ENEFI Energy Efficiency Plc.

Q3 Report of 2015

09/30/2015

Public notice: 30.10.2015.

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 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	2015.09.30	2014.12.31
Property, plant and equipment	16 042 074	16 887 601
Intangible assets	6 599 052	6 961 217
Investments in affiliated companies	1 094 393	958 945
Investments in other companies	30 618	35 944
Financial Asset	5 477 076	5 728 710
Other long term receivables	6 219	1 594
Deferred tax assets	1 257 979	1 257 568
Total non-current assets	**30 507 411**	**31 831 579**
Inventories	1 574 283	2 254 387
Trade receivables	2 055 401	3 841 839
Other receivables due within a year	3 263 889	1 162 997
Accruals and prepaid expenses	538 098	596 868
Securities	844	685
Cash and cash equivalents	1 966 112	539 976
Total current assets	**9 398 627**	**8 396 752**
Total assets	**39 906 038**	**40 228 331**

Consolidated statement of financial position - Equity and liabilities	2015.09.30	2014.12.31
Share capital	969 968	969 968
Reserves	41 426 019	53 172 204
Treasury shares	-6 302 542	-17 476 556
Retained earnings	-16 976 029	-20 870 854
Equity attributable to owners of the Company	**19 117 416**	**15 794 762**
Non-controlling interests	1 684 616	1 684 469
Total equity	**20 802 032**	**17 479 231**
Loans and other long term financial liabiities	6 129 489	6 822 750
Provisions	1 107 767	1 567 670
Deferred tax liabilities	157 595	115 335
Deferred income	3 046 139	3 183 956
Other long-term liabilities	692 102	673 830
Total non-current liabilities	**11 133 092**	**12 363 541**
Trade payables	3 287 596	3 897 175
Loans and other short term financial liabilities	1 634 047	1 683 806
Provisionts (current)	701 307	1 402 943
Accruals and deferred income	1 026 289	1 059 993
Other liabilities	1 321 675	2 341 642
Total current liabilities	**7 970 914**	**10 385 559**
Total liabilities	**19 104 006**	**22 749 100**
Total equity and liabilities	**39 906 038**	**40 228 331**

2. Profit and Loss Statement (data in EUR)

	2015.07.01.-2015.09.30.	2015.01.01.-2015.09.30.	2014.01.01.-2014.09.30.
Countinued Operations			
Revenue	2 295 629	14 593 179	12 576 754
Cost of sales	-1 576 790	-8 901 956	-7 459 933
Gross Profit	**718 839**	**5 691 223**	**5 116 821**
Personnel cost	-676 639	-2 165 350	-2 129 451
Service used	-401 736	-1 213 306	-1 162 829
Other revenue and expenditures, net	130 030	3 011 634	1 091 723
Depreciation	-350 871	-1 533 894	-863 170
Impairment of property, plant and equipment	0	422 392	0
Net profit/loss from financial activities	209 959	-3 604	-141 684
Net profit/loss from associated companies	122 928	215 406	80 905
Profit before tax	**-247 490**	**4 424 501**	**1 992 314**
Income tax expense	74 089	-376 948	-377 509
Profit for the year	**-173 401**	**4 047 553**	**1 614 805**
Attributable to:			
Owners of the Company	-124 741	3 894 822	1 462 096
Non-controlling interests	-48 663	152 729	152 710
Other comprehensive income			
Foreign currency translation differences	-442 926	-419 814	114 816
Total other comprehensive income	-442 926	-419 814	114 816
Total comprehensive income	**-616 327**	**3 627 739**	**1 729 621**
Attributable to:			
Owners of the Company	-567 664	3 475 010	1 576 908
Non-controlling interests	-48 663	152 729	152 714
Earnings per share (EUR)			
Basic earning per share		0,16	0,09
Diluted earnings per share		0,16	0,09
Countinued operations			
Basic earning per share		0,16	0,07
Diluted earnings per share		0,16	0,07

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

	Attributable to equity holders of the parent									
	Share capital	Share premium	Translation reserve	Share-based payment reserve	Total reserves	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
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	-	-	-	-
Divident 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	-	-	-	-	-	-	3 894 822	3 894 822	152 729	4 047 551
Other comprehensive income										
Foreign currency translation differences	-	-	- 419 814	-	- 419 814	-	-	- 419 814	-	- 419 814
Comprehensive income										
Increase in treasury shares	-	-	-	-	-	- 245 225	-	- 245 225	-	- 245 225
Increased liability to give treasury shares according court resolution	-	-	-	-	-	92 868	-	92 868	-	92 868
Classification to share premium	-	- 11 326 371	-	-	- 11 326 371	11 326 371	-	-	-	-
Divident to non controlling interest	-	-	-	-	-	-	-	-	- 152 586	- 152 586
Balance at September 30, 2015	**969 968**	**42 872 613**	**- 1 446 594**	**-**	**41 426 019**	**- 6 302 542**	**- 16 976 029**	**19 117 416**	**1 684 616**	**20 802 032**

4. Cash Flow (data in EUR)

	2015 Q3	2014 Q3
Cash flow from operations		
Profit /loss for the period from continuing operations	4 424 501	1 992 314
Income tax expense recognised in profit and loss	-376 948	-377 509
Depreciation and amortization	1 447 461	863 170
Reversed impairment	-2 688 809	0
Exchange difference	-414 052	36 104
Changes of fair value of financial assets	0	-71 106
Changes of provisions	-1 161 539	-527 354
Changes in deferred tax assets and liabilities	42 260	63 109
Change in other long term liabilities	18 272	390 249
Change in deferred income	-137 817	44 387
Adjusted profit/loss in the year concerned:	**1 153 329**	**2 413 364**
Change in operating capital		
Changes of financial assets	251 634	0
Changes of receivables and other current assets	2 233 421	1 935 843
Changes of accruals	25 066	183 671
Changes of Inventories	680 104	251 062
Changes of Trade payables and other liabilities	-1 629 537	-2 873 965
Net cash-flow from operating activity	**1 560 688**	**-503 389**
Cash flows from investing activities		
Payments related to purchasing property, machines and equipment	-239 768	-606 451
Net cash out for new financial assets (new contracts)	0	-315 719
Net cash flow from investing activity	**-239 768**	**-922 170**
Cash flows from financing activities		
Change in loans (take out-repayment)	-743 020	-287 690
Divident paid to non controlling interest	-152 582	-184 082
Sale - purchase of securities	-159	-483 032
Sale - purchase of treasury shares	-152 357	-114 816
Net cash flow from financial activities	**-1 048 118**	**-1 069 620**
Change of Cash and cash equivalents	1 426 136	-81 816
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	**1 966 112**	**1 086 719**

5. Declaration of the Issuer

The issuer hereby declares that the consolidated report of the Q3 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.

ENEFI Energy Efficiency Plc.

ENEFI Energy Efficiency Plc.

CONSOLIDATED

EXECUTIVE REPORT

For the Q3 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.	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 Elektrociepłownia Gorlice Spółka z o. o.	Poland	9 994 000 PLN	85.37%	85.37%
10	EC-Energetyka Spółka Z o. o.	Poland	300 000 PLN	51.66%	51.66%
11	Energia Euro Park Sp. z o.o.	Poland	16.491.000 PLN	21,65 %	21,65 %
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 Distriterm SRL „under liquidation”	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 SA „ under liquidation ”	Romania	90 000 RON	99,99%	99,99%
17	E-STAR Alternative Energy SA	Romania	90 000 RON	99,99%	99,99%
18	SC Faapritek SA	Romania	90 000 RON	99,99%	99,99%
19	E-STAR Investment Management SRL “ under liquidation process	Romania	15 000 RON	99.93%	99.93%
20	EETEK Limited	Cyprus	1 000 000 EUR	100%	100%

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 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:

- Heat supply service
- Street lighting service

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.

Street lighting service

All street lighting projects of the Company were closed in H1 2015. ENEFI is currently not maintaining any street lighting competencies of its own and it is focussing on acquiring existing projects instead of independent developments. The Company purchased several smaller-scale municipal street lighting businesses in 2013 and 2014 from ENERIN Közvilágítási Kft.

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

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 Q3 has traditionally been the weakest quarter for the ENEFI Group operating primarily in heating services, since the marketable amount of heat is the lowest in the summer months.

In spite of this, the results of the Company were better than expected, the amount of the EBITDA is EUR -230,000 which is primarily due to the fact that there was an unexpected increase of electricity prices on the Polish market in Q3.

Hungary

The Metropolitan Regional Court approved the settlement agreement concluded by and between the E-Star Management Zrt. and its creditors and cancelled the bankruptcy procedure. The decree is non-appealable.

The composition of the Board of Directors has changed; the General Meeting withdrew Tamás Vágány from his position and elected Zsolt Komonczi in place of him.

In addition to the above, no outstanding, individual event took place in Hungary.

Romania

Marosvásárhely/Tirgu Mures

The Romanian court of justice ordered the liquidation of the Company.

The proceedings of the lawsuit for the compensation of damages due to the breach of the concession agreement are under progress again.

Gyergyószentmiklós/Gheorgheni

The E-STAR Centrul de Dezvoltare Regionala SRL. terminated the concession project agreement in Gheorgheni because 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 as compensation for damages specified in the agreement from the municipality.

The affiliate of the Company (CDR) did not increase the price in the past 4 years and the proposal for price increase is exclusively the consequence of the previous burdens charged on district heating by the Municipality. Because it was stipulated in the conditions of the tender announced by the Municipality in 2010 that the new service provider shall pay the debt exceeding RON 5 million accumulated by the old service provider. This was contractually taken over, paid and accounted as expenditure according to the governing rules by the affiliate of the Company; however the amount has not been refunded by the Municipality to the Company up to date, nevertheless the Company is obviously unable to dispense with the enforcement of this amount on the basis of responsible business operations.

In relation with the above cost element, the District Heating Price Control Authority (ANRSC) has requested the Mayor's Office to declare whether the debt of the old service provider shall be built in

the price of district heating as concession expenditure, or the Mayor's Office shall reimburse the debt. On the basis of the reply of the Mayor's Office the Price Control Authority approved building it in the price of district heating.
On the basis of the governing legal regulation, the municipality should have made a decision on the price increase within 30 days.

CDR filed its letter to the Town on 19/01/2015 with which it officially requested the Town to accept the price approved by ANRSC. On the basis of the information sent about the meeting of the Town Council held on 19/03/2015 however, no decision was made on the increase of the price, referring to the fact that the necessary majority was not reached to accept the decision. The CDR disputed the legal opinion of the Town on the quorum and also requested the Town to fulfil its statutory obligation within the applicable term under the legal consequences of the breach of the agreement.

On the basis of the information received from the Town, no valid decision was made on the approval of the local district heating price at the meeting held on 23/07/2015 again. Following the foregoing, the Town put the issue on the agenda on 20/08/2015; however the draft decision was withdrawn from the agenda prior to discussing it.

Considering the above, CDR notified the Town about the termination of the concession agreement, about which it also informed ANRSC.

Following the foregoing, ANRSC from Bucharest informed CDR about the cancellation of its request for licence, with reference to the losses arising from our concession operations.

The Town does not accept the legality of the termination by CDR with reference to their point of view that they voted for the price increase initiated by CDR on 19/03/2015. As opposed to the above however the Town informed CDR about the contrary after its meetings held on 19/03/2015 and 23/07/2015 and 20/08/2015, so according to the viewpoint of CDR, their argument is unfounded and does not practically affect the legality of the termination.

At a personal meeting both parties expressed their intention to close the agreement amicably and out of court. The negotiations are currently under progress. The company believes that the dispute may be closed amicably and out of court and accordingly it is ready to conduct further negotiations with the leaders of the Town. Nevertheless there is a chance that the dispute shall be followed by long lasting legal proceedings.

The Municipality of Gheorgheni has instituted legal actions against the affiliated companies of the Company in Gheorgheni, requesting the suspension of the notice of the Company terminating the concession agreement and the declaration that the municipality - as opposed to its previous information - has voted for the price increase requested by the service provider.

The first instance court accepted the request of the town in the lawsuit related to the termination of the agreement in Gheorgheni and suspended the effect of the notice given by the affiliated company of the Company in Gheorgheni (CDR) until the final decision in the lawsuit initiated by the town in relation with the resolution on the price of the municipality on 19 March 2015.
Qualifying the notice of CDR as an administrative document, the first instance court made the above decision, obliging CDR to continue the service until the other lawsuit is closed.
Following the reception of the explanation, CDR will exercise its right to appeal, considering that it deems the first instance decision as severely unlawful particularly considering that as

a business association it is not an administrative body; its notice shall not be qualified as an administrative document.

Considering the former accounting practice of the Company according to which it does not prepare new IFRIC12 calculations during the year and that the Company is a district heating service provider in Gheorgheni at the moment, the Company did not account for depreciation of the district heating equipment in Gheorgheni accounted as intangible assets.

The Company describes in the a summary that the following actions are in progress in Romania at the moment:

No:	Claimant	Defendant	Matter in dispute	Current status
1.	E-Star Mures Energy SA	Târgu Mures Financial Authority	contesting administrative order - Amount: RON 82,713	in progress
2.	E-Star Mures Energy SA	Mures County Consumer Protection Office	contesting administrative order Amount: RON 333.91	in progress
3.	E-Star Mures Energy SA	**223** residential consumers	payment of fees according to consumer contract.	The action has been accepted in **54** cases and the others are in progress.
4.	E-Star Mures Energy SA		Filing bankruptcy protection request on 08/02/2013	the bankruptcy judge ordered the liquidation proceedings.
5.	E-Star Mures Energy SA	City of Târgu Mures	Compensation for the breach of concession agreement, district heating subvention claim and payment of fees according to consumer contract. Amount: RON 124,040,531.19 The Town demanded within this lawsuit the qualification of the termination of the agreement by a counterclaim.	Repeated proceedings in progress
6.	E-Star CDR SRL	**762** residential consumers	payment of fees according to consumer contract	The action has been accepted in **678** cases.
7.	E-Star CDR SRL	Town of Gheorgheni	Harghita Tribunal RON 678,284.26 price compensation and RON 419,451.49 district heating subvention claim	In progress at second instance
8.	Town of Gheorgheni	E-Star CDR SRL	Harghita Tribunal Interest claim calculated on RON 583,888 concession fee paid late	In progress
9.	Town of Gheorgheni	E-Star CDR SRL	Harghita Tribunal The subject of the lawsuit is that the court shall declare that the price was accepted at the town council meeting held on 19/03/2015.	In progress
10.	Town of Gheorgheni	E-Star CDR SRL	Harghita Tribunal The Town requests the suspension of the termination of the concession agreement until the decision made in case No: 1298/96/2015 (acceptance of the price) or	In progress

			the termination of the concession agreement ordered by the court.	
11.	Fluid Group Hagen SRL	E-Star Investment Management SRL	Request for liquidation due to the failure to pay contractual fees. Claim: RON 73,896.85* new suit	Liquidation in progress
12.	ENEFI Plc. SP –	Mures County Financial Authority	Objection in order to cancel executive order of RON 7,602,338	In progress: - Our action was rejected by the first instance court. - Appeal proceedings in progress.
13.	ENEFI Energy Efficiency Plc.	Mures County Financial Authority	Objection against the refusal of our complaint against the second minutes taken in order to state the condition of tax law insolvency against the tax law premise of our Company by the Financial Authority. Claim of Financial Authority: RON 7,602,324 tax liability.	In progress at first instance.
14.	ENEFI Energy Efficiency Plc.	Supreme Court	Contesting the tax resolution No: 27820525/2014 issued ex officio under executory file No: 15750/320/2014 E1415/2014, claim of Financial Authority: Duties of RON 265.977 tax liability. 3602/1/2015 – Supreme Court	In progress: won at first instance. Approved by the court of appeal upon request of the Financial Authority. We have filed motion for a new trial at the Supreme Court.
15.	ENEFI Energy Efficiency Plc.	Mures County Financial Authority	Objection against the executory order titled: RO 1263929/14.01.2015 UIPE_1 Végrehajtást engedélyező, egységes okirat (1263929/14.01.2015 UIPE_1 Consolidated Instrument Permitting Execution) Financial execution commenced for the claim of RON 9,867,217	In progress: won at first instance.
16.	ENEFI Plc. SP –	Mures County Financial Authority	Protest against the registration of the Financial Authority of RON 1,196,814.37 in the bankruptcy proceedings of Ben-Com-Mixt.	In progress: - Lost at first instance - Our appeal approved, but the operative part part of the resolution contested was not

				amended.
17.	Uzina Electrica (CET)	E-Star ZA Distriterm SRL	payment of contractual fees (payment demand). Claim: RON 1,023,813.35	The suit was suspended as a consequence of the liquidation proceedings.
18.	Zalău City with County Authority	-E-Star ZA Distriterm SRL -ENEFI Energy Efficiency Plc.	termination of concession agreement, declaration of invalidity of sale and purchase agreement of backbone line.	The suit was suspended as a consequence of the liquidation proceedings.
19.	Uzina Electrica (CET)	E-Star ZA Distriterm SRL	payment of contractual fees (liquidation proceedings). Claim: RON 1,023,813.35	in progress
20.	-ENEFI Energy Efficiency Plc. -E-Star Management Zrt. E-Star ZA Distriterm SRL	Sălaj County Financial Authority	contesting administrative order Value: RON 932,730 (VAT determined as a result of financial revision)	In progress
21.	Uzina Electrica (CET)	E-Star Energy Generation SA	- land purchase VAT difference claim Value: RON 280.578	suspended
22.	E-Star Energy Generation SA	-Uzina Electrica (CET) - Court of Auditors	challenge of the decision of the court of auditors by CET	in progress
23.	- Zalău Financial Authority - Zalău City with County Authority	- I&O, liquidator of E-Star ZA Distriterm SRL - special managing director	objection against the decision of the liquidator through which the request of the Financial Authority to pay RON 930,000 as current debt was rejected.	in progress
24.	-ENEFI Energy Efficiency Plc.	- Zalău Financial Authority - Mures County Financial Authority	Objection against execution of minutes on the attachment of immovable properties.	in progress

Poland

The earnings of the Company reaching a better than expected, positive EBITDA in Poland was due to the fact that electricity prices unexpectedly increased in Q3.

The price of PLN 178 per MWh reached in Q3 is considered particularly good in the light of the average price of PLN 151 per MWh seen in the first three quarters of the year. The electricity price increase observed in Q3 is primarily attributable to the price increase in August due to the following three main reasons:

- Extremely low water level on the rivers used for the cooling of coal fired power stations.
- Extraordinary use of air conditioners due to the record high temperatures.
- Lack of exportable electric power in the neighbouring countries due to the above two reasons.

As a result of the above three factors, even periodical restrictions of electricity use were necessary, which has been unprecedented in the past two decades.

In spite of the above, the electric power market has quickly recovered from the situation caused by the shocks in August. The prices were continuously decreasing in September. The forward price of electric power forecasted for 2016 was practically continuously decreasing over the entire Q3 and it reached PLN 155 per MWh by the end of the period. Prices forecasted for 2017 are even lower.

The decreasing price of electric power is compensated by the decrease of the price of primary energy sources (coal and natural gas) in our company in Mielec.

We had written earlier the decreasing electric power prices are caused by the following main reasons:

- Increasing wind farm PV capacities in Poland and across Europe.
- Increasing capacity and number of interconnector connections with neighbouring countries.
- Government subsidy for power generation by individual consumers.
- Lower demand for electric power than previously expected.
- Low coal price.
- High efficiency coal fired power plants to be commissioned in 2017.

The dissolution of the affiliated company of the Company, E-STAR Management Polska Spółka z o. o. has been completed. E-STAR Management Polska Spółka z o. o. did not conduct operations; the corporate structure has simplified by the termination thereof and the administrative load of the corporate group have been further reduced.

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 (Q3) 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 Sept 2015	31.dec.14
Rate of fixed assets: (fixed assets/total assets)	76,45%	79,13%
Indebtedness rate: (payables/Resources)	47,87%	56,55%
Liquidity index I.: (current assets/short-term liabilities)	1,18	0,81
Quick liquidity ratio (cash/short-term liabilities)	0,25	0,05

Name of index	30 Sept 2015	30 Sept 2014
Profitability in the ratio of sales revenues (pre-tax profit/net sales revenues)	30,32%	15,84%
Profitability in the ratio of own capital (pre-tax profit/own capital)	21,27%	11,40%

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.