

10728068-3511-114-01
Statistical code

01-10-041825
Registration number

ANNUAL REPORT
Budapesti Erőmű Zrt.
01/01/2016 - 31/12/2016

Date and place: Budapest, 13/04/2017

stamp

Manager of the Company
(representative)

10728068-3511-114-01

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Budapesti Erőmű Zrt.
ANNUAL REPORT
BALANCE SHEET - Assets

Data in thousand HUF

Number	Description	31/12/2015	Modifications to prior year(s)	31/12/2016
A	B	C	D	E
1	A. FIXED ASSETS (I.+II.+III. row)	18 301 313	0	12 760 997
2	I. INTANGIBLE ASSETS	65 484	0	98 603
3	1 Capitalised value of formation and transformation	6 781		0
4	2 Capitalised value of research and development	0		0
5	3 Rights and concessions	58 703		98 603
6	4 Intellectual property	0		0
7	5 Goodwill	0		0
8	6 Advances on intangible assets	0		0
9	7 Upwards revaluation of intangible assets	0		0
10	II. TANGIBLE ASSETS	17 848 948	0	12 289 235
11	1 Land and buildings and related rights and concessions	5 325 348		4 406 472
12	2 Plant, equipment, machinery, vehicles	12 249 508		7 712 373
13	3 Other equipment, fittings, vehicles	93 766		69 087
14	4 Breeding animals	0		0
15	5 Assets under construction, renovations	180 326		101 303
16	6 Payments on account	0		0
17	7 Upwards revaluation of tangible assets	0		0
18	III. INVESTMENTS	386 881	0	373 159
19	1 Long-term interests in related companies	267 038		255 000
20	2 Long-term loans to related companies	0		0
21	3 Long-term significant ownership interest	110 802		110 802
22	4 Long-term loans to companies related through significant ownership interest	0		0
23	5 Other long-term interests	200		0
24	6 Long-term loans to affiliated companies	0		0
25	7 Other long-term loans	8 841		7 357
26	8 Long-term debt securities	0		0
27	9 Upwards revaluation of investments	0		0
28	10 Revaluation difference on investments	0		0
29	B. CURRENT ASSETS (I.+II.+III.+IV. row)	8 551 617	0	14 710 235
30	I. INVENTORIES	3 170 225	0	3 022 960
31	1 Raw materials and consumable goods	1 930 745		1 773 968
32	2 Work in progress and semi-finished goods	0		0
33	3 Young, fattened and other livestock	0		0
34	4 Finished goods	0		0
35	5 Goods	1 239 480		1 248 992
36	6 Advances on inventories	0		0
37	II. RECEIVABLES	5 263 454	0	11 121 574
38	1 Trade receivables	4 348 993		4 705 509
39	2 Receivables from related companies	1 150		5 755 675
40	3 Receivables from companies related through significant ownership interest	4 560		7 780
41	4 Receivables from affiliated companies	0		0
42	5 Bills receivable	0		0
43	6 Other receivables	908 751		652 610
44	7 Revaluation difference on receivables	0		0
45	8 Revaluation difference (+) on derivative transactions	0		0
46	III. SECURITIES	0	0	0
47	1 Interests in related companies	0		0
48	2 Significant ownership interest	0		0
49	3 Other interests	0		0
50	4 Treasury shares, business shares	0		0
51	5 Debt securities held for trading	0		0
52	6 Revaluation difference on securities	0		0
53	IV. LIQUID ASSETS	117 938	0	565 701
54	1 Petty cash, cheques	2 087		3 770
55	2 Bank deposits	115 851		561 931
56	C. DEFERRED EXPENSES AND ACCRUED INCOME	431 985	0	542 084
57	1 Accrued income	431 985		542 084
58	2 Prepayments	0		0
59	3 Deferred expenses	0		0
60	TOTAL ASSETS (A.+B.+C. row)	27 284 915	0	28 013 316

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Budapesti Erómű Zrt.
ANNUAL REPORT
BALANCE SHEET - Equity and Liabilities

Data in thousand HUF

Number		Description	31/12/2015	Modifications to prior year(s)	31/12/2016
A		B	C	D	E
61	D.	SHAREHOLDERS' EQUITY (rows I+II+III+IV+V+VI+VII/1. row)	25 755	0	2 724 155
62	I.	Subscribed / Registered capital	3 591 628		3 591 628
63		<i>of which: repurchased ownership shares at face value</i>	0		0
64	II.	SUBSCRIBED / REGISTERED, BUT UNPAID CAPITAL (-)	0		0
65	III.	CAPITAL RESERVE	43 748		43 748
66	IV.	PROFIT RESERVE	4 613 106		-3 609 621
67	V.	NON-DISTRIBUTABLE RESERVE	6 781		2 400 000
68	VI.	VALUATION RESERVE	0	0	0
69	1	Valuation reserve for upwards revaluation	0		0
70	2	Valuation reserve for fair value revaluation	0		0
71	VII.	PROFIT OR LOSS AFTER TAX	-8 229 508	0	298 400
72	E.	PROVISIONS	1 078 564	0	1 881 262
73	1	Provisions for expected liabilities	1 078 564		1 881 262
74	2	Provisions for future costs	0		0
75	3	Other provisions	0		0
76	F.	LIABILITIES (I.+II.+III. row)	24 029 206	0	22 383 433
77	I.	SUBORDINATED LIABILITIES	0	0	0
78	1	Subordinated liabilities to related companies	0		0
79	2	Subordinated liabilities to companies related through significant ownership interest	0		0
80	3	Subordinated liabilities to affiliated companies	0		0
81	4	Subordinated liabilities to other entities	0		0
82	II.	LONG-TERM LIABILITIES	0	0	15 000 000
83	1	Long-term borrowings	0		0
84	2	Convertible and equity bonds	0		0
85	3	Debts on the issuance of bonds	0		0
86	4	Investment and development loans	0		0
87	5	Other long-term loans	0		0
88	6	Long-term liabilities to related companies	0		15 000 000
89	7	Long-term liabilities to companies related through significant ownership interest	0		0
90	8	Long-term liabilities to affiliated companies	0		0
91	9	Other long-term liabilities	0		0
92	III.	CURRENT LIABILITIES	24 029 206	0	7 383 433
93	1	Short-term borrowings	0		0
94		<i>- of which: convertible and equity bonds</i>	0		0
95	2	Short-term loans	0		0
96	3	Advances from customers	0		0
97	4	Trade creditors	5 203 144		6 700 036
98	5	Bills payable	0		0
99	6	Current liabilities to related companies	18 418 620		0
100	7	Current liabilities to companies related through significant ownership interest	0		0
101	8	Current liabilities to affiliated companies	0		0
102	9	Other current liabilities	407 442		683 397
103	10	Revaluation difference on liabilities	0		0
104	11	Revaluation difference (-) on derivative transactions	0		0
105	G.	ACCRUED EXPENSES AND DEFERRED INCOME	2 151 390	0	1 024 466
106	1	Income accruing for future periods	110 096		0
107	2	Accrued expenses	1 154 648		567 034
108	3	Deferred income	886 646		457 432
109		TOTAL EQUITY AND LIABILITIES (D.+E.+F.+G. row)	27 284 915	0	28 013 316

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Registration number

Budapesti Erőmű Zrt.
ANNUAL REPORT
Income statement

Data in thousand HUF

Number		Description	01/01/2015 - 31/12/2015	Modifications to prior year(s)	01/01/2016 - 31/12/2016
A		B	C	D	E
1	1	Net domestic sales revenue	44 927 110		41 917 864
2	2	Net export sales revenue	5 577 956		6 389 379
3	I.	Net sales revenue (01+02)	50 505 066	0	48 307 243
4	3	Changes in self-manufactured inventories	0		0
5	4	Capitalised value of self-manufactured assets	307 020		196 667
6	II.	Own performance capitalised (±03+04)	307 020	0	196 667
7	III.	Other income	946 792		1 430 691
8		<i>of which: reversed impairment</i>	0		267 264
9	5	Material costs	34 104 395		29 551 898
10	6	Services used	1 797 482		1 626 523
11	7	Other services	340 139		333 560
12	8	Cost of goods sold	2 935 977		1 611 456
13	9	Services sold (mediated)	0		0
14	IV.	Material-type expenses (05+06+07+08+09)	39 177 993	0	33 123 437
15	10	Wage costs	2 096 166		2 233 717
16	11	Other staff benefits	351 868		588 391
17	12	Wage contributions	703 464		807 213
18	V.	Staff costs (10+11+12)	3 151 498	0	3 629 321
19	VI.	Depreciation	3 189 502		2 269 418
20	VII.	Other expenses	12 362 052		7 231 529
21		<i>of which: impairment</i>	10 077 384		4 537 568
22	A.	OPERATING PROFIT/LOSS (I.±II.+III.-IV.-V.-VI.-VII.)	-6 122 167	0	3 680 896
23	13	Dividends and profit shares received (due)	0		0
24		<i>of which: from related companies</i>	0		0
25	14	Income from, exchange gains on interests	0		0
26		<i>of which: from related companies</i>	0		0
27	15	Income from, exchange gains on investments (securities, loans)	0		0
28		<i>of which: from related companies</i>	0		0
29	16	Other interest received (due) and similar income	25 214		14 327
30		<i>of which: from related companies</i>	0		802
31	17	Other income from financial transactions	2 513 015		429 801
32		<i>of which: revaluation difference</i>	0		0
33	VIII.	Income from financial transactions (13+14+15+16+17)	2 538 229	0	444 128
34	18	Expenses from exchange losses on interests	0		200
35		<i>of which: to related companies</i>	0		0
36	19	Expenses from exchange losses on investments (securities, loans)	0		0
37		<i>of which: to related companies</i>	0		0
38	20	Interest payable (paid) and similar expenses	1 469 642		1 073 294
39		<i>of which: to related companies</i>	121 373		1 071 972
40	21	Impairment on interests, securities, long-term loans, bank deposits	14 710		12 038
41	22	Other expenses on financial transactions	2 663 704		2 560 791
42		<i>of which: revaluation difference</i>	0		0
43	IX.	Expenses on financial transactions (18+19+20+21+22)	4 148 056	0	3 646 323
44	B.	PROFIT OF FINANCIAL TRANSACTIONS (VIII.-IX.)	-1 609 827	0	-3 202 195
45	C.	PROFIT/LOSS BEFORE TAX (±A.±B.)	-7 731 994	0	478 701
46	X.	Tax payable	497 514		180 301
47	D.	PROFIT/LOSS AFTER TAX (±C.-X.)	-8 229 508	0	298 400

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Income statement

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Supplementary notes
Budapesti Erőmű Zrt.
01/01/2016 - 31/12/2016

Date and place: Budapest, 13/04/2017

SUPPLEMENT

A. GENERAL INFORMATION

1 Details of Company

Full name of Company: Budapesti Erőmű Zártkörűen Működő Részvénytársaság
 Abbreviated name of Company: Budapesti Erőmű Zrt.
 hereinafter referred to as: "Company"

Registration no.: 01-10-041825
 Statistical code: 10728068-3511-114-01

Budapesti Erőmű Zrt. (hereinafter referred to as: the "Company"), as the legal successor of Budapesti Hőerőmű Vállalat, was transformed into a company limited by shares on 31 December 1991. The Company was registered by the Court of Registration on 11 June 2013 with retrospective effect.

2 Registered office and sites

Registered office: 1117 Budapest, Budafoki út 52.

The annual report of Company is also available on the website of Company.

Address of or link to the website: www.budapestieromu.hu

Sites of the Company:

- Kelenföldi Power Plant: 1117 Budapest, Budafoki út 52.
- Kisérti Power Plant 1183 Budapest, Nefelejcs utca 2.
- Újpesti Erőmű 1045 Budapest. Tó utca 7.

3 Activity of Company

- Production and distribution of electric energy
- Generation and supply of heat
- Technological installation, repair of power plant machinery and equipment
- Other activities

4 Management of the Company

Person(s) authorised to sign the report

Name	Address	Signatory authority
Vinkovits András	2040 Budaörs, Sóvirág u. 2.	joint
Klemanovics György	1075 Budapest Kazinczy u. 10. 3. em. 1.a.	joint

5 Ownership structure

Name	Owner			Level of influence of the owner
	Registered office	Voting right (%)	Amount of subscribed/registered capital	
EP HUNGARY A.S.	CZ 11000 Prága, Josefov, Parizska 130/26.	95,62%	3 434 203	majority
Local governments		3,92%	140 808	Other
Small investors		0,45%	16 150	Other
Private individuals		0,01%	467	Other
Total		100%	3 591 628	

6 Preparation of consolidated annual report

6.1 Inclusion in the preparation of consolidated annual report

The following entity prepares the consolidated annual report for the largest unit in the Group in which Company is included as a subsidiary:

Name: Energetický a průmyslový holding, a.s.
 Registered office: CZ 11000 Prága 1, Pařížská 26
 Place or website where the report is available for inspection: CZ 11000 Prága 1, Pařížská 26

The following entity prepares the consolidated annual report for the smallest unit in the Group in which Company is included as a subsidiary:

Name: EP HUNGARY A.S.
 Registered office: CZ 11000 Prága 1, Pařížská 26
 Place or website where the report is available for inspection: CZ 11000 Prága 1, Pařížská 26

7 Preparation of the report

Person responsible for directing and managing bookkeeping tasks and for the preparation of the report

Name: Zsuzsanna Csillag-Nagy
 Registration number: 180891

8 Audit

The report of Company was audited by an auditor.

Data of the entity and natural person performing the audit:

Name of company:	KPMG Hungária Könyvvizsgáló, Adó- és Közgazdasági Tanácsadó Korlátolt Felelősségű Társaság
Address:	HU-1134 Budapest, Váci út 31.
Registration number:	000202
Name of natural person:	Dr. Eperjesi Ferenc
Address:	1039 Budapest, Ady Endre út 20.
Registration number:	003161

B. DESCRIPTION OF ACCOUNTING POLICIES

1 Compliance with laws and accounting principles

The procedures, measurement principles and accounting methods used by Company in the preparation of the annual report comply in all material respects with Act C of 2000 on Accounting (hereinafter referred to as: "Act on Accounting") and its amendments.

Company prepared its accounting policies in accordance with the provisions of the Act on Accounting, and they do not deviate from the general accounting principles.

2 Financial year, reporting date, balance sheet preparation date

Financial year of Company:	Period from 01/01/2016 to 31/12/2016
Balance sheet preparation date:	15/02/2017

3 Bookkeeping, balance sheet and income statement structure

Accounting records are prepared in accordance with the rules of double-entry bookkeeping.

The Act on Accounting provides the option to choose from the balance sheet and income statement templates with different structures included in its Appendix.

Type of chosen balance sheet template:	"A"
Chosen method of preparing the income statement:	total-cost method
Type of the chosen income statement template:	"A"
Reporting and bookkeeping currency:	Forint

In addition, it prepares activity balance sheets and income statements, thus complying with its obligation set forth in Sections 103-105 of Act LXXXVI of 2007 on Electricity (hereinafter referred to as Electricity Act) and the accounting unbundling rules prescribed by Act XVIII of 2005 on District Heating Services. Such activity balance sheets and income statements form an integral part of the Supplementary Notes.

4 Changes in the structure, content of the balance sheet, income statement

Due to amendments to the Act on Accounting effective from 1 January 2016, the structure and content of the balance sheet and the income statement changed: new line items were added, some line items were removed and the content of the existing line items also changed. Consequently, prior-year data needed to be reclassified in accordance with the new structure and content.

Changes in the structure and content of the balance sheet and the income statement included the following:

1. Interests in, balances to and from, income and expenses in relation to related companies do not include items to and from associated companies.
2. Interests in as well as receivables from and liabilities to companies related through significant ownership interest shall be presented in a separate new line item in the balance sheet. These line items include interests in and balances to and from associated companies.
3. The categories 'Profit/Loss on ordinary activities', 'Extraordinary profit/loss' and 'Retained profit/loss for the year' have been removed. The last line item of the income statement is 'Profit/Loss after tax'. Items included in 'Extraordinary profit/loss' have to be reclassified into other income/expenses, or income from/expenses on financial transactions, depending on their nature.

5 Significant errors

An error is significant if, in the year when discovered by audit, the aggregate amount of all errors (whether negative or positive) for the same year and the aftereffects thereof - increasing or decreasing the profit/loss, equity - exceeds 2 per cent of the balance sheet total of the year audited.

6 Valuation of items and transactions in currencies other than the bookkeeping currency

Exchange rate used for revaluation of assets and liabilities denominated in other than presentation currency at the transaction date and at the year end the official foreign exchange rate published by the Hungarian National Bank ("HNB")

Method used to determine the cost of FX and currency stocks:	individual value
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7 Exceptional items in terms of size

The Company deems an item exceptional in terms of size if the amount exceeds 2% of the balance sheet total of the financial year.

8 Permanent and significant

Any difference that meets the following criteria is considered permanent and significant for the purposes of extraordinary depreciation impairment and reversal thereof:

Permanent

Under Sections 53-56 of the Act on Accounting, the difference between the carrying amount and the market value is considered permanent, if it exists for at least one year based on past facts or future expectations. The difference is also considered permanent, irrespective of the period of its existence, if it can be deemed final at valuation based on information available.

Significant

It shall be deemed significant if the amount exceeds 2 per cent of the balance sheet total of the financial year.

9 Valuation of receivables

The Company assesses customers, debtors individually when determining impairment on receivables, and the impairment is accounted for based on the expected recoverable amount.

10 Valuation of inventories

Method used for the valuation of inventories

Description	Valuation method	Determination of direct prime cost
Raw materials and consumable goods	weighted average cost	-
Goods	weighted average cost	-

Inventories are measured using the weighted purchase price, with the exception of CO2 allowances, for which the Company chose to apply the FIFO method. For derogation allowances individual purchase values are to be applied.

11 Depreciation of intangible and tangible assets

11.1 Depreciation method

Depreciation is accounted for using the straight-line method from the date of capitalisation.

Depreciation is accounted (frequency): monthly

Low-value assets are accounted for in one amount as ordinary depreciation upon first use.

Value limit for low-value assets: 200 THUF

11.2 Useful life, depreciation rate

Company specified the following useful lives and depreciation rates for the individual asset groups:

Balance sheet row	Asset group: useful life (years) or depreciation rate (%)
INTANGIBLE ASSETS	
Capitalised value of formation and transformation	20,00%
Capitalised value of research and development	33,00%
Rights and concessions	25,00%
Intellectual property	25,00%
TANGIBLE ASSETS	
Land and buildings and related rights and concessions	0,4-6%
Plant, equipment, machinery, vehicles	0,4-34%
Other equipment, fittings, vehicles	14,5-33%

11.3 Residual value

Except for passenger cars, due to the special nature of the assets, the Company determined the residual value of tangible assets in its accounting policies as zero.

11.4 Other information relating to ordinary and extraordinary depreciation of intangible and tangible assets

Extraordinary depreciation is accounted for if the value of the tangible asset drops permanently, recovery of its value is not ensured and if the useful life changes as a result of strategic decisions.

12 Derivative transactions

BE Zrt. enters into hedges to minimise its financial risk arising from its activities. Through such transactions it avoids risk exposures arising from market price movements (foreign exchange and energy). It enters into hedges only for risk management purposes in relation to real business events arising from its activities.

13 Material changes in the accounting policies and quantitative effects thereof on profit/loss

In 2016 accounting policies changed so as to integrate the amendments to the Act of Accounting. As a result, all items within extraordinary income were reclassified into other income, while extraordinary expenses were reclassified into other expenses. In 2015 extraordinary income amounted to THUF -28,728, of which THUF 3,302 is recognised as other income and THUF -32,030 is recognised as other expenses in the restructured income statement.

C. NOTES TO THE BALANCE SHEET

1 Fixed assets

1.1 TANGIBLE ASSETS

1.1.1 Changes to tangible assets in the reporting year

Changes to tangible assets in the reporting year are presented in the table included in Appendix 2.

The Electricity Sale Agreement between BERT and MVM Partner Zrt. was terminated on 31 December 2016. Therefore the Company reviewed the recovery of its tangible assets as at the reporting date. During the review the asset value and the future cash-generating capacity per power plant were compared. The calculation was based on the medium-term plan of the Company for 2017-2022; after this period a growth adjusted for inflation was taken into account. The medium-term plan is based on production and sale plans prepared on the basis of price forecasts of the EPH Group, furthermore, the planned cost optimisation programme was also taken into account. During the modelling period the Company calculated with an investment level necessary for long-term operation. The review calculated with 9.4% WACC; it was determined specifically for the Company by external advisers. Based on the above, the cash-generating capacity of the power plants at Kispest and Újpest is not appropriate, thus it is justified to account for extraordinary depreciation, while in the case of Kelenföld the value of future cash flows exceeded the asset value, which resulted in the reversal of extraordinary depreciation. Accordingly, composition of the HUF -4,262 million extraordinary depreciation is as follows:

Kelenföld Power Plant THUF +267,264

Kispest Power Plant THUF -2,098,848

Újpest Power Plant THUF -2,430,558

Additional THUF 8,163 has been accounted for unused tangible assets.

1.1.2 Assets under construction, renovations

Description	Amount THUF
Renovation of elements in the burner area at Kispest	53 310
Improvement of fuel nozzles set at Kispest	32 105
Other	15 888
Total assets under construction	101 303

1.1.3 Long-term interests in related companies

1.1.3.1 Interests

Data of the subsidiaries of the Company are included in Appendix 3.

Based on Section 119 (2) of the Act on Accounting, the Company does consolidate BE-Optimum Kft., because the annual financial statements of Budapest Erőmű Zrt. give a true and fair view even without consolidation.

1.1.3.2 Long-term significant ownership interest

Data of interests in affiliated companies are included in Appendix 3.

The Company has 25.1% interest in Kőbányhő Kft. No impairment was accounted for in 2016. Shareholders' equity amounted to THUF 443,211 in 2014 and THUF 448,154 in 2015.

1.1.4 Other long-term interests

Data of companies in which the Company has other long-term interest are included in Appendix 3.

1.1.5 Impairment on investments

1.1.5.1 Changes in impairment on investments in the reporting year

Description	Opening	Reporting year impairment	Reversed impairment	Derecognition and other	Closing
Long-term interests in related companies	1 280 462	12 038			1 292 500
Long-term significant ownership interest	96 998				96 998
Other long-term interests					-
Total	1 377 460	12 038	-	-	1 389 498

BE-Optimum Kft., which is fully owned by Budapesti Erőmű Zrt., performs generation of electricity and heat under a small plant consolidated licence and it also holds a trading licence. In the reporting year the Company booked THUF 12,038 impairment on this interest. Subsequently the interest is recognised in the balance sheet at market value corresponding to independent valuation. The interest has been sold in the first quarter of 2017.

1.1.6 Other information on investments

Long-term loans include the long-term portion of housing loans granted to employees through financial institutions.

2 Current assets

2.1 Inventories

2.2 Receivables

2.2.1 Trade receivables

Description	Previous year	Reporting year	Change %
Electricity, heat energy and other trade receivables	4 348 993	4 705 509	8%
Total trade receivables	4 348 993	4 705 509	8%

Trade receivables grew because of higher period-end bills due to the colder weather.

2.2.2 Receivables from related companies

2.2.2.1 Receivables from related companies according to the nature of relationship

Description	Previous year	Reporting year	Change %
Subsidiary	1 150	5 755 675	500393%
Total receivables from related companies	1 150	5 755 675	500393%

2.2.2.2 Receivables from related companies

Description	Previous year	Reporting year	Change %
Short-term loans given	-	5 755 100	100%
Trade receivables	1 150	575	-50%
Total receivables from related companies	1 150	5 755 675	500393%

In compliance with accounting regulations, short-term loans granted to subsidiaries include the loan disbursed to a sister company, EP Energy a.s.

2.2.3 Receivables from companies related through significant ownership interest

Description	Previous year	Reporting year	Change %
Trade receivables	4 560	7 780	71%
Total Receivables from companies related through significant ownership interest	4 560	7 780	71%

Outstanding receivables from Kőbányahő Kft. as at the reporting date are due to re-charged rentals and overheads.

2.2.4 Other receivables

Description	Previous year	Reporting year	Change %
Trade creditors with debts	18 441	85 725	365%
Receivables from employees	3 952	2 269	-43%
Other taxes and similar payment obligations	127 755	115	-100%
Other	7 631	4 895	-36%
Energy tax	672 736	498 407	-26%
Margin (electric energy trade)	78 236	61 199	-22%
Total other receivables	908 751	652 610	-28%

The reasons for the changes in other receivables are as follows:

- electricity market transactions with daily financial settlement is invoiced by the partner after the reporting date, thus these are included in accrued expenses and deferred income. Thus due to advance payments the trade creditor current account has a receivable balance.
- due to changes in power exchange trade a lower amount of bank collateral needed to be separated
- in 2015 the tax advance paid exceeded the actual reporting-year payment liability, therefore it represented a receivable in this year.

2.3 Liquid assets

2.3.1 Petty cash, cheques

Description	Previous year	Reporting year	Change %
Petty cash in HUF	2 087	3 770	81%
Total petty cash, cheques	2 087	3 770	81%

2.3.2 Bank deposits

Description	Previous year	Reporting year	Change %
HUF bank deposits	15 221	349 233	2194%
FX bank deposits	100 630	212 698	111%
Total bank deposits	115 851	561 931	385%
Total liquid assets	117 938	565 701	380%

3 Equity

3.1 Changes in the elements of equity in the reporting year

The table presenting the changes in the individual elements of equity by title is included in Appendix 4.

In 2015 shareholders' equity decreased below the two thirds of the subscribed capital. The general meeting decided to supplement the share capital in compliance with legal regulations, and the owner, EP Hungary a.s. made THUF 2,400,000 additional contribution to stabilise the capital position of the Company.

3.2 Non-distributable reserve and its changes in the reporting year

Breakdown of non-distributable reserve by title as well as changes in the non-distributable reserve by title are included in Appendix 5.

The amount of the capitalised value of formation and restructuring (quality assurance system) in proportion to depreciation booked in the reporting year was released from the non-distributable reserve.

3.2.1 Number and nominal value of shares issued by type of share

Type of share	Total shares issued		Shares issued in the reporting year	
	number	nominal value	number	nominal value
Ordinary share	1 436 651	3 591 628	-	-
Total	1 436 651	3 591 628	-	-

3.3 Capital adequacy

Description	Previous year	Reporting year	Change %
Balance sheet value of equity	25 755	2 724 155	10477%

In the previous period the equity of Company did not reach the level prescribed by Act V of 2013 on Civil Law (Ptk).

After the approval of the report for the previous period of Company, the following measures were taken to resolve the equity situation:

Based on the decision of the General Meeting held on 29.04.2016, the majority owner of the Company, EP Hungary a.s. made THUF 2,400,000 additional contribution on 27.05.2016. As a result, the shareholders' equity of Budapesti Erómű Zrt. again complies with legal regulations.

4 Provisions

4.1 Provisions for expected liabilities

4.1.1 Changes in provisions for expected liabilities in the reporting year by title

Description	Opening	Allocation in the reporting year	Use in the reporting year	Release in the reporting year	Closing
Redundancies, early retirement pension	187 609	156 748	- 84 267		260 090
Actuarial costs	59 012	-		- 4 138	54 874
CO2 deficit	262 639	880 689	- 262 639		880 689
Asbestos removal	81 832	1 964			83 796
Oil contamination cleanup	152 995	3 672			156 667
Other liabilities	24 059	20 195	- 6 000		38 254
Demolitions	310 418	41 408			351 826
Restructuring	-	55 066			55 066
Total	1 078 564	1 159 742	- 352 906	- 4 138	1 881 262

4.2 Other information on provisions

The emission allowances allocated by the state still do not cover the carbon dioxide emission of the Company. While in 2015 surplus allowances allocated for previous years were also used, in 2016 there was a significant deficit. THUF 880,689 related provisions were recognised. The expected amount as at the reporting date of liabilities related to demolitions totals THUF 41,408. At the end of 2016 decision was made on cost cutting measures. As part of these, headcount will be reduced by 56 persons, thus THUF 156,747 provisions were recognised for related benefits. A further provision of THUF 55,066 was recognised for other restructuring costs.

5 Long-term liabilities

5.1 Long-term liabilities to related companies

5.1.1 Long-term liabilities to related companies according to the nature of the relationship

Description	Previous year	Reporting year	Change %
Parent company	-	15 000 000	100%
Total long-term liabilities to related companies	-	15 000 000	100%

5.1.2 Details of long-term liabilities to related companies

Description	Previous year	Reporting year	Change %
Long-term borrowings	-	15 000 000	100%
Total long-term liabilities to related companies	-	15 000 000	100%

The loan disbursed by the parent company was recognised as a current liability on the reporting date of the year preceding the reporting year. Its interest is 6.81% until 31 July and 5.9% afterwards; it matures on 31 January 2017. The loan agreement was extended for 3 years before the balance sheet preparation date with an interest rate of 4.59%.

6 Current liabilities

6.1 Trade liabilities

Description	Previous year	Reporting year	Change %
Domestic trade payables	5 084 474	6 406 170	26%
Foreign trade payables	118 670	293 866	148%
Total trade liabilities	5 203 144	6 700 036	29%

The increase in trade creditors results primarily from the higher gas consumption due to the cold weather in December.

6.2 Current liabilities to related companies

6.2.1 Current liabilities to related companies according to the nature of the relationship

Description	Previous year	Reporting year	Change %
Parent company	18 418 620	-	-100%
Total current liabilities to related companies	18 418 620	-	-100%

6.2.2 Details of current liabilities to related companies

Description	Previous year	Reporting year	Change %
Short-term borrowings	18 418 620	-	-100%
Total current liabilities to related companies	18 418 620	-	-100%

Of the THUF 18,418,620 loan outstanding as at 31 December 2015 the Company repaid THUF 3,418,620 to the parent company in 2016. The agreement terminated on 31 January 2017; it was extended for 3 years by the parties before the balance sheet preparation date, thus it is recognised in the reporting year among long-term liabilities.

6.3 Other current liabilities

Description	Previous year	Reporting year	Change %
Liabilities related to employees	97 818	90 902	-7%
Value added tax	207 137	73 112	-65%
Corporation tax	-	69 197	100%
Income tax for energy suppliers	-	54 785	100%
Personal income tax	23 485	82 750	252%
Other taxes and similar payment obligations	21 463	85 938	300%
Other	3 951	4 299	9%
Pension contribution	14 764	54 845	271%
Social contribution tax	38 824	146 620	278%
Voluntary pension fund	-	20 949	100%
Total other current liabilities	407 442	683 397	68%

The higher amount of wage-related taxes and contributions results from mutual agreements paid in December. In 2015 advance payments in relation to income taxes resulted in receivables for the Company.

7 Accrued expenses and deferred income

7.1 Accrued expenses

Description	Previous year	Reporting year	Change %
Interest	525 778	-	-100%
Other accruals	36 113	65 303	81%
Expected losses on forward transactions	229 356	-	-100%
Wages and contributions	202 862	205 561	1%
Purchased electric energy	50 781	231 751	356%
Water and sewage charge	34 122	34 969	2%
Maintenance bills	33 385	14 270	-57%
Balancing energy	18 062	-	-100%
Audit fee	13 271	5 191	-61%
Warden, cleaning	7 918	6 989	-12%
Electricity fee discount	3 000	3 000	0%
Total accrued expenses	1 154 648	567 034	-51%

Composition of accrued expenses and deferred income:

- In December 2016 the Company paid its interest debt on the parent company loan, thus no accrual was made.
- Gas swap transactions entered into by the Company resulted in income in December 2016 which was invoiced by the Company, thus no income accruing for future periods needed to be recognised.
- The further amount of accrued expenses and deferred income resulted mainly due to uninvoiced performance.

7.2 Deferred income

7.2.1 Composition of deferred income

Description	Previous year	Reporting year	Change %
Materials received free of charge	5 790	5 671	-2%
Deferred income from CO2 allowances	880 856	451 761	-49%
Total deferred income	886 646	457 432	-48%

Due to the lower volume and price of CO2 allowances allocated in the reporting year the related deferred income is also lower.

D. NOTES TO THE INCOME STATEMENT

1 Net sales revenue

1.1 Sales revenue from related companies

Description	Previous year	Reporting year	Change %
Subsidiary	21 575	5 436	-75%
Total net sales revenue from related companies	21 575	5 436	-75%

In 2015 BE-Optimum Kft. purchased emission allowances from Budapesti Erőmű. In 2016 there was no such transaction; costs as per the valid contract were invoiced.

1.2 Net sales revenue by activity

Description	Previous year	Reporting year	Change %
Electricity	26 417 494	24 626 115	-7%
Sale of heat	23 805 402	22 849 387	-4%
Other revenue	282 170	831 741	195%
Total net sales revenue	50 505 066	48 307 243	-4%

The revenue from sale of electricity decreased due to reduced sales prices of MVM.

The decrease in sale of heat is owing to the fall in the regulated price of the hot water product. Other revenue increased because emission allowances for 2015 and 2016 were invoiced to MVM in the reporting year.

1.3 Net export sales revenue

1.3.1 Net export sales revenue broken down by goods exports and services exports

Description	Previous year	Reporting year	Change %
Electricity	5 577 909	6 389 334	15%
Goods exports	5 577 909	6 389 334	15%
Other	47	45	-4%
Services exports	47	45	-4%
Total net export sales revenue	5 577 956	6 389 379	15%

The rise in export sales revenue represents the increase of the share of export customers within electricity customers; overall, domestic and export revenue from electricity sale decreased due to the fall in the market price.

1.3.2 Export sales revenue by geographical region

Description	Previous year	Reporting year	Change %
European Union (EU)	4 750 893	5 585 204	18%
Countries outside the EU	827 063	804 175	-3%
Total net export sales revenue	5 577 956	6 389 379	15%

2 Other income and other expenses

2.1 Other income

Description	Previous year	Reporting year	Change %
Income from sale of intangible and tangible assets	3 962	2 345	-41%
Reversed amount of extraordinary depreciation of intangible and tangible assets	-	267 264	100%
Fines, penalties, storage charges, default interest, damage compensation received	137	746	445%
Other	3 551	1 311	-63%
Release of deferred income from CO2 allowances	885 532	801 981	-9%
Release of provisions	53 610	357 044	566%
Total other income	946 792	1 430 691	51%

The release of deferred income related to emission allowances is an amount corresponding to the value of allowances settled in the year following the reporting year. The Company settled 459,708 tonnes allowances received from the state in 2015 for 2014 and 377,792 tonnes in 2016 for 2015. As at the end of 2016 THUF 267,264 extraordinary depreciation accounted for previously at Kelenföld Power Plant was reversed. For details see the Section on changes to tangible assets.

2.4 Other expenses

Description	Previous year	Reporting year	Change %
Carrying amount of intangible and tangible assets sold	2 252	3 699	64%
Extraordinary depreciation of intangible and tangible assets	10 077 384	4 537 568	-55%
Carrying amount of missing, destroyed and derecognised inventories	840	3 115	271%
Fines, penalties, storage charges, default interest, damage compensation	3 012	5 834	94%
Local business tax	596 872	346 759	-42%
Other taxes and similar payment obligations	926	938	1%
Other	3 806	64 293	1589%
Settlement of CO2 allowances	885 532	801 981	-9%
Provisioning	519 350	1 159 742	123%
Other local government taxes	184 723	187 196	1%
Environmental pollution charge	15 278	17 612	15%
Innovation contribution	40 046	52 014	30%
Definitive liquid asset transfers	32 031	50 778	59%
Total other expenses	12 362 052	7 231 529	-42%

Other income was up on the previous year. The reasons behind are as follows:

The Company settled less allowances in 2016 in connection with its carbon dioxide emission in 2015, thus a lower amount of the related deferred income was released.

In 2016 the Company released a higher amount of provisions. See Section 4.1.1. for details. Extraordinary depreciation was booked in the case of the power plants at Kispeszt and Újpest. Details are included in the Section on changes to tangible assets.

3 Material-type expenses

3.1 Material costs

Description	Previous year	Reporting year	Change %
Gas fee	33 342 561	28 921 810	-13%
Fuel oil	8 216	4 784	-42%
Other	109 773	119 893	9%
Spare parts	314 176	229 147	-27%
Water charge and related contributions	82 283	108 444	32%
Purchased electric energy	247 386	167 820	-32%
Total material costs	34 104 395	29 551 898	-13%

The decrease in gas costs, which are dominant within material costs, was basically due to the gas price caused by decreasing international quotations.

3.2 Services used

Description	Previous year	Reporting year	Change %
Maintenance	576 038	462 870	-20%
Telecommunications (telephone, internet)	26 167	25 563	-2%
Travel	15 075	5 978	-60%
Other services used	59 507	90 068	51%
Sewage charge and related contributions	205 099	166 849	-19%
Balancing energy	60 554	112 877	86%
Support for IT equipment	40 892	41 589	2%
Operation services	108 549	127 175	17%
Product pipe fee (MOL)	27 563	27 563	0%
Expert fees	205 837	146 647	-29%
Cleaning, park maintenance	97 081	92 261	-5%
Training fees paid	25 399	16 598	-35%
Legal representation	46 310	51 826	12%
Translation fees	26 232	16 795	-36%
Security service	75 279	74 317	-1%
Measurement technology services	17 656	20 421	16%
Diagnostic test, laboratory test	71 849	65 887	-8%
Audit fee	16 831	8 758	-48%
Revision of fire extinguishers	70 839	61 192	-14%
Revision of other technical equipment	24 725	11 289	-54%
Total services used	1 797 482	1 626 523	-10%

Services used fell mainly due to the decrease in maintenance costs and expert fees.

3.3 Cost of goods sold

Description	Previous year	Reporting year	Change %
Electricity	2 839 869	952 044	-66%
CO2	96 108	659 412	586%
Total cost of goods sold	2 935 977	1 611 456	-45%

Electricity COGS decreased due to the significant fall in volume; in the reporting year the Company typically sold its own production.

4 Staff costs

4.1 Staff-related data

Wage costs and other staff benefits incurred in the reporting year and headcount:

Description	Wage earners	Salaried employees	Total
Wage costs	552 842	1 680 875	2 233 717
Other staff benefits	72 403	515 988	588 391
Total	625 245	2 196 863	2 822 108
Average number of staff	102	155	257

4.2 Wage contributions by title

Title	Amount
Pension and health insurance, social contribution tax	658 398
Health care contribution	58 992
Benefit in kind	39 760
Vocational training contribution, rehabilitation contribution	50 064
Total Wage contributions	807 213

5 Depreciation

5.1 Reporting year depreciation

Depreciation of intangible and tangible assets broken down by balance sheet row and depreciation method is presented in the tables included in Appendices 1. and 2.

5.2 Reasons for reassessing ordinary depreciation, expected useful lives and residual values, and its impact on assets and profit/loss

Reasons for reassessment

In 2015 the Company booked THUF 10,077,385 extraordinary depreciation. During the re-calculation of depreciation rates the net values were distributed over the remaining useful life. Following the extraordinary depreciation accounted for in 2016, depreciation rates were again re-calculated.

Description of the impact on assets and profit/loss

Due to accounting for extraordinary depreciation and changing of depreciation rates, the amount of depreciation in the reporting year is lower than the prior-year figure.

6 Income from and expenses on financial transactions

6.1 Income from financial transactions

6.1.1 Other income from financial transactions

Description	Previous year	Reporting year	Change %
Gain on forward transactions	1 898 048	282 231	-85%
Realised exchange gain	604 224	147 570	-76%
Unrealised exchange gain	10 743	-	-100%
Total other income from financial transactions	2 513 015	429 801	-83%

The Company entered into EUR/HUF and USD/HUF forward transactions and gas price (fixed-variable) swaps over the counter. See Section 6 for details. Combined non-realised exchange differences as at the reporting date in 2015 amounted to THUF 10,743

6.2 Expenses on financial transactions

6.2.1 Interest payable (paid) and similar expenses

Description	Previous year	Reporting year	Change %
Interest on EPH loan	121 373	1 069 342	781%
Interest on other loans	3 284	3 952	20%
Interest on EDF IG loan	1 342 036	-	-100%
Cash pool interest	2 949	-	-100%
Total Interest payable (paid) and similar expenses	1 469 642	1 073 294	-27%

Up to the change in owner on 10 December 2015 the Company paid the interest on the parent-company loan to ED IG; afterwards EP Hungary a.s. became entitled to receive the interest payments. The decrease in the total amount of interest results from the reduction in interest rates.

6.2.2 Other expenses on financial transactions

Description	Previous year	Reporting year	Change %
Loss on forward transactions	2 361 749	2 411 439	2%
Realised exchange loss	301 955	129 379	-57%
Unrealised exchange loss	-	19 973	100%
Total other expenses on financial transactions	2 663 704	2 560 791	-3,86%

The Company entered into EUR/HUF and USD/HUF forward transactions and gas price (fixed-variable) swaps over the counter. See Section 6 for details. Combined non-realised exchange differences as at the reporting date in 2016 amounted to THUF 19,973

7 Tax liability

The Company had THUF 548,338 corporation tax payment liability for 2016. Income tax for energy suppliers amounted to THUF 84,477. In connection with the latter THUF 452,514 tax previously paid was reclaimed in relation to 2011, 2012 and 2013.

8 Proposal for the use of profit/loss after tax

The Company does not pay dividend from its 2016 profit.

E. ADDITIONAL INFORMATION

1 Fees for services provided by the auditor

Description	Reporting year
Audit	8 652
Other assurance services	
Tax advisory services	
Other non-audit services	
Total audit-related services	8 652

2 Import purchases

Value of import purchases broken down by import of goods and import of services and by geographical segments

Description	Previous year	Reporting year	Change %
Product	1 233 721	893 413	-28%
Total import of goods	1 233 721	893 413	-28%
Services	3 825 463	3 813 820	0%
Total import of services	3 825 463	3 813 820	0%
Total value of import purchases broken down by import of goods and import of services	5 059 184	4 707 233	-7%
European Union (EU)	4 773 186	4 450 417	-7%
Countries outside the EU	32 241	104 318	224%
Other parts of the world	253 757	152 498	-40%
Total value of import purchases broken down by geographical segments	5 059 184	4 707 233	-7%

3 Derivative transactions

Derivative transaction are presented in Appendix 6.

4 Off-balance sheet items

4.1 Financial liabilities not recognised in the balance sheet

Description	Amount
Excise guarantee	50 000
Tender guarantee	95 000
Performance guarantee	208 705
Payment guarantee	106 058

5 Tangible assets supporting environmental protection

GROSS VALUE	Amount
Opening balance	221 914
Increase	
Decrease	
Reclassification	
Other	
Closing balance	221 914
ACCUMULATED DEPRECIATION	Amount
Opening balance	205 453
Ordinary depreciation	723
Extraordinary depreciation	
Reversal of extraordinary depreciation	
Decrease	
Reclassification	
Other	
Closing balance	206 176
NET VALUE	Amount
Opening balance	16 461
Closing balance	15 738

Assets directly supporting environmental protection primarily include emission meters, waste containers and neutralisation systems.

6 Environmental protection liabilities

Emission trading

2016 was the fourth year of the third trading period between 2013 and 2020 in the carbon-dioxide trade. This trading period differs from the previous periods in that under the applicable legal regulation free emission units are received only for heat generation but not electricity production. Allocation of free emission units for 2016 was carried out in 2016 Q1 in accordance with the Allocation Table.

The carbon-dioxide emission of the Company's facilities totalled 727,020 tonnes in 2016. The emission of greenhouse gases shall be certified by an independent expert and reported to the authority by the end of March 2017, while emission units corresponding to the volume of emission shall be delivered by the end of April 2017 in accordance with legal regulations.

7 Hazardous waste

Changes to hazardous waste are presented in Appendix 7.

The volume of waste transferred for disposal decreased significantly as compared to the 2015 figures, which is clearly attributable to the fall in oil waste. Waste is transported from all sites at least once a year. The waste produced is transferred only to transporters and managers who hold a licence. In 2016 there was no soil or groundwater contamination on the territory of the power plants. The groundwater quality inspections of previous remediations are carried out in accordance with the provisions, and based on the results of the inspections, there will be no need for any further technical intervention in any of the cases. The groundwater monitoring wells located on the territories of the power plants are operated by an accredited laboratory and the Company complies with the reporting obligations prescribed by the authority.

8 Reconciling items

Calculation of the tax base is included in Appendix 8.

9 Remuneration of, advances and loans to senior executives, board members, supervisory board members

9.1 Remuneration

Senior executives, board members, supervisory board members did not receive remuneration.

9.2 Advances, loans and guarantees

Company did not disburse advances to senior executives, board members, supervisory board members.

Company did not disburse loans to senior executives, board members, supervisory board members.

Company did not undertake guarantees for senior executives, board members, supervisory board members.

10 Material transactions with related parties

There were no material related party transactions not conducted on terms equivalent to those prevailing in arm's length transactions.

12 Other disclosures required by laws

Based on Act LXXXVI of 2007 on Electricity and Act XVIII of 2005 on District Heating Services Budapesti Erőmű Zrt. is obliged to perform accounting unbundling. In compliance with legal regulations, the unbundling policy was prepared as part of the prime cost calculation policy, based on which the following activity financial statements were prepared for 2016:

- Electricity generation licence holder's financial statements
- Electricity trading licence holder's financial statement
- Újpest site, district heat generation license holder's financial statements
- Újpest site, electricity cogeneration license holder's financial statements
- Kispest site, district heat generation license holder's financial statements
- Kispest site, electricity cogeneration license holder's financial statements
- Kelenföld site, district heat generation license holder's financial statements
- Kelenföld site, electricity cogeneration license holder's financial statements
- Other activities financial statements as per the Act on District Heating

Reports by activity are presented in Appendix 12.

From 2016 the electricity generation divisions perform services to the district heat generation divisions, which means the electricity included in the price of district heat needed for circulating the water in the district heating system. In the case of consumption of own-produced electricity, since there is no external invoice, the cost of the service provided can be determined for the heat generation division by multiplying the volume by the spot market price, which generate an equal revenue from electricity for the electricity generation division. This accumulation is eliminated in the divisional financial statements in the sales revenue and material-type costs line items. From 2016 the CO2 allowance received has not covered the emission any more, thus the deficit was distributed among the divisions which caused the deficit

Division results

Effects that influenced the profitability of the individual divisions as compared with 2015:

A general positive effect is the continuous decrease in gas prices during the year as well as the 80% fall in extraordinary depreciation.

Combined and not combined electricity generation

- Efficiency improved due to the higher heat demand

District heat generation

- Heat demand increased as compared with 2015 figure due to the colder weather.
- Effective from 1 October 2016 regulated heat prices decreased.
- Significant decrease in extraordinary depreciation within other expenses.

Electricity trading

- While prices remained almost unchanged, the margin decreased due to lower volumes.

Other activities not requiring a licence

- Due to the CO2 allowance deficit arisen in 2016, the transactions resulting in a loss in 2015 due to exchange differences did not reduced the profit of the division. The costs of the 2016 allowance deficit were charged to the divisions which caused the deficit.
- The steam division made losses in both years.

13 Assets, financial position, results of operations

Indicators relating to assets, financial position and results of operation are included in Appendix 10.

14 Other information

As of 31 December 2008, Act LXX of 2008 terminated long-term electricity and capacity allocation agreements.

In accordance with legal regulations, the Hungarian Energy Office made the calculations for the repayment liability of prohibited state grants and for the value of investment projects not recoverable.

However, the European competition authority ordered to perform new calculations using a new methodology; as a result, it was established that the Company has no repayment obligation because the value of investment projects not recoverable exceeds significantly the amount of potential prohibited state grants.

In its Resolution 344/2010 the Hungarian Energy Office obliged the Company to present in detail the net cash flows attributable to LTA investment projects together with the principles and values of the distribution of the accounting items determining the cash flows, and to submit it to the Office until 31 March in each year. The Hungarian Energy Office calculates the value of the stranded costs according to the decree and the value of the eligible stranded costs every year, and prepares a summary account at the end of the compensation period. If, according to the summary account, the eligible stranded costs calculated on the basis of the actual data are less than the maximum stranded costs defined, then the Hungarian Energy Office will decide about the repayment of the state grant in a resolution.

In 2016 Budapesti Erőmű Zrt. fully met its data supply obligations. Similarly to the modifications of the previous years, the calculation was updated with the 2015 actual data. The difference between the stranded costs according to the decree (initial and periodic investments) and the eligible stranded costs (past and future cash flows) (frozen costs) exceeds considerably the amount of the state grant. The amount of the state grant is HUF 44 billion, and the frozen costs are almost 3 times as high as this, so no state grant will be repaid in the future either.

F. Cash flow statement

The cash flow statement of the Company is included in Appendix 11.

Date and place: Budapest, 13/04/2017

Manager (representative) of the Company

Stamp

Appendix 1.

Intangible assets

	Capitalised value of formation and transformation	Capitalised value of research and development	Rights and concessions	Intellectual property	Goodwill	Total
GROSS BOOK VALUE						
Opening balance	175 756	0	2 202 705	28 791		2 407 252
Increase			120 245			120 245
Decrease			-68 732	-28 791		-97 523
Reclassification						0
Other						0
Closing balance	175 756	0	2 254 217	0	0	2 429 973
Accumulated amortization						
Opening balance	168 975	0	2 144 001	28 791		2 341 767
Amortization	6 781		80 345			87 126
Extraordinary amortization						0
Reversal of extraordinary amortization						0
Decrease			-68 733	-28 791		-97 524
Reclassification						0
Other						0
Closing balance	175 756	0	2 155 614	0	0	2 331 370
Opening balance	6 781	0	58 703	0	0	65 484
Closing balance	0	0	98 603	0	0	98 603
ADVANCES ON INTANGIBLE ASSETS						
Opening balance						0
Closing balance						0
Opening balance	6 781	0	58 703	0	0	65 484
Closing balance	0	0	98 603	0	0	98 603

Appendix 2.

Tangible assets

	Land and buildings and related rights and concessions	Plant, equipment, machinery, vehicles	Other equipment, fittings, vehicles	Breeding animals	Assets under construction, renovations	Total
GROSS BOOK VALUE						
Opening balance	17 849 053	86 784 921	876 823		180 326	105 691 123
Capitalization	52 441	894 142	29 022		-1 095 852	-120 247
Increase					1 016 829	1 016 829
Decrease	-1 746	-59 459	-76 633			-137 838
Reclassification						0
Other						0
Closing balance	17 899 748	87 619 604	829 212	0	101 303	106 449 867
Accumulated amortization						
Opening balance	12 523 705	74 535 413	783 057		0	87 842 175
DEPRECIATION	171 905	1 957 473	52 913			2 182 291
Extraordinary amortization	798 837	3 738 731				4 537 568
Reversal of extraordinary amortization		-267 264				-267 264
Decrease	-1 171	-57 123	-75 845			-134 139
Reclassification						0
Other						0
Closing balance	13 493 276	79 907 231	760 125	0	0	94 160 632
Opening balance	5 325 348	12 249 508	93 766	0	180 326	17 848 948
Closing balance	4 406 472	7 712 373	69 087	0	101 303	12 289 235
PAYMENTS ON ACCOUNT						
Opening balance						0
Closing balance						0
Opening balance	5 325 348	12 249 508	93 766	0	180 326	17 848 948
Closing balance	4 406 472	7 712 373	69 087	0	101 303	12 289 235

Appendix 3.

Investments1 Related companies

Name of entity	Address	Type of relationship	Interest (%)	Voting ratio (%)	Extent of influence	Book value		Equity	Subscribed / Registered capital	Capital reserve	Profit reserve	Non-distributable reserve	Valuation reserve	Retained profit for the year
						Long-term interest	Current assets							
BE Optimum Kft	1117 Budapest, Budafoki út 52.	Subsidiary	100%	100%		255 000		244 948	3 000		264 038			- 22 090
Total						255 000	-							

2 Companies related through significant ownership interest

Name of entity	Address	Type of relationship	Interest (%)	Book value		Equity	Subscribed / Registered capital	Capital reserve	Profit reserve	Non-distributable reserve	Valuation reserve	Profit or loss after tax
				Long-term interest	Current assets							
Kőbányahő Kft.	1107, Budapest Fertő u. 2.	Associate	25%	110 802		448 154	828 000		- 359 564			- 20 282
Total				110 802	-							

Appendix 4.**Equity movement schedule**

		Subscribed / Registered capital	Subscribed / Registered, but unpaid capital	Capital reserve	Profit reserve	Non- distributable reserve	Valuation reserve	Profit or loss after tax	TOTAL
Opening balance	31/12/2015	3 591 628	0	43 748	4 613 106	6 781	0	-8 229 508	25 755
Increase in subscribed / registered capital			0			-	-	-	0
Decrease in subscribed / registered capital			-				-	-	0
Transformation								-	0
Additional payments		-	-	-	-	2 400 000	-	-	2 400 000
Additional payments for loss		-	-	-			-	-	0
Repayment of additional payments for loss			-	-			-	-	0
Offset negative profit reserve		-	-		0		-	-	0
Increase in non-distributable reserve		-	-			0	-	-	0
Decrease in non-distributable reserve		-	-		6 781	-6 781	-	-	0
Assets obtained based on regulations		-	-				-	-	0
Assets given based on regulations		-	-				-	-	0
Amount transferred to replenish subscribed, but unpaid capital									
Approved dividends and profit shares		-	-	-			-	-	0
Upwards revaluation		-	-	-				-	0
Transfer of profit or loss after tax		-	-	-	-8 229 508			8 229 508	0
Retained profit for the year		-	-	-				298 400	298 400
Closing balance	31/12/2016	3 591 628	0	43 748	-3 609 621	2 400 000	0	298 400	2 724 155

Appendix 5.**Non-distributable reserve**

	Opening balance	Increase	Decrease	Closing balance
Increase of subscribed / registered capital from non-distributable reserve				0
Decrease of subscribed / registered capital to non-distributable reserve				0
Movements against subscribed / registered capital	0	0	0	0
Treasury shares, business shares				0
Net book value of capitalised value of formation and transformation, research and development	6 781		-6 781	0
Amount of difference between accrued unrealised exchange losses on FX debts and the related provisions				0
Voted amount of additional capital contribution payable to provide coverage for losses				0
Capital reserve to be tied up based on legal regulation, and the part repayable of the amount received as capital reserve based on legal regulation because the criteria are not met and which is not covered by the capital reserve				0
Other amounts reclassified from profit reserve based on other regulations or the decision of the entity				0
Reclassification from profit reserve	6 781	0	-6 781	0
Repayable part of assets obtained based on regulations in case of non-compliance				0
Other amounts reclassified from capital reserve based on other regulations or the decision of the entity				0
Reclassification from capital reserve	0	0	0	0
Additional payments		2 400 000		2 400 000
Non-distributable reserve used to compensate for negative retained earnings resulting from losses				0
Other movements	0	2 400 000	0	2 400 000
Non-distributable reserve	6 781	2 400 000	-6 781	2 400 000

Appendix 6.**Derivative transactions****1 Details of derivative transactions closed out by the reporting date**

Identifier	Subject matter of the transaction	Type of derivative deal	Hedge deal?	Clearing or delivery purpose?	Stock exchange deal?	Gain or loss on the transaction	Impact on profit or loss for the current year	Cash flow effect	Impact on the cash-flow for the current year
EUR/HUF forward	purchase	Forward	hedge deal	delivery purpose	non-stock exchange deal		- 98 620	- 98 620	- 98 620
Gáz swap		Swap	hedge deal	clearing purpose	non-stock exchange deal		- 2 030 587	- 2 030 587	- 2 030 587
Total						-	- 2 129 208	- 2 129 208	- 2 129 208

2 Details of derivative transactions that are still open at the reporting date

Identifier	Subject matter of the transaction	Type of derivative deal	Hedge deal?	Clearing or delivery purpose?	Stock exchange deal?	Maturity date	Contracted amount (strike price, rate)	Estimated impact on profit or loss (fair value)	Expected cash flow effect
EUR/HUF forward	purchase	Forward	hedge deal	delivery purpose	non-stock exchange deal	2017/01/02-2017/10/13		- 155 674	- 155 674
Gáz swap		Swap	hedge deal	clearing purpose	non-stock exchange deal	2017/01/01-2017/09/30		260 945	260 945
Total								105 271	105 271

Appendix 7.**Hazardous waste**

Hazard classification		Opening balance	Written-down and write-back	Increase	Decrease	Closing balance
Substances contaminated with oil, tar	Quantity	-		8 805	- 8 805	-
	Value					-
Electronic waste, substances contaminated with asbestos, mercury	Quantity	-		591	- 591	-
	Value					-
Contaminated soil	Quantity	-				-
	Value					-
Other contaminated substances	Quantity	-		8 409	- 8 409	-
	Value					-
Total		-	-	-	-	-

Appendix 8.

Corporate income tax calculation and calculation of income tax on energy suppliers

1 Income tax calculation

Megnevezés	Összeg
Profit before tax	478 692
Deductible items	6 125 606
Loss carried forward	3 122 830
Release of provisions	357 044
Tax depreciation	2 376 530
Reversed extraordinary depreciation	267 264
Deductible item due to derecognition	1 939
Disallowed items	8 769 745
Provisioning	1 159 741
Book depreciation	2 269 417
Related to derecognition	3 699
Extraordinary depreciation	4 537 568
Other	13 700
Thin capitalization	785 619
Tax base	3 122 830
Tax	548 338
Support for spectacular team sports and performing art	
Corporation tax reduced by allowances	548 338

Robin Hood	
Profit before tax	478 692
Disallowed items	1 210 520
Support granted	50 779
Provisioning	1 159 741
Deductible items	1 154 887
Dividends received	
Use of provisions which previously was a disallowed item	352 906
Release of CO2 deferred income	801 981
Total	534 324
Revenue from the sale of electricity	24 626 114
Total revenue	48 307 242
Ratio	51%
Tax base	272 505
Tax 31%	84 477
Self-revision	- 452 513
Robin Hood tax for the reporting year	- 368 036
Total tax liability for the reporting year (Corporation tax + Robin Hood)	180 301

2 Future effect of temporary tax base adjustments

The reconciling effect of tax depreciation and book depreciation results in a significant amount in the case of the Company. Since the Act on Corporation Tax sets forth a higher depreciation rate than that in the accounting records, significant losses carried forward were generated in the previous years, which the Company expects to use in the coming years.

3 Carry-forward balance of tax loss

Year when incurred	Maturity date	Total	Other conditions
2007	2025	1 753 751	
2008	2025	5 570 124	
2009	2025	1 332 771	
2011	2025	2 731 290	
2013	2025	10 327	
2014	2025	34 652	
		11 432 915	

Appendix 9.**Transactions with related parties**

Transaction type	Type of relationship	Transaction value	Other information necessary to evaluate the transaction
Loans received	Parent company	1 069 342	Value as at the reporting date of the loan disbursed by EP Hungary a.s.: THUF 15,000,000. The value of the transaction is the amount of the interest paid/payable in the reporting year. The interest of the loan is 5.9% until 31 January 2017. The loan agreement was extended for 3 years.
Loans granted	Other related party	620	Interest payable on the EUR 5,000,000 and THUF 4,200,000 loans disbursed by Budapesti Erőmű
Forgiven loan	Subsidiary	13 700	Loan forgiven to BE-Optimum Kft.
Rental and administration fee	Subsidiary	5 436	Rental and administration fee invoiced by the Company to BE-Optimum Kft. in the reporting year
Loans received	Other related party	2 630	Interest on the short-term loan disbursed by EP Energy a.s.
Insurance premiums	Parent company	257 002	Contractual insurance amount of tangible assets
Loans granted	Subsidiary	181	Interest on the loan disbursed to BE-Optimum Kft.

Appendix 10.

Profitability, financial indicators, property and capital structure, expense structure**1 Profitability**

Description	Calculation method	Balance Sheet reference	Previous year	Current year
Return on sales	$\frac{\text{Trading profit}}{\text{Net sales revenue}}$	$\frac{\text{Er. A}}{\text{Er. I.}}$	-12,12%	7,62%
Net equity effectiveness	$\frac{\text{Profit after tax}}{\text{Equity}}$	$\frac{\text{Er. F}}{\text{D.}}$	-31953,05%	10,95%
Net equipment effectiveness	$\frac{\text{Profit after tax}}{\text{Total assets}}$	$\frac{\text{Er. F}}{\text{A+B+C}}$	-30,16%	1,07%

2 Financial indicators

Description	Calculation method	Balance Sheet reference	Previous year	Current year
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\text{B}}{\text{F.III.}}$	0,36	1,99
Liquidity quick ratio	$\frac{\text{Liquid assets + Securities + Receivables}}{\text{Current liabilities}}$	$\frac{\text{B.IV.+B.III.+B.II.}}{\text{F.III.}}$	0,22	1,58
Cash liquidity ratio	$\frac{\text{Liquid assets + Securities}}{\text{Current liabilities}}$	$\frac{\text{B.IV.+B.III.}}{\text{F.III.}}$	0,00	0,08
Net working capital	$\text{Current assets} - \text{Current liabilities}$	$\text{B} - \text{F.III.}$	-15 477 589	7 326 802
Receivables (in days)	$\frac{\text{Closing receivables}}{\text{Daily average revenue}}$	$\frac{\text{B.II.1.}}{\text{Er.I./365}}$	31,43	35,55
Inventories (goods) (in days)	$\frac{\text{Closing inventories (goods)}}{\text{Daily average cost of goods sold}}$	$\frac{\text{B.I.5.}}{\text{Er.IV.8/365}}$	154,09	282,90

3 Property and capital structure

Description	Calculation method	Balance Sheet reference	Previous year	Current year
Capital structure ratio	$\frac{\text{Equity}}{\text{Liabilities}}$	$\frac{D}{F}$	0,00	0,12
Equity - Subscribed / Registered capital ratio	$\frac{\text{Equity}}{\text{Subscribed / Registered capital}}$	$\frac{D}{D.I.}$	0,01	0,76
Fixed assets coverage by equity	$\frac{\text{Fixed assets}}{\text{Equity}}$	$\frac{A}{D}$	710,59	4,68
Property structure	$\frac{\text{Fixed assets}}{\text{Current assets}}$	$\frac{A}{B}$	2,14	0,87
Fixed assets coverage	$\frac{\text{Fixed assets}}{\text{Total assets}}$	$\frac{A}{A+B+C}$	67,07%	45,55%

4 Cost structure

Description	Previous year		Current year	
	Amount	%	Amount	%
Net sales revenue	50 505 066	-	48 307 243	-
Changes in self-manufactured inventories	0	-	0	-
Capitalised value of self-manufactured assets	307 020	-	196 667	-
Gross revenue	50 812 086	-	48 503 910	-
Other income	946 792	-	1 430 691	-
Total income	51 758 878	100,00%	49 934 601	100,00%
Material costs	34 104 395	65,89%	29 551 898	59,18%
Services used	1 797 482	3,47%	1 626 523	3,26%
Other services	340 139	0,66%	333 560	0,67%
Cost of goods sold	2 935 977	5,67%	1 611 456	3,23%
Services sold (mediated)	0	0,00%	0	0,00%
Material-type expenses	39 177 993	75,69%	33 123 437	66,33%
Wage costs	2 096 166	4,05%	2 233 717	4,47%
Other staff benefits	351 868	0,68%	588 391	1,18%
Wage contributions	703 464	1,36%	807 213	1,62%
Staff costs	3 151 498	6,09%	3 629 321	7,27%
Depreciation	3 189 502	6,16%	2 269 418	4,54%
Other expenses	12 362 052	23,88%	7 231 529	14,48%
Total expenses	57 881 045	111,83%	46 253 705	92,63%
Trading profit	-6 122 167	-11,83%	3 680 896	7,37%

Appendix 11.

Cash-flow statement

	01/01/2015 - 31/12/2015	01/01/2016 - 31/12/2016
I. Variation in cash-flow from operations (Operating cash-flow) (Rows: 1-18)	6 683 782	2 479 181
1 Profit or loss before tax ±	-7 731 994	478 701
2 Amortisation +	3 189 502	2 269 418
3 Impairment loss and reversal ±	10 096 721	4 282 342
4 Difference between the creation and usage of provisions ±	465 740	802 698
5 Gain or loss on sale of fixed assets ±	-1 885	1 354
6 Unrealised foreign exchange difference ±	0	0
7 Change in trade payables ±	132 154	1 496 892
8 Change in short-term liabilities ±	-1 175 084	275 955
9 Change in income accruing for future periods, accrued expenses and deferred	96 630	-1 126 924
10 Change in trade receivables ±	1 866 374	-356 516
11 Change in current assets (excluding trade receivables and liquid assets) ±	88 986	-5 354 339
12 Change in accrued income, prepayments and deferred expenses ±	122 122	-110 099
13 Definitive liquid asset transfers (+)	32 030	0
14 Other (±)		0
15 Other (±)		0
16 Other (±)		0
17 Tax paid or payable (on profit) -	-497 514	-180 301
18 Dividends and profit-sharing paid or payable -		0
II. Variation in cash-flow from investments (Investment cash-flow) (Rows: 19-	-1 897 257	-1 014 282
19 Purchase of fixed assets -	-1 901 219	-1 016 827
20 Sale of fixed assets +	3 962	2 545
21 Dividends and profit-sharing received +	0	0
22 Other (±)		0
23 Other (±)		0
III. Variation in cash-flow from financial transactions (Financial cash-flow)	-4 905 864	-1 017 136
24 Receipts from share issue, capital increase +	0	0
25 Receipts from the issue of bonds and debt securities +	0	0
26 Receipt of loans +	23 084 070	0
27 Repayment, termination and redemption of long-term loans and bank deposits +	17 613	1 484
28 Liquid assets received free of charge +	0	0
29 Cancellation of shares, disinvestment (capital reduction) -	0	0
30 Redemption of bonds and debt securities -	0	0
31 Redemption and repayment of loans -	-27 967 310	-3 418 620
32 Long-term loans and bank deposits -	-8 207	0
33 Liquid assets given free of charge -	-32 030	0
34 Change in liabilities to founders and in other long-term liabilities ±	0	0
35 Supplementary payment by owner	0	2 400 000
36 Other (±)		0
37 Other (±)		0
IV. Change in liquid assets (±II±III.) ±	-119 339	447 763
Opening balance of liquid assets	237 277	117 938
Self-revision	0	0
Closing balance of liquid assets	117 938	565 701

Appendix 12.

Reports by activity

BUDAPEST POWER PLANT LTD 31.12.2015		Electricity generation	Electricity trade	Other activities	Company total
BALANCE SHEET Assets					
A.	Fixed assets and financial investments	13 814 519	0	4 486 794	18 301 313
I.	Intangible assets	54 150	0	11 334	65 484
II.	Tangible assets	13 760 369	0	4 088 579	17 848 948
III.	Financial investments	0	0	386 881	386 881
B.	Current assets	4 040 290	29 965	4 481 362	8 551 617
I.	Inventories	781 174	0	2 389 051	3 170 225
II.	Receivables	3 205 220	29 965	2 028 269	5 263 454
III.	Securities	0	0	0	0
IV.	Liquid assets	53 896	0	64 042	117 938
C.	Prepayments	431 985	0	0	431 985
Total assets:		18 286 794	29 965	8 968 156	27 284 915
BALANCE SHEET Liabilities and owners' equity					
D.	Equity	856 942	-404 867	-426 319	25 756
I.	ISSUED CAPITAL	2 711 096	0	880 532	3 591 628
II.	Issued unpaid capital (-)	0	0	0	0
III.	SHARE PREMIUM	33 023	0	10 725	43 748
IV.	RETAINED EARNINGS	4 548 035	-828 891	893 963	4 613 107
V.	Tied-up reserve	22 828	0	-16 047	6 781
VI.	Revaluation reserve	0	0	0	0
VII.	Net income (loss)	-6 458 040	424 024	-2 195 492	-8 229 508
E.	Provisions	162 315	0	916 249	1 078 564
F.	Liabilities	17 074 331	384 051	6 570 824	24 029 206
I.	Subordinated liabilities	0	0	0	0
II.	Long-term liabilities	0	0	0	0
III.	Short-term liabilities	17 074 331	384 051	6 570 824	24 029 206
G.	Accrued expenses	193 206	50 781	1 907 403	2 151 390
Total equity and liabilities		18 286 794	29 965	8 968 157	27 284 916
STATEMENT OF OPERATIONS					
I.	Total sales	23 079 755	3 337 740	24 087 571	50 505 066
II.	Capitalised value of own production	280 919	0	26 101	307 020
III.	Other income	26 810	36	919 946	946 792
IV.	Material-type expenditures	15 210 705	2 839 869	21 127 419	39 177 993
V.	Payroll and related expenditures	2 074 173	0	1 077 325	3 151 498
VI.	Depreciation	2 451 576	0	737 926	3 189 502
VII.	Other expenditures	8 777 919	30 230	3 553 903	12 362 052
A.	Profit (loss) from operating activities (I+II+III-IV-V-VI-VII)	-5 126 889	467 677	-1 462 955	-6 122 167
VIII.	Revenues from financial activities	441 950	3 770	2 092 509	2 538 229
IX.	Financial transaction expenditures	1 365 150	0	2 782 906	4 148 056
B.	Net income (loss) on financial activities (VIII-IX)	-923 200	3 770	-690 397	-1 609 827
C.	Net income (loss) before business profits tax (A+B)	-6 050 089	471 447	-2 153 352	-7 731 994
X.	Business profits tax	407 951	47 422	42 141	497 514
D.	Net income (loss) (C-X)	-6 458 040	424 025	-2 195 493	-8 229 508

Appendix 12.

Reports by activity

BUDAPEST POWER PLANT LTD 31.12.2015 According to the Electricity Act		Újpest site		Kispest site		Kelenföld site		Other activities according to the District Heating Act				Company total	
		Combined electricity generation	District heat generation	Combined electricity generation	District heat generation	Combined electricity generation	District heat generation	Non-combined electricity generation			Electricity trade		Other non-licensable business segment activities
								Újpest	Kispest	Kelenföld			
		Part of electricity generation	Part of other activities	Part of electricity generation	Part of other activities	Part of electricity generation	Part of other activities	Part of electricity generation	Part of electricity generation	Part of electricity generation	Electricity trade		Part of other activities
BALANCE SHEET Assets													
A.	Fixed assets and financial investments	4 461 534	1 098 950	6 996 274	2 366 185	1 237 648	249 910	330 192	689 242	99 629	0	771 749	18 301 313
I.	Intangible assets	7 159	4 141	30 423	2 947	12 071	4 014	529	2 997	971	0	232	65 484
II.	Tangible assets	4 454 375	1 094 809	6 965 851	2 363 238	1 225 577	245 896	329 663	686 245	98 658	0	384 636	17 848 948
III.	Financial investments	0	0	0	0	0	0	0	0	0	0	386 881	386 881
B.	Current assets	1 318 106	922 670	1 161 146	1 152 957	1 225 745	1 004 778	76 831	132 859	125 603	29 965	1 400 957	8 551 617
I.	Inventories	272 123	378 154	251 309	317 798	196 987	414 181	20 140	24 758	15 857	0	1 278 918	3 170 225
II.	Receivables	1 026 893	525 542	892 614	820 546	1 015 363	570 554	55 278	106 404	108 668	29 965	111 627	5 263 454
III.	Securities	0	0	0	0	0	0	0	0	0	0	0	0
IV.	Liquid assets	19 090	18 974	17 223	14 613	13 395	20 043	1 413	1 697	1 078	0	10 412	117 938
C.	Prepayments	30 849	0	62 423	0	99 676	0	36 898	110 720	91 419	0	0	431 985
Total assets:		5 810 489	2 021 620	8 219 843	3 519 142	2 563 069	1 254 688	443 921	932 821	316 651	29 965	2 172 706	27 284 915
BALANCE SHEET Liabilities and owners' equity													
D.	Equity	-2 852 695	90 646	1 553 483	615 710	1 923 632	158 285	-201 168	198 506	235 184	-404 867	-1 290 961	25 756
I.	ISSUED CAPITAL	875 574	215 669	1 373 017	464 363	242 888	49 045	64 801	135 264	19 552	0	151 455	3 591 628
II.	Issued unpaid capital (-)	0	0	0	0	0	0	0	0	0	0	0	0
III.	SHARE PREMIUM	10 665	2 627	16 724	5 656	2 959	597	789	1 648	238	0	1 845	43 748
IV.	RETAINED EARNINGS	485 981	262 293	2 715 225	2 003 372	1 226 075	-268 573	-354 219	452 192	22 781	-828 891	-1 103 130	4 613 107
V.	Tied-up reserve	7 372	1 816	11 561	3 910	2 045	413	546	1 139	165	0	-22 186	6 781
VI.	Revaluation reserve	0	0	0	0	0	0	0	0	0	0	0	0
VII.	Net income (loss)	-4 232 287	-391 759	-2 563 044	-1 861 591	449 665	376 803	86 915	-391 737	192 448	424 024	-318 945	-8 229 508
E.	Provisions	45 869	27 907	44 169	26 062	59 723	28 905	3 395	4 351	4 808	0	833 375	1 078 564
F.	Liabilities	8 559 336	1 853 516	6 567 017	2 833 503	514 627	1 014 866	637 403	724 528	71 420	384 051	868 939	24 029 206
I.	Subordinated liabilities	0	0	0	0	0	0	0	0	0	0	0	0
II.	Long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	0
III.	Short-term liabilities	8 559 336	1 853 516	6 567 017	2 833 503	514 627	1 014 866	637 403	724 528	71 420	384 051	868 939	24 029 206
G.	Accrued expenses	57 979	49 551	55 174	43 867	65 087	52 632	4 291	5 436	5 239	50 781	1 761 353	2 151 390
Total equity and liabilities		5 810 489	2 021 620	8 219 843	3 519 142	2 563 069	1 254 688	443 921	932 821	316 651	29 965	2 172 706	27 284 916
STATEMENT OF OPERATIONS													
I.	Total sales	7 640 406	8 125 227	6 826 936	6 257 641	5 358 676	8 582 810	1 139 483	1 274 968	839 286	3 337 740	1 121 893	50 505 066
II.	Capitalised value of own production	2 529	767	18 116	431	239 058	21 338	187	1 785	19 244	0	3 565	307 020
III.	Other income	8 772	3 712	7 595	4 425	8 372	4 435	649	748	674	36	907 374	946 792
IV.	Material-type expenditures	5 161 602	6 919 766	4 292 562	5 827 531	3 805 729	7 512 043	411 626	1 006 992	532 194	2 839 869	868 079	39 177 993
V.	Payroll and related expenditures	586 153	356 611	564 413	333 041	356 611	369 364	43 381	55 604	61 436	0	18 309	3 151 498
VI.	Depreciation	1 016 348	212 649	976 111	448 435	266 299	32 362	75 219	96 162	21 437	0	44 480	3 189 502
VII.	Other expenditures	4 646 351	830 556	3 254 254	1 260 240	196 990	97 558	343 872	320 595	15 857	30 230	1 365 549	12 362 052
A.	Profit (loss) from operating activities (I+II+III-IV-V-VI-VII)	-3 758 747	-189 876	-2 234 693	-1 606 750	573 902	597 256	266 221	-201 852	228 280	467 677	-263 585	-6 122 167
VIII.	Revenues from financial activities	222 361	678 391	194 363	632 912	-9 606	742 295	16 457	19 148	-773	3 770	38 911	2 538 229
IX.	Financial transaction expenditures	695 901	880 274	522 714	887 753	40 293	920 607	51 503	51 496	3 243	0	94 272	4 148 056
B.	Net income (loss) on financial activities (VIII-IX)	-473 540	-201 883	-328 351	-254 841	-49 899	-178 312	-35 046	-32 348	-4 016	3 770	-55 361	-1 609 827
C.	Net income (loss) before business profits tax (A+B)	-4 232 287	-391 759	-2 563 044	-1 861 591	524 003	418 944	231 175	-234 200	224 264	471 447	-318 946	-7 731 994
X.	Business profits tax	0	0	0	0	74 338	42 141	144 260	157 537	31 816	47 422	0	497 514
D.	Net income (loss) (C-X)	-4 232 287	-391 759	-2 563 044	-1 861 591	449 665	376 803	86 915	-391 737	192 448	424 025	-318 946	-8 229 508

Appendix 12.

Reports by activity

BUDAPEST POWER PLANT LTD 31.12.2016		Electricity generation	Electricity trade	Other activities	Isolations	Company total
BALANCE SHEET Assets						
A.	Fixed assets and financial investments	8 217 061	0	4 543 936		12 760 997
I.	Intangible assets	66 824	0	31 779		98 603
II.	Tangible assets	8 150 237	0	4 138 998		12 289 235
III.	Financial investments	0	0	373 159		373 159
B.	Current assets	7 064 286	270 850	7 375 099		14 710 235
I.	Inventories	717 939	0	2 305 021		3 022 960
II.	Receivables	6 066 526	258 097	4 796 951		11 121 574
III.	Securities	0	0	0		0
IV.	Liquid assets	279 821	12 753	273 127		565 701
C.	Prepayments	517 659	0	24 425		542 084
Total assets:		15 799 006	270 850	11 943 460		28 013 316
BALANCE SHEET Liabilities and owners' equity						
D.	Equity	-318 839	-159 935	3 202 929		2 724 155
I.	ISSUED CAPITAL	2 312 721	0	1 278 907		3 591 628
II.	Issued unpaid capital (-)	0	0	0		0
III.	SHARE PREMIUM	28 170	0	15 578		43 748
IV.	RETAINED EARNINGS	-4 409 789	-289 907	1 090 075		-3 609 621
V.	Tied-up reserve	1 545 408	0	854 592		2 400 000
VI.	Revaluation reserve	0	0	0		0
VII.	Net income (loss)	204 651	129 972	-36 223		298 400
E.	Provisions	761 093	0	1 120 169		1 881 262
F.	Liabilities	15 171 252	199 034	7 013 147		22 383 433
I.	Subordinated liabilities	0	0	0		0
II.	Long-term liabilities	12 024 285	0	2 975 715		15 000 000
III.	Short-term liabilities	3 146 967	199 034	4 037 432		7 383 433
G.	Accrued expenses	185 500	231 751	607 215		1 024 466
Total equity and liabilities		15 799 006	270 850	11 943 460		28 013 316
STATEMENT OF OPERATIONS						
I.	Total sales	23 894 771	1 089 009	23 461 616	-138 153	48 307 243
II.	Capitalised value of own production	187 593	0	9 074		196 667
III.	Other income	54 528	24	1 376 139		1 430 691
IV.	Material-type expenditures	13 267 929	952 045	19 041 616	-138 153	33 123 437
V.	Payroll and related expenditures	2 305 189	0	1 324 132		3 629 321
VI.	Depreciation	1 810 159	0	459 259		2 269 418
VII.	Other expenditures	5 547 301	3 156	1 681 072		7 231 529
A.	Profit (loss) from operating activities (I+II+III-IV-V-VI-VII)	1 206 314	133 832	2 340 750	0	3 680 896
VIII.	Revenues from financial activities	177 824	197	266 107		444 128
IX.	Financial transaction expenditures	1 018 000	0	2 628 323		3 646 323
B.	Net income (loss) on financial activities (VIII-IX)	-840 176	197	-2 362 216	0	-3 202 195
C.	Net income (loss) before business profits tax (A+B)	366 138	134 029	-21 466	0	478 701
X.	Business profits tax	161 487	4 057	14 757		180 301
D.	Net income (loss) (C-X)	204 651	129 972	-36 223	0	298 400

Appendix 12.

Reports by activity

BUDAPEST POWER PLANT LTD 31.12.2016 According to the Electricity Act	Újpest site		Kispest site		Kelenföld site		Other activities according to the District Heating Act						Isolations	Company total
	Combined electricity generation	District heat generation	Combined electricity generation	District heat generation	Combined electricity generation	District heat generation	Non-combined electricity generation			Electricity trade	Gas trade	Other non-licensable business segment activities		
							Újpest	Kispest	Kelenföld					
	Part of electricity generation	Part of other activities	Part of electricity generation	Part of other activities	Part of electricity generation	Part of other activities	Part of electricity generation	Part of electricity generation	Part of electricity generation	Electricity trade	Part of other activities	Part of other activities		
BALANCE SHEET Assets														
A. Fixed assets and financial investments	1 974 297	982 687	4 446 723	2 112 043	1 052 634	482 084	183 713	390 940	168 754	0	0	967 122		12 760 997
I. Intangible assets	15 424	10 420	21 478	11 171	22 924	9 466	1 435	1 888	3 675	0	0	722		98 603
II. Tangible assets	1 958 873	972 267	4 425 245	2 100 872	1 029 710	472 618	182 278	389 052	165 079	0	0	593 241		12 289 235
III. Financial investments	0	0	0	0	0	0	0	0	0	0	0	373 159		373 159
B. Current assets	2 283 588	1 863 215	2 005 522	1 862 126	2 161 368	1 997 014	220 378	168 260	225 170	270 850	0	1 652 744		14 710 235
I. Inventories	250 816	343 124	217 418	292 488	178 616	389 804	23 339	19 115	28 635	0	0	1 279 605		3 022 960
II. Receivables	1 936 874	1 431 082	1 708 023	1 495 787	1 907 016	1 511 583	188 115	142 105	184 393	258 097	0	358 499		11 121 574
III. Securities	0	0	0	0	0	0	0	0	0	0	0	0		0
IV. Liquid assets	95 898	89 009	80 081	73 851	75 736	95 627	8 924	7 040	12 142	12 753	0	14 640		565 701
C. Prepayments	27 286	0	101 314	0	217 450	0	41 350	50 007	80 252	0	0	24 425		542 084
Total assets:	4 285 171	2 845 902	6 553 559	3 974 169	3 431 452	2 479 098	445 441	609 207	474 176	270 850	0	2 644 291		28 013 316
BALANCE SHEET Liabilities and owners' equity														
D. Equity	-3 337 997	497 889	490 593	909 463	2 459 664	701 033	-242 670	31 000	280 571	-159 935	0	1 094 544		2 724 155
I. ISSUED CAPITAL	555 673	276 581	1 251 546	594 442	296 268	135 684	51 707	110 031	47 496	0	0	272 200		3 591 628
II. Issued unpaid capital (-)	0	0	0	0	0	0	0	0	0	0	0	0		0
III. SHARE PREMIUM	6 768	3 369	15 245	7 241	3 609	1 653	630	1 340	578	0	0	3 315		43 748
IV. RETAINED EARNINGS	-3 515 031	-55 406	-266 924	288 577	1 178 680	202 039	-953 923	-410 592	-441 999	-289 907	0	654 865		-3 609 621
V. Tied-up reserve	371 313	184 817	836 309	397 218	197 972	90 667	34 551	73 525	31 738	0	0	181 890		2 400 000
VI. Revaluation reserve	0	0	0	0	0	0	0	0	0	0	0	0		0
VII. Net income (loss)	-756 720	88 528	-1 345 583	-378 015	783 135	270 990	624 365	256 696	642 758	129 972	0	-17 726		298 400
E. Provisions	237 875	141 800	217 828	151 652	227 614	177 815	22 135	19 151	36 490	0	0	648 902		1 881 262
F. Liabilities	7 334 246	1 997 251	5 792 269	2 749 845	681 962	1 389 954	661 226	554 408	147 141	199 034	0	876 097		22 383 433
I. Subordinated liabilities	0	0	0	0	0	0	0	0	0	0	0	0		0
II. Long-term liabilities	6 184 494	735 470	4 838 891	1 638 165	0	0	575 482	425 418	0	0	0	602 080		15 000 000
III. Short-term liabilities	1 149 752	1 261 781	953 378	1 111 680	681 962	1 389 954	85 744	128 990	147 141	199 034	0	274 017		7 383 433
G. Accrued expenses	51 047	208 962	52 869	163 209	62 212	210 296	4 750	4 648	9 974	231 751	0	24 748		1 024 466
Total equity and liabilities	4 285 171	2 845 902	6 553 559	3 974 169	3 431 452	2 479 098	445 441	609 207	474 176	270 850	0	2 644 291		28 013 316
STATEMENT OF OPERATIONS														
I. Total sales	7 602 717	7 600 811	6 241 610	6 306 382	5 841 899	8 165 977	1 348 381	1 197 907	1 662 257	1 089 009	0	1 388 446	-138 153	48 307 243
II. Capitalised value of own production	169 262	0	2 372	0	0	0	15 750	209	0	0	0	9 074		196 667
III. Other income	13 832	12 162	16 877	11 531	18 140	277 542	1 287	1 484	2 908	24	0	1 074 904		1 430 691
IV. Material-type expenditures	4 580 012	5 936 489	3 832 726	5 080 826	3 263 611	6 661 816	321 158	560 284	710 138	952 045	0	1 362 485	-138 153	33 123 437
V. Payroll and related expenditures	576 435	478 228	639 146	384 241	844 407	411 484	53 638	56 191	135 372	0	0	50 179		3 629 321
VI. Depreciation	597 601	118 160	739 731	269 729	303 524	35 652	55 608	65 035	48 660	0	0	35 718		2 269 418
VII. Other expenditures	2 568 396	195 558	2 173 650	255 127	323 326	230 637	238 995	191 100	51 834	3 156	0	999 750		7 231 529
A. Profit (loss) from operating activities (I+II+III-IV-V-VI-VII)	-536 633	884 538	-1 124 394	327 990	1 125 171	1 103 930	696 019	326 990	719 161	133 832	0	24 292	0	3 680 896
VIII. Revenues from financial activities	70 723	87 854	58 666	81 709	31 626	90 580	6 581	5 158	5 070	197	0	5 964		444 128
IX. Financial transaction expenditures	290 810	879 738	279 855	787 714	341 002	913 378	27 061	24 604	54 668	0	0	47 493		3 646 323
B. Net income (loss) on financial activities (VIII-IX)	-220 087	-791 884	-221 189	-706 005	-309 376	-822 798	-20 480	-19 446	-49 598	197	0	-41 529		-3 202 195
C. Net income (loss) before business profits tax (A+B)	-756 720	92 654	-1 345 583	-378 015	815 795	281 132	675 539	307 544	669 563	134 029	0	-17 237	0	478 701
X. Business profits tax	0	4 126	0	0	32 660	10 142	51 174	50 848	26 805	4 057	0	489		180 301
D. Net income (loss) (C-X)	-756 720	88 528	-1 345 583	-378 015	783 135	270 990	624 365	256 696	642 758	129 972	0	-17 726	0	298 400