EDF Démász Zrt.

Financial Statements
and
Independent Auditors` Report

December 31, 2013

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of EDF DÉMÁSZ Zrt.

Report on the Financial Statements

We have audited the accompanying financial statements of EDF DÉMÁSZ Zrt. (the "Company") for the year 2013, which comprise the balance sheet as at December 31, 2013 - which shows total assets of 158,557 million HUF and a retained profit for the year of 0 million HUF-, and the related profit and loss account for the year then ended and the supplement comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and effective Hungarian laws and other regulations pertaining to audit. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EDF DÉMÁSZ Zrt. as at December 31, 2013, and its financial performance for the year then ended in accordance with the Accounting Act.

Other Matters

We issued our auditors' report dated May 13, 2014 on the financial statements submitted for the General Meeting. The effects of subsequent events were examined until that date.

The financial statements were approved by the Owner on May 26, 2014. Our procedures regarding the subsequent events occurred after May 13, 2014 were limited to the Owner's decision on the approval of the financial statements.

Other Reporting Obligation: Report on the Business Report

We have examined the accompanying business report EDF DÉMÁSZ Zrt. for the year 2013.

Management is responsible for the preparation of this business report in accordance with the Accounting Act.

Our responsibility is to assess whether the accounting information in the business report is consistent with that contained in the financial statements prepared for the same business year. Our work with respect to the business report was limited to assessing the consistence of the business report with the financial statements, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

In our opinion, the business report of EDF DÉMÁSZ Zrt. for the year 2013. corresponds to the figures included in the financial statements of EDF DÉMÁSZ Zrt. for the year 2013.

Budapest, May 26, 2014

The original Hungarian version has been signed.

Horváth Tamás

Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.
000083

Kovács Andrea

registered statutory auditor
003950

EDF DÉMÁSZ

EDF DÉMÁSZ ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG

FINANCIAL STATEMENTS

2013

Statistical code: 10734441-3514-114-06
Company register number: 06-10-000056

Balance sheet (Assets)

Data in HUF million

	Description of the item	PREVIOUS YEAR 31.12.2012	CURRENT YEAR 31.12.2013
a	b	c	d
1.	**A. FIXED ASSETS (2.+10.+18.)**	**126 696**	**121 920**
2.	I. INTANGIBLE ASSETS (3-9.)	*1 982*	*1 818*
3.	I/1. Capitalized value of formation/reorganization expenses	0	0
4.	I/2. Capitalized value of research and development	0	0
5.	I/3. Rights	1 981	1 812
6.	I/4. Intellectual products	1	6
7.	I/5. Goodwill	0	0
8.	I/6. Advances on intangible assets	0	0
9.	I/7. Adjusted value of intangible assets	0	0
10.	II. TANGIBLE ASSETS (11-17.)	*8 229*	*7 167*
11.	II/1. Land and buildings and rights to immovables	7 413	6 491
12.	II/2. Plant and machinery, vehicles	67	50
13.	II/3. Other equipment, fixtures and fittings, vehicles	662	466
14.	II/4. Breeding stock	0	0
15.	II/5. Construction in progress	87	160
16.	II/6. Advances on tangible assets	0	0
17.	II/7. Adjusted value of tangible assets	0	0
18.	III. FINANCIAL INVESTMENTS (19-25.)	*116 485*	*112 935*
19.	III/1. Long-term participations in affiliated undertakings	108 202	107 469
20.	III/2. Long-term credit to affiliated undertakings	8 200	5 400
21.	III/3. Other long-term participations	5	5
22.	III/4. Long-term loan to independent undertakings	0	0
23.	III/5. Other long-term loans	78	61
24.	III/6. Securities signifying a long-term creditor relationship	0	0
25.	III/7. Adjusted value of financial investments	0	0

Statistical code: 10734441-3514-114-06
Company register number: 06-10-000056

Balance sheet (Assets)

Data in HUF million

	Description of the item	PREVIOUS YEAR 31.12.2012	CURRENT YEAR 31.12.2013
a	b	c	d
26.	**B. CURRENT ASSETS (27.+34.+40.+45.)**	**28 953**	**28 762**
27.	I. INVENTORIES (28-33.)	*356*	*483*
28.	I/1. Raw materials and consumables	356	483
29.	I/2. Work in progress, semi-finished products	0	0
30.	I/3. Animals for breeding and fattening and other livestock	0	0
31.	I/4. Finished products	0	0
32.	I/5. Goods	0	0
33.	I/6. Advances on inventories	0	0
34.	II. RECEIVABLES (35-39.)	*26 295*	*25 931*
35.	II/1. Trade debtors	10 275	10 557
36.	II/2. Receivables from affiliated undertakings	14 914	13 890
37.	II/3. Receivables from independent undertakings	0	0
38.	II/4. Bills receivable	0	0
39.	II/5. Other receivables	1 106	1 484
40.	III. SECURITIES (41-44.)	*1*	*1*
41.	III/1. Participations in affiliated undertakings	0	0
42.	III/2. Other participations	1	1
43.	III/3. Own shares	0	0
44.	III/4. Securities signifying a creditor relationship for trading purposes	0	0
45.	IV. CASH (46-47.)	*2 301*	*2 347*
46.	IV/1. Cash and cheques	0	0
47.	IV/2. Bank deposits	2 301	2 347
48.	**C. PREPAYMENTS (49-51.)**	**7 212**	**7 875**
49.	1. Accrued income	7 092	7 655
50.	2. Prepaid expenses	120	220
51.	3. Deferred expenses	0	0
52.	**TOTAL ASSETS (1.+26.+48.)**	**162 861**	**158 557**

EDF DÉMÁSZ Zrt.

Statistical code: 10734441-3514-114-06
Company register number: 06-10-000056

BALANCE SHEET (Liabilities)

Data in HUF million

	Description of the item	PREVIOUS YEAR 31.12.2012	CURRENT YEAR 31.12.2013
a	b	c	d
53.	**D. SHAREHOLDER'S EQUITY (54.+56.+57.+58.+59.+60.+61.)**	**133 834**	**122 016**
54.	I. SUBSCRIBED CAPITAL	*37 029*	*37 029*
55.	including ownership shares repurchased at face value	0	0
56.	II. SUBSCRIBED CAPITAL UNPAID (-)	*0*	*0*
57.	III. CAPITAL RESERVE	*4 066*	*4 066*
58.	IV. ACCUMULATED PROFIT RESERVE	*87 984*	*80 921*
59.	V. TIED-UP RESERVE	*0*	*0*
60.	VI. REVALUATION RESERVE	*0*	*0*
61.	VII. PROFIT OR LOSS FOR THE YEAR	*4 755*	*0*
62.	**E. PROVISIONS (63-65.)**	**1 371**	**1 789**
63.	1. Provision for expected liabilities	1 371	1 789
64.	2. Provision for expected expenses	0	0
65.	3. Other provisions	0	0
66.	**F. LIABILITIES (67.+71.+80.)**	**20 503**	**26 070**
67.	I. SUBORDINATED LIABILITIES (68-70.)	**0**	**0**
68.	1. Subordinated liabilities to affiliated undertakings	0	0
69.	2. Subordinated liabilities to independent undertakings	0	0
70.	3. Subordinated liabilities to other economic entities	0	0
71.	II. LONG-TERM LIABILITIES (72-79.)	*0*	*0*
72.	1. Long-term loans	*0*	*0*
73.	2. Convertible bonds	*0*	*0*
74.	3. Debts on issue of bonds	0	0
75.	4. Investment and development loans	0	0
76.	5. Other long-term credits	0	0
77.	6. Long-term liabilities to affiliated undertakings	*0*	*0*
78.	7. Long-term liabilities to independent undertakings	0	0
79.	8. Other long-term liabilities	0	0
80.	III. SHORT-TERM LIABILITIES (81-89.)	*20 503*	*26 070*
81.	1. Short-term loans	142	0
82.	including: convertible bonds	*0*	*0*
83.	2. Other short-term loans	0	0
84.	3. Advances received from customers	0	7
85.	4. Accounts payable	4 050	3 430
86.	5. Bills payable	0	0
87.	6. Short-term liabilities to affiliated undertakings	10 607	18 139
88.	7. Short-term liabilities to independent undertakings	0	0
89.	8. Other short-term liabilities	5 704	4 494
90.	**G. ACCRUALS (91-93.)**	**7 153**	**8 682**
91.	1. Prepaid income	16	22
92.	2. Accrued expenses	6 385	8 072
93.	3. Deferred income	752	588
94.	**TOTAL LIABILITIES AND EQUITY (53.+62.+66.+90.)**	**162 861**	**158 557**

Szeged, 26 May 2014

Jean-Noël REIMERINGER
Chairman and CEO

EDF DÉMÁSZ Zrt.

Statistical code: 10734441-3514-114-06
Company register number: 06-10-000056

INCOME STATEMENT "A" TYPE

Data in HUF million

	Description of the item	PREVIOUS YEAR 2012	CURRENT YEAR 2013
a	b	c	d
1.	Net domestic sales	118 295	119 606
2.	Net external sales	2 152	4 022
I.	NET SALES REVENUE (01.+02.)	120 447	123 628
3.	Changes in self-manufacture inventories	0	0
4.	Capitalized own production	12	67
II.	OWN PERFORMANCE CAPITALIZED (03.+-04.)	12	67
III.	OTHER INCOME	2 512	2 458
	including reversal of impairment	608	717
5.	Material costs	362	295
6.	Contracted services	4 116	3 502
7.	Other services	788	900
8.	Cost of goods sold	72 125	78 215
9.	Value of services sold	32 719	30 357
IV.	MATERIAL TYPE EXPENSES (05.+06.+07.+08.+09.)	110 110	113 269
10.	Wages and salaries	2 486	2 517
11.	Other employee benefits	857	1 268
12.	Contributions on wages and salaries	916	1 044
V.	PERSONAL TYPE EXPENSES (10.+11.+12.)	4 259	4 829
VI.	DEPRECIATION	1 655	1 687
VII.	OTHER EXPENDITURES	4 675	4 312
	including impairment	1 206	1 134
A.	**OPERATING RESULT (I+II+III-IV-V-VI-VII)**	**2 272**	**2 056**

EDF DÉMÁSZ Zrt.

Statistical code: 10734441-3514-114-06
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INCOME STATEMENT "A" TYPE

Data in HUF million

	Description of the item	PREVIOUS YEAR 2012	CURRENT YEAR 2013
a	b	c	d
13.	Dividends and profit-sharing (received or due)	8 841	503
	including from affiliated undertakings	8 841	503
14.	Capital gains on investments	0	0
	including from affiliated undertakings	0	0
15.	Interest and capital gains on financial investments	0	0
	including from affiliated undertakings	0	0
16.	Other interest and similar income (received or due)	1 510	1 182
	including from affiliated undertakings	1 457	1 153
17.	Other income from financial transactions	1 367	575
VIII.	INCOME FROM FINANCIAL TRANSACTIONS (13.+14.+15.+16.+17.)	11 718	2 260
18.	Losses on financial investments	0	0
	including to affiliated undertakings	0	0
19.	Interest payable and similar charges	260	78
	including to affiliated undertakings	221	53
20.	Losses on shares, securities and bank deposits	0	733
21.	Other expenses on financial transactions	653	521
IX.	EXPENSES ON FINANCIAL TRANSACTIONS (18.+19.+20.+21.)	913	1 332
B.	**PROFIT OR LOSS FROM FINANCIAL TRANSACTIONS (VIII-IX)**	**10 805**	**928**
C.	**PROFIT OR LOSS OF ORDINARY ACTIVITIES (+-A+-B)**	**13 077**	**2 984**
X.	EXTRAORDINARY INCOME	118	134
XI.	EXTRAORDINARY EXPENDITURES	98	410
D.	**EXTRAORDINARY RESULT (X-XI)**	**20**	**-276**
E.	**PROFIT BEFORE TAXES (+-C+-D)**	**13 097**	**2 708**
XII.	TAX PAYABLE	872	1 026
F.	**PROFIT AFTER TAXES (+-E-XII)**	**12 225**	**1 682**
22.	Profit reserves used for dividends and profit-sharing	0	11 818
23.	Dividends and profit-sharing paid (payable)	7 470	13 500
G.	**PROFIT OR LOSS FOR THE YEAR (+-F+22-23)**	**4 755**	**0**

Szeged, 26 May 2014

Jean-Noël REIMERINGER
Chairman and CEO

EDF DÉMÁSZ

SUPPLEMENTARY NOTES

2013

TABLE OF CONTENTS

I. GENERAL INFORMATION

1. Company profile

1.1. General company data

Company name:	EDF DÉMÁSZ Zrt. (hereinafter: Company)
Registered office:	6720 Szeged, Klauzál tér 9.
Date of the Articles of Association:	31 December 1991
Reference and date of last Company Court registration:	Csongrád County Court as Registry Court 06-10-000056/299. 18.11.2013
Registered capital:	HUF 37,029,110,000
Duration of the Company	indefinite
Business year:	corresponds to the calendar year
Name and address of audit firm:	Deloitte Auditing and Consulting Ltd. 1068 Budapest, Dózsa György út 84/C
Name of auditor: Chamber membership number:	Kovács Andrea 003950
Name and chamber membership number of the person responsible for book-keeping services:	Csőke Ágnes 176911
Company announcements are published on:	the company website
Person(s) authorised to represent the Company:	Jean-Noël Reimeringer
Position of the person(s) authorised to sign on behalf of the Company:	Chairman and CEO
Principal activity:	3514 Trade of electricity (core activity)
The Company's parent company:	EDF International S.A. Tour EDF, 20. place de la Défense 92050 Paris
Name and registered office of the parent Company preparing the consolidated financial statements	EDF S.A 22-30 Avenue de Wagram 75008 Paris
Name and registered office of the company preparing the consolidated financial statements of the largest unit of the company group in which the Company is involved as a subsidiary:	EDF S.A 22-30 Avenue de Wagram 75008 Paris
Name and registered office of the Company preparing the consolidated financial statements of the smallest unit of the Company group in which the company is involved as a subsidiary:	EDF S.A 22-30 Avenue de Wagram 75008 Paris
The consolidated financial statements are available at:	EDF DÉMÁSZ Zrt. 6720 Szeged, Klauzál tér 9.
The financial statements are available on the Internet at:	www.edfdemasz.hu

The Company is subject to mandatory audit in accordance with the provisions of the Accounting Act.

The following table presents the ownership structure of EDF DÉMÁSZ Zrt.:

	Shares (units)		Nominal value (HUF million)		Ownership share %	
	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013
EDF International S.A.	3,702,911	3,702,911	37,029	37,029	100.00	100.00
Total	3,702,911	3,702,911	37,029	37,029	100.00	100.00

On 31 December 2013 EDF International S.A. held 100% of the shares of EDF DÉMÁSZ Zrt. (3,702,911 shares).

1.2. Field of activity

EDF DÉMÁSZ Zrt. pursues its main activity in accordance with the universal service provider permit No. 71/2008 and the electricity trading permit No. 75/2008 issued on the basis of the 4 January 2008 order of the Hungarian Energy Office (MEH, as of 4 April 2013 Hungarian Energy and Public Utility Regulatory Authority (MEKH)).

89.7% of the Company's net sales revenue is derived from these activities.

The Board of Directors of EDF DÉMÁSZ Zrt. decided to commence free market natural gas trading licensee activities during the gas year beginning in 2011. The Company pursues such activities in accordance with its operating permit for natural gas trade issued by MEH in order No. 50/2011. of 18 January 2011.

According to the amendment effective as from 2013, the operation of public lighting equipment requires a public lighting operation permit. In line with statutory regulations, the Company provides public lighting operation services to municipalities based on MEKH's public lighting operation permit issued in resolution no. 1983/2013 on 29 October 2013.

2. Main features of the accounting policy

2.1. Purpose of the accounting policy

The purpose of the accounting policy of the Company is to regulate all issues delegated by the Accounting Act to the authority and responsibility of the business organisation. Compliance with the accounting policy as an internal by-law ensures a true and fair presentation of assets and liabilities, profitability and finances of the Company.

2.2. Report type, accounting systems and methodology

The Company prepares annual financial statements in compliance with the relevant legal requirements, namely Act IV of 2006 on Business Associations and Act C of 2000 on Accounting (hereinafter: Accounting Act) as amended. The Company uses double-entry book-keeping. The Company keeps its books in compliance with the Accounting Act and the general accounting principles.

The Company prepares its consolidated financial statements in line with the rules of the International Financial Reporting Standards (hereinafter: IFRS).

Book-keeping processes are performed continuously on the basis of authentic accounting source documents while observing basic accounting principles.

To facilitate the preparation of the financial statements, the Company applies an invoicing system compatible with the balance sheet template, which ensures a correct preparation of the financial statements.

As part of the accounting system financial and ledger records, cost and material accounts, as well as tangible assets and payroll records are processed using an integrated online computer system (SAP).

The analytic recording of electricity sales is performed using the SAP ISU software. Electricity sales denominated in EUR, as well as natural gas sales are invoiced using the SAP SD system.

The Company primarily records its costs in account section 5 by cost types. With a view to fulfilling internal and external information needs, costs are presented in the SAP CO system.

The balance sheet date is 31 December. The financial statements are prepared on 7 January of the year following the current year.

In line with the Group's accounting principle, EDF DÉMÁSZ Zrt. prepares version "A" of the balance sheet and income statement using the total cost method.

2.3. Presentation of measurement methods

Intangible assets

Intangible assets are measured by the Company at cost (purchase price or production cost) less accumulated amortisation.

Depreciation for intangible assets is recognised using the straight-line method over their useful lives (of valuable rights, 5 years for trademarks and 3 years for phone access fees) calculated on a case-by-case basis.

Tangible assets

The company measured its tangible assets at the time of the transformation on 31 December 1991 at their value listed in the merger balance sheet at the 1991 price level as verified by an appraiser. The appraisal involved the calculation of the reproduction value of the assets reduced according to their actual technical condition. The assets procured since then were measured by the Company at their historical cost at the time (purchase price or production cost), reduced by the amount of accumulated depreciation recognised.

The basis for measuring depreciation is the cost of an asset less residual value expected at the end of its useful life.

The Company records depreciation on a monthly basis starting from the date of capitalisation using the straight-line method.

In 2012 the Group reviewed remaining useful lives in the case of licenses, software, buildings, public lighting equipment, IT and telecommunications equipment and office tools and equipment. The Group modified the useful lives of asset groups where it was necessary.

The following table shows the average useful life of the major asset groups currently used for depreciation purposes:

Asset groups	Useful life
Buildings	2-50 years
Standalone public lighting networks	16 years and 8 months
Public lighting equipment	2 years - 16 years and 8 months
Plant and machinery, vehicles	3-12 years
IT equipment	3-4 years
Other	3-15 years

In the case of tangible assets with a value below 100 thHUF the entire purchase price is recorded as depreciation in one lump sum, except for assets that are not capable of independent operation, which are recorded as accessories, and network equipment (standalone public lighting network and public lighting equipment) where retrospective capitalisation takes place. The Company does not apply the lump sum depreciation method for IT equipment with a value below 100thHUF. The Company records extraordinary depreciation if the value of tangible assets, intangible assets and investments is reduced for an extended period of time or if they become partly or fully obsolete, damaged or destroyed.

Financial investments

The Company records its financial investments at the lower of cost and net realisable value.

Financial investments that represent shares in business organisations are shown in the financial statements at the value specified in the Articles of Association or at the price paid, and are reduced by any impairment and increased by any reversal of impairment.

Inventories

The Company measures its inventories, consisting mainly of materials and operational safety reserves required for the network construction and maintenance activities, at their average cost. Assets purchased are measured at their weighted average price, while manufactured inventories are measured at their direct production cost. Impairment is determined for inventories by comparing fair value to book value and taking into account probable use and intended purpose.

Receivables

Recognised receivables are recorded in the balance sheet at their book values reduced by any impairment and increased by any impairment reversed. Uncollectible receivables are depreciated by the Company as credit loss; impairment is recorded for overdue receivables, amounting to the difference between the book value and the expected return value. The Company measures the 50 highest overdue items due from universal service clients and the 100 highest overdue items due from free market clients on an individual basis. In every other case, impairment is recognised degressively. 5% impairment is recognised on 30-60 days overdue trade debtors. Once the 60-day period expires, 15% impairment is recognised first and then 25% after 90 days. The rate of impairment is 50% for delays between 121 and 180 days while it is 75% for delays exceeding 181 days. An impairment of 100% is recognised on delays of over one year.

Securities, cash and liabilities

Securities, cash and bank accounts, and liabilities are measured in the balance sheet at cost.

The book value of liabilities, receivables, as well as cash and bank accounts denominated in foreign currency is adjusted using the exchange rate differences during the year-end valuation.

Prepayments and accruals

Prepayments and accruals are shown in the balance sheet at the price indicated in the invoices, contracts or agreements, or the original value recorded in the Company's books, or at a value calculated therefrom. The value of accrued and prepaid items related to the sale and purchase of electricity represents a significant item within the prepayments and accruals of EDF DÉMÁSZ Zrt. Within prepayments the Company recognises revenues from electricity used by consumers up until the end of the reporting period but not yet billed by the Company (unbilled energy). Accruals include unbilled expenses associated with the purchase of electricity.

Provisions

The Company makes provisions using its pre-tax profits

- for liabilities to third parties originating from past and ongoing deals and contracts that, based on the information available on the balance sheet date, the Company is expected or certain to incur, but the amount and due date of which are unknown as of the balance sheet date and the required provisions were not provided by the Company in any other way;
- for expected, substantial and recurring future expenses that, based on the information available at the balance sheet date, the Company is expected or certain to incur, but the amount and due date of which are unknown as of the balance sheet date and cannot be classified as accruals.

In accordance with the consolidated IFRS financial statements the Company in the current year changed the calculation method of the value of future liabilities under "Lifetime and jubilee benefits" recognised within provisions and supported by actuarial calculations. The profit and loss effect of the change in methodology was -11 million HUF in the current year.

Net sales revenue

Since 1997 the Company has followed the accounting principle of matching, which means that electricity-related revenues are determined on the basis of the quantity actually consumed, taking into consideration the revenues from invoiced energy as well as revenues from energy used up by consumers that remained unbilled by the end of the reporting period. Consumption is determined by the Company using the method designated for calculating unbilled electricity. The quantity of unbilled electricity is estimated on the basis of consumption (kWh) in the same period of the previous year; therefore, seasonal changes are also accounted for.

Extraordinary items

According to the Company's Accounting Policy, extraordinary items are independent from and not directly related to the regular business activities of the Company.

Since 1997, according to the requirements of the Accounting Act, the Company has recorded income in proportion to the amortisation recorded on improvements implemented using funds received, as well as on assets received without consideration.

2.4. Deviations from the accounting principles

The Company prepares the annual financial statements in accordance with the accounting principles and there has not been any need for alternative accounting yet.

3. Changes in assets, financial position and profitability

3.1. Changes in the financial position

Key financial indicators

Indicator	Method of calculation	Previous year 31.12.2012	Current year 31.12.2013
Asset structure			
1. Fixed assets ratio (%)	Fixed assets / Total assets	77.8	76.9
2. Current assets ratio (%)	Current assets (i) / Total assets	22.2	23.1
Capital structure			
3. Capital adequacy (%)	Equity (ii) / Total liabilities and equity	83.0	78.1
4. Gearing ratio	Long-term liabilities / Shareholder's equity + Long-term liabilities	0.0	0.0
5. Capital structure (%)	Debt capital (iii) / Total liabilities and equity	16.5	21.5

(i) Including prepayments.
(ii) Equity: Shareholders' equity + Provisions.
(iii) Including accruals but excluding deferred network development contributions and accruals related to non-repayable assets received.

The Company's balance sheet total was at 158,557 million HUF on 31 December 2013, which reflects a reduction by 4,304 million HUF compared to the previous year.

Fixed assets declined by 4,776 million HUF in the current year. Intangible assets declined by 164 million HUF, tangible assets by 1,062 million HUF, while financial investments declined by 3,550 million HUF from the base year. Of financial investments, impairments recognised on the Company's shares in Zöldforrás Energia Kft., DÉMÁSZ PRIMAVILL Kft and EDF DÉMÁSZ Partner Kft added up to a decline by 733 million HUF. Repayment of the contractual principal amount of 2,800 million HUF under the loans extended to EDF DÉMÁSZ Hálózati Elosztó Kft. in 2011 and 2012 caused further decline in the current year. In 2013 the Company extended no further long-term loan to any affiliated undertakings.

The adjusted value of current assets increased by 472 million HUF during the current year, of which receivables declined by 364 million HUF and prepayment increased by 663 million HUF. The main reason for the decline of receivables was the reduction of receivables due from affiliated undertakings, particularly that of amounts lent to subsidiaries as the Company's cash-pool system.

Prepayments increased by 663 million HUF, primarily due to the increase of accrued income. The value of cash and bank accounts did not change significantly in 2013.

The proportion of equity within the Company's liabilities and equity declinened. In the current year, the shareholder's equity decreased by 11,818 million HUF. Provisions for expected liabilities increased by 418 million HUF.

Liabilities showed a 567 million HUF increase mainly due to the increasing amount of liabilities owed to affiliated undertakings. Accruals increased by 1,529 million HUF from the base year.

There was no significant change in the structure of assets while as a result of a reduction in the balance sheet total and the growth in the debt capital ratio and a decrease in the equity ratio the capital structure changed, and so the capital adequacy indicator declined.

The Company had no long-term liabilities in 2013 and, therefore, the gearing ratio was zero.

3.2. Changes in profitability

Profitability indicators

Indicator	Method of calculation	Previous year 2012	Current year 2013
1. Operating result on sales (%)	$\frac{\text{Operating result}}{\text{Net sales revenue}}$	1.9	1.7
2. Return on capital employed (%)	$\frac{\text{Profit on ordinary activities}}{\text{Shareholders' equity}}$	9.8	2.4
3. Return on capital (%)	$\frac{\text{Profit after taxes}}{\text{Subscribed capital}}$	33.0	4.5
4. Return on equity (ROE) (%)	$\frac{\text{Profit after taxes}}{\text{Shareholders' equity}}$	9.1	1.4
5. Asset efficiency (%)	$\frac{\text{Profit of ordinary activities}}{\text{Total assets}}$	8.0	1.9

The Company's profitability indicators show a decline compared to the previous year. Net sales revenue increased by 3,181 million HUF in the current year. Material and personel type expenses increased at a larger rate, by 3,729 million HUF, as a result of which, the Company's operating profit was 216 million HUF lower than in the base year.

Profit from financial transactions decreased by 9,877 million HUF compared to the previous year, which was caused by lower dividends and interest income received from subsidiaries as well as impairment recognised on participations in the current year.

The Company's current year profit after taxes amounted to 1,682 million HUF, which is below the base year figure by 10,543 million HUF.

3.3. Summary of the Company's financial situation

Key indicators of changes in the financial position

Indicator	Method of calculation	Previous year 31.12.2012	Current year 31.12.2013
1. Cash ratio (Quick ratio)	Cash / Short-term liabilities (i)	0.09	0.07
2. Liquid assets ratio (Quick liquidity ratio)	Cash + Receivables (iii) + Securities / Short-term liabilities (i)	0.81	0.62
3. Current assets ratio (%)	Current assets (iv) / Short-term liabilities (i)	134.4	107.2
4. Working capital ratio (%)	Current assets (iv) - Short-term liabilities (i) / Shareholders' equity	6.9	2.0
5. Average collection period	Trade debtors (overdue) (iii) / Sales revenue per day	15.2	13.3

(i) Including accruals but excluding the deferred amount of network development contributions and accruals related to assets received without consideration.
(ii) Excluding trade debtors not due.
(iii) Trade debtors excluding VAT
(iv) Including prepayments.

The Company's cash balance comprises the balances of the individual bank accounts and other separate accounts. The cash balance did not significantly change compared to the previous year, it amounted to 2,347 million HUF at the end of 2013. The decrease of receivables was greatly due to the decrease of cash-pool receivables from affiliated undertakings.

The aggregate value of outstanding trade debtors, receivables from affiliated undertakings, other receivables and cash, as well as the value of current assets plus prepayments show similar value to the base year. The aggregate value of short-term liabilities and accruals less deferred income increased, which reduced all the financial indicators.

The decrease in the average collection period was caused by the decrease in overdue trade debtors and the increase of net sales revenue.

CASH FLOW STATEMENT

Data in million HUF

	Previous year 2012	Current year 2013
Profit before taxes	***13,097***	***2,708***
Adjustment: dividend received	-8,841	-503
Adjusted profit before taxes	***4,256***	***2,205***
Amortisation and depreciation recognised	1,655	1,687
Amortisation on assets received without consideration and network development contribution	-177	-164
Changes in current assets, excluding trade debtors and cash	819	-553
Impairment of tangible assets	18	83
Impairment of participations	0	733
Scrapping and impairment of inventories	10	11
Changes in trade debtors	323	-606
Impairment of trade debtors	573	324
Difference between provisions made and released	-381	418
Change in trade payables	505	-620
Changes in accruals	-2,047	1,693
Change in prepayments	3,401	-663
Changes in other short-term liabilities	81	3,834
Corporate income tax liability, solidarity tax for energy suppliers (liability) and income tax (i)	-872	-1,026
Profit from the sale of fixed assets	-21	-8
Corporate income tax and solidarity tax paid in the current year (ii)	-696	-1,325
Dividends paid in the current year	-6,950	-7,470
CASH FLOWS FROM OPERATING ACTIVITIES	***497***	***-1,447***
Purchase of fixed assets	-899	-787
Proceeds from the sale of fixed assets	51	251
Dividends received	8,841	503
Changes in shares and participations	96	0
CASH FLOWS FROM INVESTING ACTIVITIES	***8,089***	***-33***
Proceeds from loans and borrowings	142	0
Repayment of long-term loans given and bank deposits	2,800	2,800
Changes in cash-pool receivables	-4,068	-1,149
Transfer of assets without consideration	2	0
Repayment of loans and borrowings	-2,045	-142
Long-term loans granted and long-term bank deposits	-4,030	17
CASH FLOWS FROM FINANCING ACTIVITIES	***-7,199***	***1,526***
NET CASH FLOW	***1,387***	***46***
Opening balance of cash	***914***	***2,301***
Closing balance of cash	***2,301***	***2,347***

(i) Solidarity tax of energy suppliers in 2012 (crisis tax), income tax of energy suppliers in 2013 (Robin Hood tax) were recognised in this line.
(ii) In 2012 the solidarity tax of energy suppliers (1,406 million HUF) and income tax of energy suppliers (140 million HUF) were recognised in the line of changes of other short-term liabilities.

Cash flows from operating activities decreased by 1,447 million HUF. Cash flows from operating activities were decreased by current assets without debtors and cash, trade receivables, trade payables, changes in prepayments, paid dividends, while they were increased by changes in accruals and other short-term liabilities (VAT and changes in trade payables to affiliated undertakings). Based on the owner's decision, dividends of 13,500 million HUF will be payable.

The decrease of cash flows from investing activities was caused by the decrease in dividends received from affiliated companies. The Company spent 787 million HUF on the purchase of fixed assets.

II. ADDITIONS

II.1. ADDITIONAL NOTES TO THE BALANCE SHEET

1. General notes

The balance sheet only contains comparable data.

2. Detailed additions

2.1. Changes in intangible and tangible assets

2.1.1. Intangible assets

The following table details the changes in intangible assets in business years 2012 and 2013:

Data in million HUF

Gross value	Rights	Rights not yet authorised	Intellectual property	Total
Opening balance at 1 January 2012	**6,438**	**474**	**717**	**7,629**
Additions	0	329	0	329
Capitalisation	386	-387	1	0
Retirements and other disposals	2	0	0	2
Closing balance at 31 December 2012	**6,822**	**416**	**718**	**7,956**
Additions	0	433	0	433
Capitalisation	642	-648	6	0
Retirements and other disposals	360	0	79	439
Closing balance at 31 December 2013	**7,104**	**201**	**645**	**7,950**

In 2013 the Company capitalised rights for 642 million HUF, the majority of which relates to licences and software (management, customer service, technical and data network licences).
Of the gross value decrease of 439 million HUF in the current year, 248 million HUF is the scrapping of the invoice displaying system due to switching to a new system (net value is 68 million HUF), 106 million HUF is the scrapping of the SAP SEM module (financial planning system), and other software scrapping in the gross value of 85 million HUF, with a net value of 0.

Data in million HUF

Accumulated amortization	Rights	Rights not yet authorised	Intellectual property	Total
Opening balance at 1 January 2012	**4,842**	**0**	**717**	**5,559**
Amortization	417	0	0	417
Retirements and other disposals	2	0	0	2
Closing balance at 31 December 2012	**5,257**	**0**	**717**	**5,974**
Amortization	528	0	1	529
Retirements and other disposals	292	0	79	371
Closing balance at 31 December 2013	**5,493**	**0**	**639**	**6,132**
Net value at 31 December 2012	**1,565**	**416**	**1**	**1,982**
Net value at 31 December 2013	**1,611**	**201**	**6**	**1,818**

In 2013 the Company recorded ordinary amortisation of 529 million HUF on intangible assets.

The following table illustrates the breakdown of amortization by type in the current year:

Data in million HUF

Presentation of amortization by type

	Rights	Intellectual property	Total
Recognised in 2012 using the straight-line method	417	0	417
Ordinary depreciation in 2012	**417**	**0**	**417**
Extraordinary depreciation in 2012	**0**	**0**	**0**
Recognised in 2013 using the straight-line method	528	1	529
Ordinary depreciation in 2013	**528**	**1**	**529**
Extraordinary depreciation (expenditure), net cancelled amount	68	0	68
Extraordinary depreciation in 2013	**68**	**0**	**68**

2.1.2. Tangible assets

The following table details the changes in tangible assets in business years 2012 and 2013:

Data in million HUF

Gross value	Land and buildings and rights to immovable	Plant and machinery, vehicles	Other equipment, fixtures and fittings, vehicles	Construction in progress	Total
Opening balance at 1 January 2012	**16,108**	**564**	**4,063**	**106**	**20,841**
Additions	0	0	0	570	570
Capitalisation	168	49	365	-582	0
Reclassification	0	1	-1	0	0
Other increase	2	0	0	-1	1
Scrapping, sale and other decrease	71	18	205	3	297
Closing balance at 31 December 2012	**16,207**	**596**	**4,222**	**90**	**21,115**
Additions	0	0	0	356	356
Capitalisation	119	2	129	-250	0
Other increase	27	0	0	-27	0
Scrapping, sale and other decrease	330	12	171	0	513
Closing balance at 31 December 2013	**16,023**	**586**	**4,180**	**169**	**20,958**

The value of tangible assets capitalised in the current year amounted to 250 million HUF, of which the value of public lighting networks, equipment and real estate made up 119 million HUF and IT equipment, telecommunications equipment and other office machinery and equipment made up 129 million HUF.

The 513 million HUF decline in gross value for the current year is made up of an amount of 315 million HUF representing disposals of tangible assets and a 186 million HUF decrease due to scrapping, and 12 million HUF of other disposal (with a net value of 254 million HUF). Furthermore, construction projects were scrapped in the value of 6 million HUF.

A great part (gross value of 285 million HUF) of the Company's tangible asset sales is the sale of a property with a net value of 226 million HUF.

Data in million HUF

Accumulated depreciation	Land and buildings and rights to immovable	Plant and machinery, vehicles	Other equipment, fixtures and fittings , vehicles	Construction in progress	Total
Opening balance at 1 January 2012	**7,953**	**539**	**3,400**	**2**	**11,894**
Depreciation	867	8	363	0	1,238
Extraordinary depreciation (expenditure)	0	0	0	1	1
Scrapping, sale and other decrease	26	18	203	0	247
Closing balance at 31 December 2012	**8,794**	**529**	**3,560**	**3**	**12,886**
Depreciation	818	18	322	0	1,158
- including: adjustments from the previous year	11	0	0	0	11
Extraordinary depreciation (expenditure)	0	0	0	6	6
Scrapping, sale and other decrease	80	11	168	0	259
Closing balance at 31 December 2013	**9,532**	**536**	**3,714**	**9**	**13,791**
Net value at 31 December 2012	**7,413**	**67**	**662**	**87**	**8,229**
Net value at 31 December 2013	**6,491**	**50**	**466**	**160**	**7,167**

In 2013 the Company recorded ordinary depreciation of 1,158 million HUF on tangible assets.

Data in million HUF

Presentation of depreciation by type	Land and buildings and rights to immovable	Plant and machinery, vehicles	Other equipment, fixtures and fittings , vehicles	Construction in progress	Total
Recognised in 2012 using the straight-line method	867	8	352	0	1,227
Recognised using the lump-sum method	0	0	11	0	11
Ordinary depreciation in 2012	**867**	**8**	**363**	**0**	**1,238**
Extraordinary depreciation (expenditure) and net value of assets retired	45	0	2	3	50
Extraordinary depreciation in 2012	**45**	**0**	**2**	**3**	**50**
Recognised in 2013 using the straight-line method	818	18	318	0	1,154
including: adjustments from the previous year	11	0	0	0	11
Recognised using the lump-sum method	0	0	4	0	4
Ordinary depreciation in 2013	**818**	**18**	**322**	**0**	**1,158**
Extraordinary depreciation and net value of assets retired (other and extraordinary)	250	1	3	6	260
Extraordinary depreciation in 2013	**250**	**1**	**3**	**6**	**260**

2.1.3. Presentation of tangible assets serving environmental purposes

The gross value of tangible assets directly serving environment protection purposes is shown in the following table:

Data in million HUF

Gross value	Oil sludge pool	Waste container and collector	Oil tray	Oil tank	Transformer tank	Total
Opening balance at 1 January 2012	**2**	**18**	**5**	**5**	**10**	**40**
Capitalisation	0	8	0	0	0	8
Closing balance at 31 December 2012	**2**	**26**	**5**	**5**	**10**	**48**
Closing balance at 31 December 2013	**2**	**26**	**5**	**5**	**10**	**48**

The depreciation of tangible assets directly serving environment protection purposes, as well as the net value of such equipment, are presented in the following table:

Data in million HUF

Accumulated depreciation	Oil sludge pool	Waste container and collector	Oil tray	Oil tank	Transformer tank	Total
Opening balance at 1 January 2012	**1**	**2**	**1**	**1**	**3**	**8**
Depreciation	0	1	0	0	0	1
Closing balance at 31 December 2012	**1**	**3**	**1**	**1**	**3**	**9**
Depreciation	0	1	0	0	0	1
Closing balance at 31 December 2013	**1**	**4**	**1**	**1**	**3**	**10**
Net value at 31 December 2012	1	23	4	4	7	39
Net value at 31 December 2013	1	22	4	4	7	38

The Company paid no environmental penalties in 2013.

2.1.4. Description of assets without recorded value

Tangible assets that are used up within a year (tools, working and protective clothes etc.) and tangible assets with a value below 100 thHUF are recorded as expenses in their entirety upon commissioning, with the exception of IT equipment. In an effort to secure these assets the Company keeps an itemised record of them after commissioning in which no value is specified.

2.2. Financial investments
2.2.1. Shares and participations

The shares and participations held by the Company as at 31 December 2013 are shown in the following table:

Data in million HUF

Subsidiaries	Value of shares and participations		Subscribed capital of the company		Ownership		Voting power		Shareholders' equity		Profit after taxes		Profit or loss for the year	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
DÉMÁSZ PRIMAVILL Kft. (6724 Szeged, Pulcz u. 42.)	1,432	891	600	600	100.0	100.0	100.0	100.0	1,432	891	448	-541	0	-541
EDF DÉMÁSZ Partner Kft. (6724 Szeged, Kossuth L. sgt 64-66.)	645	541	645	645	100.0	100.0	100.0	100.0	645	541	15	-103	0	-103
EDF DÉMÁSZ Hálózati Elosztó Kft. (6720 Szeged, Klauzál tér 1.)	105,697	105,697	103,021	103,021	100.0	100.0	100.0	100.0	113,278	116,054	7,581	2,776	7,581	2,776
Zöldforrás Energia Kft. (6720 Szeged, Klauzál tér 9.)	88	0	175	175	50.29	50.29	50.29	50.29	168	115	-7	-53	-7	-53
Kecskeméti TERMOSTAR Kft. (6000 Kecskemét, Akadémia krt. 4.) (i)	340	340	1,114	1,114	30.49	30.49	30.49	30.49	1,915	1,894	42	144	21	0
Zánka Üdülő Egyesület (8400 Ajka, Kandó K. ltp. 20.) (ii)	5	5												
Total	**108,207**	**107,474**	**105,555**	**105,555**					**117,438**	**119,495**	**8,079**	**2,223**	**7,595**	**2,079**

(i) Jointly controlled company, (ii) Shares in other enterprises

The book value of the shares recorded in the Company's books was 733 million HUF less than in the base year. This includes amounts of 88 million HUF, 104 million HUF and 541 million HUF recognised as impairment on its shares in Zöldforrás Energia Kft., EDF DÉMÁSZ - Partner Kft. and DÉMÁSZ PRIMAVILL Kft., respectively.

With regard to the above change in the legal regulations, EDF DÉMÁSZ Partner Kft. and DÉMÁSZ PRIMAVILL Kft. (both wholly owned by EDF DÉMÁSZ Zrt.) are merged into EDF DÉMÁSZ Hálózati Elosztó Kft. (also wholly owned by EDF DÉMÁSZ Zrt.) which is a general legal successor of these companies. The transformation was effected on 31 January 2014.

2.2.2. Securities

As at 31 December 2013 the Company held no long-term debt securities.

2.2.3. Loans granted

The Company's portfolio of loans granted consists of the investment loan granted to EDF DÉMÁSZ Hálózati Elosztó Kft. for network development purposes and the home construction and home purchase loans and general investment loans provided to employees.

In 2011 and 2012 the Company granted a loan of 14,000 million HUF in total to EDF DÉMÁSZ Hálózati Elosztó Kft. of which 5,800 million HUF has been repaid. An amount of 2,800 million HUF was recorded on the balance sheet line "Receivables from affiliated undertakings" and an amount of 5,400 million HUF was shown on the line "Long-term loans to affiliated undertakings" within investments.

The value of loans granted to employees was 61 million HUF at 31 December 2013.

2.3. Development of inventories

The Company's inventories as at 31 December 2012 and 2013 are summarised in the table below:

Data in million HUF

Item	Previous year 31.12.2012	Current year 31.12.2013
Basic materials	331	456
Supply	11	13
Other materials	14	14
Total materials	356	483
Total inventories	**356**	**483**

The chronological average and the turnover rate were as follows:

Item	Previous year 2012	Current year 2013
Chronological average (HUF million)	396	454
Turnover rate (turnovers/year)	11.0	5.4

Impairment on inventories

In 2013 the Company recorded impairment of 8 million HUF on inventories.

Data in million HUF

Item	Closing inventories before impairment 31.12.2013	Impairment recognised	Closing inventories 31.12.2013
Raw materials and consumables	491	8	483
Total	**491**	**8**	**483**

In 2013 the Company recorded expenditures of 3 million HUF in connection with the scrapping of its inventories.

Hazardous waste

The following table shows the volumes and value of hazardous waste neutralised in 2012 and 2013:

Type of waste	Volume neutralised (t)		Neutralisation fee (million HUF)	
	2012	2013	2012	2013
Metal halide lamps	1.52	3.63	1	2
Dry batteries	0.06	0.00	0	0
Office tapes	0.07	0.03	0	0
Electronic waste	0.09	0.40	0	0
Measuring panel	0.14	0.00	0	0
PCB power capacitor	0.28	0.00	0	0
Oily soil	7,411.46	2,747.04	104	46
Tar	104.37	0.00	4	0
Oily water	48.81	0.00	2	0
Scrap lead batteries	0.01	0.00	0	0
Oily earth cables	0.01	0.00	0	0
Scrap audio frequency collectors	0.00	0.10	0	0
Oily plastic bottles	0.00	0.00	0	0
Oily Blaugel	0.17	0.00	0	0
Total	**7,566.99**	**2,751.20**	**111**	**48**

In 2013 the Company paid 2 million HUF in neutralisation fees as environmental product charge for public lighting lamps and incurred an expenditure of 46 million HUF in the form of the neutralisation fee of the earlier soil contamination at the Szeged, Damjanich utca site.

2.4. Receivables

Receivables outstanding as at 31 December 2012 and 2013:

Data in million HUF

	Previous year 31.12.2012	Current year 31.12.2013
Trade debtors	**10,275**	**10,557**
including: overdue receivables (universal service provider)	4,590	4,138
overdue receivables (open market)	1,361	1,146
overdue receivables (other)	339	397
including:		
- Electricity customers (universal service provider)	5,613	3,984
- residential customers	4,786	3,449
- business customers	827	535
- Electricity customers (open market)	4,244	6,139
- business customers	4,244	6,138
- residential customers	0	1
- Other customers	418	434
Receivables from affiliated undertakings	**14,914**	**13,890**
including: overdue receivables	13	4
including: receivables from the parent company	4,572	4,930
receivables from subsidiaries	9,959	7,890
receivables from other subsidiaries of the parent company	383	1,066
receivables from associated companies	0	4
Other receivables	**1,106**	**1,484**
including:		
Deferred VAT	732	706
Receivables from the transmission system operator	0	298
Local business tax	68	146
Corporate income tax	0	146
Energy suppliers tax	0	140
Receivables from employees	25	17
Central budget disbursement requests	5	5
Receivables related to liabilities to the central budget	1	2
Receivables from pension funds, mutual benefit funds, health insurance funds	1	1
Solidarity tax for energy suppliers	179	0
Receivables related to settlements concerning the energy exchange (KELER)	84	0
Other receivables	11	23
Total	**26,295**	**25,931**

The value of receivables associated with electricity sales increased by 266 million HUF in comparison to the base year. In particular, the value of receivables on the open market increased by 1,895 million HUF and the value of electricity provided through the universal service provider declined by 1,629 million HUF.

The decline in the value of receivables related to electricity sold through the universal service is explained by the 20% cut in the price of retail electricity and the decline in the consumption of customers.

The reason behind the increase in open market receivables is the expansion of the client base.

Of the amount of receivables from affiliated undertakings, 35.5% (4,930 million HUF) represents cash-pool receivables from the parent company, 40.9% (5,686 million HUF) is made up of loans to affiliated undertakings, 20.2% (2,801 million HUF) represents the short-term part of the long-term loan granted to EDF DÉMÁSZ Hálózati Elosztó Kft. and interest due on that part, and 3.4% (473 million HUF) represents trade receivables from affiliated undertakings. Loans to affiliated undertakings include receivables from subsidiaries and other subsidiaries of the parent company as part of the bank cash-pool system managed by the Group.

The following table describes changes in the impairment of receivables in 2013:

Data in million HUF

Impairment	Opening balance at 1 January 2013	Impairment recognised	Impairment reversed	Retirement of the impairment of depreciated receivables	Impairment of receivables transferred	Closing balanceat 31 December 2013
Trade debtors	2,720	1,039	-717	-162	-531	2,349
Including:						
- Electricity customers	2,548	923	-647	-161	-531	2,132
- Other customers	172	116	-70	-1	0	217
Receivables from affiliated undertakings	0	1	0	0	0	1
Other receivables	1	0	0	0	0	1
Total	**2,721**	**1,040**	**-717**	**-162**	**-531**	**2,351**

Impairment recognised on expired trade debtors of the Company worth 5,681 million HUF as at 31 December 2013 amounted to 2,349 million HUF.

2.5. Securities

As at 31 December 2012 and 2013 the Company did not have any significant securities recognised within current assets.

The Company has a share of 1 million HUF in Normon-Tool Kft. which represents an ownership percentage of 1.1%.

No impairment was recorded on the securities of the Company in 2013.

2.6. Cash

The Company's cash balance as at 31 December 2012 and 31 December 2013 was as follows:

Data in million HUF

	Previous year 31.12.2012	Current year 31.12.2013
Current accounts	1,756	1,949
Separate deposit accounts	545	398
Total	**2,301**	**2,347**

EDF DÉMÁSZ Zrt. had a cash balance of 2,347 million HUF as at 31 December 2013, which is at around the same level as in the base year. The closing balance on current accounts increased as the balance on separate deposit accounts declined. The decline in the balance of separate deposit accounts is partly due to the fact that the foreign currency account and the HUF account opened through Keler Zrt. in 2010 in connection with the trading activity on the electricity exchange were cancelled in the current year.

As a feature of the cash-pool system operated by the parent company EDF and the Group, the change in the closing balance of current accounts reflects the change in the Group's aggregate liquidity position.

2.7. Prepayments and accruals

The Company's prepayments as at 31 December 2012 and 2013 were as follows:

Data in million HUF

	Previous year 31.12.2012	Current year 31.12.2013
Accrued income		
Electricity sale (unbilled energy)	4,600	4,844
Revenue from system usage fees	2,149	1,820
Intra-group services	143	791
Operation and improvement of public lighting lamps, efficiency fees	127	152
Deferred interest income	44	22
Other	29	26
Accrued income total	*7,092*	*7,655*
Prepaid expenses		
Support services	0	133
Software licenses	27	27
Rebate on postage	43	16
Insurance premium	10	13
Software updates and maintenance	27	10
Other	13	21
Prepaid expenses total	*120*	*220*
Deferred expenses		
Deferred expenses total	*0*	*0*
Total	**7,212**	**7,875**

The most significant item within prepayments is the value of unbilled electricity sales (4,844 million HUF) and the amount of system usage fees recognised as accrued income (1,820 million HUF).

The accrued amount of electricity sales increased by 244 million HUF, consisting of a 323 million HUF decline in accrued amounts related to customers of the universal service and a 567 million HUF increase in connection with customers of the open market service. The accrued amount of revenue from system usage fees dropped in the case of both the universal service and the free market service by a total of 329 million HUF compared to the previous year.

The decline in accrued amounts related to electricity and system usage fees in the case of the universal service was caused by the drop in the price of electricity sold to residential customers. The client base of the authorised open market operators expanded in the current year in comparison to the previous year and, therefore, the volume of electricity sold also increased and this resulted in an increase in the accrued value of electricity sales.

The amount of accrued income recognised in connection with intra-group services increased by 648 million HUF. Ongoing business and support services were invoiced for the entire year 2013 with the exception of the month of December, and one month's service value and ad hoc services were recognised as accrued items. In the previous year, the same services were invoiced for the entire year and only ad hoc services were recognised as accrued items.

The following table shows the Company's accruals as at 31 December 2012 and 2013:

Data in million HUF

	Previous year 31.12.2012	Current year 31.12.2013
Prepaid income		
Other prepaid income	16	22
Prepaid income total	*16*	*22*
Deferred income		
Assets received without consideration	402	317
Network development contribution	349	270
Subsidies for development purposes	1	1
Deferred income total	*752*	*588*
Accrued expenses		
Electricity purchases	2,822	3,816
System usage fees paid to the network licensee	2,723	2,820
Staff costs and the related contributions	380	346
Unbilled services	269	966
Public lighting distribution fees	105	89
Intra-group services	40	2
Interest expenditures	14	3
Other	32	30
Accrued expenses total	6,385	8,072
Total	**7,153**	**8,682**

The value of accruals increased by 1,529 million HUF compared to the previous year, which is manifested mainly in the amount accrued for the cost of electricity purchases.

One reason behind the increase is the higher level of electricity purchases during the current year, given that the volume of electricity purchased as part of the authorised activities was up as a result of the increase in the volume sold to end-users.

The amount of accrued expenses related to system usage fees paid to the network distributors also increased compared to the base period; the reason for this is that the value of invoices expected but not received was higher in the current year.

2.8. Changes in shareholders' equity

Changes to the components of the Company's shareholders' equity in 2013:

Data in million HUF

	Subscribed capital	Capital reserve	Accumulated profit reserve	Profit or loss for the year	Shareholders' equity
31 December 2012	**37,029**	**4,066**	**87,984**	**4,755**	**133,834**
Carry-over of the profit or loss for the year	0	0	4,755	-4,755	0
Dividend payment from the disposable accumulated profit reserve	0	0	-11,818	0	-11,818
Profit in 2013	0	0	0	0	0
31 December 2013	**37,029**	**4,066**	**80,921**	**0**	**122,016**

1,682 million HUF from the Company's 2013 profit after taxes is paid as dividend up to the extent permitted by law, complemented by the 11,818 million HUF disposable accumulated profit reserve. As a result, total dividends earmarked amount to 13,500 million HUF.

2.9. Provisions

The following table shows the changes in provisions in 2013:

Data in million HUF

	Previous year 31.12.2012	Increase	Decrease	Current year 31.12.2013
Expected liabilities	0	675	0	675
Lifetime and jubilee benefits	445	161	192	414
Other liabilities related to the termination of employment	39	346	23	362
Expected payment obligation related to the universal service fees decree	797	92	583	306
Environmental liabilities	80	0	55	25
Remaining amount of the welfare fund	8	7	8	7
Employer's contributions to share subscription	2	0	2	0
Total provisions for future costs	**0**	**0**	**0**	**0**
Total other provisions	**0**	**0**	**0**	**0**
Total provisions	**1,371**	**1,281**	**863**	**1,789**

Significant part of the provision – 440 million HUF as at 31 December 2013 - is made in connection with one of the company's subsidiary's credit, because the collateral is related to EDF DÉMÁSZ Zrt.

Another significant portion of provisions made consists of the value of future liabilities related to the termination of employment contracts and the "Lifetime and jubilee benefits" as stipulated in the Collective Labour Agreement, supported by actuarial calculations; the calculation method of such values was changed by the Company during the current year.

The the provision for the expected liability related to the universal service fees decree amounted to 306 million HUF as at 31 December 2013.

The Company recorded provisions of 25 million HUF for environmental liabilities in its books.

2.10. Liabilities

2.10.1. Changes in long-term and short-term loans and credits received

The Company had no long-term liabilities as at 31 December 2013.

As a feature of the local cash-pool system managed by the Company, the group-level credit balance is aggregated on the cash-pool account at the level of EDF DÉMÁSZ Zrt.; this account showed a positive balance and was recorded within cash as at 31 December 2013.

2.10.2. Short-term liabilities

The following table shows the balances of the Company's short-term liabilities as at 31 December 2012 and 2013:

Data in million HUF

	Previous year 31.12.2012	Current year 31.12.2013
Short-term loans	**142**	**0**
Short-term credits	**0**	**0**
Advances received from customers	**0**	**7**
Accounts payable	**4,050**	**3,430**
Bills payable	**0**	**0**
Short-terms liabilities to affiliated undertakings	**10,607**	**18,139**
including:		
liabilities to the parent company	9,432	16,330
liabilities to subsidiaries	1,126	1,483
liabilities to other subsidiaries of the parent company	42	326
liabilities to associated companies	7	0
Other short-term liabilities	**5,704**	**4,494**
Deferred VAT	1,331	1,531
VAT	2,755	1,262
Advances received from customers	882	1,051
Consideration for withdrawn shares	135	132
Liabilities to employees	120	113
Social security contribution liability	117	84
Liabilities to the central budget	85	77
Liabilities related to consignment inventories	45	68
Energy tax (due)	58	61
Deferred energy tax	36	52
Personal income tax	57	35
Corporate income tax liability	42	0
Liabilities to the transmission system operator	14	0
Energy suppliers tax liability	5	0
Other	22	28
Total short-term liabilities	**20,503**	**26,070**

The value of total liabilities in the current year was 5,567 million HUF more than in the base year. Within liabilities to affiliated undertakings, the value of liabilities to the parent company increased by 6,898 million HUF; this consists of a 6,030 million HUF increase in dividend liability, a 1,344 million HUF increase in the value of loans from the parent company and a 476 million HUF decline in trade payables to the parent company. The balance of liabilities to subsidiaries was up by 357 million HUF, the main reason for which was that, within the cash-pool system, the Company was in a lending - position in the base year and in a borrowing position in the current year.

The value of accounts payable dropped by 620 million HUF.

Within other short-term liabilities, the decline in VAT liabilities represented the most significant drop.

II.2. NOTES TO THE INCOME STATEMENT

1. General notes

The income statement only contains comparable data.

2. Detailed additions

2.1. Presentation of net sales revenue

Breakdown of net sales revenue by main activity:

Data in million HUF

Activity	Previous year 2012	Composition (%)	Current year 2013	Composition (%)
Sale of electricity	73,511	61.0	81,319	65.8
System usage fees	31,844	26.5	29,524	23.9
Business services	7,053	5.9	7,042	5.7
Sale of materials	4,709	3.9	2,596	2.1
Energy tax	640	0.5	687	0.5
Value of services sold (mediated)	287	0.2	154	0.1
Other	2,403	2.0	2,306	1.9
Net sales revenue	**120,447**	**100.0**	**123,628**	**100.0**

Net sales revenue was up by 2.6% in 2013.

In the current period, revenues from electricity sales increased by 10.6 % in comparison to the base period. The reason behind this growth is that in 2013 the Company significantly expanded its client base on the open market and sales to commercial partners also increased considerably.

Revenues from system control fees declined compared to the year 2012, largely due to the tariff changes affecting the client base of the universal service and because of the change of the volume of soled electricity.

The increase in revenue from energy tax is caused by the increase in the volume of electricity sold to customers.

The revenue from the sale of materials was 44.9% lower in 2013 than in the previous year.

There were no significant differences in revenues from business services in comparison to the base year.

Income received from affiliated undertakings:

Data in million HUF

	Net sales revenue	Other income	Income from financial transactions
From the parent company	0	0	203
From subsidiaries	18,838	3	1,367
From other subsidiaries of the parent company	731	0	46
From jointly controlled companies	0	0	0
From associated companies	76	0	40
From affiliated undertakings total	**19,645**	**3**	**1,656**

In 2013, 15.9% of net sales revenue originated from within the Group, mainly in connection with business and support services, material sales and electricity sales.
Income received from affiliated undertakings includes cash-pool interest for 203 million HUF from the parent company and 903 million HUF from subsidiaries. The majority of income from affiliated undertakings includes dividends received, amounting to 503 million HUF in 2013 and 8,841 million HUF in 2012.

Transactions with affiliated companies

Transactions concluded with affiliated undertakings were subject to arm's length conditions and in compliance with the law.

Net external sales:

Breakdown of net external sales by EU and non-EU countries:

Data in million HUF

Export of goods:

Geography	Previous year 2012	Composition (%)	Current year 2013	Composition (%)
EU:				
United Kingdom	638	29.6	2,349	58.4
Luxembourg	652	30.3	102	2.5
Czech Republic	758	35.2	1,484	36.9
Slovenia	40	1.9	14	0.4
Cyprus	23	1.1	0	0.0
Germany	11	0.5	47	1.2
Denmark	5	0.2	1	0.0
EU total:	2,127	98.8	3,997	99.4
Non-EU:				
Switzerland	25	1.2	8	0.2
Non-EU total:	25	1.2	8	0.2
Net external sales from the sale of goods	**2,152**	**100.0**	**4,005**	**99.6**

Export of services:

Geography	Current year 2012	Composition (%)	Current year 2013	Composition (%)
EU:				
Ireland	0	-	17	0.4
EU total:	0	-	17	0.4
Non-EU:				
Non-EU total:	0	-	0	0.0
Net external sales from the sale of services	**0**	**-**	**17**	**0.4**
Export sales total:	**2,152**	**-**	**4,022**	**100.0**

In 2013, the export goods included the sale of electricity to foreign registered partners. Sales are made inside the country, meaning that no cross-border sales were recorded during the current year.

The Company records the commissions invoiced under the agent's agreement with the insurance company Europe Assistance in its books as a service export.

2.2. Material type expenses

The Company's material type expenses in 2012 and 2013 are presented in the table below:

Data in million HUF

Expenses broken down by type	Previous year 2012	Current year 2013	Change
Material costs	362	295	-67
Contracted services	4,116	3,502	-614
including:			
repair, maintenance	675	591	-84
postal, phone and telecom costs	613	584	-29
professional fees	463	366	-97
performance of subcontractors	432	580	148
advertisement, market research	261	92	-169
workforce hiring	233	55	-178
rental fees	163	105	-58
technical literature, printing services and newspapers	144	94	-50
cleaning and street cleaning	114	65	-49
property protection and reception service	85	86	1
other	933	884	-49
Other services	788	900	112
Cost of goods sold	72,125	78,215	6,090
Value of services sold (mediated)	32,719	30,357	-2,362
Material type expenses	110,110	113,269	3,159

The most significant item within material type expenses is the purchase cost related to the sale of electricity which is recorded as cost of goods sold.

Parallel with the increase in electricity sales, the value of the cost of goods sold also increased.

2.3. Audit fees

Breakdown of the fees billed by the auditor:

Data in million HUF

Item	Previous year 31.12.2012	Current year 31.12.2013
Fees charged for the audit of the financial statements pertaining to the current business year	12	11
Total:	**12**	**11**

2.4. Import purchases

The following table presents the Company's import purchases broken down by EU and non-EU countries and by geographical areas:

Data in million HUF

Import of goods:

Geography	Previous year 2012	Composition (%)	Current year 2013	Composition (%)	Index (%)
EU:					
United Kingdom	29,397	77.1	34,123	82.6	116.1
Czech Republic	4,826	12.7	5,961	14.4	123.5
Slovenia	51	0.1	355	0.9	696.1
Germany	114	0.3	210	0.5	184.2
Poland	132	0.4	61	0.1	46.2
France	48	0.1	57	0.1	118.8
Denmark	0	0.0	54	0.1	-
Romania	0	0.0	22	0.1	-
Austria	55	0.2	1	0.0	1.8
Cyprus	17	0.0	0	0.0	0.0
EU total:	34,640	90.9	40,844	98.8	117.9
Non-EU:					
Switzerland	2, 818	7.4	400	1.0	14.2
Non-EU total:	2,818	7.4	400	1.0	14.2
Import of goods total:	**37,458**	**98.3**	**41,244**	**99.8**	**110.1**

Import of services:

Geography	Previous year 2012	Composition (%)	Current year 2013	Composition (%)	Index (%)
EU:					
France	633	1.7	50	0.1	7.9
United Kingdom	14	0.0	15	0.1	107.1
Germany	1	0.0	1	0.0	100.0
Romania	1	0.0	1	0.0	100.0
Belgium	1	0.0	0	0.0	0.0
Austria	6	0.0	0	0.0	0.0
EU total:	656	1.7	67	0.2	10.2
Non-EU:					
Non-EU total:	0	0.0	0	0.0	-
Import of services:	**656**	**1.7**	**67**	**0.2**	**10.2**
Import purchases total:	**38,114**	**100.0**	**41,311**	**100.0**	**108.4**

The most significant item within import purchases (34,123 million HUF) is related to the purchase of electricity.

2.5. Research and development

Expenditures incurred in 2012 and 2013 are presented in the following table:

Data in million HUF

Research and development costs by type	Previous year 2012	Current year 2013	Changes from the previous year	Index (%)
Material type expenses	3	0	-3	0.00
Total	**3**	**0**	**-3**	**0.00**

The Company incurred no costs in relation to research and development in 2013.

2.6. Breakdown of other income and expenditures

Data in million HUF

Item	Previous year 2012	Current year 2013
Provisions released	1,306	862
Reversal of impairment of receivables	608	717
Payment request fee	235	324
Revenue from intangible and tangible assets sold	52	251
Amounts received as fines, penalties or late payment interest	239	230
Various other income	72	74
Other income total	**2,512**	**2,458**
Provisions made	925	1,280
Impairment recognised	1,206	1,134
Energy tax	640	685
Taxes paid to municipalities	335	560
Cost of the sale of intangible and tangible assets (i)	0	243
Tax on public utility lines	0	178
Taxes and fees payable to the central budget	49	84
Costs related to damage compensation	211	60
Solidarity tax for energy suppliers	1,227	0
Various other expenditures	82	88
Other expenditures total	**4,675**	**4,312**

(i) In 2012, the cost of the sale of intangible and tangible assets (30 million HUF) was included in various other expenditures

The value of other income and other expenditures dropped by 54 million HUF and 363 million HUF in comparison to the base year, respectively. The significant decline in income and expenditures was caused by the release of provisions and the abolishment of the solidarity tax for energy suppliers in 2013, respectively. However, the tax on public utility lines, introduced as of 1 January 2013, appeared as a new item within expenditures. The amount of expenditures associated with provisions made also increased, as did other expenditures accounted for as energy tax in line with the increase in the volume of electricity sold.

2.7. Income and expenditures of financial transactions

Income and expenditures of financial transactions are detailed in the table below:

Data in million HUF

Item	Previous year 2012	Current year 2013
Dividend and profit sharing received	8,841	503
Interest and similar income received	1,510	1,182
Gain on closed hedge transactions	836	145
Exchange rate gains on financial transactions	531	430
Total income from financial transactions	**11,718**	**2,260**
Interest payable and similar charges	260	78
Investments written off	0	733
Loss on closed hedge transactions	40	100
Exchange rate losses on financial transactions	613	421
Total expenditures of financial transactions	**913**	**1,332**
Total profit from financial transactions	**10,805**	**928**

The total profit from financial transactions dropped considerably in comparison to the base year, caused by a decline in dividends received, as well as the impairment on participations recognised as expenditure.

The profit or loss from closed hedge transactions was a profit of 45 million HUF.

2.8. Details of extraordinary income and expenditures

Data in million HUF

Item	Previous year 2012	Current year 2013
Amortisation recorded on liabilities received and assets received without consideration	96	112
Liabilities forgiven by creditors and expired liabilities	21	22
Other extraordinary income	1	0
Extraordinary income total	**118**	**134**
Transfer of cash to foundations	59	206
Transfer of cash for other purposes	35	202
Book value of assets transferred without consideration, historical cost of services provided	4	0
Other extraordinary expenditures	0	2
Extraordinary expenditures total	**98**	**410**
Extraordinary result	**20**	**-276**

The value of expenditures increased compared to the base year, which resulted in a decline in the extraordinary result. Within expenditures, there was a significant increase in the value of cash transferred to foundations and for other purposes. Other items were similar to the base year.

2.9. Environmental costs

Environmental costs incurred in 2012 and 2013 are presented in the following table:

Data in million HUF

Costs related to environmental protection by cost type	Previous year 2012	Current year 2013	Changes from the previous year	Index (%)
Material type expenses	3	4	1	133.3
Other expenditures	125	55	-70	44.0
Total	**128**	**59**	**-69**	**46.1**

In 2013 the Company recognised 4 million HUF as environmental costs and incurred expenditures of 55 million HUF in connection with the remediation of the Szeged, Damjanich utca site.

2.10. Subsidies received

The following table contains non-repayable subsidies received by the Company as part of grant schemes in 2013:

Data in million HUF

Name of subsidy	Amount of subsidy received	Amount used	Purpose of the subsidy	Available amount
TÁMOP-2.1.3.C-12/1-2012-0258	9	9	Support for workplace training	0
Total	**9**	**9**		**0**

In August 2012 the Company applied for a subsidy as part of the grant scheme entitled "Support for workplace training for large enterprises in the convergence region" under the New Széchenyi Plan and was awarded a non-repayable grant of 35 million HUF. The Company received a grant advance of 9 million HUF (equal to 25% of the subsidy awarded) which it used in its entirety during the current year. The Company is required to use the amount of the subsidy for the implementation of the project indicated in the Application.

2.11. Intra-group transactions

Data in million HUF

Item	Previous year 2012	Current year 2013
Purchase of intangible and tangible assets	75	71
Financial investments	8,200	5,400
Inventories	0	0
Work in progress	0	0
Services sold	0	0
Receivables	9,959	7,890
Prepayments	1,113	1,824
Liabilities	1,126	1,483
Long-term liabilities	0	0
Short-term liabilities	1,126	1,483
Accruals	2,831	2,800
Net sales revenue	20,403	18,838
Material type expenses	36,174	31,341
Material costs	2	0
Contracted services	634	620
Other services	0	0
Cost of goods sold	3,548	2,018
Value of services sold (mediated)	31,990	28,703
Other profit	-11	2
Other income	0	3
Other expenditures	11	1
Profit from financial transactions	9,754	613
Income from financial transactions	9,845	1,367
Expenditures of financial transactions	91	754
Extraordinary result	0	-1
Extraordinary income	0	0
Extraordinary expenditures	0	1

The majority of the Group's net sales revenue (81.06%) is related to the intergroup electricity sales and street lighting distribution fee.

The materials required for the operation of the subsidiaries are purchased by EDF DÉMÁSZ Zrt. based on the orders of the subsidiaries, which means that revenues from material sales are also included in the Group's net sales revenue.

The Company provides support services to its subsidiaries.

DÉMÁSZ PRIMAVILL Kft. and EDF DÉMÁSZ Partner Kft. are involved in the maintenance and operation of public lighting lamps and networks as ordered by the Company.

III. INFORMATIVE ADDITIONS

1. Accounting unbundling

The Energy Act effective from 1 January 2008 and the related decrees, as well as MEH Directive 1/2002 require that accounting unbundling be performed with regard to both the balance sheet and the income statement.

Main principles used in the accounting unbundling process:

1. For operating activities within the income statement (with the exception of other income and other expenditures), accounting unbundling takes place through the transactional unbundling in the SAP CO system. Other items, financial items and extraordinary items are unbundled in an Excel spreadsheet. In presenting the profits of each licensed activity, the Company also considers the services developed within the framework of the Internal Customer System.
2. EDF DÉMÁSZ Zrt. broke down its activities into five main categories: (MEH Directive II.9.)
    - Authorised universal service, main activity,
    - Authorised electricity trade, main activity,
    - Authorised natural gas trade, main activity
    - Authorised public lighting operation, main activity
    - Other main activities.

In unbundling its main activities, the Company uses gross accounting pursuant to MEH Directive 1/2002, just as if legal unbundling had taken place; the resulting aggregations are filtered out from other activites.

The accumulated profit reserve and the profit or loss for the year are calculated based on MEH Directive. The subscribed capital is determined in the ratio of the total assets, all other shareholders' equity items are combined together, corrected with the difference of accounting unbundling.

The Company pursues its authorised universal service activity, its electricity trade activity, its natural gas trade activity and its public lighting operation activity in accordance with its operating permits issued in MEH orders No. 71/2008, No.

75/2008 and No. 50/2011 and in MEKH order No. 1983/2013, respectively. Support services (customer service, communication, security, IT, logistics, financial, HR and commercial services) provided to the whole group constitute the fifth main activity of EDF DÉMÁSZ Zrt.

Presentation of the changes in financial conditions for each authorised activity

Data in million HUF

Item	Previous year 31.12.2012					Current year 31.12.2013					
	Authorised universal service activity	Authorised electricity trade activity	Authorised natural gas trade activity	Other activities	Previous year total	Authorised universal service activity	Authorised electricity trade activity	Authorised natural gas trade activity	Authorised public lighting operation activity	Other activities	Current year total
A. FIXED ASSETS	**0**	**0**	**3**	**126,693**	**126,696**	**0**	**0**	**2**	**0**	**121,918**	**121,920**
I. INTANGIBLE ASSETS	0	0	3	1,979	1,982	0	0	2	0	1,816	1,818
I/3. Rights	0	0	3	1,978	1,981	0	0	2	0	1,810	1,812
I/4. Intellectual product	0	0	0	1	1	0	0	0	0	6	6
II. TANGIBLE ASSETS	0	0	0	8,229	8,229	0	0	0	0	7,167	7,167
II/1. Land and buildings and rights to immovables	0	0	0	7,413	7,413	0	0	0	0	6,491	6,491
II/2.Plant and, machinery, vehicles	0	0	0	67	67	0	0	0	0	50	50
II/3. Other equipment, fixtures and fittings, vehicles	0	0	0	662	662	0	0	0	0	466	466
II/5. Construction in progress,	0	0	0	87	87	0	0	0	0	160	160
III. FINANCIAL INVESTMENTS	0	0	0	116,485	116,485	0	0	0	0	112,935	112,935
III/1. Long-term participations in affiliated undertakings	0	0	0	108,202	108,202	0	0	0	0	107,469	107,469
III/2. Long-term credit to affiliated undertakings	0	0	0	8,200	8,200	0	0	0	0	5,400	5,400
III/3. Other long-term participations	0	0	0	5	5	0	0	0	0	5	5
III/5. Other long-term loans given	0	0	0	78	78	0	0	0	0	61	61
B. CURRENT ASSETS	**6,289**	**5,160**	**34**	**17,470**	**28,953**	**4,830**	**7,223**	**20**	**54**	**16,635**	**28,762**
I. INVENTORIES	0	0	0	356	356	0	0	0	0	483	483
I/1. Raw materials and consumables	0	0	0	356	356	0	0	0	0	483	483
II. RECEIVABLES	6,154	4,546	30	15,565	26,295	4,699	6,534	19	54	14,625	25,931
II/1. Trade debtors	5,613	4,244	28	390	10,275	3,984	6,139	18	54	362	10,557
II/2. Receivables from affiliated undertakings	0	0	0	14,914	14,914	0	7	0	0	13,883	13,890
II/5. Other receivables	541	302	2	261	1,106	715	388	1	0	380	1,484
III. SECURITIES	0	0	0	1	1	0	0	0	0	1	1
III/2. Other participations	0	0	0	1	1	0	0	0	0	1	1
IV. CASH	135	614	4	1,548	2,301	131	689	1	0	1,526	2,347
IV/2. Bank deposits	135	614	4	1,548	2,301	131	689	1	0	1,526	2,347
C. PREPAYMENTS	**3,204**	**3,547**	**24**	**437**	**7,212**	**2,792**	**3,876**	**20**	**45**	**1,142**	**7,875**
Accrued income	3,204	3,545	24	319	7,092	2,792	3,875	18	45	925	7,655
Prepaid expenses	0	2	0	118	120	0	1	2	0	217	220
TOTAL ASSETS	**9,493**	**8,707**	**61**	**144,600**	**162,861**	**7,622**	**11,099**	**42**	**99**	**139,695**	**158,557**

Data in millionHUF

Item	Previous year 31.12.2012					Current year 31.12.2013					
	Authorised universal service activity	Authorised electricity trade activity	Authorised natural gas trade activity	Other activities	Previous year total	Authorised universal service activity	Authorised electricity trade activity	Authorised natural gas trade activity	Authorised public lighting operation activity	Other activities	Current year total
D. SHAREHOLDERS' EQUITY	**1,470**	**1,684**	**19**	**130,661**	**133,834**	**1,498**	**817**	**3**	**-72**	**119,770**	**122,016**
I. SUBSCRIBED CAPITAL	2,158	1,980	14	32,877	37,029	1,780	2,592	10	23	32,624	37,029
II. SUBSCRIBED CAPITAL UNPAID	0	0	0	0	0	0	0	0	0	0	0
III. CAPITAL RESERVE	-1,361	-958	135	6,250	4,066	91	-3,527	139	-67	7,430	4,066
IV. ACCUMULATED PROFIT RESERVE	1,558	-1,037	-14	87,477	87,984	673	662	-130	0	79,716	80,921
V. TIED-UP RESERVE	0	0	0	0	0	0	0	0	0	0	0
VI. REVALUATION RESERVE	0	0	0	0	0	0	0	0	0	0	0
VII. PROFIT OR LOSS FOR THE YEAR	-885	1,699	-116	4,057	4,755	-1,046	1,090	-16	-28	0	0
E. PROVISIONS	**797**	**0**	**0**	**574**	**1,371**	**318**	**223**	**0**	**0**	**1,248**	**1,789**
1. Provisions for expected liabilities	797	0	0	574	1,371	318	223	0	0	1,248	1,789
F. LIABILITIES	**4,855**	**3,819**	**10**	**11,819**	**20,503**	**3,562**	**5,651**	**8**	**171**	**16,678**	**26,070**
I. SUBORDINATED LIABILITIES	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
III. SHORT-TERM LIABILITIES	4,855	3,819	10	11,819	20,503	3,562	5,651	8	171	16,678	26,070
1. Short-term loans	0	0	0	142	142	0	0	0	0	0	0
3. Advances received from customers	0	0	0	0	0	0	0	0	0	7	7
4. Accounts payable	1,990	496	5	1,559	4,050	1,264	888	3	169	1,106	3,430
6. Short-terms liabilities to affiliated undertakings	0	1,440	0	9,167	10,607	0	3,175	0	0	14,964	18,139
8. Other short-term liabilities	2,865	1,883	5	951	5,704	2,298	1,588	5	2	601	4,494
G. ACCRUALS	**2,371**	**3,204**	**32**	**1,546**	**7,153**	**2,244**	**4,408**	**31**	**0**	**1,999**	**8,682**
1. Prepaid income	0	6	3	7	16	0	0	4	0	18	22
2. Accrued expenses	2,371	3,198	29	787	6,385	2,244	4,408	27	0	1,393	8,072
3. Deferred income	0	0	0	752	752	0	0	0	0	588	588
TOTAL LIABILITIES AND EQUITY	**9,493**	**8,707**	**61**	**144,600**	**162,861**	**7,622**	**11,099**	**42**	**99**	**139,695**	**158,557**

Presentation of the profitability for each authorised activity

INCOME STATEMENT

Data in million huf

Item	Previous year 2012					Current year 2013					
	Autho-rised universal service activity	Autho-rised electricity trade activity	Autho-rised natural gas trade activity	Other activities	Previous year total	Autho-rised universal service activity	Autho-rised electricity trade activity	Autho-rised natural gas trade activity	Autho-rised public lighting operation activity	Other activities	Current year total
Net domestic sales	60,632	46,887	147	10,629	118,295	53,884	60,096	237	116	5,273	119,606
Net export sales	0	2,152	0	0	2,152	17	4,005	0	0	0	4,022
NET SALES REVENUE	60,632	49,039	147	10,629	120,447	53,901	64,101	237	116	5,273	123,628
Capitalised own production	0	0	0	12	12	0	0	0	0	67	67
OWN PERFORMANCE CAPITALISED	0	0	0	12	12	0	0	0	0	67	67
OTHER INCOME	1,067	837	0	608	2,512	1,686	124	1	6	641	2,458
including: reversal of impairment	494	87	0	27	608	572	76	0	6	63	717
Material costs	0	0	0	362	362	0	0	0	0	295	295
Contracted services	2,849	1,025	135	107	4,116	2,714	1,094	34	150	-490	3,502
Other services	2	16	0	770	788	1	14	0	0	885	900
Cost of goods sold	30,887	40,220	103	915	72,125	29,573	52,421	170	0	-3,949	78,215
Value of services sold (mediated)	26,200	5,791	22	706	32,719	22,836	6,996	41	0	484	30,357
MATERIAL TYPE EXPENSES	59,938	47,052	260	2,860	110,110	55,124	60,525	245	150	-2,775	113,269
Wages and salaries	0	0	0	2,486	2,486	0	0	0	0	2,517	2,517
Other employee benefits	5	8	1	843	857	2	6	0	0	1,260	1,268
Contributions on wages and salaries	1	3	0	912	916	1	2	0	0	1,041	1,044
PERSONNEL TYPE EXPENSES	6	11	1	4,241	4,259	3	8	0	0	4,818	4,829
DEPRECIATION	0	1	1	1,653	1,655	0	0	1	0	1,686	1,687
OTHER EXPENDITURES	2,419	1,409	3	844	4,675	1,229	1,156	10	0	1,917	4,312
including: impairment	841	222	0	143	1,206	772	152	3	0	207	1,134
OPERATING RESULT	**-664**	**1,403**	**-118**	**1,651**	**2,272**	**-769**	**2,536**	**-28**	**-28**	**335**	**2,056**

INCOME STATEMENT

Data in million huf

Item	Previous year 2012					Current year 2013					
	Autho-rised universal service activity	Autho-rised electricity trade activity	Autho-rised natural gas trade activity	Other activities	Previous year total	Autho-rised universal service activity	Autho-rised electricity trade activity	Autho-rised natural gas trade activity	Autho-rised public lighting operation activity	Other activities	Current year total
Dividends and profit-sharing received (due)	0	0	0	8,841	8,841	0	0	0	0	503	503
including: from affiliated undertakings	0	0	0	8,841	8,841	0	0	0	0	503	503
Other interest and interest-type income received (due)	0	0	0	1,684	1,684	0	0	0	0	1,463	1,463
including: from affiliated undertakings	0	0	0	1,457	1,457	0	0	0	0	1,153	1,153
Other income from financial transactions	0	1,365	2	0	1,367	0	572	3	0	0	575
INCOME FROM FINANCIAL TRANSACTIONS	0	1,365	2	10,525	11,892	0	572	3	0	1,966	2,541
Interest paid and interest-type expenditures	232	202	0	0	434	148	210	1	0	0	359
including: to affiliated undertakings	118	103	0	0	221	22	31	0	0	0	53
Impairment of shares, securities, bank deposits	0	0	0	0	0	0	0	0	0	733	733
Other expenditures of financial transactions	0	632	0	21	653	0	521	0	0	0	521
EXPENSES OF FINANCIAL TRANSACTIONS	232	834	0	21	1,087	148	731	1	0	733	1,613
PROFIT ON FINANCIAL TRANSACTIONS	-232	531	2	10,504	10,805	-148	-159	2	0	1,233	928
PROFIT OR LOSS OF ORDINARY ACTIVITIES	**-896**	**1,934**	**-116**	**12,155**	**13,077**	**-917**	**2,377**	**-16**	**-28**	**1,568**	**2,984**
EXTRAORDINARY INCOME	21	0	0	97	118	21	0	0	0	113	134
EXTRAORDINARY EXPENDITURES	10	0	0	88	98	150	0	0	0	260	410
EXTRAORDINARY RESULT	11	0	0	9	20	-129	0	0	0	-147	-276
PROFIT BEFORE TAXES	**-885**	**1,934**	**-116**	**12,164**	**13,097**	**-1,046**	**2,377**	**-16**	**-28**	**1,421**	**2,708**
TAX PAYABLE	0	235	0	637	872	0	905	0	0	121	1,026
PROFIT AFTER TAXES	**-885**	**1,699**	**-116**	**11,527**	**12,225**	**-1,046**	**1,472**	**-16**	**-28**	**1,300**	**1,682**
Profit reserve used for dividends and profit-sharing	0	0	0	0	0	0	0	0	0	11,818	11,818
Dividends and profit-sharing approved	0	0	0	7,470	7,470	0	382	0	0	13,118	13,500
PROFIT OR LOSS FOR THE YEAR	**-885**	**1,699**	**-116**	**4,057**	**4,755**	**-1,046**	**1,090**	**-16**	**-28**	**0**	**0**

EDF DÉMÁSZ Zrt.'s authorised electricity trade and authorised universal service activities belong to the same balance group for MAVIR settlement purposes with EDF DÉMÁSZ Zrt. being the balance group manager.

As a result of changes in statutory regulations in 2013, the public lighting operation activity is now subject to a permit. Based on the permit issued by MEKH, the Company has been authorised to pursue such activity since 31 October 2013.

The revenue generated by the authorised public lighting operation activity (for November and December 2013) made up only 0.1% of the Company's total revenues; therefore, no base year figures were indicated in the unbundled income statement as the years are already comparable.

The operating result of EDF DÉMÁSZ Zrt. for 2013 was 2,056 million HUF which is less than the operating result for 2012 by 216 million HUF. In particular, the operating result is a loss of 769 million HUF for the universal service activity (down by 105 million HUF compared to the base period), a profit of 2,536 million HUF for the authorised electricity trade activity (up by 1,133 million HUF compared to the base period), a loss of 18 million HUF for the authorised natural gas trade activity (up by 100 million HUF compared to the base period) and a profit of 335 million HUF for other activities (down by 1,316 million HUF compared to the base period).

In 2013, revenues from the authorised universal service provider activity, cost of goods sold and the value of services mediated all declined in comparison to 2012.

- The reason behind this is the regulation effective since 1 January 2013 which provides that the universal service provider is no longer required to purchase electricity subject to mandatory electricity purchase.
- Sales prices were down significantly due to regulatory changes as the sales portfolio was slightly reduced.

Revenues from the authorised electricity trade activity, cost of goods sold and the value of services mediated all increased in comparison to the previous year.

- The revenue from electricity sales was considerably higher in the current year than in the base year. The reason behind this growth is that in 2013 the Company expanded its client base on the open market and sales to commercial partners increased significantly as well.
- The new regulations on mandatory electricity purchase in effect since the beginning of 2013 brought about changes in the composition of procurement sources, which resulted in an increase in the proportion of electricity subject to mandatory purchase.

The balance of other income and expenditures was -1,854 million HUF which represents an improvement of 309 million HUF in comparison to the previous year. In particular, the balance of other income and expenditures was 457 million HUF for the universal service activity, -1,032 million HUF for the authorised electricity trade activity, -9 million HUF for the authorised natural gas trade activity, 6 million HUF for the public lighting operation activity and -1,276 million HUF for other activities.

The main components of these changes are as follows:

- The method for calculating the local business tax base changed in 2013 and, as a result, local business tax and innovation contribution liabilities increased the value of other expenditures by a total of 256 million HUF compared to the previous year.
- The solidarity tax for energy suppliers was abolished in 2013, as a result of which the value of other expenditures declined by 618 million HUF for the universal service activity, by 500 million HUF for the authorised electricity trade activity and by 108 million HUF for other activities.

For the universal service activity:

- The current year balance of impairment on trade debtors and the reversal of such impairment was -200 million HUF.
- The balance of provisions made and released is 479 million HUF; this consists of the 491 million HUF balance of provisions made and released in connection with margin surpluses and is reduced by provisions for expected liabilities amounting to 12 million HUF.
- Local business tax and innovation contribution liabilities reduced profits by a total of 247 million HUF in the current year.
- The balance of miscellaneous other revenues and expenditures was 425 million HUF.

For the authorised electricity trade activity:

- The current year balance of impairment on trade debtors and the reversal of such impairment was -76 million HUF.
- Provisions of 223 million HUF were made during the current year for expected liabilities.
- Local business tax and innovation contribution liabilities amounted to a total of -136 million HUF in the current year.
- The balance of miscellaneous other revenues and expenditures was -597 HUF million.

For other activities:

- The current year balance of impairment on trade debtors and the reversal of such impairment was -50 million HUF.
- For other activities, the balance of provisions made and released is -674 million HUF, the majority of which is made up of provisions for staff-related liabilities and expected future liabilities.
- Local business tax and innovation contribution liabilities reduced profits by a total of 183 million HUF.
- The tax on public utility lines was introduced in 2013 and resulted in an increase of 178 million HUF in other expenditures.
- The balance of miscellaneous other revenues and expenditures was -191 HUF million.

The principles of accounting unbundling described above and developed and applied by the Company ensure that there is no cross-financing between the divisions.

2. Remuneration of the Board of Directors and the Supervisory Board

The remuneration of the Board of Directors and the Supervisory Board in 2012 and 2013 is detailed in the following table:

Data in million HUF

Year	Board of Directors	Supervisory Board	Total
2012	0	4	4
2013	0	4	4

The Company granted no loans to and provided no guarantees on behalf of the members of the Board of Directors and the Supervisory Board, and owes no pension payments to former members.

3. Employee headcount and wages and salaries

The average statistical employee headcounts in 2012 and 2013 are shown in the following table, broken down by employee groups (number of persons):

	Previous year 2012	Current year 2013
Blue-collar	42	43
White-collar	551	513
Total	**593**	**556**

In 2013 the average statistical headcount of EDF DÉMÁSZ Zrt. was 556. The headcount declined compared to the previous year by 37 or 6.2%. The employment contracts of these employees were terminated through the voluntary termination scheme.

The proportion of full-time employees at the Company was 98.03%.

The following table contains the wages and salaries for each employee group in 2012 and 2013:

Data in million HUF

Item	Wages and salaries		Other employee benefits	
	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013
Blue-collar	137	139	54	78
White-collar	2,326	2,273	795	1,166
Outsourced	23	105	8	24
Total	**2,486**	**2,517**	**857**	**1,268**

Wages and salaries for 2013 amounted to 2,517 million HUF and other employee benefits made up 1,268 million HUF.

Item	Previous year 2012	Current year 2013	Index (%)
Average statistical headcount (number of persons)	593	556	93.7
Total payroll (HUF million) (i)	2,498	2,541	101.7
Average earnings (HUF/person/year) (ii)	4,178,687	4,305,658	103.0

(i) The difference between payroll and wages and salaries is caused by changes in bonuses recorded as deferred items

(ii) Average earnings: Full-time payroll / annual average full-time statistical headcount

4. Items affecting the corporate income tax base

The following table presents the calculation of the corporate income tax base for 2012 and 2013:

Data in million HUF

	2012	2013
Profit before taxes	13,097	2,708
Temporary differences:		
Adjustments due to provisions	-381	418
Adjustments due to depreciation	276	399
Impairment recognised as expenditure	-39	-213
Temporary differences total	-144	604
Permanent differences		
Dividends received	-8,841	-503
Fines, penalties	5	5
Tax inspection, self-revision, income and expenditures in the tax year	1	-116
Other adjustments	-2	-11
Deferred loss	-57	-34
Permanent differences total	-8,894	-659
Tax base	**4,059**	**2,653**
Corporate income tax	726	299
Robin Hood tax	132	700
Taxes in previous years	14	27
Profit after taxes	**12,225**	**1,682**

5. Use of the profit after taxes

The Company closed the year with 1,682 million HUF in profit after taxes. According to the owner's decision value of dividend payable was 13,500 million HUF, 1,682 million HUF from profit after taxes and 11,818 million HUF from accumulated profit reserve. The Company's profit or loss for the year was 0 HUF.

6. Registration of mortgages

The Company's share in Zöldforrás Energia Kft. is encumbered with a mortgage.

7. Pending litigation

The Company made provisions for one of its pending passive lawsuits, disclosing them in its financial statements as an expected future liability worth 3 million HUF.

8. Off-balance sheet items

The following table contains the off-balance sheet items that are not shown in the Company's books:

Liability	Primary obligor	Beneficiary	Issuer of the guarantee	Secured liability	Value	Maturity
17.06.2013	EDF DÉMÁSZ Zrt.	ÉGÁZ-DÉGÁZ Fgsz.	ING	collateral	2 million HUF	31.08.2014
01.12.2012	EDF DÉMÁSZ Zrt.	Mátrai Erőmű Zrt.	ING	collateral	312 thEUR	31.01.2014
01.12.2012	EDF DÉMÁSZ Zrt.	Mátrai Erőmű Zrt.	ING	collateral	312 thEUR	31.01.2014
01.01.2013	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	ING	collateral	83 million HUF	31.01.2014
01.01.2013	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	collateral	500 million HUF	31.12.2013
01.01.2013	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	collateral	400 million HUF	31.12.2013
01.07.2013	EDF DÉMÁSZ Zrt.	FŐGÁZ Földgázelosztási Kft.	ING	collateral	1 million HUF	01.07.2014
01.12.2013	EDF DÉMÁSZ Zrt.	Mátrai Erőmű Zrt.	ING	collateral	71 million HUF	31.01.2015
01.12.2013	EDF DÉMÁSZ Zrt.	Mátrai Erőmű Zrt.	ING	collateral	237 thEUR	31.01.2015
01.01.2014	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	collateral	450 million HUF	31.12.2014
01.01.2014	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	collateral	350 million HUF	31.12.2014
01.10.2013	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	BNP Paribas	collateral	135 million HUF	31.01.2014
01.11.2013	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	BNP Paribas	collateral	164 million HUF	31.12.2013
01.12.2013	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	BNP Paribas	collateral	92 million HUF	31.01.2014
26.11.2013	EDF DÉMÁSZ Zrt.	based on a separate list	Raiffeisen	collateral	20 million HUF	29.11.2014
01.02.2014	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	Raiffeisen	collateral	62 million HUF	31.03.2014
01.01.2014	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	Raiffeisen	collateral	84 million HUF	31.01.2015
01.03.2014	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	Raiffeisen	collateral	92 million HUF	30.04.2014
01.01.2014	EDF DÉMÁSZ Zrt.	MVM Partner Zrt.	Raiffeisen	collateral	19 million HUF	30.04.2014
14.01.2011	Ezpada s.r.o.	EDF DÉMÁSZ Zrt.	Ezpada AG	collateral	1,000 thEUR	31.10.2014
13.05.2011	DBK Brikettgyár Kft.	EDF DÉMÁSZ Zrt.	Raiffeisen	collateral	15 million HUF	28.02.2014
17.12.2013	EDF DÉMÁSZ Zrt.	FHB Bank Zrt.		Zöldforrás Energia Kft. overdraft facility - joint and several liability	75 million HUF	21.03.2014
09.11.2010	EDF DÉMÁSZ Zrt.	FHB Bank Zrt.		Zöldforrás Energia Kft. investment loan - joint and several liability	525 million HUF	31.03.2022
27.03.2013	EDF DÉMÁSZ Zrt.	FHB Bank Zrt.		Zöldforrás Energia Kft. bank guarantee contract - joint and several liability	308 million HUF	31.03.2016

The Company's off balance sheet items predominantly contain bank guarantees issued in 2013 in connection with electricity purchases and received in 2013 in connection with electricity sales. In addition to these guarantees, the Company assumed a guarantee in connection with the loan contracts and bank guarantee contracts of Zöldforrás Energia Kft. (an entity in which the Company is a majority owner.

Representations typically included in additional loan contracts were not disclosed as such representations are unlikely to lead to payment obligations or other risks for the Company.

9. Hedging

The EDF DÉMÁSZ Group is exposed to foreign exchange risk in connection with its main activity due to the nature of electricity purchases and sales. The reason for the above is that electricity purchases are predominantly made in EUR while most sale transactions are realised in HUF. This causes a natural imbalance in cash in- and outflows in both currencies, which generates a EUR short position throughout the year.

The Company has been selling natural gas to its customers since 1 July 2011. Natural gas is purchased mainly in USD while sales are made in HUF. Similarly to the electricity business, this causes a natural imbalance in cash in- and outflows in both currencies in the natural gas division as well and results -mainly in a USD short position.

Hedge transactions are recognised as "cash flow hedges". The Foreign Exchange Risk Management Policy (FX Policy) regulates the procedures of managing forex risk arising as above.

The Company concluded hedge purchase transactions for 43,137 thEUR and hedge sales transactions for 1,900 thEUR with maturity in 2014, hedge purchase transactions for 4,577 thEUR and hedge sales transactions for 670 thEUR with maturity in 2015, and hedge purchase transactions for 25 thEUR and hedge sales transactions for 30 thEUR with maturity in 2016.

The Company concluded hedge sales transactions for a total of 10 thUSD with maturity in 2013.

10. Significant events taking place after the balance sheet date

On 1 February 2014, Eric MANSUY was appointed as the Deputy CEO of EDF DÉMÁSZ Zrt. and member of the Board of Directors, replacing Claude MEYNARD.

In its ruling no. 06-09-010805/82 the Szeged Registry Court incorporated the merger of EDF DÉMÁSZ Partner Kft. and DÉMÁSZ PRIMAVILL Kft. into EDF DÉMÁSZ Hálózati Elosztó Kft. The transformation was effected on 31 January 2014.

No other significant changes occurred in the operations of the Company after the balance sheet date.

Szeged, 26 May 2014

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Jean-Noël REIMERINGER
Chairman and CEO