 728 710 |
| Other long term receivables | | 6 123 | 1 594 |
| Deferred tax assets | | 1 257 551 | 1 257 568 |
| Total non-current assets | | 30 638 070 | 31 831 579 |
| Inventories | | 1 514 369 | 2 254 387 |
| Trade receivables | | 2 464 544 | 3 841 839 |
| Other receivables due within a year | | 3 243 550 | 1 162 997 |
| Accruals and prepaid expenses | | 632 509 | 596 868 |
| Securities | | 1 334 | 685 |
| Cash and cash equivalents | | 2 547 820 | 539 976 |
| Total current assets | | 10 404 126 | 8 396 752 |
| Total assets | | 41 042 196 | 40 228 331 |
| Consolidated statement of financial position - Equity and liabilities | | 2015.06.30 | 2014.12.31 |
| Share capital | | 969 968 | 969 968 |
| Reserves | | 41 868 945 | 53 172 204 |
| Treasury shares | | -6 334 393 | -17 476 556 |
| Retained earnings | | -16 851 288 | -20 870 854 |
| Equity attributable to owners of the Company | | 19 653 232 | 15 794 762 |
| Non-controlling interests | | 1 749 675 | 1 684 469 |
| Total equity | | 21 402 907 | 17 479 231 |
| Loans and other long term financial liabilities | | 6 488 149 | 6 822 750 |
| Provisions | | 1 117 480 | 1 567 670 |
| Deferred tax liabilities | | 304 736 | 115 335 |
| Deferred income | | 3 152 201 | 3 183 956 |
| Other long-term liabilities | | 689 019 | 673 830 |
| Total non-current liabilities | | 11 751 585 | 12 363 541 |
| Trade payables | | 2 928 578 | 3 897 175 |
| Loans and other short term financial liabilities | | 1 650 873 | 1 683 806 |
| Provisions (current) | | 621 322 | 1 402 943 |
| Accruals and deferred income | | 1 021 746 | 1 059 993 |
| Other liabilities | | 1 665 185 | 2 341 642 |
| Total current liabilities | | 7 887 704 | 10 385 559 |
| Total liabilities | | 19 639 289 | 22 749 100 |
| Total equity and liabilities | | 41 042 196 | 40 228 331 |

2. Profit and Loss Statement (data in EUR)

| | 2015.04.01.- 2015.06.30. | 2015.01.01.- 2015.06.30. | 2014.01.01.- 2014.06.30. |
|---|-----------------------------|-----------------------------|-----------------------------|
| Continued Operations | | | |
| Revenue | 4 205 643 | 12 297 550 | 9 736 734 |
| Cost of sales | -2 398 068 | -7 325 165 | -5 469 023 |
| Gross Profit | 1 807 575 | 4 972 385 | 4 267 711 |
| Personnel cost | -730 753 | -1 488 711 | -1 448 731 |
| Service used | -437 474 | -811 570 | -715 244 |
| Other revenue and expenditures, net | -45 643 | 2 881 604 | 969 984 |
| Depreciation | -601 264 | -1 183 023 | -656 885 |
| Impairment of property, plant and equipment | 209 724 | 422 392 | 0 |
| Net profit/loss from financial activities | -387 772 | -213 563 | -56 518 |
| Net profit/loss from associated companies | 22 172 | 92 478 | 51 708 |
| Profit before tax | -163 435 | 4 671 992 | 2 412 025 |
| Income tax expense | -215 087 | -451 037 | -442 163 |
| Profit for the year | -378 522 | 4 220 955 | 1 969 862 |
| Attributable to: | | | |
| Owners of the Company | -425 900 | 4 019 563 | 1 786 497 |
| Non-controlling interests | 47 380 | 201 392 | 183 365 |
| Other comprehensive income | | | |
| Foreign currency translation differences | -270 063 | 23 112 | 174 080 |
| Total other comprehensive income | -270 063 | 23 112 | 174 080 |
| Total comprehensive income | -648 585 | 4 244 066 | 2 143 942 |
| Attributable to: | | | |
| Owners of the Company | -695 965 | 4 042 674 | 1 960 573 |
| Non-controlling interests | 47 380 | 201 392 | 183 369 |
| Earnings per share (EUR) | | | |
| Basic earning per share | | 0,19 | 0,09 |
| Diluted earnings per share | | 0,19 | 0,09 |

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

| | Attributable to equity holders of the parent | | | | | | | | Non-controlling interest | Total equity |
|--|--|---------------|---------------------|-----------------------------|----------------|-----------------|-------------------|------------|--------------------------|--------------|
| | Share capital | Share premium | Translation reserve | Share-based payment reserve | Total reserves | Treasury shares | Retained earnings | Total | | |
| Balance at January 1, 2014 | 1 775 293 | 65 103 540 | - 284 234 | - | 64 819 306 | - 29 074 466 | - 22 639 390 | 14 880 743 | 1 624 328 | 16 505 071 |
| Profit or loss for the period | - | - | - | - | - | - | 1 768 539 | 1 768 539 | 277 399 | 2 045 938 |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation differences | - | - | - 742 546 | - | - 742 546 | - | - | - 742 546 | - 48 132 | - 790 678 |
| Comprehensive income | | | | | | | | | | |
| Increase in treasury shares | - | - | - | - | - | - 111 971 | - | - 111 971 | - | - 111 971 |
| Elimination of treasury shares | - 805 325 | - 10 904 556 | - | - | - 10 904 556 | 11 709 881 | - | - | - | - |
| Dividend to non controlling interest | - | - | - | - | - | - | - | - | 169 122 | - 169 122 |
| Balance at December 31, 2014 | 969 968 | 54 198 984 | - 1 026 780 | - | 53 172 204 | - 17 476 556 | - 20 870 851 | 15 794 765 | 1 684 473 | 17 479 238 |
| Profit or loss for the period | - | - | - | - | - | - | 4 019 563 | 4 019 563 | 201 392 | 4 220 954 |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation differences | - | - | 23 112 | - | 23 112 | - | - | 23 112 | - | 23 112 |
| Comprehensive income | | | | | | | | | | |
| Increase in treasury shares | - | - | - | - | - | - 184 208 | - | - 184 208 | - | - 184 208 |
| Classification to share premium | - | - 11 326 371 | - | - | - 11 326 371 | 11 326 371 | - | - | - | - |
| Dividend to non controlling interest | - | - | - | - | - | - | - | - | 136 190 | - 136 190 |
| Balance at June 30, 2015 | 969 968 | 42 872 613 | - 1 003 668 | - | 41 868 945 | - 6 334 393 | - 16 851 288 | 19 653 232 | 1 749 675 | 21 402 907 |

4. Cash Flow (data in EUR)

| | 2015 Q2 | 2014 Q2 |
|---|------------------|------------------|
| Cash flow from operations | | |
| Profit /loss for the period from continuing operations | 4 671 992 | 2 412 025 |
| Income tax expense recognised in profit and loss | -451 037 | -442 163 |
| Depreciation and amortization | 760 631 | 656 885 |
| Reversed impairment | -2 682 | |
| | 624 | -651 466 |
| Exchange difference | 23 129 | 887 923 |
| Changes of fair value of financial assets | 0 | -320 341 |
| Changes of provisions | -1 231 | |
| | 811 | -313 110 |
| Changes in deferred tax assets and liabilities | 189 401 | 1 281 |
| Change in other long term liabilities | 15 189 | -44 067 |
| Change in deferred income | -31 755 | -124 488 |
| Adjusted profit/loss in the year concerned: | 1 263 115 | 2 062 479 |
| Change in operating capital | | |
| Changes of financial assets | 188 600 | 0 |
| Changes of receivables and other current assets | 1 859 099 | 1 760 919 |
| Changes of accruals | -73 888 | 126 051 |
| Changes of Inventories | 1 162 410 | 926 337 |
| Changes of Trade payables and other liabilities | -1 645 | -2 589 |
| | 047 | 150 |
| Net cash-flow from operating activity | 1 491 174 | 224 157 |
| Cash flows from investing activities | | |
| Payments related to purchasing property, machines and equipment | -57 868 | -414 677 |
| Net cash out for new financial assets (new contracts) | 0 | -315 719 |
| Net cash flow from investing activity | -57 868 | -730 396 |
| Cash flows from financing activities | | |
| Change in loans (take out-repayment) | -367 534 | -357 143 |
| Divident paid to non controlling interest | -136 186 | -171 345 |
| Sale - purchase of securities | -649 | -38 252 |
| Sale - purchase of treasury shares | -184 208 | 0 |
| Net cash flow from financial activities | -688 577 | -566 740 |
| Change of Cash and cash equivalents | 2 007 844 | 989 500 |
| Cash and cash equivalents at the beginning of the year | 539 976 | 1 168 535 |
| Cash and cash equivalents at the end of the year | 2 547 820 | 2 158 035 |

5. Declaration of the Issuer

The issuer hereby declares that the consolidated report of the first half year of 2015 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, 28th 07, 2015.

ENEFI Energy Efficiency Plc.

ENEFI Energy Efficiency Plc.

CONSOLIDATED

EXECUTIVE REPORT

For the H1 Report of 2015

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 |
| Applicable 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 |
|-----------------------|------------|

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 |
|-----------------|------------|

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 registered capital of the company is HUF 271,725,790, i.e. two hundred and seventy-one million, seven hundred and twenty-five thousand, seven hundred and ninety Forints.

Shares of the Company

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.

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 | - | - |
| 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 | 3.000 000 HUF | 100% | 100% |
| 5 | RFV Józsefváros | Hungary | 3 000 000 HUF | 49% | 70% |
| 6 | Fejér Megyei Energiaszolgáltató Nonprofit Kft. | Hungary | 3.000. 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 | Energia Euro Park Sp. z o.o. | Poland | 16.491.000 PLN | 21,65 % | 21,65 % |
| 13 | Termoenergy SRL | Romania | 6 960 RON | 99,50% | 99,50% |
| 14 | E-STAR Centrul de Dezvoltare Regionala SRL | Romania | 525 410 RON | 100% | 100% |
| 15 | E-STAR ZA Distriterm SRL „under liquidation" | Romania | 40 000 RON | 51% | 51% |
| 16 | E-STAR Energy Generation SA | Romania | 90 000 RON | 99,99% | 99,99% |
| 17 | E-STAR Mures Energy SA „under bankruptcy proceedings" | Romania | 90 000 RON | 99,99% | 99,99% |
| 18 | E-STAR Alternative Energy SA | Romania | 90 000 RON | 99,99% | 99,99% |
| 19 | SC Faapritek SA | Romania | 90 000 RON | 99,99% | 99,99% |
| 20 | E-STAR Investment Management SRL " under liquidation process | Romania | 15 000 RON | 99.93% | 99.93% |
| 21 | EETEK Limited | Cyprus | 1 000 000 EUR | 100% | 100% |

III.

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 the consolidation started in financial year 2012, the Company further focuses on the reduction of its administrative charges in order to further reduce central costs by the rationalisation of operations. In addition to this, the objective of the Company determined by the management in financial year 2015 is to operate its projects more effectively and to acquire and commence new projects. The management of the Company presented major events in the announcements published in the reference period and the present report.

Major Resources of the Company

The number of employees in the Company has been reduced under 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 more staff may be required. 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.

Risk 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

The thermal energy production and supply projects of ENEFI Energy Efficiency Plc have been afflicted by the tendency seen in previous quarters too, that the mean temperature of the quarter exceeded the average of several years by several degrees, which has negatively affected the profit of the group.

In spite of the negative effects, the Company reports over € 200 thousand EBITDA for Q2.

No significant individual events took place in the course of business of the corporate group in Q2 2015.

Hungary

Still significant resources were used in Q2 for the successful defence against the - by the opinion of the Company - unlawful measures of the Romanian financial authorities (Romanian tax authority). Let us summarise the legal proceedings initiated by the Romanian financial authorities below:

| PARTIES | Court | Subject of Litigation | Status |
|---|---------------------------------|--|--|
| ENEFI Plc. Mures County Financial Authority | Târgu Mures Regional High Court | The financial authority submitted an application for the liquidation of the company and the Romanian tax law premises thereof. The application was based on tax claims which were disputed or not enforced thus lost in the bankruptcy proceedings. | The court rejected the application of the financial authority at first instance but did not accept the defence of the Company. Appeals were submitted from both parties. The Regional High Court accepted the argument of the Company and rejected the initiative for bankruptcy proceedings, declaring that the Hungarian company and the tax law premises thereof can not be brought under bankruptcy proceedings in Romania. The decision is final. |
| ENEFI Nyrt SP Mures County Financial Authority | Târgu Mures Regional High Court | Appeal against the decision of the Financial Authority with which it declared the Company as insolvent. The Financial Authority declared the status of financial insolvency also on the basis of its disputed or lost tax claims. | The Company won the case at first instance. Appeal by the Financial Authority. The appeal of the Financial Authority was rejected by a final decision. |
| ENEFI Plc. Mures County Financial Authority | Târgu Mures Tribunal | Contesting the tax order issued in the executory proceedings also in terms of the claims involved in the bankruptcy. | The Court accepted the claim of the Company at first instance. Appeal by the Financial Authority. |
| ENEFI | Târgu Mures | Objection against the | The court reject the application for suspension |

| | | | |
|--|---------------------------|--|--|
| Plc. Mures County Financia l Authorit y | Court Justice of | consolidated document issued by the Romanian Financial Authority permitting enforcement (international judicial assistance). The Financial Authority also initiated international enforcement for the disputed or lost tax claims. | of the Company at first instance. The Court approved the objection of the Company, nullified the enforcement document and the enforcement potentially commenced on the basis of that. |
| ENEFI Plc. Mures County Financia l Authorit y | | The Financial Authority also requested the disputed or lost tax claims to be presented in the tax return of the Company. Objection against the tax law decisions demanding the correction of the tax returns for months 12., 09., 06. and 03. in 2014 and months 12. and 09. in 2013. | The Financial Authority rejected the objections. The Company contested the rejection at Court. |
| ENEFI Sălaj County Financia l Authorit y/Mures County Financia l Authorit y | Zalău Court of Justice | Objection against enforcement. The Romanian Financial Authority seized the plot of the Company in Zalău in order to enforce the tax claims lost in the Hungarian bankruptcy proceedings and by the Romanian application for liquidation. | Objection against enforcement was submitted. |
| ENEFI Nyrt SP Mures County Financia l Authorit y | Harghita Tribunal | Objection against the registration of the Financial Authority in the bankruptcy proceedings of Ben-Com- Mixt. The Romanian Financial Authority registered into the bankruptcy proceedings with the seized claim of the Company, however there was no legal basis for the attachment. | The Company lost the lawsuit at first instance and appealed against it. The Târgu Mures Regional High Court approved the appeal with its final decision as follows: the notice to the administrator of the Harghita County Tribunal to take out the claim of the Company from the list of creditors and put in the claim of the Financial Authority at the same value instead was deleted from the explanation of the challenged first instance decision. Meanwhile the appeal of BCM was rejected |

| | | | |
|--|--|--|---|
| | | | <p>and the other provisions of the decision remained valid.</p> <p>In accordance with the above, the court left the order part of the challenged decision unchanged, thus the claim of the Financial Authority was left in the list of creditors.</p> <p>The Company may find legal remedy against the above decision following the reception of the explanation.</p> |
|--|--|--|---|

In addition to the above, we hereby inform our honourable Investors that the Romanian financial authority included the RON 900 thousand VAT claim of the Company in the tax debt still registered by the authority, the enforcement right of which it had lost and which it would not be able to legally enforce against the Company.

Naturally the Company shall take all legal measures to close the issues in a reassuring and successful manner.

Taking the accounting principle of carefulness into consideration, the Company accounted 100% depletion for the VAT claim deemed as lawful. Nevertheless the Company also maintains the provisions previously generated for the unforeseen risks related to the claims of the Romanian Financial Authority.

Romania

The municipality in Gheorgheni has not approved the rise of prices requested by the affiliate of the Company after seven months (which had been approved by the competent Romanian price-control authority (ANRSC) in December last year). The municipality committed severe breach of contract by this, providing legal basis for our affiliate to terminate the concession agreement unilaterally and demand the amount of EUR 13 million as compensation for damages specified in the agreement from the municipality.

Following the decision of the Court of Appeal of Târgu Mures with which it accepted the appeal filed against the rejecting decision made by the Court of Justice at first instance in the lawsuit filed against the Municipality of Târgu Mures by the affiliated enterprise of the Company for compensation, the first instance court of justice started the retrial of the case. The judge acting in the first instance proceedings requested the appointment of a new judge against whom however the Municipality of Târgu Mures filed a challenge requesting the removal of action. The court rejected the challenge.

Poland

The market price of electric energy is still much lower than expected at the end of the year. While PLN 170 per MWh unit price of electric energy was presented in the business plan of the subsidiary in Mielec, the mean sales price was around PLN 150 per MWh in H1 2015, which negatively affected the figures of the Mielec project together with the positive temperature anomaly. Several factors influenced the decrease of the price of electric energy:

- Significant decrease of coal prices which is due to the sales of the poor quality stocks of Kompania Weglowa at a low price.
- Mild and windy winter resulting in lower demand for electric energy while the dramatically increasing wind farm capacities entered the immediate markets with increased supply.
- Forceful increase of capacity is observed on the renewed energy market, considering that 2015 is the last year when new production capacities can be introduced to production in the “yellow certificate” subsidy system, however they are obliged to participate in auctions from 2016.
- The capacity of electric energy lines crossing the borders increased on the line to Germany. The lower German electric energy price thus has an effect on the Polish energy market.

According to forecasts the price of electric energy may remain at the present levels for a longer period of time. According to the expectations of Moody’s Investor’s Service the wholesale price of electric energy will remain low until 2020, i.e. the typical price may be PLN 160-180 per MWh.

This year 11 new housing cooperatives have requested the development of district heating based hot water supply from our affiliate in Mielec in the already described scheme. The conversion works will be completed in nine of these housing cooperatives this year, while the works will be completed in two housing cooperatives next year.

The liquidation of the affiliate of the Company, E-STAR Management Polska Spółka z o. o. “under liquidation” has been closed in terms of accounting. The court proceedings of the liquidation is under progress and the ENEFI ordinary shares constituting the consideration of the claims of the Company were credited to the Company after the reference period.

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

The single effect profit items of the period (H1) are mentioned at the description of the business operations in each country.

Quantitative and Qualitative Indexes and Indicators of Performance Measurement.

| Name of index | 30 June 2015 | 31 March 2015 |
|---|---------------------|----------------------|
| Rate of fixed assets: (fixed assets/total assets) | 74,65% | 70,00% |
| Indebtedness rate: (payables/Resources) | 47,85% | 48,52% |
| Liquidity index I.: assets/short-term liabilities) (current | 1,32 | 1,5 |
| Quick liquidity ratio (cash/short-term liabilities) | 0,32 | 0,21 |
| Name of index | 30 June 2015 | 30 June 2014 |
| Profitability in the ratio of sales revenues (pre-tax profit/net sales revenues) | 37,99% | 106,00% |
| Profitability in the ratio of own capital (pre-tax profit/own capital) | 21,83% | 26,00% |

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.