

THIS IS THE ENGLISH TRANSLATION OF THE HUNGARIAN ORIGINAL  
BUDAPESTI ERŐMŰ ZRT.  
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015  
(all amounts in thousands of HUF)

ASSETS

	31 December 2014	31 December 2015
<b>A. <u>FIXED ASSETS AND FINANCIAL INVESTMENTS</u></b>	<b>29 686 094</b>	<b>18 297 859</b>
I. Intangible assets	<b>98 009</b>	<b>65 484</b>
1. Capitalised costs of foundation and restructuring	18 511	6 781
2. Capitalised costs of research and development	0	0
3. Rights representing money	79 498	58 703
4. Intellectual property	0	0
5. Goodwill	0	0
6. Advance payment on intangible assets	0	0
7. Value adjustment of intangible assets	0	0
II. Tangible assets	<b>29 460 135</b>	<b>18 112 532</b>
1. Land and buildings and related rights representing money	7 244 638	5 330 487
2. Technical equipment, machinery and vehicles	22 045 453	12 507 953
3. Other equipment, fittings and vehicles	82 626	93 766
4. Livestock for breeding	0	0
5. Construction-in-progress, renovation	87 418	180 326
6. Prepayments on construction-in-progress	0	0
7. Value adjustment of tangible assets	0	0
III. Financial investments	<b>127 950</b>	<b>119 843</b>
1. Long-term investments in associated enterprises	0	0
2. Long-term loans to associated enterprises	0	0
3. Other long-term investments	111 002	111 002
4. Long-term loans to other related enterprises	0	0
5. Other long-term loans	16 948	8 841
6. Securities representing a long-term creditor relationship	0	0
7. Value adjustment of financial investments	0	0
8. Capital consolidation difference	0	0
- from subsidiary companies	0	0
- from affiliated companies	0	0
<b>B. <u>CURRENT ASSETS</u></b>	<b>10 672 522</b>	<b>8 575 438</b>
I. Inventories	<b>3 146 097</b>	<b>3 170 225</b>
1. Raw materials	1 930 693	1 930 745
2. Work in progress and semi-finished goods	0	0
3. Animals for breeding and fattening and other livestock	0	0
4. Finished products	0	0
5. Purchased goods	1 215 404	1 239 480
6. Advances given on inventories	0	0
II. Receivables	<b>7 266 099</b>	<b>5 286 087</b>
1. Accounts receivable	6 210 071	4 348 993
2. Accounts receivable from associated enterprises	14 040	4 560
3. Accounts receivable from other associated enterprises	0	0
4. Bills receivable	0	0
5. Other receivables	1 041 988	910 246
6. (Calculated) corporate tax receivables arising from consolidation	0	22 288
III. Securities	<b>0</b>	<b>0</b>
1. Shares and participations in associated enterprises	0	0
2. Other shares and participations	0	0
3. Own shares, quotas	0	0
4. Securities representing a creditor relationship for trading purposes	0	0
IV. Liquid assets	<b>260 326</b>	<b>119 126</b>
1. Cash and cheques	649	2 087
2. Bank deposits	259 677	117 039
<b>C. <u>PREPAYMENTS</u></b>	<b>554 107</b>	<b>431 985</b>
1. Accrued income	552 017	431 985
2. Deferred expenses	2 090	0
3. Other deferred expenses	0	0

**TOTAL ASSETS** **40 912 723** **27 305 282**

Budapest, 29 April 2016

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CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015  
(all amounts in thousands of HUF)

LIABILITIES AND OWNERS' EQUITY

	31 December 2014	31 December 2015
<b>D. EQUITY</b>	<b>8 255 262</b>	<b>48 043</b>
I. Issued capital	3 591 628	3 591 628
of which: repurchased own shares at face value	0	0
II. Issued unpaid capital (-)	0	0
III. Share premium	43 748	43 748
IV. Retained earnings	6 329 781	5 878 858
V. Tied-up reserve	18 511	6 781
VI. Revaluation reserve	0	0
VII. Balance sheet net profit (loss)	-597 654	-8 207 220
VIII. Variation in equity of subsidiary company (±)	-1 130 752	-1 265 752
IX. Changes due to consolidation (±)	0	0
- from the difference of debt consolidation	0	0
- from the difference of the interim result	0	0
X. Share of external members (other owners)	0	0
<b>E. PROVISIONS</b>	<b>650 388</b>	<b>1 078 564</b>
1. Provision for expected obligations	650 388	1 078 564
2. Provision for expected expenses	0	0
3. Other provisions	0	0
<b>F. LIABILITIES</b>	<b>29 943 965</b>	<b>24 025 871</b>
I. Subordinated liabilities	0	0
1. Subordinated liabilities to associated enterprises	0	0
2. Subordinated liabilities to other related enterprises	0	0
3. Subordinated liabilities to other enterprises	0	0
4. Capital consolidation difference from subsidiary companies	0	0
II. Long-term liabilities	0	0
1. Long-term loans	0	0
2. Convertible bonds	0	0
3. Debts on the issue of bonds	0	0
4. Investment and development loans	0	0
5. Other long-term bank loans	0	0
6. Long-term liabilities to associated enterprises	0	0
7. Long-term liabilities to other associated enterprises	0	0
8. Other long-term liabilities	0	0
III. Short-term liabilities	29 943 965	24 025 871
1. Short-term debt	0	0
of which: convertible bonds	0	0
2. Short-term bank loans	0	0
3. Advances received	0	0
4. Accounts payable	4 997 726	5 203 144
5. Bills payable	0	0
6. Short-term liabilities to associated enterprises	23 375 228	18 418 620
7. Short-term liabilities to other associated enterprises	0	0
8. Other short-term liabilities	1 571 011	404 107
9. Corporate tax payable (calculated) in connection with consolidation	0	0
<b>G. ACCRUED EXPENSES</b>	<b>2 063 108</b>	<b>2 152 804</b>
1. Deferred income	0	110 096
2. Accrued expenses	841 221	1 156 062
3. Other deferred income	1 221 887	886 646
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40 912 723</b>	<b>27 305 282</b>

Budapest, 29 April 2016

THIS IS THE ENGLISH TRANSLATION OF THE HUNGARIAN ORIGINAL  
BUDAPESTI ERŐMŰ ZRT.  
CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2015  
TOTAL COST METHOD; TYPE "A"  
(all amounts in thousands of HUF)

	2014.	2015.
1. Domestic sales	50 153 125	44 932 603
2. Export sales	5 305 818	5 577 956
I. Total sales	55 458 943	50 510 559
3. Change in self-manufactured inventories	0	0
4. Capitalised value of self-manufactured assets	461 867	307 020
II. Capitalised value of own production	461 867	307 020
III. Other income	1 446 621	1 009 356
of which: reversal of loss in value of assets	0	0
III/A Consolidation difference increasing profits arising from debt consolidation	0	0
5. Costs of raw material	36 699 768	34 111 854
6. Costs of services	1 970 223	1 799 066
7. Costs of other services	389 996	340 675
8. Cost of goods sold	6 655 167	2 963 069
9. Costs of services sold (intermediated)	0	0
IV. Material-type expenditures	45 715 154	39 214 664
10. Salaries and wages	2 061 196	2 096 166
11. Other payroll related costs	344 733	351 868
12. Payroll related contributions	692 110	703 464
V. Payroll and related expenditures	3 098 039	3 151 498
VI. Depreciation	2 950 566	3 209 818
VII. Other expenditures	2 022 954	12 358 870
of which: loss in value of assets	7 373	1
VII/A Consolidation difference decreasing profits arising from debt consolidation	0	0
A. PROFIT (LOSS) FROM OPERATING ACTIVITIES	<b>3 580 718</b>	<b>-6 107 915</b>
13/a. Dividends received from associated undertakings	0	0
13/b. Dividends received from independent undertakings	0	0
14. Capital gains on the sale of investments	0	0
of which: received from associated enterprises	0	0
15. Interest income and capital gains on financial investments	0	0
of which: received from associated enterprises	0	0
16. Other interest income (received or due)	17 068	25 250
of which: received from associated enterprises	0	0
17. Other income from financial activities	2 996 087	2 513 015
VIII. Revenues from financial activities	3 013 155	2 538 265
18. Capital loss on the sale of financial investments	0	0
of which: related to associated enterprises	0	0
19. Interest expense	1 218 999	1 469 642
of which: related to associated enterprises	1 204 584	121 373
20. Loss in value of participations, securities, and bank deposits	96 998	0
21. Other expenses on financial activities	5 822 750	2 663 974
IX. Financial transaction expenditures	7 138 747	4 133 616
B. NET INCOME (LOSS) ON FINANCIAL ACTIVITIES	<b>-4 125 592</b>	<b>-1 595 351</b>
C. NET INCOME (LOSS) BEFORE EXTRAORDINARY ACTIVITIES	<b>-544 874</b>	<b>-7 703 266</b>
X. Extraordinary revenues	2 323	3 302
XI. Extraordinary expenditures	41 855	32 030
D. NET INCOME (LOSS) ON EXTRAORDINARY ACTIVITIES	<b>-39 532</b>	<b>-28 728</b>
E. NET INCOME (LOSS) BEFORE BUSINESS PROFITS TAX	<b>-584 406</b>	<b>-7 731 994</b>
XII. Business profits tax	-32 881	497 514
XII/A (Calculated) corporate tax difference arising from consolidation (+)	46 129	-22 288
F. NET INCOME (LOSS)	<b>-597 654</b>	<b>-8 207 220</b>
22. Dividend approved	0	0
G. BALANCE SHEET NET PROFIT (LOSS) FIGURE	<b>-597 654</b>	<b>-8 207 220</b>

Budapest, 29 April 2016



# **CONSOLIDATED SUPPLEMENT**

**2015**

B u d a p e s t , 29 April 2016

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

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**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

**1 ORGANISATION AND OPERATIONS OF THE GROUP**

**Budapest Power Plant Ltd.** (further: the „Group”), as the legal successor of Budapest Thermal Power Plant Company, was transformed into a company limited by shares on 31 December 1991.

The Court of Registration registered the Company on 11 June 1993, with a retroactive effect.

Seat of the Company: 1117 Budapest, Budafoki út 52.

Scope of activities of Budapest Power Plant Ltd.:

Pursuant to the Deed of Foundation, the Company’s activities are the following:

main activity:

- electricity generation and distribution
- heat generation and supply,

other activities:

- technological erection and repair of power plant machinery and equipment
- other activities.

The Company plays a dominant but not exclusive role in the electricity and heat supply of the Budapest region.

The Company generates energy in gas-fired power plants, located at different sites. As of 31 December 2015, the available capacities for heat and electricity generation were as follows:

- electricity 371.7 MW
- heat 1 110.2 MW

In 2009, Budapest Power Plant Ltd. obtained a license also for electricity trading which was approved by the Hungarian Electricity Office in its resolution No. 40/2009.

**BE-Optimum Kft.** as a subsidiary of Budapest Power Plant Ltd. was founded on 19 March 2009.

The Metropolitan Court as court of registration registered the Company on 25 March 2009.

Seat of the Company: 1117 Budapest, Budafoki út 52 which is also its principal place of administration.

Owner of the Company:

- Budapest Power Plant Ltd. 100.00 %

Scope of activities of BE-Optimum Kft: As stated in its Deed of Foundation, the Company’s activity is:

- electricity generation

The Company pursues its electricity generation activity on the basis of a combined small power plant license. As of 31 December 2015, the available capacity for electricity generation was as follows:

- electricity 10.2 MW

In 2013, BE-Optimum Kft obtained a license also for electricity trading which was approved by the Hungarian Energy and Public Utility Regulation Office in its resolution No. 1664/2013.

In 2014, the Company obtained a district heat generation operational license on the basis of resolution No. 3176/2014 of the Hungarian Energy and Public Utility Regulation Office.

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

**2 ACCOUNTING POLICY OF THE GROUP**

Since 1 January 2001, the Company keeps its books and records on the basis of Act C of 2000, as amended.

**2.1 Basis of accounting**

The Company keeps its books according to the rules of double-entry book-keeping. The accounting policy within the Group is uniform, and BE-Optimum Kft applies the rules followed by Budapest Power Plant Ltd. Budapest Power Plant Ltd. fully consolidates its 100% owned subsidiary.

The following dates apply to the preparation of the balance sheet, for closing the business period:

- balance sheet date: 31 December of the current year
- closing date: 15 February of the following year

The special consolidation rules are set out in the consolidation accounting policy.

For presenting its financial and income position, the Company has chosen the ‘A’ type balance sheet of Enclosure No. 1 and primarily the ‘A’ type Statement of Operations of Enclosure No. 2 of Act C of 2000. In addition, it also prepares a consolidated Balance Sheet and Statement of Operations by activity, thereby complying with its obligation set out in Sections 103-105 of Act LXXXVI of 2007 on Electricity (hereinafter: Electricity Act). From 2012, the reports by activity corresponding to the accounting unbundling rules set out in Act XVIII of 2005 on District Heating are also prepared.

**2.2 Depreciation and amortisation**

The depreciation policy determines depreciation rates according to useful lives of assets.

The methods of accounting depreciation:

- for tangible assets above HUF 200,000 of gross value, depreciation is accounted on a straight-line basis
- for tangible assets under HUF 200,000 of individual value, 100% is immediately expensed at the time the asset is put into use.

Depreciation starts on the date the asset is put into use.

The Company

- applies extraordinary depreciation if the value of a tangible asset has permanently decreased, and if, due to strategic decisions, its useful life changes,
- scraps the redundant, damaged, or destroyed tangible assets, which are also removed from the books.

As from 1 January 2010, the Company determined the useful life of its gas turbine power plant main equipment as 20 years.

Depreciation rates used by the Company for the major asset classes are the following:

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

**INTANGIBLE ASSETS**

– Rights representing money	25%
– Intellectual property	25%
– Capitalised value of research and development	33%
– Capitalised value of foundation, promotion and restructuring expenses	20%

**LAND AND BUILDINGS**

– Buildings	1-6%
– Track-line structures	1-6%
– Non-track-line structures	1-6%

**TECHNICAL EQUIPMENT**

– Power machines, power plant equipment	2.2-34%
– Control and instrumentation equipment	15-33%
– Machine tools	14.5%
– Instruments and measuring devices	14.5-15%
– Other machinery and equipment	3.3-14.5%

**OTHER EQUIPMENT**

– Computers and data processing equipment	33%
– Office machinery and equipment	33%
– Other machinery and equipment	14.5-33%

The Company determined the residual value of fixed assets, with the exception of passenger cars, as zero HUF, considering the special nature of these assets.

**2.3 Principles used for the valuation of balance sheet items**

**2.3.1 Valuation of assets**

**A/ Fixed assets**

**A/1. Intangible assets**

Intangible assets include items like rights representing money, intellectual property and the capitalised value of foundation, promotion and restructuring expenses. Their book value is equal to the difference between their purchase price or production cost and their accumulated amortization.

**A/2. Tangible assets**

Tangible assets include those physical assets, put into regular use or operation (land, buildings, structures, technical equipment, machines, vehicles, other equipment, rights pertaining to real estates), which serve the activities permanently, either directly or indirectly, as well as advance payments on these assets (investments) and construction in progress.

Tangible assets are stated at net value, which is the difference between gross value and accumulated depreciation. The value of construction in progress is stated at cost. The gross book value consists mainly of invoiced price, interest on the development loans charged by the date of



**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

the capitalization of the assets, insurance fee, legal fees, transportation costs and direct wages and taxes on these wages, and items as set out in the Accounting Act and its amendments.

**A/3. Investments (financial assets)**

Among investments, those assets (shareholdings, securities, extended loans) are recorded in the books, which are allocated to other enterprises for earning permanent revenues (dividends, interests) or for obtaining influencing or controlling rights.

The Company's investments are stated at the value established in the Articles of Association, less any write-downs due to impairment. The extended loans are stated at their contractual value, less any impairments, repayments and reclassifications.

**B/ Current assets**

**B/1. Inventories**

Inventories are physical assets directly or indirectly serving the activity, used in the course of manufacturing the products or rendering the services intended for sale. The emission quotas are also stated among inventories, and more specifically as goods.

Inventories are stated at the weighted purchase price. Exception from this is the CO<sub>2</sub> quota in which case the Company has chosen the FIFO principle. In the case of derogation quotas, an individual purchase value is to be applied. The slow moving and obsolete inventories have been evaluated by the Company and have been written off.

**B/2. Receivables**

Receivables (debtors) include payment demands expressed in currency value, lawfully originating from various sales, delivery and other contracts relating to products, services, bonds, shareholdings, loans and advance payments already fulfilled by the Company and accepted and recognised by the other party, as well as various other receivables (employee debts, reclaimable tax, requested support, etc.).

Trade debtors include receivables accepted by customers. Based on individual consideration, the Company charges impairment to trade debtors.

As trade debtors, the balance sheet shows the balance of the original receivables and the impairments.

Within other debtors, the conformity of state budget debtors with the declarations is of key importance. Employee debtors shall be stated in accordance with the contracts and the repayments made. To other debtors, the Company charges impairment on the basis of individual consideration, and the balance sheet shows the balance of the original amount and the impairment.

**B/3. Liquid assets**

Liquid assets include the balance of the Company's deposit accounts kept by credit institutes, and the closing cash balance of the cash journal.

**C/ Accrued and deferred assets**

Among accrued and deferred assets, the Company states the revenues which relate to the year concerned but are not invoiced, and the costs which are invoiced in the year concerned but relate to the following year.

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

**2.3.1.1 Valuation of assets and liabilities**

**D/ Equity**

In the balance sheet, only such a capital part may be shown as equity, which was made available to the Company, or left with the Company from after-tax profit, by the shareholders. Valuation reserve originating from market valuation, equalling value adjustment, shall be stated as part of equity.

Equity consists of issued capital – less issued unpaid capital –, share premium, retained earnings, tied-up reserve, valuation reserve, and the balance sheet result of the year.

Issued capital agrees with the capital registered by the Court of Registration, stated in the foundation document.

Share premium is a balance of the increasing and decreasing items specified in the Accounting Act.

Retained earnings comprise mainly the accumulated balance sheet result of the previous business year or years, combined with the aggregate of the increasing and decreasing items specified in the Accounting Act.

As tied-up reserve, the amounts tied up from share premium or retained earnings and the received supplementary payments are stated.

As valuation reserve, the aggregate of the increasing and decreasing items specified in the Accounting Act are stated.

**E/ Provisions**

The Company makes provisions for those third party payment liabilities, originating from past or ongoing transactions or contracts (including the sure future liabilities, liabilities for early retirement or severance pay, environmental liabilities, and provision making for CO<sub>2</sub> quota shortage), which will certainly or probably exist on the balance sheet date, but have an uncertain amount or due date, and there is no other way to ensure the necessary coverage for them.

**F/ Liabilities**

Recognised debts expressed in currency value, originating from sales, delivery, service, loan and other contracts already fulfilled by the supplier, contractor, provider or creditor and recognised by the Company, or related to the use of state budget or municipality owned assets.

Liabilities are classified as long-term, short-term and subordinated.

Long-term liabilities include the loans taken for more than one business year, decreased by the repayments due in the first business year following the balance sheet date.

Short-term liabilities include the loans taken for less than one business year, including the repayment portions of the long-term liabilities due in the first business year following the balance sheet date.

The employee, state budget and municipality accounts, as well as the liabilities prescribed by binding resolutions, are to be stated among other short-term liabilities.

The value of liabilities is determined by the related contracts, rules of law and binding resolutions.

## BUDAPEST POWER PLANT LTD.

### CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(all amounts in thousands of HUF, unless otherwise indicated)

#### **G/      Accrued expenses**

This is where all such costs and expenses are recorded, which pertain to the concerned year, but with the accounting documents becoming available only in the following period.

This is also where the revenues received and recorded before the balance sheet date but constituting revenues for the following period are stated.

The third group is constituted by deferred incomes, including non-repayable development supports, costs associated with entrepreneurial objectives, benefits received to compensate expenses, the book value of assets received for free, the amount of relieved liabilities, and the deferred income from CO<sub>2</sub> quotas.

#### **2.4      Format of statement of operations**

The Companies prepare their statement of operations according to the A version of the law (total cost method).

#### **2.5      Methods used for consolidation**

Budapest Power Plant Ltd. fully consolidates BE-Optimum Kft.

The consolidated report can be inspected at the seat of the Company and in the Company Information Centre of the Ministry of Public Administration and Justice.

##### 2.5.1.      Preparatory tasks of consolidation:

###### 2.5.1.1      Uniform evaluation:

The accounting policies of the mother company and of the subsidiaries are uniform, and they apply the same valuation rules.

###### 2.5.1.2      Conversion of the financial statements made in foreign currency to forints

At present, Budapest Power Plant Ltd. does not have any subsidiary abroad, and its only domestic subsidiary does not prepare its financial statements in a foreign currency either, so it does not have any currency conversion tasks.

##### 2.5.2.      Capital consolidation

For capital consolidation purposes, the capital accumulations of the consolidated companies are eliminated. The Group realises the first consolidation related to foundation on the basis of the values as of the balance sheet date, by using the book value method.

The active and passive capital consolidation differences arising at the first consolidation are included in the balance sheet. The positive differences can partly or wholly be allocated to concrete assets or liabilities in the form of so-called revealed hidden reserves or revealed hidden charges. The Group does not reckon with any hidden reserves and charges.

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

2.5.3. Debt consolidation

The mutual receivables and liabilities existing between the fully consolidated companies of the Group are eliminated, so they do not impact the statement of operations as turnover values.

2.5.4. Elimination of interim results

The method used for the elimination of interim results is that whenever an asset is transferred due to an activity performed by one consolidated company for another, the interim result showing at that end is eliminated. In the following years, taking into account the movement of the created asset, the eliminated result has to be reversed in accordance with the depreciation applied by the concerned member company, and it also has to be reversed when the asset leaves the consolidation perimeter or when within this perimeter it is recorded as material type expense, other expense or extraordinary expense.

2.5.5. Consolidation of revenues and expenses

The revenues realised from the internal perimeter and the related or identical costs and expenses are offset against each other in order to prevent the accumulation of revenues and expenses at group level.

2.5.6. Definition of the tax difference caused by consolidation

The latent tax is equal to the difference between the corporate tax payment liability calculated on the basis of the consolidated statement of operations and the actual liability (corporate tax stated in the annual reports of the consolidated companies). Depending on its sign, it can be a tax receivable or tax liability carried forward. Pursuant to the Act on Accounting, no latent tax can be shown in the individual statements.

Tax difference due to consolidation is created when the interim results are eliminated. When reversing the eliminated interim result, the latent tax is reversed. In every year, latent taxes are calculated by using the tax rate applicable to the actual profit, based on which the corporate tax differences originating from consolidation will turn in the future.

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

**3 FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY**

The Company's financial position and liquidity as of 31 December 2014 and 2015 is represented by the following financial ratios and the following cash flow statement:

**3.1 Financial indicators**

			2014		2015
<b><u>Indicators of property status</u></b>					
Fixed assets ratio	Fixed assets		0,73		0,67
	Total assets				
Equity ratio	Equity		0,20		0,00
	Total liabilities				
<b><u>Indicators of income status</u></b>					
Operating profit margin	Operating profit		0,06		-0,12
	Net sales revenue				
Return on equity (ROE)	Profit after taxation		-0,07		-170,83
	Equity				
<b><u>Indicators of financial status</u></b>					
Debt to equity ratio	Long term liabilities		0,00		0,00
	Long term liabilities + Equity				
Current ratio	Current assets		0,36		0,36
	Current liabilities				

The extraordinary depreciation allocated to tangible assets caused a considerable change in the Company's property and income status. The value of the fixed assets decreased, and the loss of the year had a negative impact on owners' equity.

The indicators of financial status did not change. The Company has no long-term liabilities. The continuing low value of the current assets and short-term liabilities is owed to the mother company loan.

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**3.2 Cash-flow statement**

Cash-flow statement for the years ended 31 December 2014 and 2015:

	2014	2015
<b>Operating cash flow</b>	<b>5 391 918</b>	<b>6 661 923</b>
Income before tax	-584 406	-7 731 994
Foreign exchange difference of loans	0	0
Dividens received	41 855	32 030
Cash contribution paid	3 024 589	3 209 818
Assets transferred for free	17 487	10 082 011
Depreciation and amortisation	0	0
Write off and write up of receivables	37 212	428 176
Change in provisions	-745	-1 885
Profit on sale of fixed assets	337 894	132 051
Change in accounts payable	78 465	-1 166 904
Change in other short-term liabilities	-303 419	89 696
Change in accruals	122 836	1 866 949
Change in accounts receivable	1 501 717	75 079
Change in current assets	-198 839	122 122
Change in prepayments	-13 248	-475 226
Income tax paid	0	0
Dividend paid	1 330 520	0
<b>Cash flow from investing activities</b>	<b>-1 110 981</b>	<b>-1 897 258</b>
Acquisition of investments and fixed assets	-1 112 076	-1 901 220
Sales of investments and fixed assets	1 095	3 962
Dividends received	0	0
<b>Cash flow from financial activities</b>	<b>-4 649 408</b>	<b>-4 905 865</b>
Share capital increase	0	0
Issue of bonds	0	0
Loans obtained	0	23 084 070
Repayment of long-term loans	9 844	17 613
Cash contributions received	0	0
Share capital decrease	0	0
Repayment of bonds	0	0
Repayment of loans	-4 602 126	-27 967 310
Long-term loans and bank deposits	-15 271	-8 207
Cash contribution paid	-41 855	-32 031
<b>Change in cash and cash equivalents</b>	<b>-368 471</b>	<b>-141 200</b>
Balance, beginning of period	628 797	260 326
Balance, end of period	260 326	119 126

Decrease in cash and cash equivalents based on the cash flow: -141,200 thousands of HUF.

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**4 SUPPLEMENTATIONS TO THE BALANCE SHEET**

**4.1 Intangible assets**

The following is a summary of the movements in intangible assets during the year ended 31 December 2015:

		Capitalised value of foundation promotion and restructuring	Rights representin g money	Intellectua l property	Capitalised costs of research and developme nt	Total
<b>GROSS VALUE</b>						
Opening balances as of 1 January 2015		175 756	2 144 822	28 791	1 070	2 350 439
Additions		0	68 013	0	0	68 013
Disposals		0	10 130	0	1 070	11 200
Closing balances as of 31 December 2015		175 756	2 202 705	28 791	0	2 407 252
<b>ACCUMULATED AMORTISATION</b>						
Opening balances as of 1 January 2015		157 245	2 065 324	28 791	1 070	2 252 430
Accounted amortisation		11 730	88 635	0	0	100 366
Disposals		0	9 958	0	1 070	11 028
Closing balances as of 31 December 2015		168 975	2 144 001	28 791	0	2 341 767
<b>NET VALUE</b>						
Net value as of 1 January 2015		18 511	79 498	0	0	98 009
Net value as of 31 December 2015		6 781	58 704	0	0	65 485

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**4.2 Tangible assets**

The following is a summary of the movements in tangible assets during the year ended 31 December 2015:

	Land and buildings	Technical equipment, machinery and vehicles	Other equipment, fittings and vehicles	Construction in progress	Total
<b>GROSS VALUE</b>					
Opening balances as of 1 January 2015	17 860 327	87 011 978	835 780	87 418	105 795 503
Additions	0	0	0	1 909 326	1 909 326
Capitalisation	19 323	1 669 613	59 470	0	1 748 406
Disposals	0	0	17 587	0	17 587
Scrapping and other decreases	0	365 330	840	1 816 418	2 182 588
Closing balances as of 31 December 2015	17 879 650	88 316 261	876 823	180 326	107 253 060
<b>ACCUMULATED AMORTISATION</b>					
Opening balances as of 1 January 2015	10 615 689	64 966 525	753 154	0	76 335 369
Accounted amortisation	218 643	2 844 559	46 249	0	3 109 451
Disposals	1 714 831	8 362 554	0	0	10 077 385
Scrapping and other decreases	0	0	15 511	0	15 511
Closing balances as of 31 December 2015	0	365 330	835	0	366 165
	12 549 163	75 808 308	783 057	0	89 140 528
					0
<b>NET VALUE</b>					
Net value as of 1 January 2015	7 244 638	22 045 453	82 626	87 418	29 460 135
Net value as of 31 December 2015	5 330 487	12 507 953	93 766	180 326	18 112 532

The gross value of tangible assets increased mainly due to capitalisations:

The repairs of the power plant equipment were completed within deadline and without retarding the scheduled operation of the plants.

The Company recorded 10,077,385 th HUF impairment on its tangible assets in 2015 because their return did not seem to be ensured.



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**4.3 Investments**

**4.3.1 Shareholdings**

As of 31 December 2014 and 2015, the Company's long-term investments are as follows:

	Ownership share				Balance		
	2014		2015		2014		2015
<b><u>Long term shares in affiliated companies</u></b>							
Erőművek Független Egyesülete	17%		17%		200		200
Kőbányahő Kft.	25,10%		25,10%		110 802		110 802
Total	-		-		111 002		111 002

Budapest Power Plant consolidates BE-Optimum Kft by applying the full consolidation method, so for capital consolidation, it has been isolated from the investments.

Registered seat of Kőbányahő Kft: 1107, Budapest Fertő u. 2.

Equity structure of Kőbányahő Kft:

	2013		2014
Issued capital	828 000		828 000
Share premium	0		0
Retained earnings	388 178		142 981
Tied-up reserve	0		0
Valuation reserve	0		0
Result of the year	-245 197		-527 770
<b>Total</b>	<b>972 994</b>		<b>443 211</b>

The Company holds a share of 25.1% in Kőbányahő Kft. Due to the losses of the previous years, the issued capital of the company decreased below the book value of the shareholding, and therefore an impairment of 96,988 thousands of HUF was recorded in 2014. The preliminary results of 2015 did not require the recording of any impairment.

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**4.3.2 Long-term loans extended**

	<b>2014</b>		<b>2015</b>
Employee loans	16 948		8 841

The long term loans extended include the housing loans given to the employees through a financial institution.

**4.4 Inventories**

As of 31 December 2014 and 2015 the Company's inventories are as follows:

	<b>2014</b>		<b>2015</b>
Fuels	1 095 466		1 086 441
Other materials	835 227		844 304
Goods	1 215 404		1 239 480
- returnable packaging	325		375
- Co2 quota	1 215 079		1 239 105
Advance payment on inventories	0		0
<b>Total</b>	<b>3 146 097</b>		<b>3 170 225</b>

The value of inventories has not changed considerably in comparison to the previous year.

Information related to the impairment and scrapping of inventories:

	<b>2014</b>		<b>2015</b>
Impairment and scrapping of inventories	9 102		1

**4.5 Receivables**

**4.5.1 Trade debtors**

The change in trade debtors was caused by the change in the payment conditions:

	<b>2014</b>		<b>2015</b>
Trade debtors	6 210 071		4 348 993

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**4.5.2 Receivables from affiliated companies**

Receivables from affiliated companies were as follows:

	<b>2014</b>		<b>2015</b>
EDF SA - translation costs	9 817		0
Kőbányahő Kft - re-invoiced utility costs	4 223		4 560
<b>Total</b>	<b>14 040</b>		<b>4 560</b>

**4.5.3 Other receivables**

Other receivables as of 31 December 2014 and 2015 are summarised as follows:

	<b>2014</b>		<b>2015</b>
Energy tax	638 325		672 749
Other tax receivables	197 571		129 249
Collateral (electricity trade)	127 283		78 236
Trade debtors	72 235		18 441
Loans given to employees	5 250		3 952
Other	1 324		7 619
<b>Total</b>	<b>1 041 988</b>		<b>910 246</b>

The reasons for the changes in the other receivables were the following:

- the advance payments for local trade tax, corporate tax, energy suppliers' income tax and innovation contribution during the year exceeded the amount of the year's tax liability. These receivables will be received after the submission of the tax returns due until 31 May.
- due to changes in trading on the electricity exchange, a lower bank collateral had to be isolated
- the electricity market trading items delivered day by day are be invoiced by the partner after the balance sheet date, therefore, they are included in the accrued expenses. Due to the advance payments, the suppliers' account shows a debit balance on 31 December.

**4.5.4 Impairment of receivables**

In 2014 and 2015 no impairment of receivables was recorded.

**4.6 Securities**

As of 31 December 2015, the Companies did not have any securities.

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**4.7 Liquid assets**

In 2014 and 2015, the balance of the Company's liquid assets was as follows:

	2014		2015
Cash	649		2 087
Bank deposits	259 677		117 039
<b>Total</b>	<b>260 326</b>		<b>119 126</b>

**4.8 Prepayments**

Prepayments as of 31 December 2014 and 2015 are summarised as follows:

	2014		2015
Villamosenergia árbevétel	552 017		431 985
Biztosítás	2 090		0
<b>Összesen:</b>	<b>554 107</b>		<b>431 985</b>

The reason for the considerable change in prepayments was that until the accounting closing date the Company did not issue its last electricity invoice of the year to MAVIR yet.

**4.9 Owners' equity**

Issued capital of Budapest Power Plant Ltd as of 31 December 2014 and 2015 is summarised as follows:

Shareholder	Number of shares			Total nominal value thHUF			Ownership share %		
	2014		2015	2014		2015	2014		2015
EDFI	1 373 681		0	3 434 203		0	95,62		0,00
EP Hungary A.S.	0		1 373 681	0		3 434 203	0,00		95,62
Municipalities	56 323		56 323	140 808		140 808	3,92		3,92
Small investors	6 460		6 460	16 150		16 150	0,45		0,45
Private individuals	187		187	467		467	0,01		0,01
<b>Total ordinary shares</b>	<b>1 436 651</b>		<b>1 436 651</b>	<b>3 591 628</b>		<b>3 591 628</b>	<b>100</b>		<b>100</b>

The shares have a face value of HUF 2,500 each.

For capital consolidation purposes, the shareholding of Budapest Power Plant Ltd. has been netted off against the issued capital of BE Optimum Kft.

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		<b>2014</b>		<b>2015</b>
Budapest Power Plant shareholding		281 748		267 038
BE-Optimum Kft issued capital		3 000		3 000

On 16 June 2014, the Court of Registration registered an issued capital increase of 2 500 thousands of HUF for BE-Optimum Kft, so the equity capital of the Company increased to 3 000 thousands of HUF which was recorded against retained earnings.

With respect to this shareholding, Budapest Power Plant Ltd recorded an impairment of 14 710 thousands of HUF during the year.

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The following is a summary of the movements in owners' equity during the period ended 31 December and 2015:

	Issued capital	Share premium	Retained earnings	Tied-up reserve	Result of the year	Change in the subsidiary's equity	Changes due to consolidation	Share held by external members	Total
<b>Balance as of 31 December 2014</b>	<b>3 591 628</b>	<b>43 748</b>	<b>6 329 781</b>	<b>18 511</b>	<b>-597 654</b>	<b>-1 130 752</b>	<b>0</b>	<b>0</b>	<b>8 255 262</b>
Reversal of tied up reserve	0	0	11 730	-11 730	0	0	0	0	0
Appropriation of 2013's result	0	0	-462 653	0	597 654	-135 000	0	0	0
Profit of the year 2015	0	0	0	0	-8 207 220	0	0	0	-8 207 220
<b>Balance as of 31 December 2015</b>	<b>3 591 628</b>	<b>43 748</b>	<b>5 878 858</b>	<b>6 781</b>	<b>-8 207 220</b>	<b>-1 265 752</b>	<b>0</b>	<b>0</b>	<b>48 043</b>

Due to the loss of the year, Budapest Power Plant's owners' equity decreased below two third of the issued capital. Decision on securing the share capital shall be made by the General Meeting in accordance with the statutory provisions.

The tied-up reserve reflects the capitalised value of formation, promotion and restructuring expenses being proportional to the accounted depreciation recorded for the year.

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**4.10 Provisions**

As of 31 December 2014 and 2015, the provisions for future liabilities and costs consisted of the following:

	2014	Provision making	Reversal	2015
Asbestos remediation	81 832	0	0	81 832
Oil contamination cleanup	152 995	0	0	152 995
Other liabilities	30 059	6 000	12 000	24 059
Staff reduction, early retirement	48 429	177 546	38 366	187 609
Lawsuits	3 245	0	3 245	0
Actuarial	45 047	13 965	0	59 012
Stack demolition	251 218	0	0	251 218
Demolitions	0	59 200	0	59 200
Co2 shortage	37 563	262 639	37 563	262 639
<b>Total</b>	<b>650 388</b>	<b>519 350</b>	<b>91 174</b>	<b>1 078 564</b>

During the year, considerable provision was made for staff reduction and early retirement.

As the emission quota allocated by the state does not cover the Company's emissions as from 2015, provision was made for the amount of the shortage.

**4.11 Long-term liabilities**

**4.11.1 Long-term liabilities to related companies**

As of 31 December 2014 and 2015, the Companies did not have any long term liability.

**4.12 Short-term liabilities**

**4.12.1 Trade creditors**

The balance of trade creditors did not considerably change from 2014 to 2015:

	2014	2015
Trade creditors	4 997 726	5 203 144

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**4.12.2 Short-term liabilities to affiliated companies**

Liabilities to the affiliated companies on the 2014 and 2015 balance sheet dates are the following:

	<b>2014</b>		<b>2015</b>
EDF IG - loan	23 301 860		0
EDF - management service fee	73 368		0
EP Hungary loan	0		18 418 620
<b>Total</b>	<b>23 375 228</b>		<b>18 418 620</b>

In 2014, a considerable part of the existing liabilities was constituted by the loan taken from EDF IG. The Company repaid this loan on 30 January 2015, and on the same day, it took a loan of 18,418,620 th HUF and 15,000,000 EUR from EDF International. 10 December 2015 both loans were assigned by EDF International to EPH. The Company fully repaid the EUR loan on 29 December 2015. The outstanding loan will expire on 31 July 2016, and the interest rate is 6.81%. Repayment is due in a single amount upon maturity, without any scheduled instalments.

**4.12.3 Other liabilities**

As of 31 December 2014 and 2015, the other liabilities were the following:

		<b>2014</b>		<b>2015</b>
Cash-pool		1 048 364		0
VAT		298 440		203 802
Wages		96 373		97 818
Social contribution tax		43 783		38 824
Personal income tax		29 820		23 485
Pension contribution		16 567		14 764
Other		37 665		25 414
<b>Total</b>		<b>1 571 011</b>		<b>404 107</b>

With the ownership change, the Company left the cash-pool system operated by EDF, and in connection with this, it had neither any receivable nor any liability on the balance sheet date.



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**4.13 Accrued expenses**

As of 31 December 2014 and 2015, accrued expenses are summarised as follows:

	<b>2014</b>		<b>2015</b>
Deferred income from CO2 quota	1 212 796		880 857
Interests on loans	99 794		525 778
Expected loss on forward transactions	0		229 356
Wages and wage contributions	114 763		202 862
Deferred income	0		110 096
Purchased electricity	376 178		51 355
Water and sewage fee	30 673		34 122
Maintenance invoices	38 747		33 385
Balancing energy	8 021		18 062
Audit fee	6 180		14 111
Housekeeping, cleaning	8 362		7 918
Materials received for free	9 092		5 790
Electricity fee discount	3 000		3 000
Management services	98 910		0
Cash-pool interests for the year	2 965		0
Other cost invoices	53 627		36 112
<b>Total</b>	<b>2 063 108</b>		<b>2 152 804</b>

Accrued expenses comprise the following items:

- Due to the reduced CO<sub>2</sub> quota allocation of the year, the amount of the related deferred income is also lower.
- The reason for the higher accrued interests on the mother company loan is that the next interest payment is due in January, while before the 2014 balance sheet date, the interests were paid together with the loan prepayment in December.
- In connection with the Company's gas swap transactions, expenses were accrued in December which the partner did not invoice until the closing date.
- The other accrued expenses are typically due to performances not invoiced.

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**5 SUPPLEMENTATIONS TO THE STATEMENT OF OPERATIONS**

**5.1 Net sales revenues**

The following is a breakdown of the net sales revenues by main activity:

		<b>2014</b>		<b>2015</b>
Electricity sales		22 964 539		20 839 585
Heat sales		24 089 517		23 805 402
Other sales		3 099 069		287 616
<b>revenues</b>		<b>50 153 125</b>		<b>44 932 603</b>
Net export sales revenues		5 305 818		5 577 955
<b>Total</b>		<b>55 458 943</b>		<b>50 510 558</b>

The decrease in the electricity sales revenues is caused by the lower sales price to MVM. The reason for the lower heat sales is the lower authority price of the hot water product.

The slight increase in the export sales revenues is caused by the higher share of the export customers within electricity customers, while the domestic and export electricity sales revenues decreased in the aggregate.

The export sales revenues typically represent the electricity sales incomes received from foreign based traders.

In 2014 and 2015, the breakdown of exports was the following:

		<b>2014</b>		<b>2015</b>
To the European Union		4 305 308		4 750 893
To outside the European Union		1 000 510		827 063
<b>Total:</b>		<b>5 305 818</b>		<b>5 577 956</b>

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**5.2 Other revenues**

Other revenues for the years ended 31 December 2014 and 2015 are as follows:

		<b>2014</b>		<b>2015</b>
Reversal of deferred income from CO2 quota		1 380 008		913 779
Reversal of provision		62 926		91 174
Penalty received		2 461		137
Sale of fixed assets		1 095		3 962
Other		131		304
<b>Total:</b>		<b>1 446 621</b>		<b>1 009 356</b>

Compared to the previous year, the other revenues decreased for the following reasons:

- In connection with its carbon dioxide emissions of 2014, the Company rendered account with less and lower priced quota in 2015, so the related reversal of deferred income was also lower.
- In 2015, the Company reversed provisions in a lower amount. The details of this are provided in point 4.10.

**5.3 Material costs**

Material costs for the years ended 31 December 2014 and 2015 are as follows:

		<b>2014</b>		<b>2015</b>
Gas fee		35 609 834		33 342 575
Distillate oil		192 359		8 216
Spare parts		493 606		314 176
Purchased electricity		248 636		254 830
Water fee and related costs		81 386		82 283
Other		73 947		109 774
<b>Total</b>		<b>36 699 768</b>		<b>34 111 854</b>

The decrease in the gas costs, which are dominant within the material costs, occurred basically due to the lower gas price caused by the decreasing international market quotation prices.

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**5.4 Services consumed**

Costs of services consumed for the years ended 31 December 2014 and 2015 are as the follows:

		<b>2014</b>		<b>2015</b>
Repair and maintenance costs of tangible assets		643 674		522 450
Expert fees		203 564		205 847
Sewage fee and related costs		221 037		205 099
Operating services		87 212		108 547
Cleaning, park maintenance		90 860		97 080
Security service costs		52 185		75 279
Condition inspection, laboratory test		68 823		71 849
Inspection of fire extinguishers		61 171		70 838
Balancing energy		52 383		60 554
Other repair and maintenance		56 104		53 588
Legal representation costs		26 946		46 310
IT equipment support		30 667		40 892
Product pipeline fee (MOL)		27 562		27 563
Translation fees		26 882		26 232
Training fees paid		28 290		25 399
Inspection of other technical equipment		16 363		24 725
Audit fees		10 300		18 231
Measuring technique services		19 728		17 666
Mobile phone costs		12 476		13 286
Travel abroad		20 304		11 963
Computerised data processign costs		42 680		9 742
Railway side track		5 504		5 776
Tank and sewage canal cleaning, boiler washing		743		2 730
Environmental remediation		5 587		1 425
Advertisement and publicity		4 338		1 257
Rental fees		15 605		120
Demolition costs		53 915		0
Other unspecified costs		85 320		54 618
<b>Total</b>		<b>1 970 223</b>		<b>1 799 066</b>

The main reason for the decrease in services consumed is the less maintenance cost.

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**5.5 Other services**

In 2014 and 2015, the value of other services was the following:

	2014	2015
Sales commissions	35 221	0
Other banking costs	39 473	46 106
Authority fees	47 720	38 467
Insurance premiums	267 582	256 103
<b>Total</b>	<b>389 996</b>	<b>340 676</b>

**5.6 Import purchases**

The import purchases of the Companies in 2014 and 2015 were the following:

	2014	2015
<b>Product import</b>	<b>435 651</b>	<b>1 233 721</b>
From the European Union	393 283	971 349
From outside the European Union	42 368	262 372
<b>Service import</b>	<b>8 560 383</b>	<b>5 059 184</b>
From the European Union	8 376 073	5 035 557
From outside the European Union	184 310	23 627

**5.7 Cost of goods sold**

Cost of goods sold was the following:

	2014	2015
Cost of goods sold - electricity	4 505 235	2 839 869
Cost of goods sold - CO <sub>2</sub>	1 071 022	123 200
Cost of goods sold - oil	1 078 910	0
<b>Total</b>	<b>6 655 167</b>	<b>2 963 069</b>

- In 2014, the redundant oil stocks having a book value of more than 1 billion forints were sold.
- Due to the considerable decrease in the price and quantity of electricity, the cost of goods sold related to this product decreased.
- In 2014, the Company purchased hot water from BE-Optimum and resold it without any change. In 2015, no such transaction occurred.

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**5.8 Payroll and related expenditures**

Employees, and therefore payroll and related expenditures existed only at Budapest Power Plant Ltd.

	<b>2014</b>	<b>2015</b>
Wage costs	2 061 196	2 096 166
Other payments to personnel	344 733	351 868
Wage contributions	692 110	703 464
<b>Total</b>	<b>3 098 039</b>	<b>3 151 498</b>

The average numbers of employees in 2014 and up to 31 December 2015 categorised by functional areas were as follows:

	<b>2014</b>	<b>2015</b>
Blue-collar workers	101	101
White-collar workers	165	164
<b>Total</b>	<b>266</b>	<b>265</b>
Part-time employees	1	1
Pensioners	0	0
<b>Grand total</b>	<b>267</b>	<b>266</b>

The difference between the wages paid and the wage costs included in the statement of operations is caused by accrued expenses:

Wages paid until December 2015	2 026 136
Accrued wages in 2014:	-85 396
Accrued wages in 2015:	155 426
2015 wage costs:	2 096 166

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**5.9 Other expenditures**

Other expenditures in 2014 and 2015 were as follows:

		<b>2014</b>		<b>2015</b>
Extraordinary depreciation		74 023		10 077 384
CO2 quota accounting		1 299 047		913 778
Local trading tax		228 880		596 872
Provision making		100 137		519 350
Other municipal taxes		181 055		184 723
Innovation contribution		33 393		40 045
Environmental load charge		16 983		15 278
Interest and penalty paid		54 024		2 839
Intangible and tangible assets		1 723		2 253
Scrapping and write-off of inventories		9 102		841
Other taxes accounted with state budget		1 427		806
Self-revision surcharge		9 978		590
Fines		3 052		233
Other		10 130		3 878
<b>Total</b>		<b>2 022 954</b>		<b>12 358 870</b>

- In 2015, the Company rendered account with less and lower priced allowances for its carbon dioxide emissions of 2014, so the related expenses were also lower.
- In 2015, the Metropolitan Municipality carried out a comprehensive local trading tax audit, and in the framework of this, they made an imposition in the amount of 329,900 thousands of HUF.
- In 2014, provision making was higher than in the previous year. For the details see point 4.10.
- In 2014, the Company paid penalties according to the valid contracts. In 2015, the company did not incur such high penalty liabilities.
- The Company recorded 10,077,385 th HUF impairment on its tangible assets in 2015 because their return did not seem to be ensured

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**5.10 Result on financial activities**

Result on financial activities in 2014 and 2015 was as follows:

	2014	2015
Interest income	17 068	25 250
Other income from financial activities	2 996 087	2 513 015
<b>Revenues from financial activities</b>	<b>3 013 155</b>	<b>2 538 265</b>
Interest paid, payable	1 218 999	1 469 642
Impairment of investments	96 998	0
Other expenses on financial activities	5 822 750	2 663 974
<b>Financial transaction expenditures</b>	<b>7 138 747</b>	<b>4 133 616</b>
<b>Net income on financial activities</b>	<b>-4 125 592</b>	<b>-1 595 351</b>

In 2014, Budapest Power Plant Ltd recorded an unrealised foreign exchange loss of 1,330,520 thousands of HUF on the EUR loan received from the mother company. The impairment of investments was a consequence of the loss-making operation of BE-Optimum Kft.

For hedging purposes, the Company made EUR/HUF and USD/HUF forward and gas price (fixed for floating) swap transactions off the stock market. Information related to the hedging transactions closed in 2015:

Transaction type	Impact on profit	Impact on cash-flow
forex forward, deliverable	1 894 077	1 894 077
gas swap, non-deliverable	-2 357 778	-2 357 778

Information related to the forward hedging transactions open on 31 December 2015:

Transaction type	Maturity	Expected impact on profit / CF
EUR forward buy	01.01.2016-15.07.2016	27 924
gas swap USD	01.01.2016-30.06.2016	-1 293 883

**5.11 Extraordinary result**

Extraordinary result in 2014 and 2015 was as follows:

	2014	2015
Extraordinary revenue	2 323	3 302
Extraordinary expenditure	41 855	32 030
<b>Extraordinary result</b>	<b>-39 532</b>	<b>-28 728</b>



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The extraordinary expenditure consists of financial supports given to different associations and foundations.

**5.12 Corporate tax**

The following is the reconciliation of the tax base to the pre-tax profit of the companies for the years ended 31 December 2014 and 2015:

	<b>2014</b>		<b>2015</b>
<b>Profit before taxation</b>	<b>-584 406</b>		<b>-7 731 994</b>
<u>Items decreasing profit before taxation</u>			
use of loss brought forward from previous years	0		2 790 662
use of provisions	62 926		91 173
depreciation and removal according to the tax law	3 161 883		2 192 235
other	7 322		16 432
<b>Total</b>	<b>3 232 131</b>		<b>5 090 502</b>
<u>Items increasing profit before taxation</u>			
Extraordinary depreciation	0		10 077 384
provision making	62 574		519 350
depreciation and removal according to the accounting law	2 952 289		3 212 071
audit, self-revision	9 978		330 122
Non-realised foreign exchange gain	307 520		1 468 160
other	9 222		6 070
<b>Total</b>	<b>3 341 583</b>		<b>15 613 157</b>
<b>Tax base</b>	<b>-474 954</b>		<b>2 790 662</b>
<b>Tax (10/19%)</b>	<b>0</b>		<b>485 226</b>
Tax correction for the previous year	-8 287		0
<b>Corporate tax total</b>	<b>-8 287</b>		<b>485 226</b>
Tax allowance			10 000
<b>Tax payment liability</b>	<b>0</b>		<b>475 226</b>

As of the balance sheet date of 31 December 2015, Budapest Power Plant Ltd recorded an extraordinary depreciation of 10,077,384 thousands of HUF, however, this amount was re-added to the tax base when the corporate tax base was calculated.

Another major increasing item is the 1,468,160 thousands of HUF originating from the foreign exchange gain recorded in 2012. As the loan was fully repaid, the Company re-added this former tax base decreasing item to the tax base of 2015.

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**5.13 Energy suppliers' income tax**

For the years 2014 and 2015, the energy suppliers' income tax was as follows:

	<b>2014</b>		<b>2015</b>
Profit before taxation	-584 406		-7 731 994
Increasing items	0		881 280
Decreasing items	51 833		0
<b>Total</b>	<b>-636 239</b>		<b>-6 850 714</b>
Electricity sales revenues	28 271 662		26 417 541
Total sales revenues	55 458 943		50 510 559
Ratio	51%		52%
Tax base X ratio	-324 482		-3 562 371
<b>Tax</b>	<b>0</b>		<b>0</b>
Tax correction for the previous year	-24 594		0
<b>Tax total</b>	<b>-24 594</b>		<b>0</b>

As from 2014, upon obtaining its electricity trading license, BE-Optimum Kft became liable to pay the electricity suppliers' income tax, however, it did not reach any result on this activity.

Due to the negative profit before taxation for the year, no tax payment liability was incurred.

The difference between the Company's energy suppliers' income tax calculated on 31 December 2014 and declared in the tax return submitted in May is corrected in the amount of 24,594 thousands of HUF in 2015.

**5.14 Dividends approved**

From their 2015 result, the consolidated companies will not pay any dividends.

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**6 OTHER SUPPLEMENTATIONS**

**6.1 Board of Directors, Supervisory Board**

The remuneration of the members of the Board of Directors and the Supervisory Board of Budapest Power Plant Ltd during the periods ended 31 December 2014 and 2015 was as follows:

	Board of Directors		Supervisory Board		Total	
	2014	2015	2014	2015	2014	2015
Remuneration	0	0	0	0	0	0

In 2015, the Company did not pay any advances or give loans to members of the Board of Directors, Management, and the Supervisory Board.

**6.2 Revenues from affiliated companies**

In connection with the affiliated companies, the following revenues were recorded in 2014 and 2015:

	EPH Hungary		Kőbányahő Kft	
	2014	2015	2014	2015
Net sales revenues	0	0	90 745	76 810
Other revenues	0	0	0	0
Extraordinary revenues	0	0	0	0

**6.3 Environmental protection, remediation**

For the energy generation activities, the limit values and requirements set out in the various laws and power plant licenses (integrated environmental license, water licenses, and greenhouse gas emission license) must be kept in mind. Compliance with them has to be presented and proved to the experts of the authorities and to external auditors in the form of data supplies and annual reports and on the occasion of site inspections.

In the previous years, the quantitative details of the dangerous wastes produced at the sites and given for disposal or utilisation were the following:

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		<b>2014</b>		<b>2015</b>
		kg		kg
Materials contaminated with oil and tar		48 353		64 531
Electronic wastes, materials contaminated with asbestos and		5 342		554
Contaminated soil		59		0
Other contaminated materials		28 198		7 476
<b>Total</b>		<b>81 952</b>		<b>72 561</b>

Of the wastes given for disposal, the quantity of oil wastes increased in comparison to 2014.

The wastes are taken away from each site at least once a year. The wastes are given only to licensed transporters and treaters.

In 2015, no soil or ground water contamination happened on the premises of the power plants. The ground water quality inspections following the former remediations are carried out according to the relating directions, and based on the results of the inspections, there will be no need for any further technical intervention in any of the cases.

The ground water monitoring wells located on the power plant premises are operated by an accredited laboratory, and the Company complies with the reporting obligations prescribed by the authority.

#### **6.4 Emission trading**

In carbon dioxide trading, 2015 was the third year of the third trading period between 2013 and 2020. The difference between this trading period and the previous ones is that according to the relating law, free emission allowances are due only for heat and not for electricity generation. So, the allocation of the free emission allowances for 2015 according to the Allocation Table took place in the first quarter of 2015.

The carbon dioxide emissions of the Company's facilities in 2015 were 671,173 thousand tons. The emissions will be certified by an independent expert and will be reported to the Authority until the end of March 2016, while the emission allowances corresponding to the emission quantities will be returned to the Authority until the end of April 2016, as required by the applicable statutory provisions.

#### **6.5 Termination of the long term contracts**

Act LXX of 2008 terminated the long-term Power Purchase Agreements as from 31 December 2008.

According to the provisions of the law, the Hungarian Energy Office made calculations with regard to the illegal state aid repayment obligations and the value of the unreturned investments.

However, the Directorate-General Competition of the EU ordered the preparation of new calculations according to a new methodology. As a result, it was established that the Company does not have any repayment obligation because the value of the unreturned investments considerably exceeds the amount of the possible illegal state aid.

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In its resolution No. 344/2010, the Hungarian Energy Office obliged the Company to present in detail the net cash flows of the PPA investments together with the principles and values of the division 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 will calculate the value of the stranded costs according to the decree and the value of the eligible stranded costs every year, and prepare 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 aid in a resolution.

In 2015, Budapest Power Plant Ltd. fully met its data supply obligations. Similarly to the modifications of the previous years, the calculation was updated with the actual data of 2014. The difference between the stranded costs according to the decree (initial and periodic investments) and the eligible stranded costs (past and future cash flows) (stranded costs) considerably exceeds the state aid. The amount of the state aid is 44 billion HUF, and the stranded costs are almost 2.3 times as high as this, so no state aid will be repaid either in the future.

**6.6 Off balance sheet items**

<b>Guarantees extended 2015</b>	<b>Amount (th HUF)</b>	<b>Expiry</b>	<b>Objective</b>
UNICREDIT	50 000	2016.11.30	excise guarantee
UNICREDIT	15 000	2016.01.30	bid bond
UNICREDIT	15 000	2016.01.30	bid bond
UNICREDIT	15 000	2016.01.30	bid bond
UNICREDIT	15 000	2016.01.30	bid bond
UNICREDIT	15 000	2016.01.30	bid bond
UNICREDIT	15 000	2016.01.30	bid bond
UNICREDIT	13 282	2016.01.31	performance bond
UNICREDIT	14 755	2016.01.31	performance bond
UNICREDIT	3 003	2016.01.31	performance bond
UNICREDIT	15 164	2016.01.31	performance bond
UNICREDIT	9 088	2016.01.31	performance bond
UNICREDIT	17 783	2016.01.31	performance bond
UNICREDIT	6 836	2016.05.01	performance bond
UNICREDIT	10 895	2016.05.01	performance bond
UNICREDIT	1 784	2016.05.01	performance bond
UNICREDIT	8 655	2016.05.01	performance bond
UNICREDIT	6 444	2016.05.01	performance bond
UNICREDIT	31 536	2016.05.01	performance bond
UNICREDIT	12 091	2016.05.01	performance bond
UNICREDIT	8 289	2016.05.01	performance bond
UNICREDIT	4 770	2016.05.01	performance bond
UNICREDIT	4 469	2016.05.01	performance bond
<b>Total</b>	<b>308 845</b>		

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#### **6.7 Statutory audit obligation**

Based on Section 155, Article 2 of Act C of 2000, the Company is obliged to have its books audited. For 2015, Budapest Power Plant Ltd signed a contract with KPMG Hungária Kft, 1134 Budapest Váci út 31, whose auditor to sign is Dr Ferenc Eperjesi (Chamber of Hungarian Auditors membership number: 003161) The amount of the auditing fees for 2015 is 18 231 thousands of HUF.

In 2015, KPMG Hungária Kft did not provide any other service to the Company.

#### **6.8 Bookkeeping service**

Based on Section 151, Article 1 of Act C of 2000, the Company, for managing its accounting activities and for the preparation of its Annual Report, can employ only an entitled person.

At the Company, the person in charge of these activities is:

Zsuzsanna Csillag-Nagy

Ministry of National Economy registration number: 180891

### **7 REPORTS BY ACTIVITY**

Based on Act LXXXVI of 2007 on Electricity and Act XVIII of 2005 on District Heat Supply, Budapest Power Plant Ltd is obliged for accounting unbundling. Based on the same act, the following reports by activity were prepared, presented as attachments to this Supplement:

- Consolidated license holder's report according to the Electricity Act
- Consolidated licence holder's report according to the District Heating Act

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BE ZRT 31.12.2014	Electricity generation	Electricity trade	Other activities	Individual reports total	Consolidation isolations	Consolidated report total
<b>BALANCE SHEET Assets</b>						
A. Fixed assets and financial investments	23 114 002	-	6 853 840	29 967 842	281 748	29 686 094
I. Intangible assets	81 802	-	16 207	98 009	-	98 009
II. Tangible assets	23 032 199	-	6 427 936	29 460 135	-	29 460 135
III. Financial investments	-	-	409 698	409 698	281 748	127 950
B. Current assets	4 010 489	352 918	6 321 472	10 684 879	12 357	10 672 522
I. Inventories	870 807	-	2 275 291	3 146 098	1	3 146 097
II. Receivables	3 033 607	352 918	3 891 930	7 278 455	12 356	7 266 099
III. Securities	-	-	-	-	-	-
IV. Liquid assets	106 075	-	154 251	260 326	-	260 326
C. Prepayments	552 017	-	2 090	554 107	-	554 107
Total assets:	27 676 507	352 918	13 177 403	41 206 828	294 105	40 912 723
<b>BALANCE SHEET Liabilities and owners' equity</b>						
D. Equity	5 671 747	551 629	3 416 893	8 537 011	281 749	8 255 262
I. ISSUED CAPITAL	2 769 124	-	825 504	3 594 628	3 000	3 591 628
II. Issued unpaid capital (-)	-	-	-	-	-	-
III. SHARE PREMIUM	33 697	-	10 051	43 748	-	43 748
IV. RETAINED EARNINGS	4 192 982	1 376 702	2 680 702	5 496 982	832 799	6 329 781
V. Tied-up reserve	23 294	-	4 783	18 511	-	18 511
VI. Revaluation reserve	-	-	-	-	-	-
VII. Balance sheet net profit (loss)	- 1 347 350	825 073	94 581	616 858	19 204	597 654
VIII. Variation in equity of subsidiary company (+)	-	-	-	-	1 130 752	1 130 752
IX. Changes due to consolidation (+)	-	-	-	-	-	-
X. Share of external members (other owners)	-	-	-	-	-	-
E. Provisions	58 600	-	591 787	650 387	1	650 388
F. Liabilities	21 770 193	528 369	7 657 760	29 956 322	12 357	29 943 965
I. Subordinated liabilities (subordinated loans)	-	-	-	-	-	-
II. Long-term liabilities	-	-	-	-	-	-
III. Short-term liabilities	21 770 193	528 369	7 657 760	29 956 322	12 357	29 943 965
G. Accrued expenses	175 967	376 178	1 510 963	2 063 108	-	2 063 108
Total equity and liabilities	27 676 507	352 918	13 177 403	41 206 828	294 105	40 912 723
<b>STATEMENT OF OPERATIONS</b>						
I. Total sales	22 801 818	5 490 285	27 890 512	56 182 615	723 672	55 458 943
II. Capitalised value of own production	460 553	-	1 314	461 867	-	461 867
III. Other income	41 508	677	1 404 436	1 446 621	-	1 446 621
III/A. Consolidation difference increasing profits arising from debt consolidation	-	-	-	-	-	-
IV. Material-type expenditures	18 071 354	4 525 676	23 841 797	46 438 827	723 673	45 715 154
V. Payroll and related expenditures	1 942 164	-	1 155 875	3 098 039	-	3 098 039
VI. Depreciation	2 200 783	-	749 783	2 950 566	-	2 950 566
VII. Other expenditures	288 716	148 064	1 586 173	2 022 953	1	2 022 954
VII/A. Consolidation difference decreasing profits arising from debt consolidation	-	-	-	-	-	-
A. Profit (loss) from operating activities (I+II+III-IV-V-VI-VII)	800 862	817 222	1 962 634	3 580 718	-	3 580 718
VIII. Revenues from financial activities	1 841 442	2 989	1 168 724	3 013 155	-	3 013 155
IX. Financial transaction expenditures	4 009 395	-	3 194 685	7 204 080	65 333	7 138 747
B. Net income (loss) on financial activities (VIII-IX)	- 2 167 953	2 989	- 2 025 961	4 190 925	65 333	4 125 592
C. Net income (loss) before extraordinary activities (A+B)	- 1 367 091	820 211	63 327	610 207	65 333	544 874
X. Extraordinary revenues	-	-	2 323	2 323	-	2 323
XI. Extraordinary expenditures	-	-	41 855	41 855	-	41 855
D. Net income (loss) on extraordinary activities (X-XI)	-	-	39 532	39 532	-	39 532
E. Net income (loss) before business profits tax (C+D)	- 1 367 091	820 211	102 859	649 739	65 333	584 406
XII. Business profits tax	- 19 741	- 4 862	- 8 278	- 32 881	-	- 32 881
XII/A. (Calculated) corporate tax difference arising from consolidation (+)	-	-	-	-	46 129	46 129
F. Net income (loss) (E-XII)	- 1 347 350	825 073	94 581	616 858	19 204	597 654
G. Balance sheet net profit (loss)	- 1 347 350	825 073	94 581	616 858	19 204	597 654

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(all amounts in thousands of HUF, unless otherwise indicated)

BE ZRT 31.12.2015		Electricity generation	Electricity trade	Other activities	Individual reports total	Consolidation isolations	Consolidated report total
<b>BALANCE SHEET Assets</b>							
A.	Fixed assets and financial investments	14 046 595	0	4 518 302	18 564 897	-267 038	18 297 859
I.	Intangible assets	54 150	0	11 334	65 484	0	65 484
II.	Tangible assets	13 992 445	0	4 120 087	18 112 532	0	18 112 532
III.	Financial investments	0	0	386 881	386 881	-267 038	119 843
B.	Current assets	4 043 202	29 965	4 484 468	8 557 635	17 803	8 575 438
I.	Inventories	781 174	0	2 389 051	3 170 225	0	3 170 225
II.	Receivables	3 207 635	29 965	2 030 684	5 268 284	17 803	5 286 087
III.	Securities	0	0	0	0	0	0
IV.	Liquid assets	54 393	0	64 733	119 126	0	119 126
C.	Prepayments	431 985	0	0	431 985	0	431 985
Total assets:		18 521 782	29 965	9 002 770	27 554 517	-249 235	27 305 282
<b>BALANCE SHEET Liabilities and owners' equity</b>							
D.	Equity	1 090 707	-404 867	-393 046	292 794	-244 751	48 043
I.	ISSUED CAPITAL	2 713 737	0	880 891	3 594 628	-3 000	3 591 628
II.	Issued unpaid capital (-)	0	0	0	0	0	0
III.	SHARE PREMIUM	33 023	0	10 725	43 748	0	43 748
IV.	RETAINED EARNINGS	4 788 260	-828 891	932 486	4 891 855	987 003	5 878 858
V.	Tied-up reserve	22 828	0	-16 047	6 781	0	6 781
VI.	Revaluation reserve	0	0	0	0	0	0
VII.	Balance sheet net profit (loss)	-6 467 141	424 024	-2 201 101	-8 244 218	36 998	-8 207 220
VIII.	Variation in equity of subsidiary company (+)					-1 265 752	-1 265 752
IX.	Changes due to consolidation (+)					0	0
X.	Share of external members (other owners)					0	0
E.	Provisions	162 315	0	916 249	1 078 564	0	1 078 564
F.	Liabilities	17 074 846	384 051	6 571 460	24 030 357	-4 486	24 025 871
I.	Subordinated liabilities (subordinated loans)	0	0	0	0	0	0
II.	Long-term liabilities	0	0	0	0	0	0
III.	Short-term liabilities	17 074 846	384 051	6 571 460	24 030 357	-4 486	24 025 871
G.	Accrued expenses	193 913	50 781	1 908 109	2 152 803	1	2 152 804
Total equity and liabilities		18 521 781	29 965	9 002 772	27 554 518	-249 236	27 305 282
<b>STATEMENT OF OPERATIONS</b>							
I.	Total sales	23 084 325	3 337 740	24 093 929	50 515 994	-5 435	50 510 559
II.	Capitalised value of own production	280 919	0	26 101	307 020	0	307 020
III.	Other income	54 361	36	954 959	1 009 356	0	1 009 356
III/A.	Consolidation difference increasing profits arising from debt consolidation					0	0
IV.	Material-type expenditures	15 229 535	2 839 869	21 150 695	39 220 099	-5 435	39 214 664
V.	Payroll and related expenditures	2 074 173	0	1 077 325	3 151 498	0	3 151 498
VI.	Depreciation	2 461 734	0	748 084	3 209 818	0	3 209 818
VII.	Other expenditures	8 790 033	30 230	3 538 607	12 358 870	0	12 358 870
VII/A.	Consolidation difference decreasing profits arising from debt consolidation					0	0
A.	Profit (loss) from operating activities (I+II+III-IV-V-VI-VII)	-5 135 870	467 677	-1 439 722	-6 107 915	0	-6 107 915
VIII.	Revenues from financial activities	441 965	3 770	2 092 530	2 538 265	0	2 538 265
IX.	Financial transaction expenditures	1 365 285	0	2 783 041	4 148 326	-14 710	4 133 616
B.	Net income (loss) on financial activities (VIII-IX)	-923 320	3 770	-690 511	-1 610 061	14 710	-1 595 351
C.	Net income (loss) before extraordinary activities (A+B)	-6 059 190	471 447	-2 130 233	-7 717 976	14 710	-7 703 266
X.	Extraordinary revenues	0	0	3 302	3 302	0	3 302
XI.	Extraordinary expenditures	0	0	32 030	32 030	0	32 030
D.	Net income (loss) on extraordinary activities (X-XI)	0	0	-28 728	-28 728	0	-28 728
E.	Net income (loss) before business profits tax (C+D)	-6 059 190	471 447	-2 158 961	-7 746 704	14 710	-7 731 994
XII.	Business profits tax	407 951	47 422	42 141	497 514	0	497 514
XII/A.	(Calculated) corporate tax difference arising from consolidation (+)					-22 288	-22 288
F.	Net income (loss) (E-XII)	-6 467 141	424 025	-2 201 102	-8 244 218	36 998	-8 207 220
G.	Balance sheet net profit (loss)	-6 467 141	424 025	-2 201 102	-8 244 218	36 998	-8 207 220



# BUDAPEST POWER PLANT LTD.

## CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(all amounts in thousands of HUF, unless otherwise indicated)

According to the Electricity Act	BE ZRT 31.12.2014																
	Upstream site			Kispest site			Kelenföld site			Budapest Power Plant Ltd			BE-Optimum Kft		Individual reports total	Consolidation Isolations	Consolidated report total
	Combined electricity generation	District heat generation	Part of other activities	Combined electricity generation	District heat generation	Part of other activities	Combined electricity generation	District heat generation	Part of other activities	Other activities according to the District Heating Act	Combined electricity generation	District heat generation	Other activities according to the District Heating Act				
BALANCE SHEET Assets																	
A. Fixed assets and financial investments																	
I. Intangible assets																	
II. Tangible assets																	
III. Financial investments																	
B. Current assets																	
I. Inventories																	
II. Receivables																	
III. Securities																	
IV. Liquid assets																	
C. Prepayments																	
Total assets:																	
BALANCE SHEET Liabilities and owners' equity																	
D. Equity																	
I. ISSUED CAPITAL																	
II. Issued unpaid capital (+)																	
III. SHARE PREMIUM																	
IV. RETAINED EARNINGS																	
V. Tied-up reserve																	
VI. Revaluation reserve																	
VII. Balance sheet net profit (loss)																	
VIII. Variation in equity of subsidiary company (+)																	
IX. Changes due to consolidation (+)																	
X. Share of external members (other owners)																	
E. Provisions																	
F. Liabilities																	
I. Subordinated liabilities (subordinated loans)																	
II. Long-term liabilities																	
III. Short-term liabilities																	
G. Accrued expenses																	
Total equity and liabilities																	
STATEMENT OF OPERATIONS																	
I. Total sales																	
II. Capitalised value of own production																	
III. Other income																	
IV. Material-type expenditures																	
V. Payroll and related expenditures																	
VI. Depreciation																	
VII. Other expenditures																	
VIII/A Consolidation difference decreasing profits arising from debt consolidation																	
A. Profit (loss) from operating activities (I-III+IV-V+VI-VII)																	
VIII. Revenues from financial activities																	
IX. Financial transaction expenditures																	
B. Net income (loss) on financial activities (VIII-IX)																	
-1112 162																	
C. Net income (loss) before extraordinary activities (A+B)																	
-1 462 411																	
X. Extraordinary revenues																	
0																	
XI. Extraordinary expenditures																	
0																	
D. Net income (loss) on extraordinary activities (X-XI)																	
0																	
E. Net income (loss) before business profits tax (C+D)																	
-1 462 411																	
XII. Business profits tax																	
-2 017																	
XIII/A (Calculated) corporate tax difference arising from consolidation (+)																	
-1 462 411																	
F. Net income (loss) (E-XII)																	
-1 462 411																	
Balance sheet net profit (loss)																	

# BUDAPEST POWER PLANT LTD.

## CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(all amounts in thousands of HUF, unless otherwise indicated)

According to the Electricity Act	BEZRT 31.12.2015				Budapest Power Plant Ltd				BE-Optimum Kft				Consolidation isolations	Individual reports total	Consolidated report total
	Upper site		Kispest site		Kelenföld site		Other activities according to the District Heating Act	Combined electricity generation	District heat generation	Other activities according to the District Heating Act					
	Combined electricity generation	District heat generation Part of other activities	Combined electricity generation	District heat generation Part of other activities	Combined electricity generation	District heat generation Part of other activities									
<b>BALANCE SHEET Assets</b>															
A.	Fixed assets and financial investments	4 461 534	1 099 950	6 996 274	2 366 185	1 237 648	249 910	1 890 812	232 076	31 508	0	18 564 897	-267 008	0	18 297 859
I.	Intangible assets	7 159	4 141	30 423	2 947	12 071	4 014	4 729	0	0	0	65 484	0	0	65 484
II.	Tangible assets	4 454 375	1 094 809	6 965 851	2 363 238	1 225 577	245 896	1 499 202	232 076	31 508	0	18 112 532	0	0	18 112 532
III.	Financial investments	0	0	0	0	0	0	386 881	0	0	0	386 881	-267 008	0	119 843
B.	Current assets	1 318 106	922 670	1 161 146	1 152 957	1 225 745	1 004 778	1 666 215	2 912	3 106	0	8 557 635	17 803	0	8 575 438
I.	Inventories	272 123	378 154	251 309	317 798	196 987	414 181	1 339 673	0	0	0	3 170 225	0	0	3 170 225
II.	Receivables	1 026 893	525 542	892 614	820 546	1 015 363	570 554	411 942	2 415	2 415	0	5 268 284	17 803	0	5 286 087
III.	Securities	0	0	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	14 600	497	691	0	119 126	0	0	119 126
V.	Prepayments	30 849	0	62 423	0	99 676	0	239 037	0	0	0	431 985	0	0	431 985
C.	Total assets	5 810 489	2 021 620	8 219 843	3 519 142	2 563 069	1 254 688	3 896 064	234 988	34 614	0	27 554 517	-249 235	0	27 305 282
<b>BALANCE SHEET Liabilities and owners' equity</b>															
D.	Equity	-8 582 695	90 646	1 553 483	615 710	1 923 632	158 285	-1 463 306	233 766	33 272	0	292 794	-244 751	0	48 043
I.	ISSUED CAPITAL	875 574	215 669	1 373 017	464 363	242 888	49 045	371 072	2 641	359	0	3 594 628	-3 000	0	3 591 628
II.	Issued unpaid capital (-)	0	0	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	43 520	0	0	0	43 748	0	0	43 748
IV.	RETAINED EARNINGS	485 981	262 293	2 715 225	2 003 372	2 126 075	-268 573	-1 811 267	240 226	38 522	0	4 891 855	987 003	0	5 878 858
V.	Tied-up reserve	7 372	1 816	11 561	3 910	2 045	413	-20 336	0	0	0	6 781	0	0	6 781
VI.	Revaluation reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VII.	Balance sheet net profit (loss)	-4 232 287	-391 759	-2 563 044	-1 861 591	449 665	376 803	-7 295	-9 101	-5 609	0	-8 244 218	36 998	0	-8 207 220
VIII.	Variation in equity of subsidiary company (+)	0	0	0	0	0	0	0	0	0	0	0	-1 265 752	0	-1 265 752
IX.	Changes due to consolidation (+)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
X.	Share of external members (other owners)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E.	Provisions	45 869	27 907	44 169	26 062	59 723	28 905	845 929	0	0	0	1 078 564	0	0	1 078 564
F.	Liabilities	8 559 336	1 853 516	6 567 017	2 833 503	514 627	1 014 866	2 686 341	515	636	0	24 030 357	-4 486	0	24 025 871
I.	Subordinated liabilities (subordinated loans)	0	0	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	0	0
III.	Short-term liabilities	8 559 336	1 853 516	6 567 017	2 833 503	514 627	1 014 866	2 686 341	515	636	0	24 030 357	-4 486	0	24 025 871
G.	Accrued expenses	57 979	49 551	55 174	43 867	65 087	52 632	1 827 100	707	706	0	2 152 803	1	0	2 152 804
H.	Total equity and liabilities	5 810 489	2 021 620	8 219 843	3 519 142	2 563 069	1 254 688	3 896 064	234 988	34 614	0	27 554 518	-249 236	0	27 305 282
<b>STATEMENT OF OPERATIONS</b>															
I.	Total sales	7 640 406	8 125 227	6 826 936	6 257 641	5 338 676	8 582 810	77 133 370	4 570	6 358	0	50 515 994	-5 435	0	50 510 559
II.	Capitalised value of own production	2 529	767	18 116	431	239 058	21 338	24 781	0	0	0	307 020	0	0	307 020
III.	Other income	8 772	3 712	7 595	4 425	8 372	4 435	906 179	27 551	38 315	0	1 009 356	0	0	1 009 356
III/A.	Consolidation difference increasing profits arising from debt consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV.	Material-type expenditures	5 161 602	6 919 766	4 292 562	5 827 531	3 805 729	7 512 043	5 658 760	18 830	23 276	0	39 220 099	-5 435	0	39 214 664
V.	Payroll and related expenditures	586 153	356 611	564 413	333 041	763 186	1 78 730	1 78 730	0	0	0	3 151 498	0	0	3 151 498
VI.	Depreciation	1 016 348	212 649	976 111	448 435	266 299	32 362	237 298	10 158	10 158	0	3 209 818	0	0	3 209 818
VII.	Other expenditures	4 646 351	830 556	3 254 254	1 260 240	196 990	97 558	204 073	12 114	16 734	0	12 358 870	0	0	12 358 870
VII/A.	Consolidation difference decreasing profits arising from debt consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
X.	Profit (loss) from operating activities (H+III+IV+V+VI-VII)	-3 758 747	-189 876	-2 234 693	-1 606 750	573 902	597 256	525 469	-8 981	-5 495	0	-6 107 915	0	0	-6 107 915
III.	Revenues from financial activities	222 961	678 991	194 363	632 912	-9 606	742 295	77 513	15	21	0	2 538 265	0	0	2 538 265
IV.	Financial transaction expenditures	695 901	880 274	522 714	887 753	40 293	920 607	200 514	135	135	0	4 148 326	-14 710	0	4 133 616
B.	Net income (loss) on financial activities (VII+IX)	-473 540	-201 883	-328 351	-254 841	-49 899	-178 312	-123 001	-120	-114	0	-1 610 061	14 710	0	-1 595 351
C.	Net income (loss) before extraordinary activities (A+B)	-4 232 287	-391 759	-2 563 044	-1 861 591	524 003	418 944	402 468	-9 101	-5 609	0	-7 717 976	14 710	0	-7 703 266
D.	Extraordinary revenues	0	0	0	0	0	0	3 302	0	0	0	3 302	0	0	3 302
E.	Extraordinary expenditures	0	0	0	0	0	0	32 030	0	0	0	32 030	0	0	32 030
VI.	Net income (loss) on extraordinary activities (X-XI)	0	0	0	0	0	0	-28 728	0	0	0	-28 728	0	0	-28 728
F.	Net income (loss) before business profits tax (C-D)	-4 232 287	-391 759	-2 563 044	-1 861 591	524 003	418 944	373 740	-9 101	-5 609	0	-7 746 704	14 710	0	-7 731 994
G.	Business profits tax	0	0	0	0	74 338	42 141	381 035	0	0	0	497 514	0	0	497 514
III/A.	(Calculated) corporate tax difference arising from consolidation (+)	0	0	0	0	0	0	0	0	0	0	0	-22 288	0	-22 288
F.	Net income (loss) (E-XII)	-4 232 287	-391 759	-2 563 044	-1 861 591	449 665	376 803	-7 295	-9 101	-5 609	0	-8 244 218	36 998	0	-8 207 220
G.	Balance sheet net profit (loss)	-4 232 287	-391 759	-2 563 044	-1 861 591	449 665	376 803	-7 295	-9 101	-5 609	0	-8 244 218	36 998	0	-8 207 220

**BUDAPEST POWER PLANT LTD.**

**CONSOLIDATED SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

(all amounts in thousands of HUF, unless otherwise indicated)

Result by business segment

Effects influencing the profitability of the business segments compared to 2014:

A generally negative effect was the depreciation of the assets due to the inferior business opportunities of the future.  
A generally positive effect was the steady decrease in the gas prices during the year.

Combined and non-combined electricity generation

- Efficiency was higher due to the higher heat demand.

District heat generation

- The heat demand increased in comparison to the very low demand of 2014.
- As from 1 October 2015, the regulated heat prices decreased by 8%.
- The lower gas price increased the result from the beginning of the year until the regulated heat price change on 1 October 2015.

Electricity trade

- With almost identical prices, the margin decreased due to decreasing volume.

Other non-licensable business segment activities

- In 2015, a foreign exchange loss was incurred on CO<sub>2</sub> trade while the EUR value was unchanged.
- The result of the steam business segment was negative in both years.