



**Independent Auditors' Report issued on the  
2015  
Annual Report  
and Business Report  
of EDF DÉMÁSZ Zrt.**

This is an English translation of the Independent Auditors' Report on the 2015 annual report of EDF DÉMÁSZ Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual report it refers to.





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This is an English translation of the Independent Auditors' Report on the 2015 annual report of EDF DÉMÁSZ Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual report it refers to.





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## **Independent Auditors' Report**

To the shareholder of EDF DÉMÁSZ Zrt.

### **Report on the Annual Report**

We have audited the accompanying 2015 annual report of EDF DÉMÁSZ Zrt. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2015, which shows total assets of MHUF 139,560 and retained profit for the year of MHUF 0, and the income statement for the year then ended, and supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Annual Report*

Management is responsible for the preparation and fair presentation of this annual report in accordance with the provisions of the Hungarian Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual report that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual report 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 annual report.

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 annual report gives a true and fair view of the financial position of EDF DÉMÁSZ Zrt. as at 31 December 2015, and of its financial performance for the year then ended in accordance with the provisions of the Hungarian Act on Accounting.

### **Report on the Business Report**

We have audited the accompanying 2015 business report of EDF DÉMÁSZ Zrt.

This is an English translation of the Independent Auditors' Report on the 2015 annual report of EDF DÉMÁSZ Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual report it refers to.

KPMG Hungária Kft., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.  
Company registration: Budapest, Fővárosi Törvényszék Cégbírósága, no. 01-09-063183





Management is responsible for the preparation of the business report in accordance with the provisions of the Hungarian Act on Accounting. Our responsibility is to assess whether this business report is consistent with the annual report prepared for the same business year. Our work with respect to the business report was limited to the assessment of the consistency of the business report with the annual report, 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 2015 business report of EDF DÉMÁSZ Zrt. is consistent with the data included in the 2015 annual report of EDF DÉMÁSZ Zrt.

## **Review Report on Compliance with Other Requirements**

### *Introduction*

We have reviewed the separate balance sheet and income statement (hereinafter referred to as "Statement") of EDF DÉMÁSZ Zrt. (hereinafter referred to as "the Company") as an electricity enterprise and natural gas enterprise as of 31 December 2015 included in the Supplement. Management of the Company is responsible for elaborating and applying the unbundling rules and procedures, pricing the transactions between the individual activities under applicable legal regulations and internal procedures, and for preparing the Statement in accordance with Act LXXXVI of 2007 on Electrical Energy and Government Decree 273/2007 (X.19.) on the implementation of provisions thereof, and Act XL of 2008 on Natural Gas Supply and Government Decree 19/2009 (I.30.) on the implementation of provisions thereof (hereinafter together referred to as "Regulations"). Our responsibility is to provide a report on the Statement based on our review.

### *Scope of Review*

We conducted our review in accordance with Hungarian Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the Statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hungarian National Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the public benefit status report.


### *Conclusion*

Based on our review, nothing has come to our attention that the attached Statement was not prepared by elaborating and applying unbundling rules that comply with the Regulations, and that the pricing between individual activities enables cross-financing between the divisions.

Budapest, 29 April 2016

KPMG Hungária Kft.

Registration number: 000202



Marcin Ciesielski  
Partner



Dr. Ferenc Eperjesi  
Professional Accountant  
Registration number: 003161

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EDF DÉMÁSZ ZÁRTKÖRŰEN MŰKÖDŐ  
RÉSZVÉNYTÁRSASÁG

**ANNUAL REPORT**

**2015**

Statistical code: 10734441-3514-114-06

Registration number: 06-10-000056

## Balance sheet (Assets)

Data in HUF million

	Description	PREVIOUS YEAR 31.12.2014	REPORTING YEAR 31.12.2015
a	b	c	d
1.	<b>A. FIXED ASSETS (rows 2+10+18)</b>	<b>118 192</b>	<b>115 501</b>
2.	<b>I. INTANGIBLE ASSETS (rows 3-9)</b>	<b>1 532</b>	<b>1 288</b>
3.	I/1. Capitalised value of formation and transformation	0	0
4.	I/2. Capitalised value of research and development	0	0
5.	I/3. Rights and concessions	1 528	1 279
6.	I/4. Intellectual property	4	9
7.	I/5. Goodwill	0	0
8.	I/6. Advances on intangible assets	0	0
9.	I/7. Upwards revaluation of intangible assets	0	0
10.	<b>II. TANGIBLE ASSETS (rows 11-17)</b>	<b>6 575</b>	<b>5 937</b>
11.	II/1. Land and buildings and related rights and concessions	6 013	5 551
12.	II/2. Plant, equipment, machinery, vehicles	39	25
13.	II/3. Other equipment, fittings, vehicles	464	357
14.	II/4. Breeding animals	0	0
15.	II/5. Assets under construction, renovations	59	4
16.	II/6. Payments on account	0	0
17.	II/7. Upwards revaluation of tangible assets	0	0
18.	<b>III. INVESTMENTS (rows 19-25)</b>	<b>110 085</b>	<b>108 276</b>
19.	III/1. Long-term interests in related companies	107 421	107 421
20.	III/2. Long-term loans to related companies	2 600	800
21.	III/3. Other long-term interests	5	5
22.	III/4. Long-term loans to affiliated companies	0	0
23.	III/5. Other long-term loans	59	50
24.	III/6. Long-term debt securities	0	0
25.	III/7. Upwards revaluation of investments	0	0

Statistical code: 10734441-3514-114-06

Registration number: 06-10-000056

## Balance sheet (Assets)

Data in HUF million

	Description	PREVIOUS YEAR 31.12.2014	REPORTING YEAR 31.12.2015
a	b	c	d
26.	<b>B. CURRENT ASSETS (rows 27+34+40+45)</b>	<b>19 852</b>	<b>17 759</b>
27.	<b>I. INVENTORIES (rows 28-33)</b>	<b>370</b>	<b>417</b>
28.	I/1. Raw materials and consumable goods	370	417
29.	I/2. Work in progress and semi-finished goods	0	0
30.	I/3. Young, fattened and other livestock	0	0
31.	I/4. Finished goods	0	0
32.	I/5. Goods	0	0
33.	I/6. Advances on inventories	0	0
34.	<b>II. RECEIVABLES (rows 35-39)</b>	<b>18 106</b>	<b>16 842</b>
35.	II/1. Trade receivables	7 943	7 849
36.	II/2. Receivables from related companies	9 620	8 257
37.	II/3. Receivables from affiliated companies	0	0
38.	II/4. Bills receivable	0	0
39.	II/5. Other receivables	543	736
40.	<b>III. SECURITIES (rows 41-44)</b>	<b>1</b>	<b>0</b>
41.	III/1. Interests in related companies	0	0
42.	III/2. Other interests	1	0
43.	III/3. Treasury shares, business shares	0	0
44.	III/4. Debt securities held for trading	0	0
45.	<b>IV. LIQUID ASSETS (rows 46-47)</b>	<b>1 375</b>	<b>500</b>
46.	IV/1. Petty cash, cheques	0	0
47.	IV/2. Bank deposits	1 375	500
48.	<b>C. DEFERRED EXPENSES AND ACCRUED INCOME (rows 49-51)</b>	<b>6 339</b>	<b>6 300</b>
49.	1. Accrued income	6 266	6 151
50.	2. Prepayments	73	149
51.	3. Deferred expenses	0	0
52.	<b>TOTAL ASSETS (rows 1+26+48)</b>	<b>144 383</b>	<b>139 560</b>

## BALANCE SHEET (Equity and Liabilities)

Data in HUF million

	Description of the item	PREVIOUS YEAR 31.12.2014	REPORTING YEAR 31.12.2015
a	b	c	d
53.	<b>D. SHAREHOLDER'S EQUITY (rows 54+56+57+58+59+60+61)</b>	<b>118 529</b>	<b>117 989</b>
54.	<b>I. SUBSCRIBED CAPITAL</b>	<b>37 029</b>	<b>37 029</b>
55.	of which: a. repurchased ownership shares at face value	0	0
56.	<b>II. SUBSCRIBED, BUT UNPAID CAPITAL (-)</b>	<b>0</b>	<b>0</b>
57.	<b>III. CAPITAL RESERVE</b>	<b>4 066</b>	<b>4 066</b>
58.	<b>IV. RETAINED EARNINGS</b>	<b>77 434</b>	<b>76 894</b>
59.	<b>V. NON-DISTRIBUTABLE RESERVE</b>	<b>0</b>	<b>0</b>
60.	<b>VI. VALUATION RESERVE</b>	<b>0</b>	<b>0</b>
61.	<b>VII. RETAINED PROFIT/LOSS FOR THE YEAR</b>	<b>0</b>	<b>0</b>
62.	<b>E. PROVISIONS (rows 63-65)</b>	<b>1 456</b>	<b>1 360</b>
63.	1. Provisions for expected liabilities	1 456	1 360
64.	2. Provisions for future costs	0	0
65.	3. Other provisions	0	0
66.	<b>F. LIABILITIES (rows 67+71+80)</b>	<b>16 520</b>	<b>12 724</b>
67.	<b>I. SUBORDINATED LIABILITIES (rows 68-70)</b>	<b>0</b>	<b>0</b>
68.	1. Subordinated liabilities to related companies	0	0
69.	2. Subordinated liabilities to affiliated companies	0	0
70.	3. Subordinated liabilities to other entities	0	0
71.	<b>II. LONG-TERM LIABILITIES (rows 72-79)</b>	<b>0</b>	<b>0</b>
72.	1. Long-term borrowings	0	0
73.	2. Convertible bonds	0	0
74.	3. Debts on the issuance of bonds	0	0
75.	4. Investment and development loans	0	0
76.	5. Other long-term loans	0	0
77.	6. Long-term liabilities to related companies	0	0
78.	7. Long-term liabilities to affiliated companies	0	0
79.	8. Other long-term liabilities	0	0
80.	<b>III. CURRENT LIABILITIES (rows 81-89)</b>	<b>16 520</b>	<b>12 724</b>
81.	1. Short-term borrowings	0	0
82.	Of which: convertible bonds	0	0
83.	2. Short-term loans	194	52
84.	3. Advances from customers	18	0
85.	4. Trade liabilities	2 628	2 828
86.	5. Bills payable	0	0
87.	6. Current liabilities to related companies	9 332	6 020
88.	7. Current liabilities to affiliated companies	0	0
89.	8. Other current liabilities	4 348	3 824
90.	<b>G. ACCRUED EXPENSES AND DEFERRED INCOME (rows 91-93)</b>	<b>7 878</b>	<b>7 487</b>
91.	1. Income accruing for future periods	9	157
92.	2. Accrued expenses	7 414	7 020
93.	3. Deferred income	455	310
94.	<b>TOTAL EQUITY AND LIABILITIES (rows 53+62+66+90)</b>	<b>144 383</b>	<b>139 560</b>

Szeged, 29 April 2016

EDF DÉMÁSZ Zrt.

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Eric MANSUY  
Chairman and CEO



Statistical code: 10734441-3514-114-06

Registration number: 06-10-000056

## INCOME STATEMENT VERSION "A"

Data in HUF million

	Description	PREVIOUS YEAR 2014	REPORTING YEAR 2015
a	b	c	d
01.	Net domestic sales revenue	102 166	97 270
02.	Net external sales revenue	1 127	997
I.	NET SALES REVENUE (01.+02.)	103 293	98 267
03.	Change in self-manufactured inventories	0	0
04.	Capitalised value of self-manufactured assets	6	4
II.	OWN PERFORMANCE CAPITALISED (03+04)	6	4
III.	OTHER INCOME	1 939	1 708
	Of which: reversed impairment	753	744
05.	Material costs	252	251
06.	Services used	3 124	3 139
07.	Other services	755	647
08.	Cost of goods sold	61 125	56 866
09.	Services sold (mediated)	27 465	27 267
IV.	MATERIAL-TYPE EXPENSES (05+06+07+08+09)	92 721	88 170
10.	Wage costs	2 280	2 460
11.	Other staff benefits	812	609
12.	Wage contributions	811	829
V.	STAFF COSTS (10+11+12)	3 903	3 898
VI.	DEPRECIATION	1 272	1 137
VII.	OTHER EXPENSES	2 787	2 308
	Of which: impairment	1 086	739
A.	OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)	4 555	4 466

## INCOME STATEMENT VERSION "A"

Data in HUF million

	Description	PREVIOUS YEAR 2014	REPORTING YEAR 2015
a	b	c	d
13.	Dividends and profit shares received (due)	37	28
	Of which: from related companies	37	28
14.	Exchange gains from the sale of interests	0	0
	Of which: from related companies	0	0
15.	Interest and exchange gains on investments	0	0
	Of which: from related companies	0	0
16.	Other interest received (due) and similar income	507	259
	Of which: from related companies	500	253
17.	Other income from financial transactions	697	326
VIII.	INCOME FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)	1 241	613
18.	Exchange losses on investments	0	0
	Of which: to related companies	0	0
19.	Interest paid and similar expenses	40	35
	Of which: to related companies	27	24
20.	Impairment on interests, securities and bank deposits	0	1
21.	Other expenses on financial transactions	605	468
IX.	EXPENSES ON FINANCIAL TRANSACTIONS (18+19+20+21)	645	504
B.	PROFIT/LOSS ON FINANCIAL TRANSACTIONS (VIII-IX)	596	109
C.	PROFIT/LOSS ON ORDINARY ACTIVITIES (A+B)	5 151	4 575
X.	EXTRAORDINARY INCOME	1 475	93
XI.	EXTRAORDINARY EXPENSES	1 742	384
D.	EXTRAORDINARY PROFIT/LOSS (X-XI)	-267	-291
E.	PROFIT/LOSS BEFORE TAX (C+D)	4 884	4 284
XII.	TAX LIABILITY	2 071	1 824
F.	PROFIT/LOSS AFTER TAX (E-XII)	2 813	2 460
22.	Use of retained earnings for dividends, profit shares	3 487	540
23.	Approved dividends and profit shares	6 300	3 000
G.	RETAINED PROFIT/LOSS FOR THE YEAR (F+22-23)	0	0

Szeged, 29 April 2016

EDF DÉMÁSZ Zrt.

P3



Eric MANSUY  
Chairman and CEO



**SUPPLEMENT**

**2015**

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## **I. GENERAL**

### **1. Company Profile**

#### **1.1. General data of the Company**

Name of company:	EDF DÉMÁSZ Zrt. (hereinafter referred to as Company)
Registered office:	6720 Szeged, Klauzál tér 9.
Date of the Company's Articles of Association:	31 December 1991
Number and date of last registration by the Court of Registration:	Registration Court of the Municipal Court of Szeged Cg. 06-10-000056/328. 01.12.2015
Subscribed capital:	HUF 37,029,110,000
Duration of the Company:	unlimited
Financial year:	corresponds to the calendar year
Name and address of auditors:	KPMG Hungária Kft. 1134 Budapest, Váci út 31.
Name of auditor:	Dr. Ferenc Eperjesi
Chamber registration number:	003161
Name and chamber registration number of the person responsible for directing bookkeeping-related tasks:	Ágnes Csöke 176911
Place of publication for Company announcements:	the Company's website
Person(s) authorised to represent the Company:	Eric Mansuy
Position of person(s) authorised to represent the Company:	President-CEO
Scope of activities:	3514 Electricity trading - core activity
Parent company:	EDF International S.A. Tour EDF, 20. place de la Défense 92050 Paris
Name and registered office of the parent company preparing consolidated annual report	EDF S.A. 22-30 Avenue de Wagram 75008 Paris
Name and registered office of the entity compiling the consolidated annual report for the largest unit in Group in which the Company is included as a subsidiary:	EDF S.A. 22-30 Avenue de Wagram 75008 Paris
Name and registered office of the entity compiling the consolidated annual report for the smallest unit in Group in which the Company is included as a subsidiary:	EDF S.A. 22-30 Avenue de Wagram 75008 Paris
The consolidated annual report is available for inspection at:	EDF DÉMÁSZ Zrt. 6720 Szeged, Klauzál tér 9.
The annual report is available on the Internet at:	<a href="http://www.edfdemasz.hu">www.edfdemasz.hu</a>

Under the provisions of the Act on Accounting the Company must be audited.

The ownership structure of EDF DÉMÁSZ Zrt. is presented in the table below:

	Number of shares		Nominal value (HUF million)		Interest (%)	
	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015
EDF International S.A.	3,702,911	3,702,911	37,029	37,029	100.00	100.00
<b>Total</b>	<b>3,702,911</b>	<b>3,702,911</b>	<b>37,029</b>	<b>37,029</b>	<b>100.00</b>	<b>100.00</b>

As of 31 December 2015 EDF International S.A. held 100% of the shares of EDF DÉMÁSZ Zrt. (3,702,911 shares).

## 1.2. Scope of activities

EDF DÉMÁSZ Zrt. performs its core activity based on universal service provider operating licence No. 71/2008 and electricity trading operating licence No. 75/2008 issued by the Hungarian Energy Office (HEO, from 4 April 2013 Hungarian Energy and Public Utility Regulatory Authority (HEPURA)) in its resolutions dated 1 January 2008.

88.3% of the Company's net sales revenue derives from this activity.

EDF DÉMÁSZ Zrt. performs licensed free-market natural gas trading activity based on natural gas trading operating licence No. 50/2011 issued by HEO resolution dated 18 January 2011.

In compliance with legal regulations, the Company provides its street lighting operation services to local governments based on street lighting operation licence No. 1983/2013 issued by HEPURA resolution dated 29 October 2013.

## **2. Main features of accounting policies**

### **2.1. Purpose of accounting policies**

The purpose of the Company's accounting policies is to regulate the issues which based on the Act on Accounting are within the scope of authority and responsibility of the Company. Compliance with accounting policies as internal regulations ensures true and fair presentation of the Company's assets, financial situation and the result of operations.

### **2.2. Type of report, bookkeeping system and method**

In accordance with applicable laws, i.e. Act V of 2013 on the Civil Code and Act C of 2000 on Accounting as amended several times (hereinafter referred to as the Act), the Company prepares an annual report and keeps double-entry books. The Company keeps its books in accordance with the Act and general accounting principles.

The Company prepares its consolidated annual report in accordance with the rules of International Financial Reporting Standards (hereinafter referred to as: IFRS).

Continuous bookkeeping is performed based on accounting documents in a credible way; accounting principles are observed during bookkeeping.

To prepare the annual report the Company applies a system of accounts aligned to the balance sheet model; this system of accounts fully ensures the preparation of the annual report.

Within the accounting system financial, general ledger recording, cost and raw material recording, tangible asset recording and wage accounting is processed in an integrated online computer-based system (SAP).

Sub-ledger recording of sale of electricity 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.

Costs are primarily booked under account code 5, i.e. by cost type. To satisfy internal and external information needs, costs are presented in the SAP CO system.

The reporting date is 31 December, while the balance sheet preparation date is 7 January of the following year.

In line with the principles applied within the Group, EDF DÉMÁSZ Zrt. prepares version "A" of the balance sheet as well as of the income statement using the total-cost method.



## 2.3. Valuation methods

### *Intangible assets*

Intangible assets are measured at cost (purchase or production cost) less accumulated amortisation.

Intangible assets are written off using the straight-line method over their expected useful lives assessed individually; for rights and concessions: trademarks are written off over 5 years, telephone access fees over 3 years.

### *Tangible assets*

Tangible assets which existed at the time of the transformation as of 31 December 1991 are carried at the values recorded in the transformation balance sheet and verified by an appraisal firm. The appraisal involved assessment of the replacement cost reduced in accordance with the actual technical condition. Assets purchased since then are measured at cost (purchase or production cost) less accumulated depreciation.

Depreciation is based on the cost of assets expected at the end of the useful life less their residual value.

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

The table below presents average useful lives currently used to assess depreciation of main asset groups:

Asset group	Useful life
Buildings	2-50 years
Separate street lighting networks	16 years 8 months
Street lighting equipment	2 years - 16 years 8 months
Machinery and equipment, vehicles	3-12 years
IT equipment	3-4 years
Other	3-15 years

In the case of tangible assets with a value below THUF 100 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 (separate street lighting network and street lighting equipment) where retrospective capitalisation takes place. The Company does not apply the lump sum depreciation method for IT equipment with a value below THUF 100.

Extraordinary depreciation is accounted for if the value of the tangible or intangible assets or assets under construction drops permanently, the asset becomes superfluous in part or in full, becomes damaged or is destroyed.

#### *Investments*

Investments are recorded at the lower of purchase price and net realisable value.

Investments representing ownership shares in business associations are recognised in the annual report at the value defined in the articles of association or at the amount paid, less any impairment plus reversal.

#### *Inventories*

Inventories (mainly materials needed for network construction and maintenance as well as operational safety reserves) are carried at average purchase price. Purchased inventories are measured at weighted average price, while self-manufactured inventories are measured at direct production cost. Impairment on inventories is assessed by comparing market value and the carrying amount taking into account expected use and intended purpose of inventories.

#### *Receivables*

Acknowledged receivables are presented in the balance sheet at carrying amount less booked impairment, plus reversed impairment. Bad debts are written off as credit losses; impairment is booked on overdue receivables in the amount of the difference between the carrying amount and the amount expected to be recovered. Individual assessment is performed for the top 50 overdue receivables of clients in the scope of universal service provision and for the top 100 overdue receivables in the case of free-market clients. In all other cases impairment is assessed progressively. For outstanding debts overdue by 30-60 days 5% impairment is booked. After 60 days 15% and after 90 days 25% impairment is booked. 50% impairment is booked on outstanding debts overdue by 121-180 days, 75% on debts overdue by more than 181 days, while 100% impairment is booked on debts overdue by more than one year.

#### *Securities, liquid assets and equity and liabilities*

Securities, liquid assets and equity and liabilities are recognised in the balance sheet at cost.

The value in the books of liabilities, receivables and liquid assets denominated in FX is adjusted for exchange differences during the year-end valuation.

*Deferrals and accruals*

Deferrals and accruals are recognised in the balance sheet at amounts in the invoice, contract, agreement or accounting posting, or at amounts calculated from these. Deferrals and accruals related to sale and purchase of electricity represent a significant item within accruals and deferrals of EDF DÉMÁSZ Zrt. Sales revenue of electric energy used by consumers before the end of the reporting period but not yet invoiced (unbilled energy) is recognised as accrued income. Uninvoiced costs related to electric energy purchase are recognised as accrued expenses.

*Provisions*

The Company recognises provisions from profit before tax

- for payment obligations to third parties derived from historical or present transactions, contracts, which based on information available on the reporting date are expected or certain to arise, however, their amount or the date of occurrence are uncertain and the Company has not provided the necessary coverage in any other way;
- for expected future costs which are significant and occur periodically and which, based on information available as of the reporting date, will presumably or certainly occur but their amount or date of occurrence is uncertain as of the reporting date and cannot be included under accrued expenses and deferred income.

*Net sales revenue*

Based on the matching principle, since 1997 the Company has determined revenue from electricity sales on the basis of the energy volume actually consumed, that is in addition to the sales revenue of read and billed energy, it also takes into account the sales revenue of electricity used by consumers before the end of the reporting period but not yet invoiced. The consumption is assessed using a method defined for the calculation of "unbilled energy". The method produces an estimate for the volume of unbilled energy based on consumption (kWh) corresponding to the same period in the previous year, thus it also takes seasonality into account.

### *Extraordinary items*

Based on the Company's accounting policies, extraordinary items are independent from the business activity, are outside of the normal course of business of the Company and are not directly related to the ordinary business activity.

In accordance with the provisions of the Act, as from 1997 the Company recognises income in its books in proportion to the amortisation booked on developments implemented from received funds and on assets received free of charge.

## **2.4. Deviations from the accounting principles**

The Company prepares the annual report in compliance with accounting principles; there is no need for different accounting.

### 3. Assets, financial position and profitability

#### 3.1. Assets

Main indicators of asset position			
Description	Calculation	Previous year 31.12.2014	Reporting year 31.12.2015
<b>Asset structure</b>			
1. Fixed asset ratio (%)	$\frac{\text{Fixed assets}}{\text{Total assets}}$	81.9	82.8
2. Current asset ratio (%)	$\frac{\text{Current assets (i)}}{\text{Total assets}}$	18.1	17.2
<b>Capital structure</b>			
3. Capital adequacy (%)	$\frac{\text{Own sources (ii)}}{\text{Total equity and liabilities}}$	83.1	85.5
4. Indebtedness ratio	$\frac{\text{Long-term liabilities}}{\text{Shareholders' equity + Long-term liabilities}}$	0.0	0.0
5. Capital structure (%)	$\frac{\text{External capital (iii)}}{\text{Total equity and liabilities}}$	16.6	14.3

(i) Including deferred expenses and accrued income.

(ii) Own sources: Shareholders' equity + Provisions.

(iii) Including the amount of accrued expenses and deferred income, but excluding deferred network development contribution as well as accrued expenses and deferred income related to assets received free of charge.

Balance sheet total as of 31 December 2015 amounted to HUF 139,560 million; this amount is HUF 4,823 million down on the previous year.

Fixed assets decreased by HUF 2,691 million in the reporting year. Intangible assets fell by HUF 244 million, tangible assets by HUF 638 million and investments by HUF 1,809 million as compared with the previous year. The fall in investments was due to the principal repayment of HUF 1,800 million in the reporting year as set forth in contract of the loans disbursed to EDF DÉMÁSZ Hálózati Elosztó Kft. in 2011 and 2012. In 2015 the Company did not disburse further long-term loans to its related companies.

The adjusted balance of current assets dropped by HUF 2,132 million in the reporting year, of which the main items include HUF 1,264 million decrease in receivables and HUF 875 million decrease in liquid assets. Trade receivables of the Company were down by HUF 94 million, while receivables from related companies fell by HUF 1,363 million. Significant items within the decrease in receivables from related companies include the decrease in cash lent to sister companies within the cash pool system which was due to removal from the scope of related parties, as well as the decrease in cash lent to subsidiaries and the fall in short-term portion of the long-term loan granted to EDF DÉMÁSZ Hálózati Elosztó Kft.

Within equity and liabilities of the Company, the proportion of own sources slightly increased. Shareholders' equity dropped by the HUF 540 million. Provisions for expected liabilities decreased by HUF 96 million.

Liabilities fell by HUF 3,796 million, mainly due to the decrease in liabilities to related companies. Accrued expenses and deferred income were HUF 391 million down on the previous year.

There were no material changes in the asset structure of the Company. As far as capital structure is concerned, the decrease in the balance sheet total was accompanied by a decrease in external capital and an increase in shareholders' equity, thus the capital adequacy ratio increased.

In 2015 the Company had no long-term liabilities, thus the indebtedness ratio is not applicable.

### 3.2. Profitability

#### Profitability indicators

Description	Calculation	Previous year 2014	Reporting year 2015
1. Operating return on sales (%)	$\frac{\text{Operating profit/loss}}{\text{Net sales revenue}}$	4.4	4.5
2. Ordinary return on equity (%)	$\frac{\text{Profit/Loss on ordinary activities}}{\text{Shareholders' equity}}$	4.3	3.9
3. Return on subscribed capital (%)	$\frac{\text{Profit/Loss after tax}}{\text{Subscribed capital}}$	7.6	6.6
4. Return on equity (ROE) (%)	$\frac{\text{Profit/Loss after tax}}{\text{Shareholders' equity}}$	2.4	2.1
5. Return on total assets (%)	$\frac{\text{Profit/Loss on ordinary activities}}{\text{Total assets}}$	3.6	3.3

The majority of profitability indicators decreased as compared with the previous year. Net sales revenue fell by HUF 5,026 million, while other income decreased by HUF 231 million, resulting in an aggregate fall of HUF 5,257 million in the reporting year. Material-type expenses, staff costs, booked depreciation and other expenses decreased to a lesser extent, by HUF 5,170 million, thus operating profit was HUF 89 million down on the previous year.

Profit on financial transactions decreased by HUF 487 million as compared with the previous year due to the drop in the amount of interest revenue received from related companies and the fall in other financial income.

Profit after tax in 2015 totalled HUF 2,460 million, which is HUF 353 million down on the prior-year figure.

### 3.3. Summary of the Company's financial position

#### Main financial position indicators

Description	Calculation	Previous year 31.12.2014	Reporting year 31.12.2015
1. Cash ratio (Quick ratio)	$\frac{\text{Cash}}{\text{Current liabilities (i)}}$	0.06	0.03
2. Liquid asset ratio (Acid-test ratio)	$\frac{\text{Cash} + \text{Receivables (ii)} + \text{Securities}}{\text{Current liabilities (i)}}$	0.56	0.56
3. Current asset ratio (%)	$\frac{\text{Current assets (iv)}}{\text{Current liabilities (i)}}$	109.4	120.9
4. Working capital ratio (%)	$\frac{\text{Current assets (iv)} - \text{Current liabilities (i)}}{\text{Shareholders' equity}}$	1.9	3.5
5. Trade debtor turnover	$\frac{\text{Trade debtors (overdue) (iii)}}{\text{Sales revenue per day}}$	11.3	10.8

(i) Including accrued expenses and deferred income, but excluding deferred network development contributions and accrued expenses and deferred income related to assets received free of charge.

(ii) Without trade receivables not yet due.

(iii) Trade debtors net of VAT.

(iv) Including deferred expenses and accrued income.

Liquid assets of the Company comprise the balance of bank accounts and other restricted accounts. At the end of 2015 cash amounted to HUF 500 million; this figure is less by HUF 875 million as compared with the previous year. Receivables decreased mainly due to the HUF 1,363 million drop in receivables from related companies.

Due trade receivables, the aggregated amount of receivables from related companies, other receivables and liquid assets, as well as current assets plus deferred expenses and accrued income decreased as compared with the previous year. The aggregated amount of current liabilities and accrued expenses fell to a greater extent, thus the value of financial indicators improved as compared with the previous year.

The improved value of the indicator illustrating trade debtor turnover resulted, in addition to the fall in sales revenue per day, from the even greater decrease in overdue trade debtors.



## CASH FLOW STATEMENT

Data in HUF million

	Previous year 2014	Reporting year 2015
<b>Profit before tax</b>	<b>4,884</b>	<b>4,284</b>
Adjustment: dividend received	-37	-28
<b>Adjusted profit before tax</b>	<b>4,847</b>	<b>4,256</b>
Booked amortisation and depreciation	1,272	1,137
Amortisation on assets received free of charge and network development contribution	-140	-145
Changes in current assets (without trade receivables and liquid assets)	1,072	904
Impairment and reversal of impairment on other receivables	110	-36
Other changes to tangible assets	-3	-61
Impairment on tangible assets	6	52
Scrapped inventories, impairment on inventories	10	11
Changes in trade receivables	2,407	128
Impairment and reversal of impairment on trade receivables	207	-34
Difference between provisions recognised and used	-333	-96
Changes in trade payables	-802	200
Changes in accrued expenses and deferred income	-671	-246
Changes in deferred expenses and accrued income	1,536	39
Changes in liabilities to related companies and other current liabilities	5,419	4,317
Dividend payable	-6,300	-3,000
Corporation tax and income tax for energy suppliers payable	-2,071	-1,824
Profit/Loss on the sale of fixed assets	7	31
Corporation tax, income tax for energy suppliers paid in the reporting year	-2,035	-1,688
Dividends paid in the reporting year	-13,500	-6,300
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-8,962</b>	<b>-2,355</b>
Fixed asset additions	-447	-353
Proceeds on sale of fixed assets	43	76
Dividends received	37	28
Changes in interests (due to merger)	48	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-319</b>	<b>-249</b>
Borrowings	194	0
Repayment of long-term loans	2,800	1,800
Repayment of long-term loans and bank deposits	2	9
Changes in cash pool receivables	5,306	62
Assets received free of charge	7	0
Repayment of loans	0	-142
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>8,309</b>	<b>1,729</b>
<b>NET CHANGE IN LIQUID ASSETS</b>	<b>-972</b>	<b>-875</b>
<b>Cash at the beginning of the year</b>	<b>2,347</b>	<b>1,375</b>
<b>Cash at the end of the year</b>	<b>1,375</b>	<b>500</b>

Cash flows from operating activities totalled HUF -2,355 million. Cash flows from operating activities were reduced by dividends paid and payable, corporation tax and income tax for energy suppliers paid and payable in the reporting year, while increasing factors included profit before tax, trade liabilities to related companies, other liabilities, booked amortisation and depreciation.

Cash flows from investing activities decreased because of the drop in the amount spent to acquire fixed assets.

The Company is a member of the cash pool system operated by the parent company and the local cash pool system, in which it was mainly in a lender position in both the previous year and the reporting year. Reporting-year changes in the cash pool balance did not increase significantly the Company's cash flows from financing activities.

## II. SUPPLEMENTARY NOTES

### II.1. NOTES TO THE BALANCE SHEET

#### 1. General notes

The balance sheet contains no figures that are not comparable.

#### 2. Specific notes

##### 2.1. Intangible and tangible assets

##### 2.1.1. Intangible assets

The table below summarises changes to intangible assets in FY 2014 and FY 2015:

Data in HUF million

Gross value	Rights and concessions	Rights and concessions not yet authorised	Intellectual property	Software products in progress	Total
<b>Opening balance, 1 January 2014</b>	<b>7,104</b>	<b>201</b>	<b>645</b>	<b>0</b>	<b>7,950</b>
Purchases	0	137	0	0	137
Capitalisation	195	-195	0	0	0
Derecognition, other decreases	26	0	0	0	26
<b>Closing balance, 31 December 2014</b>	<b>7,273</b>	<b>143</b>	<b>645</b>	<b>0</b>	<b>8,061</b>
Purchases	0	168	0	8	176
Capitalisation	216	-216	8	-8	0
Reclassification	0	-1	0	0	-1
<b>Closing balance, 31 December 2015</b>	<b>7,489</b>	<b>94</b>	<b>653</b>	<b>0</b>	<b>8,236</b>

In 2015 rights and concessions were capitalised in a value of HUF 216 million, mainly including licences and software (administration, customer service, technical, machine room, data network licences).

Data in HUF million

<b>Accumulated amortisation</b>	<b>Rights and concessions</b>	<b>Rights and concessions not yet authorised</b>	<b>Intellectual property</b>	<b>Total</b>
<b>Opening balance 1 January 2014</b>	<b>5,493</b>	<b>0</b>	<b>639</b>	<b>6,132</b>
Amortisation	420	0	2	422
Extraordinary depreciation (expense)	0	1	0	1
Derecognition, other decreases	26	0	0	26
<b>Closing balance 31 December 2014</b>	<b>5,887</b>	<b>1</b>	<b>641</b>	<b>6,529</b>
Amortisation	417	0	3	420
Reclassification	0	-1	0	-1
<b>Closing balance 31 December 2015</b>	<b>6,304</b>	<b>0</b>	<b>644</b>	<b>6,948</b>
<b>Net value 31 December 2014</b>	<b>1,386</b>	<b>142</b>	<b>4</b>	<b>1,532</b>
<b>Net value 31 December 2015</b>	<b>1,185</b>	<b>94</b>	<b>9</b>	<b>1,288</b>

In 2015 the Company booked HUF 420 million ordinary amortisation on intangible assets.

The table below presents reporting-year amortisation by type:

Data in HUF million

<b>Amortisation by type</b>	<b>Rights and concessions</b>	<b>Intellectual property</b>	<b>Total</b>
Booked in 2014 using the straight-line method	420	2	422
<b>2014 ordinary amortisation</b>	<b>420</b>	<b>2</b>	<b>422</b>
Extraordinary amortisation (expense), derecognised net value	1	0	1
<b>2014 extraordinary amortisation</b>	<b>1</b>	<b>0</b>	<b>1</b>
Booked in 2015 using the straight-line method	417	3	420
<b>2015 ordinary amortisation</b>	<b>417</b>	<b>3</b>	<b>420</b>
Extraordinary amortisation expense, net value of derecognised assets	0	0	0
<b>2015 extraordinary amortisation</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 2.1.2. Tangible assets

Changes to tangible assets in FY 2014 and FY 2015:

Data in HUF million

Gross value	Land and buildings	Plant, equipment, machinery, vehicles	Other equipment, fittings, vehicles	Assets under construction	Total
<b>Opening balance 1 January 2014</b>	<b>16,023</b>	<b>586</b>	<b>4,180</b>	<b>169</b>	<b>20,958</b>
Purchases	0	0	0	310	310
Capitalisation	133	4	266	-403	0
Other additions	7	0	0	-7	0
Scrapping, sale, other decrease	256	31	90	0	377
<b>Closing balance 31 December 2014</b>	<b>15,907</b>	<b>559</b>	<b>4,356</b>	<b>69</b>	<b>20,891</b>
Purchases	0	0	0	177	177
Capitalisation	114	0	113	-227	0
Reclassification	11	1	-12	-10	-10
Scrapping, sale, other decrease	534	142	925	5	1,606
<b>Closing balance 31 December 2015</b>	<b>15,498</b>	<b>418</b>	<b>3,532</b>	<b>4</b>	<b>19,452</b>

Capitalisation of tangible assets amounted to HUF 227 million, of which street lighting networks, equipment and land and buildings totalled HUF 114 million, while capitalised value of IT equipment, telecommunication equipment and other office equipment amounted to HUF 113 million.

The HUF 1,606 million fall in gross value in the reporting year comprises HUF 1,409 million decrease due to scrapped tangible assets and HUF 197 million sale of tangible assets.

Data in HUF million

<b>Accumulated depreciation</b>	<b>Land and buildings</b>	<b>Plant, equipment, machinery, vehicles</b>	<b>Other equipment, fittings, vehicles</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Opening balance 1 January 2014</b>	<b>9,532</b>	<b>536</b>	<b>3,714</b>	<b>9</b>	<b>13,791</b>
Depreciation	573	15	262	0	850
-of which prior-year adjustment	1	0	0	0	1
Extraordinary depreciation (expense)	0	0	0	1	1
Scrapping, sale, other decrease	211	31	84	0	326
<b>Closing balance 31 December 2014</b>	<b>9,894</b>	<b>520</b>	<b>3,892</b>	<b>10</b>	<b>14,316</b>
Depreciation	489	14	214	0	717
Reclassification	7	1	-8	-10	-10
Scrapping, sale, other decrease	443	142	923	0	1,508
<b>Closing balance 31 December 2015</b>	<b>9,947</b>	<b>393</b>	<b>3,175</b>	<b>0</b>	<b>13,515</b>
<b>Net value 31 December 2014</b>	<b>6,013</b>	<b>39</b>	<b>464</b>	<b>59</b>	<b>6,575</b>
<b>Net value 31 December 2015</b>	<b>5,551</b>	<b>25</b>	<b>357</b>	<b>4</b>	<b>5,937</b>

In 2015 the Company booked HUF 717 million ordinary depreciation on tangible assets.

Data in HUF million

Depreciation by type	Land and buildings	Plant, equipment, machinery, vehicles	Other equipment, fittings, vehicles	Assets under construction	Total
2014					
booked using the straight-line method	573	15	261	0	849
of which prior-year adjustment	1	0	0	0	1
Booked using the lump-sum method	0	0	1	0	1
<b>2014 ordinary depreciation</b>	<b>573</b>	<b>15</b>	<b>262</b>	<b>0</b>	<b>850</b>
Extraordinary depreciation expense, net value of derecognised assets (other and extraordinary)	45	0	6	1	52
<b>2014 extraordinary depreciation</b>	<b>45</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>52</b>
2015					
booked using the straight-line method	489	14	203	0	706
Booked using the lump-sum method	0	0	11	0	11
<b>2015 ordinary depreciation</b>	<b>489</b>	<b>14</b>	<b>214</b>	<b>0</b>	<b>717</b>
Reclassification	7	1	-8	0	0
Extraordinary depreciation expense, net value of derecognised assets (other and extraordinary)	91	0	2	5	98
<b>2015 extraordinary depreciation</b>	<b>91</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>98</b>



### 2.1.3. Tangible assets supporting environmental protection

Gross value of tangible assets directly supporting environmental protection:

Data in HUF million

Gross value	Oil sludge tank	Waste container	Oil separation equipment	Oil tank	Transformer tank	Total
Opening balance 1 January 2014	2	26	5	5	10	48
Closing balance 31 December 2014	2	26	5	5	10	48
Closing balance 31 December 2015	2	26	5	5	10	48

Depreciation booked on tangible assets directly supporting environmental protection and net value of these assets:

Data in HUF million

Accumulated depreciation	Oil sludge tank	Waste container	Oil separation equipment	Oil tank	Transformer tank	Total
Opening balance 1 January 2014	1	4	1	1	3	10
Depreciation	0	1	0	0	1	2
Closing balance 31 December 2014	1	5	1	1	4	12
Depreciation	0	1	0	0	0	1
Closing balance 31 December 2015	1	6	1	1	4	13
Net value 31 December 2014	1	21	4	4	6	36
Net value 31 December 2015	1	20	4	4	6	35

In 2015 the Company did not pay any environmental protection fines.

**2.1.4. Assets without a recorded value**

Short-term expendable tangible assets (tools, work and protective clothing, etc.) and, except for IT equipment, tangible assets below THUF 100 are written off fully as cost when first used. For protection purposes, itemised records of these assets are kept in terms of quantity.

## 2.2. Investments

### 2.2.1. Interests

Interests held by the Company as of 31 December 2014 and 2015:

Subsidiaries	Value of interest		Registered capital of the company		Ownership share		Voting power		Equity		Profit/Loss after tax		Retained profit/loss for the year	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
EDF DÉMÁSZ Hálózati Elosztó Kft (6720 Szeged, Klauzál tér 1.)	107,081	107,081	104,266	104,266	100.0	100.0	100.0	100.0	120,737	125,850	3,299	5,113	3,299	5,113
Zöldforrás Energia Kft (i) (6720 Szeged, Klauzál tér 9.)	0	-	175	-	50.29	-	50.29	-	62	-	-53	-	-53	-
Kecskeméti TERMOSTAR Kft. (ii) (6000 Kecskemét, Akadémia krt. 4.)	340	340	1,114	1,114	30.49	30.49	30.49	30.49	1,894	1,894	87	85	0	0
Zánka Üdülési Egyesület (iii) (8400 Ajka, Kandó K. ltp. 20.)	5	5												
<b>Total</b>	<b>107,426</b>	<b>107,426</b>	<b>105,555</b>	<b>105,380</b>					<b>122,693</b>	<b>127,744</b>	<b>3,333</b>	<b>5,198</b>	<b>3,246</b>	<b>5,113</b>

- (i) Reclassified into securities held for trading  
(ii) Associated company  
(iii) Other interests

The carrying amount of interests recorded in the Company's books did not change in the reporting year. The fully impaired interest in Zöldforrás Kft. recognised under investments was reclassified into current assets in 2015.

EDF DÉMÁSZ Zrt. considered selling its business share (majority holding) in Zöldforrás Kft. Management of parent company liabilities arising from the loan agreements of Zöldforrás Kft. as well as the details of the agreement to be concluded with the financing credit institution are important elements of the implementation of the potential transaction.

### **2.2.2. Securities**

As of 31 December 2015 the Company had no long-term debt securities.

### **2.2.3. Loans granted**

Long-term loans comprise investment loans granted to EDF DÉMÁSZ Hálózati Elosztó Kft. for network development and housing and general investment loans disbursed to employees.

In 2011 and 2012 the Company disbursed a total of HUF 14,000 million loan to EDF DÉMÁSZ Hálózati Elosztó Kft., of which HUF 11,400 million was repaid. HUF 1,800 million repayment due within one year is recognised as receivables from related companies, while HUF 800 million is recognised as long-term loans to related companies under investments.

Loans disbursed to employees totalled HUF 50 million as of 31 December 2015.

## 2.3. Inventories

Inventories as of 31 December 2014 and 2015 are presented in the following table:

Data in HUF million

Description	Previous year	Reporting year
	31.12.2014	31.12.2015
Raw materials	334	367
Auxiliary materials	14	24
Other materials	22	26
Total materials	370	417
<b><u>Total inventories</u></b>	<b><u>370</u></b>	<b><u>417</u></b>

Chronological average inventories and turnover ratio:

Description	Previous year 2014	Reporting year 2015
Chronological average HUF million	410	388
Turnover ratio (turn/year)	7.1	8.1

### *Impairment on inventories*

In 2015 the Company booked HUF 11 million impairment on inventories.

Data in HUF million

Description	Closing inventories before booking impairment 31.12.2015	Booked impairment	Closing inventories 31.12.2015
Raw materials and consumable goods	428	11	417
<b>Total</b>	<b>428</b>	<b>11</b>	<b>417</b>

*Hazardous waste*

2014 and 2015 data of hazardous waste disposal in terms of quantity and value:

Description of waste	Disposed quantity (t)		Disposal fee (HUF million)	
	2014	2015	2014	2015
Metal halide lamps	5.00	6.60	4	4
Galvanic batteries	0.00	0.22	0	0
Office tapes	0.15	0.00	0	0
Electronic waste	1.81	2.91	0	0
Oily land cables	0.00	0.19	0	0
Scrapped audio frequency receiver	0.58	5.27	0	0
<b>Total</b>	<b>7.54</b>	<b>15.19</b>	<b>4</b>	<b>4</b>

In 2015 the Company paid HUF 4 million disposal fee as environmental product charge for street lighting lamps.

## 2.4. Receivables

Receivables as of 31 December 2014 and 2015:

	Data in HUF million	
	Previous year 31.12.2014	Reporting year 31.12.2015
<b>Trade receivables</b>	<b>7,943</b>	<b>7,849</b>
of which: overdue receivables (universal)	2,860	2,785
overdue receivables (competitive market)	707	589
overdue receivables (other)	464	279
Of which:		
- Electricity trade debtors (universal)	2,961	2,692
- households	2,594	2,428
- business customers	367	264
- Electricity trade debtors (competitive market)	4,444	4,630
- business customers	4,444	4,629
- households	0	1
- Other trade debtors	538	527
<b>Receivables from related companies</b>	<b>9,620</b>	<b>8,257</b>
of which: overdue receivables	11	16
of which: receivables from the parent company	4,085	5,305
receivables from subsidiaries	4,486	2,952
receivables from sister companies	1,049	0
<b>Other receivables</b>	<b>543</b>	<b>736</b>
of which:		
Deferred VAT	392	487
Receivables related to power exchange settlement (KELER)	0	132
Local taxes	89	72
Receivables from employees	16	14
Income tax for energy suppliers	19	0
Liabilities to the state budget and payment thereof	0	8
- Claims from the state budget and payment thereof	7	7
Other receivables	20	16
<b>Total</b>	<b>18,106</b>	<b>16,842</b>

Receivables from the sale of electricity were about the prior-year figure. Competitive market receivables grew by HUF 186 million, while universal service provider electricity receivables fell by HUF 269 million.

Composition of receivables from related companies was as follows: 64.3% (HUF 5,305 million) cash pool receivables from the parent company, 11.3% (HUF 935 million) cash pool receivables from EDF DÉMÁSZ Hálózati Elosztó Kft., 21.8% (HUF 1,801 million) receivables relating to the short-term portion and interest thereof of the loan disbursed to EDF DÉMÁSZ Hálózati Elosztó Kft., 2.6% (HUF 216 million) trade receivables from related companies.

#### Impairment on receivables in 2015:

Impairment	Data in HUF million					
	Opening balance, 1 January 2015	Booked impairment	Impairment reversal	Derecognition of impairment on receivables written off	Impairment on receivables transferred	Closing balance 31 December 2015
Trade receivables	2,234	657	-697	-89	-191	1,914
Of which:						
- Electricity trade debtors	1,939	592	-520	-68	-191	1,752
- Other trade debtors	295	65	-177	-21	0	162
Receivables from related companies	7	9	0	0	0	16
Other receivables	110	10	-47	-27	0	46
<b>Total</b>	<b>2,351</b>	<b>676</b>	<b>-744</b>	<b>-116</b>	<b>-191</b>	<b>1,976</b>

HUF 1,914 million impairment was booked on overdue receivables as of 31 December 2015 totalling HUF 3,653 million.



## 2.5. Securities

The Company's securities recognised under current assets include its 1.1% interest in Normon-Tool Kft. amounting to HUF 1 million and its fully impaired interest in Zöldforrás Kft. reclassified from investments into current assets in the reporting year.

In 2015 the Company booked HUF 1 million impairment on its interest in Normon-Tool Kft.

## 2.6. Liquid assets

Liquid assets as of 31 December 2014 and 2015:

	Data in HUF million	
	Previous year 31.12.2014	Reporting year 31.12.2015
Current accounts	544	397
Restricted deposit accounts	831	103
<b>Total</b>	<b>1,375</b>	<b>500</b>

As of 31 December 2015 EDF DÉMÁSZ Zrt. had HUF 500 million liquid assets.

Due to the special feature of the cash pool system operated between the EDF parent company and the Group, the change in the closing balance of the current accounts shows the change in the joint liquidity position of the Group.

## 2.7. Deferrals and accruals

Deferred expenses and accrued income as of 31 December 2014 and 2015:

	Data in HUF million	
	Previous year	Reporting year
	31.12.2014	31.12.2015
<i>Income</i>		
Sale of electricity (unbilled energy)	4,297	3,880
Sales revenue from transmission system operation fee	1,222	1,575
Intra-group services	602	581
Operation and expansion of street lighting lamps, efficiency fee	121	85
Accrued interest income	7	5
Other	17	25
<i>Total income</i>	<u>6,266</u>	<u>6,151</u>
<i>Costs</i>		
Operation of street lighting lamps	0	80
Software licences	28	34
Software updates and maintenance	2	12
Insurance premiums	13	11
Crediting of PCC costs	19	0
Other	11	12
<i>Total costs</i>	<u>73</u>	<u>149</u>
<i>Deferred expenses</i>		
<i>Total deferred expenses</i>	<u>0</u>	<u>0</u>
<b><u>Total</u></b>	<b><u>6,339</u></b>	<b><u>6,300</u></b>

The most significant items within deferred expenses and accrued income are the unbilled electricity sales of HUF 3,880 million and the amount of transmission system operation fee accrued as sales revenue amounting to HUF 1,575 million.

Accrued electricity sales decreased by HUF 417 million, comprising HUF 46 million rise in accruals related to customers served in the capacity of universal service provider and a fall of HUF 463 million related to open market customers. Accrued sales revenue from transmission system operation fees increased in relation to both the universal service customers (by HUF 27 million) and the open market customers (by HUF 326 million), in total by HUF 353 million.

The main reason behind the decrease in accrued open market licensed electricity sales is that in the previous year the amount of electricity sales not invoiced to trading partners was accounted for as accrued income, while in the reporting year the majority of sales was

invoiced to wholesale partners. Furthermore, the sales portfolio and also sales prices decreased slightly.

Accrued transmission system operation fees increased because the ratio of customers who pay transmission system operation fee to network distributors through the Company increased within the portfolio.

Accrued expenses and deferred income as of 31 December 2014 and 2015:

	Data in HUF million	
	Previous year 31.12.2014	Reporting year 31.12.2015
<i>Income</i>		
Deferred revenue from sale of electricity	0	87
Deferred revenue from transmission system operation fee	0	66
Other deferred income	9	4
<b>Total income</b>	<b>9</b>	<b>157</b>
<i>Deferred income</i>		
Assets received free of charge	267	203
Network development contribution	187	107
Development grant received	1	0
<b>Total deferred income</b>	<b>455</b>	<b>310</b>
<i>Costs and expenses</i>		
Purchase of electricity	3,452	3,054
Transmission system operation fees paid to licensed network operator	2,384	2,496
Services not invoiced	1,107	973
Staff costs and related contributions	366	418
Street lighting distribution fee	56	34
Intra-group services	31	26
Interest expenses	2	1
Other	16	18
<b>Total costs</b>	<b>7,414</b>	<b>7,020</b>
<b><u>Total</u></b>	<b><u>7,878</u></b>	<b><u>7,487</u></b>

Accrued expenses and deferred income were HUF 391 million down on the previous year, the main contributing factor being deferred expenses of purchase of electricity.

The main reason behind the decrease is that some purchase invoices of MAVIR Zrt. were included in accruals in the previous year, while these invoices are recognised among trade creditor items in the reporting year. On the other hand, average purchase prices also decreased as compared with the previous year, which also resulted in the fall in accruals and deferrals.

## 2.8. Changes to shareholders' equity

2015 changes in the elements of the shareholders' equity:

	Data in HUF million				
	Subscribed capital	Capital reserve	Retained earnings	Retained profit/loss for the year	Shareholders' equity
<b>31 December 2014</b>	<b>37,029</b>	<b>4,066</b>	<b>77,434</b>	<b>0</b>	<b>118,529</b>
Payment of dividend from available retained earnings	0	0	-540	0	-540
2015 profit	0	0	0	0	0
<b>31 December 2015</b>	<b>37,029</b>	<b>4,066</b>	<b>76,894</b>	<b>0</b>	<b>117,989</b>

HUF 2,460 million dividends will be distributed from the Company's 2015 profit after tax to the extent provided by law, which will be supplemented by HUF 540 million available retained earnings, thus total intended dividends amount to HUF 3,000 million.

## 2.9. Provisions

Changes to provisions in 2015:

Data in HUF million

	Previous year 31.12.2014	Allocation	Use	Reporting year 31.12.2015
Expected liabilities	669	10	39	640
Pre-retirement and long-service bonuses	453	145	36	562
Other liabilities related to termination of employment	292	12	164	140
Remaining balance of welfare budget	20	18	20	18
Environmental protection obligations	22	0	22	0
<b>Total provisions for expected liabilities</b>	<b>1,456</b>	<b>185</b>	<b>281</b>	<b>1,360</b>
<b>Total provisions for future costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total other provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total provisions</b>	<b>1,456</b>	<b>185</b>	<b>281</b>	<b>1,360</b>

A significant portion of total provisions comprises future payment liabilities relating to termination of employment, as well as for “Pre-retirement and long-service bonus” specified in the collective contract and supported by actuarial calculations.

Another significant part of total provisions comprises provisions for collaterals provided by EDF DÉMÁSZ Zrt. in relation to a loan granted to one of its subsidiaries; the amount of this provision as of 31 December 2015 was HUF 382 million.

## 2.10. Liabilities

### 2.10.1. Long-term and short-term borrowings and loans

As of 31 December 2015 the Company had no long-term liabilities.

#### *Short-term loans*

Description	Data in HUF million	
	As of 31.12.2015	Maturity
ING Bank HUF overdraft	52	continuous
<b>Total</b>	<b>52</b>	

As a feature of the local cash pool system operated by the Company, the Group level loan balance appears on the cash pool account at EDF DÉMÁSZ Zrt. The cash pool accounts held at CIB Bank and at OTP Bank are recognised under liquid assets with positive balance, while the account held at ING Bank is recognised under loans with a negative balance.

## 2.10.2. Current liabilities

Composition of current liabilities as of 31 December 2014 and 2015:

	Data in HUF million	
	Previous year 31.12.2014	Reporting year 31.12.2015
<b>Short-term borrowings</b>	<b>0</b>	<b>0</b>
<b>Short-term loans</b>	<b>194</b>	<b>52</b>
<b>Advances from customers</b>	<b>18</b>	<b>0</b>
<b>Trade liabilities</b>	<b>2,628</b>	<b>2,828</b>
<b>Bills payable</b>	<b>0</b>	<b>0</b>
<b>Current liabilities to related companies</b>	<b>9,332</b>	<b>6,020</b>
Of which:		
liabilities to parent company	8,962	5,526
liabilities to subsidiaries	353	476
liabilities to sister companies	17	18
<b>Other current liabilities</b>	<b>4,348</b>	<b>3,824</b>
Deferred VAT	1,372	1,278
Advance payments from consumers	1,139	1,117
VAT	1,110	821
Payment liability of income tax for energy suppliers	0	135
Liabilities to employees	110	106
Social security contribution liability	85	73
Liabilities from consignment inventories	69	52
Energy tax (due)	61	48
Liabilities to the transmission system operator	71	46
Deferred energy tax	45	44
Personal income tax	40	31
Liabilities to the state budget	42	21
Payments to pension, mutual aid and health funds	19	15
Corporation tax liability	22	5
Consideration for withdrawn shares	132	0
Other	31	32
<b>Total current liabilities</b>	<b>16,520</b>	<b>12,724</b>

Total liabilities in the reporting year were HUF 3,796 million down on the previous year. Within liabilities to related companies, liabilities to the parent company fell by HUF 3,436 million, comprising HUF 3,300 million decrease in dividend liability and HUF 210 million drop in cash pool liability to the parent company as well as HUF 74 million increase in trade liabilities to the parent company. Liabilities to subsidiaries rose by HUF 123 million including HUF 97 million increase in trade liabilities.

Trade liabilities grew by HUF 200 million.

The major factor contributing to the fall in other current liabilities is the decrease in VAT payment liabilities.



## II.2. NOTES TO THE INCOME STATEMENT

### 1. General notes

The income statement contains no figures that are not comparable.

### 2. Specific notes

#### 2.1. Net sales revenue

Net sales revenue by scope of activity:

Data in HUF million

Activity	Previous year 2014	Share (%)	Reporting year 2015	Share (%)
Sale of electricity	64,430	62.4	59,772	60.8
Transmission system operation fees electricity	26,965	26.1	27,007	27.5
Business services	6,066	5.8	5,755	5.9
Sale of materials	3,105	3.0	3,175	3.2
Energy tax	613	0.6	592	0.6
Mediated services	80	0.1	84	0.1
Other	2,034	2.0	1,882	1.9
<b>Net sales revenue</b>	<b>103,293</b>	<b>100.0</b>	<b>98,267</b>	<b>100.0</b>

Net sales revenue decreased by 4.9% in 2015.

In the reporting year revenue from the sale of electricity was 7.2% down on the prior-year figure. The reason for the decrease on one hand is that in 2015 the Company's customer portfolio became smaller as compared with the previous year; on the other hand, the volume of sales to commercial partners also fell and end user prices for households also decreased.

Revenue from transmission system operation fees is 0.2% up on 2014.

Revenue from the sale of materials increased by 2.3% in 2015. This is mainly due to the fact that in the reporting year there was a higher volume of constructions carried out at group level for which the Company provided materials.

Revenue from energy tax decreased in line with the sale of electricity.

The decrease in other revenues in 2015 is attributable primarily to the run-off of street lighting operation contracts.

#### Income from related companies:

Data in HUF million

	Net sales revenue	Other income	Extraordinary income	Financial income
Income from the parent company	0	0	0	59
Income from subsidiaries	17,194	2	0	189
Income from sister companies	498	0	0	5
Income from associated companies	65	0	0	28
Total income from related companies	17,757	2	0	281
Other	80,510	1,706	93	332
<b>Total</b>	<b>98,267</b>	<b>1,708</b>	<b>93</b>	<b>613</b>

In 2015 18.1% of net sales revenue comprise intra-group revenue, realised mainly from use of business and support services, sale of materials and sale of electricity.

Of financial income from related company cash pool interest from the parent company amounts to HUF 59 million, while investment loan and cash pool interest from subsidiaries totals HUF 189 million. Financial income from related companies also includes HUF 28 million dividend received in 2015.

## Related party transactions

Related party transactions were carried out at arm's length and in compliance with legal regulations.

*Net export sales revenue:*

Net export sales revenue broken down by region (EU and non-EU):

Data in HUF million

Export of goods:				
Separate geographical area	Previous year 2014	Share (%)	Reporting year 2015	Share (%)
<i>Within the EU:</i>				
United Kingdom	614	54.5	674	67.6
Czech Republic	455	40.3	133	13.4
Denmark	12	1.1	24	2.4
Luxemburg	0	0.0	17	1.7
Slovenia	17	1.5	14	1.4
Germany	4	0.4	0	0.0
<i>Within the EU, total:</i>	1,102	97.8	862	86.5
<i>Outside the EU:</i>				
Switzerland	3	0.2	112	11.2
<i>Total outside the EU:</i>	3	0.2	112	11.2
<b>Net sales revenue from export of goods</b>	<b>1,105</b>	<b>98.0</b>	<b>974</b>	<b>97.7</b>
Export of services:				
Separate geographical area	Previous year 2014	Share (%)	Reporting year 2015	Share (%)
<i>Within the EU:</i>				
Ireland	22	2.0	23	2.3
<i>Within the EU, total:</i>	22	2.0	23	2.3
<i>Outside the EU:</i>				
<i>Total outside the EU:</i>	0	0.0	0	0.0
<b>Net sales revenue from export of services</b>	<b>22</b>	<b>2.0</b>	<b>23</b>	<b>2.3</b>
<b>Total export sales:</b>	<b>1,127</b>	<b>100.0</b>	<b>997</b>	<b>100.0</b>

In 2015 sales revenue from the export of goods comprises sale of electricity to foreign-registered partners. The sale of goods takes place within the borders of Hungary, consequently no cross-border capacity is recognised in the reporting year.

The Company recognises in its books commissions invoiced based on an agency agreement concluded with a foreign-registered insurance company as export of services.

## 2.2. Material-type expenses

Material-type expenses in 2014 and 2015:

Costs broken down by type	Data in HUF million		
	Previous year 2014	Reporting year 2015	Change
Material costs	252	251	-1
Services used	3,124	3,139	15
of which:			
postal costs, telephone and telecommunication charges	516	467	-49
repair, maintenance	506	377	-129
subcontractors' performance	429	339	-90
expert fees	348	278	-70
other commercial activity (i)	0	192	192
advertisements, market research	60	109	49
temporary agency work	37	85	48
technical books, printing services, newspaper	92	84	-8
security, reception service	83	82	-1
rentals	98	79	-19
public sanitation, cleaning	51	48	-3
other	904	999	95
Other services	755	647	-108
Cost of goods sold	61,125	56,866	-4,259
Services sold (mediated)	27,465	27,267	-198
<b>Material-type expenses</b>	<b>92,721</b>	<b>88,170</b>	<b>-4,551</b>

(i) In 2014 HUF 24 million other commercial activity was included in the 'Other' line item

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

In line with the reduction in the sale of electricity, cost of goods sold also decreased.

## 2.3. Audit fees

Statement on fees charged by the auditor:

Description	Data in HUF million	
	Previous year 2014	Reporting year 2015
Fee charged for the audit of the annual report for the reporting year	11	13
Fee charged in the reporting year for other assurance services	0	15
Fees charged for tax advisory services	1	0
Fees for other non-audit services	1	0
<b>Total:</b>	<b>13</b>	<b>28</b>

## 2.4. Import purchases

Import purchases broken down by region (EU and non-EU) and within this by separated geographical market:

Import of goods:			Data in HUF million		
Separate geographical area	Previous year 2014	Share (%)	Reporting year 2015	Share (%)	Index (%)
<i>Within the EU:</i>					
United Kingdom	21,450	65.7	17,089	60.7	79.7
Czech Republic	7,674	23.5	6,689	23.7	87.2
Slovenia	115	0.3	273	1.0	237.4
Germany	609	1.9	174	0.6	28.6
Bulgaria	0	0.0	129	0.5	-
Poland	17	0.1	97	0.3	570.6
Denmark	6	0.0	94	0.3	1,566.7
Croatia	0	0.0	51	0.2	-
Portugal	15	0.0	50	0.2	333.3
Romania	38	0.1	24	0.1	63.2
Austria	0	0.0	5	0.0	-
France	27	0.1	2	0.0	7.4
<b>Within the EU, total:</b>	<b>29,951</b>	<b>91.7</b>	<b>24,677</b>	<b>87.6</b>	<b>82.4</b>
<i>Outside the EU:</i>					
Switzerland	2,045	6.3	2,397	8.5	117.2
<b>Total outside the EU:</b>	<b>2,045</b>	<b>6.3</b>	<b>2,397</b>	<b>8.5</b>	<b>117.2</b>
<b>Total import of goods</b>	<b>31,996</b>	<b>98.0</b>	<b>27,074</b>	<b>96.1</b>	<b>84.6</b>

**Import of services:**

Separate geographical area	Previous year 2014	Share (%)	Reporting year 2015	Share (%)	Index (%)
<i>Within the EU:</i>					
France	650	2.0	1,082	3.8	166.5
United Kingdom	14	0.0	12	0.1	85.7
Slovakia	4	0.0	10	0.0	250.0
The Netherlands	0	0.0	1	0.0	-
Romania	0	0.0	1	0.0	-
Belgium	1	0.0	0	0.0	0.0
<i>Within the EU, total:</i>	669	2.0	1,106	3.9	165.3
<i>Outside the EU:</i>					
<i>Total outside the EU:</i>	0	0.0	0	0.0	-
<b>Import of services:</b>	<b>669</b>	<b>2.0</b>	<b>1,106</b>	<b>3.9</b>	<b>165.3</b>
<b>Total import purchases:</b>	<b>32,665</b>	<b>100.0</b>	<b>28,180</b>	<b>100.0</b>	<b>86.3</b>

The most significant item (HUF 17,089 million) of import purchases relates to purchase of electricity.

## 2.5. Research and development

The Company incurred no research and development costs in 2014 and 2015.

## 2.6. Other income and expenses

Data in HUF million

Description	Previous year 2014	Reporting year 2015
Reversed impairment on receivables	753	744
Amount received as fine, penalty, default interest	253	321
Use of provisions	581	281
Reminder fee	250	227
Proceeds from sale of intangible and tangible assets	43	76
Sundry income	59	59
<b>Total other income</b>	<b>1,939</b>	<b>1,708</b>
Booked impairment	1,086	739
Energy tax	612	590
Taxes to local governments	504	481
Provisioning	247	185
Tax on public utility lines	179	179
Taxes and fees paid to the state budget	77	73
Costs of sale of intangible and tangible assets	36	45
Costs related to damage	6	3
Sundry expenses	40	13
<b>Total other expenses</b>	<b>2,787</b>	<b>2,308</b>

Other income decreased by HUF 231 million, while other expenses dropped by HUF 479 million as compared with the previous year. Within income the use of provisions, while within expenses the amount of booked impairment decreased significantly as compared with the previous year.

## 2.7. Income from and expenses on financial transactions

Composition of income from and expenses on financial transactions:

Data in HUF million

Description	Previous year 2014	Reporting year 2015
Dividends, profit shares received	37	28
Interest received and similar income	507	259
Gains on closed hedges	181	32
Exchange gains on financial transactions	516	294
<b><i>Total income from financial transactions</i></b>	<b>1,241</b>	<b>613</b>
Interest paid and similar expenses	40	35
Impairment on interests and securities	0	1
Loss on closed hedges	57	165
Exchange loss on financial transactions	548	303
<b><i>Total expenses on financial transactions</i></b>	<b>645</b>	<b>504</b>
<b><u>Total profit on financial transactions</u></b>	<b>596</b>	<b>109</b>

In the reporting year both income from and expenses on financial transactions were down on the previous year. As income decreased more than expenses, profit on financial transactions also fell. Within income interest received and exchange gain on financial transactions decreased significantly.

The financial loss from hedging derivatives is HUF 133 million.



## 2.8. Extraordinary income and expenses

Data in HUF million

Description	Previous year 2014	Reporting year 2015
Amortisation booked on receipt of funds and assets received free of charge	58	65
Expired liabilities forgiven by the lender	24	27
Equity attributable to the interest terminated for the transforming entity's owner	1,384	0
Other extraordinary income	9	1
<b>Total extraordinary income</b>	<b>1,475</b>	<b>93</b>
Liquid asset transfer for other purposes	250	283
Liquid asset transfer to foundations	50	57
Liabilities assumed	0	40
Carrying amount of interests contributed to the company	1,432	0
Carrying amount of assets transferred free of charge, cost of services provided free of charge	10	0
Other extraordinary expenses	0	4
<b>Total extraordinary expenses</b>	<b>1,742</b>	<b>384</b>
<b>Total extraordinary loss</b>	<b>-267</b>	<b>-291</b>

In 2015 extraordinary loss of the Company amounted to HUF 291 million. The impact of the change in interests as a result of the merger of EDF DÉMÁSZ Partner Kft. and DÉMÁSZ PRIMAVILL Kft. into EDF DÉMÁSZ Hálózati Elosztó Kft. on profit or loss (HUF -48 million) was a component of the 2014 extraordinary loss. Other extraordinary items had similar values as in the previous year.

## 2.9. Environmental protection costs

Environmental protection costs incurred in 2014 and 2015:

Environmental protection costs by type	Data in HUF million			
	Previous year 2014	Reporting year 2015	Difference	Index (%)
Material-type expenses	5	5	0	100.0
Other expenses	3	0	-3	0.0
<b>Total</b>	<b>8</b>	<b>5</b>	<b>-3</b>	<b>62.5</b>

In 2015 the Company booked HUF 5 million environmental protection costs.

## 2.10. Grants received

Grants received under a grant scheme in 2015 with no repayment obligation and the use of the grants are included in the table below:

Data in HUF million

Description	Amount of grant received	Amount used	Used for	Available amount
TÁMOP-2.1.3.C-12/1-2012-0258	18	18	Workplace training support	0
<b>Total</b>	<b>18</b>	<b>18</b>		<b>0</b>

In August 2012 the Company submitted a bid for the invitation to tender entitled "Support for workplace training for large companies in the convergence region" announced under the New Széchenyi Plan, and won HUF 35 million non-repayable EU grant.

In 2013 the Company received HUF 9 million and in 2014 a further HUF 8 million advance grant payment which were used up in the given year. In 2015 the tender was closed and settlement was completed under which EDF DÉMÁSZ Zrt. received the remaining HUF 18 million. The Company spent the whole amount of the grant on the project defined in the tender.

## 2.11. Intra-group items

Data in HUF million

Description	Previous year 2014	Reporting year 2015
Purchase of intangible and tangible assets	103	89
Investments	2,600	800
Inventories	0	0
Receivables	4,486	2,952
Deferred expenses and accrued income	1,562	1,388
Liabilities	353	476
Long-term liabilities	0	0
Current liabilities	353	476
Accrued expenses and deferred income	2,467	2,419
Net sales revenue	16,344	17,194
Material-type expenses	28,850	28,787
Material costs	0	0
Services used	439	426
Other services	0	0
Cost of goods sold	2,084	2,588
Services sold (mediated)	26,327	25,773
Other profit	7	2
Other income	7	2
Other expenses	0	0
Profit on financial transactions	381	186
Income from financial transactions	383	189
Expenses on financial transactions	2	3
Extraordinary profit/loss	-48	0
Extraordinary income	1,384	0
Extraordinary expenses	1,432	0

The main part of intra-group net sales revenue comprises network loss, quantity deviation and balancing energy from EDF DÉMÁSZ Hálózati Elosztó Kft. as well as street lighting distribution fee.

The Company coordinates the Group's stock management, thus revenue from sale of materials to the subsidiaries is also included in intra-group net sales revenue.

The Company provides support services to its subsidiaries.

EDF DÉMÁSZ Hálózati Elosztó Kft. as the legal successor of DÉMÁSZ PRIMAVILL Kft. and EDF DÉMÁSZ Partner Kft. provides maintenance and operation services relating to street lighting lamps and networks to the Company.

### III. SUPPLEMENTARY INFORMATION

#### 1. Accounting unbundling

Act LXXXVI of 2007 on Electric Energy (Electricity Act), Act XL of 2008 on Natural Gas Supply (Natural Gas Act), related decrees and HEO Directive 1/2002 require accounting unbundling for both the balance sheet and the income statement.

#### Main principles used for accounting unbundling:

1. Down to the level of operating profit/loss in the income statement – except for other income and other expenses – accounting unbundling is performed through transaction unbundling carried out in the SAP CO system. Other, financial and extraordinary items are allocated using Excel worksheets. When presenting the profit/loss of each licensed activity, the Company also considers the services provided within the framework of the Internal Customer System.
2. EDF DÉMÁSZ Zrt. divided its activities into five main groups (HEO Directive II.9):
  - Licensed universal service provider core activity;
  - Licensed electricity trading core activity;
  - Licensed natural gas trading core activity;
  - Licensed street lighting operation core activity;
  - Other core activity.

Core activities are unbundled based on HEO Directive 1/2002, that is adhering to the principle of grossing up, as if legal unbundling would have carried out. Resulting accumulations then are eliminated against other activity.

In 2015 the unbundling principles used in the previous year were applied during the unbundling of the balance sheet.

The Company performs its licensed activities based on operating licences received in the following resolutions: licensed universal service provision HEO 71/2008, licensed electricity trading HEO 75/2008, licensed natural gas trading HEO 50/2011 and licensed street lighting operation HEPURA 1983/2013. The fifth core activity of EDF DÉMÁSZ Zrt. includes services supporting the Group as a whole (customer service, communication, security, IT, logistics, financial, HR and commercial services).

**Asset position by licensed activity**

Data in HUF million

Description	Previous year 31.12.2014						Reporting year 31.12.2015					
	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Previous year total	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Reporting year total
<b>A. FIXED ASSETS</b>	0	0	1	0	118,191	118,192	0	0	0	0	115,501	115,501
<b>I. INTANGIBLE ASSETS</b>	0	0	1	0	1,531	1,532	0	0	0	0	1,288	1,288
I/3. Rights and concessions	0	0	1	0	1,527	1,528	0	0	0	0	1,279	1,279
I/4. Intellectual property	0	0	0	0	4	4	0	0	0	0	9	9
<b>II. TANGIBLE ASSETS</b>	0	0	0	0	6,575	6,575	0	0	0	0	5,937	5,937
II/1. Land and buildings and related rights and concessions	0	0	0	0	6,013	6,013	0	0	0	0	5,551	5,551
II/2. Plant, equipment, machinery, vehicles	0	0	0	0	39	39	0	0	0	0	25	25
II/3. Other equipment, fittings, vehicles	0	0	0	0	464	464	0	0	0	0	357	357
II/5. Assets under construction, renovations	0	0	0	0	59	59	0	0	0	0	4	4
<b>III. INVESTMENTS</b>	0	0	0	0	110,085	110,085	0	0	0	0	108,276	108,276
III/1. Long-term interests in related companies	0	0	0	0	107,421	107,421	0	0	0	0	107,421	107,421
III/2. Long-term loans to related companies	0	0	0	0	2,600	2,600	0	0	0	0	800	800
III/3. Other long-term interests	0	0	0	0	5	5	0	0	0	0	5	5
III/5. Other long-term loans	0	0	0	0	59	59	0	0	0	0	50	50
<b>B. CURRENT ASSETS</b>	3,277	5,136	11	138	11,290	19,852	2,981	4,932	28	41	9,777	17,759
<b>I. INVENTORIES</b>	0	0	0	0	370	370	0	0	0	0	417	417
I/1. Raw materials and consumable goods	0	0	0	0	370	370	0	0	0	0	417	417
<b>II. RECEIVABLES</b>	3,277	4,486	11	138	10,194	18,106	2,981	4,863	28	41	8,929	16,842
II/1. Trade receivables	2,961	4,444	10	116	412	7,943	2,692	4,630	27	40	460	7,849
II/2. Receivables from related companies	0	4	0	0	9,616	9,620	0	0	0	0	8,257	8,257
II/5. Other receivables	316	38	1	22	166	543	289	233	1	1	212	736
<b>III. SECURITIES</b>	0	0	0	0	1	1	0	0	0	0	0	0
III/2. Other interests	0	0	0	0	1	1	0	0	0	0	0	0
<b>IV. LIQUID ASSETS</b>	0	650	0	0	725	1,375	0	69	0	0	431	500
IV/2. Bank deposits	0	650	0	0	725	1,375	0	69	0	0	431	500
<b>C. DEFERRED EXPENSES AND ACCRUED INCOME</b>	2,403	3,120	14	53	749	6,339	2,481	2,982	18	38	781	6,300
Accrued income	2,403	3,120	12	53	678	6,266	2,481	2,982	16	38	634	6,151
Prepayments	0	0	2	0	71	73	0	0	2	0	147	149
<b>TOTAL ASSETS</b>	<b>5,680</b>	<b>8,256</b>	<b>26</b>	<b>191</b>	<b>130,230</b>	<b>144,383</b>	<b>5,462</b>	<b>7,914</b>	<b>46</b>	<b>79</b>	<b>126,059</b>	<b>139,560</b>

**EDF**

DÉMÁSZ

EDF DÉMÁSZ Zrt.

SUPPLEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Data in HUF million

Description	Previous year 31.12.2014						Reporting year 31.12.2015					
	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Previous year total	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Reporting year total
<b>D. SHAREHOLDERS' EQUITY</b>	-1,616	3,009	-180	-8	117,324	118,529	-3,685	4,917	-216	189	116,784	117,989
I. SUBSCRIBED CAPITAL	0	0	0	0	37,029	37,029	0	0	0	0	37,029	37,029
II. SUBSCRIBED, BUT UNPAID CAPITAL	0	0	0	0	0	0	0	0	0	0	0	0
III. CAPITAL RESERVE	0	0	0	0	4,066	4,066	0	0	0	0	4,066	4,066
IV. RETAINED EARNINGS	-373	1,752	-146	-28	76,229	77,434	-1,616	3,009	-180	-8	75,689	76,894
V. NON-DISTRIBUTABLE RESERVE	0	0	0	0	0	0	0	0	0	0	0	0
VI. VALUATION RESERVE	0	0	0	0	0	0	0	0	0	0	0	0
VII. RETAINED PROFIT/LOSS FOR THE YEAR	-1,243	1,257	-34	20	0	0	-2,069	1,908	-36	197	0	0
<b>E. PROVISIONS</b>	10	247	0	0	1,199	1,456	5	249	0	0	1,106	1,360
1. Provisions for expected liabilities	10	247	0	0	1,199	1,456	5	249	0	0	1,106	1,360
<b>F. LIABILITIES</b>	4,417	5,808	27	114	6,154	16,520	5,004	5,293	77	47	2,303	12,724
<b>I. SUBORDINATED LIABILITIES</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>II. LONG-TERM LIABILITIES</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>III. CURRENT LIABILITIES</b>	4,417	5,808	27	114	6,154	16,520	5,004	5,293	77	47	2,303	12,724
2. Short-term loans	542	322	13	17	-700	194	292	14	12	-28	-238	52
3. Advances from customers	0	0	0	0	18	18	0	0	0	0	0	0
4. Trade liabilities	1,160	3	2	0	1,463	2,628	1,074	387	4	0	1,363	2,828
6. Current liabilities to related companies	380	4,069	9	87	4,787	9,332	1,338	3,576	57	68	981	6,020
8. Other current liabilities	2,335	1,414	3	10	586	4,348	2,300	1,316	4	7	197	3,824
<b>G. ACCRUED EXPENSES AND DEFERRED INCOME</b>	1,951	3,917	16	1	1,993	7,878	2,031	3,776	21	1	1,658	7,487
1. Income accruing for future periods	0	0	1	1	7	9	0	153	3	1	0	157
2. Accrued expenses	1,951	3,917	15	0	1,531	7,414	2,031	3,623	18	0	1,348	7,020
3. Deferred income	0	0	0	0	455	455	0	0	0	0	310	310
Unbundling difference	918	-4,725	163	84	3,560	0	2,107	-6,321	164	-158	4,208	0
<b>TOTAL EQUITY AND LIABILITIES</b>	5,680	8,256	26	191	130,230	144,383	5,462	7,914	46	79	126,059	139,560



**Profitability by licensed activity**
**INCOME STATEMENT**

Data in HUF million

Description	Previous year 2014						Reporting year 2015					
	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Previous year total	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Reporting year total
Net domestic sales revenue	47,329	50,664	143	619	3,411	102,166	46,194	47,194	156	527	3,199	97,270
Net export sales revenue	22	1,105	0	0	0	1,127	23	974	0	0	0	997
<b>NET SALES REVENUE</b>	<b>47,351</b>	<b>51,769</b>	<b>143</b>	<b>619</b>	<b>3,411</b>	<b>103,293</b>	<b>46,217</b>	<b>48,168</b>	<b>156</b>	<b>527</b>	<b>3,199</b>	<b>98,267</b>
Capitalised value of self-manufactured assets	0	0	0	0	6	6	0	0	0	0	4	4
<b>OWN PERFORMANCE CAPITALISED</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
<b>OTHER INCOME</b>	<b>1,204</b>	<b>219</b>	<b>1</b>	<b>63</b>	<b>452</b>	<b>1,939</b>	<b>880</b>	<b>250</b>	<b>0</b>	<b>82</b>	<b>496</b>	<b>1,708</b>
Of which: reversed impairment	488	90	1	62	112	753	457	110	0	78	99	744
Material costs	0	0	0	0	252	252	0	0	0	0	251	251
Services used	2,397	938	40	544	-795	3,124	2,375	1,052	44	355	-687	3,139
Other services	0	8	0	0	747	755	0	8	0	0	639	647
Cost of goods sold	24,891	40,257	97	0	-4,120	61,125	24,809	35,892	106	0	-3,941	56,866
Services sold (mediated)	21,485	5,648	32	0	300	27,465	21,218	5,782	34	0	233	27,267
<b>MATERIAL-TYPE EXPENSES</b>	<b>48,773</b>	<b>46,851</b>	<b>169</b>	<b>544</b>	<b>-3,616</b>	<b>92,721</b>	<b>48,402</b>	<b>42,734</b>	<b>184</b>	<b>355</b>	<b>-3,505</b>	<b>88,170</b>
Wage costs	0	0	0	0	2,280	2,280	0	0	0	0	2,460	2,460
Other staff benefits	1	10	0	0	801	812	5	20	0	0	584	609
Wage contributions	0	2	0	0	809	811	2	6	0	0	821	829
<b>STAFF COSTS</b>	<b>1</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>3,890</b>	<b>3,903</b>	<b>7</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>3,865</b>	<b>3,898</b>
<b>DEPRECIATION</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1,271</b>	<b>1,272</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1,136</b>	<b>1,137</b>
<b>OTHER EXPENSES</b>	<b>992</b>	<b>861</b>	<b>8</b>	<b>114</b>	<b>812</b>	<b>2,787</b>	<b>745</b>	<b>794</b>	<b>5</b>	<b>35</b>	<b>729</b>	<b>2,308</b>
Of which: impairment	683	132	3	108	160	1,086	465	143	0	28	103	739
<b>OPERATING PROFIT/LOSS</b>	<b>-1,211</b>	<b>4,264</b>	<b>-34</b>	<b>24</b>	<b>1,512</b>	<b>4,555</b>	<b>-2,057</b>	<b>4,864</b>	<b>-34</b>	<b>219</b>	<b>1,474</b>	<b>4,466</b>

Data in HUF million

Description	Previous year 2014						Reporting year 2015					
	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Previous year total	Licensed universal service provider	Licensed electricity trading	Licensed natural gas trading	Licensed street lighting operation	Other activity	Reporting year total
Dividends and profit shares received (due)	0	0	0	0	37	37	0	0	0	0	28	28
Of which: from related companies	0	0	0	0	37	37	0	0	0	0	28	28
Other interest received (due) and similar income	0	0	0	0	565	565	0	0	0	0	259	259
Of which: from related companies	0	0	0	0	500	500	0	0	0	0	253	253
Other income from financial transactions	0	697	0	0	0	697	0	326	0	0	0	326
<b>INCOME FROM FINANCIAL TRANSACTIONS</b>	<b>0</b>	<b>697</b>	<b>0</b>	<b>0</b>	<b>602</b>	<b>1,299</b>	<b>0</b>	<b>326</b>	<b>0</b>	<b>0</b>	<b>287</b>	<b>613</b>
Interest paid and similar expenses	57	39	0	2	0	98	38	25	1	1	-30	35
Of which: to related companies	15	11	0	1	0	27	26	17	1	1	-21	24
Impairment on interests, securities and bank deposits	0	0	0	0	0	0	0	0	0	0	1	1
Other expenses on financial transactions	0	605	0	0	0	605	0	467	1	0	0	468
<b>EXPENSES ON FINANCIAL TRANSACTIONS</b>	<b>57</b>	<b>644</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>703</b>	<b>38</b>	<b>492</b>	<b>2</b>	<b>1</b>	<b>-29</b>	<b>504</b>
<b>PROFIT/LOSS ON FINANCIAL TRANSACTIONS</b>	<b>-57</b>	<b>53</b>	<b>0</b>	<b>-2</b>	<b>602</b>	<b>596</b>	<b>-38</b>	<b>-166</b>	<b>-2</b>	<b>-1</b>	<b>316</b>	<b>109</b>
<b>PROFIT/LOSS ON ORDINARY ACTIVITIES</b>	<b>-1,268</b>	<b>4,317</b>	<b>-34</b>	<b>22</b>	<b>2,114</b>	<b>5,151</b>	<b>-2,095</b>	<b>4,698</b>	<b>-36</b>	<b>218</b>	<b>1,790</b>	<b>4,575</b>
<b>EXTRAORDINARY INCOME</b>	<b>25</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1,448</b>	<b>1,475</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>93</b>
<b>EXTRAORDINARY EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,742</b>	<b>1,742</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>4</b>	<b>341</b>	<b>384</b>
<b>EXTRAORDINARY PROFIT/LOSS</b>	<b>25</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>-294</b>	<b>-267</b>	<b>26</b>	<b>-39</b>	<b>0</b>	<b>-4</b>	<b>-274</b>	<b>-291</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>-1,243</b>	<b>4,319</b>	<b>-34</b>	<b>22</b>	<b>1,820</b>	<b>4,884</b>	<b>-2,069</b>	<b>4,659</b>	<b>-36</b>	<b>214</b>	<b>1,516</b>	<b>4,284</b>
<b>TAX LIABILITY</b>	<b>0</b>	<b>1,879</b>	<b>0</b>	<b>2</b>	<b>190</b>	<b>2,071</b>	<b>0</b>	<b>1,687</b>	<b>0</b>	<b>17</b>	<b>120</b>	<b>1,824</b>
<b>PROFIT/LOSS AFTER TAX</b>	<b>-1,243</b>	<b>2,440</b>	<b>-34</b>	<b>20</b>	<b>1,630</b>	<b>2,813</b>	<b>-2,069</b>	<b>2,972</b>	<b>-36</b>	<b>197</b>	<b>1,396</b>	<b>2,460</b>
Use of retained earnings for dividends, profit shares	0	0	0	0	3,487	3,487	0	0	0	0	540	540
Approved dividends and profit shares	0	1,183	0	0	5,117	6,300	0	1,064	0	0	1,936	3,000
<b>RETAINED PROFIT/LOSS FOR THE YEAR</b>	<b>-1,243</b>	<b>1,257</b>	<b>-34</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>-2,069</b>	<b>1,908</b>	<b>-36</b>	<b>197</b>	<b>0</b>	<b>0</b>

EDF DÉMÁSZ Zrt. licensed electricity trader and licensed universal service provider belongs to the same balance group for the purposes of settlements with MAVIR system operator, where EDF DÉMÁSZ Zrt. is the balance responsible party.

In 2015 operating profit of EDF DÉMÁSZ Zrt. totalled HUF 4,466 million, which is HUF 89 million down on the 2014 profit. This includes the following profit/loss figures: universal service provision operating loss of HUF 2,057 million (down by HUF 846 million); licensed electricity trading operating profit of HUF 4,864 million (up by HUF 600 million); licensed natural gas trading operating loss of HUF 34 million (no change) and other activity operating profit of HUF 1,474 million (down by HUF 38 million). Operating profit of licensed street lighting operation amounted to HUF 219 million in 2015 which is HUF 195 million up on the previous year.

In the reporting year sales revenue, cost of goods sold and mediated services of universal service provider were all down on the previous year.

- Consumption of customers receiving universal services slightly increased (by 1.9%) in the reporting year compared to the previous year.
- . Due to changes in legal regulations relating to the 2014 and 2015 sale prices as well as changes in the composition of the portfolio, the average sales price decreased by 4.1%, while average purchase price of electricity decreased to a lesser extent (by 0.7%) as compared with the previous period.

Sales revenue and cost of goods sold of licensed electricity trading were both down on the previous year.

- In the reporting period the revenue from the sale of electricity fell short of the previous year. The main reason for the decrease is that in 2015 the Company had a smaller customer portfolio and there was a significant reduction in the market price as compared with the previous year.
- The volume of electricity subject to mandatory off-take decreased significantly, while its unit price went up slightly compared to the previous year.

The balance of other income and other expenses totals HUF -600 million, which is HUF 248 million up on the previous year. Balance of other income and other expenses in the case of the individual activities were as follows: universal service provision HUF 135 million, licensed electricity trading HUF -544 million, licensed natural gas trading HUF -5 million, street lighting operation HUF 47 million, other activities HUF -233 million.

For the universal service provider:

- Reporting-year balance of income from late payments, impairment booked and reversed on trade receivables, provisions recognised and released for expected liabilities as well as other items total HUF 359 million.
- Local business tax and innovation contribution jointly reduced profit by HUF 224 million in the reporting year.

For licensed electricity trading:

- Reporting-year balance of income from late payments, impairment booked and reversed on trade receivables, provisions recognised and released for expected liabilities as well as other items total HUF 102 million.
- Energy tax recognised under other expenses reduces other profit by HUF 545 million; please note that this item is compensated in the net sales revenue of the activity.
- Local business tax and innovation contribution jointly reduced profit by HUF 101 million in the reporting year.

For licensed street lighting operation:

- Reporting-year balance of impairment booked and reversed on trade receivables is HUF 50 million.
- Local business tax and innovation contribution jointly reduced profit by HUF 6 million in the reporting year.
- Balance of other items is HUF 3 million.

For other activity:

- Reporting-year balance of impairment booked and reversed as well as other items is HUF -2 million.
- For the other activity the balance of provisions recognised and used is HUF 93 million, mainly comprising provisions recognised and released for human liabilities and other expected future payment liabilities.
- Local business tax and innovation contribution jointly reduced profit by HUF 145 million in the reporting year.
- The tax on public utility lines increased the balance of other expenses by HUF 179 million in 2015.

The accounting unbundling rules described above, which were developed and applied by the Company ensure that there is no cross financing between the business lines.

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

Remuneration of the Board of Directors and the Supervisory Board in 2014 and 2015:

Data in HUF million

Year	Board of Directors	Supervisory Board	Total
2014	0	4	4
2015	0	4	4

The Company did not disburse loans to the members of the Board of Directors or the Supervisory Board, nor did it undertake any guarantees on their behalf. It has no pension payment liability to former members of the Boards either.

## 3. Staff number and wage costs

Average staff number in 2014 and 2015 by category (persons):

	Previous year 2014	Reporting year 2015
Wage earners	39	34
Salaried employees	456	432
<b>Total</b>	<b>495</b>	<b>466</b>

Average staff number of EDF DÉMÁSZ Zrt. was 466 in 2015. The proportion of full-time employees at the Company was 99.5%.

Wage costs in 2014 and 2015 by category:

Data in HUF million

Description	Wage costs		Other staff benefits	
	Previous year 2014	Reporting year 2015	Previous year 2014	Reporting year 2015
Wage earners	139	140	72	32
Salaried employees	2,009	2,200	734	570
Not on the payroll	132	120	6	7
<b>Total</b>	<b>2,280</b>	<b>2,460</b>	<b>812</b>	<b>609</b>

2015 wage costs totalled HUF 2,460 million and other staff benefits amounted to HUF 609 million.

Description	Previous year 2014	Reporting year 2015	Index (%)
Average headcount (persons)	495	466	94.1
Total wages (HUF million) (i)	2,267	2,422	106.8
Average salary (HUF/person/year) (ii)	4,318,952	4,946,978	114.5

(i) Total wages differ from wage costs due to the change in amount of bonuses accounted for as accruals.

(ii) Average salary: Total wages of full-time employees / Average annual number of full-time staff

#### 4. Items reconciling the corporation tax base

Calculation of corporation tax base for 2014 and 2015:

	Data in HUF million	
	2014	2015
<b>Profit before tax</b>	4,884	4,284
<u>Temporary differences:</u>		
Adjustment due to provisions	-334	-96
Adjustment due to depreciation	194	220
Impairment accounted for as expenditure	-92	-365
<u>Total temporary differences</u>	-232	-241
<u>Permanent differences:</u>		
Dividends received	-37	-28
Fines, penalties	8	5
Tax audit, self-revision, income and expense for the tax year	-65	-163
Other adjustments	32	51
<u>Total permanent differences</u>	-62	-135
<b><u>Tax base</u></b>	<b>4,590</b>	<b>3,908</b>
Corporation tax	630	455
Robin Hood tax	1,408	1,281
Taxes for previous years	33	88
<b><u>Profit after tax</u></b>	<b>2,813</b>	<b>2,460</b>



## **5. Use of profit after tax**

In 2015 the Company had HUF 2,460 million profit after tax. Based on the decision of the owner HUF 3,000 million will be distributed as dividend; HUF 2,460 million from the profit after tax and HUF 540 million from retained earnings, thus the Company's retained profit/loss for the year amounts to HUF 0.

## **6. Registration of mortgage**

The business share of the Company in Zöldforrás Energia Kft. is mortgaged.

## **7. Pending litigation**

The Company recognised provisions for 3 passive pending lawsuits.

## 8. Off-balance sheet items

Off-balance sheet items of the Company:

Date of commitment	Primary obligor	Beneficiary	Issuer of the guarantee	Provided commitment	Amount of commitment	Maturity
26.06.2014	EDF DÉMÁSZ Zrt.	ÉGÁZ-DÉGÁZ Fgsz.	ING	payment guarantee	HUF 2 million	30.11.2016
13.07.2015	EDF DÉMÁSZ Zrt.	FÖGÁZ Földgázelosztási Kft.	ING	payment guarantee	HUF 0.3 million	30.11.2016
09.12.2014	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	payment guarantee	HUF 496 million	31.12.2015
01.01.2015	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	payment guarantee	HUF 300 million	31.12.2015
25.11.2015	EDF DÉMÁSZ Zrt.	Mátrai Erőmű Zrt.	BNP	payment guarantee	EUR 0.5 million	30.04.2016
23.11.2015	EDF DÉMÁSZ Zrt.	MVM Partner Energiakereskedelmi Zrt.	BNP	payment guarantee	HUF 99 million	31.03.2016
23.11.2015	EDF DÉMÁSZ Zrt.	MVM Partner Energiakereskedelmi Zrt.	BNP	payment guarantee	HUF 83 million	30.04.2016
15.12.2015	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	payment guarantee	HUF 370 million	31.12.2016
15.12.2015	EDF DÉMÁSZ Zrt.	Mavir Zrt.	ING	payment guarantee	HUF 230 million	31.12.2016
08.12.2015	EDF DÉMÁSZ Zrt.	Fővárosi Vízművek Zrt.	ING	performance guarantee	HUF 20 million	31.12.2016
25.11.2015	EDF DÉMÁSZ Zrt.	FHB Bank Zrt.		Zöldforrás Energia Kft. Overdraft facility – joint and several liability	HUF 75 million	25.11.2016
09.11.2010	EDF DÉMÁSZ Zrt.	FHB Bank Zrt.		Zöldforrás Energia Kft. Investment loan – joint and several liability	HUF 328 million	31.03.2022
<b>Guarantees received</b>						
14.01.2011	Ezpada s.r.o.	EDF DÉMÁSZ Zrt.	Ezpada AG	payment guarantee	EUR 1.0 million	31.10.2016

Off-balance sheet items of the Company mainly comprise bank guarantees issued related to electricity purchases in 2015 and guarantees received related to sale of electricity. In addition to these guarantees, the Company assumed a guarantee in relation to the loan guarantee contracts of Zöldforrás Energia Kft. which is majority owned by the Company.

Further representations common in bank loan and other contracts are not presented, as those are not expected to give rise to payment liabilities or other risks for the Company.

## 9. Hedges

Due to the practice followed in sale and purchase of electricity, the Company is exposed to foreign currency risk in connection with the core activity. This is caused by the fact that majority of electricity purchases is in EUR, while the majority of sales is realised in HUF. This circumstance gives rise to a natural imbalance in the cash flows arising from income and expenses in both currencies, which mainly generates an EUR short position throughout the year.

Natural gas is mainly purchased for USD while sale is realised in HUF. Similarly to the electricity business line, in the gas business line this circumstance gives rise to a natural imbalance in the cash flows arising from income and expenses in both currencies, which mainly generates a USD short position throughout the year.

Hedges are booked as "cash flow hedges". In relation to the risks described above, the processes necessary for the management of foreign currency risk are regulated by the FX Policy.

The Company entered into long hedges of EUR 49,372,000 and short hedges of EUR 1,520,000 with maturity in 2016, long hedges of EUR 5,250,000 and short hedges of EUR 5,000 with maturity in 2017, long hedges of EUR 865,000 and short hedges of EUR 190,000 with maturity in 2018 and long hedges of EUR 75,000 with maturity in 2019.

## 10. Significant events after the reporting date

EDF DEMASZ Zrt. signed a non binding memorandum of understanding on 15 February 2016 with Karotin Kft., Agroplanta Kft. and Pigmark Kft. concerning its interest in Zoldforras Kft. The provision accounted in the books of the company covers the losses of the resulting transaction.

There were no other material changes in the Company's operation after the reporting date.

Szeged, 29 April 2016

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Eric MANSUY  
Chairman-CEO